

Ahlstrom Corporation



Investor presentation

November, 2010

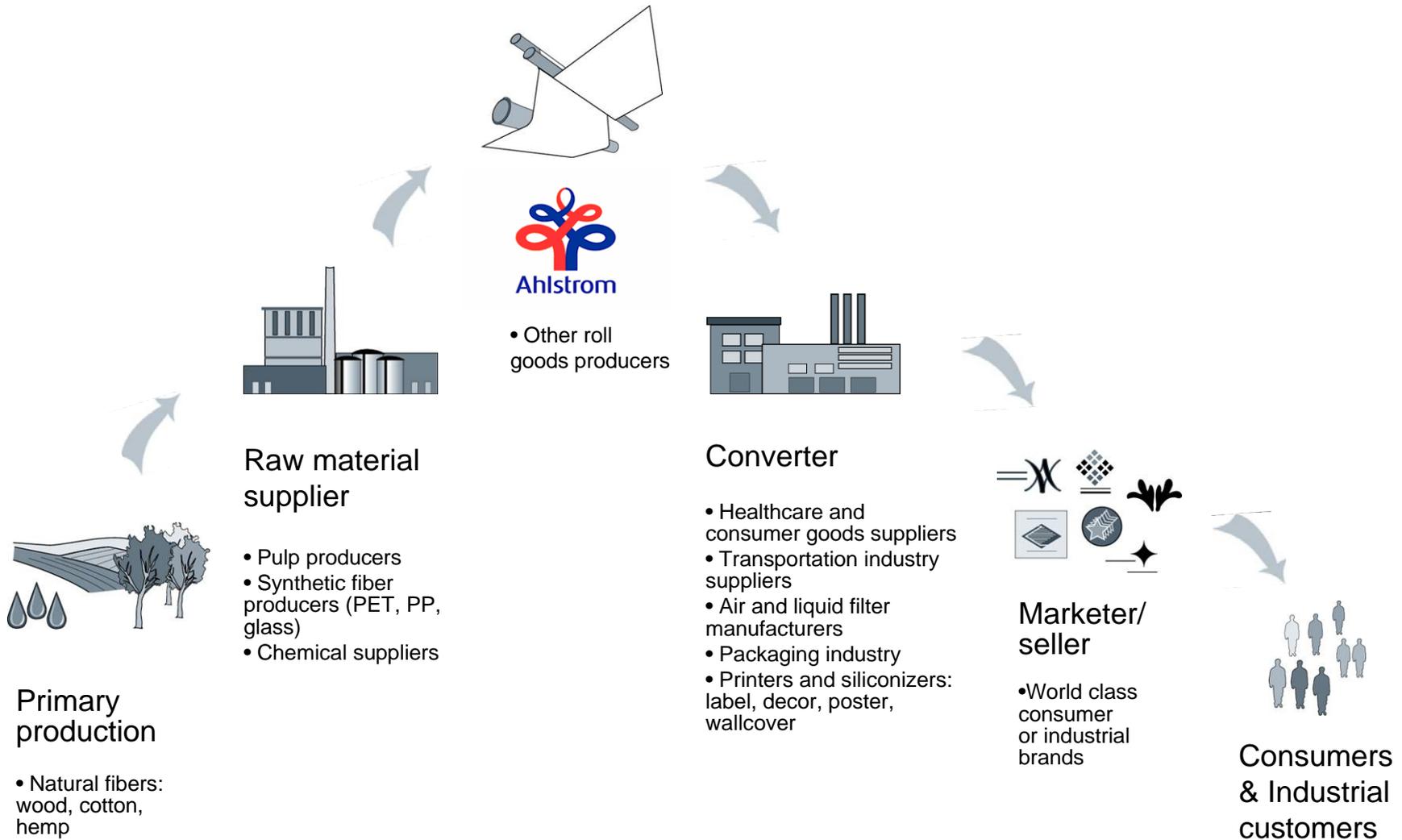
1. Ahlstrom in brief
2. Long-term financial targets
3. Business Area information and financials
4. Raw materials & costs
5. Revised strategic direction – from growth to profitable growth
6. Investor information
7. Latest financial report: January-September 2010

Ahlstrom in brief

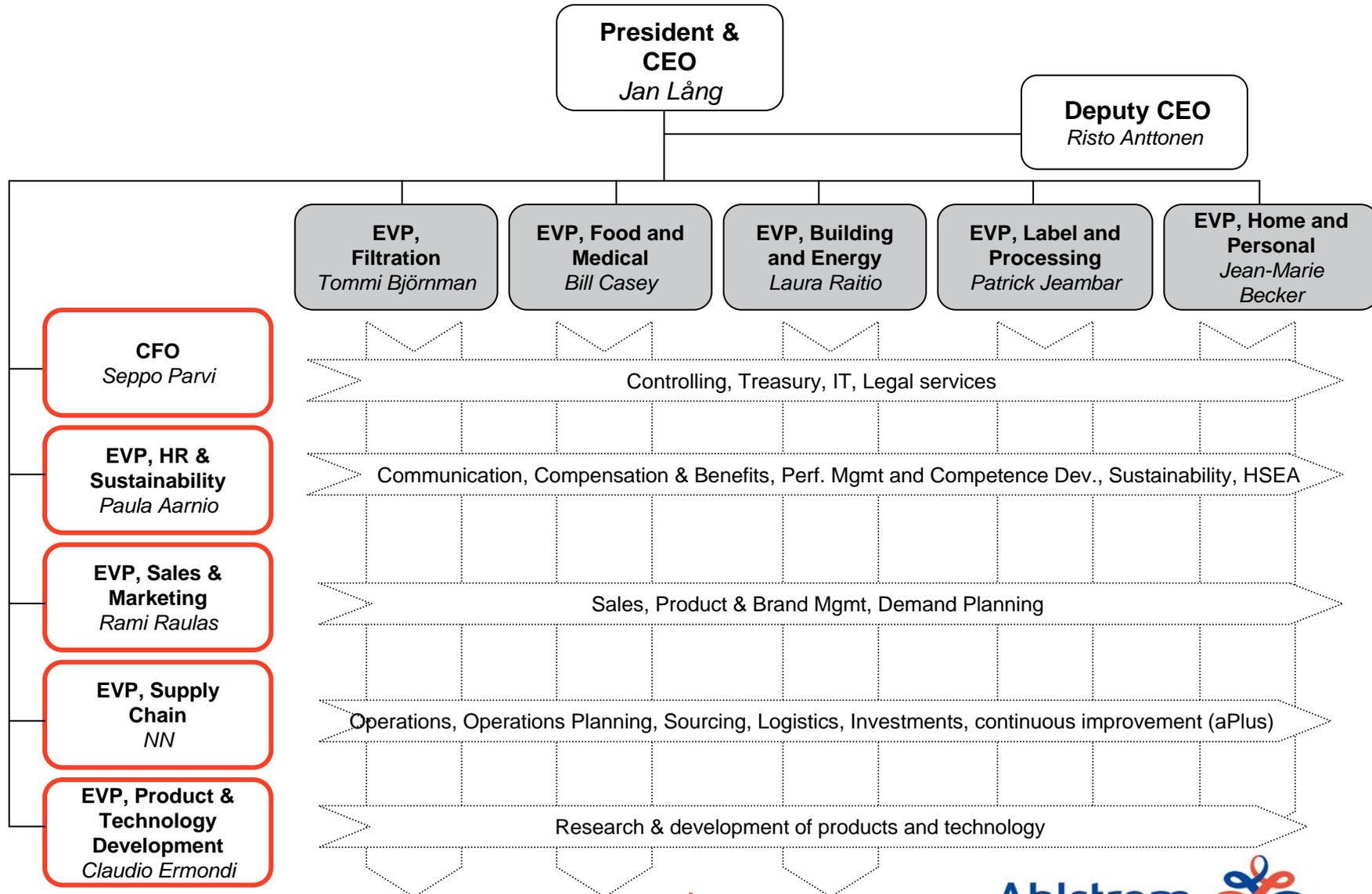
- A leading supplier of high performance nonwovens and specialty papers
 - Globally No. 3 in nonwovens, No. 1 in specialty papers
- 5,800 employees in over 20 countries on six continents
- Business areas
 - Building and Energy
 - Filtration
 - Food and Medical
 - Home and Personal
 - Label and Processing
- Listed on the NASDAQ OMX Helsinki since 2006
- Net sales EUR 1.6 billion in 2009



Ahlstrom in the value chain



Organization



Business Areas

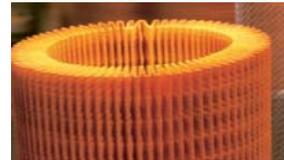
Building and Energy

Wind turbine blades, floorings, wall coverings, boat hulls, building panels, fabric care



Filtration

Automotive and transportation filtration, food and beverage filtration, water filtration, air filters, laboratory filtration



Food and Medical

Medical gowns, drapes and face masks, teabags, fibrous meat casings, baking papers, crepe papers, substrates for tapes



Home and Personal

Wipes for baby care, personal care and home care, industrial wipes

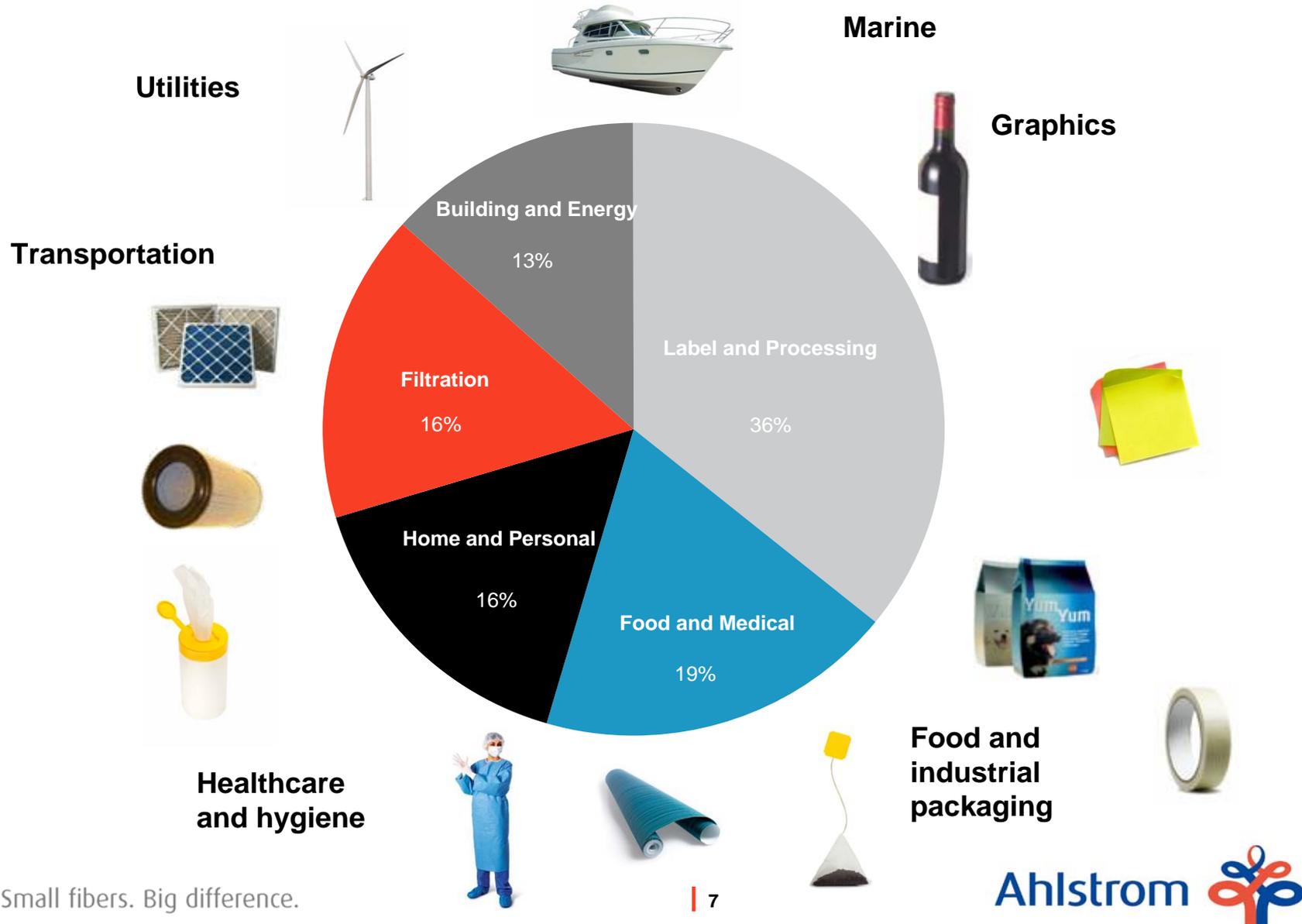


Label and Processing

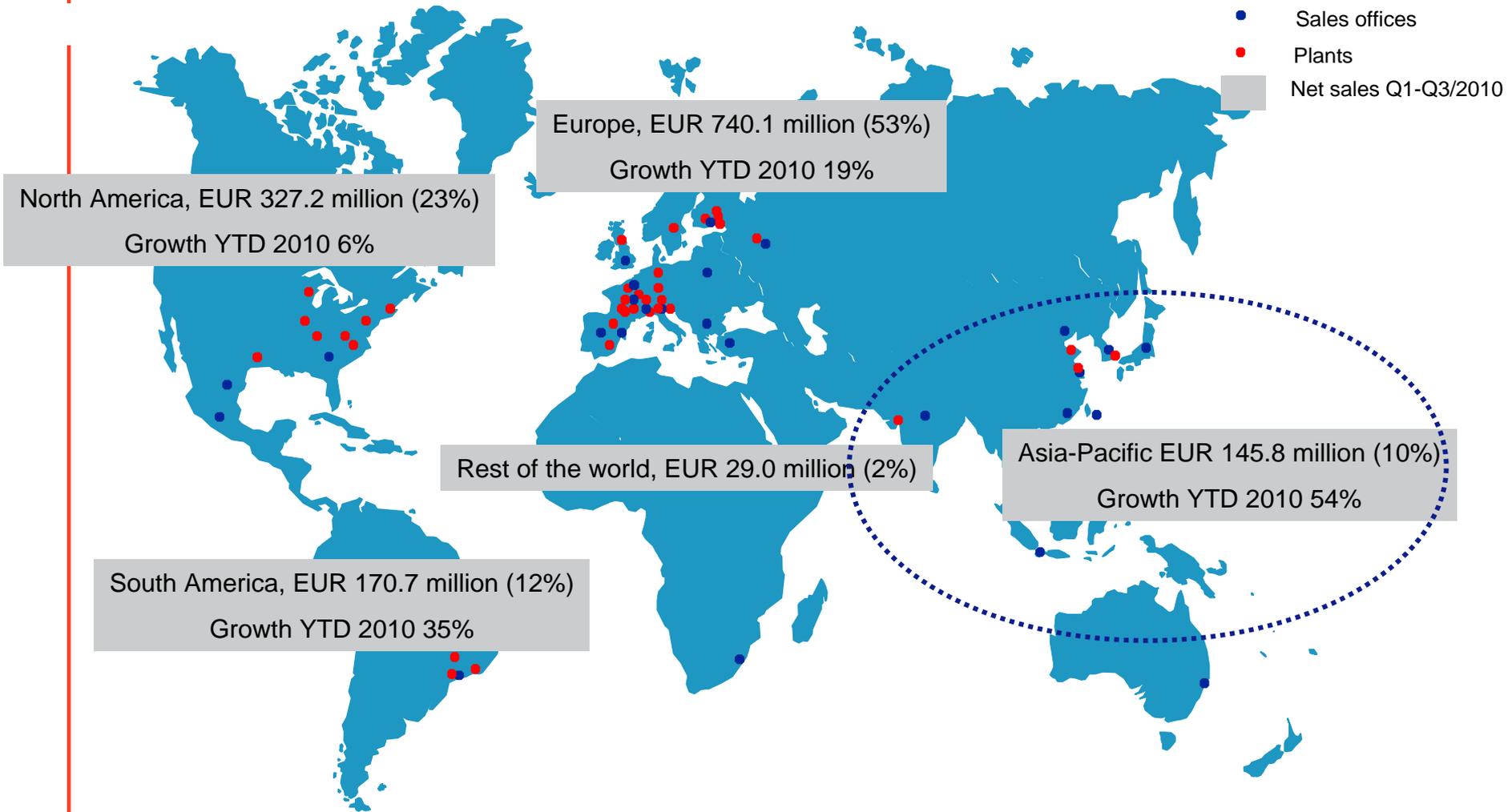
Self-adhesive labels, wet-glue labels and metalized labels for beverages, food and non-food packaging, pharmaceuticals and cosmetics, poster papers, repositionable notes, furniture foils, gaskets, heat shields, abrasive papers, sound absorption materials



Sales by business area & end user applications



Global manufacturing presence & markets



Leading supplier of fiber-based materials

Business area:

Market position*

Building and Energy

1-3**

Filtration

1**

Food and Medical

1-3

Home and Personal

1

Label and Processing

1-3**

Recent innovations

- In 2009, 48% of Ahlstrom's net sales were generated by new or improved products
- Bi-component nonwoven material for medical applications
 - Stronger than comparable fabrics
 - Suitable for sterilization by means of radiation
- Hybrid wallcovering
 - Combines favorable properties of nonwovens and papers cost efficiently
- Several filtration media innovations
 - Match the stricter environmental criteria, e.g. in diesel oil filtration
- Dry wiping fabrics for cleaning applications in home and industrial environments
- One-side coated label paper Lumimax TT
 - Used e.g. in bar code stickers



Sustainability at Ahlstrom

- For Ahlstrom, sustainability means a balance between economic, social and environmental responsibility
- In 2009, Ahlstrom was ranked among the 10 best Finnish companies in the global Carbon Disclosure Leadership index.
- All of the company's pulp suppliers were certified by the end of 2009 with regard to the chain of custody.



