

Ahlstrom

Interim report January-March 2013

Jan Lång
President & CEO

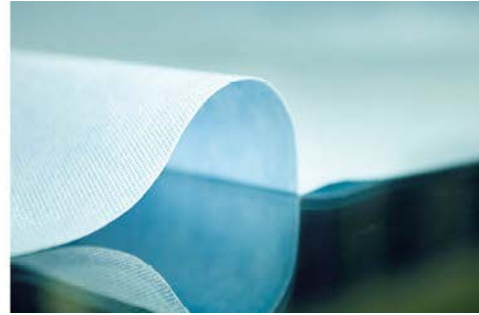
Seppo Parvi
CFO

Helsinki
April 25, 2013

Agenda

- January-March 2013
- Business area review
- Cash flow and debt development
- Income statement and balance sheet
- Future prospects

January-March 2013 in brief



Highlights:

- Net sales and profitability improved from Q4/2012
- Advanced Filtration
- Transportation Filtration in Asia
- Higher selling prices

Lowlights:

- Sluggish demand in North America
- Shortfall in sales volumes
- Higher input costs
- Start-up operations and volume development at Food and Medical

Q1/2013 key figures

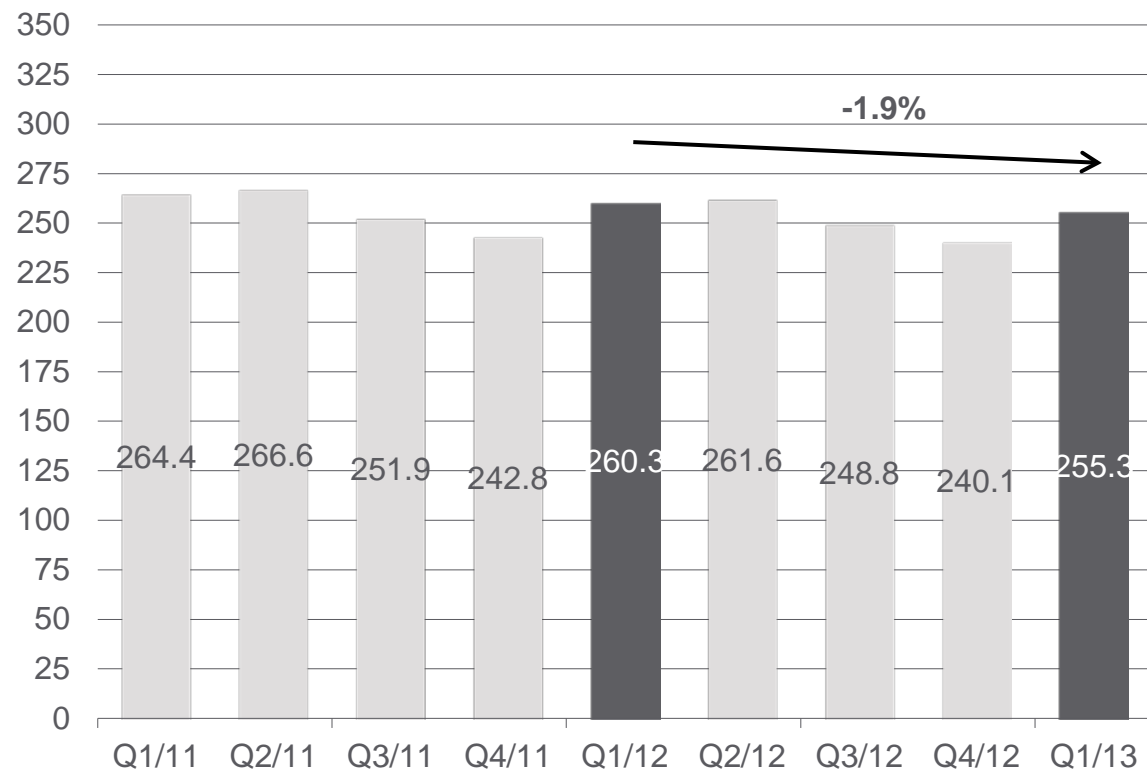
EUR million	Q1/2013	Q1/2012**	Change, %	Q1-Q4/ 2012**
Net sales	255.3	260.3	-1.9	1,010.8
Operating profit excl. NRI	6.5	10.6	-39.1	21.0
<i>% of net sales</i>	2.5	4.1		2.1
Gearing*	73.9	41.2		62.5
ROCE, %	4.9	5.9		2.2

