

Capital Markets Day

September 7, 2018



AHLSTRÖM
MUNKSJÖ

Agenda

9:00 – 9:30 Coffee and registration

09:30 – 11:45

- Hans Sohlström, President and CEO
- Fulvio Capussotti, EVP, Filtration and Performance
- Omar Hoek, EVP, Specialties
- Tomas Wulkan, EVP, Decor
- Daniele Borlatto, EVP, Industrial Solutions

11:45 – 12:00 Break

12:00 – 13:00

- Anna Bergquist, VP, Insulation business unit
- Pia Aaltonen-Forsell, CFO and EVP, Communications & Investor Relations
- Sakari Ahdekivi, Deputy CEO and EVP, Corporate Development

13:00 – 14:00 Lunch



Global leader in sustainable and innovative fiber-based solutions

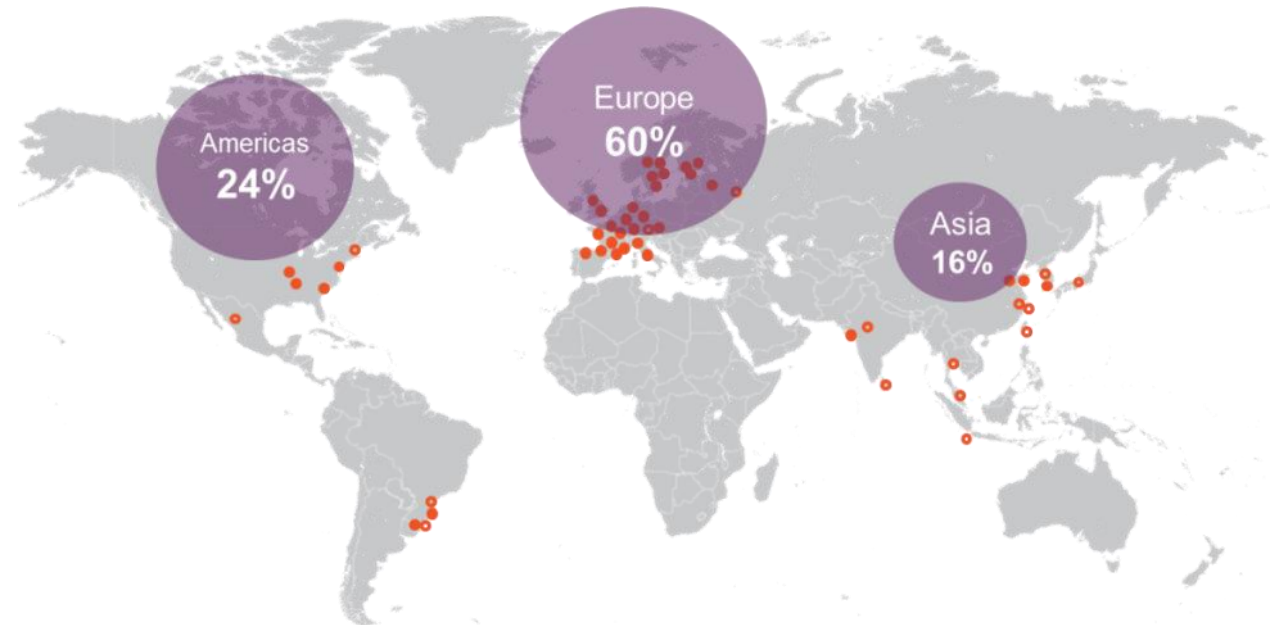
HANS SOHLSTRÖM
PRESIDENT AND CEO



Ahlstrom-Munksjö - Company overview

- **Fibers are the core** in what we do, the common denominator for our products and solutions
- We offer **custom made** specialized fiber based materials
- Our value proposition is based on **innovation**, quality and service
- Our offering contributes to a more **sustainable** everyday life

Share of net sales



- *Pro forma net sales EUR 2.2 billion in 2017*
- *More than 7,000 customers in over 100 countries*
- *40 plants and converting facilities in 14 countries*
- *Some 6,000 employees*
- *EUR 1.5 billion market capitalization*



One company –
13 businesses

FILTRATION AND
PERFORMANCE

FILTRATION – NONWOVENS – BUILDING & WIND



INDUSTRIAL
SOLUTIONS

RELEASE LINERS - INSULATION - ABRASIVE - COATED SPECIALTIES



DECOR

DECOR



SPECIALTIES

FOOD PACKAGING - BEVERAGE & CASINGS - TAPE - MEDICAL - ADVANCED LIQUID TECHNOLOGIES



Strategy overview

MISSION

Sustainable and innovative fiber-based solutions

CORNERSTONES

Local accountability

Efficiency and agility

Customer value

Profitable growth

VISION

Global leader in chosen growth segments

FILTRATION & PERFORMANCE



INDUSTRIAL SOLUTIONS



DECOR



SPECIALTIES



TARGETS

- *EBITDA > 14% over a business cycle*
- *Net gearing < 100%*
- *Dividend: stable and annually increasing, paid bi-annually*

VALUES

Long-term commitment | Act as one | Passion to innovate and improve



SUSTAINABILITY PRIORITIES

(Alignment to UN Sustainable Development Goals)

People	<ol style="list-style-type: none">1. Human rights2. Community engagement3. Employee well-being
Planet	<ol style="list-style-type: none">4. Supply chain5. Energy, water and waste6. Carbon dioxide
Prosperity	<ol style="list-style-type: none">7. Profitability8. Innovation9. Business ethics

SUSTAINABILITY TARGETS 2018 – 2020

<ul style="list-style-type: none">○ Human rights○ Health and Safety○ Employee Development and Engagement○ Gender Equality○ Community Engagement - Contributor locally	People
<ul style="list-style-type: none">○ Supply Chain○ Certified management processes○ Efficient resource use; Energy, water, raw materials○ Carbon dioxide Scope 1 & 2	Planet
<ul style="list-style-type: none">○ Financial KPI's○ Sustainability in Innovation and in Products○ Business Ethics internally and externally	Prosperity

Sustainability Priorities and Targets

Totally 22 KPIs



Innovation and product development is the key to success



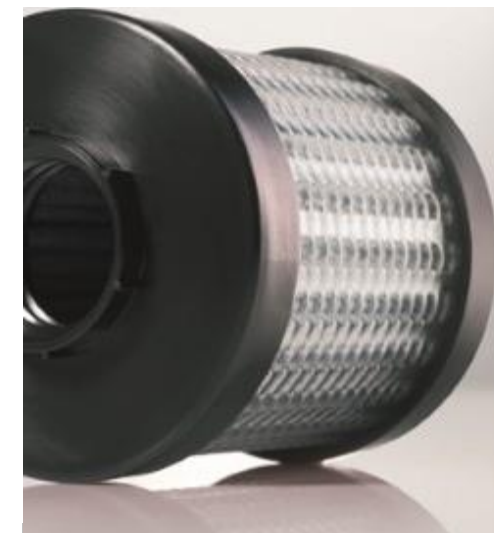
Trinitex Advance® –
filter media for industrial
air filtration



PureArmor™ – non-
woven fabric protecting
from viruses, bacteria
and particles



GenSaver™ cards are
designed for the
collection, transport and
storage at ambient
temperature of DNA from
biological fluids



Disruptor® – product
line of electroadsorptive
filter media that
improves water quality
through a natural
positive charge

*New product sales 11% on average, ranging from 8-29% by BU, in 2017.
Product launch has occurred no earlier than 36 months from the reporting.*



Innovation and product development is the key to success



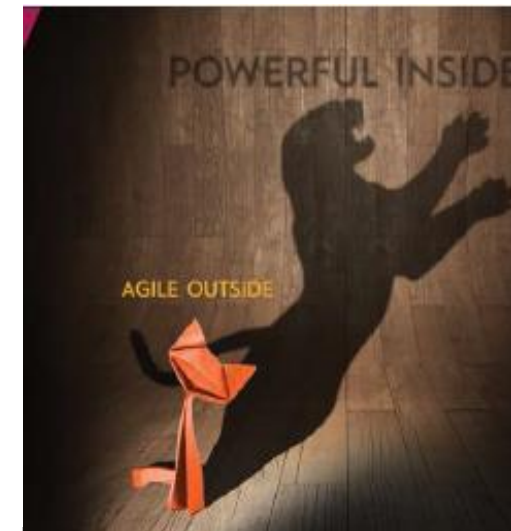
GreenPod™ –
compostable plastic free
coffee pod material for
espresso



ActiV® – release liner
for more effective
siliconizing



InFuse Fiber+
Plastic free, compostable
heat sealable tea bag
material.

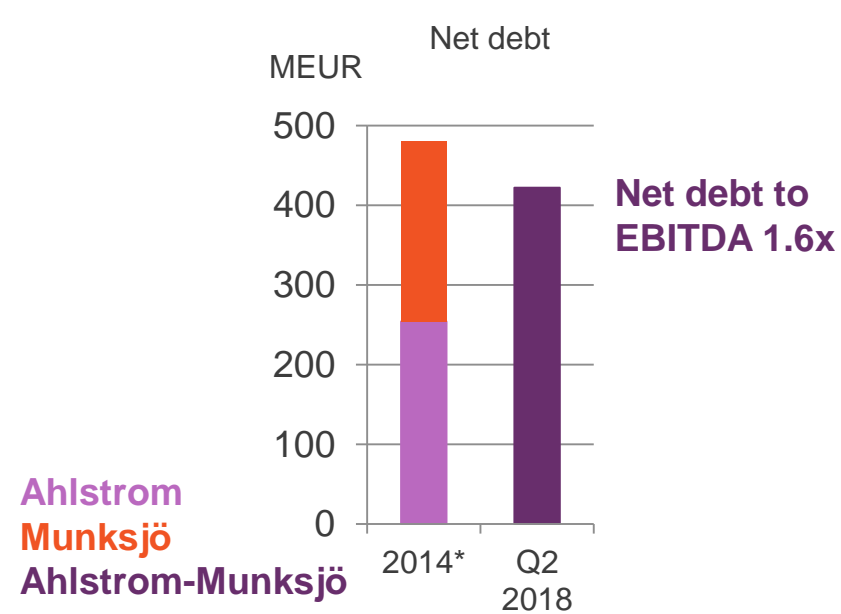
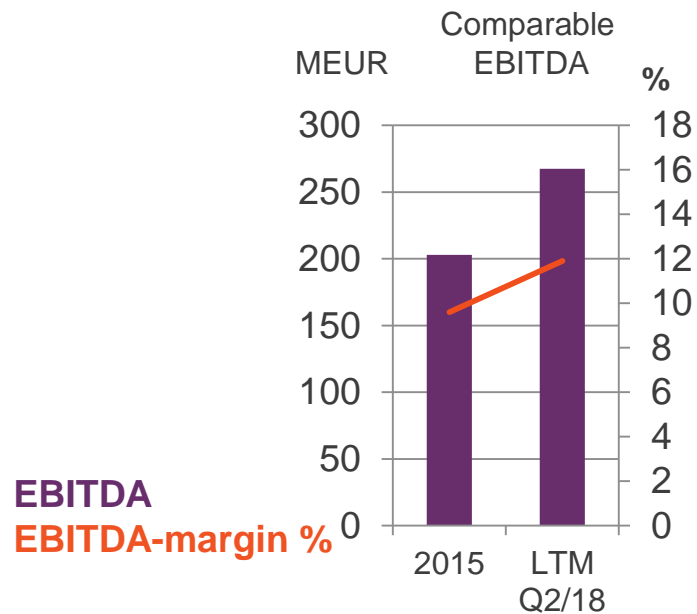
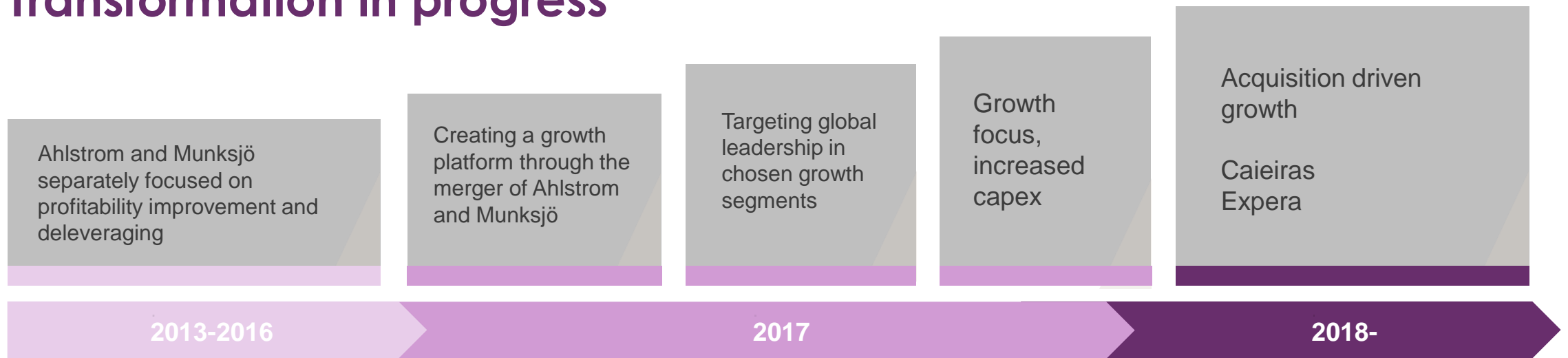


TEX-STYLE – abrasive
backings of paper
substituting cloth
backings

*New product sales 11% on average, ranging from 8-29% by BU, in 2017.
Product launch has occurred no earlier than 36 months from the reporting.*



Transformation in progress

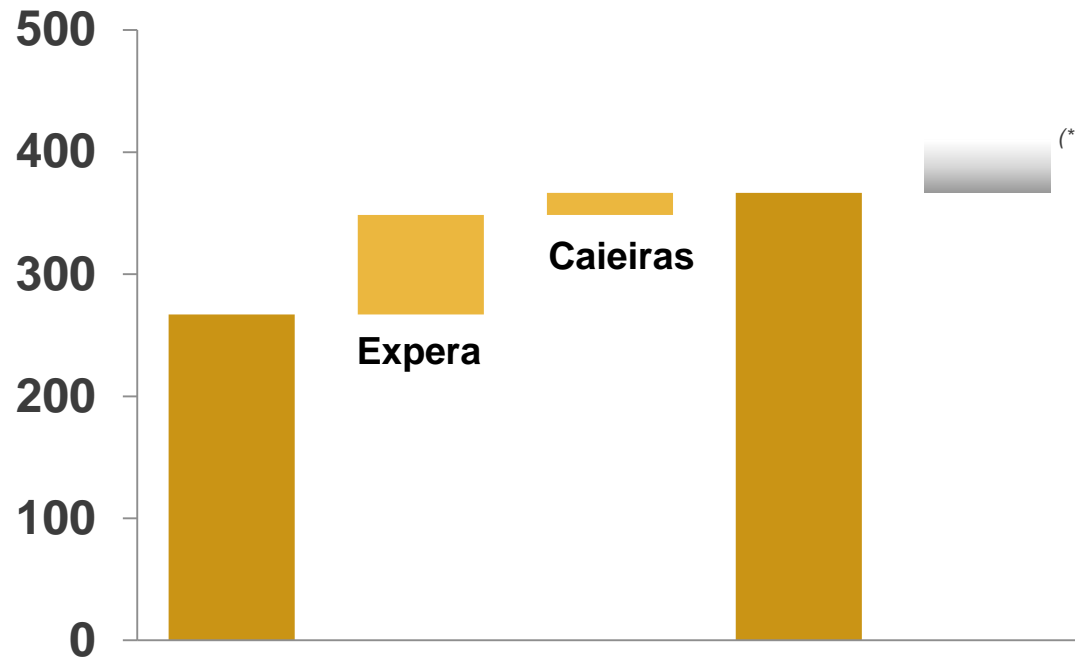


^{*)} excluding EUR 100m hybrid bond, which was redeemed in May 2017



Organic and acquisition driven growth

Comparable EBITDA^(*)



LTM, Q2
2018

() Illustrative, not a target or guidance*

*(**) Illustrative annual EBITDA impact from organic investments announced since 2016*

- Increased capital expenditure
- Several new investment decisions in 2018
- Acquisition of Caieiras specialty paper mill
- Acquisition of Expera Specialty Solutions



Platform of solid businesses on growing segments

	Position	Growth rate	Profitability
Filtration	# 1-2	3%	€
Nonwovens	# 1 (high-end wall cover)	2-3%	€
Building & Wind	# 1 (flooring)	3-8%	€
Release Liners	# 2	4%	€
Insulation	# 1-2 (electrotechnical)	2-3%	€
Abrasive	# 1-2	2-3%	€
Coated Specialties	# 1-2 (coated specialty papers)	2-4%	€
Decor	# 2-4	3%	€
Food Packaging	# 1 (baking and cooking)	2-3%	€
Beverage & Casing	# 1-2	2-8%	€
Tape	# 1-2	5%	€
Medical	# 1-3	3%	€
Advanced Liquid Technologies	# 2	1-10%	€



Filtration and Performance Business Area

FULVIO CAPUSSOTTI
EXECUTIVE VICE PRESIDENT



Filtration and Performance: Businesses



FILTRATION



BUILDING & WIND



NONWOVENS



FILTRATION

Business



FILTRATION



BUILDING & WIND



NONWOVEN



We are a leading supplier for engine applications

Applications:

- Engine Oil - Auto and HD (Heavy Duty)
- Engine Air Intake - Auto and HD
- Engine Fuel - Auto and HD
- Cabin Air
- Transmission
- Crank Case Ventilation

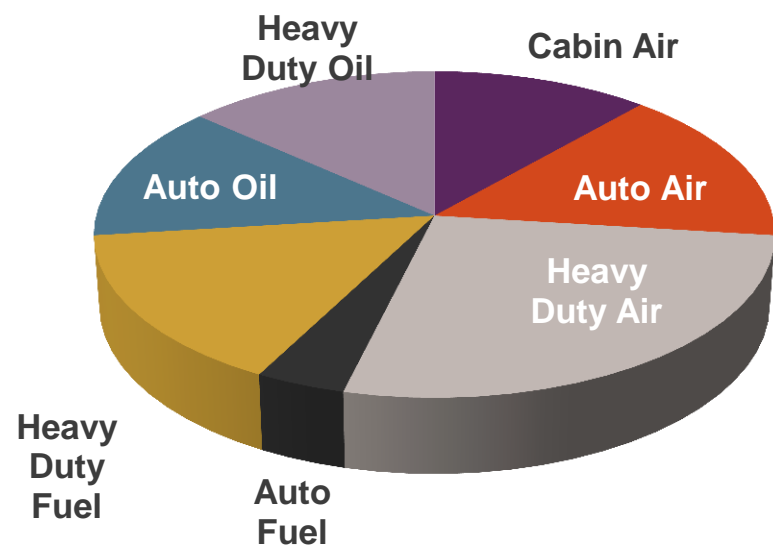
We sell filtration media for Automotive & HD

- OEM
- OES
- Aftermarket



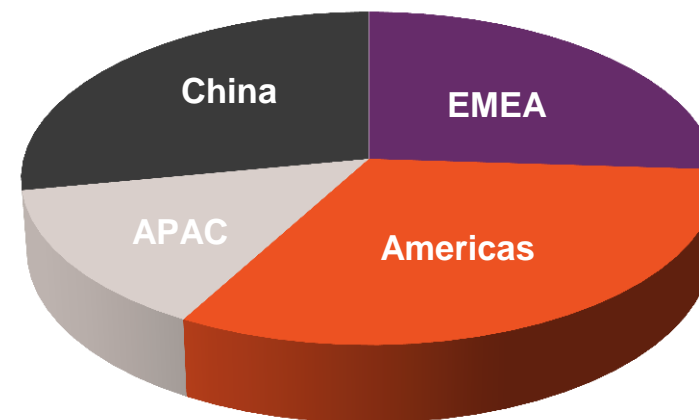
Highest volume growth in China, importance of filtration performance increasing

Global Engine Filtration Market, approximately EUR 1 billion



Engineered filtration material needed to meet tighter regulation on air quality

Source: SuP



China is the biggest single market in terms of volume, high-value add products in EMEA and Americas

Ahlstrom-Munksjö presence has been limited in China so far – growing demand due to new regulations