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Specified long-term financial targets

-driving our profitable growth strategy forward

Profitability

ROCE at least 13%

- To be reached by 2012
- With the current balance sheet structure, operating profit of 7% or above is required

Growth

Annual net sales growth at least 5%

- At constant currency rates, including acquisitions

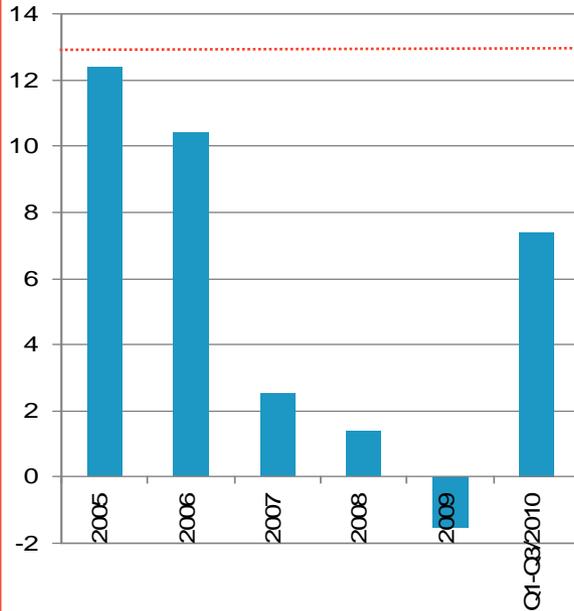
Solidity

Gearing 50-80%

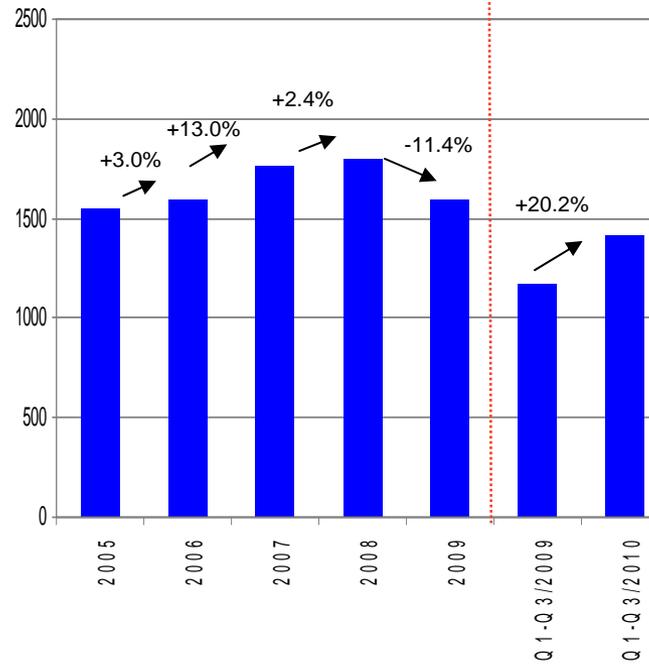
- To be maintained within the target range

Long-term financial targets (cont.)

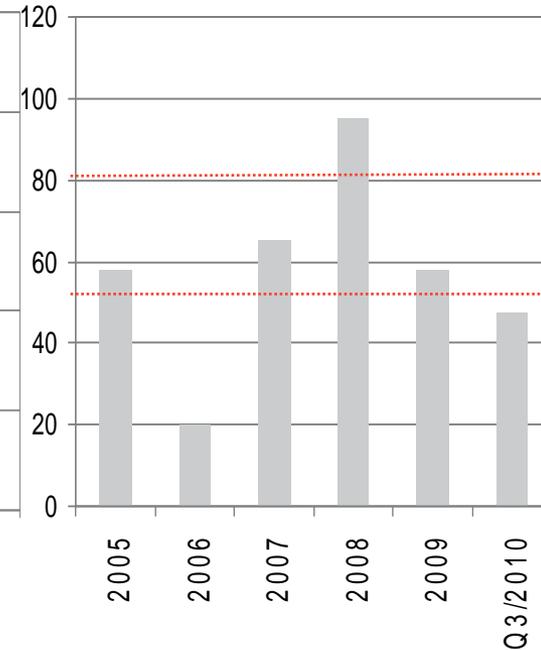
ROCE
-At least 13%



Sales growth
-At least 5% annually



Gearing ratio
-Maintain within 50-80%



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Building and Energy



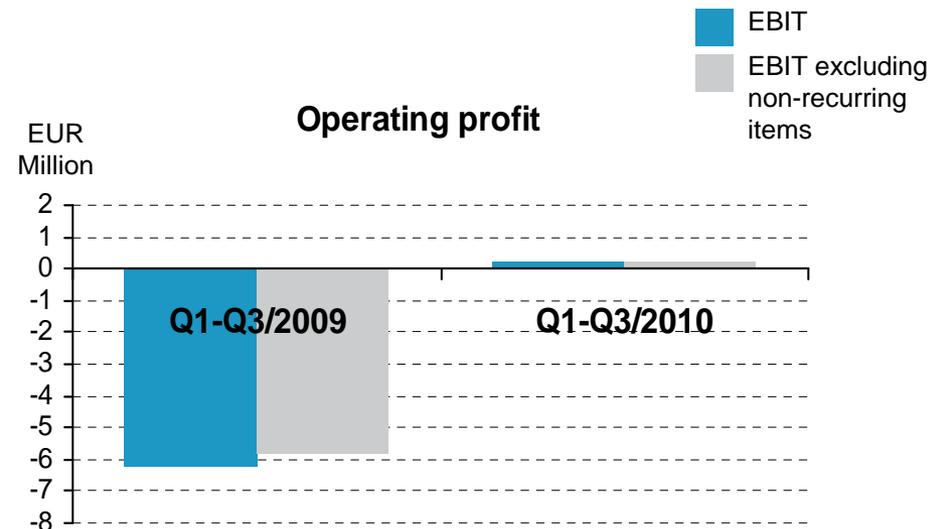
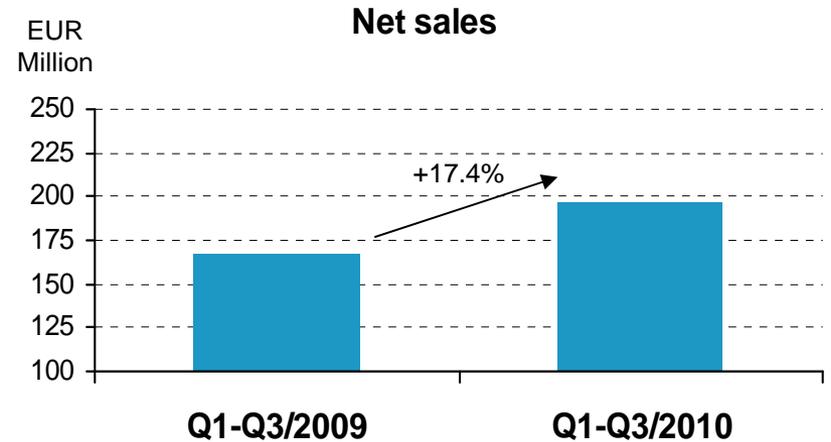
Materials for wind turbine blades, floorings, wall coverings, boat hulls, building panels, fabric care

Strategic direction:

- Be a leader in cushion-vinyl flooring and expand our product offering to new building sector applications
- Strengthen position as a leader in wallcover market by improving presence in Asia
- Focus on niche applications of specialties nonwovens in automotive, textile, building and environmental industries
- Become a global supplier of reinforcements for wind energy, marine and transportation markets

Building and Energy financials

- Building volumes improving in Russia and China
- Successful ramp-up of Tver, Russia
- Ramp-up of hybrid wallcover line in Turin, Italy, continues
- EU antidumping ruling on Chinese glassfiber imports
- Windmill market in Europe improving, but not in North America
- RONA 0.2% YTD 2010 vs -4.9% YTD 2009



Filtration



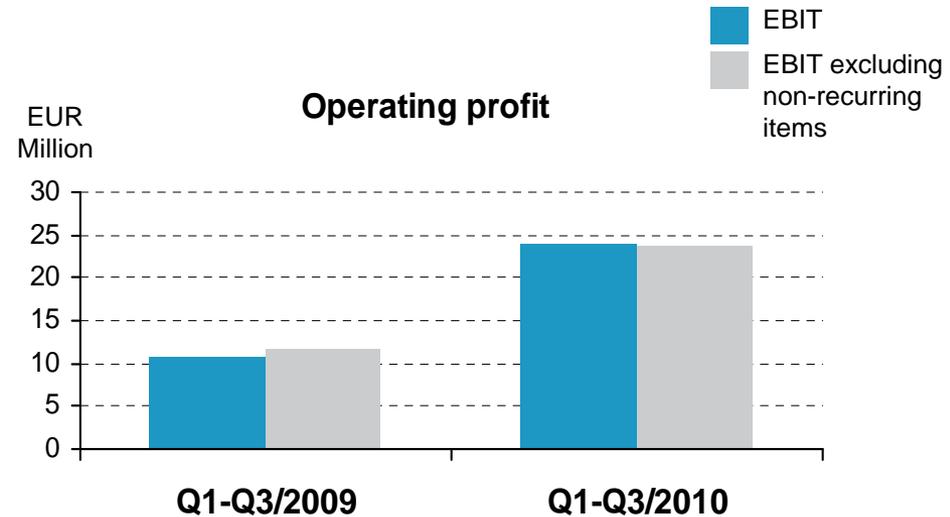
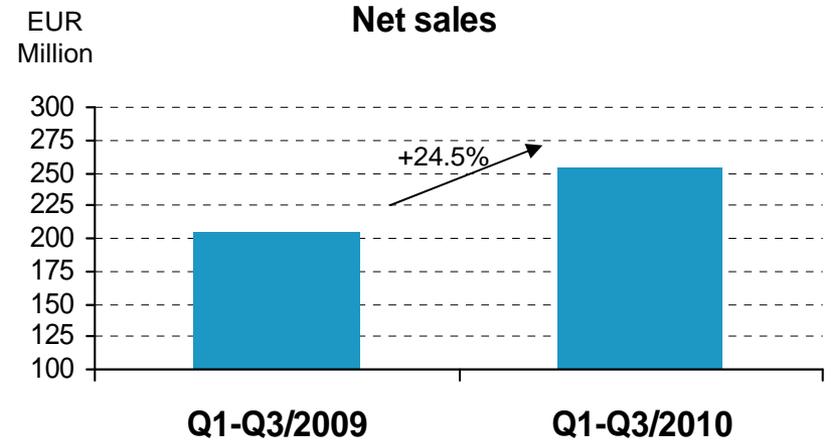
Automotive and transportation filtration, water filtration, high efficiency air filtration, gas turbine and life science filtration

Strategic direction:

- Support global growth and key customers in Transportation Filtration with new product introductions and local service platforms in all regions
- Develop new applications for future solutions in Transportation Filtration
- Maintain and improve the #1 position in Transportation Filtration with profitable growth
- Become a major player in Advanced Filtration in chosen growing businesses

Filtration financials

- Acquisition of Shandong Puri Filter & Paper
- Volume growth and higher prices reflected in net sales, operating profit
- Sales increase supported by increasing volumes in Asia and recovery of North American automotive industry
- RONA 17.5% YTD 2010 vs 7.1% YTD 2009



Food and Medical

Materials for medical gowns, drapes and face masks, teabags, fibrous meat casings, baking papers

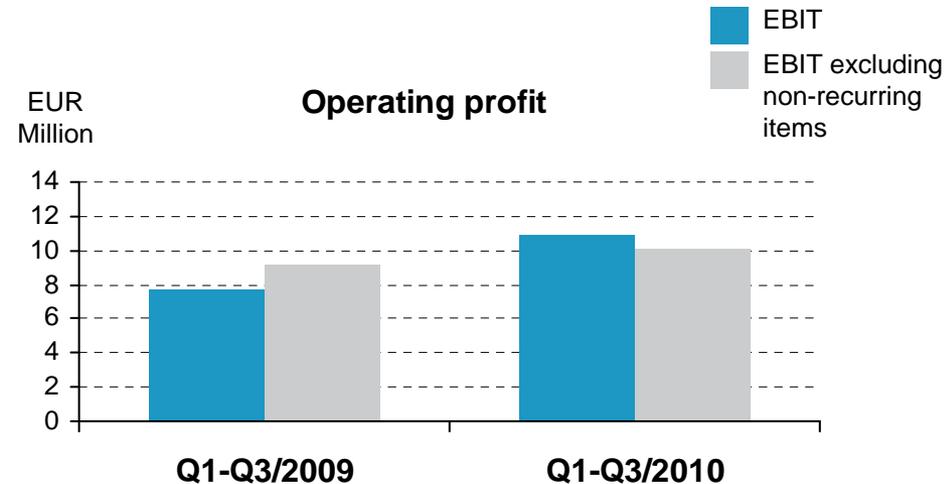
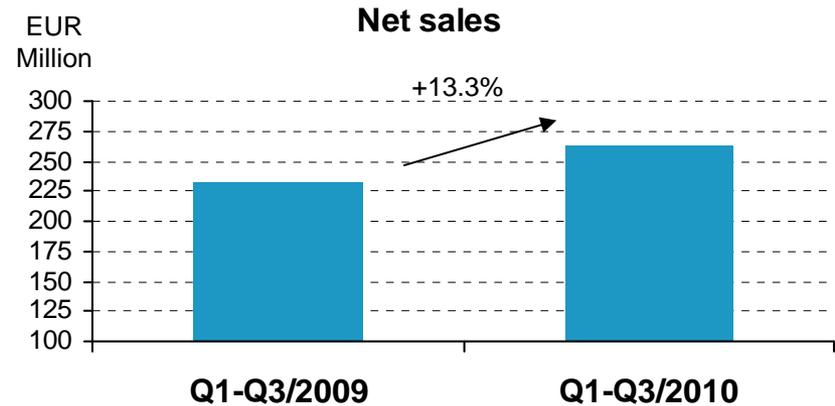


Strategic direction:

- Strengthen our leadership position in the masking tape substrate market with the additional capacity in China
- Strengthen our market position in medical gown and drapes by expanding our product offering and global manufacturing
- Expand the range of our sustainable products serving the food and beverage markets based on our unique technologies

Food and Medical financials

- Mundra medical nonwovens plant in India started
- Joint venture with Yulong Paper in China
 - Crepe papers and medical wrap
- Commercialization of Chirnside teabag materials line significantly delayed
- RONA 7.1% YTD 2010 vs 4.9% YTD 2009



Home and Personal

Wipes for baby care, personal care and home care, industrial wipes

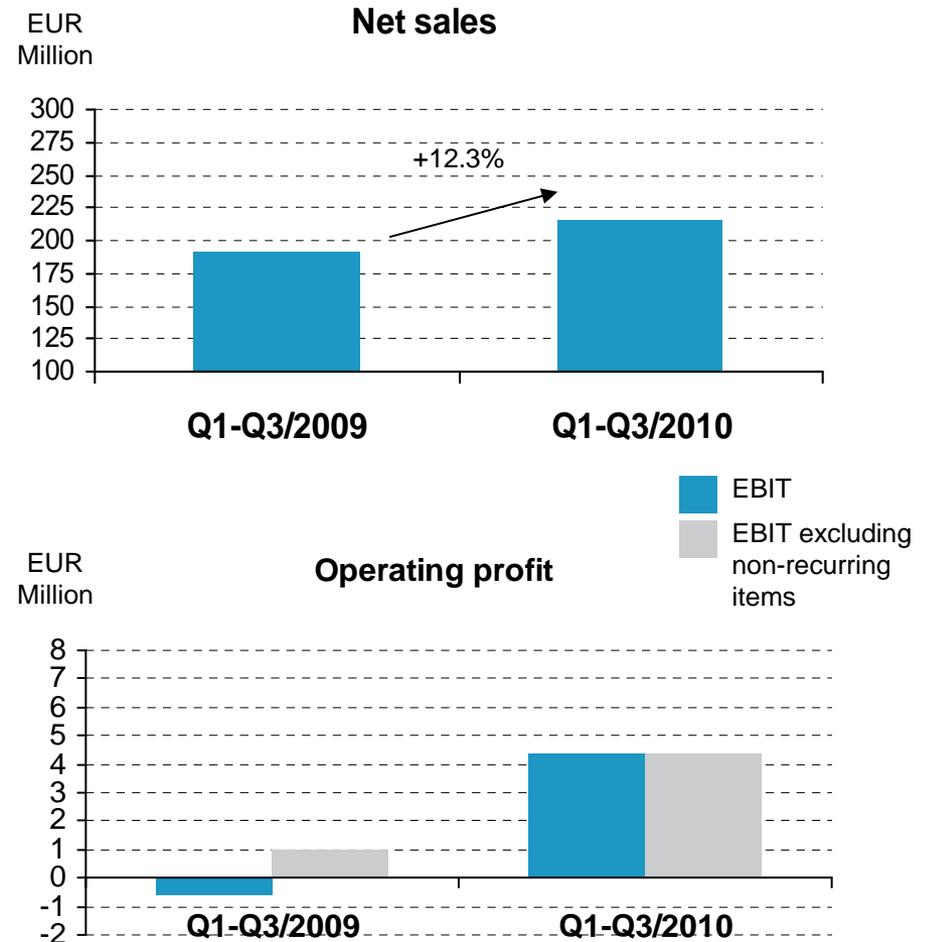


Strategic direction:

- Reinforce our leading position globally
- Support the growth of our customers by close relationship building
- Continue to build cost leadership position
- Innovative applications

Home and Personal financials

- Net sales increased by higher volumes and selling prices
- Profitability has improved, however still remaining below satisfactory level
- RONA 3.0% YTD 2010 vs -0.4% YTD 2009



Label and Processing

Self-adhesive labels, wet-glue labels and metalized labels for beverages, food and non-food packaging, pharmaceuticals and cosmetics, poster papers, repositionable notes, furniture foils, gaskets, heat shields, abrasive papers, sound absorption materials

