

2023 Half Year Financial Results

EARNINGS CALL PRESENTATION, AUGUST 30

Helen Mets, President & CEO
Jorn P. Jensen, CFO

This presentation covers financial and other information of Ahlstrom Holding group of companies, consisting of Ahlstrom Holding 3 Oy (previously Ahlstrom-Munksjö Holding 3 Oy) as the parent company, Spa US Holdco Inc, and Ahlstrom Oyj (previously Ahlstrom-Munksjö Oyj) and its subsidiaries.

On January 16, 2023, the name was changed from Ahlstrom-Munksjö Holding 3 Oy to Ahlstrom Holding 3 Oy.



A hiker with a backpack is walking away on a dirt path through a sunlit forest. The sun is low in the sky, creating a warm, golden glow and long shadows. The path is surrounded by tall grasses and various trees, including pines. The overall scene is peaceful and natural.

We Purify and Protect with Every Fiber for a Sustainable World

Ahlstrom is a global leader in a wide range of sustainable and technically advanced specialty materials. We help companies and brands stand out in sustainability.

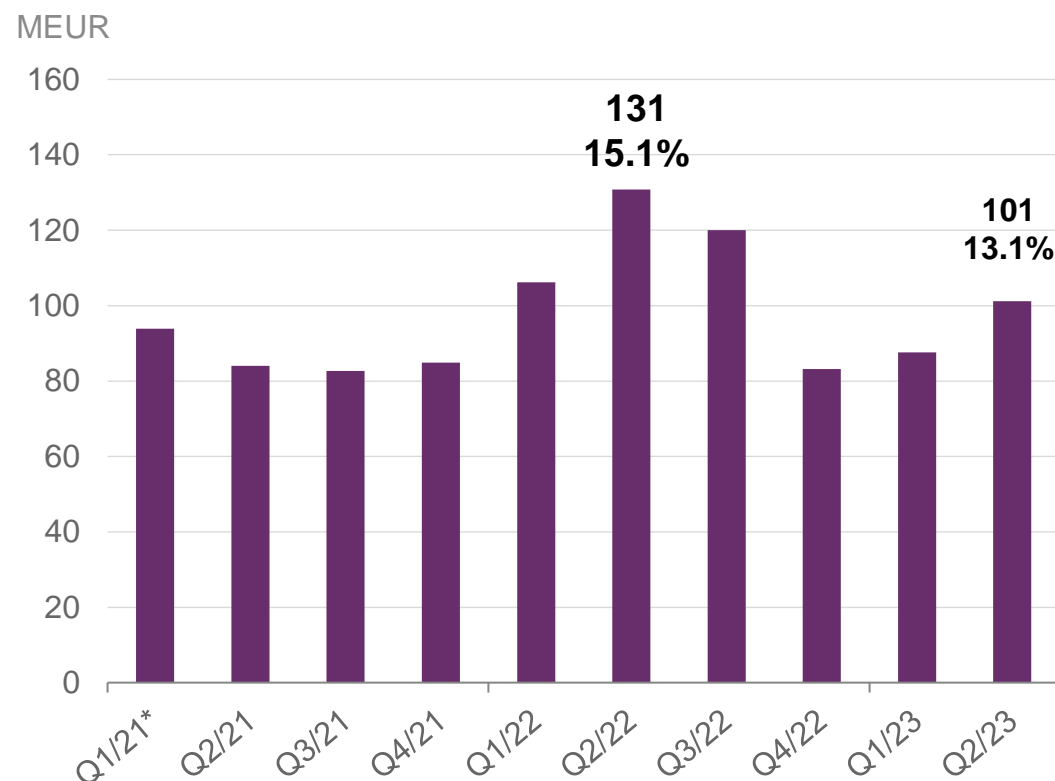
Our offering
contributes to a more
sustainable everyday
life by providing
renewable materials
and solutions with
sustainability benefits



Transformation on track – increased margin while destocking continued in Q2 2023

- Progress continues on the transformation journey, driving margin improvement and successively lower transformation costs
- Performance underpinned by increased margin on variable costs per ton – a result of consistent transformation related initiatives. Well positioned for earnings growth when market recovers.
- Quarter on quarter comparable EBITDA improvement supported by lower variable costs. Operating cash flow improved from a weak first quarter
- Customer activity leveled off – a gradual recovery is likely in the second half of the year
- Successful divestment of Stenay plant
- Changes in leadership team to support innovation and operational excellence efforts and people agenda

