

Ahlstrom Corporation Annual General Meeting 2013

Jan Lång
President & CEO

Helsinki
March 27, 2013

Content

Executive Management Team

Strategic path

Year 2012 in brief

- Execution of strategy
- Business areas

Strengthening of product development

Outlook for 2013 and dividend proposal

Ahlstrom's Executive Management Team

Jan Lång

President & CEO

Seppo Parvi

CFO and deputy to the President

Paula Aarnio

EVP, Human Resources & Sustainability

Daniele Borlatto

EVP, Label and Processing

Fulvio Capussotti

EVP, Advanced Filtration

William Casey

EVP, Food and Medical

Jari Koikkalainen

EVP, Transportation Filtration

Laura Raitio

EVP, Building and Energy

Rami Raulas

EVP, Sales & Marketing

Luc Rousselet

EVP, Supply Chain

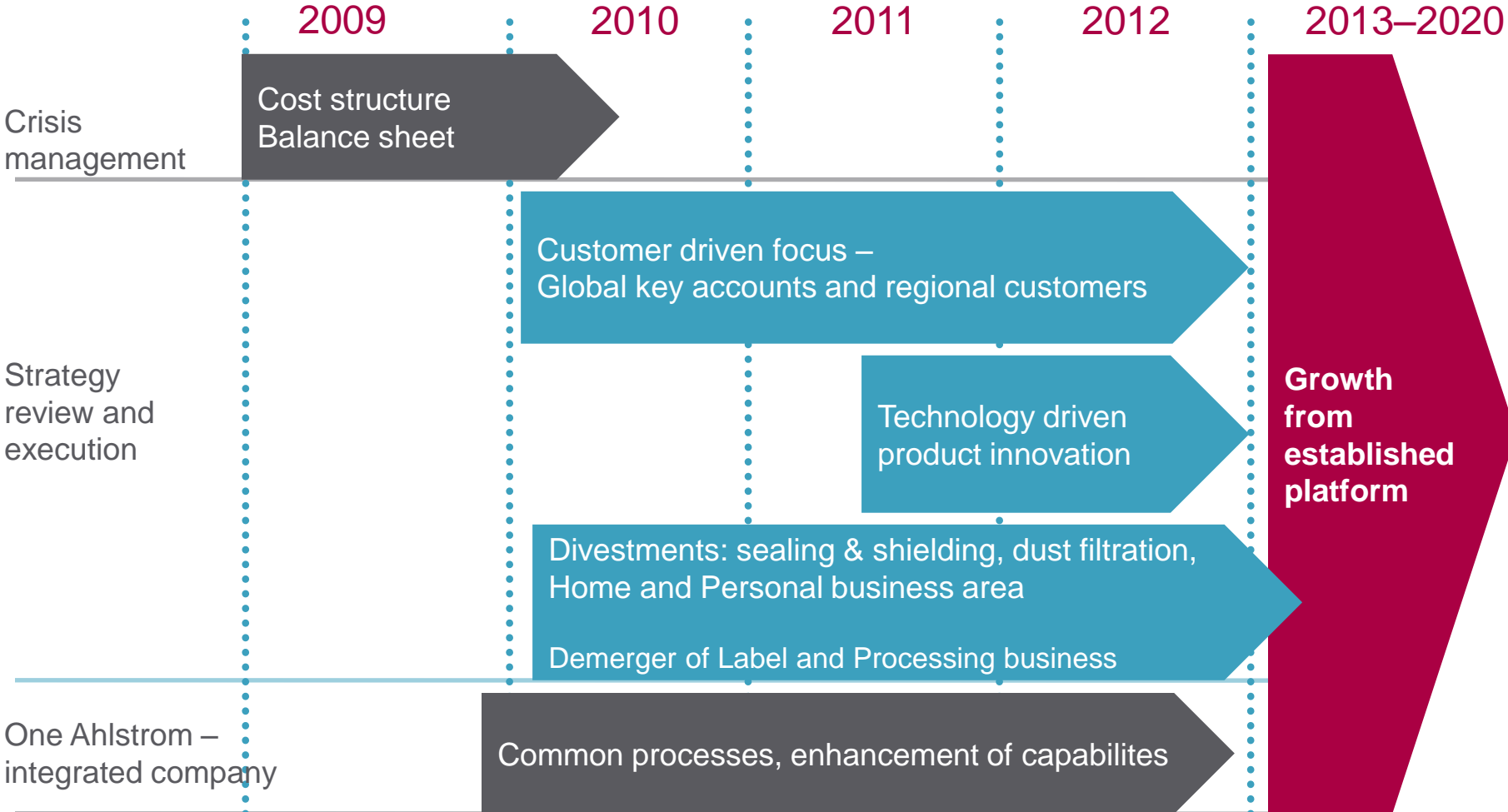
Aki Saarinen

EVP, Strategic Business Development

Paul Stenson

EVP, Product & Technology Development