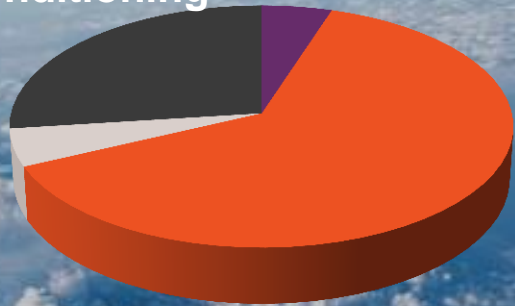


Industrial Air Filtration Market EUR 1.5 billion

Heating, Ventilation
and Air Conditioning

Gas Turbine

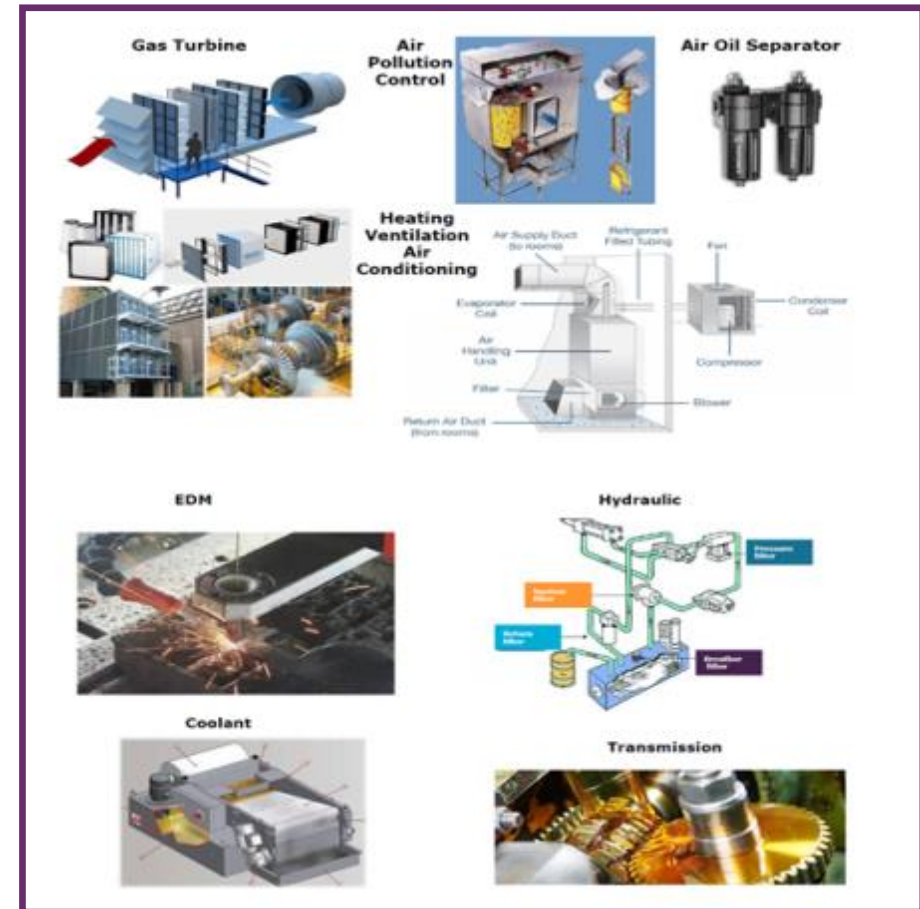
Air Oil
Separator



Air Pollution
Control

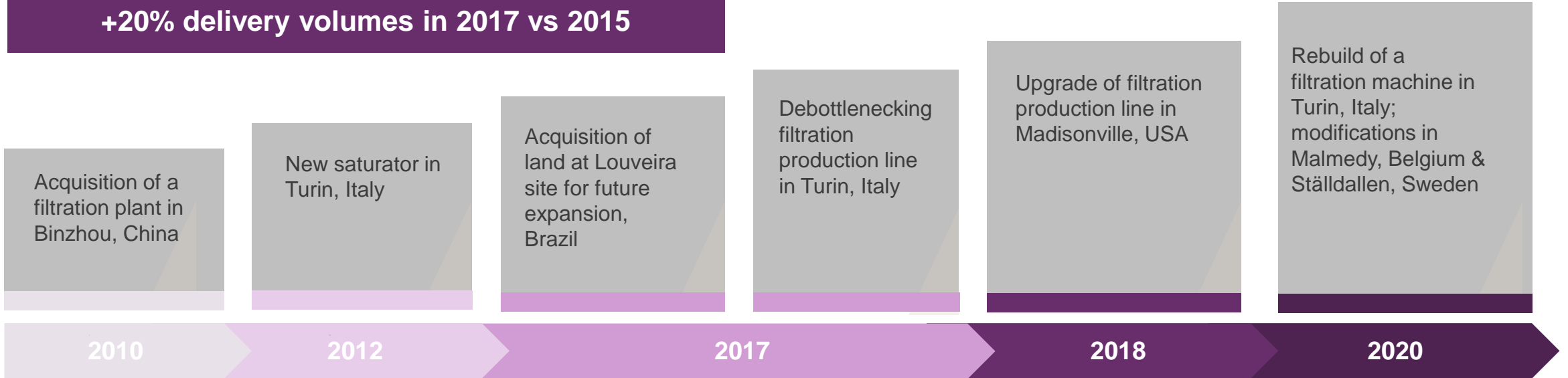
Source: SuP

We also hold a strong position in various industrial applications

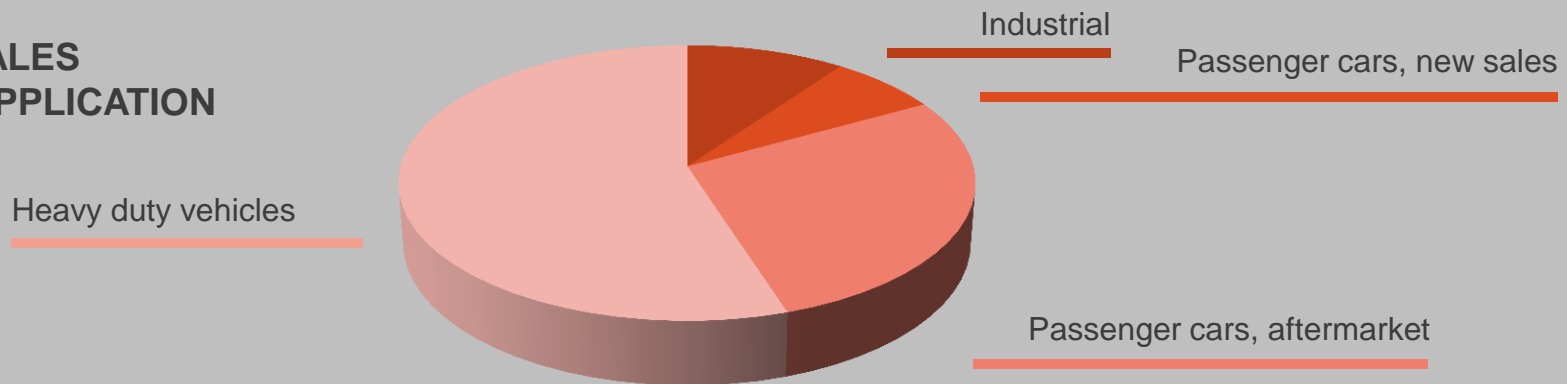


Building a growth platform in Filtration business

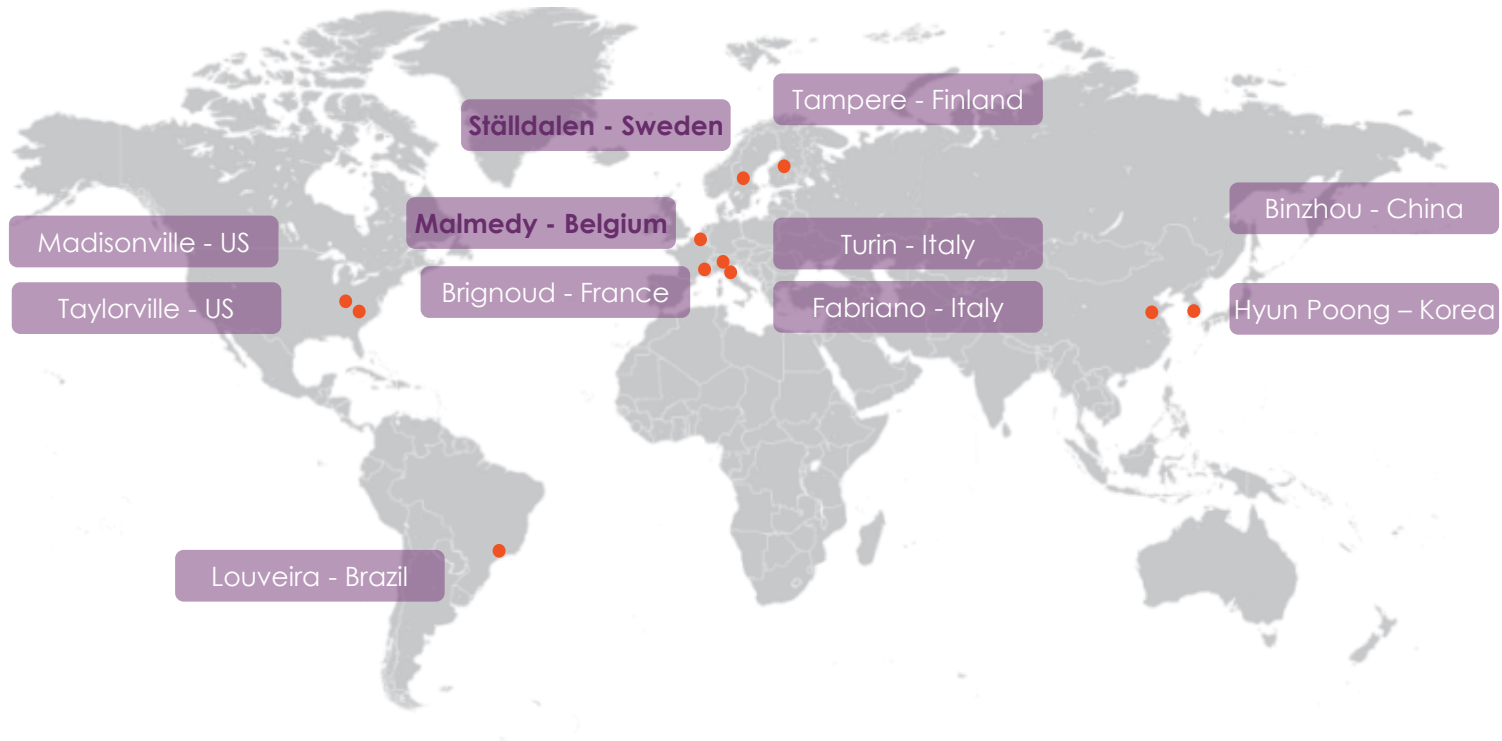
+20% delivery volumes in 2017 vs 2015



FILTRATION SALES BY END USE APPLICATION



Global filtration portfolio for global filtration customers



BUSINESS CHARACTERISTICS

- Large global customers
- Long qualification period
- Joint product development
- Importance of filtration performance growing
- Quality and custom made driven sales
- Volume frame agreements
- Raw material clauses

Malmedy and Ställdalen plants are building capabilities for manufacturing filtration material



Filtration – Business drivers and trends

Tighter regulation on air quality drives demand for industrial filtration material

Total mileage drives the after-market sales of filtration material

Tighter emission regulation drives demand for advanced filtration material

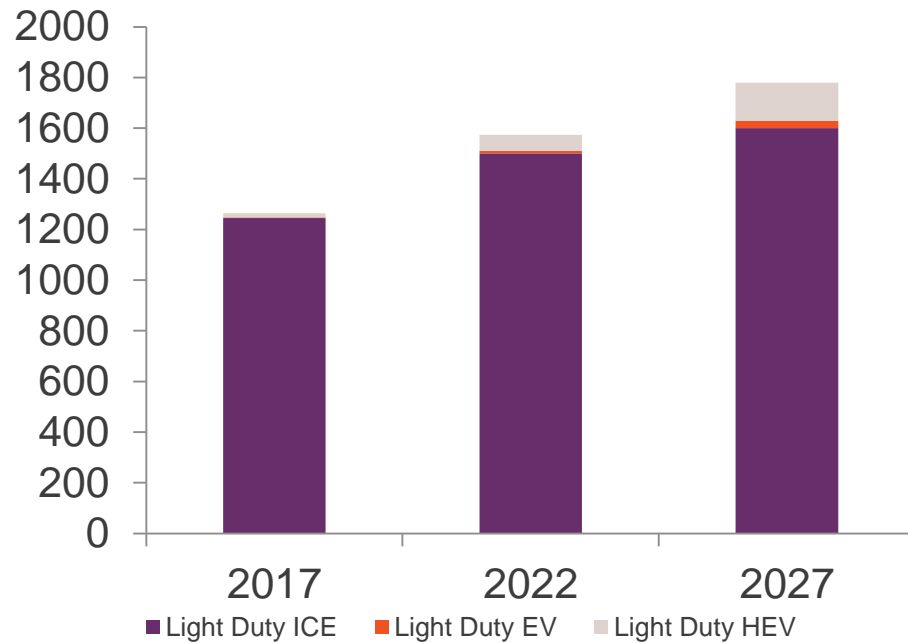
New sales of heavy duty vehicles and passenger cars

Electrification of transportation implies shift mostly to hybrids in the next decade

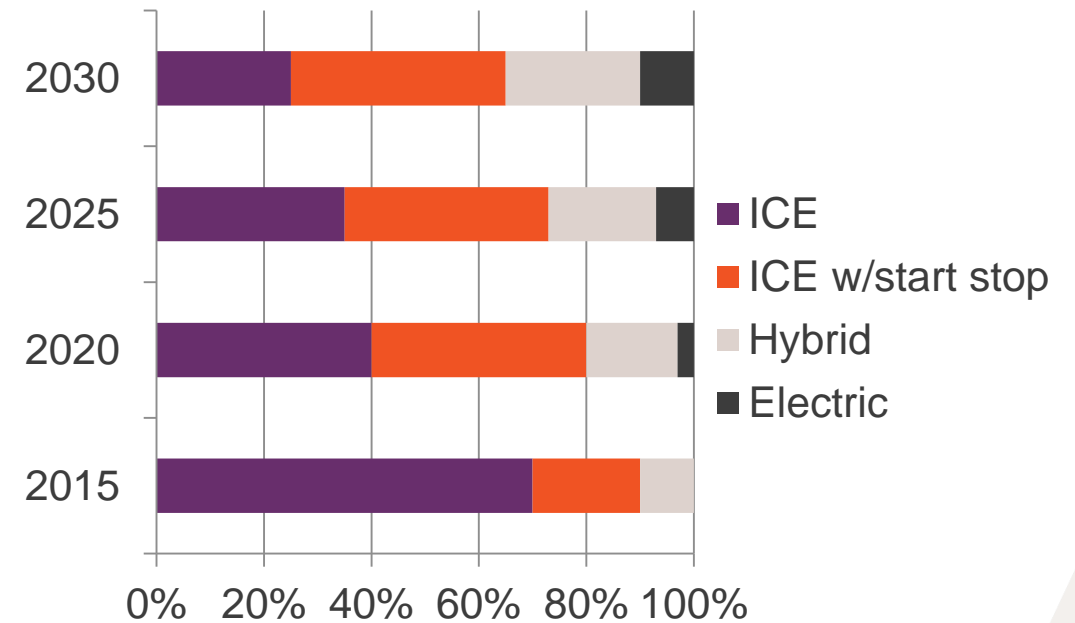


Internal combustion engine (ICE) and hybrid car sales levelling off: after-market sales continue growing

Million units in use

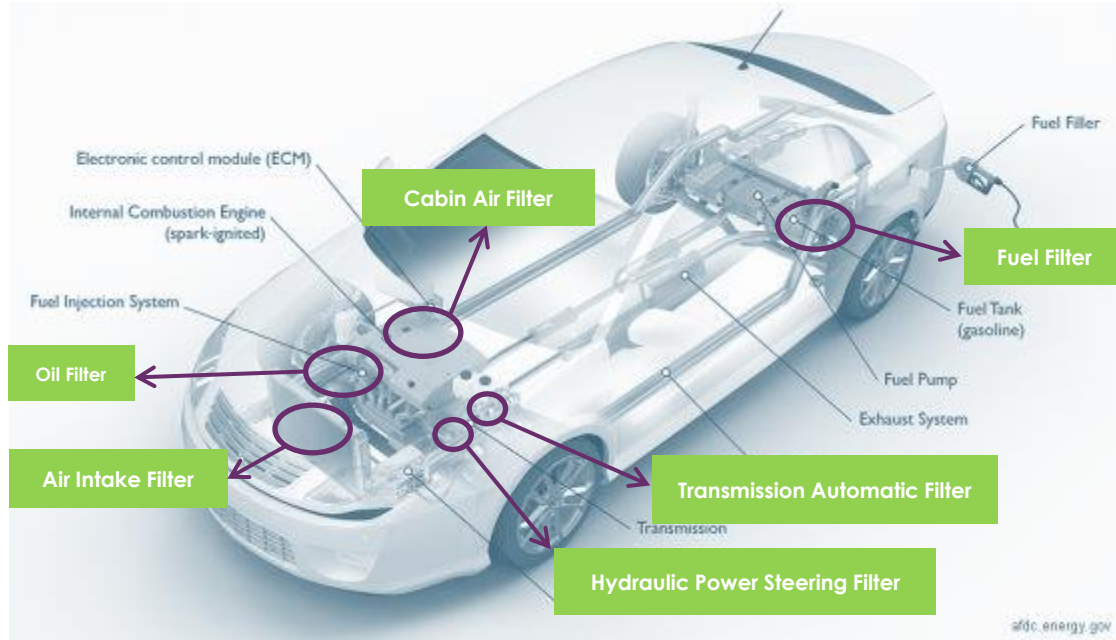


New car sales 2015-2030, global

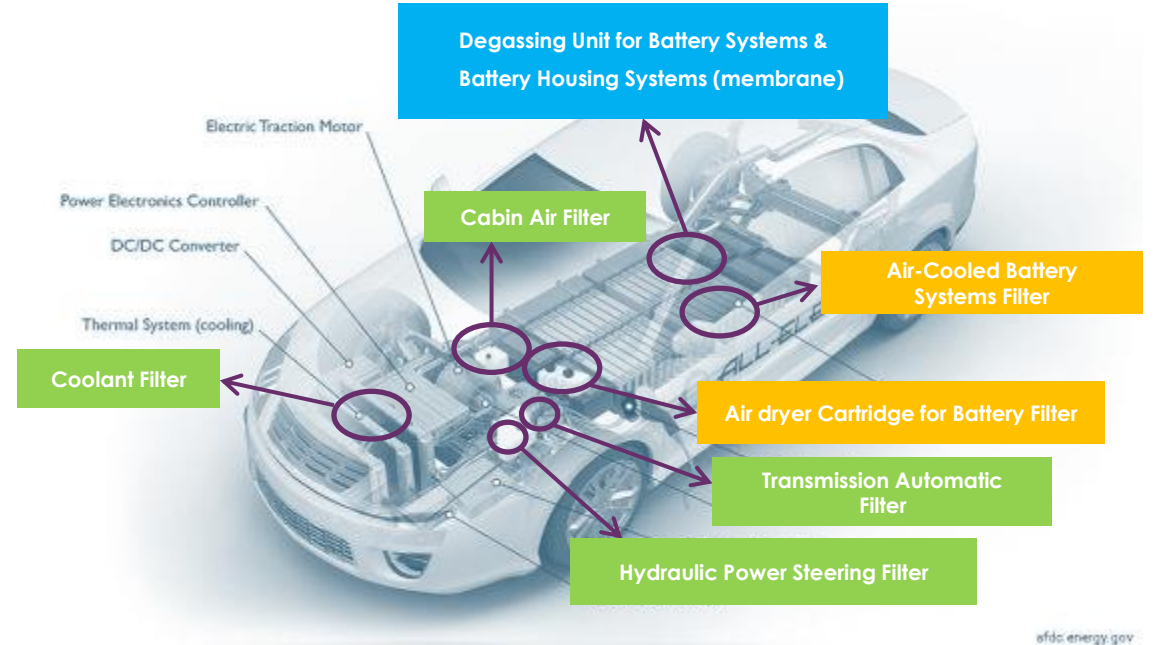


Additionally, E-mobility adding opportunities for new applications

✓ Gasoline and Diesel with internal combustion engine



✓ Electric vehicles (EVs) with electric motor



Legend

- = established Ahlstrom-Munksjo portfolio
- = available solution
- = technical solutions under investigation



We are focused on growing in non-engine filtration applications, such as industrial filtration applications and non-filtration applications

Trinitex® Advance W3000 for Gas Turbine (Launched)



New offering for EDM applications (Electrical Discharge Machining)



Next generation wetlaid for Air Pollution Control applications (Launch 2018)



Impregnated wetlaid for wet friction applications (used in automatic transmissions)



Example installed on an automatic transmission (AT)

Gas Diffusion Layers for fuel cells



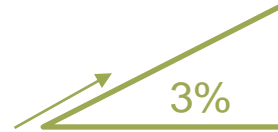
Energy storage: Absorption Glass Mat Battery separator



Filtration

Demand drivers

- Growing truck and passenger fleet
- More stringent emission regulation, new filter applications in electrical mobility
- More stringent air quality



Key strengths – Engine filtration

- Global leadership
- Unique know-how enabling tailor-made developments for customers
- Strong track record in terms of quality performance



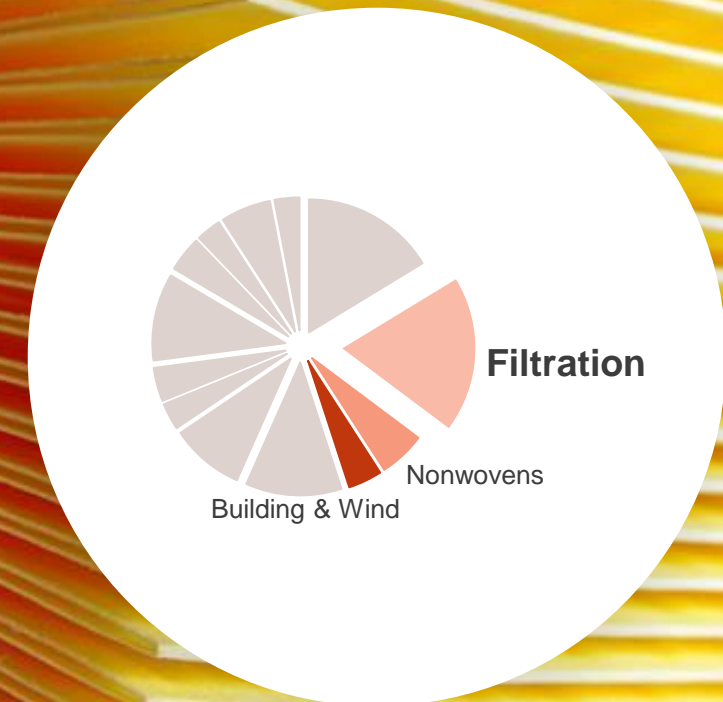
Key strengths – Industrial filtration

- Wide and unique technological platform, including Trinitex technology
- Strong R&D capabilities based on engine experience



The way forward

- Further reinforce our global leadership in engine filtration, grow in China
- Expand industrial filtration
- Expand into new filtration applications and capitalize from the electrification in mobility
- Continuous improvement in operational efficiency and customer excellence



BUILDING & WIND

Business



FILTRATION



BUILDING & WIND



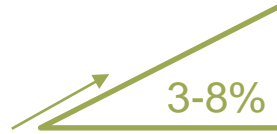
NONWOVEN



Building & Wind

Demand drivers

- Building and construction activity
- Substitution from other flooring reinforcement such as mineral felt in NA
- Energy saving regulations and need for lighter building and transportation materials, wind mill investments



Key strengths – Flooring

- Agile customer service and close customer relationships
- Unique production technology and quality



Key strengths – Other glass fiber tissue applications

- Agile customer service and close customer relationships



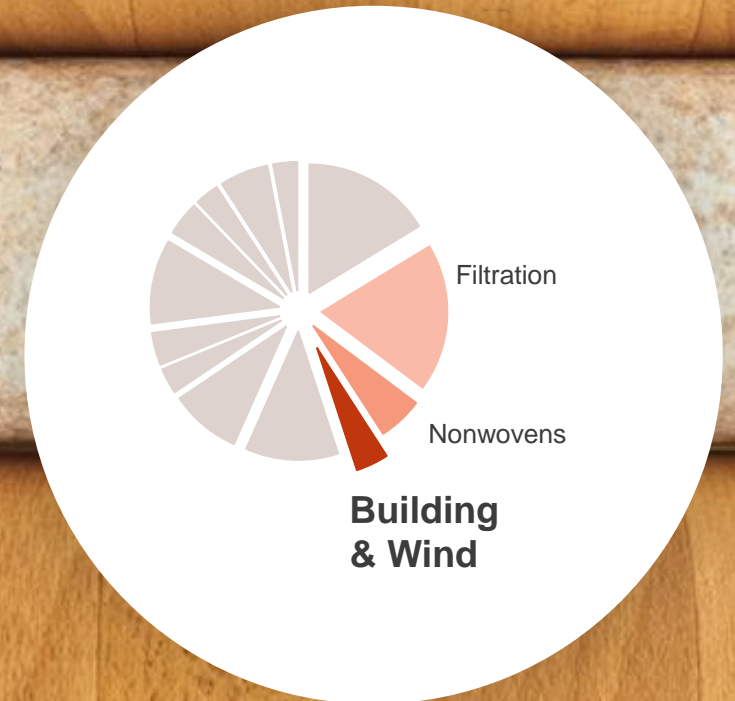
Weak position in Fabrics

- Quality and delivery flexibility



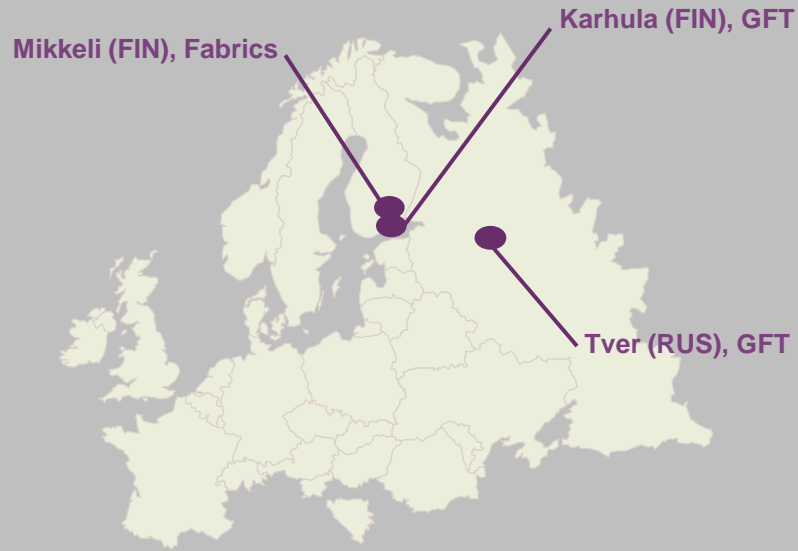
The way forward

- In Flooring, defend global leadership in glass fiber tissue for flooring and expand portfolio of applications for glass fiber tissue
- In Fabrics, seek product differentiation, e.g. through the launch of High-Flow reinforcement for wind mill blades



Building & Wind

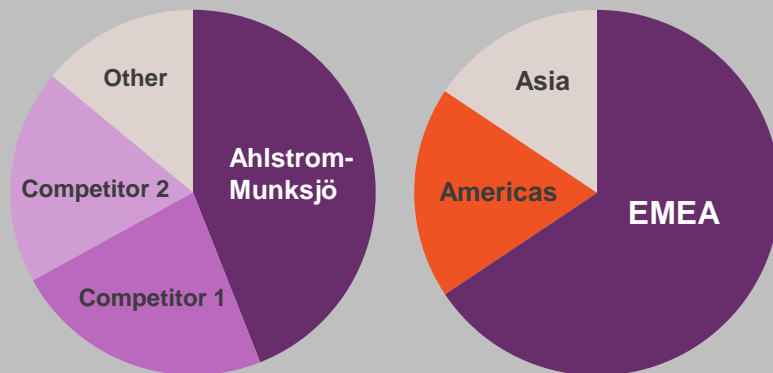
Production plants



- Glass fiber tissue represents two-thirds of sales in Building & Wind, flooring is the largest product segment
- Ahlstrom-Munksjö serves the global glass fiber tissue market
- CAGR of Ahlstrom-Munksjö's glass fiber tissue deliveries 7% in 2007-17
- Capacity is reaching its limits, evaluation of growth opportunities are ongoing

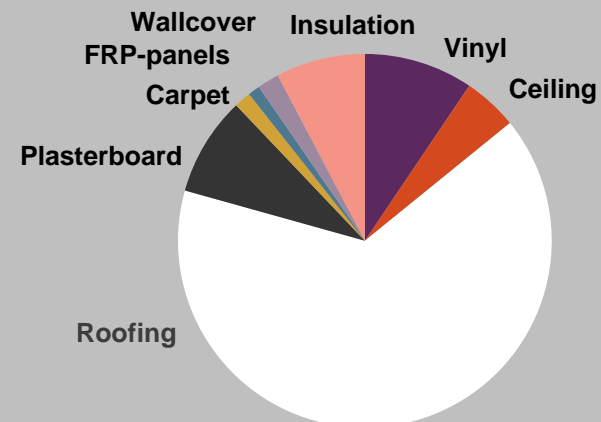
➔ *Leverage leading position in Flooring and expand glass fiber tissue portfolio of applications*

Global vinyl flooring market^{*)}



^{*)} Million m², Ahlstrom-Munksjö estimate

Glass fiber tissue market^{*)}



^{*)} Europe and NA, Million m², Ahlstrom-Munksjö estimate



NONWOVENS

Business



FILTRATION



BUILDING & WIND



NONWOVENS



Nonwovens

Demand drivers

- Construction and consumer spending
- Shift from paper to nonwoven wallcoverings
- Need for energy efficient construction materials