Comparable EBITDA and margin %

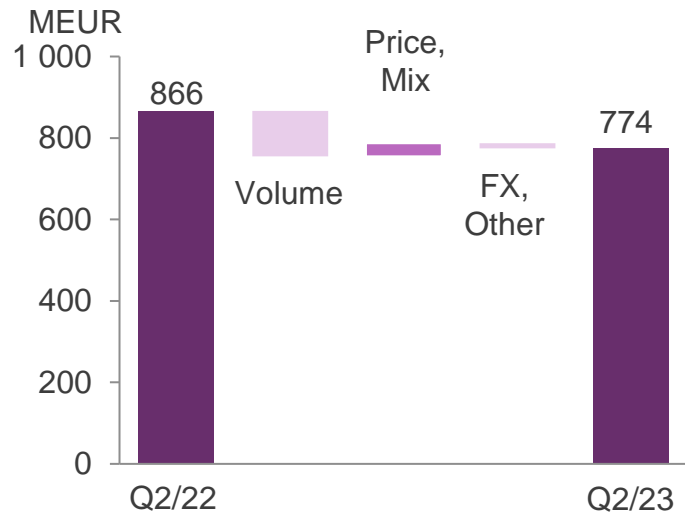


* Ahlstrom-Munksjö Holding pro forma

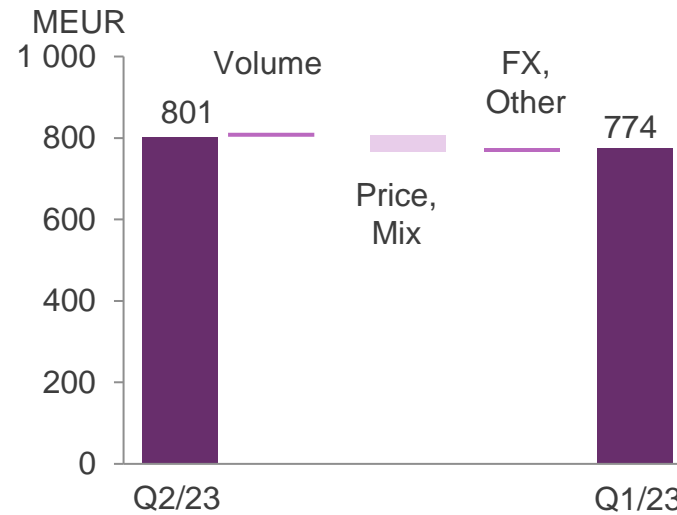


Net sales affected by destocking – volumes stabilized in Q2 vs Q1

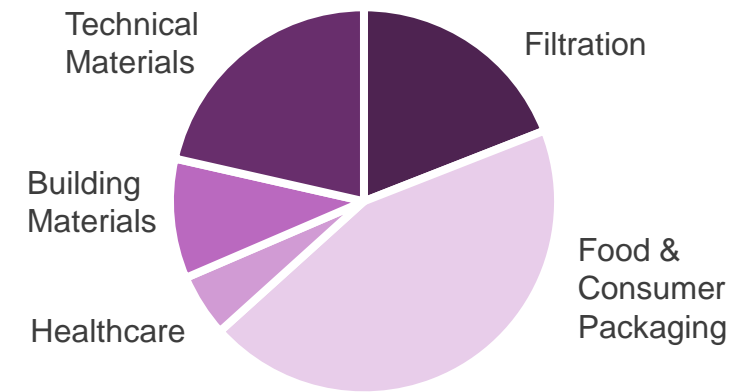
Net sales