Ahlstrom's strategic path 2009-2013



Crisis management 2009

2009

Crisis
management

Cost structure
Balance sheet

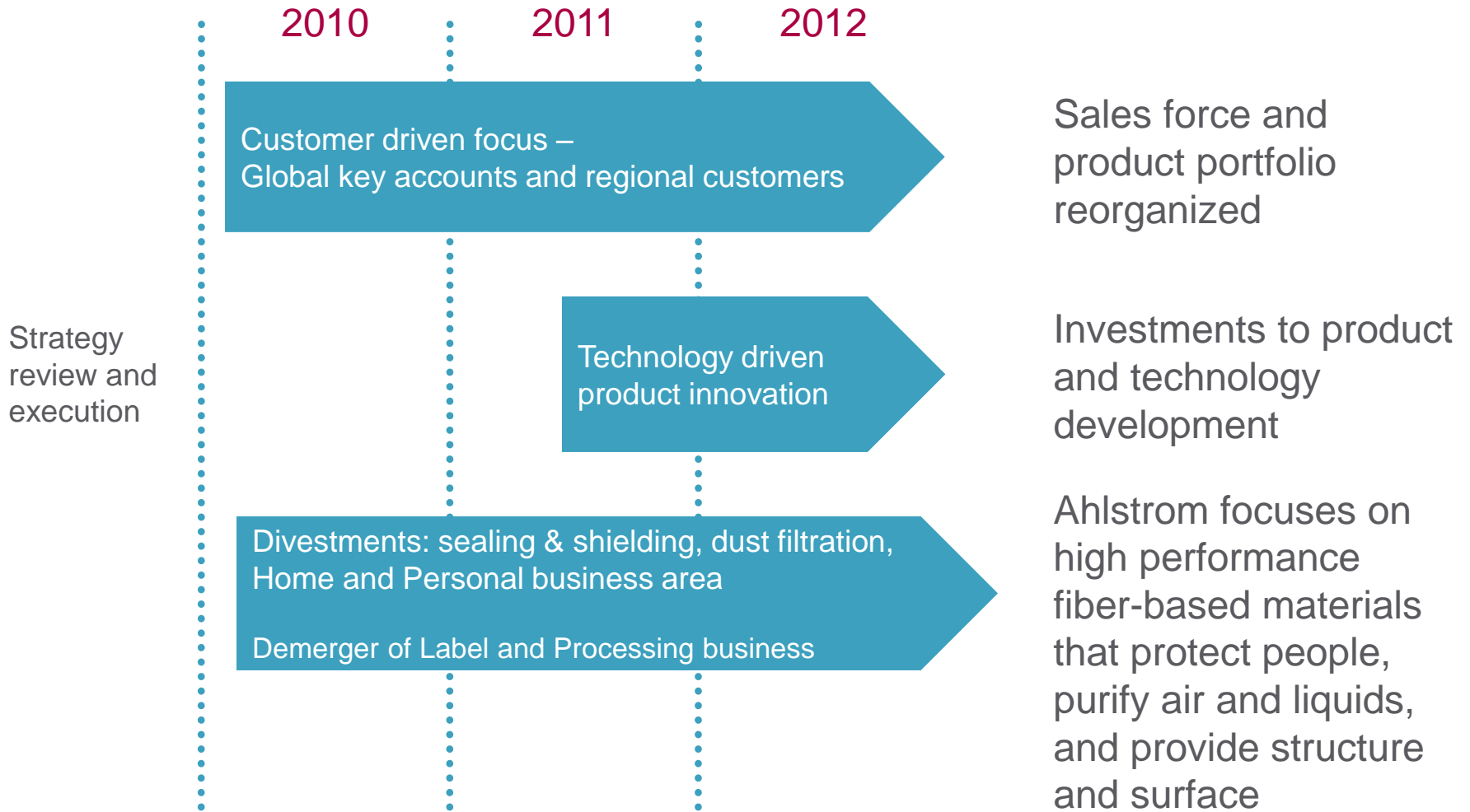
Restructuring program

- Closures of underperforming units, personnel reductions

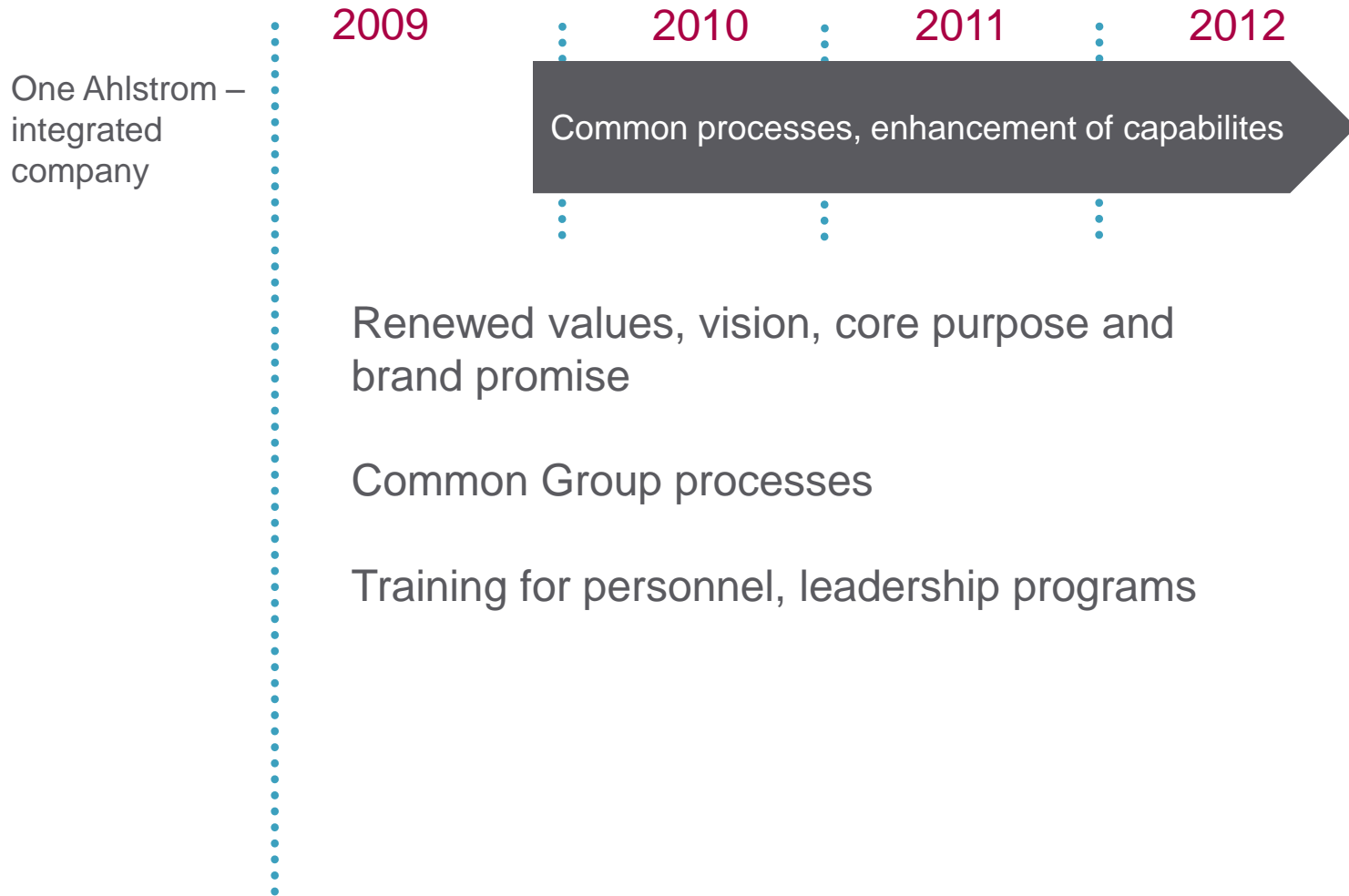
Balance sheet strengthened

- Project to reduce operative working capital: gearing reduced significantly and operative working capital has remained at a stable level
- Refinancing agreements