*Including discontinued operations

**2012 figures restated

Quarterly net sales development

EUR million



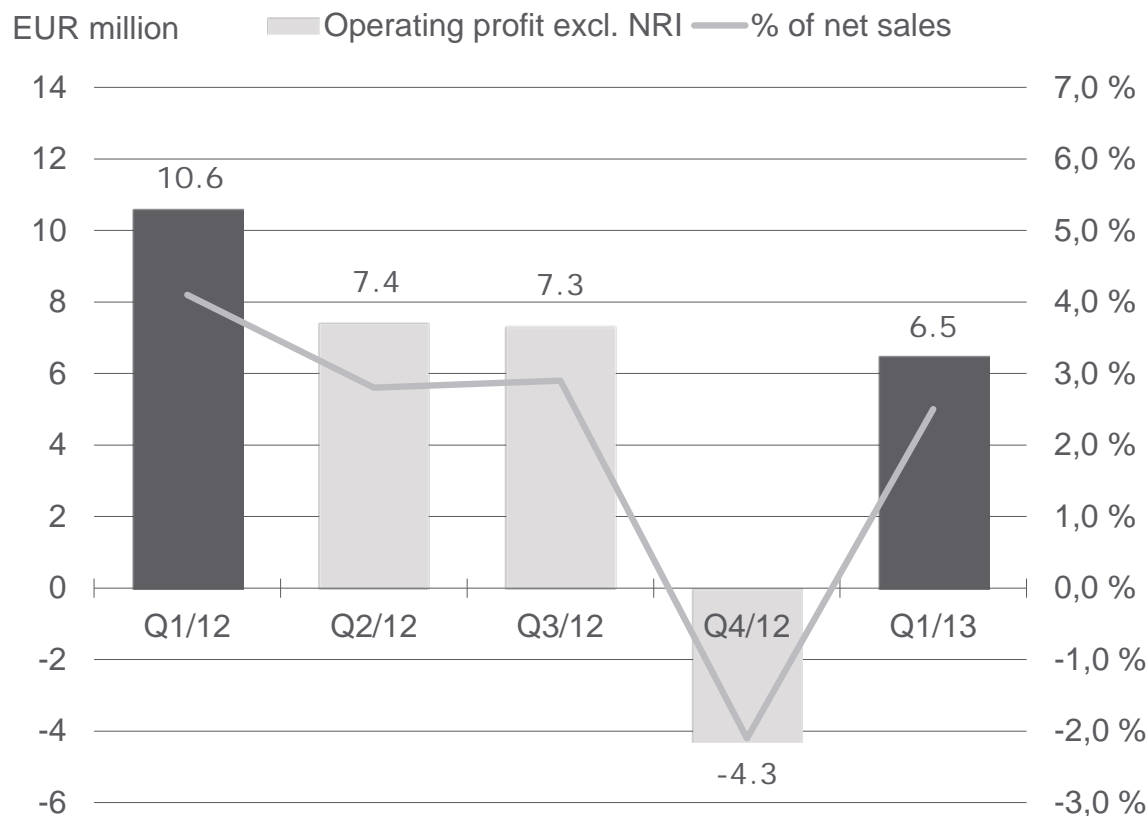
Highlights

- Higher selling prices
- Favorable product mix

Lowlights

- Lower sales volumes
- North America

Quarterly operating profit development



Highlights

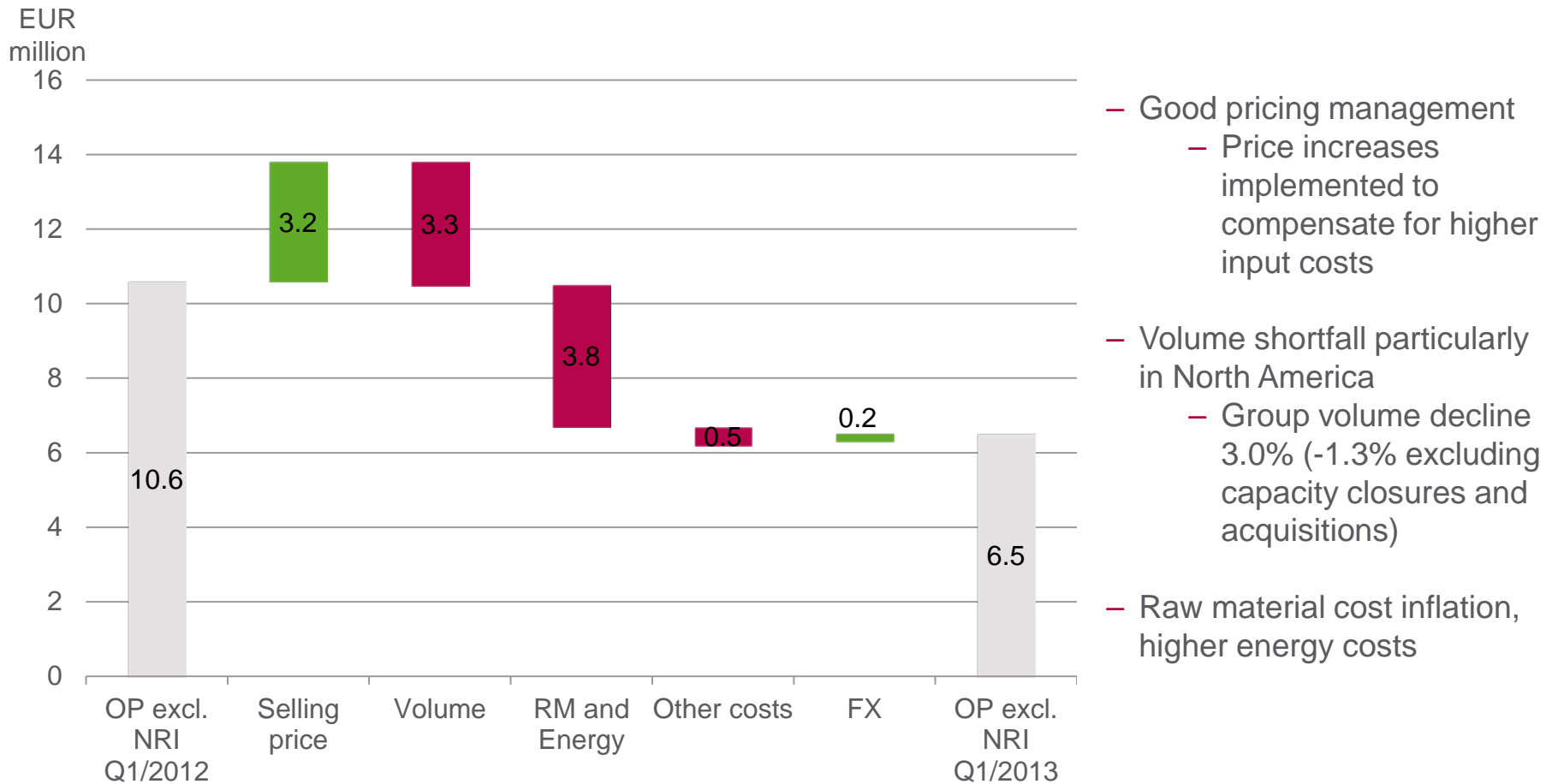
- Pricing management

Lowlights

- Lower sales volumes
- Raw material cost inflation, higher energy costs

2012 figures restated

Q1/2013 operating profit* decline driven by lower volumes