Q2 2023 vs Q2 2022



Net sales
Q2 2023 vs Q1 2023

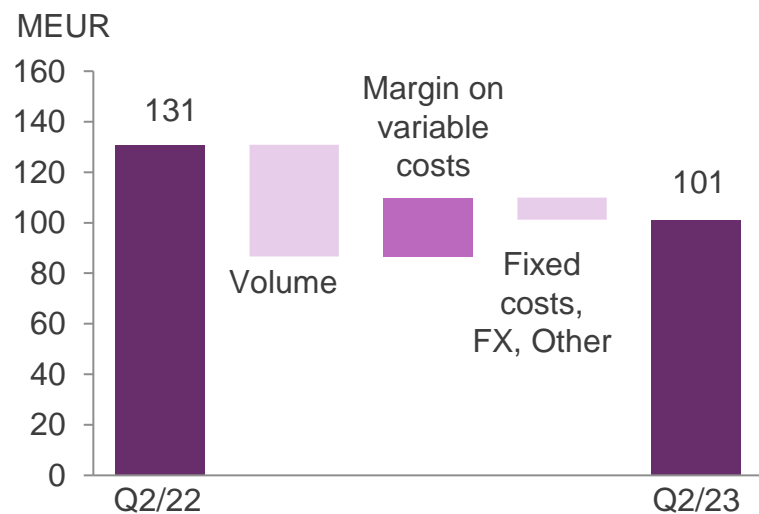


Breakdown of net sales
H1 2023

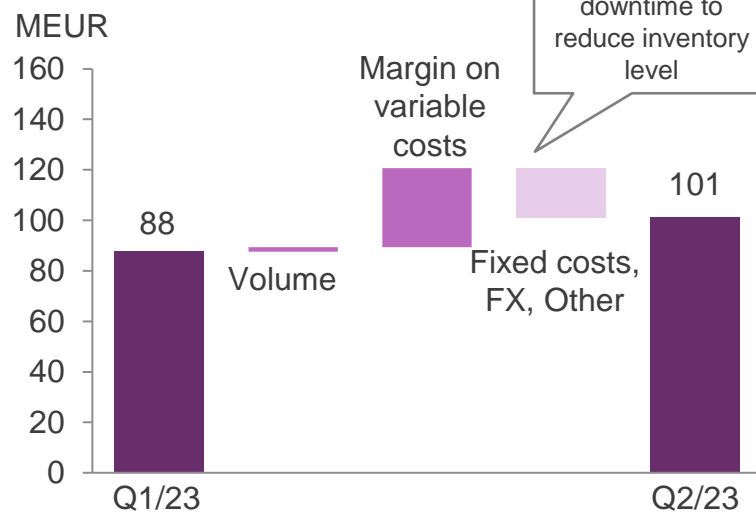


Comparable EBITDA supported by higher MOVC per ton* – significant reduction in transformation costs