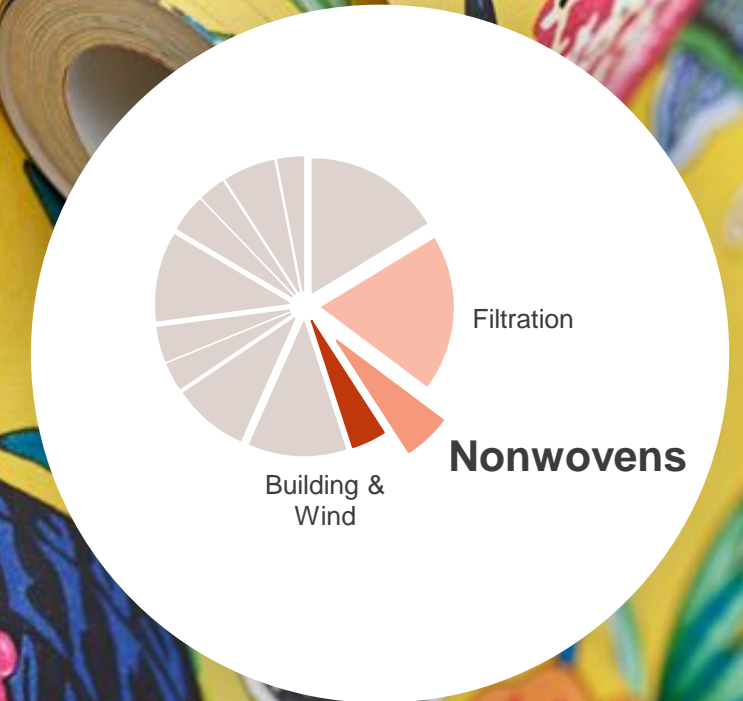
Key strengths

- In Specialty materials: flexible and adaptable solutions with proven performance
- In Wallcover EMEA & Asia: high-end supplier



The way forward

- Grow significantly in plasterboard and explore new niches e.g. in furniture laminates
- Further strengthen position in high-end and digital wallcovering materials



Specialties Businesses Area

OMAR HOEK
EXECUTIVE VICE PRESIDENT

Specialties: Businesses



FOODPACK



**BEVERAGE &
CASING**



**ADVANCED LIQUID
TECHNOLOGIES**



MEDICAL



TAPE



FOODPACK

Business



FOODPACK



BEVERAGE &
CASING



ADVANCED LIQUID
TECHNOLOGIES



MEDICAL



TAPE



Foodpack

Demand drivers

- Private consumption, sustainable alternatives
- Stricter food safety and chemical regulations
- Packaging functionality, innovations

Key strengths – Baking and cooking

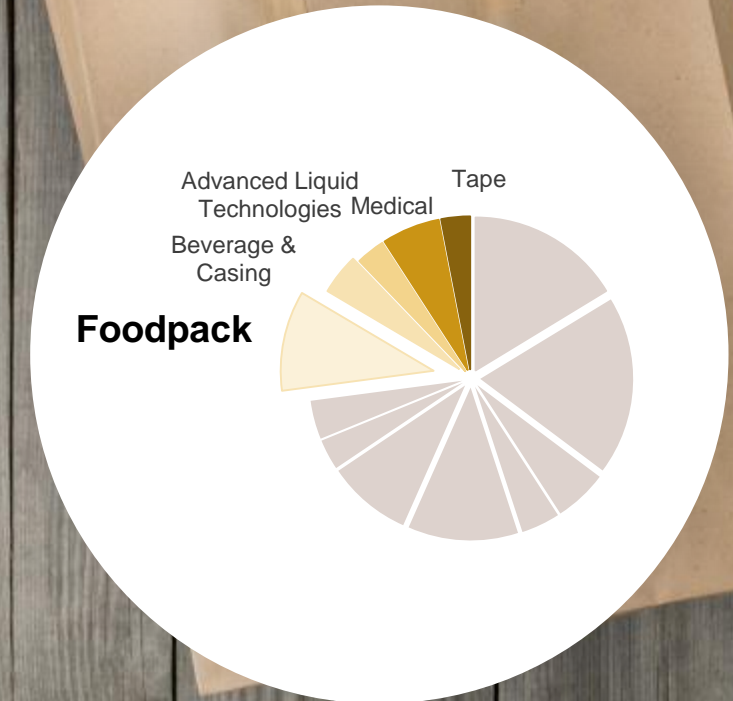
- Capabilities helping customers to differentiate
- Strong brand and broad product portfolio
- Unique technical characteristics of parchment paper

Challenges in Food packaging, labels and process papers

- Limited customization and product differentiation in coated one-side products, competitive operating environment

The way forward

- Leverage on technical characteristics of parchment paper, consolidate and expand leadership in Baking and Cooking
- Focus on adjacencies, adding customer value with our non-parchment platform



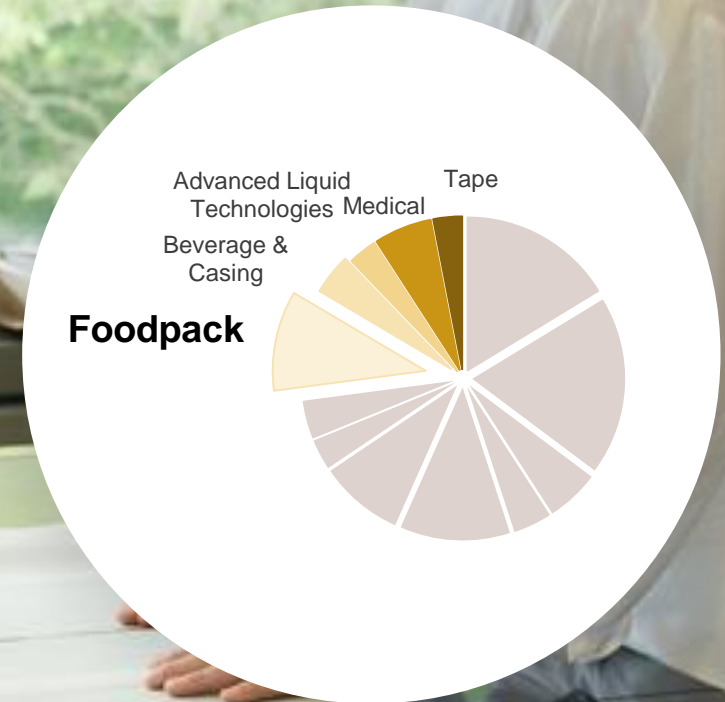
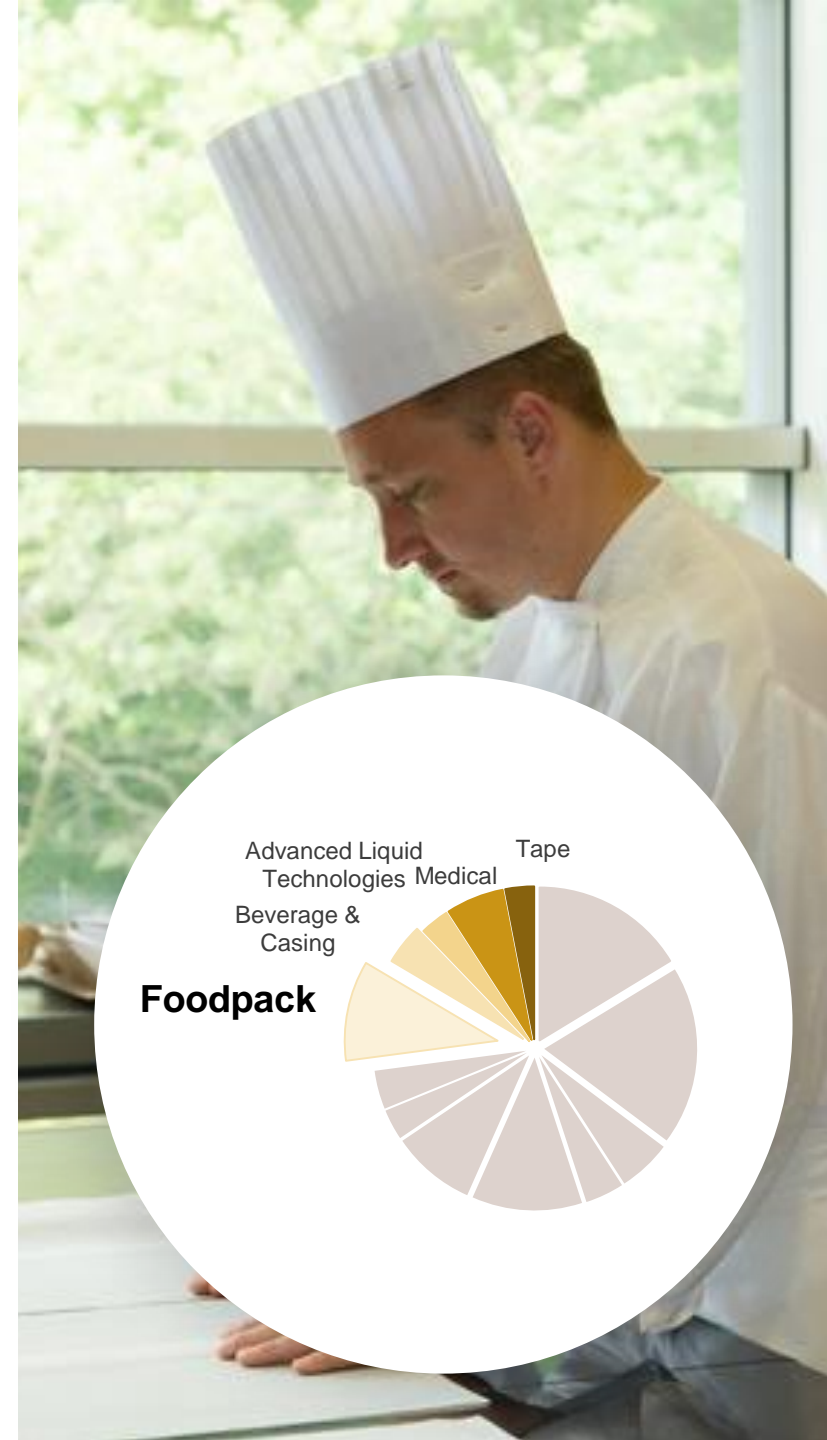
Turnaround of coated one-sided (C1S) products

Re-align targeted markets

- Re-position profitable C1S capabilities towards high end specialty applications
- Exit over mature C1S business with low differentiation
- Increase internal supply drastically towards parchment base papers (waterleaf) and liners for specific pressure sensitive markets

Improve output and cost competitiveness

- Optimize C1S asset base to support new strategic orientation
- Improve capabilities for lower grammage and high end materials
- Lowering carbon footprint, optimizing energy sourcing strategy



Differentiating through sustainable alternatives

Unibake® genuine vegetable parchment pan liners for professional or in home baking are home compostable and hygienic



NatureMold™: Food trays and baking molds made from genuine vegetable parchment can replace aluminum or plastic alternatives and are biodegradable and home compostable”



Aderpack™: Lighter paper grades



Gerstar™: Mineral oil barrier paper



BEVERAGE & CASING

Business



FOODPACK



BEVERAGE & CASING



ADVANCED LIQUID TECHNOLOGIES



MEDICAL



TAPE



Beverage & Casing

Demand drivers

- Private consumption, sustainable alternatives
- Stricter food safety and chemical regulations
- Packaging functionality and barrier properties



Unique plastic free offering in Tea

- Differentiate with unique plastic free, biodegradable and compostable offering
- Improve cost efficiency and grow capacity



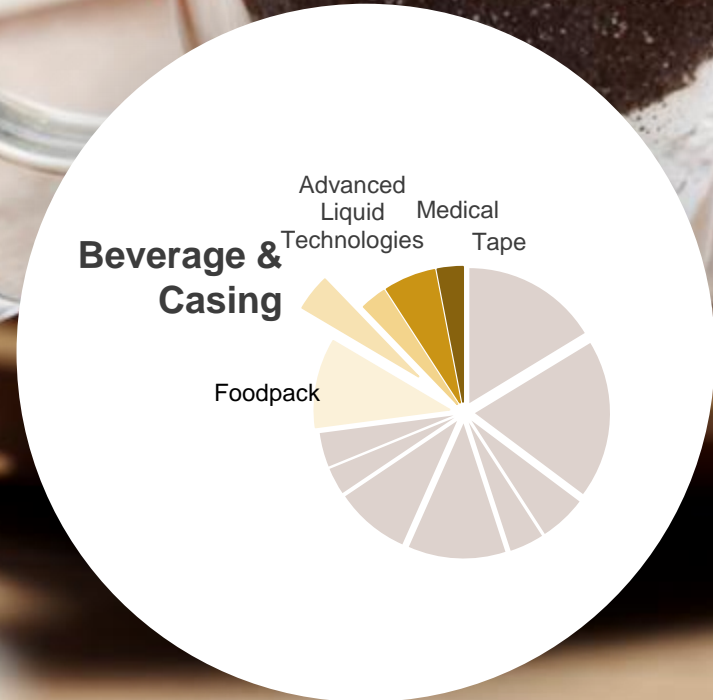
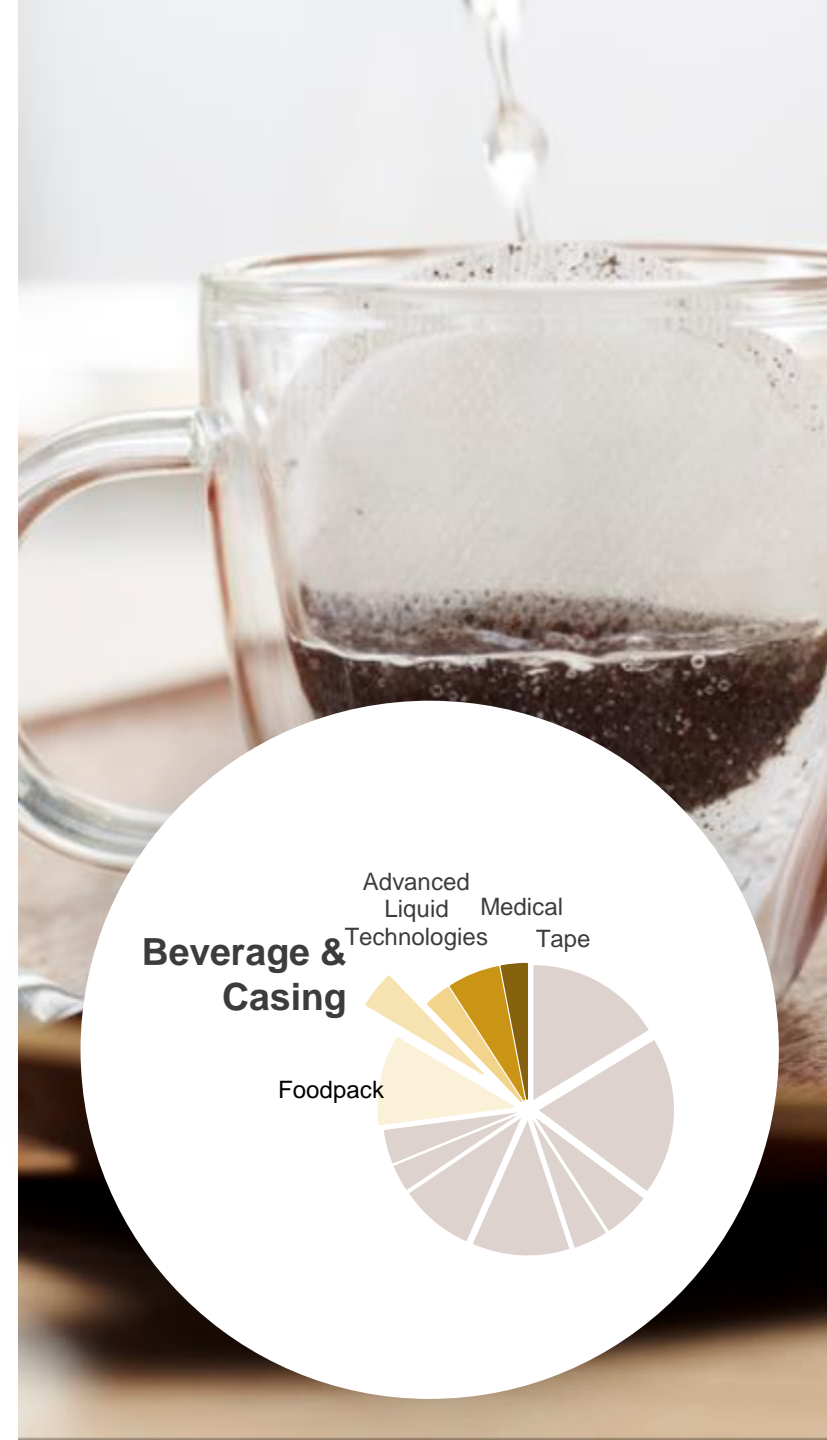
Forerunner in plastic-free Coffee materials

- Improve technical capabilities and accelerate growth



Unique viscose technology in casing materials

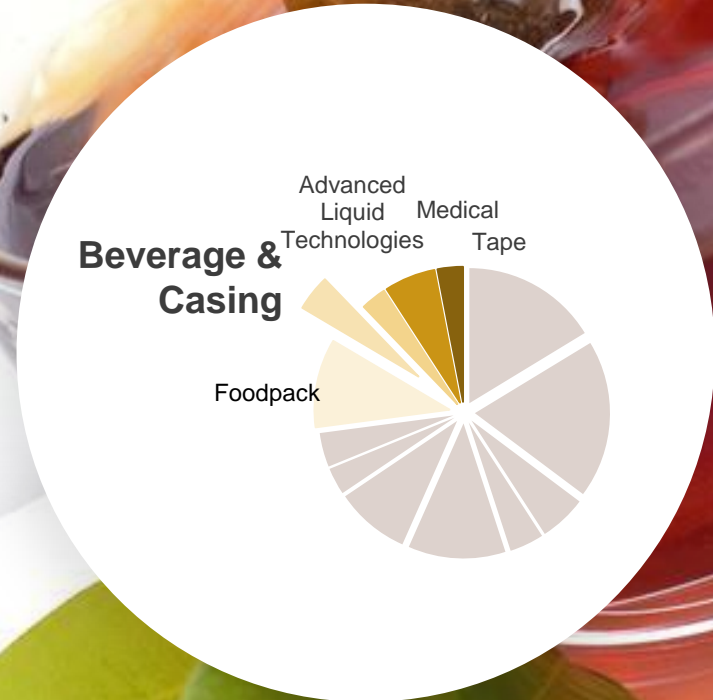
- Develop functionality and grow in Casing



Profitability improvement in Beverage & Casing

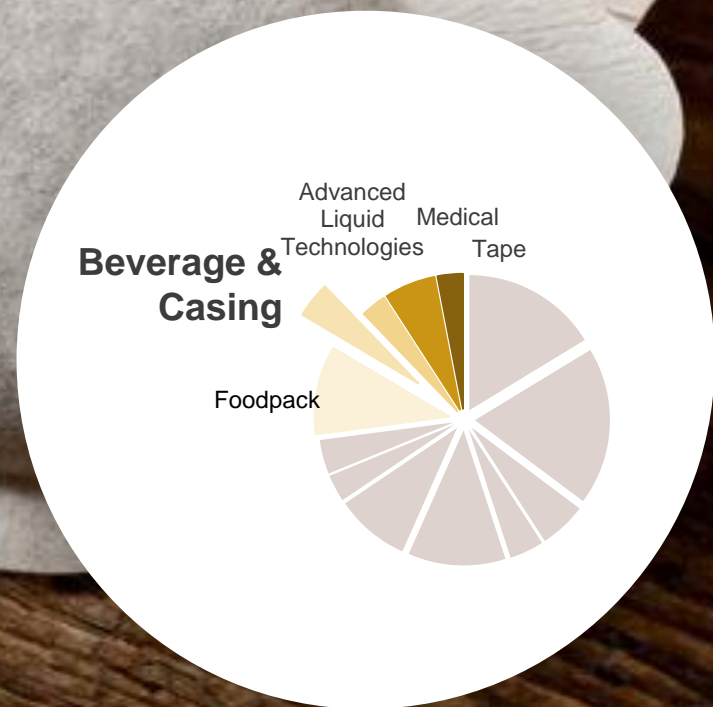
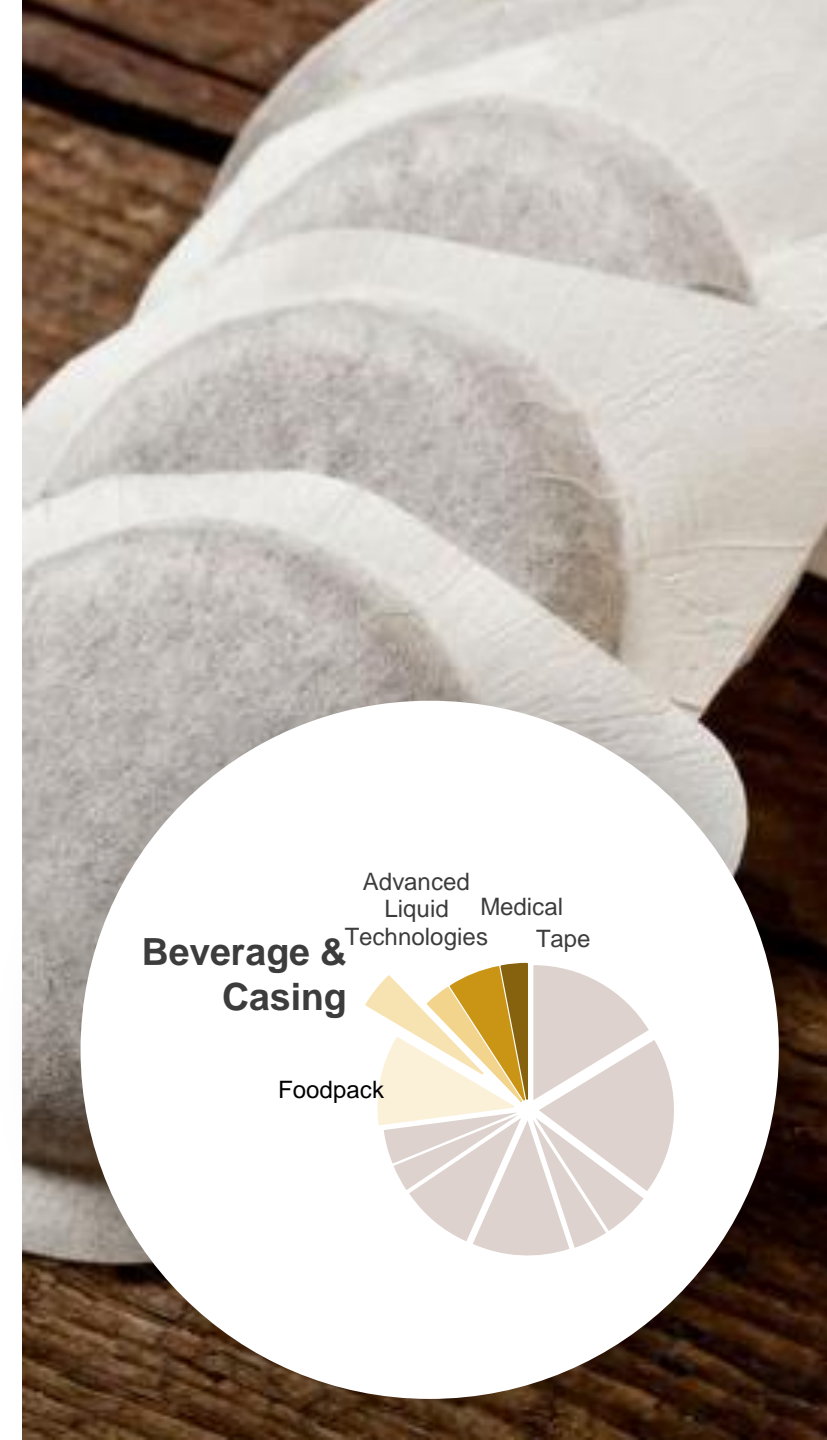
- Ongoing shift from loose tea to bagged tea and from black to herbal tea
- Local premium brands growing
- Yield per kilo remains important leading to tighter tolerances and increased quality demands
- Competitive market environment in traditional bulk black tea business, cost optimization ongoing

➔ **Strategic investment ongoing in Chirnside, UK**



Investment in biodegradable and compostable tea bag, coffee and meat casing materials

- Investing EUR 28m in near state-of-the-art paper making line to be dismantled and transferred to the Chirnside site, UK
- Combining Ahlstrom-Munksjö's extensive offering of biodegradable and compostable solutions, the new line enables:
 - Growth in tea and coffee filter paper and fibrous meat casing materials
 - Improves product capabilities in coffee and tea
 - Increases production efficiency
 - Enables to differentiate versus competition
- The new line is expected to be commissioned and operational in Q4 2019



In response to consumer awareness – Ahlstrom-Munksjö plastic free heat seal solutions

BioWeb®

100% made from PLA



Fully compostable high-end material for
heat seal or ultrasonic lines



Fiber+

Compostable solution where oil based
heat seal fibers are substituted with PLA



Compostable grade range to be used on
fast packaging lines



ADVANCED LIQUID TECHNOLOGIES

Business



FOODPACK



BEVERAGE &
CASING



ADVANCED LIQUID
TECHNOLOGIES



MEDICAL



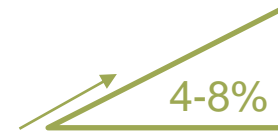
TAPE



ALT – Laboratory and Life Science

Demand drivers

- Increase in testing for environmental and health monitoring
- Aging population and universal healthcare
- Quick and cost-effective solutions for healthcare
- Patient-friendly procedure - can also be performed at home