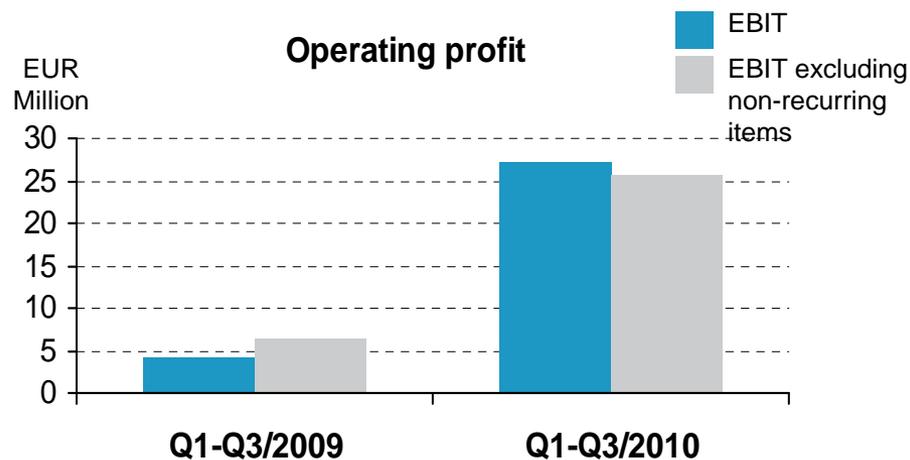
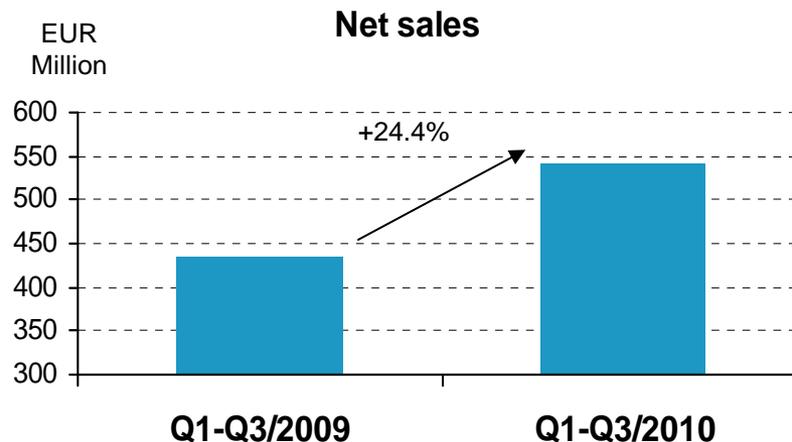


Strategic direction:

- Grow release liners globally by offering competitive full product range
- In niche markets (graphic, flexible packaging and industrial products) grow by unique cost efficient products and customer intimacy
- Continue to build cost leadership position

Label and Processing financials

- Net sales development reflect higher volumes and prices to cover soaring pulp costs
- Profitability also improved by better efficiency, streamlining measures
- RONA 12.2% YTD 2010 vs 1.6% YTD 2009



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Total costs EUR 1.46 bln (excl. NRI) in 2009

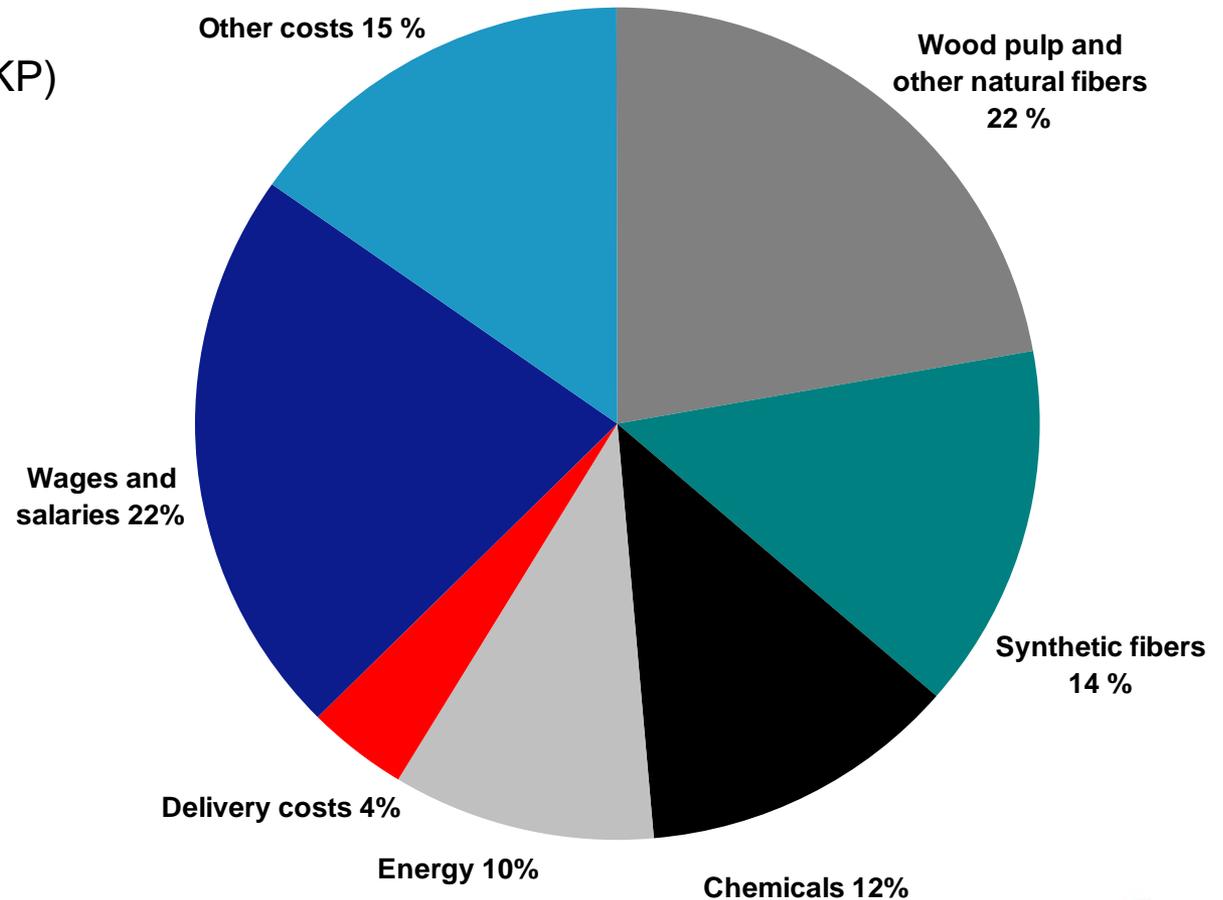
Main raw materials

- Natural fibers
 - Pulp (NBSK, BHKP)
 - Abaca
- Synthetic fibers
 - Polyester
 - Viscose rayon
 - Polypropylene

Chemicals

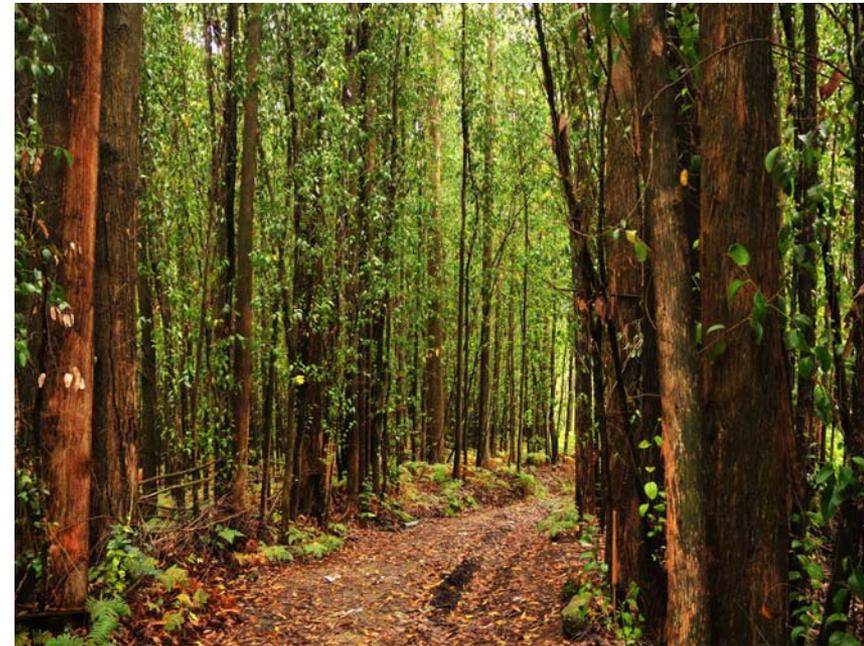
Main sources of energy

- Electricity
- Natural gas



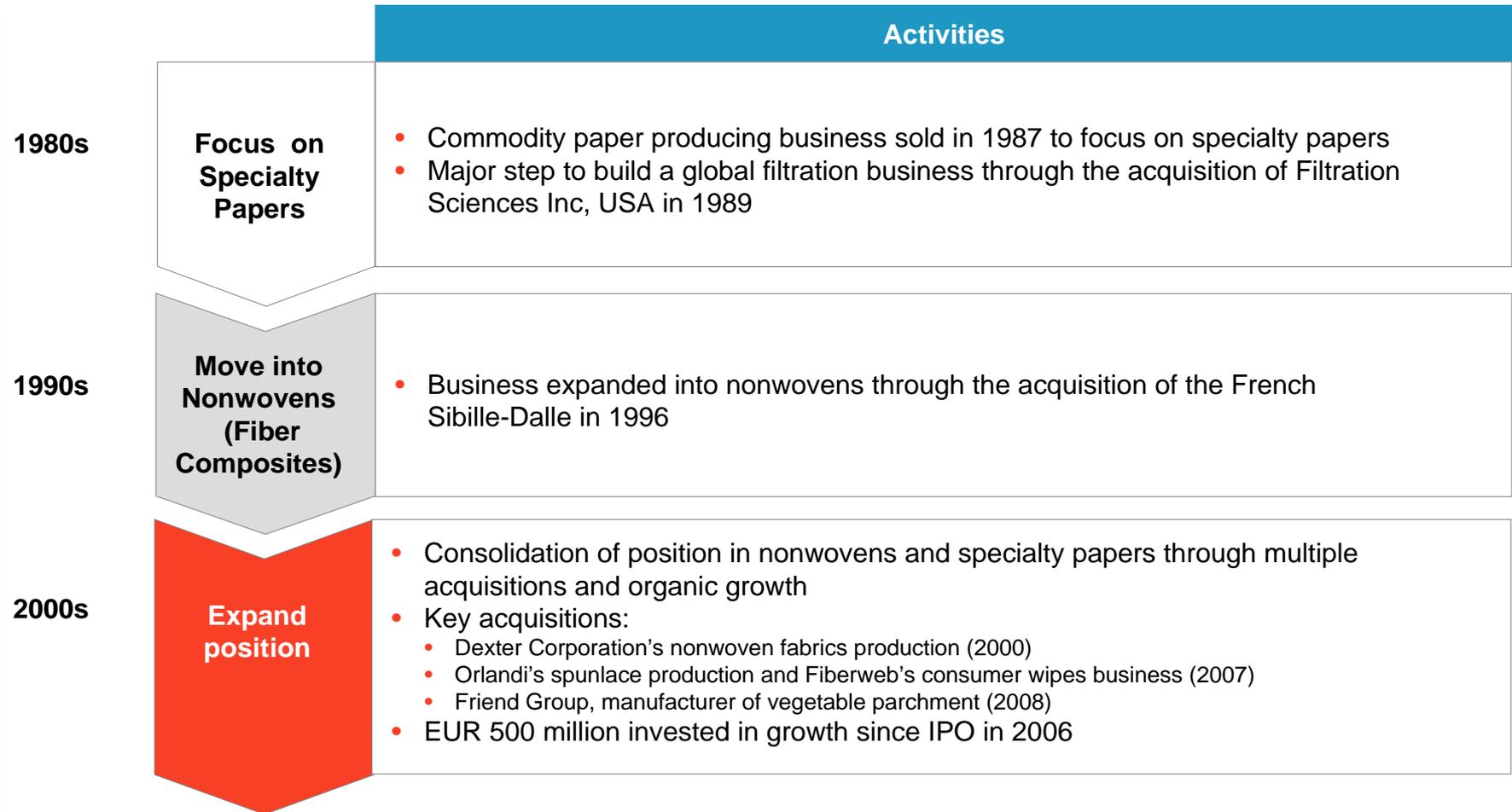
Raw material usage

Raw materials		2009	2008
Natural fibers	tons	697,000	764,000
Synthetic fibers	tons	154,000	176,000
Chemicals	tons	334,000	335,000



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From paper-making business to nonwovens and specialty papers company



Investments

Since the IPO in 2006, about EUR 500 million has been invested into organic growth and acquisitions

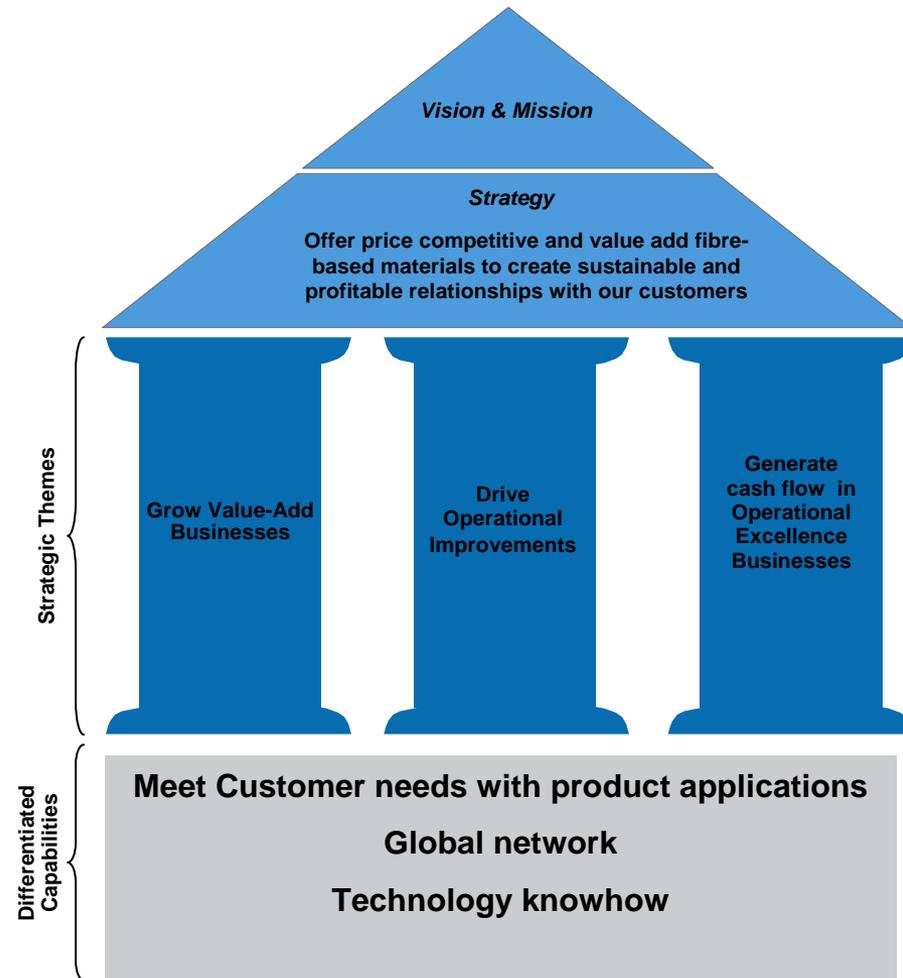
- Q1/2007 Green Bay, WI, USA
 - New line for wipes
- Q1/2007 Bishopville, SC, USA
 - Expansion, speciality reinforcements
- Q2/2007 La Gere, France
 - Revamp of release base papers line
- Q1/2008 Brignoud, France
 - New industrial nonwovens line
- Q2/2008 Tver, Russia
 - New glassfiber tissue plant
- Q3/2008 Wuxi, China
 - New dust filtration line
- Q3/2008 Bethune, SC, USA
 - New dust filtration line
- Q3/2008 Chirnside, UK
 - New plant for teabag materials
- Q4/2008 Paulinia, Brazil
 - New wipes plant
- Q2/2009 Turin, Italy
 - Revamp of wall coverings line
- Q1/2010 Mundra, India
 - New medical nonwovens plant

M&A track record

- Sept. 2010 Shandong Puri, China EUR 22.5 million
 - Automotive filtration
- Aug. 2008 Jacarei, Brazil EUR 110 million
 - Coated and uncoated papers, labels and flexible packaging
 - Started as JV with Votorantim Celulose e Papel in 2007, Ahlstrom acquired remaining 40% stake in 2008
- Feb. 2008 West Carrollton, USA EUR 9.8 million
 - Vegetable parchment
- May 2007 Fiberweb, USA, Spain, Italy EUR 65 million
 - Nonwovens for wipes
- May 2007 Fabriano, Italy EUR 7 million
 - Microglass filter material
- April 2007 Orlandi, Italy EUR 60 million
 - Nonwovens for wipes
- Jan. 2006 HRS Textiles Inc., USA EUR 17 million
 - Air and liquid filtration

From growth to profitable growth strategy

- Revised profitable growth strategy published end of 2009
- Emphasis on customer focus
- Two clusters reflecting business drivers