*Continuing operations, excluding non-recurring items

Business area review

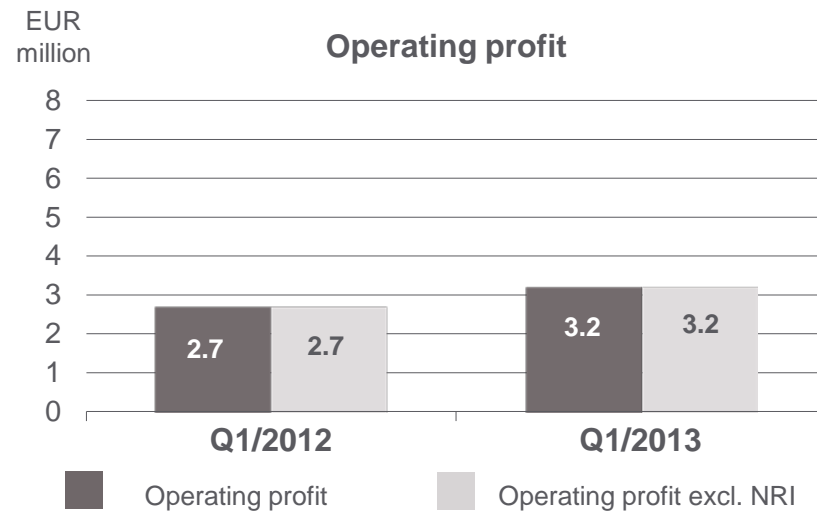
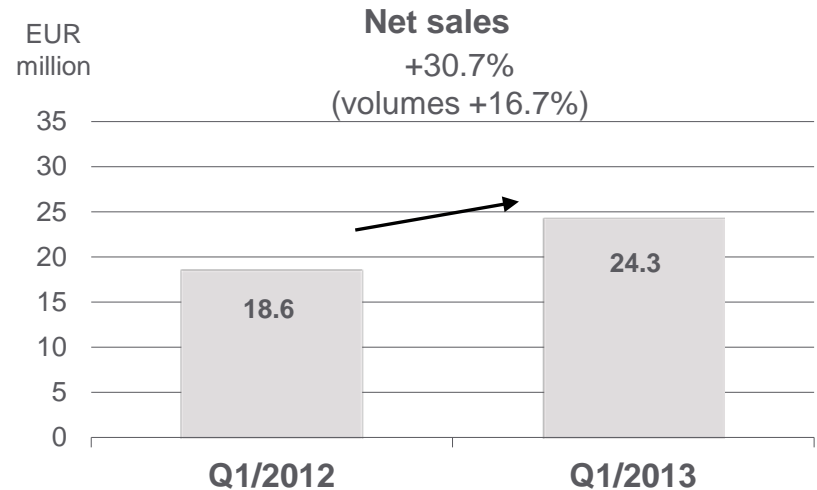
Advanced Filtration

Highlights

- Munktell acquisition
 - Net sales growth 9.6% excluding the acquisition
- Higher sales of gas turbine and life science applications
- Increased selling prices

Lowlights

- Increased raw materials costs
 - Mercerized pulp and glassfiber



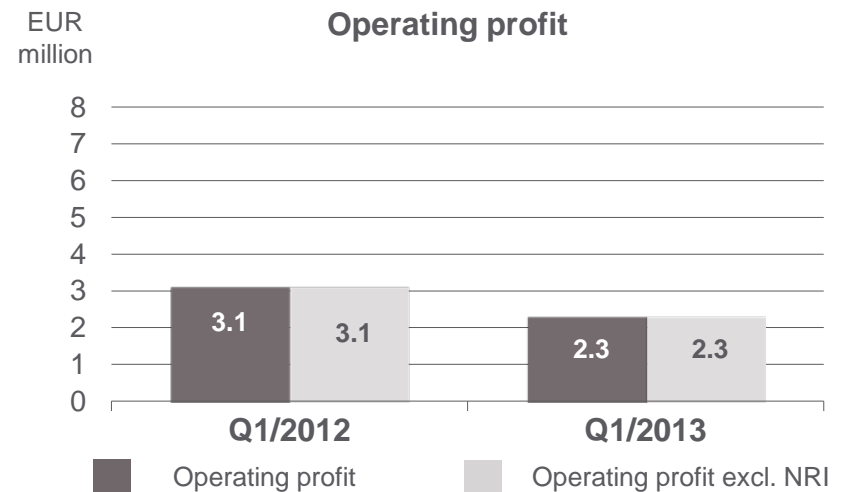
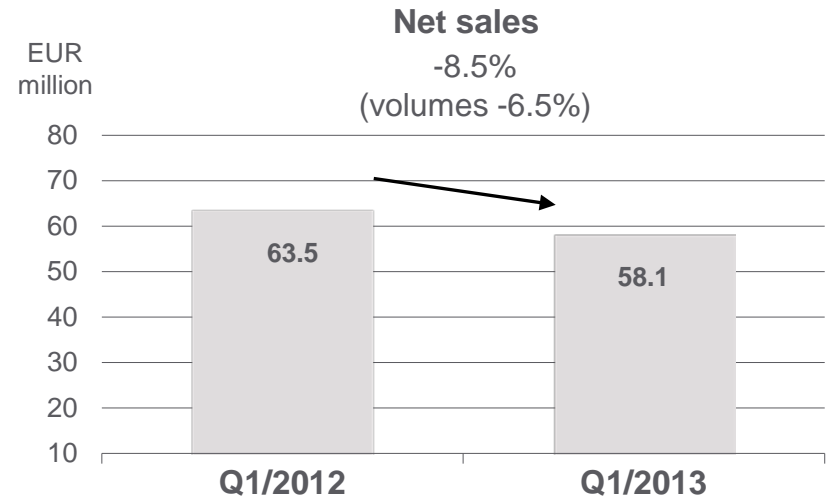
Building and Energy