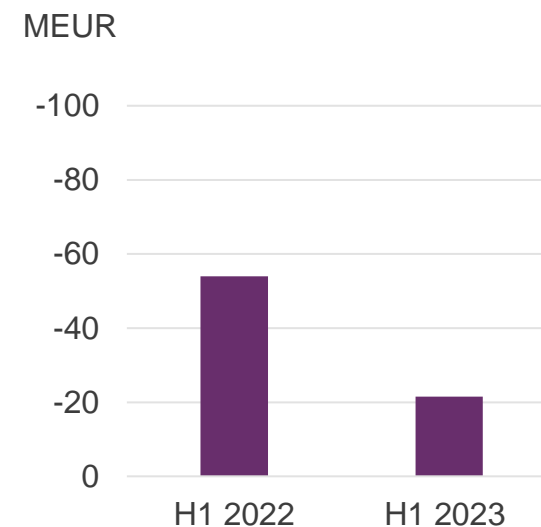
Comparable EBITDA
Q2 2023 vs Q2 2022



Comparable EBITDA
Q2 2023 vs Q1 2023



Transformation costs
H1 2023 vs H1 2022



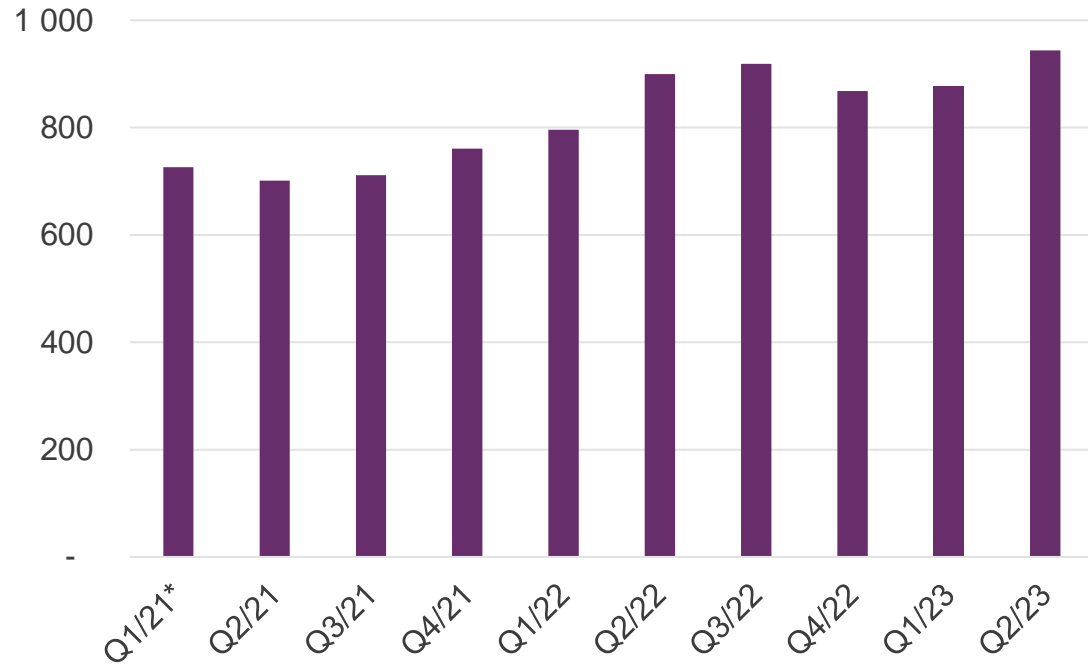
* Margin on variable costs per ton



Increased margin on variable cost per ton

Margin on variable costs per ton

EUR per ton



Continuing operations

Lower variable costs and transformation initiatives contributed to sequential improvement in margin on variable costs per ton



Reconciliation of comparable EBITDA to adjusted EBITDA

MEUR	June 30, 2023
Comparable EBITDA, LTM	392
2022 initiatives	3 ⁽¹⁾
2023 initiatives	64 ⁽²⁾
2024 initiatives	18 ⁽³⁾
Total savings potential not in EBITDA	85
Adjusted EBITDA	477

- 1) Full run rate impact expected in 2023
- 2) Full run rate impact expected end of 2024
- 3) Impact planned to start 2024

**Identified future savings potential
from transformation initiatives
estimated at EUR 85 million
at the end Q2 2023**

Cash flow improved in the second quarter

MEUR	Q2 2023	Q1 2023	H1 2023
Comparable EBITDA	101.2	87.6	188.8
Items affecting comparability	-18.6	-11.1	-29.7
EBITDA	82.6	76.5	159.1
Change in working capital	13.5	-62.0	-48.6
Interest paid	-41.7	-26.3	-68.0
Taxes paid	-4.1	-7.3	-11.4
Adjustments, other	-0.7	-3.8	-4.5
Net cash from operating activities	49.5	-22.9	26.6
Capital expenditure	-48.8	-62.7	-111.5
Other		4.3	4.3
Net cash from investing activities	-48.8	-58.4	-107.2
Return of equity, dividends paid	-8.2	-8.3	-16.6
Changes in loans and other financing	55.1	-14.3	40.8
Net cash from financing activities	46.9	-22.6	24.3
Net change in cash	47.5	-103.9	-56.4

Operating cash flow improved from a weak first quarter which was significantly affected by short term incentive payments due to the strong results in 2022.