Focused portfolio to support profitable growth

Operational excellence

Support growth
– be efficient

- Offer price competitive products
- Innovate for cost improvement

Business Areas:
Home and Personal
Label and Processing

Generate cash flow
for growth

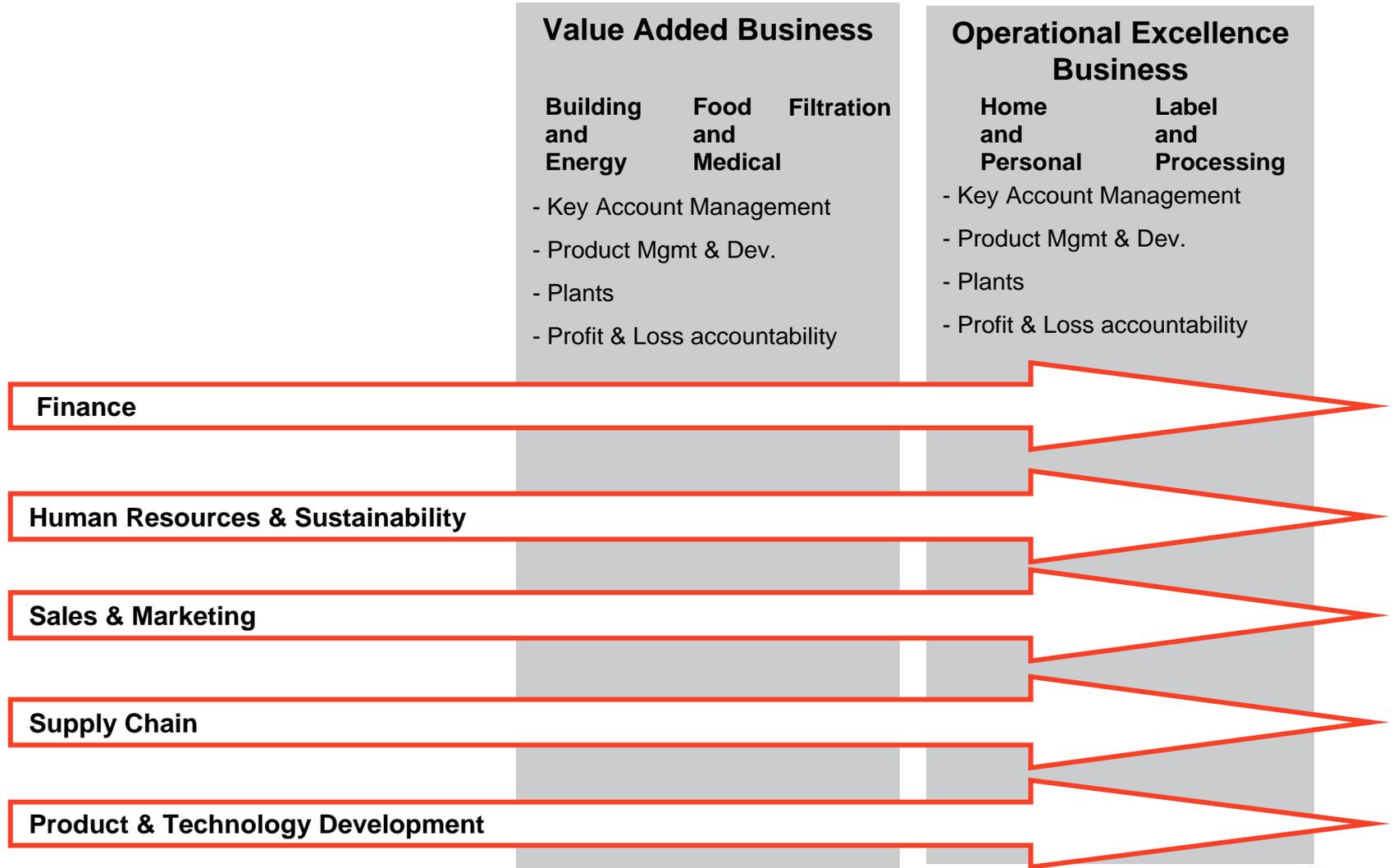
Value-added

Grow and expand
– be different

- Offer value-added products at competitive prices
- Innovate for product performance and improved conversion process
- Organic growth and possibly small acquisitions
- Growth will focus on Asia

Business Areas:
Building and Energy
Filtration
Food and Medical

Operating model



Path to profitability

Expand to growing markets in Asia:

Strive for new business opportunities, grow with customers

Business portfolio management:

Profitable growth & cash flow generation

Fix under performing businesses

Add-on acquisitions

Margin management:

Pricing, continuous cost efficiency

Continuous improvement programs:

Focus projects: working capital 2009-2010 and waste 2010-2011



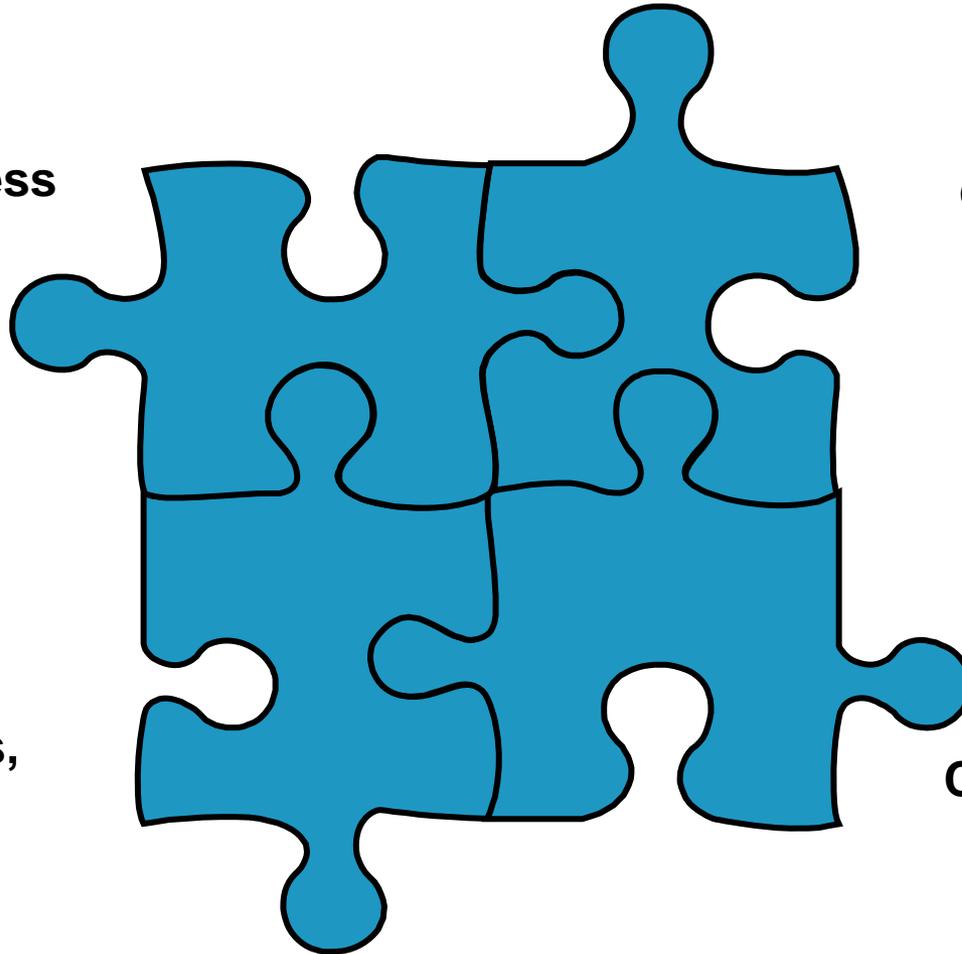
Building blocks for profitable growth

Focused business portfolio

Growth in Asia

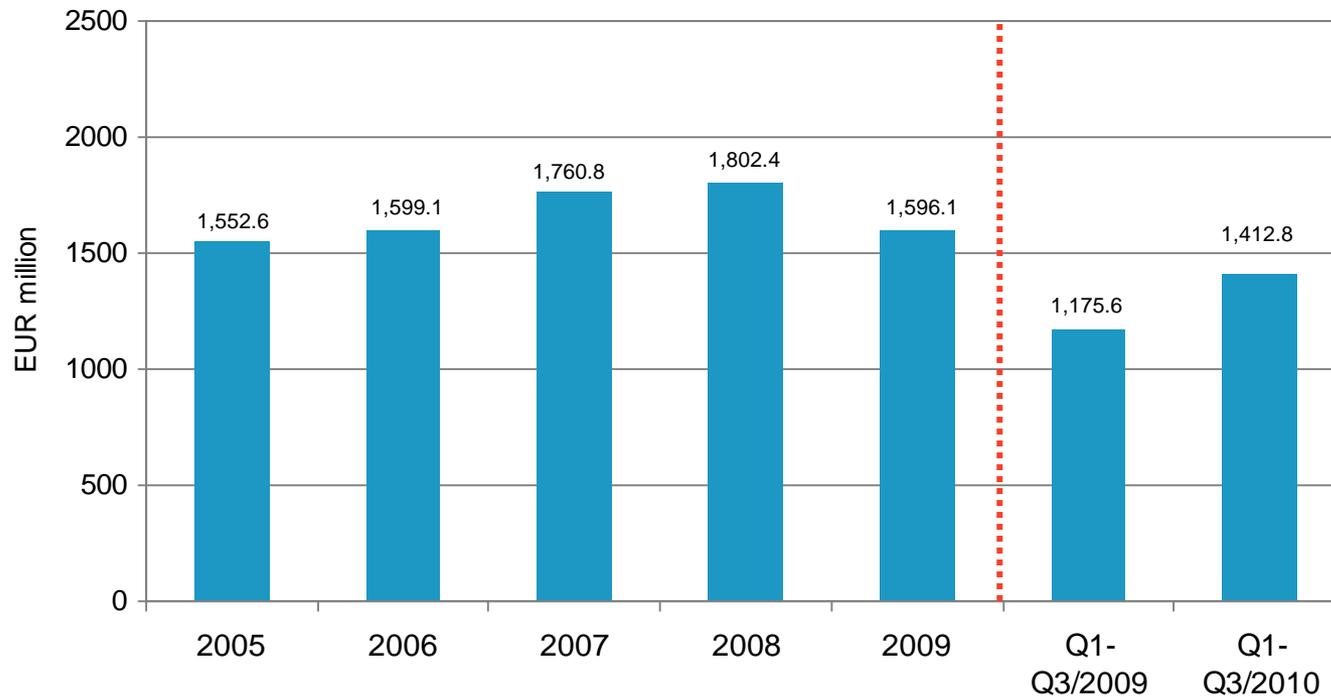
Clear long-term financial targets, KPIs

Customer focus



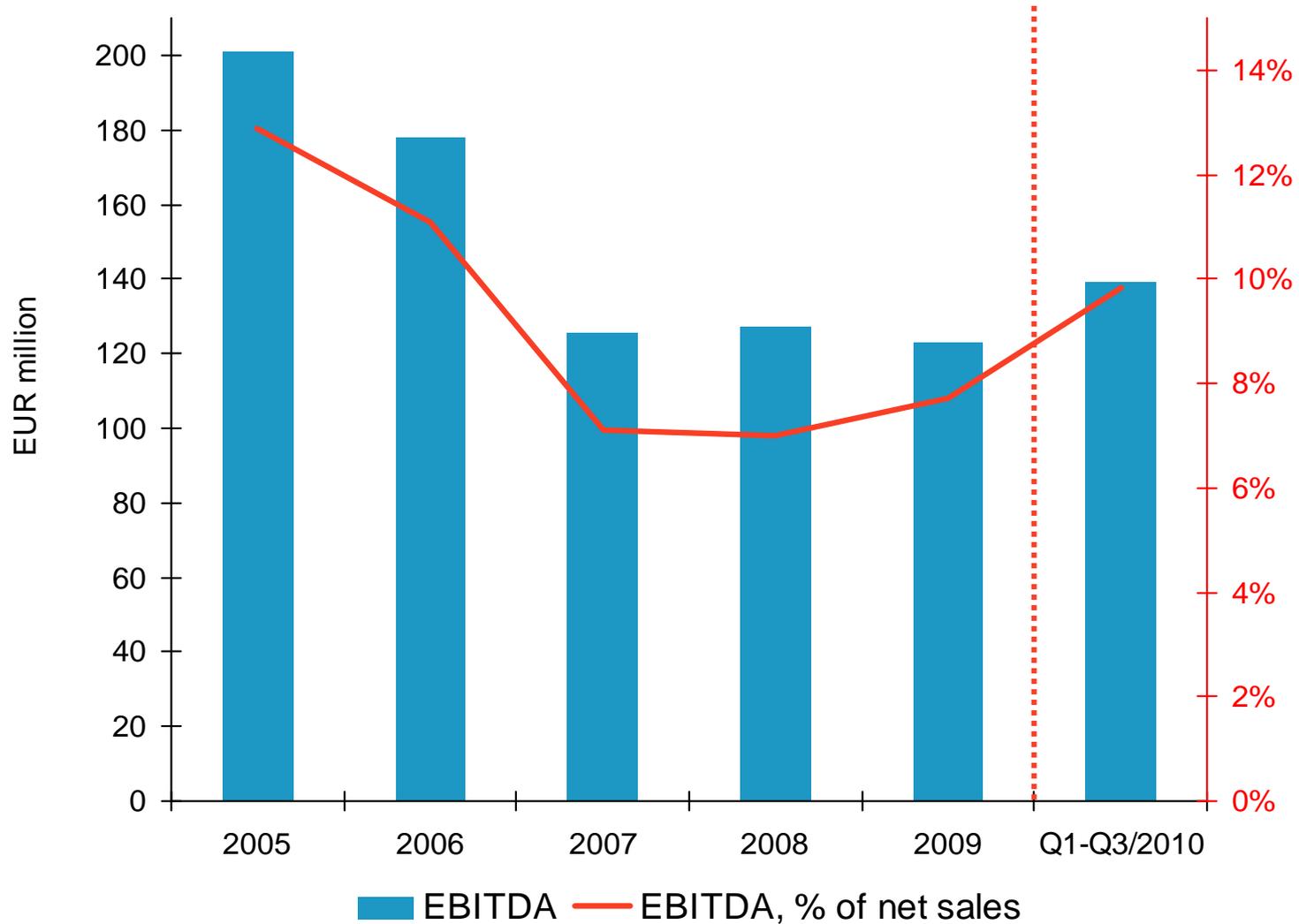
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Net sales in 2005–Q3/2010

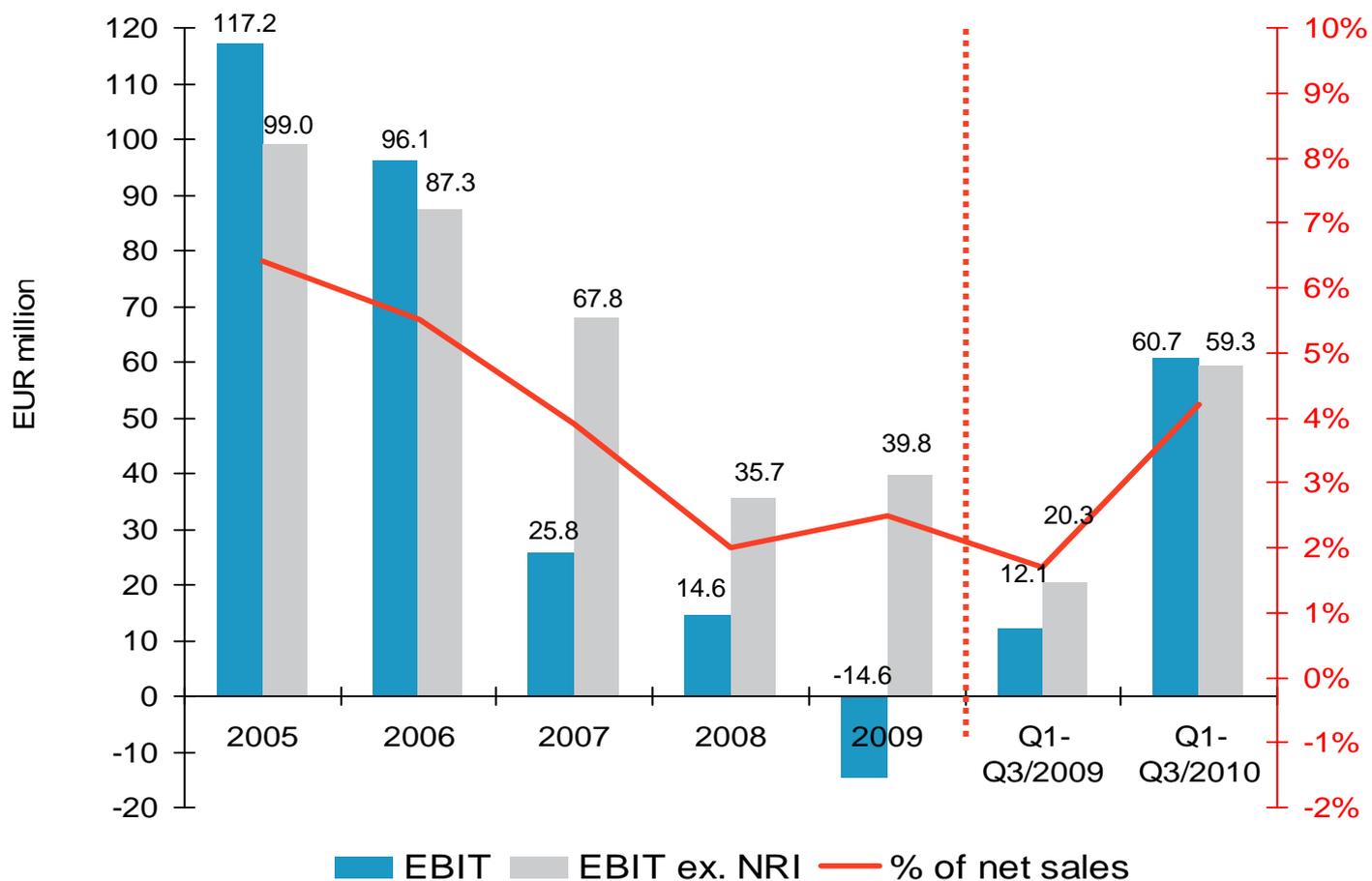


- After IPO in March 2006, a large growth investment program was launched
- A total of EUR 500 million was spent on investments in 2005–2008: 50% through organic growth, 50% by acquisitions