Strategy review and execution



One Ahlstrom – integrated company



Executing on the strategic agenda in 2012

Global market leader in high performance fiber-based materials

Customers

Solid growth with strategic global key account customers

- Organization adapted
- Continue efforts to improve responsiveness to smaller customers

Technology base

Refocus business and product focus

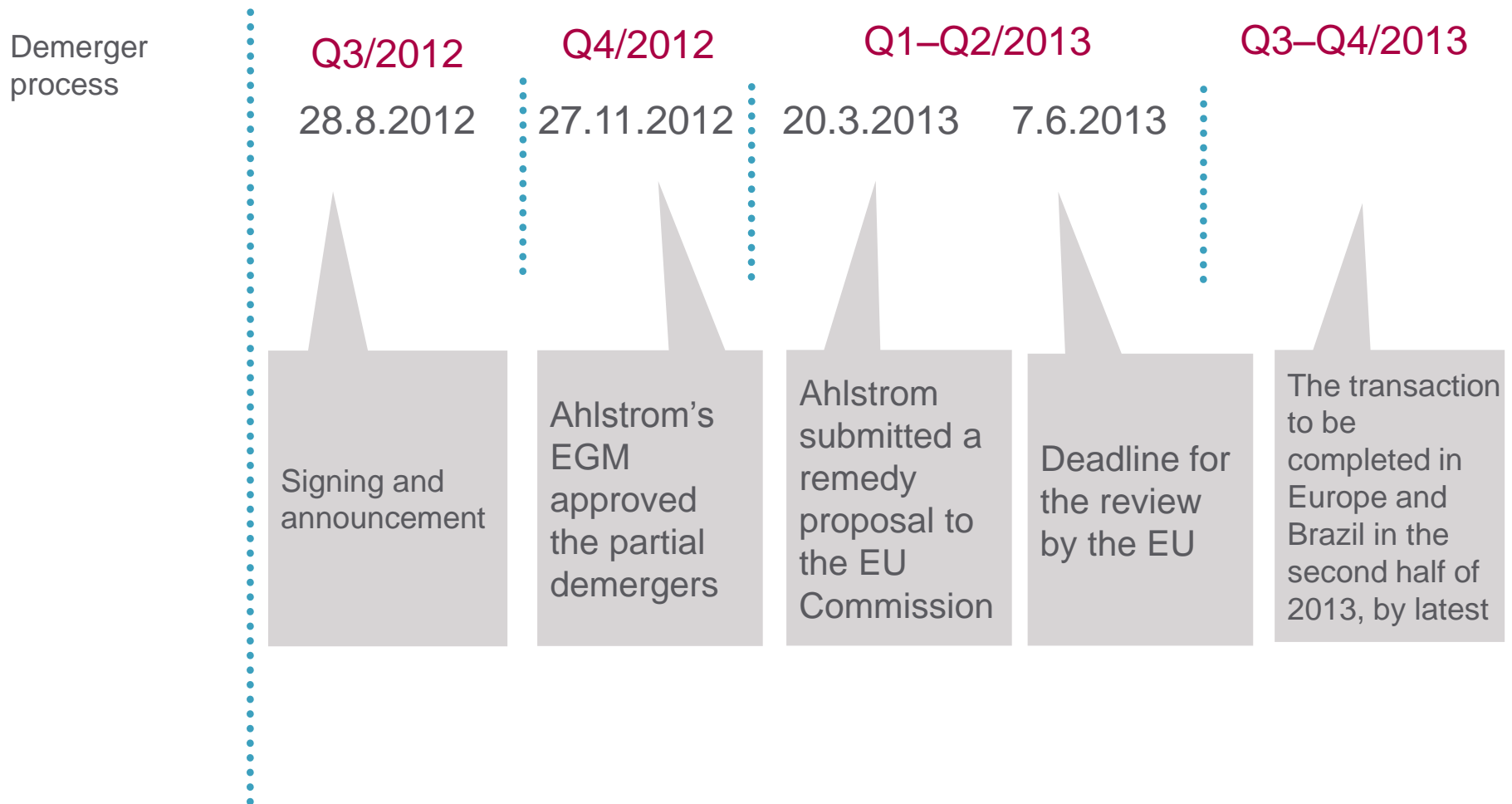
- Label and Processing demerger
- Munktell acquisition
- Commercialization process accelerated