Highlights

- Flooring material demand in Europe
- Wallcovering market in China

Lowlights

- Volume decline (-6.5%)
 - Excluding asset closures -0.8%
- Adverse product mix
 - Lower sales of construction and consumer-related applications in Europe



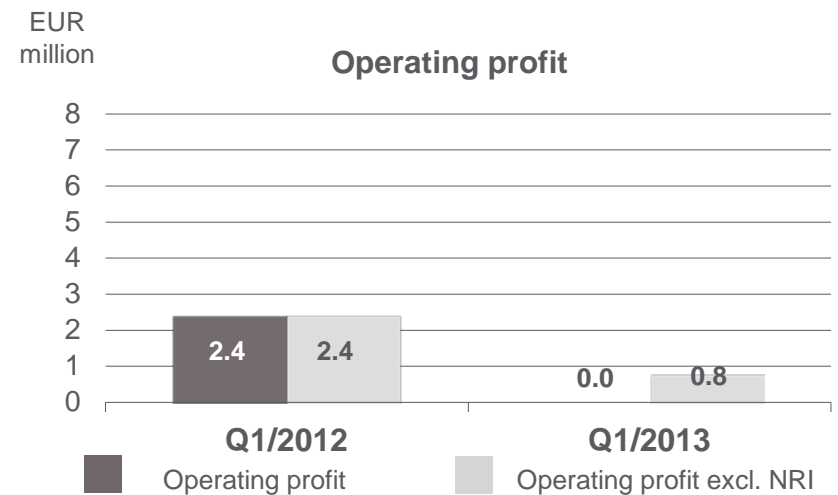
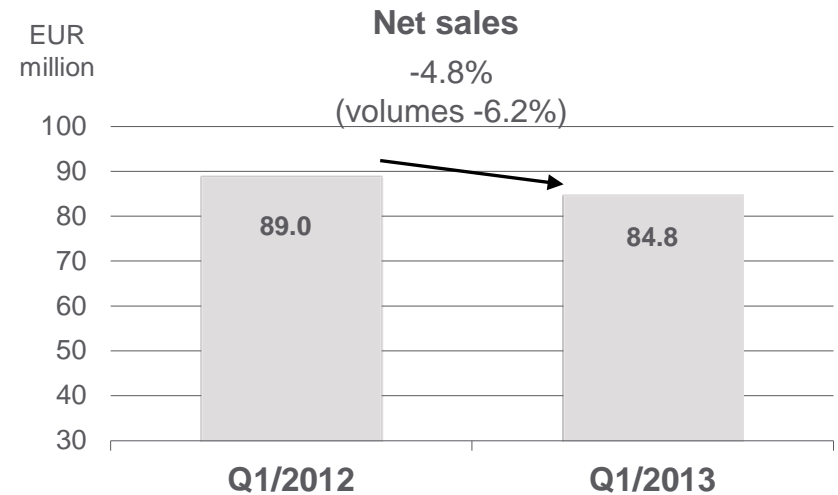
Food and Medical

Highlights

- Demand for beverage materials

Lowlights

- Demand for tape and medical products
- Exits from some unprofitable markets
- Lower capacity utilization
- Commercialization of Mundra and Longkou plants, Chirnside production line



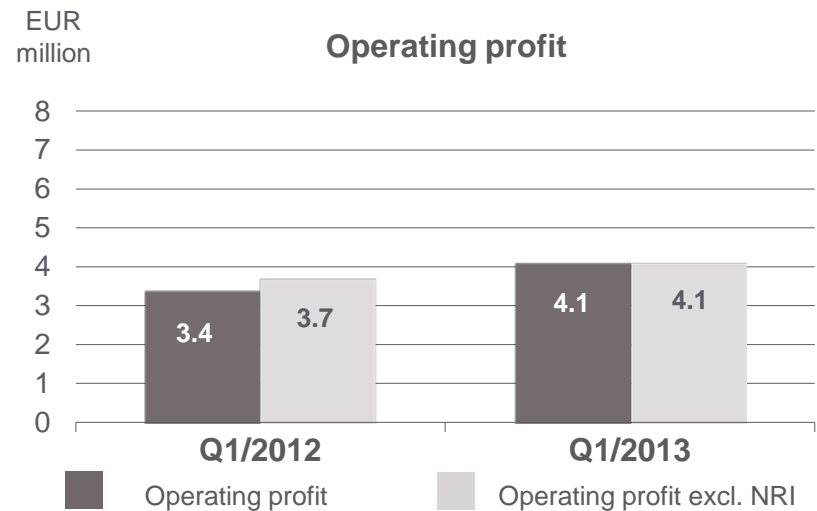
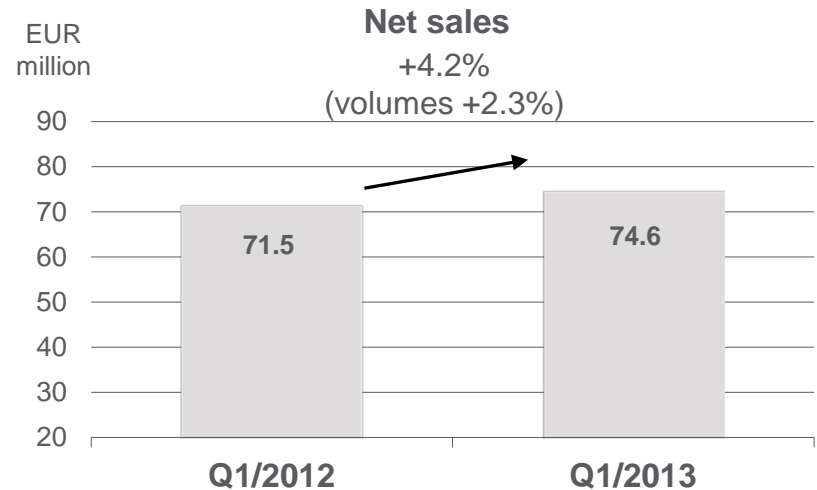
Transportation Filtration