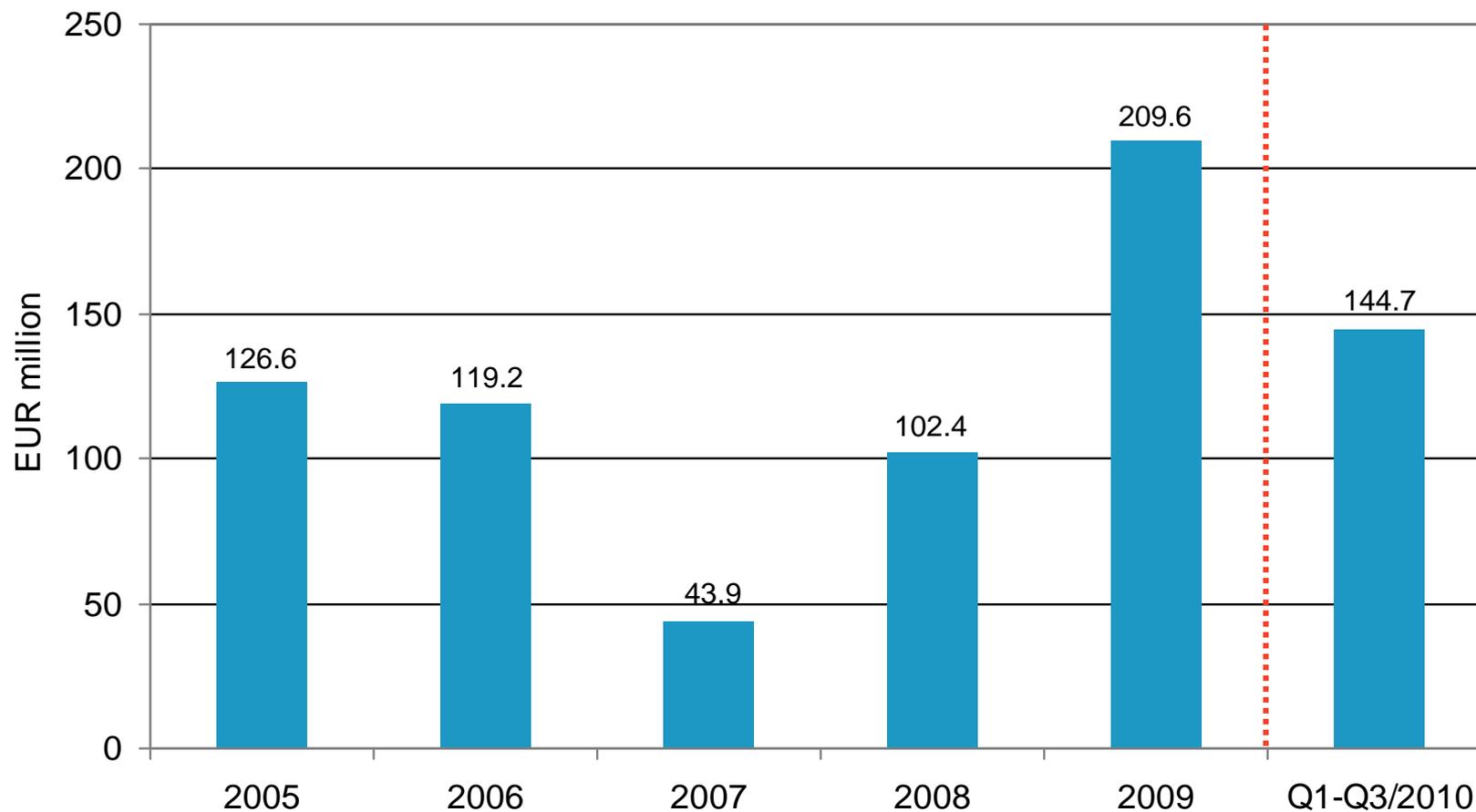
EBITDA in 2005–Q3/2010



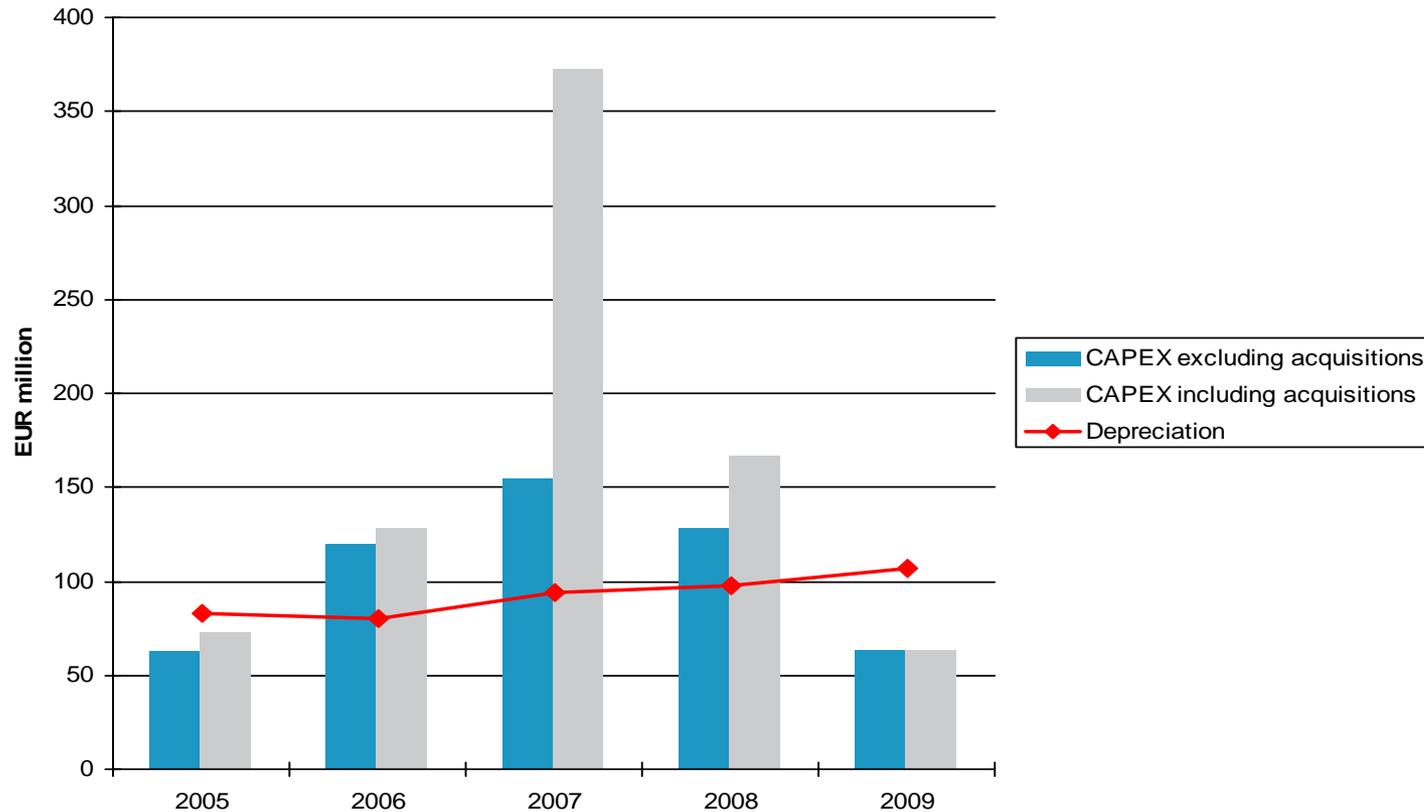
Operating profit in 2005–Q3/2010



Net cash from operating activities (excl. CAPEX)

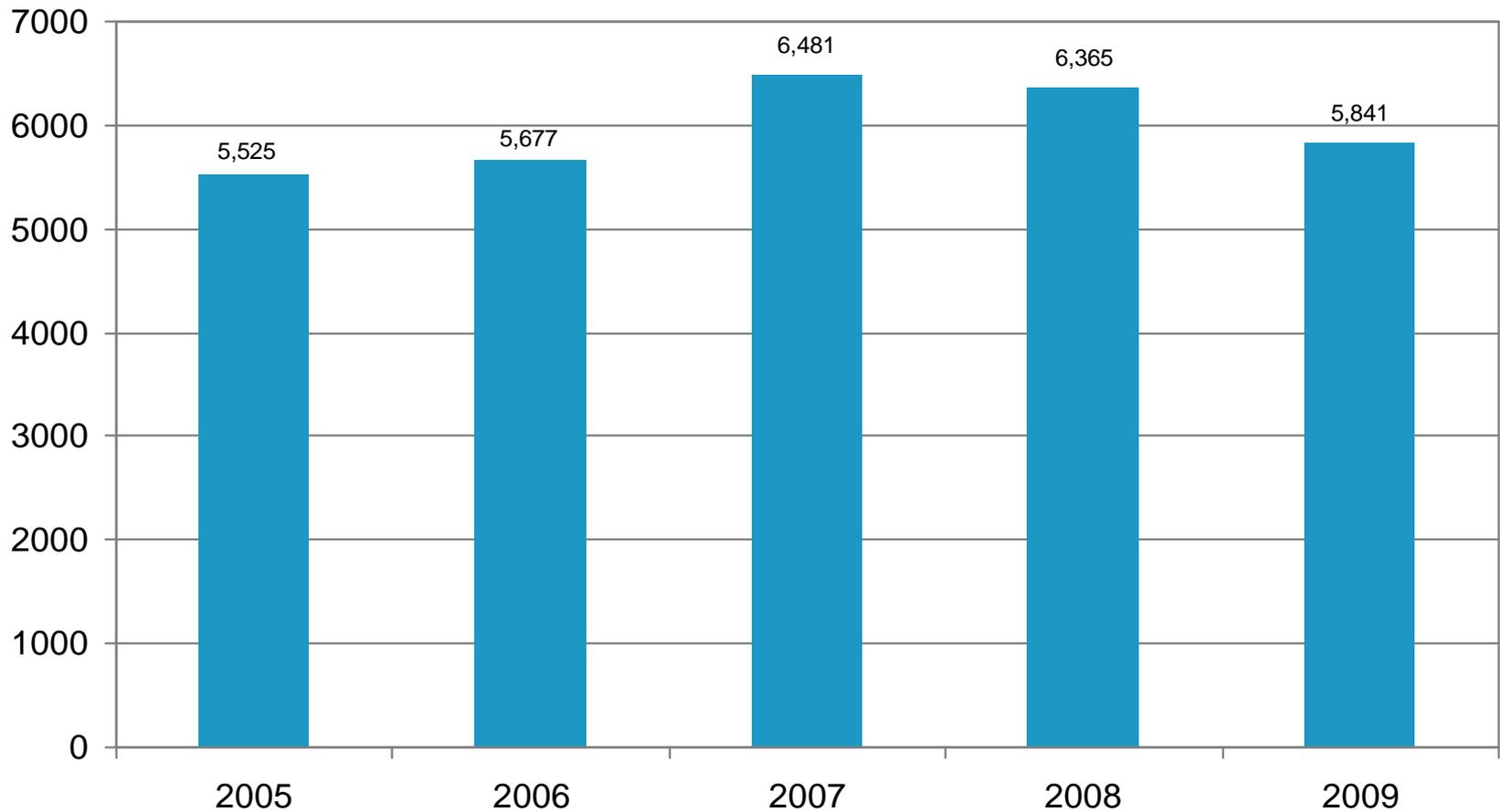


Investments in 2005–2009

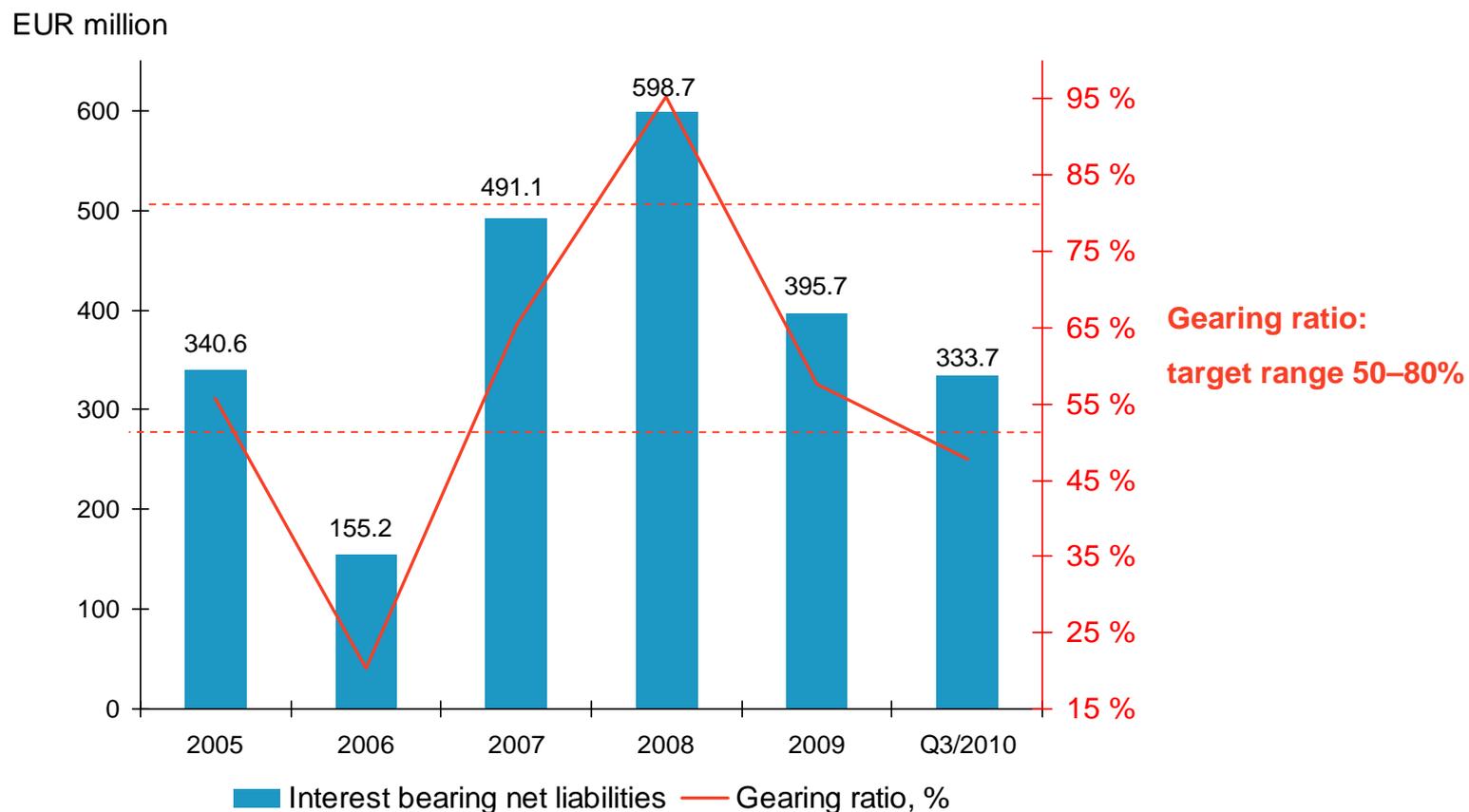


- Annual capital expenditure level on maintenance investments is EUR 40 million
- Investments in 2009 were EUR 63.8 million
- In 2010, investments excluding acquisitions are estimated at about EUR 55 million

Personnel (number of employees, year-end)



Gearing ratio



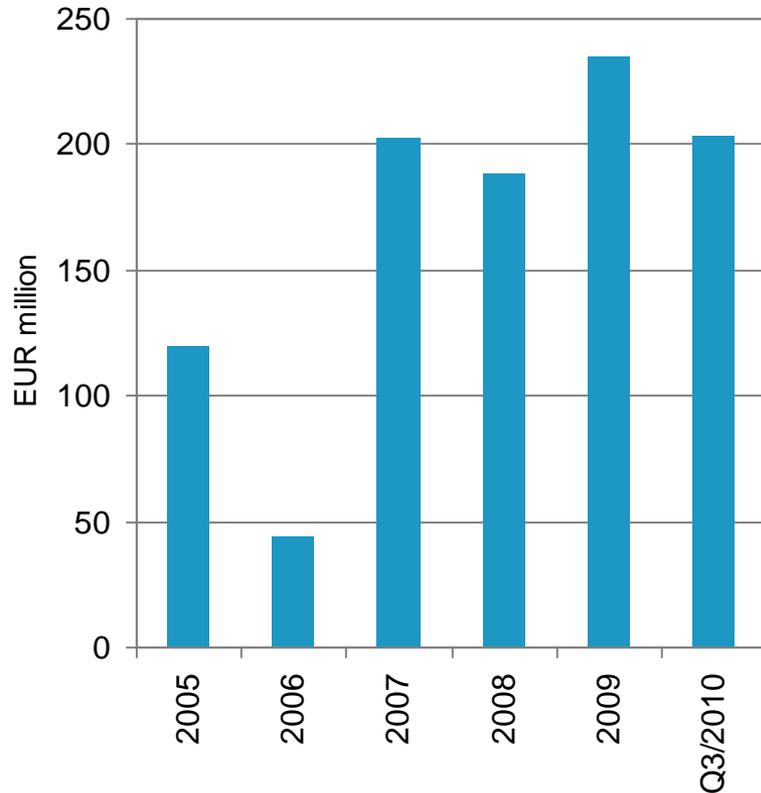
- Net debt and gearing ratio reduced
- Gearing ratio on September 30, 2010 was 47.7%

Loans and interest rates (end of Q3/2010)