Products

- Laboratory filter media for sample preparation
- Specimen collection cards as alternative to liquid samples
- Components for rapid test kits used in diagnostics

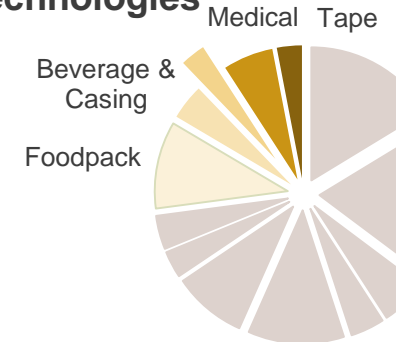


Value Proposition

- Full range and excellent service for laboratory filter media
- Alternative solution to liquid sampling, avoiding cold chain and special transport of specimen (e.g. blood, saliva) to be used for e.g. diagnosis of genetic diseases and DNA screening
- New components for rapid test kits to extend use of this technology into e.g. pregnancy tests, infectious diseases and drugs monitoring



Advanced Liquid Technologies



ALT – Liquid purification

Demand drivers

- Safe drinking water
- Increasing quality for food/liquid



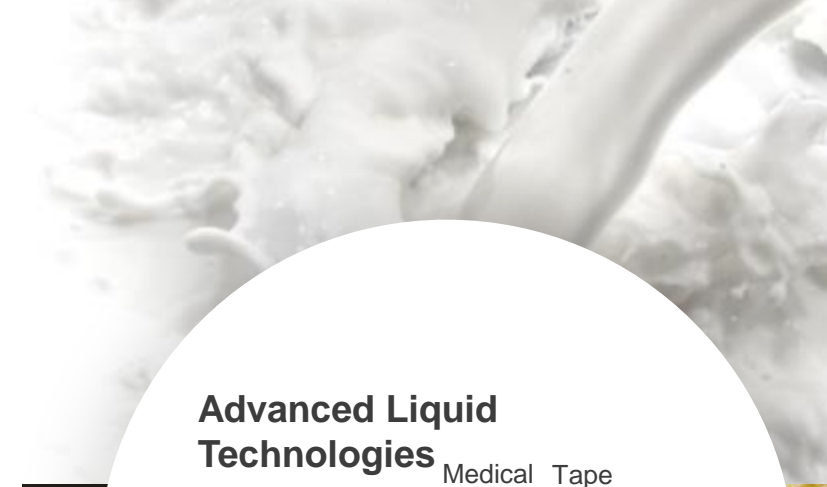
Products

- Disruptor® technology for water purification as alternative to membranes for personal and residential use
- First stage milk filtration in the farms where it is produced
- Hot cooking oil filtration in fast food chains

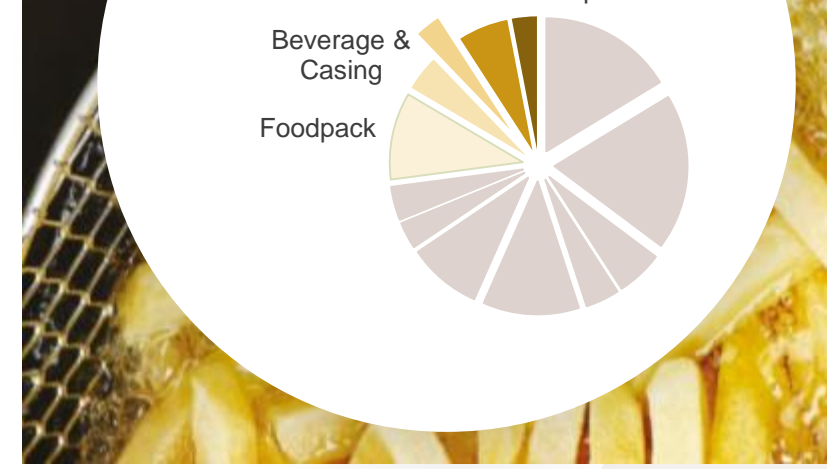
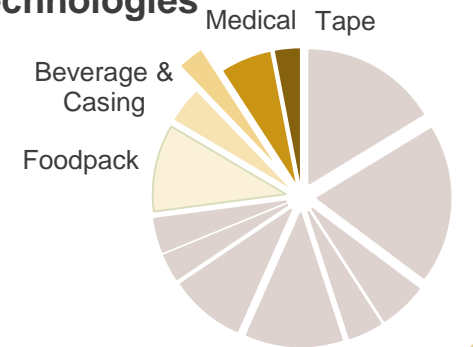


Value Proposition

- Water purification with low energy consumption and no chemicals
- Fast and reliable milk filtration in farms to improve milk quality
- Cost-effective solution to increase hot cooking oil quality in fast food chains



Advanced Liquid Technologies



MEDICAL

Business



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ADVANCED LIQUID
TECHNOLOGIES



MEDICAL



TAPE



Medical

Demand drivers

- Aging population
- High-risk surgeries increasing
- Liabilities around infections and contamination
- Rigorous regulatory requirements
- Increasing use of single-use fabrics



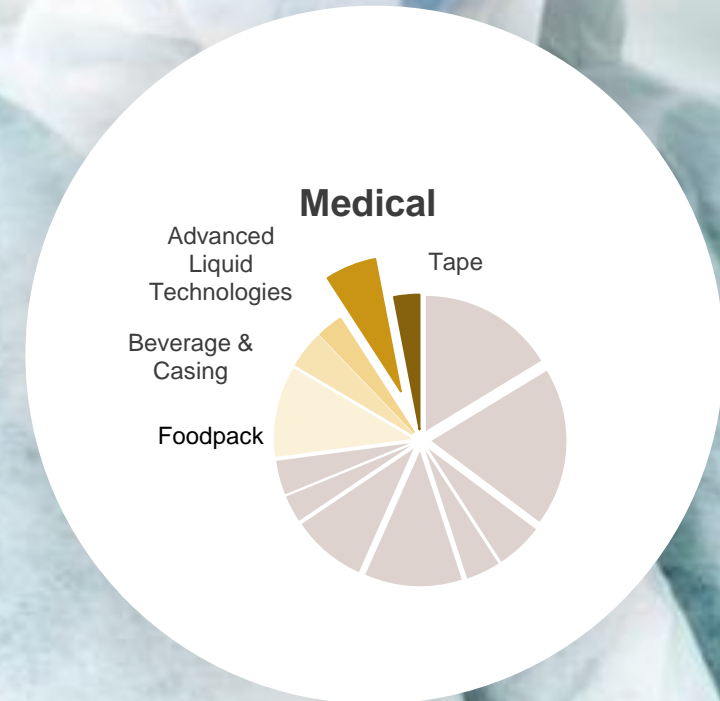
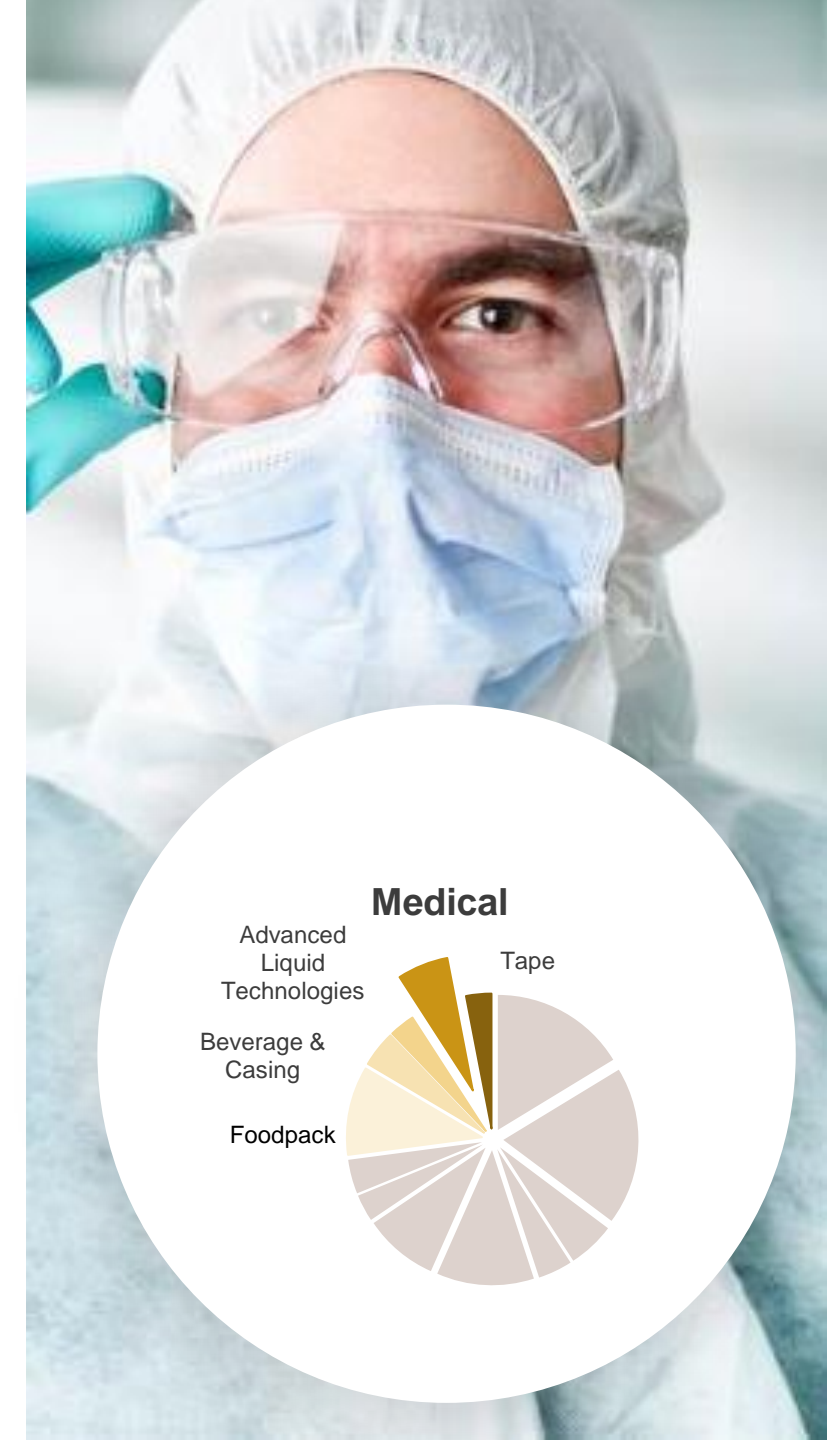
Barrier expert in Drapes & Gown

- Leading in high protective fabrics for high risk surgeries
- Expand in Europe and Asia, and industrial end-uses such as laboratories and clean rooms



Broad product offering in Sterile Barrier Systems

- Sterilization wrap business commoditized, competitive market environment
- Protect leading position in Europe and grow as a solution provider through better customization



TAPE

Business



FOODPACK



BEVERAGE &
CASING



ADVANCED LIQUID
TECHNOLOGIES



MEDICAL



TAPE



Tape

Demand drivers

- Home construction activity
- Automotive and electronics growth



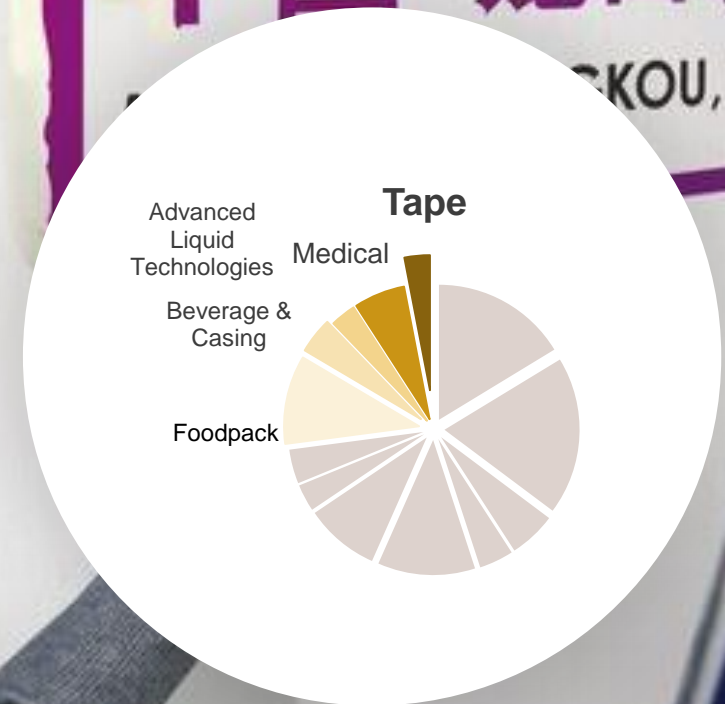
Key strengths

- Close customer relationship
- High quality and service consistency
- Strong brand and comprehensive product range
- Cost competitive



The way forward

- Continued growth in Masking Tape
- Leverage competitive China platform in general purpose masking tape segment globally
- Improve mix with existing customers through comprehensive offering in specialty masking tape
- Expand global manufacturing footprint



Decor Business area

TOMAS WULKAN
EXECUTIVE VICE PRESIDENT

Decor



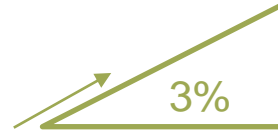
DECOR



Decor

Demand drivers

- Population and GDP growth
- Rapidly growing middle class in developing and emerging markets driving construction and furniture demand
- Substitution from solid wood, veneer and plastic foils

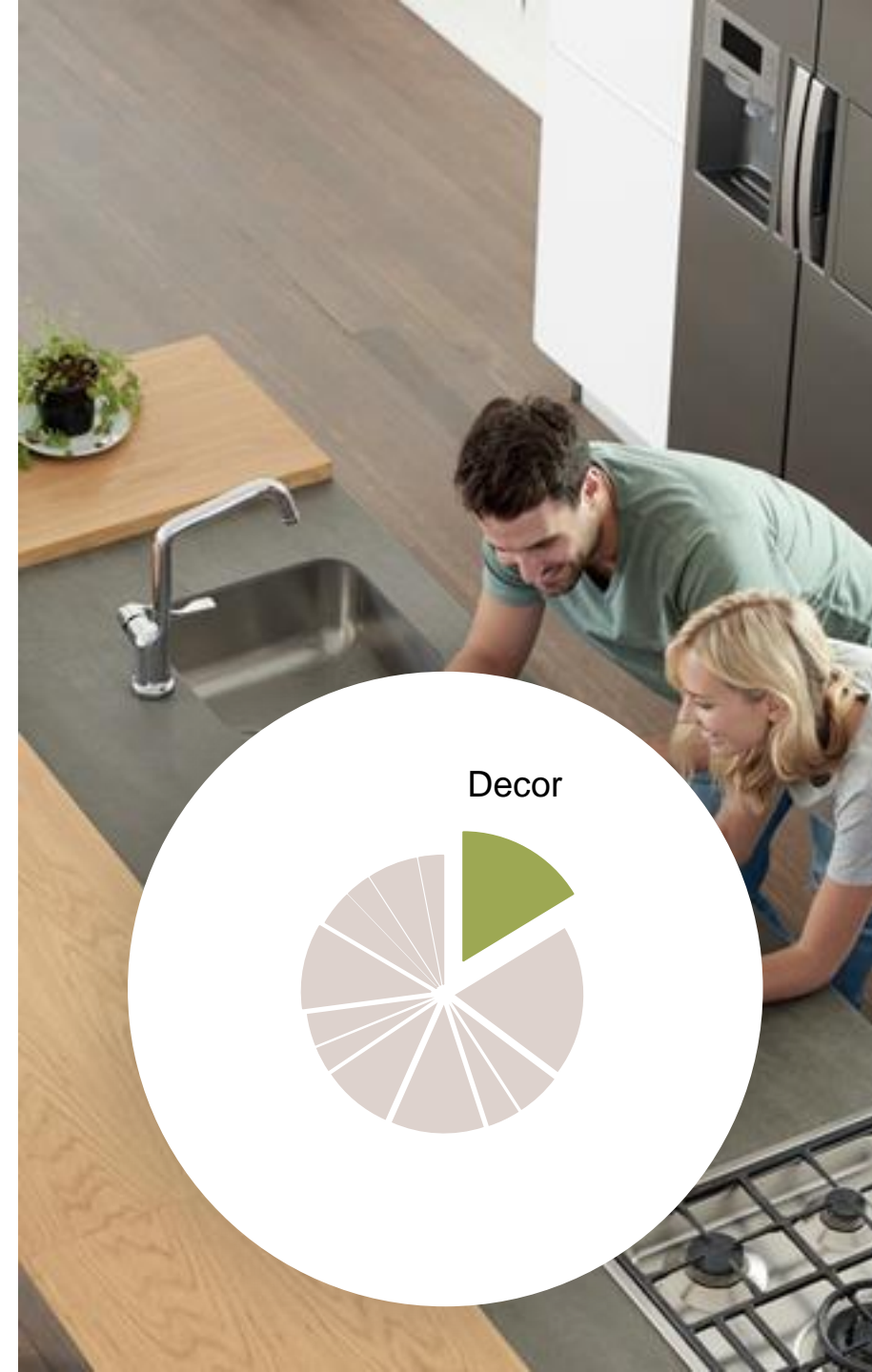


Key strengths

- Industry leading brand – well established supplier with leading capabilities and reputation in service and quality
- Strong positions in Europe and North America
- Diverse, high quality product and service offering
- Global leader in solid colors and pre-impregnated papers

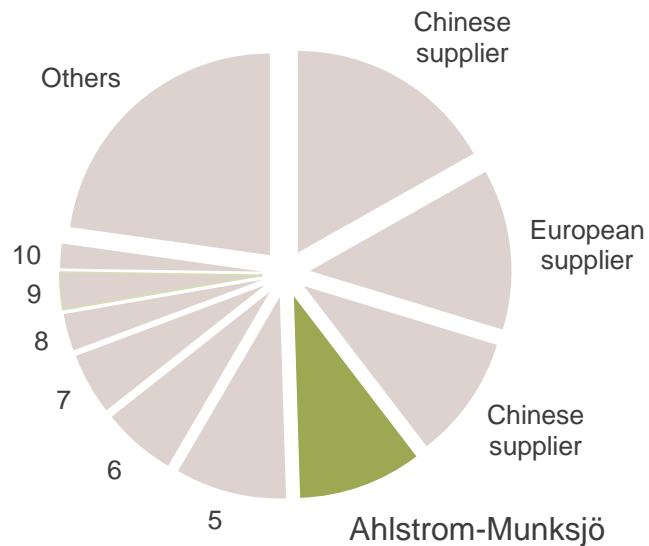
The way forward

- Defend and grow leading positions in Europe and North America
- Establish a strong growth platform in South America
- Develop an entry plan for China
- Be a forerunner in sustainability



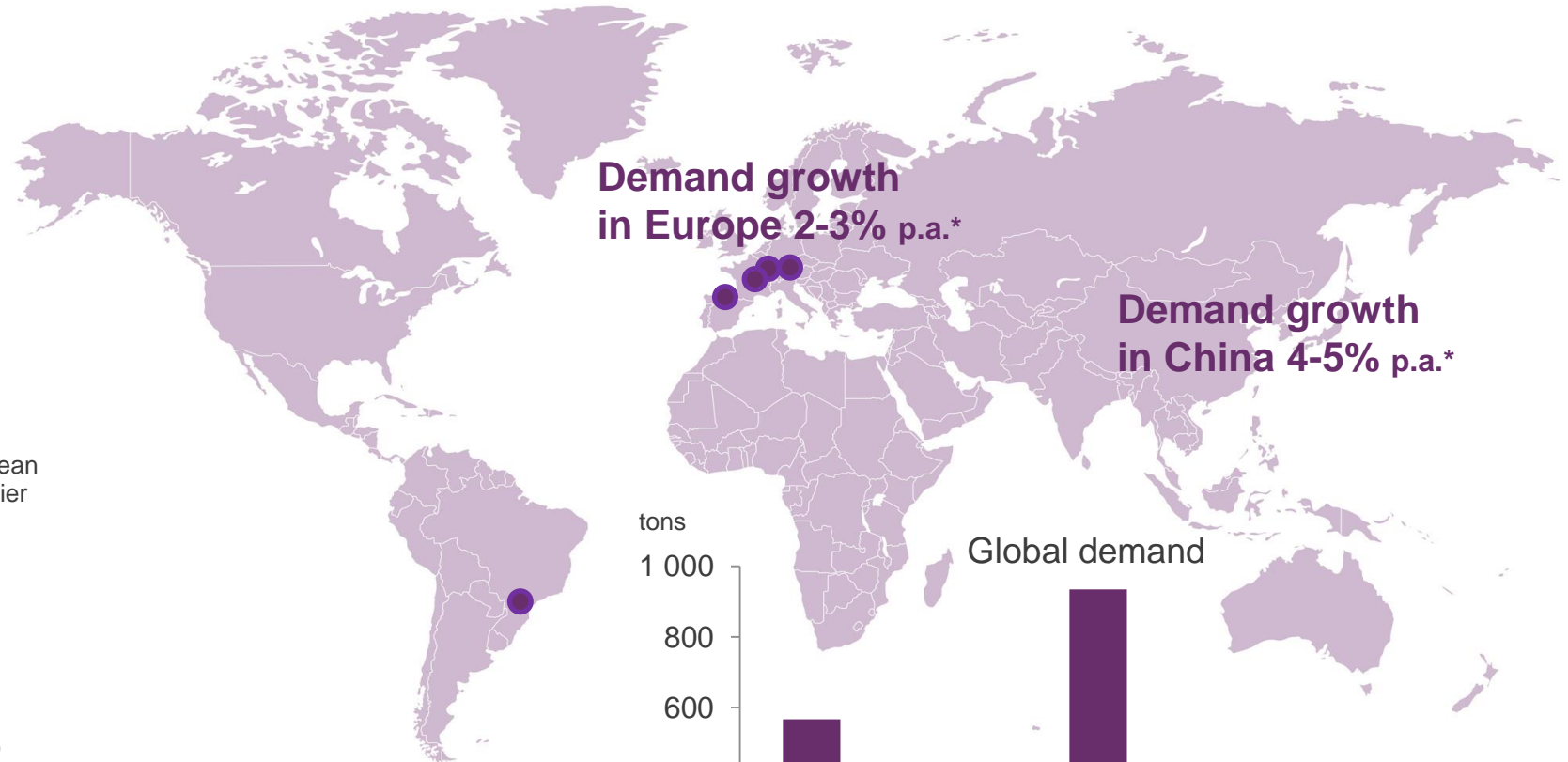
Strong in Europe and Americas, leading brand globally

Share of global capacity

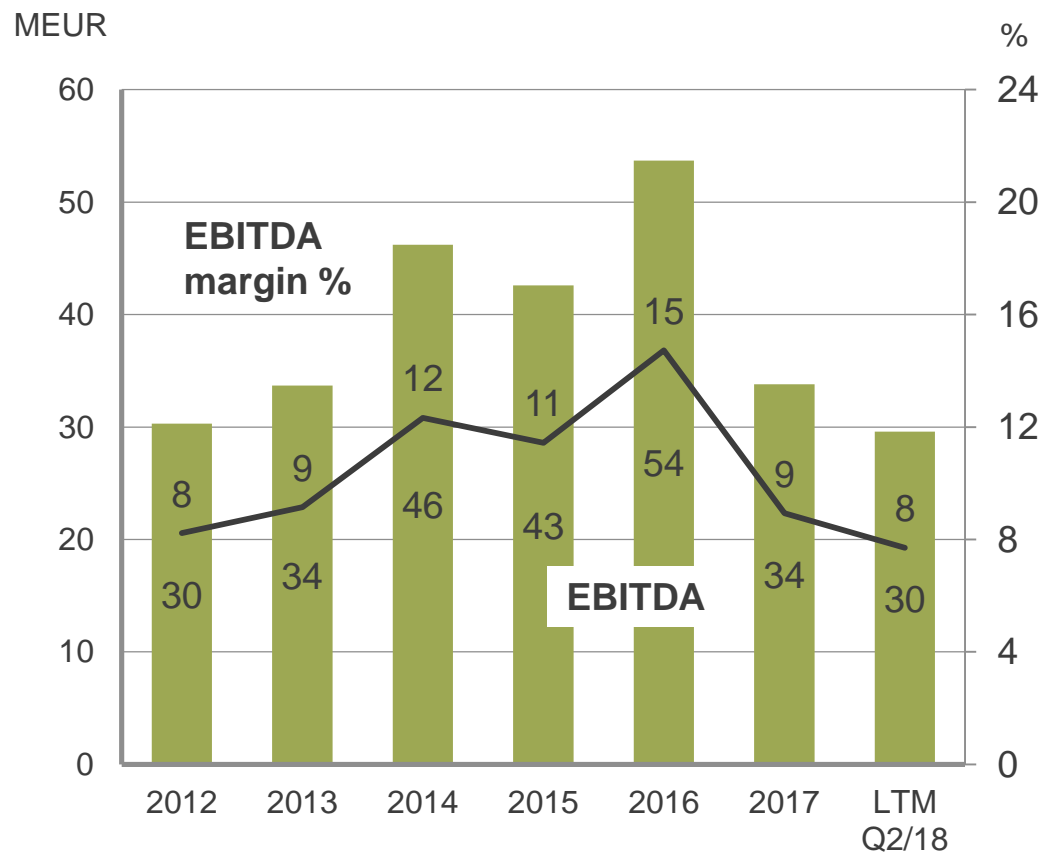


● Ahlstrom-Munksjö's manufacturing site

* Estimated market growth



Volatility in profitability mainly driven by fluctuation in raw material costs



Years 2012- 2016

- Price and mix management
- Sales margin improvement

Year 2017

- Rapidly escalating raw material costs, more than offsetting the positive impact of higher volumes and higher sales prices
- Steep rise of raw material costs and following price increases led to build up of inventory levels in the industry