Growth

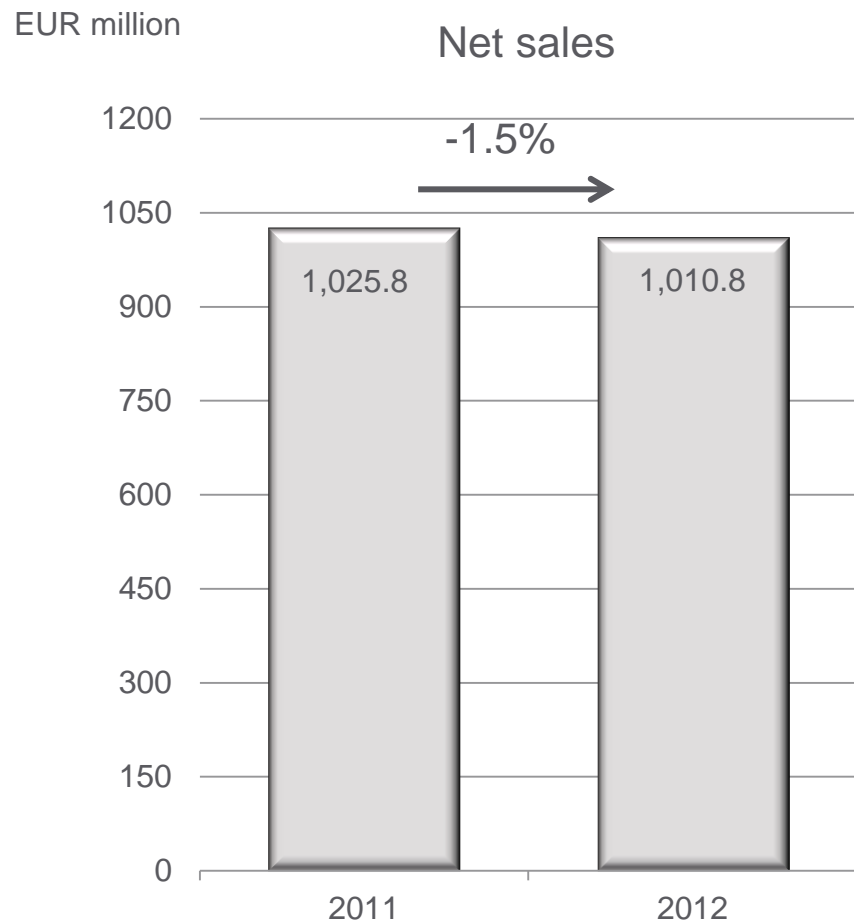
Focus in Asia

- Joint venture manufacturing crepe papers inaugurated in China
- Commercialization of medical products plant in India
- Investment in wallcovering materials in China

Demerger of Label and Processing and combination with Munksjö



Net sales in 2012 (continuing operations)