Highlights

- Higher sales volumes
 - Demand growth in Asia
 - Sales growth in Europe in difficult market environment
- Improved regional product mix

Lowlights

- Demand for heavy duty filtration in North America
- Increased raw material and energy costs



Cash flow and debt development



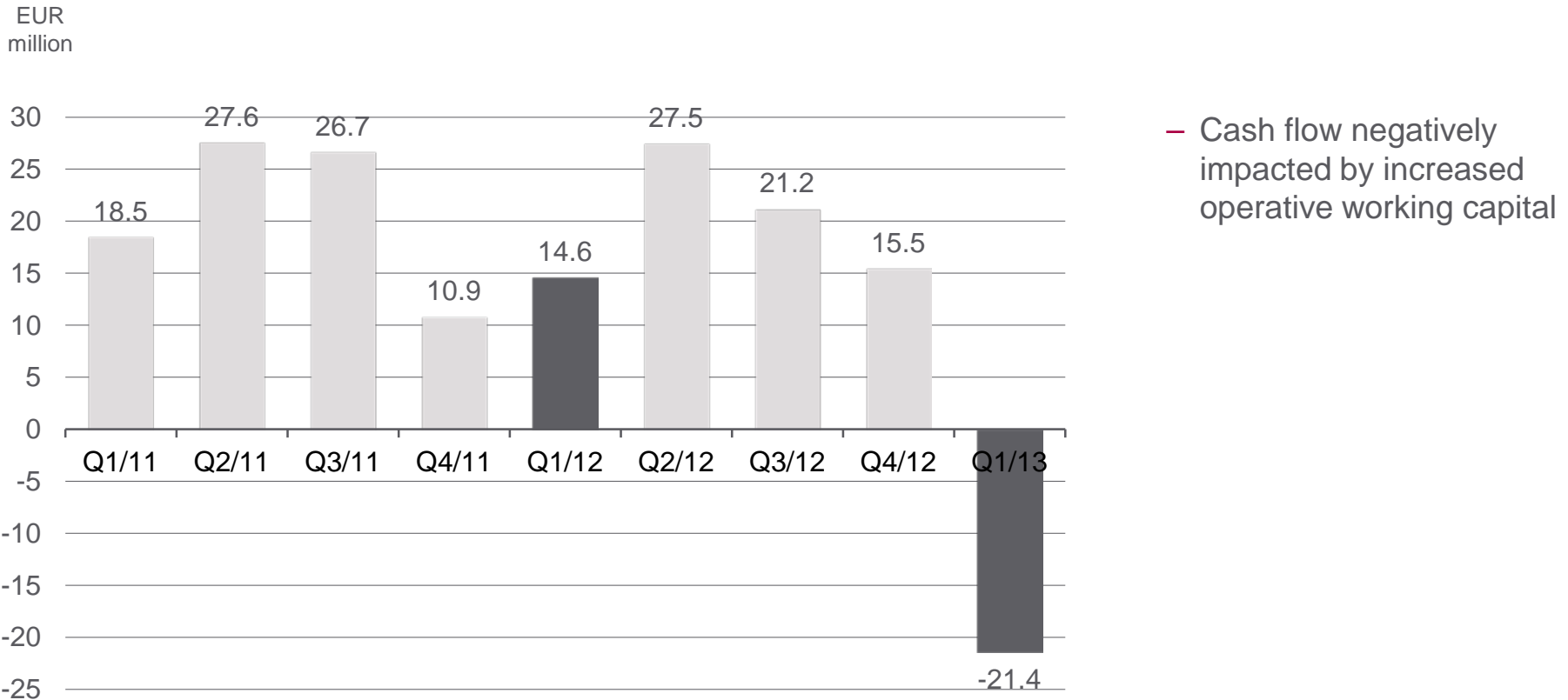
Ahlstrom adopted new IFRS standard

- The adoption of the revised IAS 19 Employee Benefits standard results in higher operating profit, higher pension liability and lower pension assets and reduced equity in the Group's financial figures for 2012

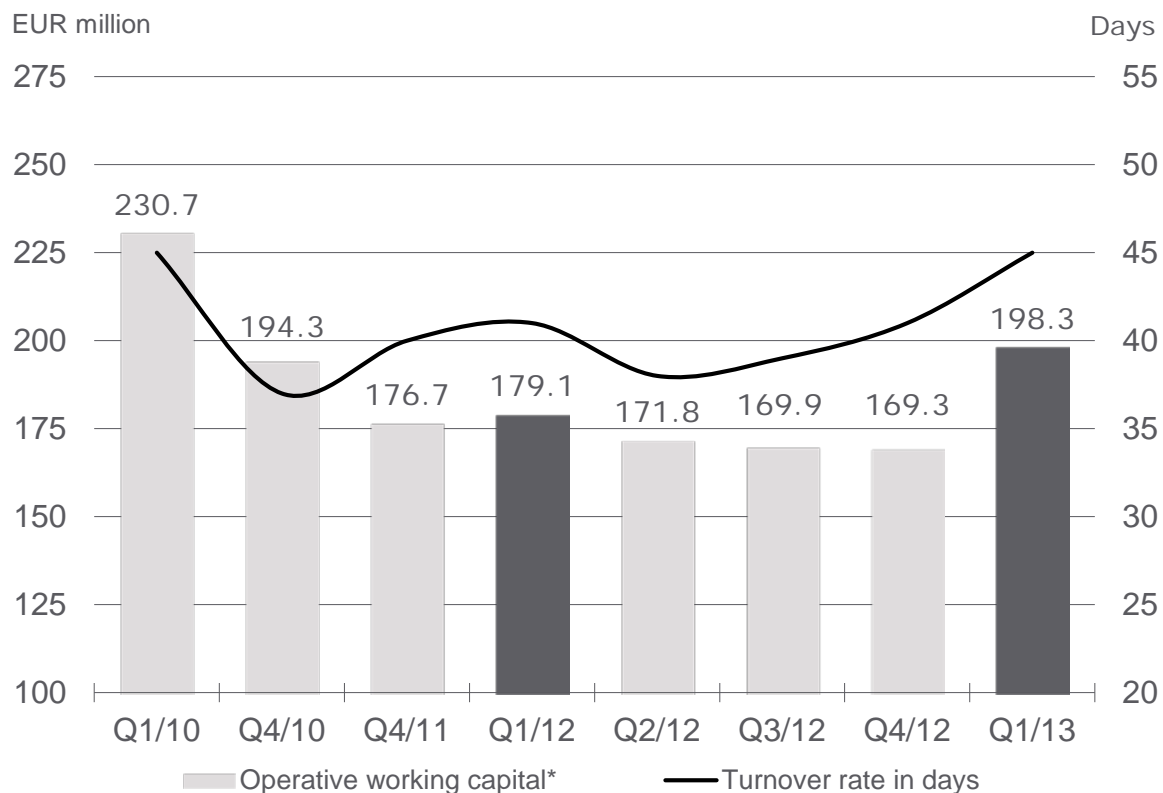
EUR million	Reported 2012	Adjustment	Restated 2012
Operating profit*	18.6	3.1	21.7
Net financial expenses	-17.3	-2.2	-19.4
Profit / Loss for the period*	-15.9	0.7	-15.2
Total equity	543.9	-58.8	485.1
Employee benefit obligations	44.4	36.2	80.6
Gearing ratio, %	55.8	6.7	62.5