Year 2018 –

- Volume losses in oversea markets due to price increases and new competition
- Gross margins improvement thanks to successful price increases



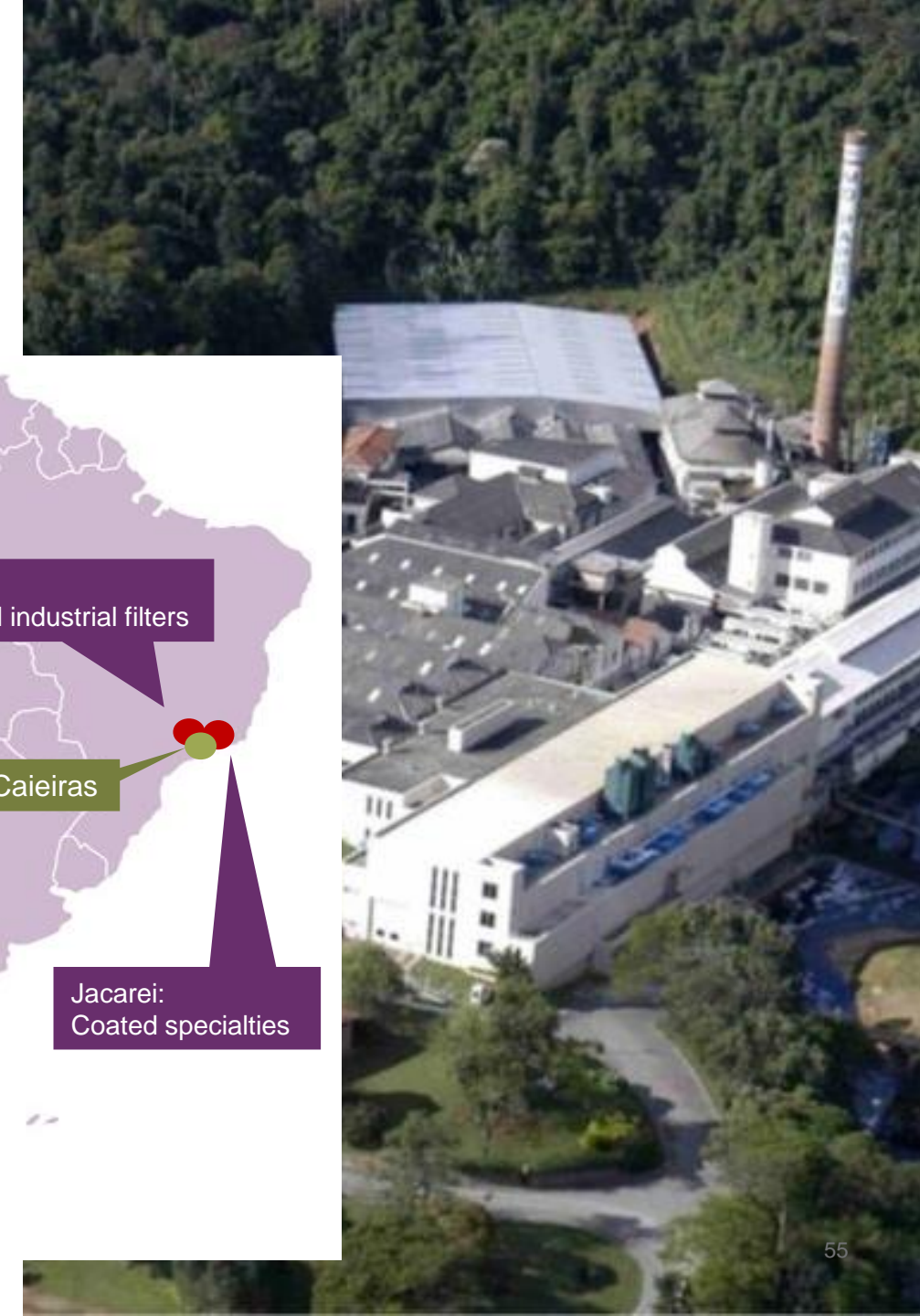
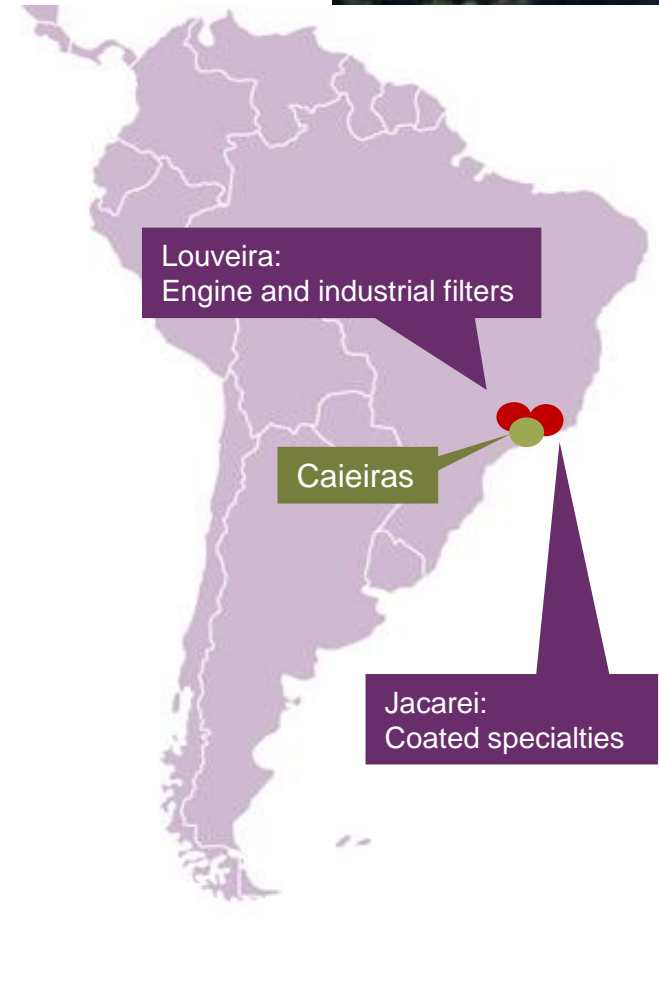
Medium term action plan – Defend and grow leading positions

- **Continue optimization of product and customer mix**
 - Further enhance capabilities in the most attractive segments
- **Maintain leadership in quality, service and innovation to deliver the best customer value**
- **Improve cost competitiveness and production efficiency**
- **Integrate Caieiras**



Build a strong growth platform in South America

- South America offers an attractive long-term growth potential
- Combined position of Caieiras and Ahlstrom-Munksjö is very strong
- Realize synergies
 - Local supply to South American customers
 - Enhance capabilities, process and quality control
 - Combine sales and sourcing activities
 - Optimize production



The way forward

- Defend and grow leading positions in Europe and North America
- Establish a strong growth platform in South America
- Develop entry plan for China
- Be a forerunner in sustainability



Industrial Solutions Business Area

DANIELE BORLATTO
EXECUTIVE VICE PRESIDENT



Industrial Solutions: Businesses



ABRASIVE



COATED SPECIALTIES



INSULATION

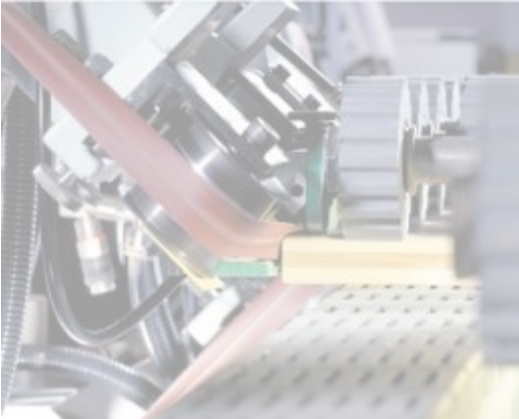


RELEASE LINERS



RELEASE LINERS

Business



ABRASIVE



COATED SPECIALTIES



INSULATION



RELEASE LINERS



Release Liners

Demand drivers

- Economic growth, growing middle class
- E-commerce drives logistics and need for labels in tracking and identification
- In industrial segments growth is driven by tapes, medical and composites



Key strengths

- Superior customer relationship
- Quality and service
- Sustainability



The way forward

- Continuous improvement in performance, while leveraging a strong value proposition and opportunities provided by geographical expansion with acquisitions outside of Europe



Release Liner application segments

SUPERACALANDERED RELEASE PAPERS



PSA* Label-stock applications



Composites applications



PSA* Tape and Industrial applications



Medical applications

CLAY COATED RELEASE PAPERS



PSA* Graphics applications

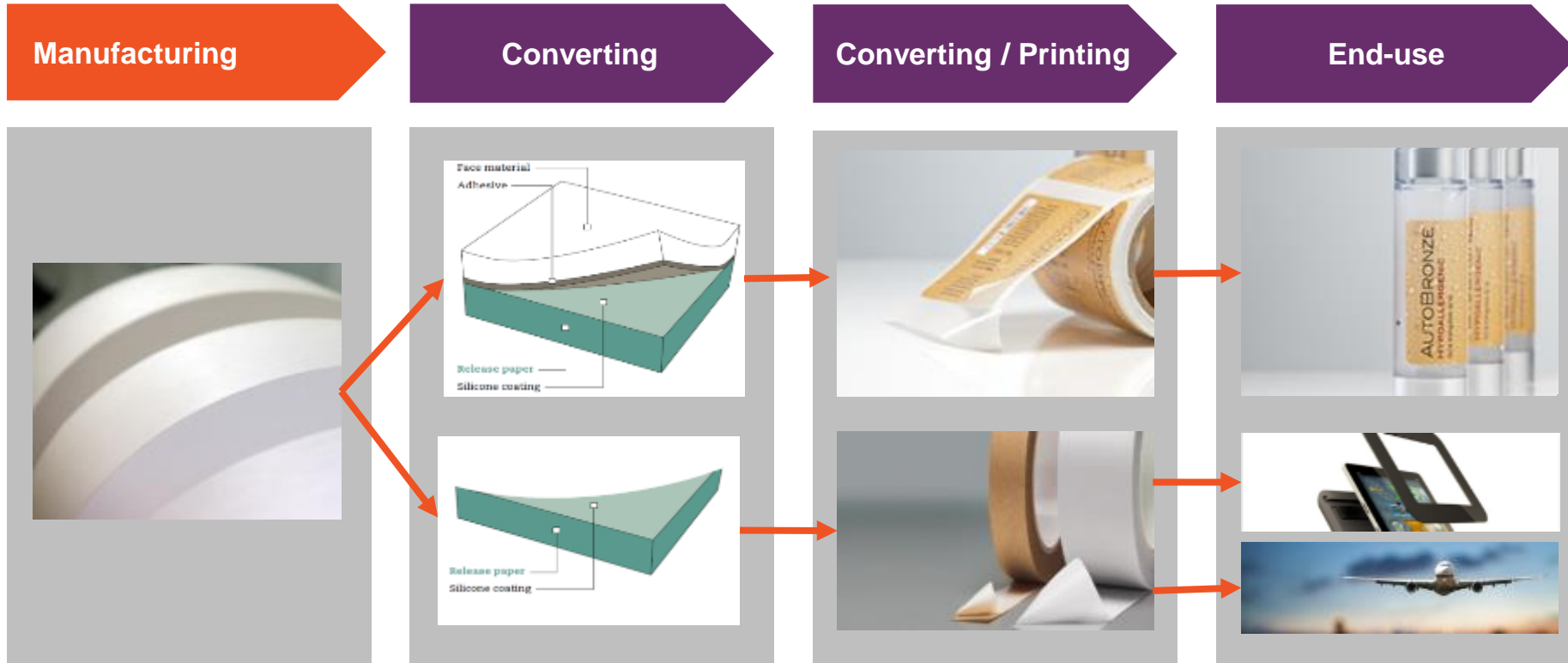


PSA* Office, VIP applications

* PSA = Pressure Sensitive Adhesive



Value chain of release papers



Key competitors

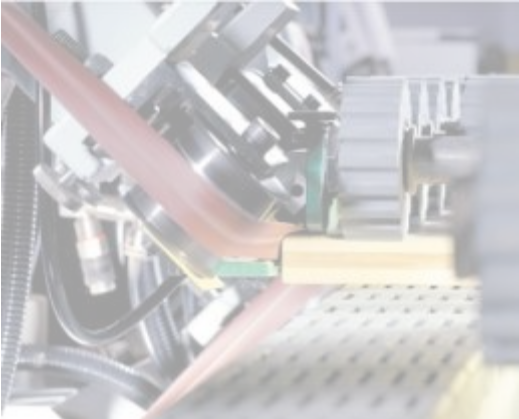
UPM
Delfort
Sappi

Examples of companies in each step of the value chain



COATED SPECIALTIES

Business



ABRASIVE



COATED SPECIALTIES



INSULATION



RELEASE LINERS



Coated Specialties

- Coated specialty papers

Demand drivers

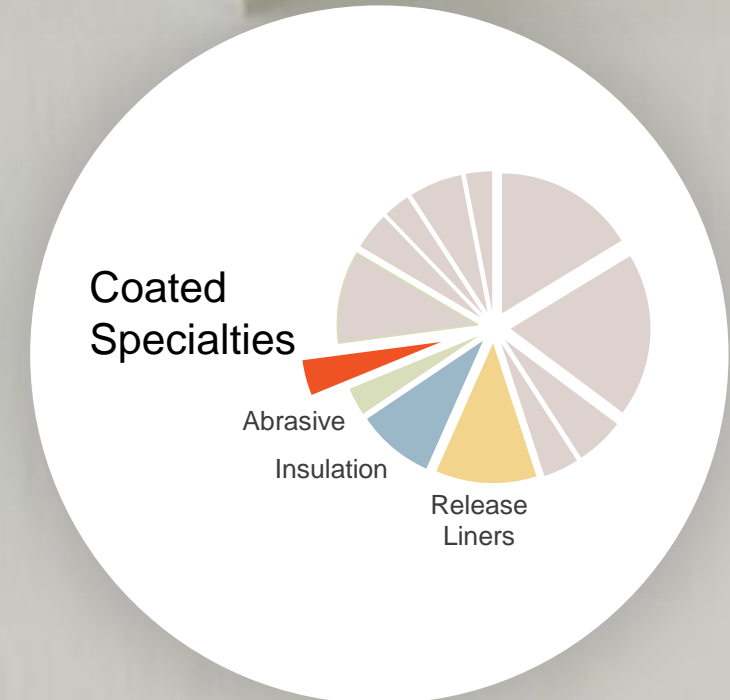
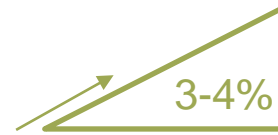
- Demographic and purchasing power development in Brazil and South America
- Growing middle class urban life style
- Consumer trends increasing need of packaging, tracking and identification in supply chain

Key Strengths

- Local platform in the largest South American market
- Customer relation with regional and global players
- Product range and development

The way forward

- Continue to strengthen product portfolio supporting price management
- Further increase efficiency by continuous improvement and key investments supporting product mix strategy
- Capture opportunities from Caieiras integration in terms of market, operations synergies, and competence sharing



Coated specialty products and main applications



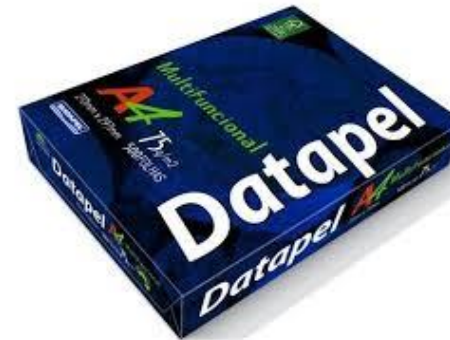
Release liner and
facestock label paper
-
PSA*
labeling

* PSA = Pressure Sensitive Adhesive



Coated label paper
-
Wet-glue labeling
Flexible packaging

- Coated specialty papers



Uncoated paper
-
Printing and Writing



Integration of Caieiras

– building a platform for regional growth

- Caieiras product mix is a good match, with 80% of sales in Ahlstrom-Munksjö's portfolio, and fills gaps in the regional offering
- With Caieiras, Ahlstrom-Munksjö:
 - become a leading decor paper manufacturer with local production in South America
 - strengthens global leading position in tapes
 - improve production and delivery capability in release liners
 - share the best practices to enhance production and process technology
- South America offers long-term growth potential, and the platform provides several growth options, synergies and further production optimization opportunities for the longer term

		North America*	South America	Europe	APAC
		■ Caieiras presence ■ Sales ■ Production/Converting + Sales			
Decor	Decor	■	■	■	■
Filtration and Performance	Filtration	■	■	■	■
	Nonwovens	■		■	
	Building & Wind	■		■	
Industrial Solutions	Release Liners		■	■	■
	Insulation	■		■	■
	Abrasive		■	■	■
	Coated Specialties (Jacarei)		■		
Specialties	Advanced Liquid Technol.	■		■	■
	Tape	■	■	■	■
	Foodpack	■	■	■	■
	Medical	■		■	■



Jacareí investment supporting product mix strategy

Investment to upgrade paper machine in Jacareí, Brazil, announced on August 30, 2018

KEY FACTS

- Upgrade of PM1 in Jacareí with installation of:
 - Metering Size press,
 - On-line soft-calendar,
- Upgrades of auxiliary equipment and building
- EUR 21 million Investment
- Completion by end Q3 2019

ENHANCED ASSET CAPABILITIES

- Increase competitiveness with the possibility to manufacture products coated on-line
- Improve trim flexibility versus off-line coated products
- Increase product development capabilities in various coated specialties
- Optimize product quality consistency

STRENGTHENED MARKET POSITION

- Further improvement of the product mix, growing share of higher value added coated products
- Better possibility to supply liner and label papers to the market of Self-adhesive laminators, due to better match of customer trims
- Widening and improvement of the product offering with development of new products in the areas of Self-Adhesive laminates, Wet Glue labeling, Packaging and Sublimation

Plus

Further opportunities of product development and business with Caieiras integration



ABRASIVE

Business



ABRASIVE



COATED SPECIALTIES



INSULATION



RELEASE LINERS



Abrasive

– Abrasive backing materials

Demand drivers

- Demand is driven by automotive, wood, furniture and construction industries globally



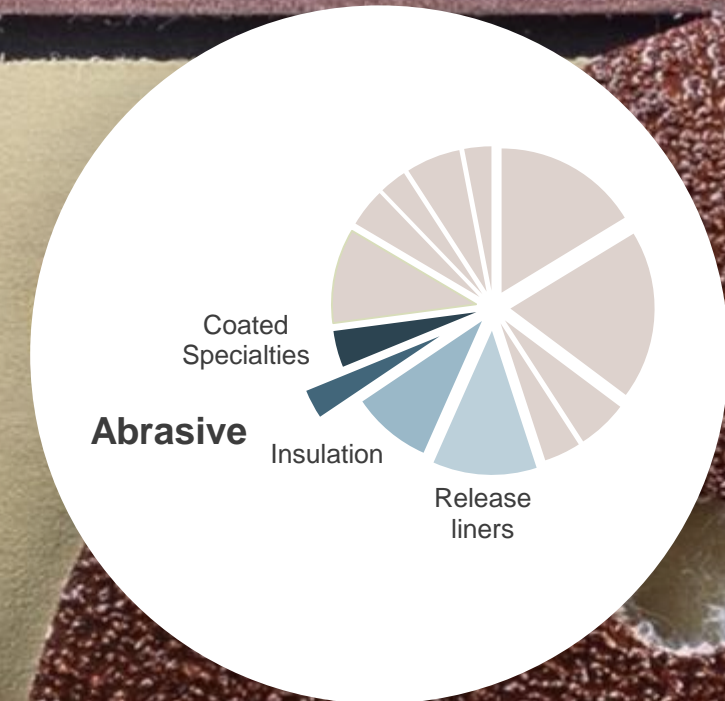
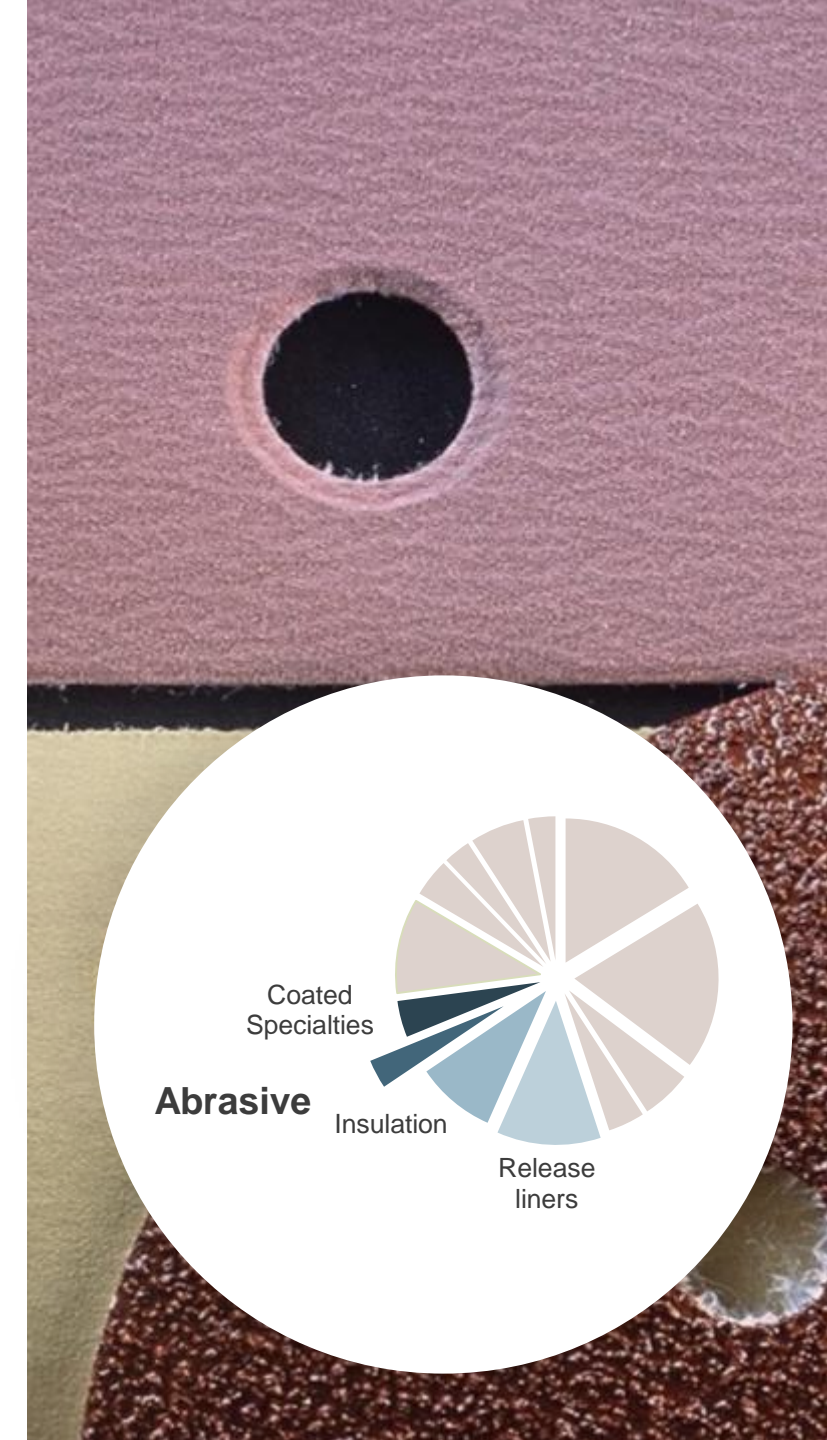
Key strengths

- Only supplier offering full range of paper and composite backings for the production of abrasive shapes in do-it-yourself or industrial channels
- 100% formaldehyde free offering
- Innovative paper backing in Light Weight latex paper segment with PM26 extension and in Heavy Weight paper segment (that may replace cloth backings)



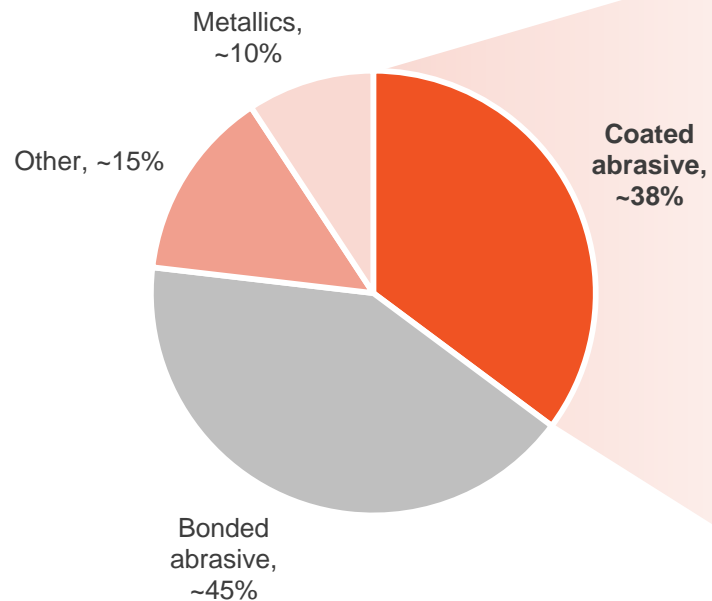
The way forward

- Profitable growth through product differentiation and mix improvement as well as continuous improvement in production and value based pricing