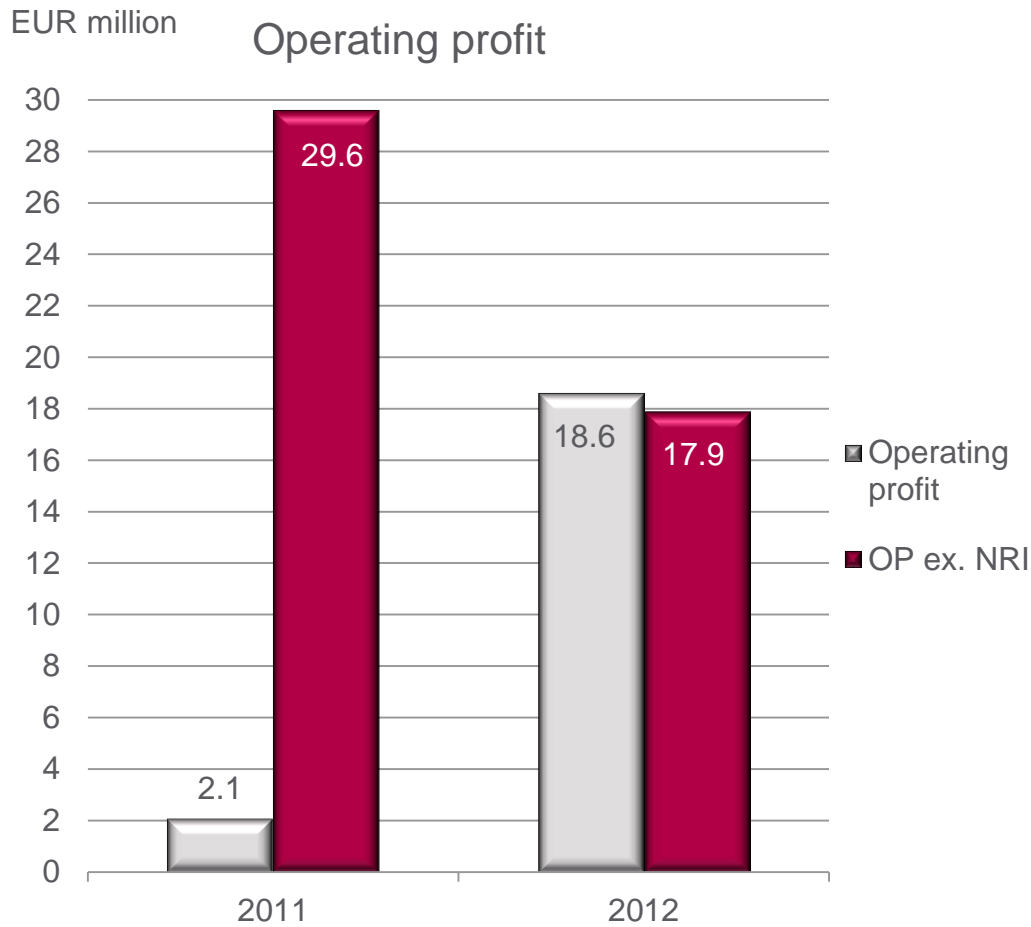
Highlights

- Advanced Filtration
- Favorable currency effect
- Higher selling prices

Lowlights

- Overall demand was soft
 - Demand in Europe remained weak, while demand in North America slowed towards the end of the year following earlier gains
- Lower sales volumes
- Asset closures

Operating profit 2012 (continuing operations)



Highlights

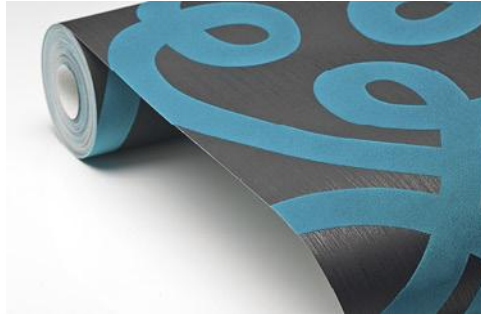
- Pricing management
- Profit improvement program of 2011
- Short-term cost mitigation

Lowlights

- Lower sales volumes
- Increased market related downtime
- Higher raw material costs
- Higher energy costs (natural gas in Italy and Brazil)

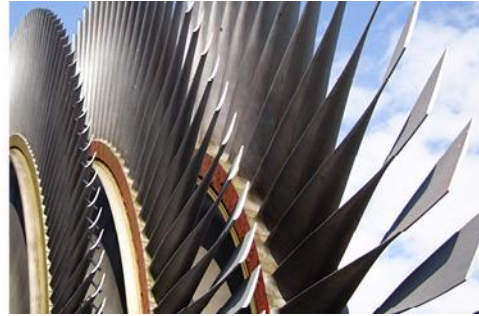
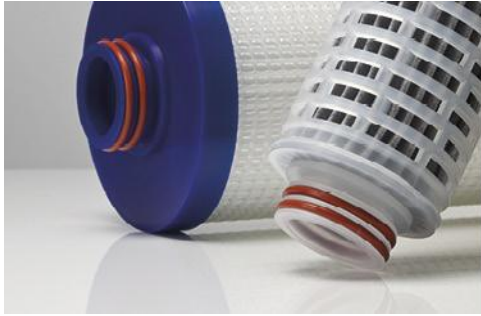
Business area review