Capital expenditure-heavy first half including growth and sustainability related initiatives

Adjusted net indebtedness of EUR 1,787 million (1,688 on December 31, 2022) excluding the redemption liability of EUR 232 million for the minority shares

Net indebtedness to adjusted EBITDA ratio increased to 3.7 (3.1 on December 31, 2022)

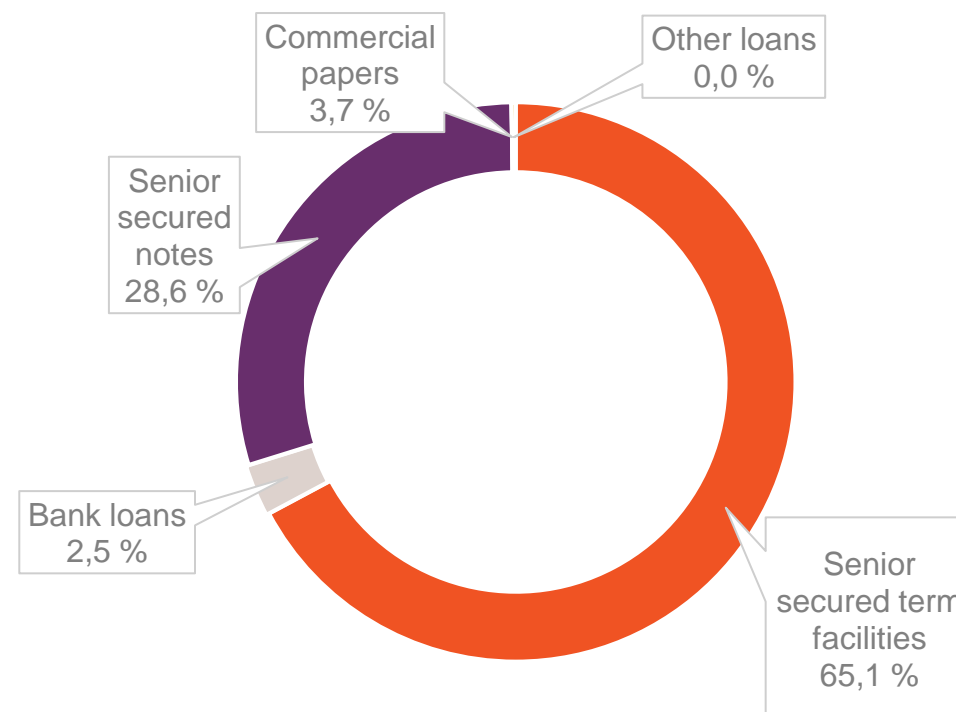
Comparative net operating cash flow for continuing operations not available



Debt structure as of June 30, 2023

- Financing of the Ahlstrom-Munksjö acquisition
 - Senior secured term facilities and two secured notes, maturing in 2028
- Renegotiated factoring facility to EUR 300 million in Q2 2021
- A Finnish Commercial Paper Program limited to EUR 300 million established in December 2021
- Interest expenses continuing operations EUR 138 million for the last twelve months
- Liquidity is good with cash and cash equivalents of EUR 178 million on June 30, 2023
- No major refinancing needs until 2027-28
- On June 30, 2023 the Group entered into agreement to raise EUR 75 million as an add on to its existing senior term loan facility. On July 12, the total amount, net of transaction costs was drawn.

Interest-bearing liabilities as of June 30, 2023



Conclusions

- Progress continues on our transformation journey, including lower transformation costs
- Performance underpinned by increased margin on variable costs per ton – a result of consistent transformation related initiatives. Well positioned for earnings growth when market recovers.
- Quarter on quarter comparable EBITDA improvement supported by lower variable costs. Operating cash flow improved from a weak first quarter.
- Customer activity levelled off in the second quarter – a gradual recovery is likely in the second half of the year
- Continued investments in growth capabilities
- Long-term growth prospects remain good, our advanced fiber-based materials and our innovation power make us more relevant than ever before



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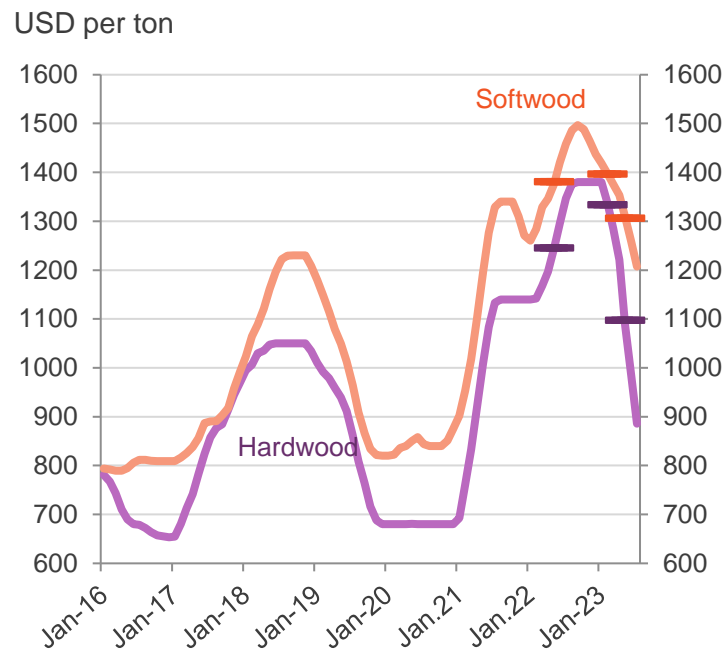