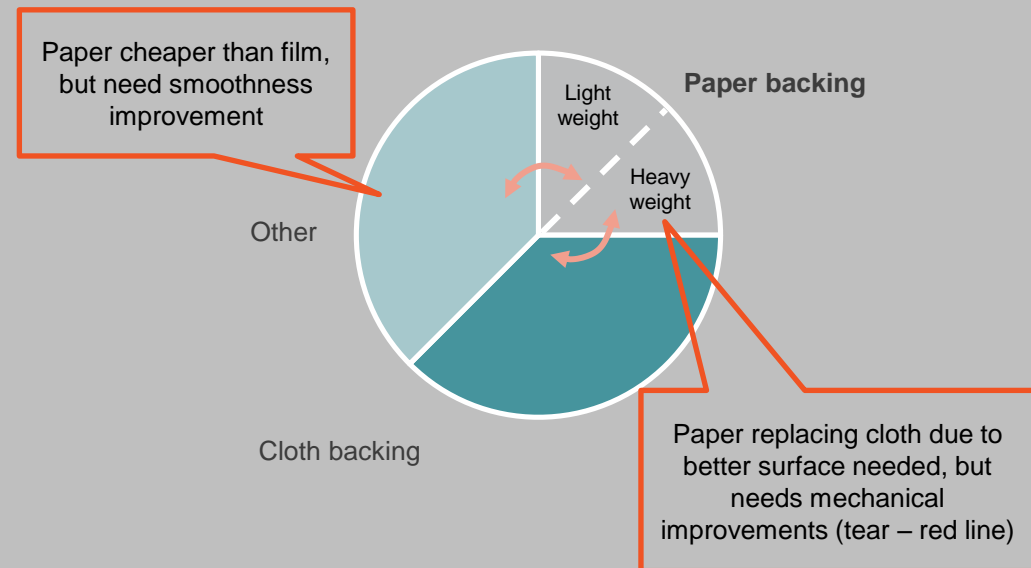


Ahlstrom-Munksjö's core is coated abrasives on paper backings

World abrasive demand
100% = EUR ~25bn, 2017



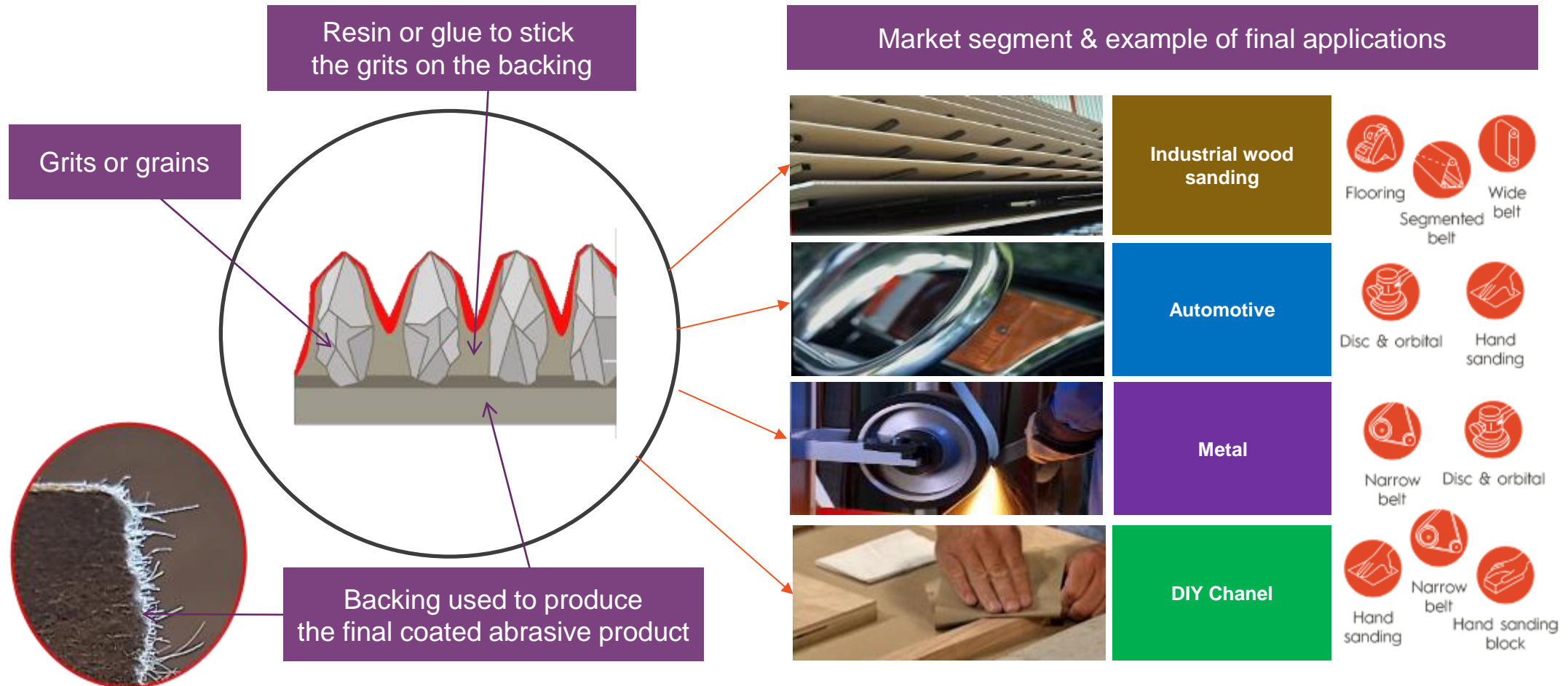
Estimated split of coated abrasive demand



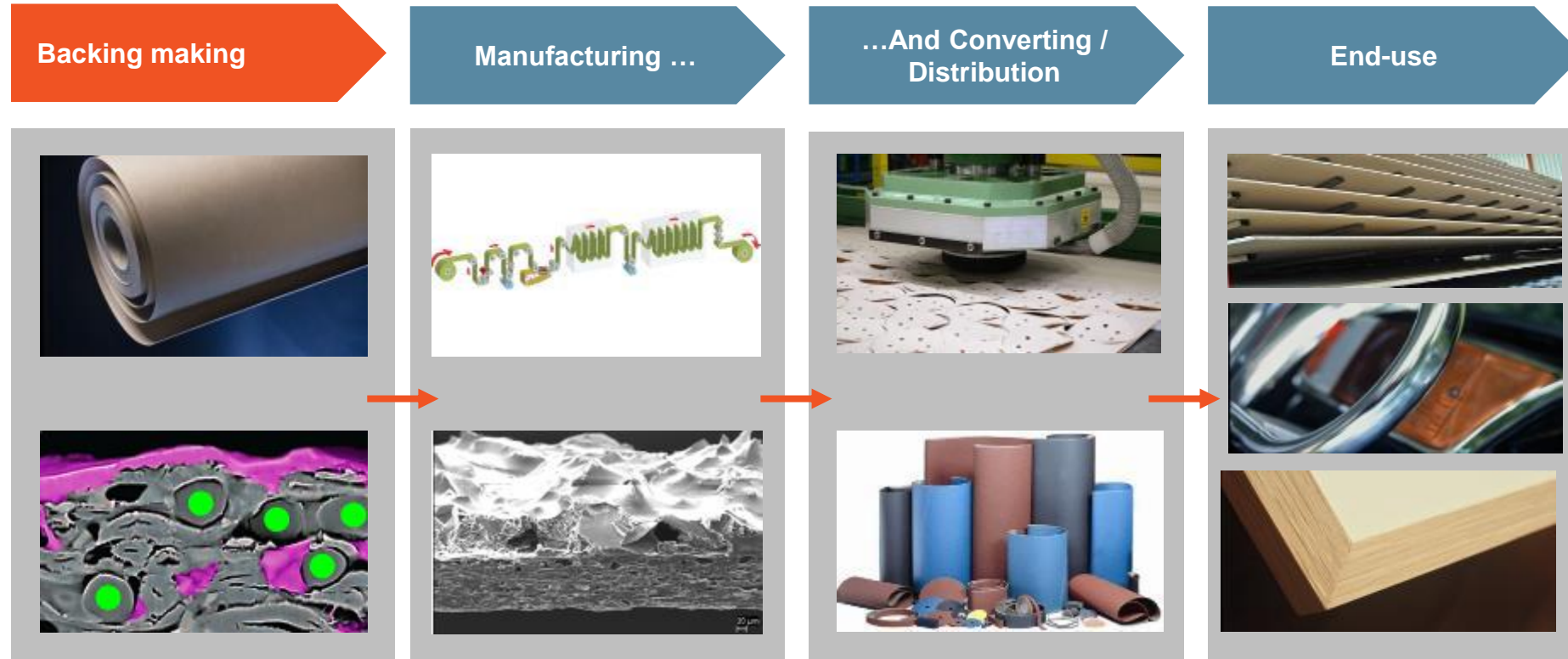
• AM's core business is coated abrasives on paper backings



Market - Abrasive backing function and main applications



Value chain of abrasive backing



Key competitors



Qifeng Huasha / Hangzhou Xinxing

Examples of companies in each step of the value chain



An innovative super reinforced backing

- The RE-VOLUTION backing, launched in spring 2017, is a breakthrough innovation
- The innovative super reinforced backing can replace cloth with paper
- **Improved quality** – a better surface smoothness to get high quality finishing
- **Higher efficiency** – for customers, easier supply chain management with a ready-to-use backing.
 - No need for grey cloth purchase and chemical impregnation prior to coating
- **A sustainable alternative** – 100% formaldehyde free and save an extensive amount of chemicals and energy
 - Cloth backings need various chemical treatments before use that generate waste water, gas emission and consume significant amounts of energy

TEX-STYLE™
EXTRA resistant composite backings

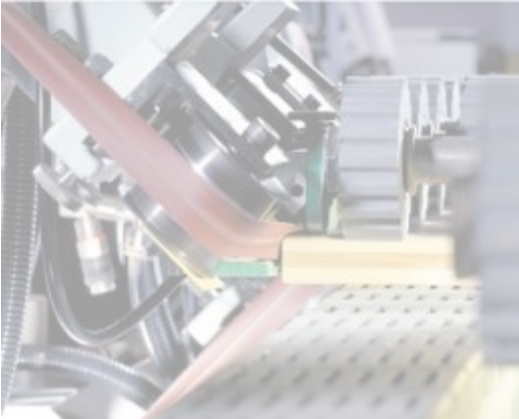
POWERFUL INSIDE

AGILE OUTSIDE



INSULATION

Business



ABRASIVE



COATED SPECIALTIES



INSULATION



RELEASE LINERS



Insulation

– Electrotechnical papers

Demand drivers

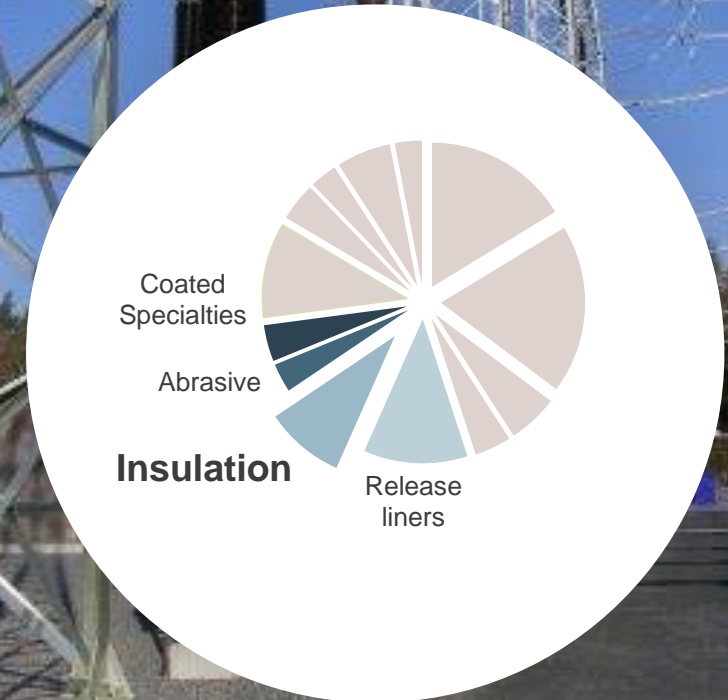
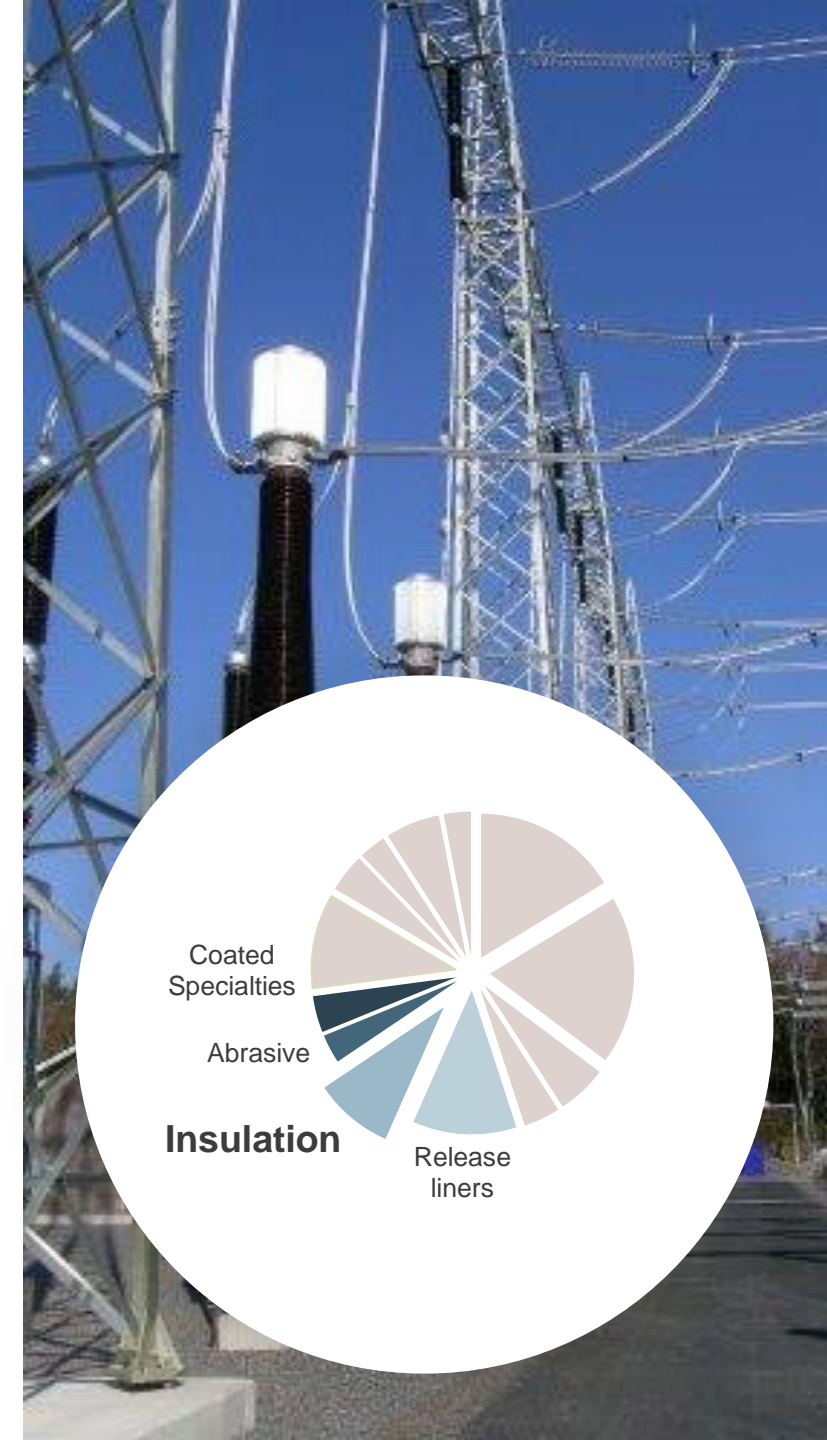
- Extension and upgrade of power distribution networks
- Decentralization of power production and system
- Demography and urbanization

Our value proposition

- Broad portfolio of electrotechnical papers
- Internally sourced high quality, pure and clean pulp
- Technical knowledge of end-use

The way forward

- Expand converting capability and overall capacity to drive profitable growth
- Continuous improvement for operational efficiency and value based price management



Innovation is key to success

ANNA BERGQUIST
VICE PRESIDENT, INSULATION BUSINESS UNIT

We need a broad understanding to enhance our current products and sharpen our vision of the future



Open cooperation partners

- Universities
- Institutes
- Conferences/Seminaries

Customers and suppliers

- Customer needs
- Future demands
- Supplier developments
- Customization

Our own know-how

- R&D center
- Mills
- Technology/Piloting



In insulation we drive growth through new value added products and solution

- Strategic R&D themes where we invest to ensure that we are part of the forefront in understanding new materials and applications for insulation and other electrotechnical applications



Ageing of Cellulose

- Cellulose degradation
- Cellulose / oil interaction



Energy storage

- Lignin
- Cellulose / nano cellulose
- Graphene



Paper thread

- Paper garment
- Upholstery



Biopolymers

- Our pulp bi-products
- Enhancing current paper



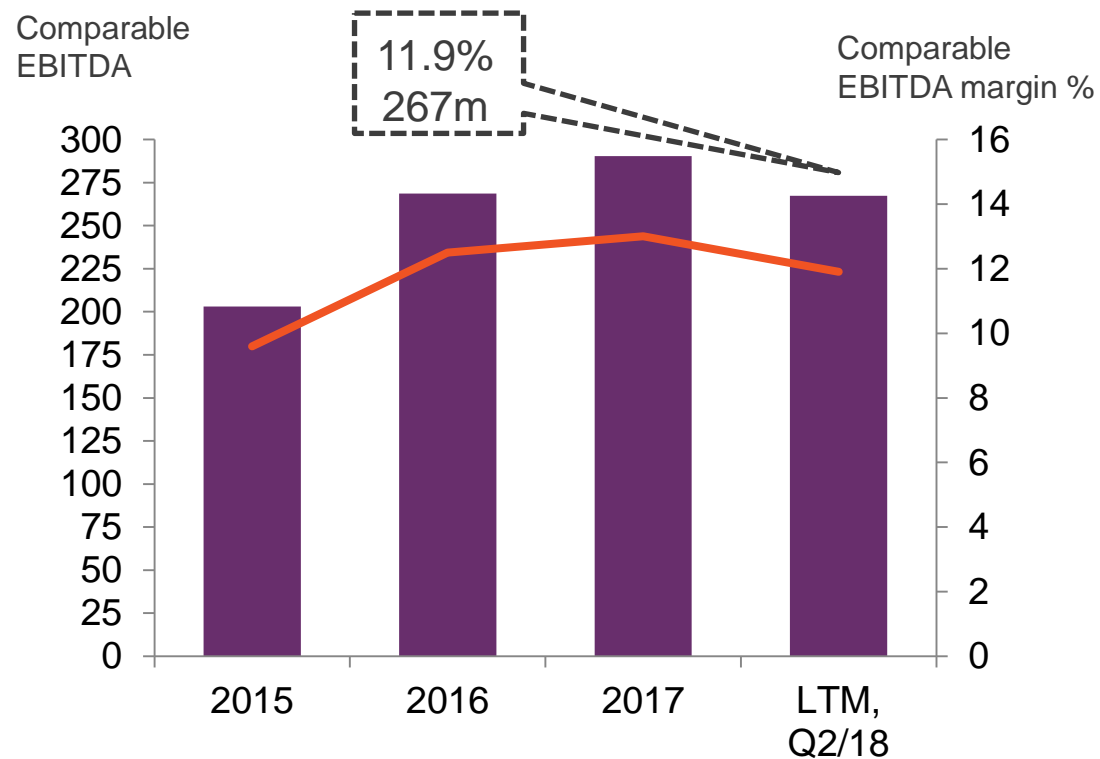
Investment driven growth

PIA AALTONEN-FORSELL

CFO AND EVP, COMMUNICATIONS & INVESTOR RELATIONS

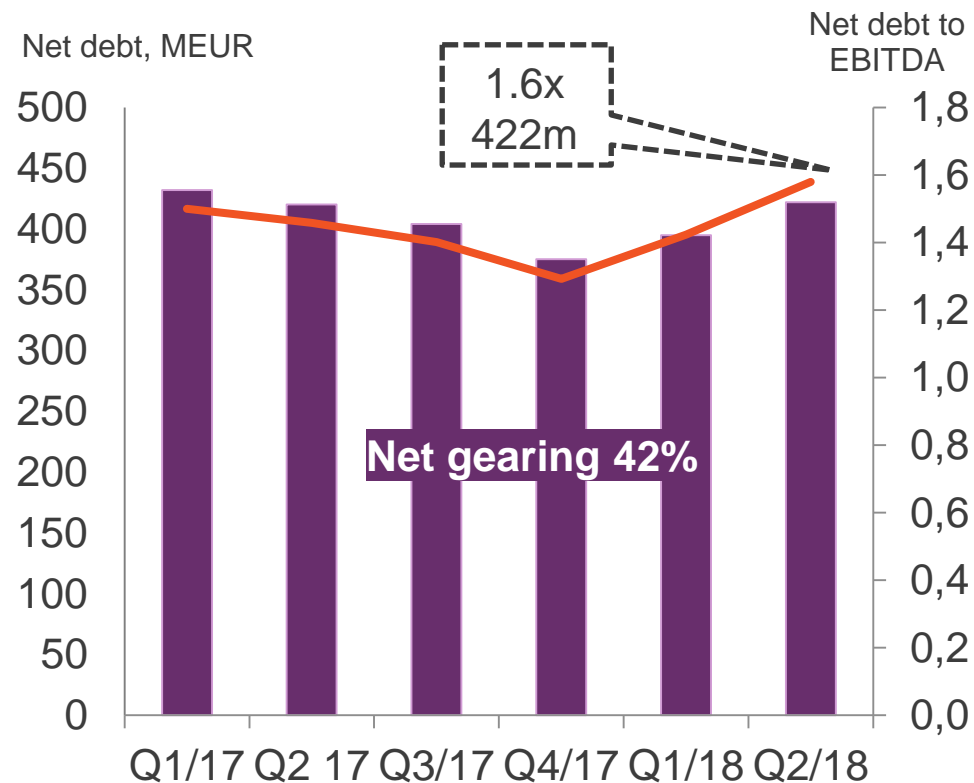
Solid financial performance in an environment of significant raw material cost escalation

Profitability*



Target: EBITDA margin above 14% over a business cycle

Financial position



Target: Net gearing below 100%

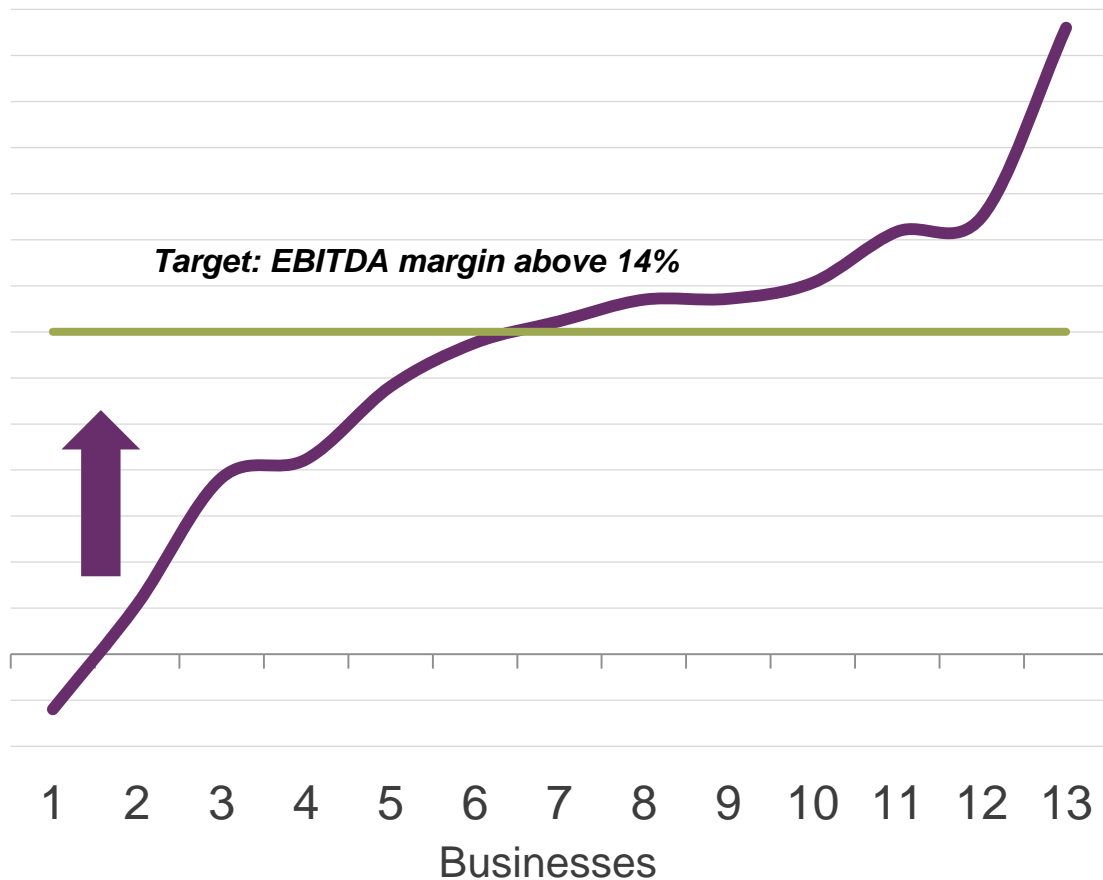
*Figures are pro forma



Differentiation pays off

– good profitability in most businesses

Comparable EBITDA margin %










- Most businesses performing well
- Isolated challenges in certain product segments in Foodpack and Beverage & Casing
- Turnaround of underperforming one-sided product segment ongoing
 - Product and cost optimization
- Strategic investment in biodegradable compostable solutions for tea, coffee and casing materials:
 - Improved efficiency and capabilities, higher capacity