Building and Energy in 2012



- Is one of the leading players globally for materials used in wallcoverings, floorings and windmill blades
- Share of net sales: 26%
- Net sales EUR 244.1 million (-17.6%)
- Operating profit* EUR 3.9 million (EUR 1.2 million)
 - Net sales decline mainly due to the closure of production lines
 - Stable demand for flooring, wallpaper and wallcovering materials in Europe
 - Wallcovering market in China showed some signs of improvements towards the end of the year following earlier declines
 - Wind energy market was soft

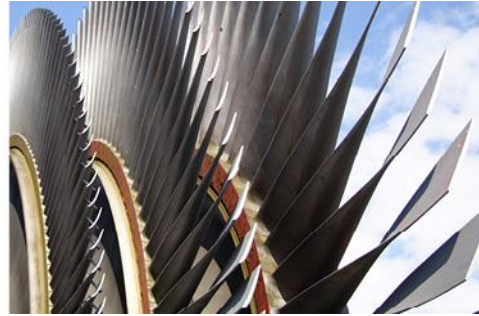
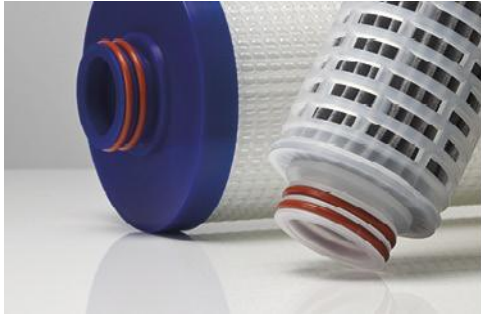
Filtration in 2012



- Is the global leader in transportation filtration materials
- Is a global supplier of air and liquid filtration materials, with a leading market position in life science and gas turbine filtration
- Share of net sales: 37%

- Net sales EUR 352.7 million (+8.7%)
- Operating profit* EUR 21.0 million (EUR 22.0 million)

Filtration divided into two business areas



– Advanced Filtration in 2012

- Net sales approximately EUR 76 million, operating profit* approximately EUR 9 million (preliminary)
- Demand continued to strengthen, particularly for gas turbine and life science filtration materials

– Transportation Filtration in 2012

- Net sales approximately EUR 294 million, operating profit* approximately EUR 12 million (preliminary)
- Demand in Europe remained soft, demand in North America weakened towards the end of the year following earlier gains

Food and Medical in 2012



- Is one of the leading players globally for materials used in teabags, food packaging, masking tape and medical gowns and drapes
- Share of net sales: 37%
- Net sales EUR 359.4 million (-0.7%)
- Operating profit* EUR 5.2 million (EUR 11.7 million)
 - Demand for tape, food packaging and beverage materials was weak
 - Demand for medical materials was stable
 - The operating profit was burdened by commercialization

Focus areas

High priority programs

High priority programs

To be able to execute our business strategy, we have defined five high priority programs and key activities 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



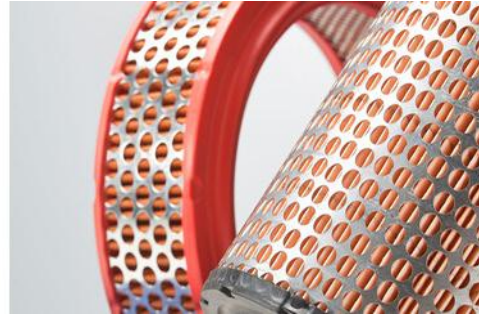
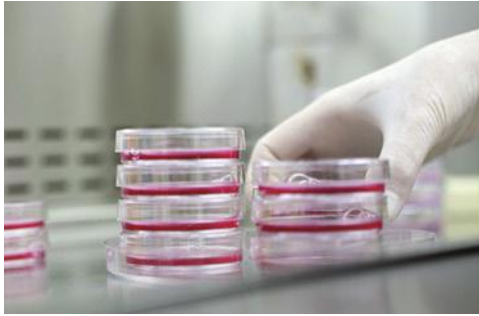
Improving quality, flexibility and reducing cost