*Continuing operations

Quarterly net cash from operating activities (including discontinued operations)



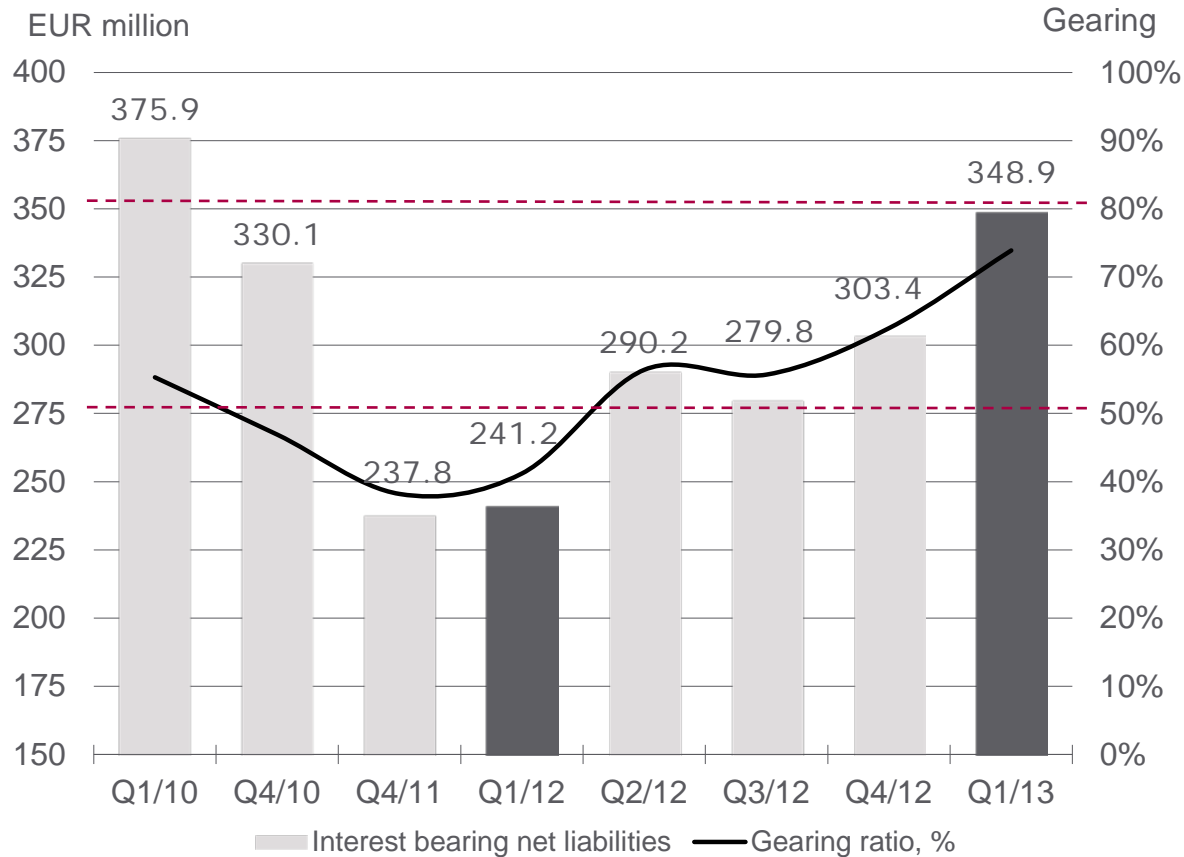
Development of operative working capital (including discontinued operations)



- Operative working capital increase due to:
 - Munktell acquisition
 - Increase in trade receivables and inventories
 - Changes in factoring
- Current focus on reversing the negative development
- Turnover rate was 45 days on March 31, 2013 (41 days on Dec. 31, 2012)

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

Gearing ratio (including discontinued operations)