Completed and ongoing investments driving strategic progress

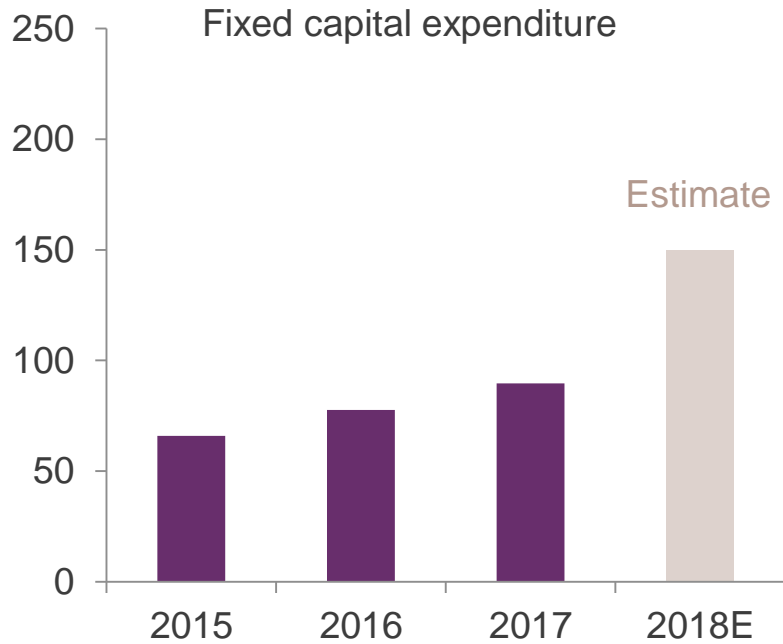


New investment decisions driving our strategic progress

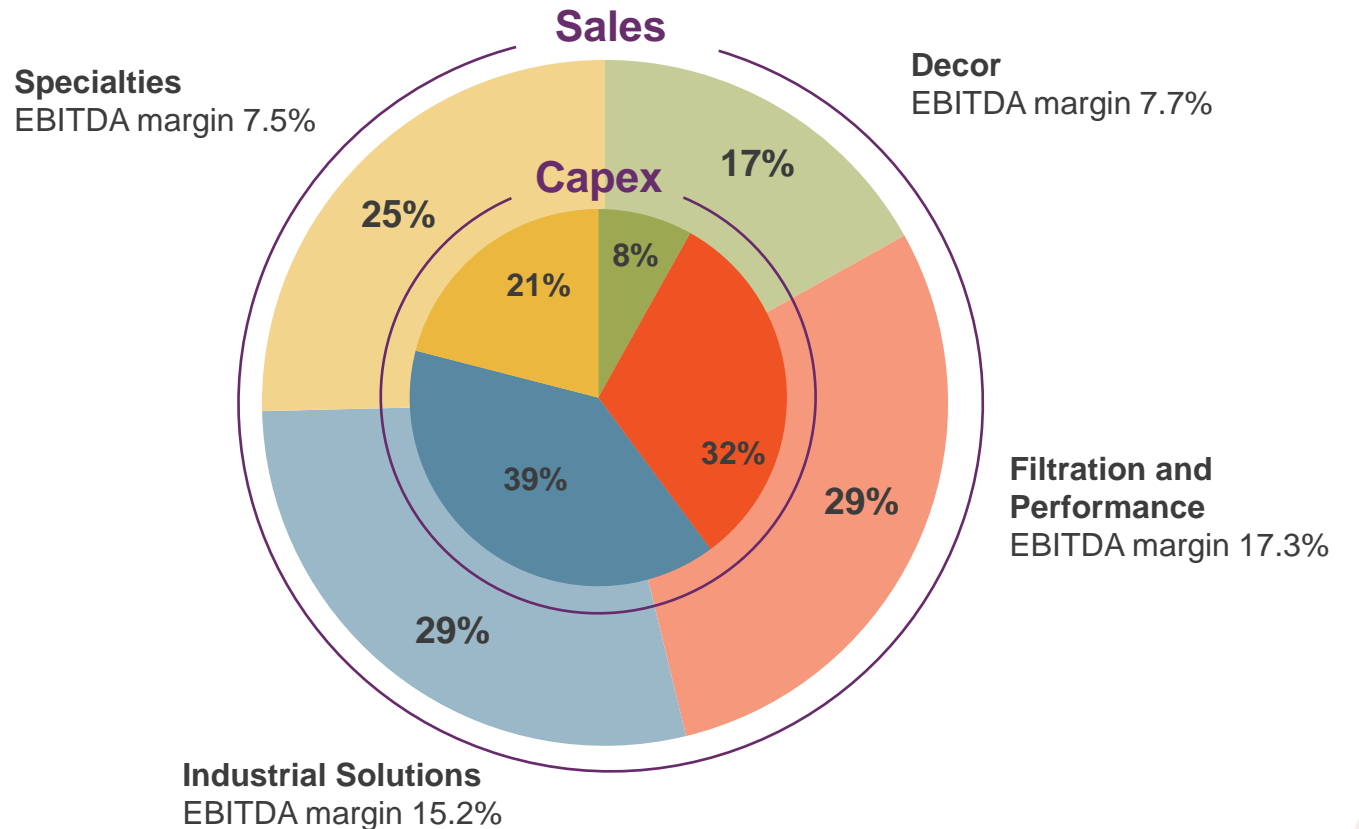
		Efficiency and agility	Customer value	Profitable growth		
Insulation, Billingsfors Boiler and pulp line rebuild, Q3/19-	EUR 23m	✓		✓	▶	 Electrotechnical paper
Insulation, Aspa Bailing line modernization, Q3/19-	EUR 4m	✓	✓		▶	 Specialty pulp
Decor, Dettingen Production line upgrade, Q1/19	EUR 5m		✓	✓	▶	 Pre-impregnated decor paper
Medical, Pont Audemer Converting line rebuild, Q2/19-	EUR 4m	✓	✓		▶	 Sterilization wrap
Filtration, Turin Capacity expansion, H2/20-	EUR 28m	✓		✓	▶	 Industrial filter material
Beverage & Casing, Chirside New production line, Q4/19-	EUR 28m	✓	✓	✓	▶	 Coffee, tea, and casing material
Coated Specialties, Jacarei Coating line upgrade, Q3/19-	EUR 21m	✓	✓	✓	▶	 Coated specialty paper



Increased maintenance and growth investments

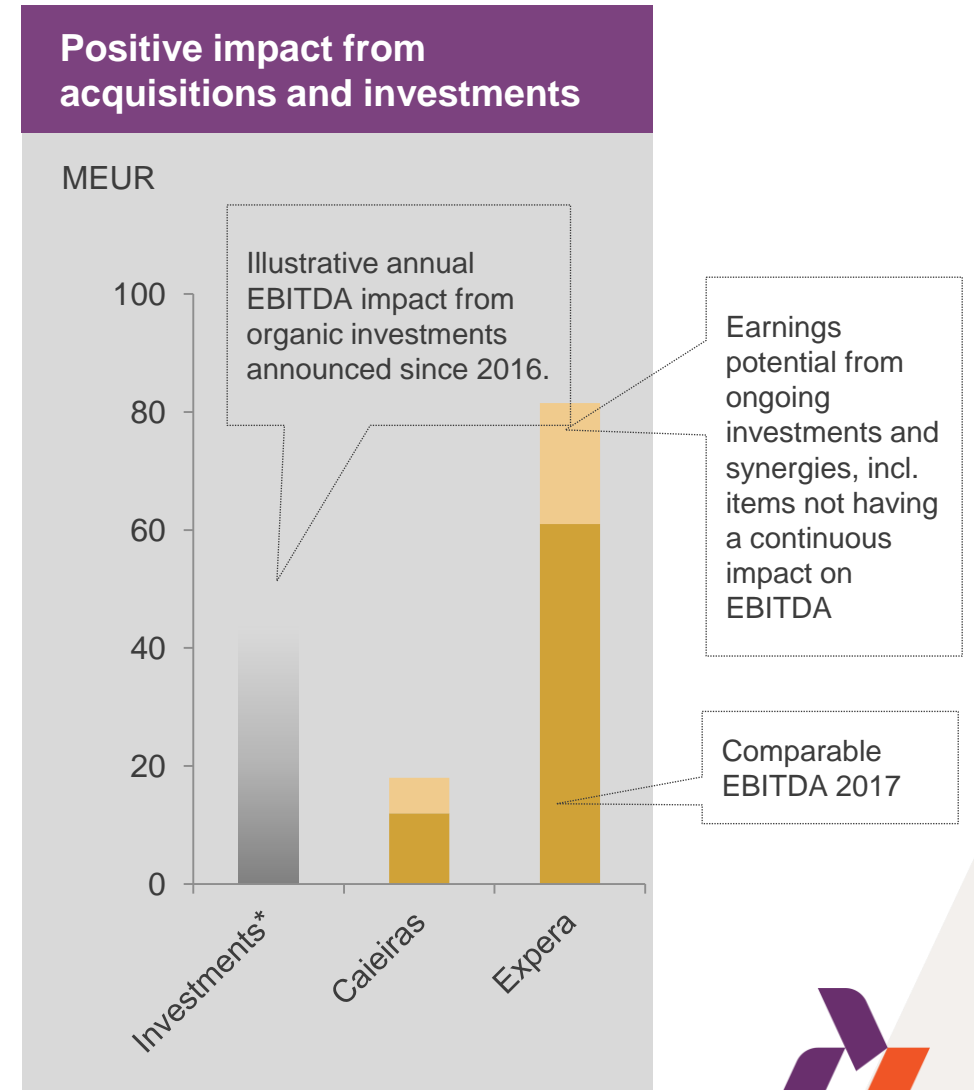
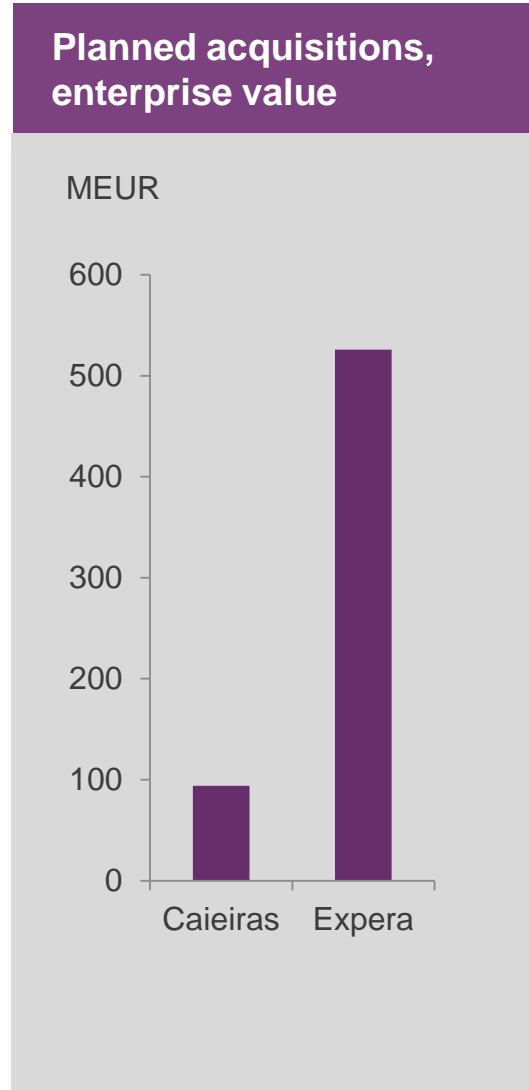
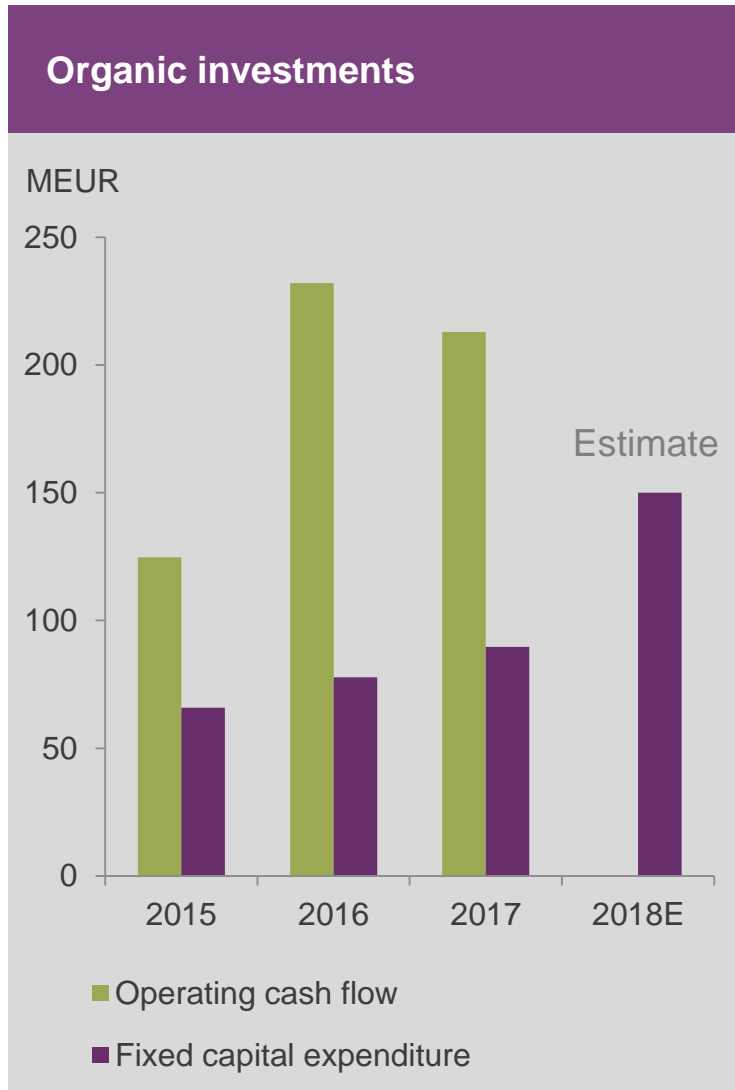


Increased organic investments, including maintenance related and strategic growth initiatives



Transformative initiatives

– organic and acquisition driven growth



* Illustrative, not a target or guidance



Illustrative financial impact of planned transactions

EUR million	Ahlstrom-Munksjö	Caieiras	Expera	Illustrative, incl. acquisitions
Net sales 2017	2,233	73	616	2,921
Comparable EBITDA 2017	290	12	61	
Debt free price		100	526	
Planned rights offering				150
Net debt	422 (Q2/18)			870 ¹⁾
Net debt to EBITDA	1.6x (Q2/18)			
Equity	1,014 (Q2/18)			
Net gearing %	42% (Q2/18)			

¹⁾ The actual net debt impact of these acquisitions will depend on the final purchase considerations taking into account purchase price adjustments at closing and prevailing exchange rates, and accordingly may differ from this estimate.

BRL 4.49
USD 1.17



EXPERA INTEGRATION

SAKARI AHDEKIVI, DEPUTY CEO AND EVP, CORPORATE DEVELOPMENT

Acquisition of the U.S. specialty paper producer Expera for USD 615 million

Transformative acquisition:

- Significant expansion of North American presence, including new product segments
- Strong platform in the U.S., attractive growth opportunities and additional production capacity
- Pure specialty paper producer in high quality product categories
- Four paper mills with two integrated pulp mills
- Experienced management with a profit improvement track-record
- The acquisition will be earnings enhancing

Rhinelander Mill, Wisconsin



De Pere Mill, Wisconsin



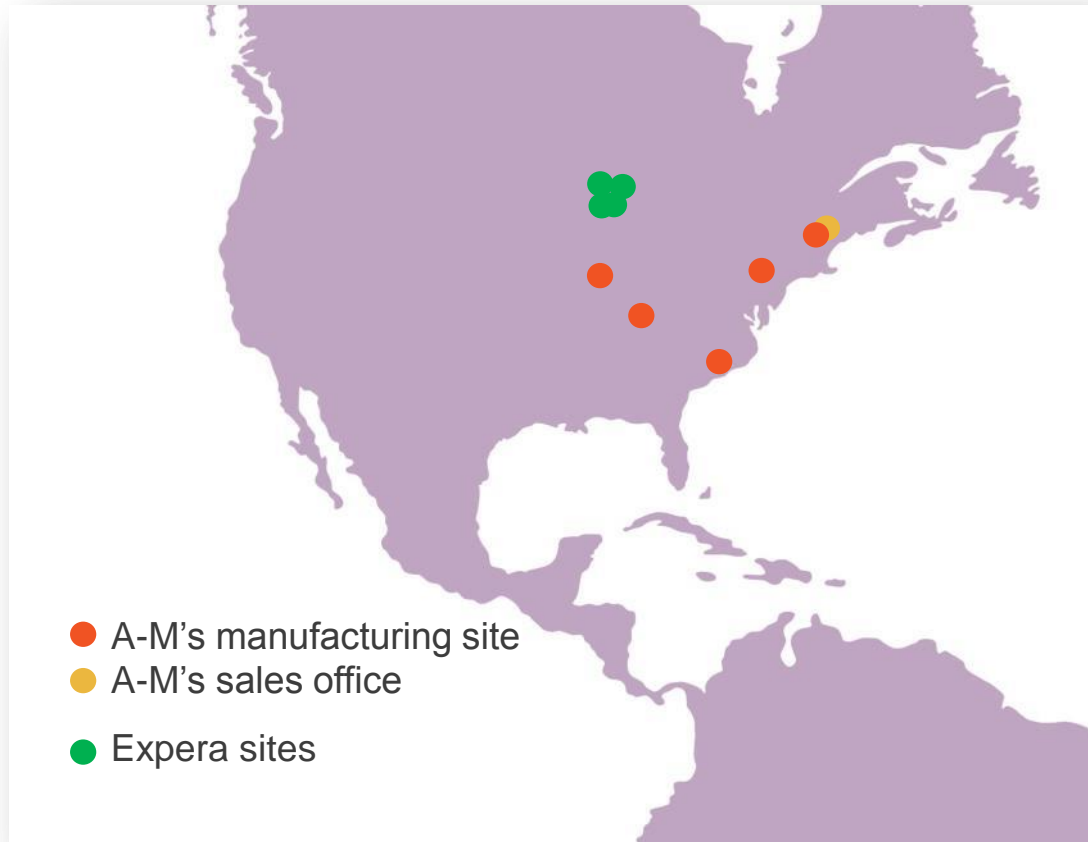
Mosinee Mill, Wisconsin



Kaukauna Mill, Wisconsin



Expera - Among the leading North American suppliers in attractive high growth specialty paper segments



Expera key facts (2017)


















- Approx. USD 721 million net sales, 86% in the US
- Product portfolio is less impacted by economic cycles given exposure to growing cycle-resistant end markets
- More than 400 customers
- About 1,870 employees
- Four paper mills with two integrated pulp mills

Ahlstrom-Munksjö key facts in the US

- Approx. USD 380 million net sales in the US (pro forma 2017)
- Five plants, one sales office
- Filtration, Medical, Beverage & Casing, Advanced Liquid Technology
- About 700 employees

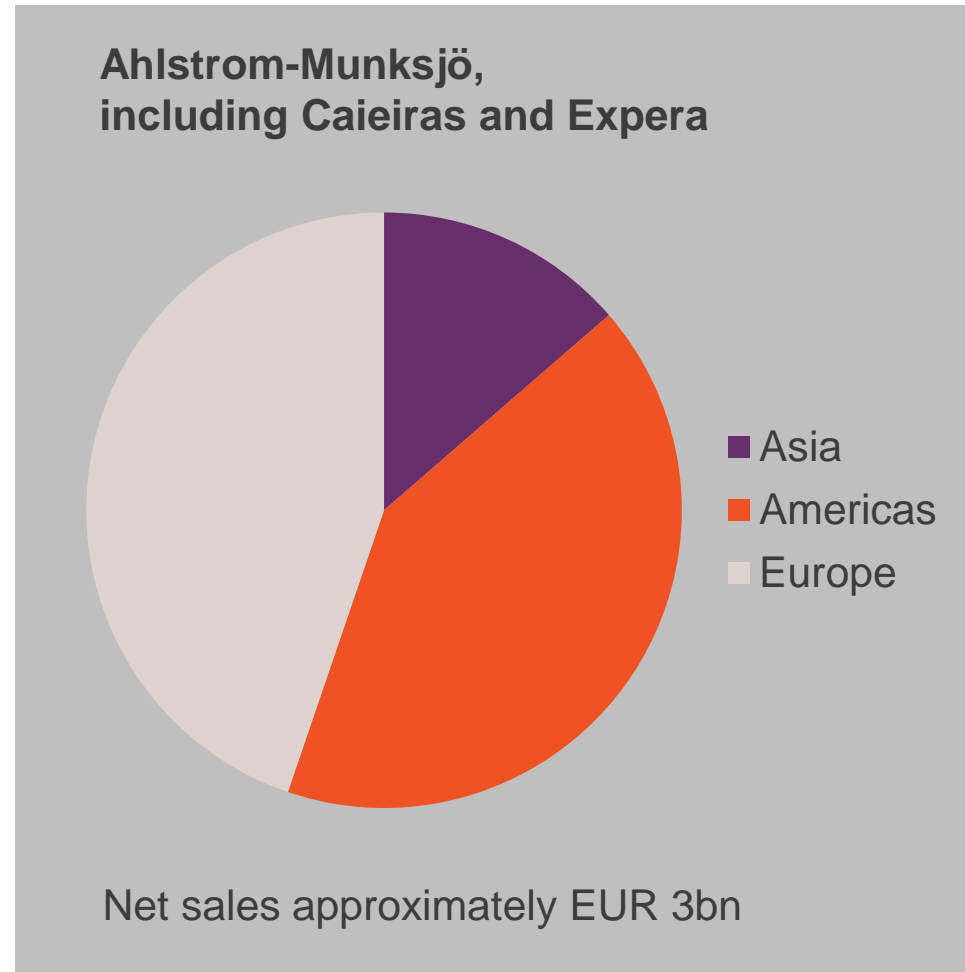


Expera's offering for a diverse range of industrial and consumer applications strengthens Ahlstrom-Munksjö

<p>INDUSTRIAL & TECHNICAL</p>	<p>Building, construction</p>	<p>Interleaver</p>	<p>Other Industrial</p>	<p>School colors</p>	<p>Saturating base</p>	<p>Tape</p>	<p>Technical glass interleaver</p>
							
<p>FOOD PROCESSING & PACKAGING</p>	<p>Baking papers</p>		<p>Confectionary, snack</p>	<p>Food processing</p>	<p>Other food</p>	<p>Microwave popcorn</p>	<p>Papers for Quick Service Restaurants</p>
							
<p>PRESSURE SENSITIVE RELEASE LINER</p>	<p>Other PS liner</p>	<p>PS coated products</p>	<p>Roll label</p>	<p>Specialty SCK</p>			
							