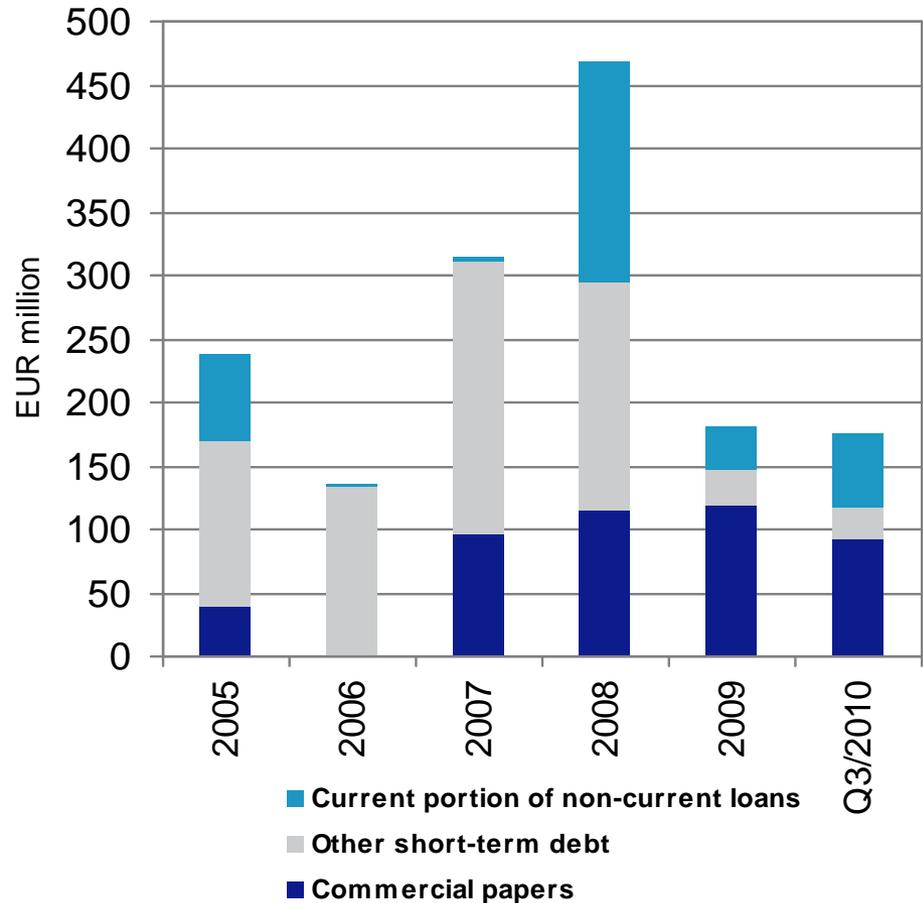
- Average maturity of the loan portfolio: 28 months
- Average interest rate duration: 25 months
- Average capital weighted interest rate: 4.14%
- Gross debt: EUR 378.2 million
- Net debt: EUR 333.7 million
- Gearing ratio: 47.7%
- Liquidity: EUR 336.9 million including
 - cash
 - unused committed credit facilities and
 - cash pool overdraft limits

Interest-bearing loans and borrowings

Non-current (long-term)



Current (short-term)

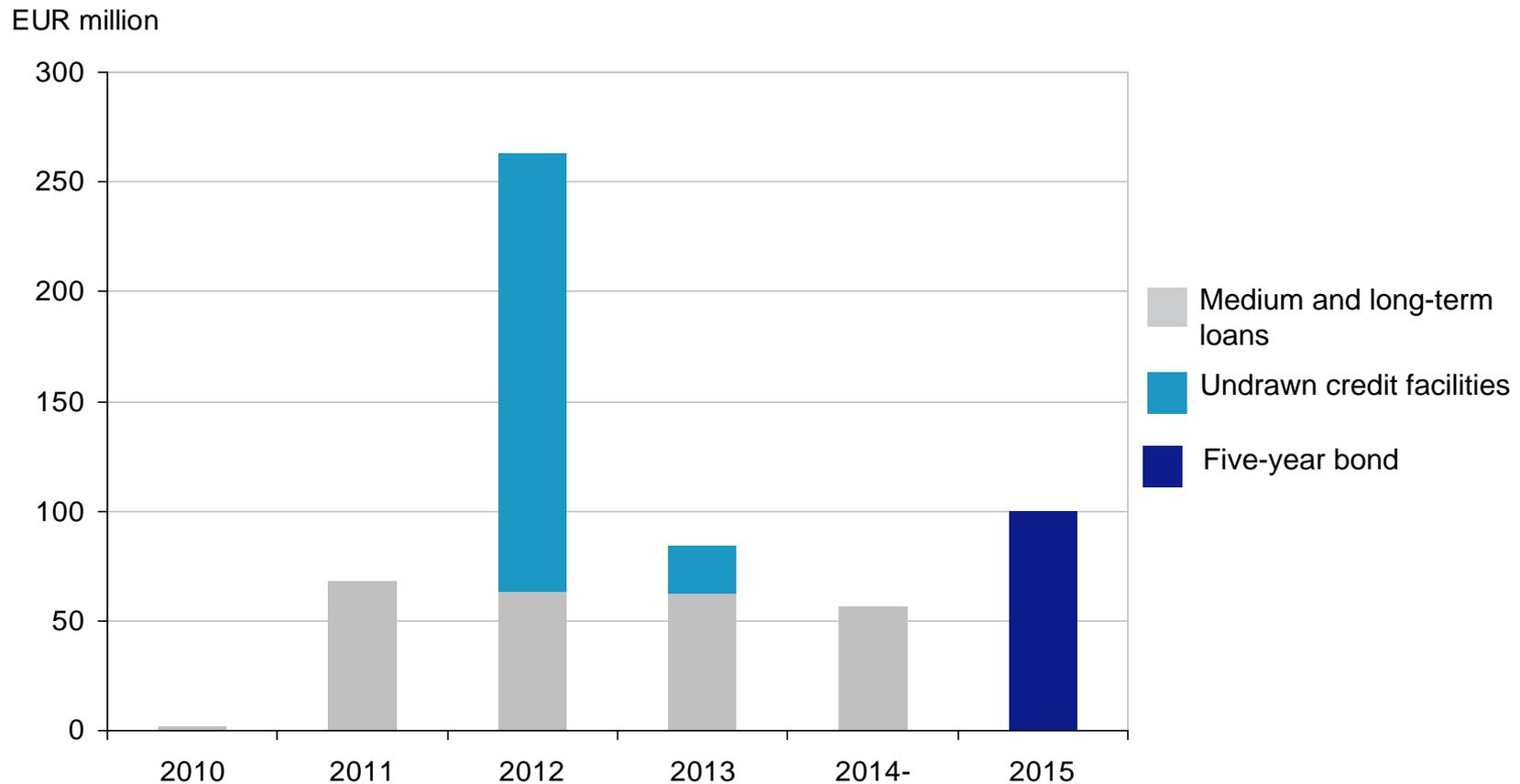


Senior bond issue on November 3, 2010

- Part of the funding strategy to prolong maturity structure and widen funding base

Ahlstrom senior bond issue	
Issuer:	Ahlstrom Corporation
Status:	Senior, unsecured, unsubordinated
Amount:	EUR 100 million
Maturity:	5 years
Coupon:	Fixed rate 4.50%, payable annually in arrears, Act/Act
Governing law:	Finnish
Clearing:	Euroclear Finland (RM)
Listing:	Helsinki, to be applied post-issuance
Documentation:	Stand-alone bond documentation, including Change of Control-clause, Cross-Default and Negative Pledge
Lead Managers:	Nordea Markets, Pohjola Bank

Maturity profile of medium/long-term credit facilities



- EUR 100 million five-year senior bond issued in November
- Total liquidity, including cash, undrawn committed credit facilities, and the cash pool overdraft limits totaled EUR 336.9 million at the end of September
- Ahlstrom had available undrawn, uncommitted credit facilities totaling EUR 152.5 million

Hybrid bond* to strengthen capital structure

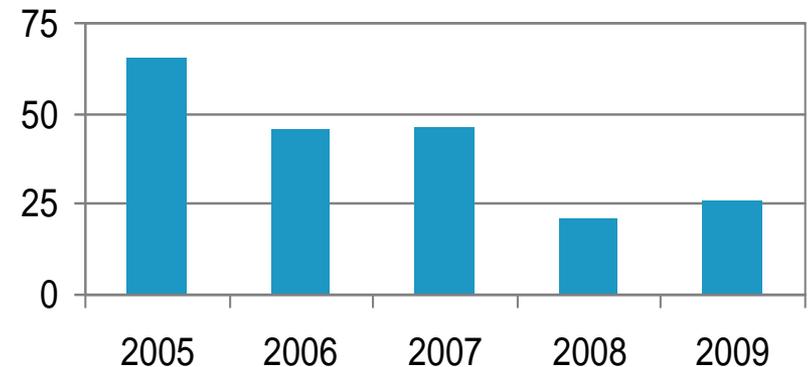
- EUR 80 million domestic hybrid bond with coupon rate of 9.50% per annum
- Issued on November 9, 2009
- The bond has no maturity but the company may call the bond after four years
- Ahlstrom's capital structure strengthened
 - Gearing ratio reduced by approximately 20 percentage points, abrogating the impact of the dividend payment restrictions in the EUR 200 million revolving credit facility agreement signed in July 2009.
 - ➔ Gearing ratio was brought down to the target range of 50–80%

*A hybrid bond is an instrument which is subordinated to the company's other debt obligations and which is treated as equity in the IFRS financial statements. Hybrid bonds do not confer to their holders the right to vote at shareholder meetings and do not dilute the holdings of the current shareholders.

Dividend policy

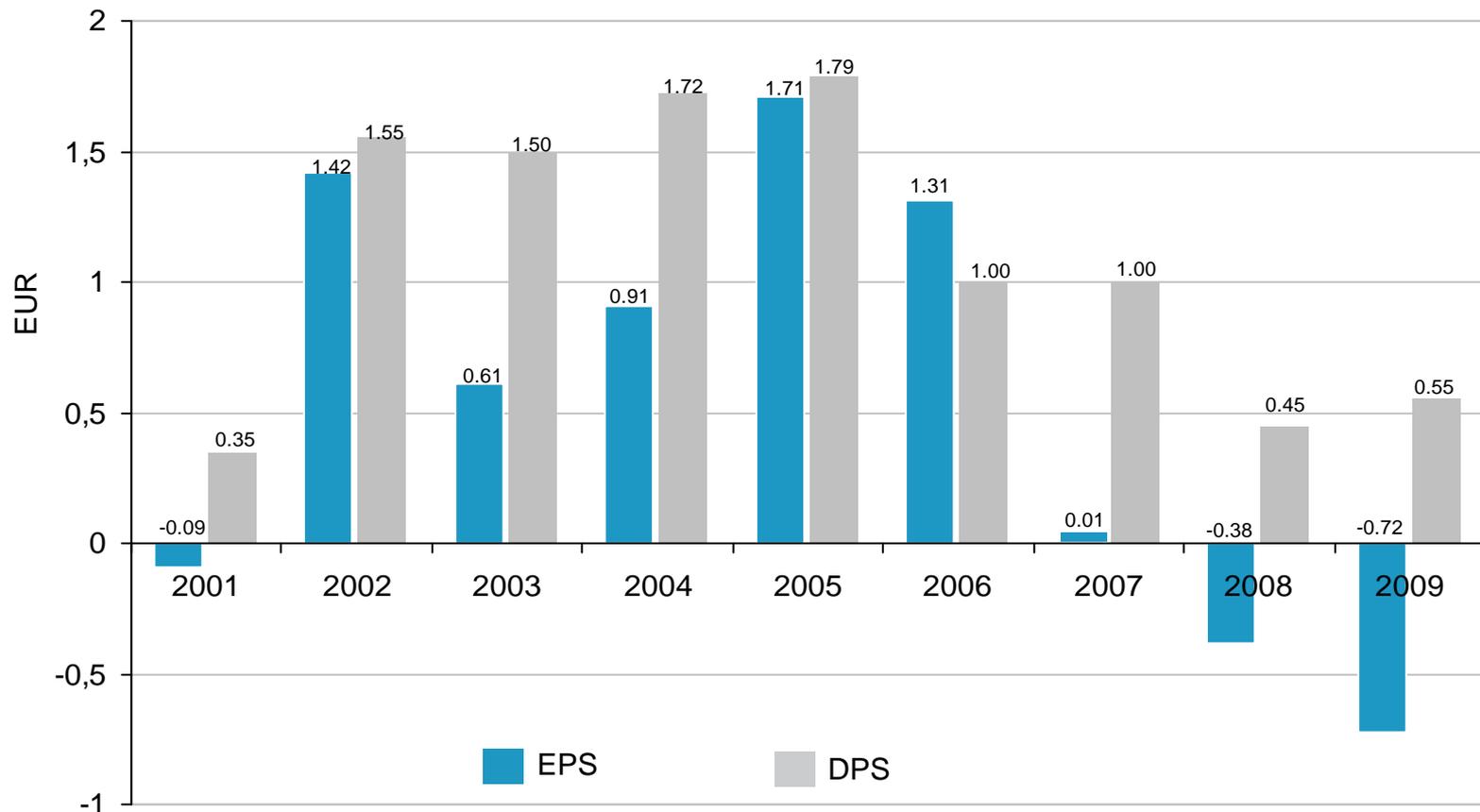
Ahlstrom aims to pay a dividend of not less than one third of the net cash from operating activities after operative investments, calculated as a three-year rolling average (revised in December 2009).

Total amount of dividends paid (EUR million)



Earnings and dividends per share 2001–2009

(2001–2003 FAS, 2004–2009 IFRS)



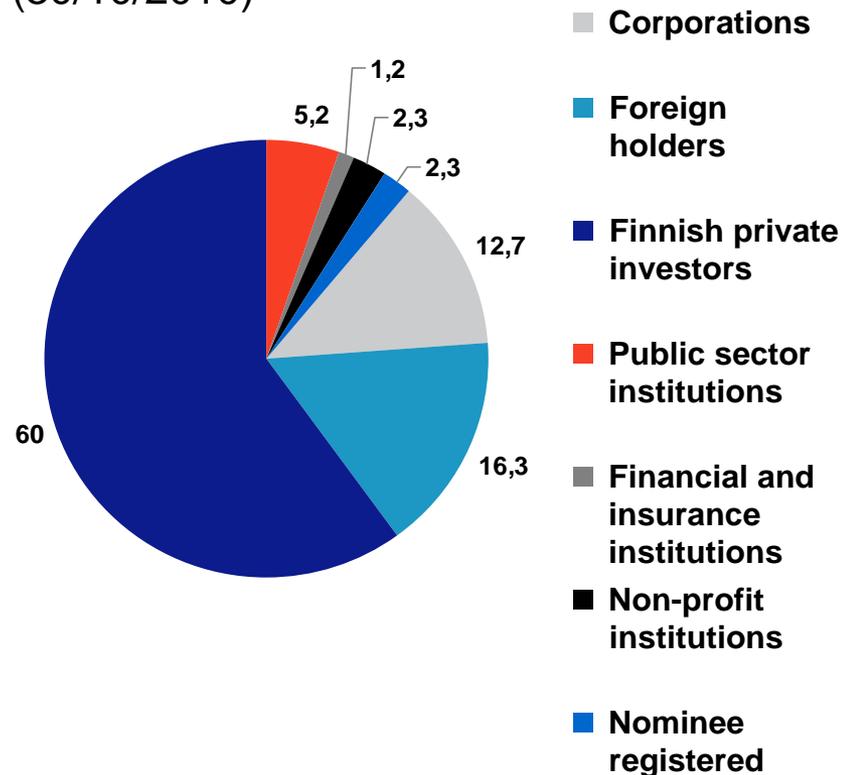
- Ahlstrom has been a stable dividend payer, complying with its earlier dividend policy to pay a dividend averaging at least 50% of the profit for the period of the previous financial year

Shareholders

Major shareholders (31/10/2010)

1. Antti Ahlströmin Perilliset Oy	10.02%
2. Etola Erkki Olavi	5.36%
3. Vilha Intressenter Ab	4.96%
4. Varma Mutual Pension Insurance Company	3.28%
5. Huber Mona	2.69%
6. Tracewski Jacqueline	2.16%
7. Nahi Kai Anders Bertel	1.54%
8. Lund Niklas Roland	1.49%
9. Huber Samuel	1.37%
10. Huber Karin	1.37%

Shareholder structure (30/10/2010)



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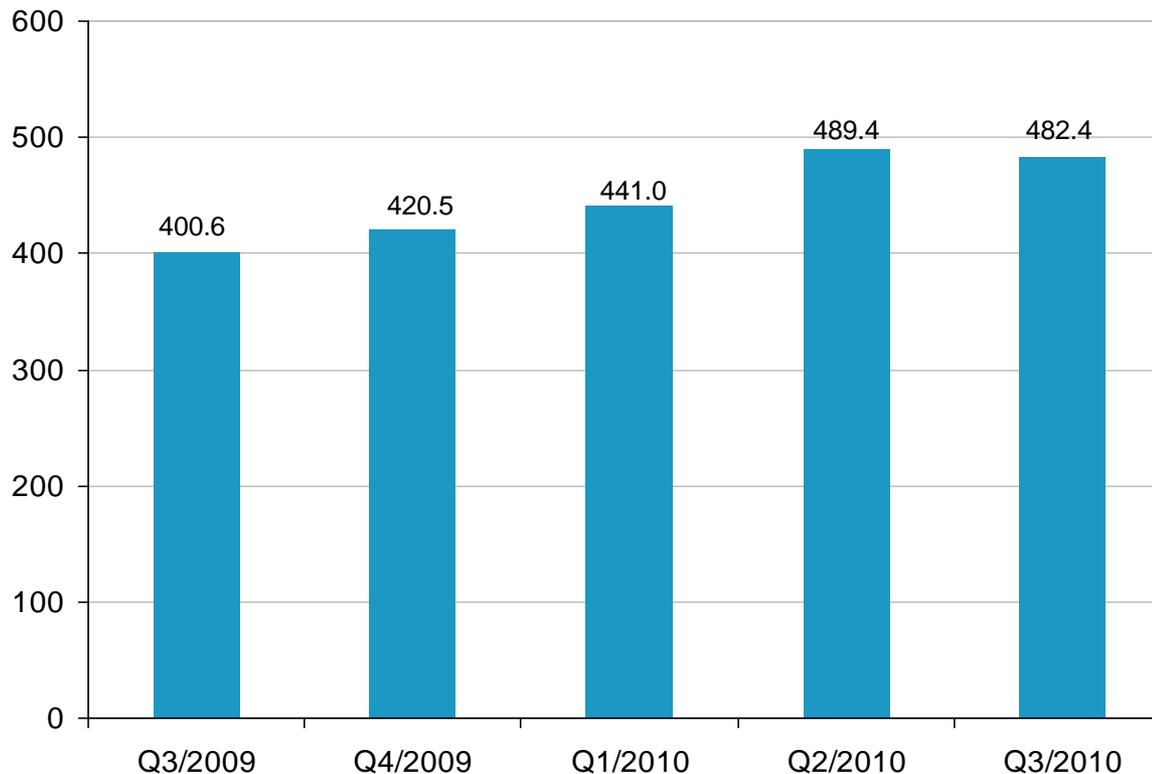
Highlights of July-September 2010