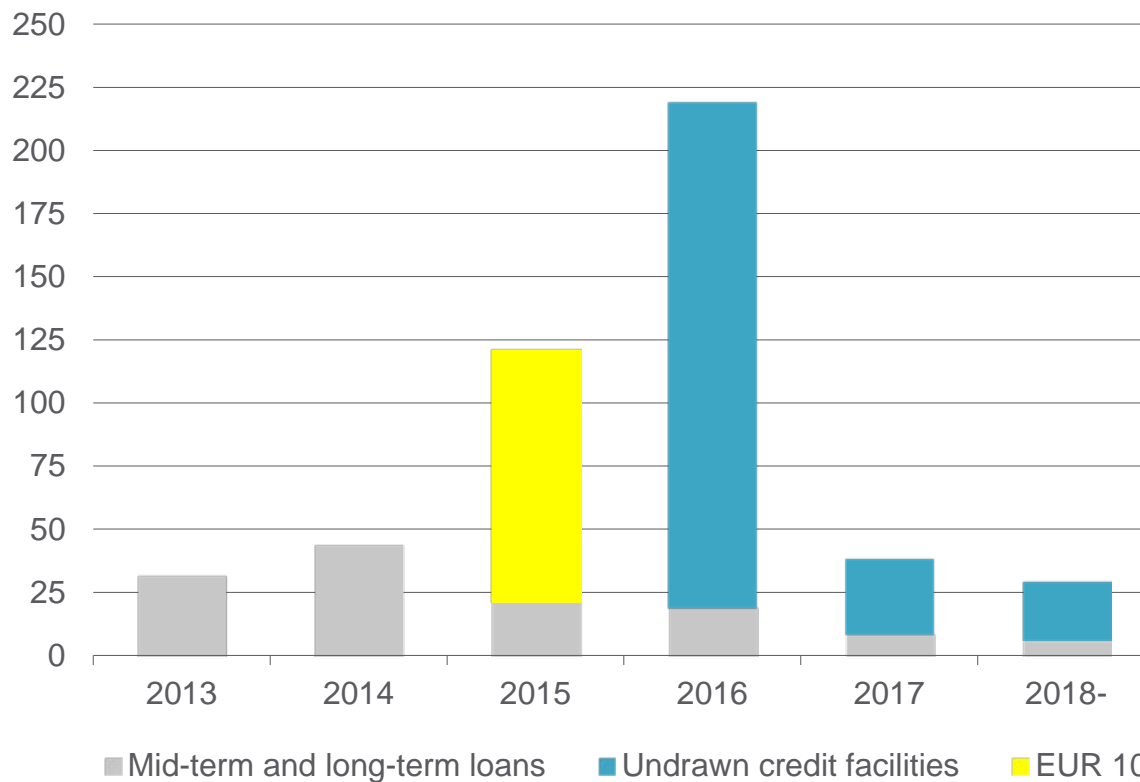


**Gearing ratio:
target range 50–80%**

- Higher net debt and gearing ratio due to negative cash flow and declared dividends
- Gearing ratio was 73.9% on March 31, 2013
- Ahlstrom has an option to repay its EUR 80 million hybrid bond in November, 2013
 - The company is exploring refinancing options

Maturity profile of medium/long-term credit facilities

EUR million



- Total liquidity, including cash and unused committed credit facilities was EUR 296.6 million at the end of Q1/2013.
- In addition, Ahlstrom had undrawn uncommitted credit facilities and cash pool overdraft limits of EUR 155.2 million available.

Income statement and balance sheet



Income statement

	Q1/2013	Q1/2012	2012 figures are restated
EUR million			
Net sales	255.3	260.3	▶ Lower sales volumes
Cost of goods sold	-216.1	-218.9	
Gross profit	39.2	41.5	
Sales, administrative and research & development expenses	-34.3	-31.7	
Other income and expenses	3.4	0.9	
Operating profit	8.3	10.7	▶ NRI EUR 1.9 million in Q1/13 vs. EUR 0.1 million in Q1/12
Net financial expenses	-4.7	-4.7	
Share of profit / loss of equity accounted investments	0.4	0.0	▶ Suominen Oyj, Jujo Thermal
Profit before taxes	4.0	6.0	▶ No tax revenues nor tax assets were recognized for companies with uncertain profit forecasts or for associated companies
Income taxes	-1.6	-2.0	
Profit for the period from continuing operations	2.5	4.0	
Profit for the period from discontinued operations	5.4	4.1	▶ Label and Processing and Brazilian part of Home and Personal (no depreciation)
Profit for the period	7.9	8.1	