Appendix



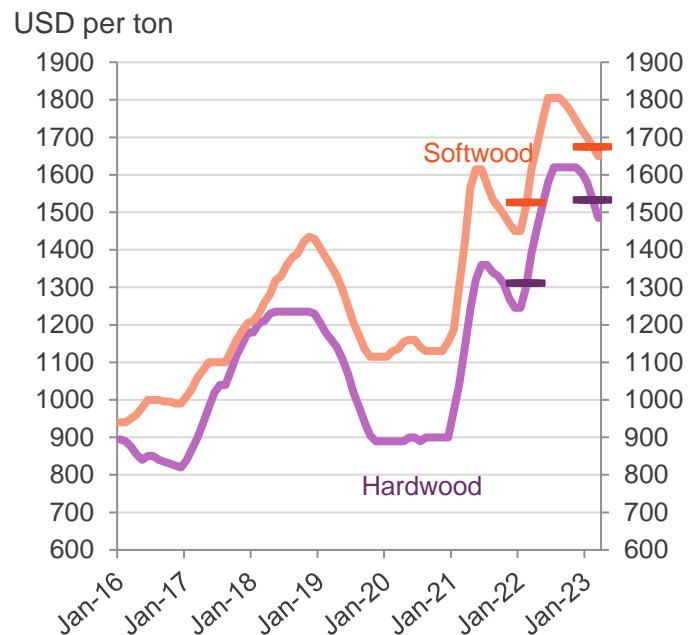
Market pulp prices

Europe



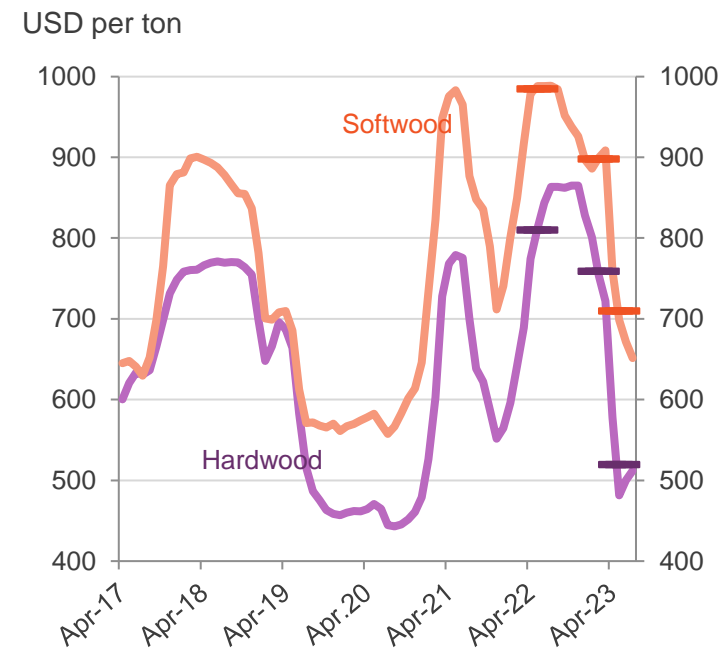
%	Q2 23/Q2 22	Q2 23/Q1 23
Hardwood	-12	-18
Softwood	-5	-6