- Net sales growth over 20%
- Strong cash flow
- Shandong Puri Filter & Paper acquisition in China completed
- Higher costs from maintenance shutdowns, adverse currency fluctuations and costs related to development programs had an impact on profitability
- Still challenges on ramp-up and commercialization of the projects included in the investment program of 2007 & 2008
- Specified long-term financial targets to support profitable growth strategy



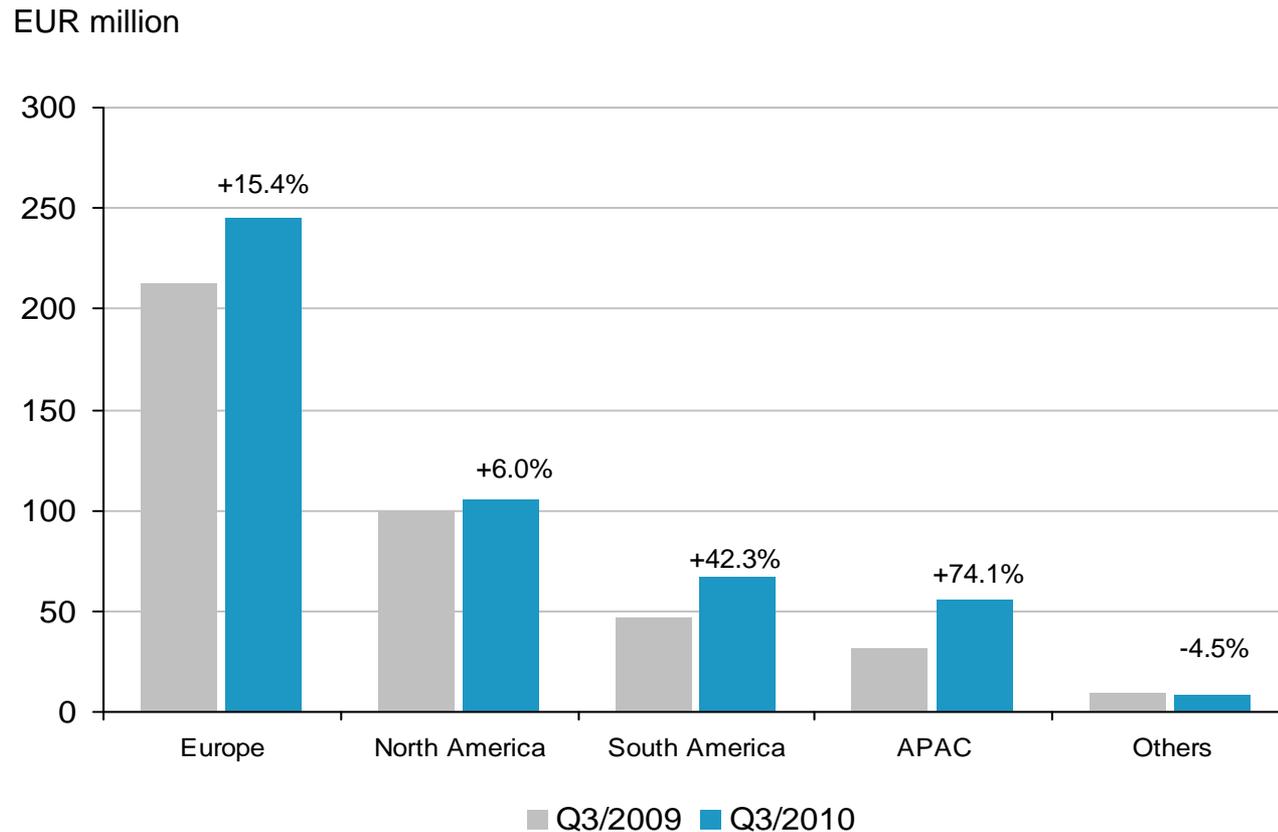
Net sales Q3/2009–Q3/2010

EUR million



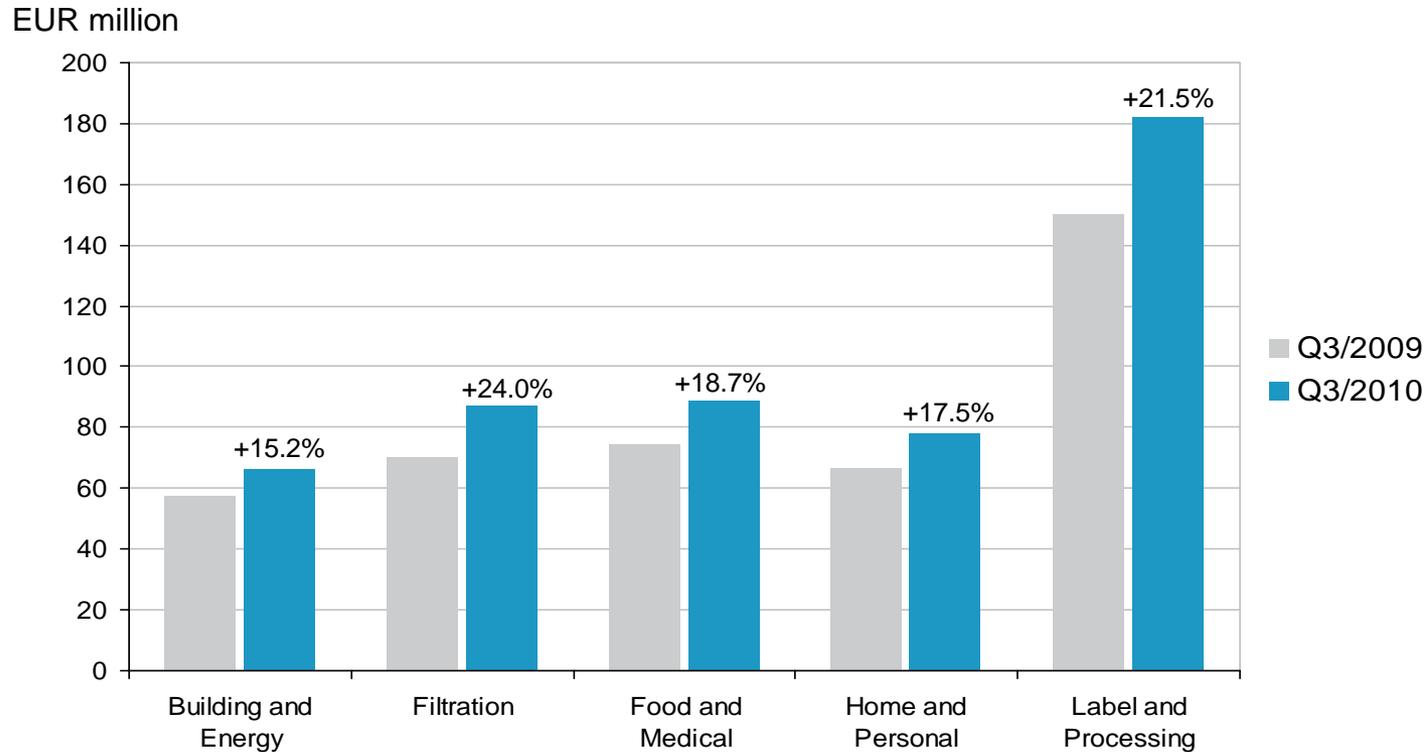
- Net sales rose by 20.4% from Q3/2009 – mainly attributable to price increases, currency fluctuations and higher volumes had positive impact as well
- Typically in Q3, demand is seasonally lower in many customer segments: production downtime due to vacation period in Europe

Net sales by region



- Fastest sales growth in Asia and South America
 - Asia Pacific accounted over 10% of sales in Q3/2010

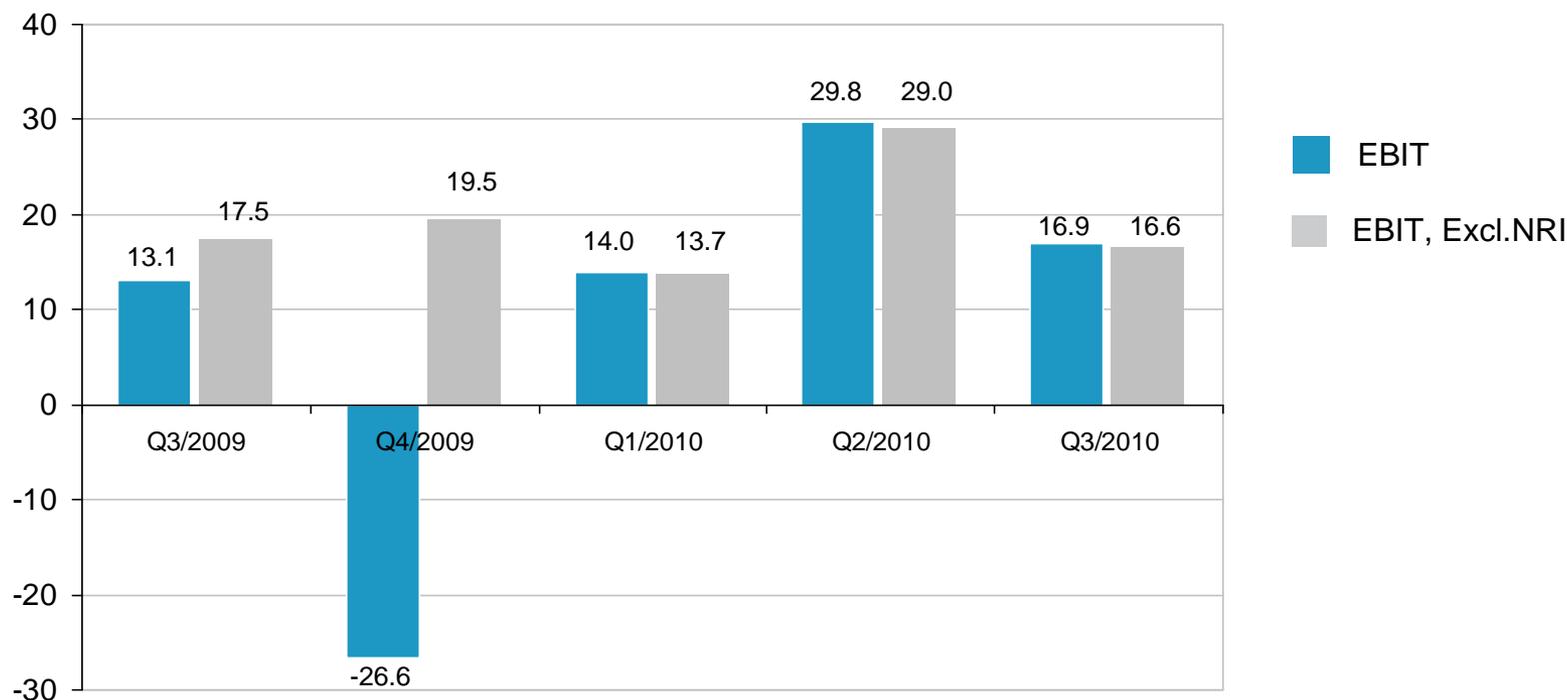
Net sales by Business Area in Q3/2010



- **Building and Energy:** increased demand for building and flooring materials in Russia, wallcover materials in China
- **Filtration:** rising demand in Asia, recovery in North American automotive market, higher prices
- **Food and Medical:** higher prices, volumes and favorable currency moves
- **Home and Personal:** higher volumes and prices
- **Label and Processing:** higher prices to cover rising pulp costs, favorable currency effect

Operating profit/loss Q3/2009–Q3/2010

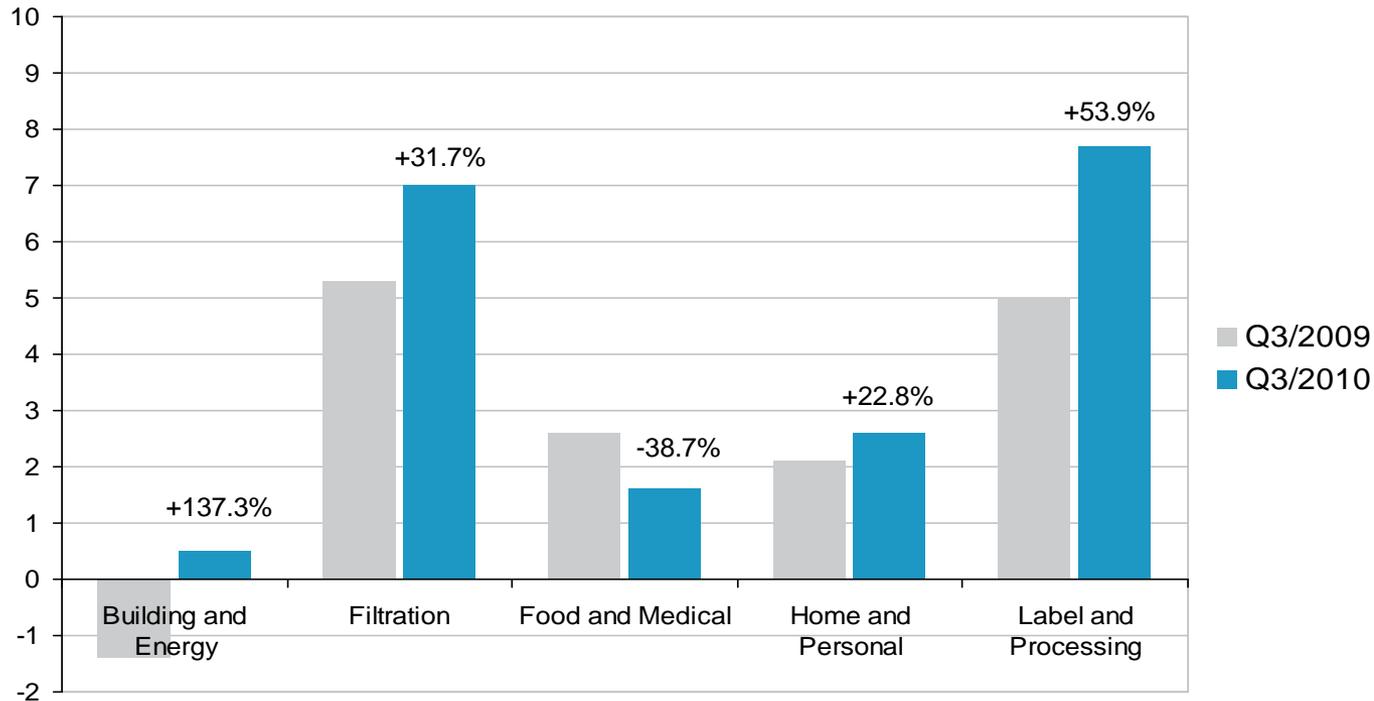
EUR million



- Operating profit was positively affected by higher sales volumes and streamlining measures started in 2009
- Higher costs from maintenance shutdowns, adverse currency moves, development programs and challenges related to the ramp-up and commercialization of new production lines had negative impact

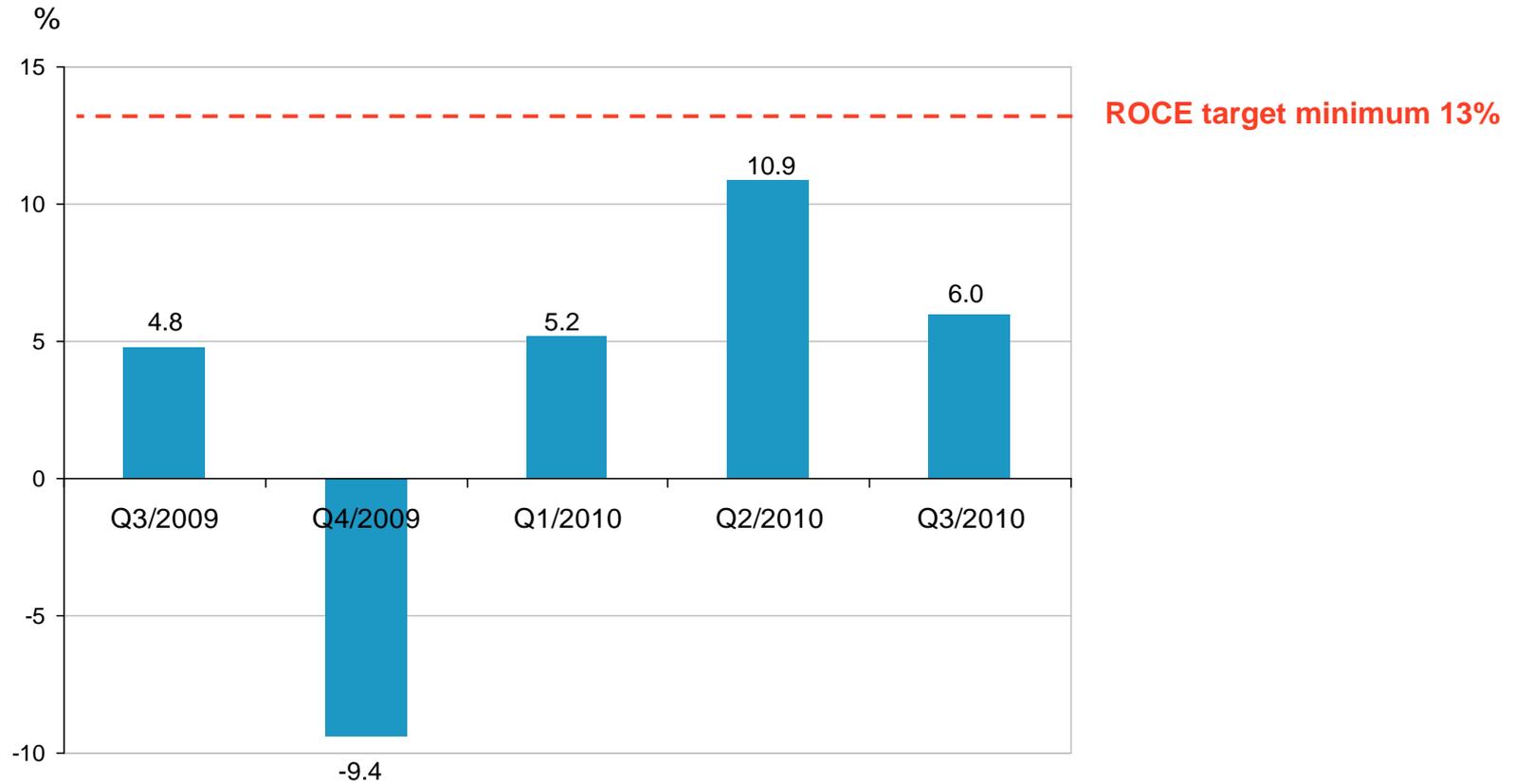
Operating profit by Business Area in Q3/2010