Balance sheet

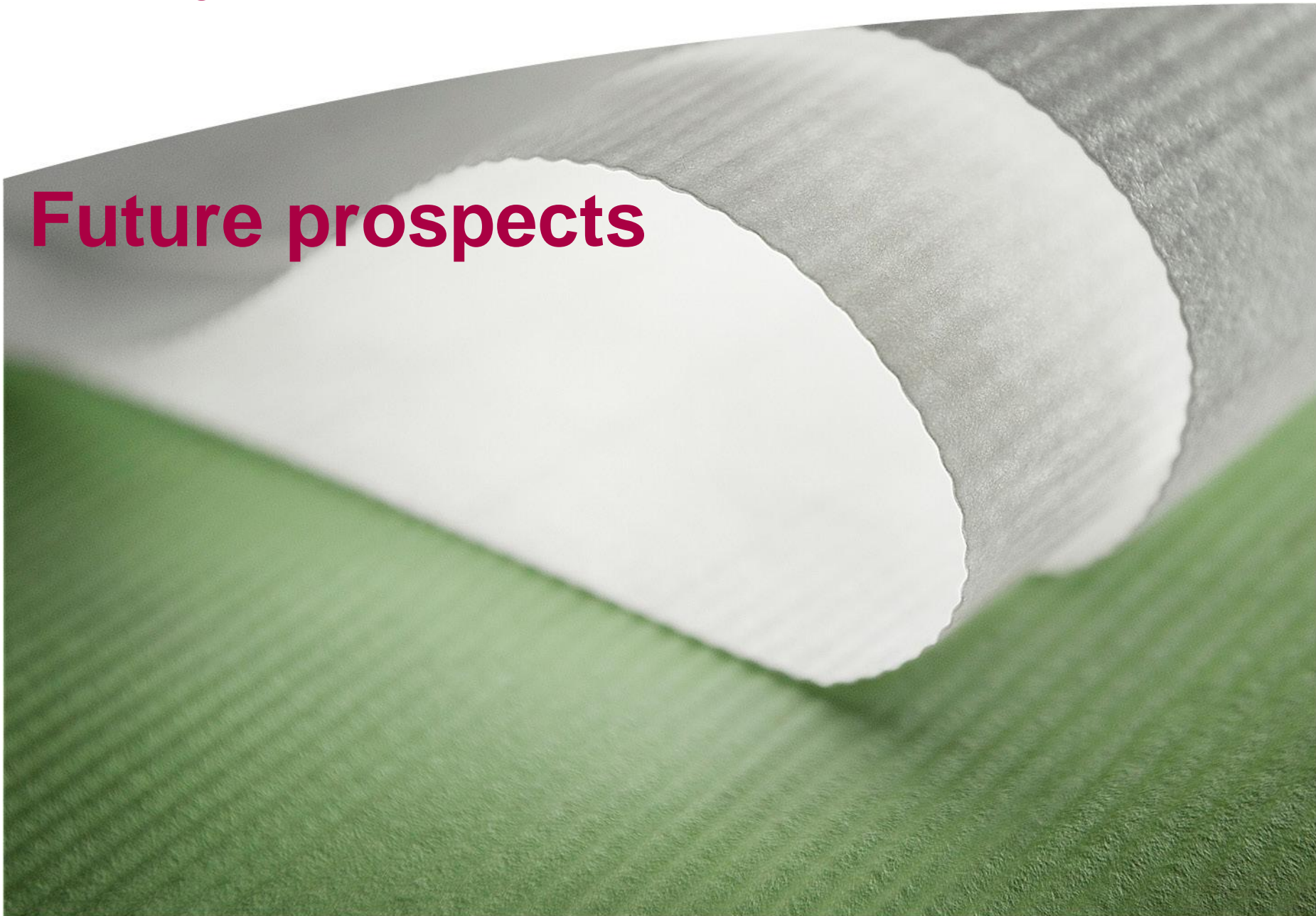
	March 31, 2013	Dec. 31, 2012	2012 figures are restated
EUR million			
Total non-current assets	585.1	567.5	
Inventories	121.1	112.4	
Trade and other receivables	181.5	158.0	
Other short-term receivables	0.7	0.6	
Cash and cash equivalents	49.9	52.8	
Assets classified as held for sale and distribution to owners	497.6	477.9	Label and Processing and Brazilian part of Home and Personal
Total assets	1,436.0	1,369.2	
Total equity	471.9	485.1	Incl. EUR 80 million hybrid bond. Dividends booked.
Provisions	9.7	9.2	
Interest bearing loans and borrowings	405.7	378.3	
Employee benefit obligations	76.3	80.6	
Trade and other payables	233.2	196.5	
Others	31.0	15.9	
Liabilities classified as held for sale and distribution to owners	208.3	203.5	Label and Processing and Brazilian part of Home and Personal
Total equity and liabilities	1,436.0	1,369.2	
Gearing ratio	73.9	62.5	Gearing ratio increased due to dividend.

Statement of cash flows

(including discontinued operations)

	Q1/2013	Q1/2012	2012 figures are restated
EUR million			
EBITDA	32.4	36.9	
Adjustments	-7.1	-4.3	
Changes in net working capital	-40.6	-12.4	▶ Acquisition of Munktell, increased in trade receivables, changes in factoring
Financial items	-4.9	-4.2	
Income taxes paid / received	-1.2	-1.5	
Net cash from operating activities	-21.4	14.6	
Purchases of intangible and tangible assets	-24.2	-21.4	▶ Wallcovering materials in Binzhou, China, Filtration materials investment in Turin, Italy
Other investing activities	2.6	2.2	
Net cash from investing activities	-21.6	-19.1	
Changes in loans and other financing activities	29.8	-1.1	
Net cash from financing activities	29.8	-1.1	
Net change in cash and cash equivalents	-13.2	-5.7	
Cash and cash equivalents at the beginning of the period	55.5	94.4	
Cash and cash equivalents at the end of the period	43.1	88.2	

Future prospects



High priority programs

High priority programs

To be able to execute our business strategy, we have defined five high priority programs and key focus areas that are crucial to our success.

Delivering outstanding customer value



Winning new business

Growing through differentiation



Launching successfully new products

Implementing a high performance culture



Reaching and exceeding my targets

Driving a world-class supply chain



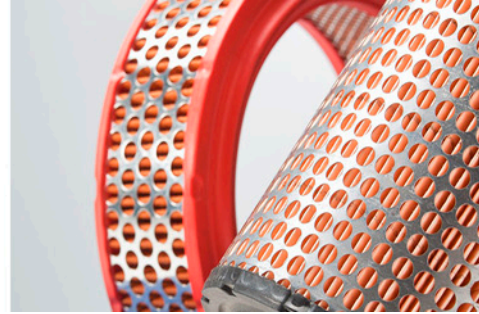
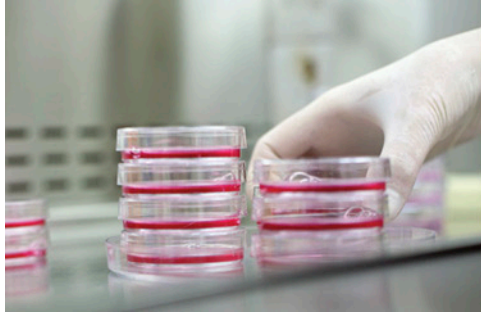
Improving quality, flexibility and reducing cost

Winning in Asia



Achieving commercial success for Longkou, Mundra and Binzhou

Focus on growth in 2013



New products

Bringing new products successfully to the market

Sales growth

Good growth with key accounts already in 2012

Increase sales to smaller customers

Create new business opportunities with existing and new customers

Increase flexibility and responsiveness to smaller customers

Outlook for 2013



- Net sales from continuing operations are expected to be EUR 980-1,140 million
- Operating profit margin excluding non-recurring items from continuing operations is expected to be 2-5% of net sales
- Investments excluding acquisitions are estimated to amount to approximately EUR 75 million

Stay ahead™

Thank you

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