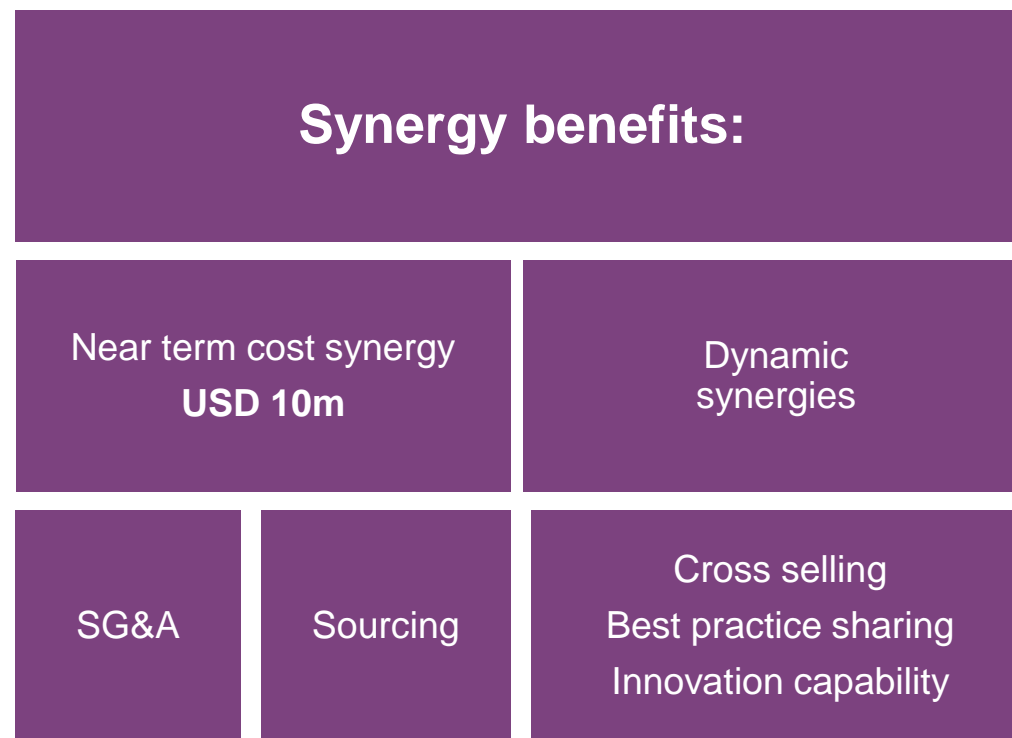
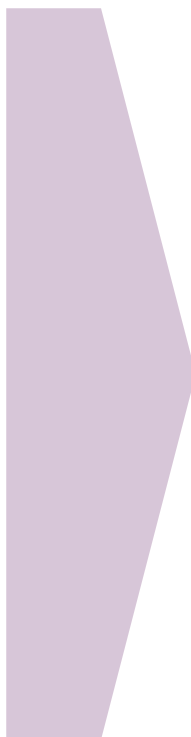


Achieving a more balanced geographical sales mix



Together we will reach the critical size and utilize synergies

- Purchasing power in sourcing
- Fixed costs leverage
- Platform for further growth and cross selling
- Strong competence in R&D
- Best practice sharing
- Production optimization



SG&A = Selling, General and Administrative expenses

+ Ramp-up up of new silicon coater, providing incremental capacity and EBITDA upside of an estimated USD 11 million



Expera - an earnings enhancing transaction

USD million		
Enterprise value		615
Comparable EBITDA	71	
Items not having a continuous impact on EBITDA	3	
Near term synergies	10	
EBITDA run rate of recently finalized investment	11	



Timeline of the transaction and integration planning

Pre signing

- Fully secured financing for the transaction
- A plan to convene an EGM of shareholders to authorize the Board of Directors to resolve on a share issue
- Top down synergy estimate USD 10m from near term cost synergies
- Estimation of up-side potential from cross-selling and sharing of best practices
- July 23, Expera signing and announcement

Pre closing planning

- Share responsibilities with functions and businesses
 - Planning of cross-business sales and customer coordination
 - Refine synergy analysis
- Preparation of compliance to regulation and relevant policies after closing
- Build readiness for reporting
- Communicate to customers, suppliers and other stakeholders about the transaction

After closing

- Integration implementation
 - Functions
 - Businesses
 - Reporting
 - Governance
- Detailed synergy estimations, including cross-selling and sharing best practices
- Synergy capture monitoring



Concluding remarks

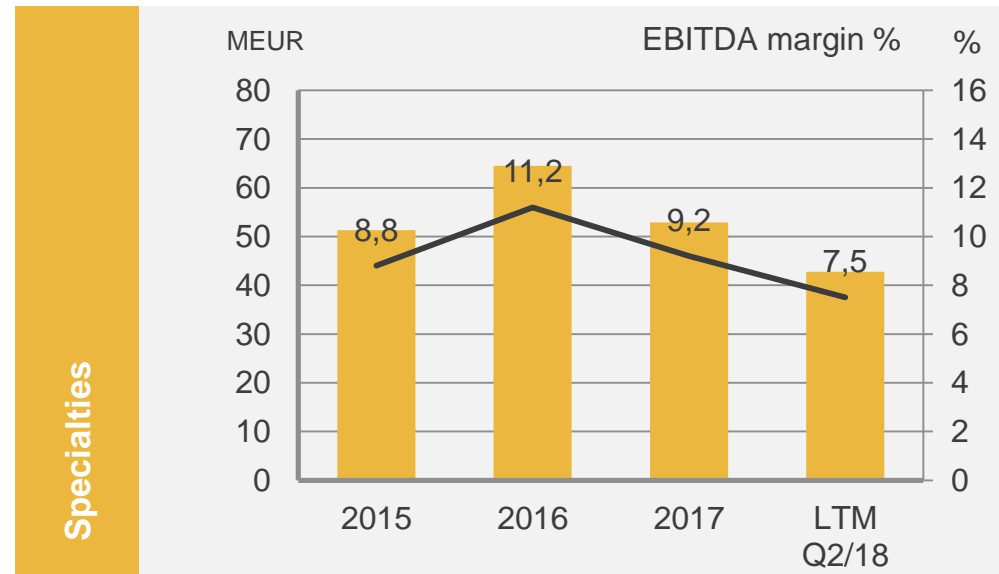
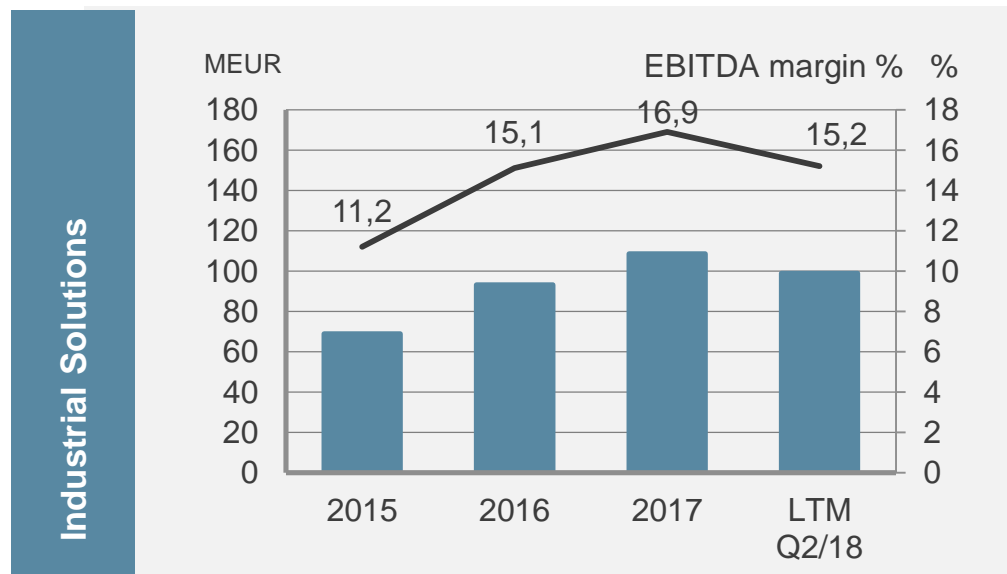
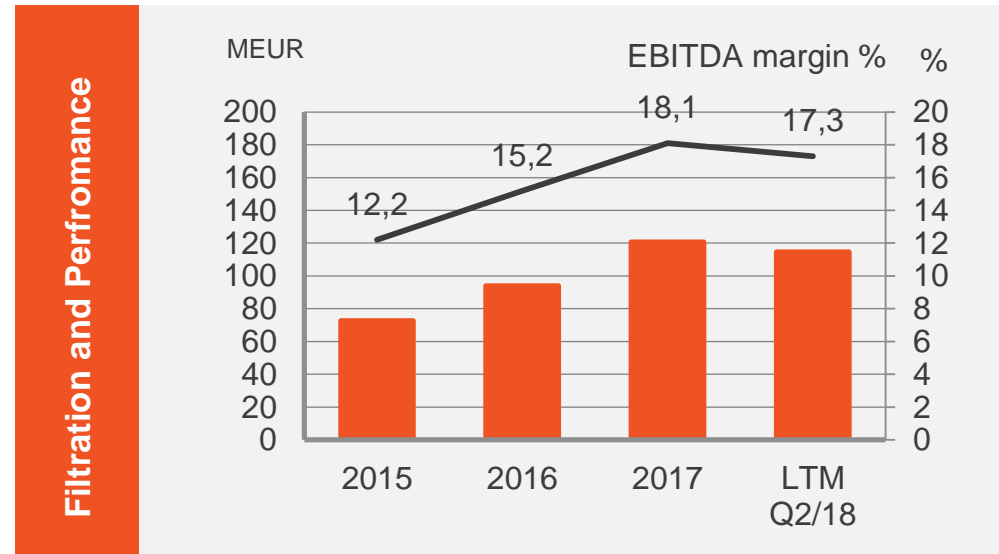
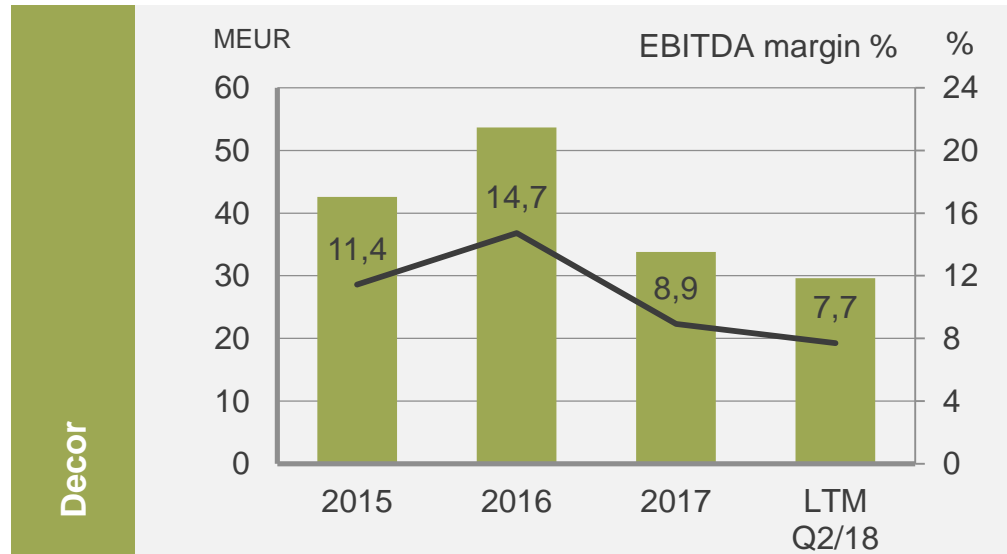
Key takeaways

- **Global leader in sustainable and innovative fiber based solutions**
- **Value proposition based on innovation, quality and service**
- **One company – 13 solid businesses operating on growing segments**
- **Good profitability in most businesses – measures underway in underperforming businesses**
- **Transformation in progress**
 - Critical size through Ahlstrom-Munksjö merger
 - Global operating platform
 - Leading competences
 - Significant organic and acquisition driven growth ongoing

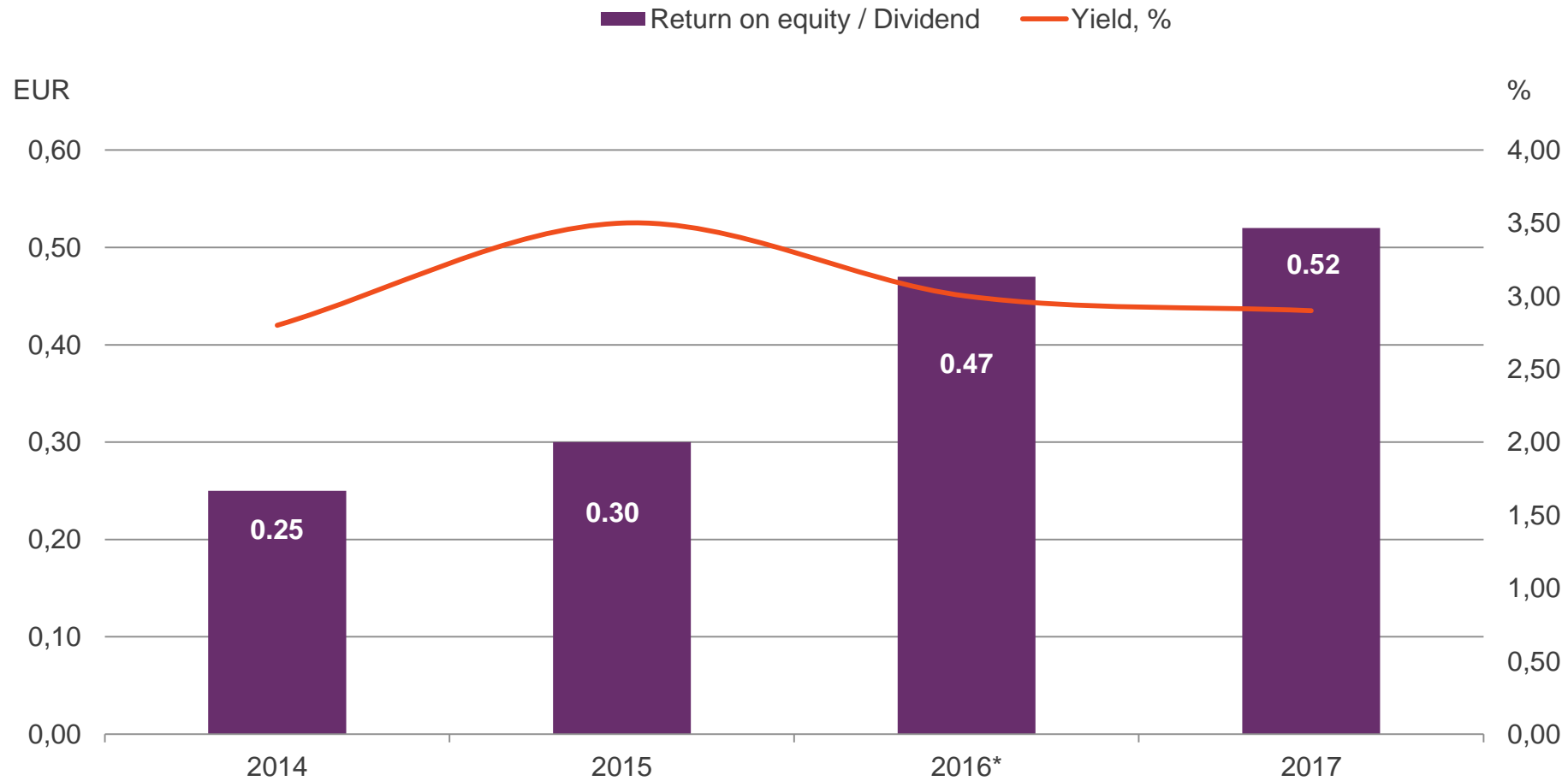


Appendix

Business area profitability



A stable and annually increasing dividend

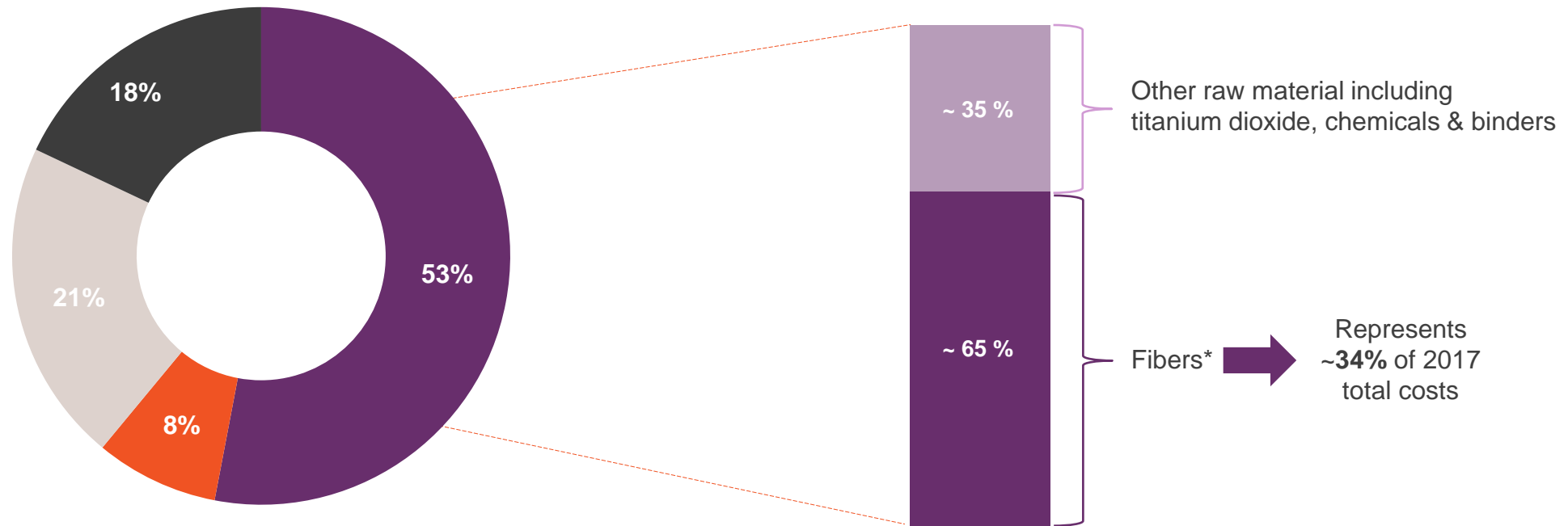


* Converted by using the same number of shares as in 2017



Cost structure

■ Raw materials ■ Energy ■ Personnel costs ■ Other external costs



* Including wood and all fiber based raw materials

Largely variable cost structure with good ability to mitigate raw material increases through implementation of price increases in customer contracts as they expire



Currency and pulp exposure and price sensitivity

Cash flows by currency before financing

EUR million in 2017	EUR	SEK	USD*	BRL	CNY	KRW	Other
Net sales	1260	55	600	110	66	15	63
Operating costs	-1155	-200	-480	-120	-55	-35	-54
Net cash flow	105	-145	180	-10	11	-20	9

*Excluding EUR 140 million indirect exposure

Raw material and energy price sensitivity*

EUR million	Annual impact on EBITDA
Softwood pulp, +5%	0
Hardwood pulp, +5%	-24
Energy, +5%	-8
Titanium dioxide, +5%	-7

*Assuming end of 2017 price levels

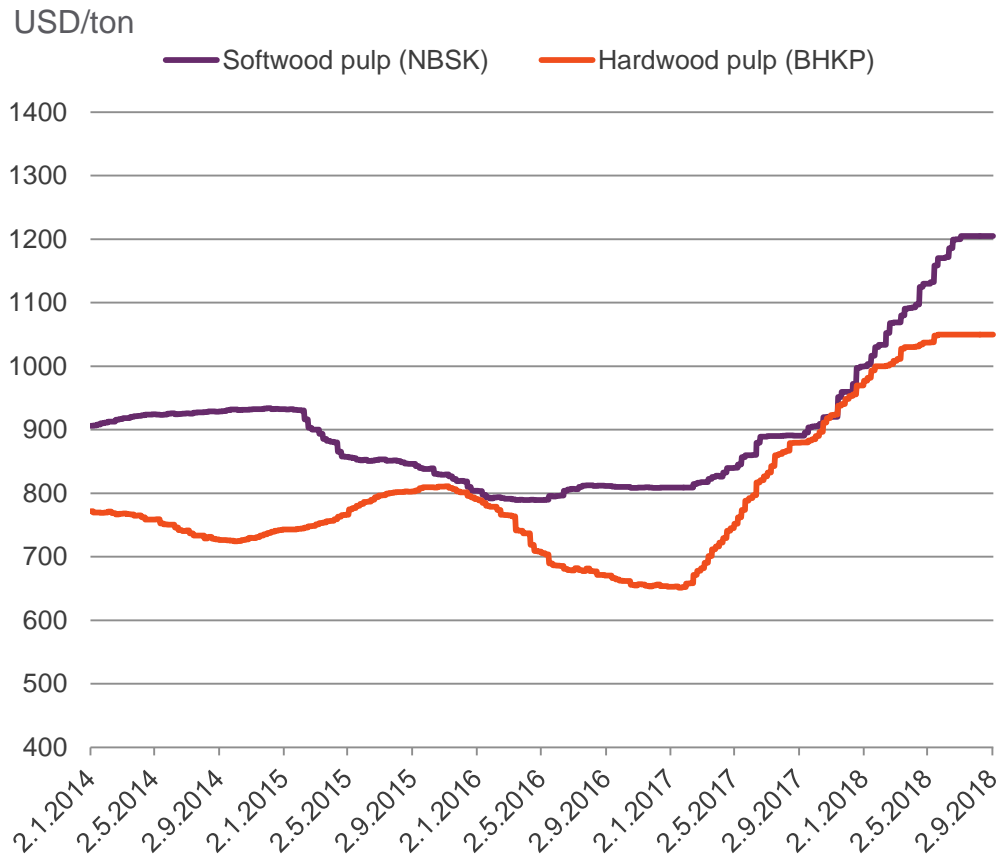
Pulp exposure

Pulp 1,000 tons	2017
Own production (softwood)	257
Usage softwood pulp	255
Usage hardwood pulp	507
Net exposure	505

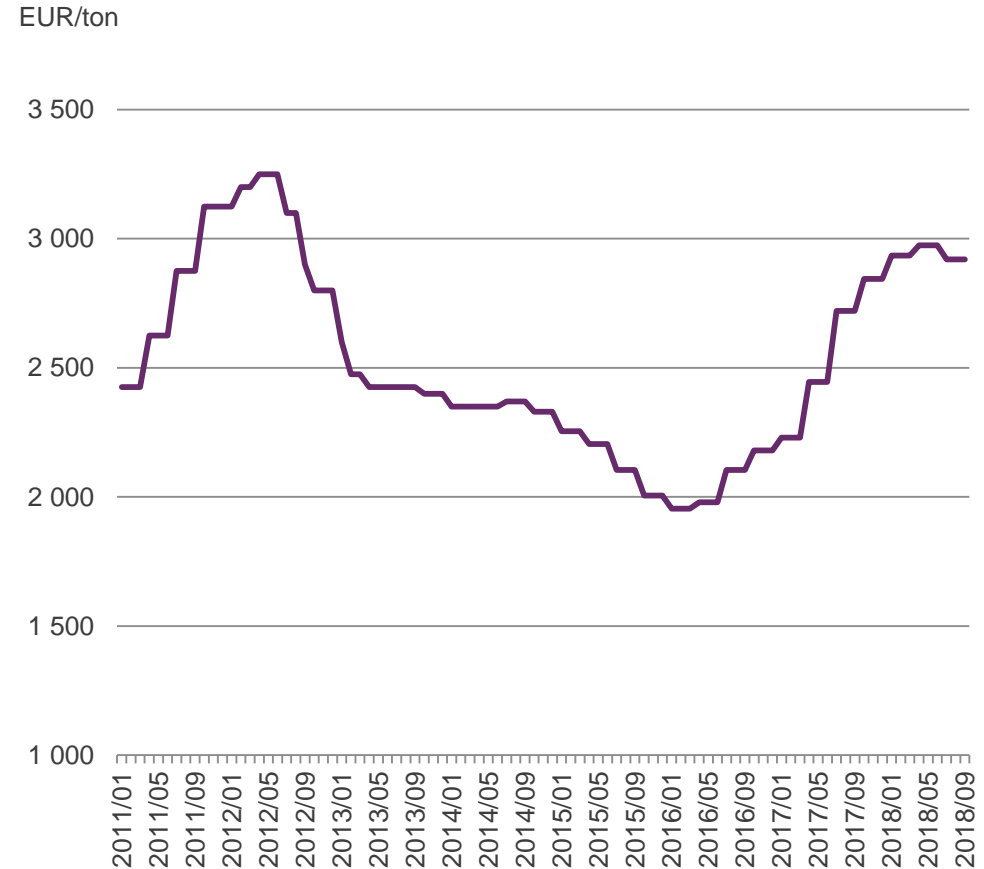


Key raw material price trends

Pulps



Titanium dioxide



Source: Foex, ICIS, Bloomberg, Ahlstrom-Munksjö



Expera - Key financials

EURm	2017	2016
Net sales	616	609
EBITDA	56*	59*
Comparable EBITDA	61*	59**



* Expera EBITDA 2017 includes expense item of EUR 3.8 million (USD 4.5 million) relating to a change in contingent consideration payable pursuant to a purchase agreement and other items that are, based on management's preliminary assessment, considered to be outside ordinary course of business of EUR 0.9 million (USD 1.0 million), net expense which are considered as adjusting items in accordance with Ahlstrom-Munksjö principles. In addition, Expera EBITDA 2017 includes EUR 1.5 million (USD 1.7 million) of current management fees as well as EUR 0.9 million (USD 1.1 million) of start-up costs related to investments which will not have a continuous impact on EBITDA.

** Expera EBITDA 2016 includes an expense item of EUR 1.5 million (USD 1.8 million) relating to a change in the contingent consideration payable, a reimbursement income for certain capital investment projects of EUR 2.7 million (USD 3.2 million) and other expense items of EUR 0.4 million (USD 0.5 million) that are, based on currently available information, considered as adjusting items. In addition, Expera EBITDA 2016 includes EUR 1.4 million (USD 1.6 million) of current management fees and EUR 0.1 million (USD 0.1 million) of start-up costs related to investments which will not have a continuous impact on EBITDA