EUR million

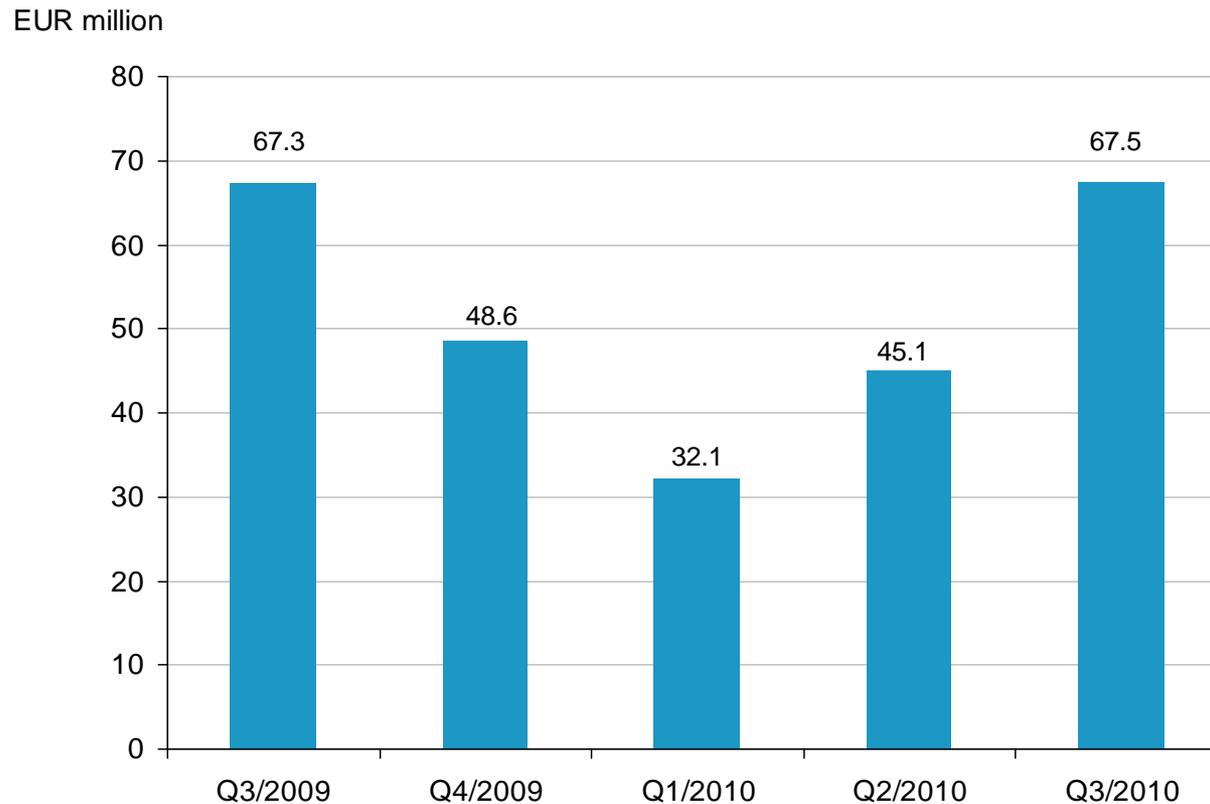


- **Building and Energy:** streamlined operations, ramp-up of hybrid wallcover line continues
- **Filtration:** higher volumes
- **Food and Medical:** Challenges in Mundra ramp-up and Chirnside teabag line, increased volumes
- **Home and Personal:** streamlined operations, higher volumes
- **Label and Processing:** increased volumes, higher maintenance costs, negative currency effect

Return on capital employed

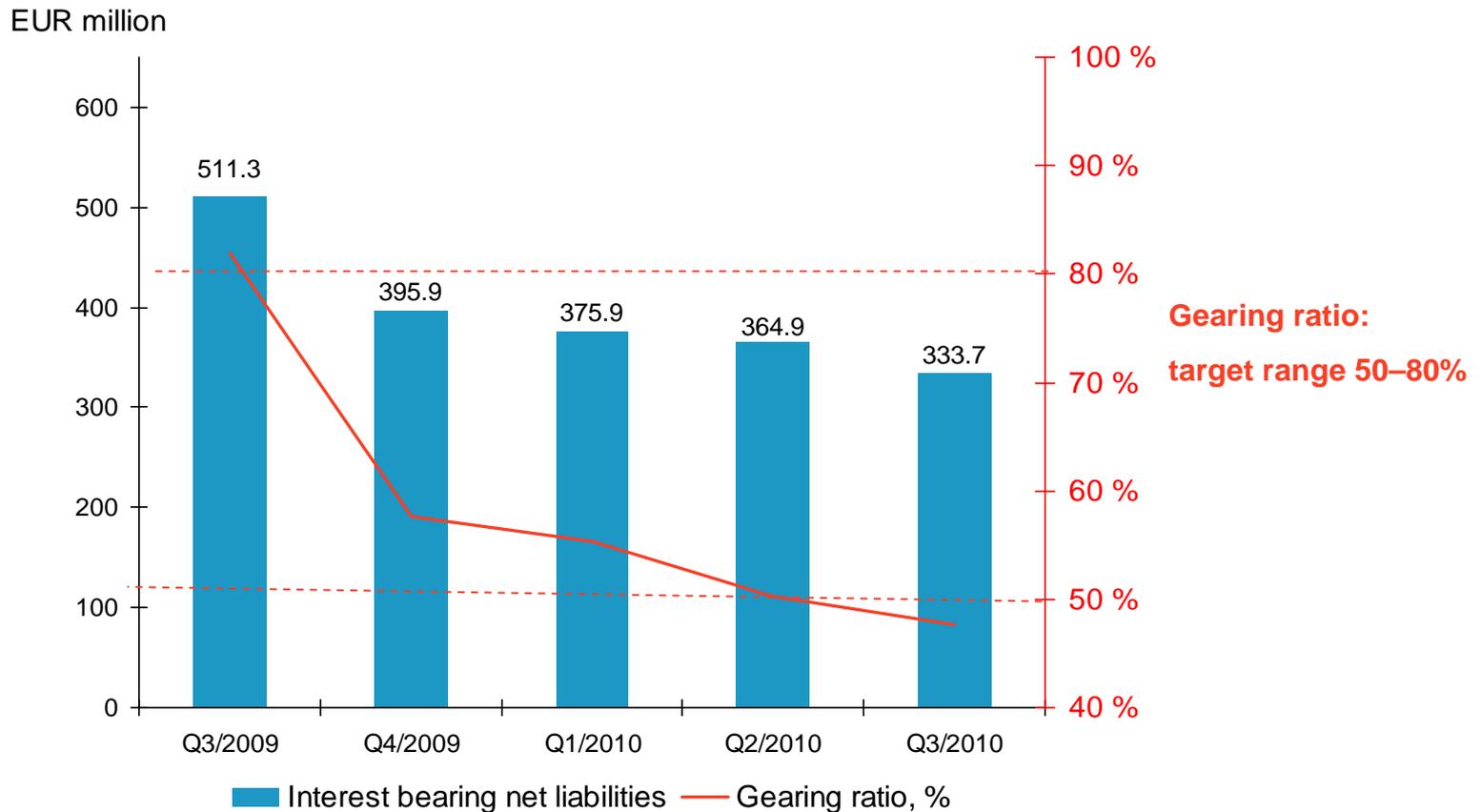


Net cash from operating activities Q3/2009– Q3/2010



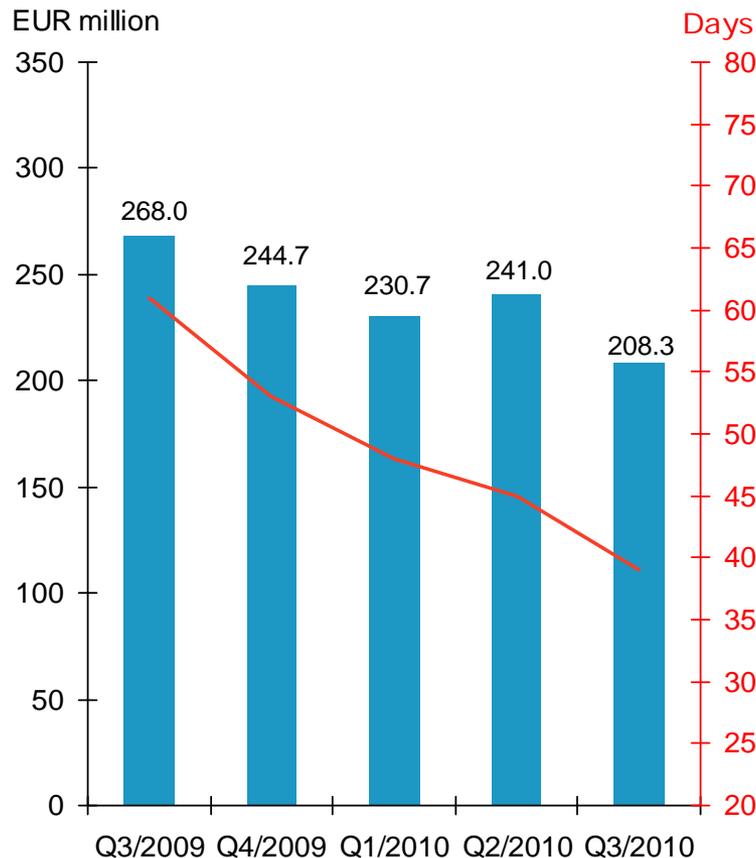
- Strong cash flow continued
- Operative net working capital improved

Gearing ratio



- Net debt and gearing ratio reduced compared to Q3/2009
- Gearing ratio on September 30, 2010 was 47.7%

Strong development of operative working capital

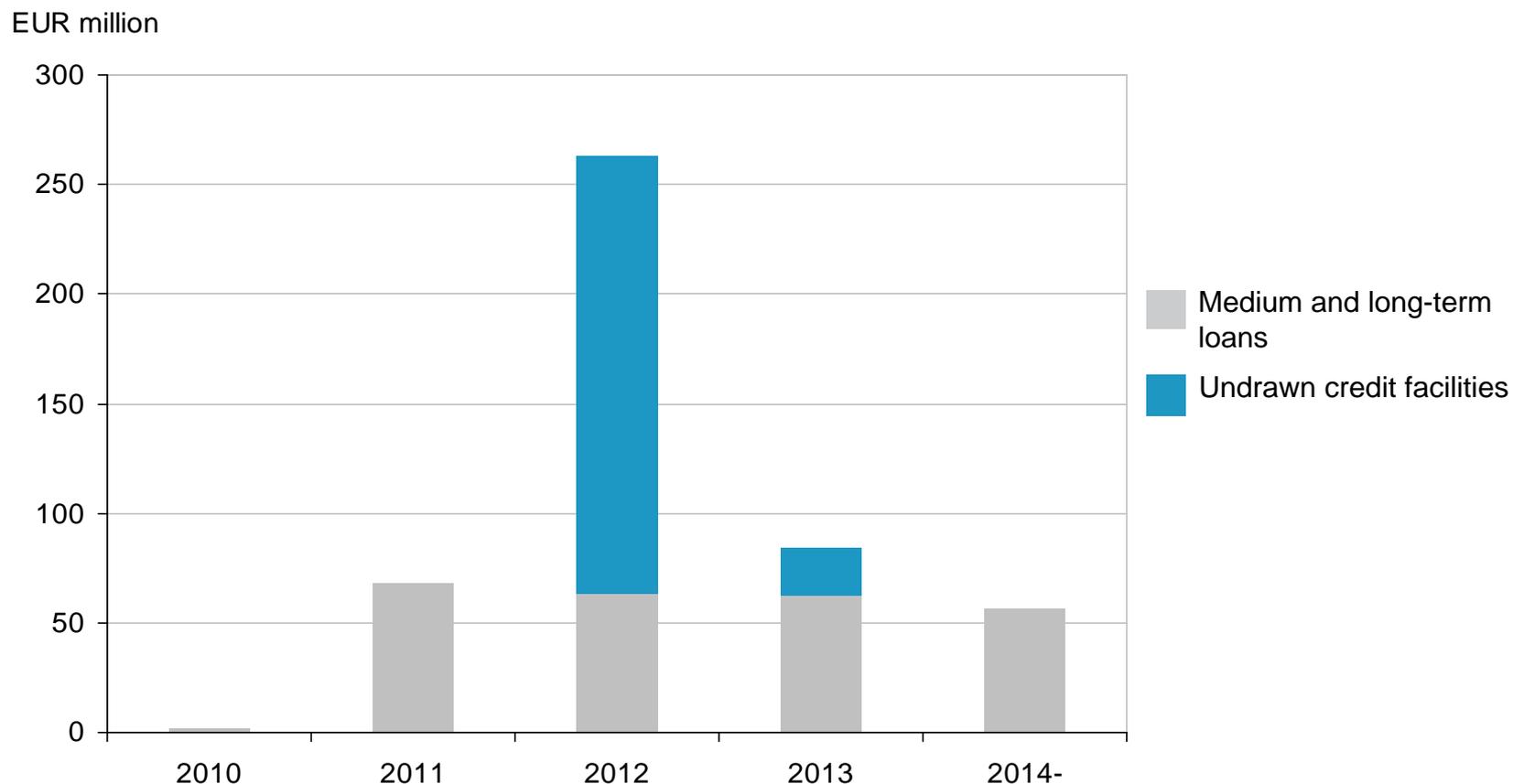


■ Operative working capital* — Turnover rate in days

*Operative working capital = Accounts receivables + inventories – accounts payable

- Operative working capital was reduced by EUR 140.7 million and turnover improved by 37 days from the end of 2008
=> turnover on Sept. 30, 2010 was 39 days
- Project in the final phase

Maturity profile of medium/long-term credit facilities



- Total liquidity, including cash, undrawn committed credit facilities, and the cash pool overdraft limits totaled EUR 336.9 million at the end of September
- Ahlstrom had available undrawn, uncommitted credit facilities totaling EUR 152.5 million

Income statement

EUR million	Q3/2010	Q3/2009
Net sales	482.4	400.6
Cost of goods sold	-420.5	-346.9
Gross profit	61.9	53.7
Sales and general admin. expenses	-43.8	-41.5
Other income and expenses	-1.2	0.8
EBIT	16.9	13.1
Net financial expenses	-7.9	-6.8
Share of profit from associated companies	-0.7	1.0
Profit before taxes	8.3	7.3
Tax income (+) / Income taxes (-)	-4.2	-2.4
Profit for the period	4.1	4.9
ROCE, %	6.0	4.8

➔ Up 20.4% on mainly increased prices

➔ Higher raw material costs

➔ 2009 temporary layoffs, 2010 higher incentive accruals, FX rates

➔ Higher NRIs (+0.3 MEUR in 2010 vs. -4.4 MEUR in 2009)

Balance sheet

EUR million	Sept. 2010	June 2010
Non-current assets	1,021.0	1,055.4
Inventories	197.4	203.3
Trade and other receivables	314.5	354.1
Other current assets	2.8	2.4
Cash	44.5	20.0
Assets	1,580.2	1,635.2
Equity	699.3	725.6
Provisions	10.9	13.3
Interest-bearing debt	378.2	385.0
Employee benefit obligations	79.4	80.3
Trade and other payables	369.4	390.2
Other liabilities	43.1	40.9
Total equity and liabilities	1,580.2	1,635.2
Gearing ratio, %	47.7	50.3



Improved operative working capital management and reduction of overdue receivables



Positive cash flow



Balance sheet further strengthened

Cash flow

EUR million	Q3/2010	Q3/2009
EBITDA	43.2	38.1
Cash flow adjustments	-2.0	-2.1
Change in net working capital	31.3	38.7
Financial items	-3.6	-6.8
Taxes paid	-1.4	-0.5
Net cash from operating activities	67.5	67.3
Acquisition of Group companies	-11.2	-
Purchases and other investment activities	-16.0	-11.2
Net cash from investment activities	-27.3	-11.2
Cash flow after investing activities	40.2	56.1
Repurchase of own shares	-	-
Investment to Ahlstrom shares related to share ownership plan for EMT	-2.0	-
Drawdowns and repayments	-13.2	-52.8
Net cash from financing activities	-15.1	-52.8
Net change in cash	25.1	3.3

 **Additional working capital unleashed**
 **Loan portfolio currency swap (EUR/USD) had positive effect**

 **Acquisition of Shandong Puri Filter & Paper**
 **Maintenance capex level**

Management's near-term agenda

- Continuous development and improvement of operations
- Implementation of new organization and operating model
 - Development of global key accounts and sales processes
 - Strengthening and harmonization of corporate culture
- Active assessment of growth strategy in Asia continues
 - Integration of Ahlstrom Binzhou in China
- Project to reduce production waste



Outlook

- Net sales in 2010 is expected to be above 2008 level
 - Sales prices are and will be increased to cover rising raw material costs
 - Higher sales volumes
- EBIT, excluding non-recurring items, in 2010 is expected to increase from 2009
 - Improved sales, more efficient cost structure, continuous streamlining efforts





Thank You!