North America



%	Q2 23/Q2 22	Q2 23/Q1 23
Hardwood	-2	-17
Softwood	-1	-10

China

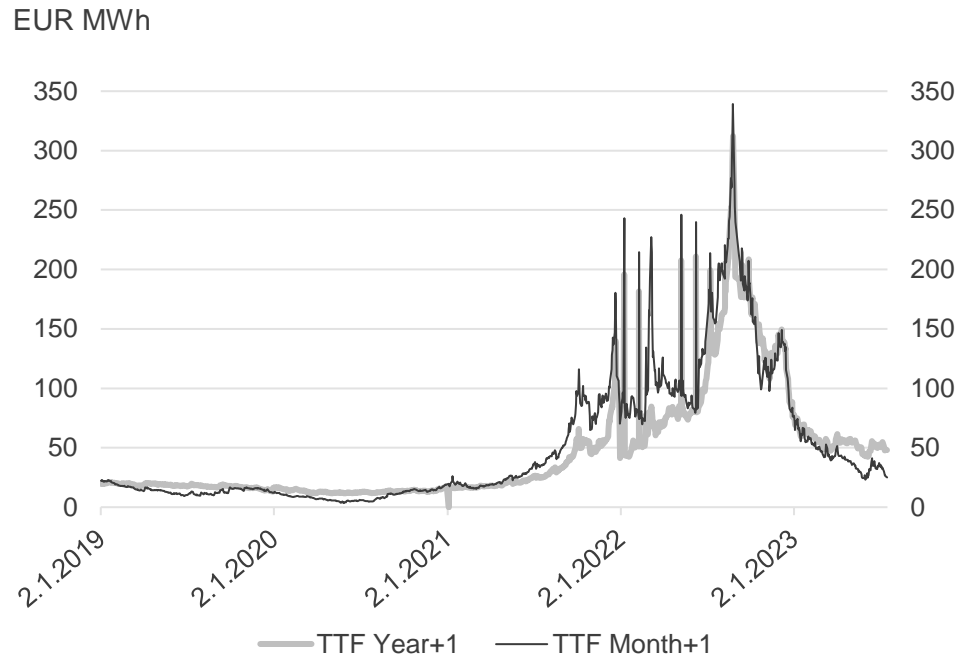


%	Q2 23/Q2 22	Q2 23/Q1 23
Hardwood	-36	-31
Softwood	-28	-21



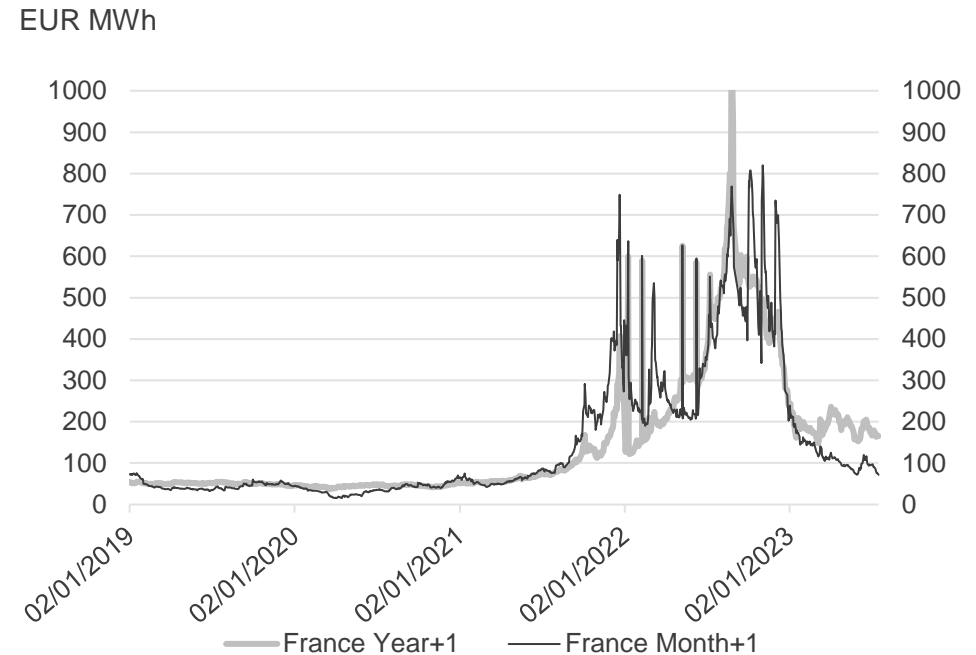
European gas and power prices

European gas prices



%	Q2 23 / Q2 22	Q2 23 / Q1 23
Year+1	-37	12
Month+1	-65	-34

French power prices



%	Q2 23 / Q2 22	Q2 23 / Q1 23
Year+1	-33	2
Month+1	-60	-35

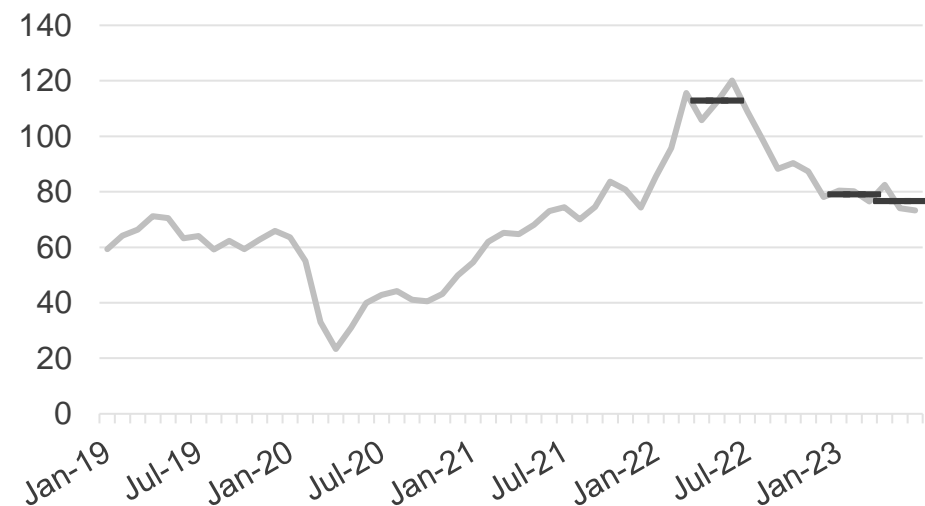
Source: EnergyMarketPrice



Oil and propylene prices

Crude oil price

USD per barrel

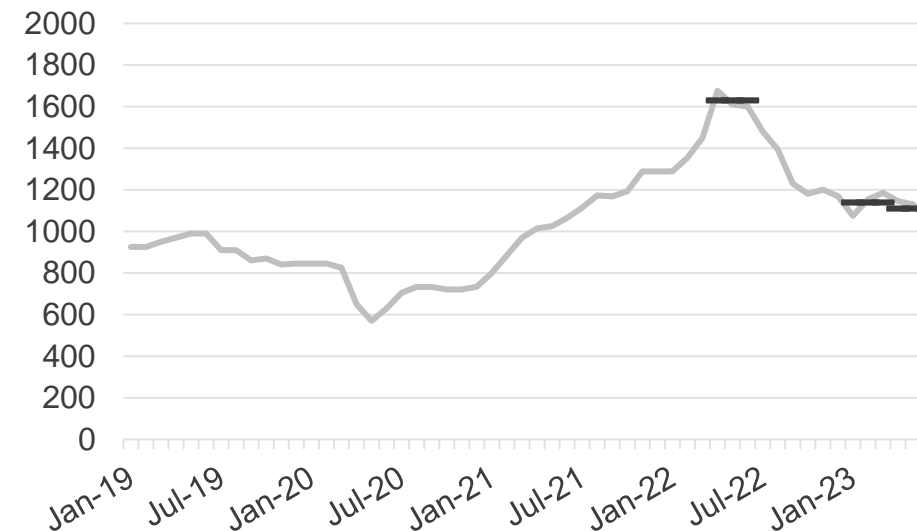


%	Q2 23 / Q2 22	Q2 23/ Q1 23
Brent crude oil	-32	-3

Source: World Bank

Propylene

EUR per ton



%	Q2 23/ Q2 22	Q2 23/ Q1 23
Propylene	-32	-3

Source: World Bank



Operating costs

Breakdown of operating costs H1 2023



Inflationary environment managed with well executed transformation initiatives, including improved cost efficiency, sales capabilities and skillset





**We Purify and Protect
with Every Fiber
for a Sustainable World**