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

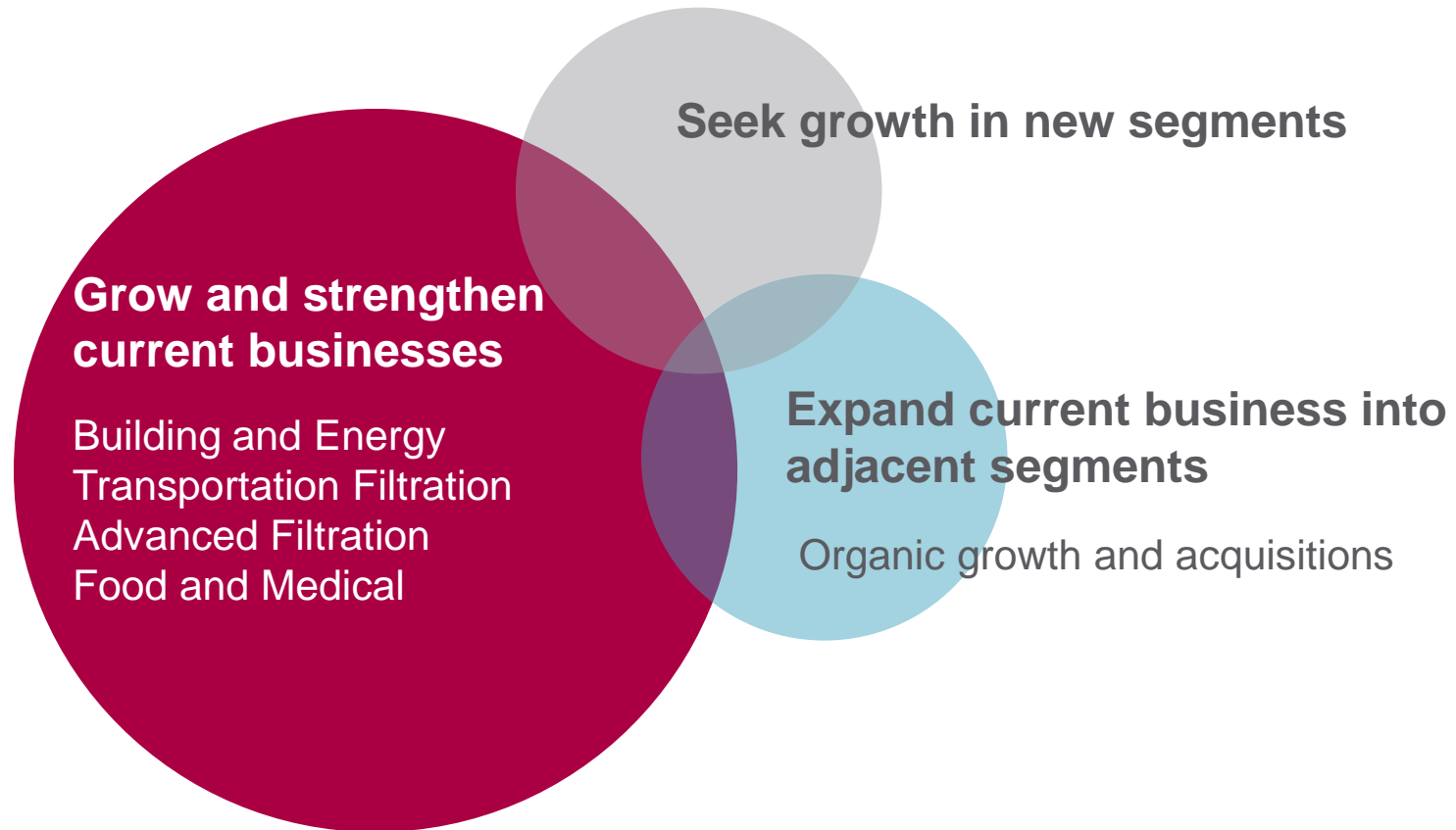
Increase flexibility and responsiveness to smaller customers

Future growth driven by the Growth 2020 program

The Growth 2020 program was initiated in the fall of 2012. The goal of the program is set long-term growth targets and search for new business opportunities in 2013-2020

1. The program aims at creating new growth paths within **existing businesses**
2. In addition, growth opportunities in **adjacent segments** are looked at (new products, technologies, services and solutions)
3. **New segments** also looked at

Future growth in three areas



Building a strong product portfolio



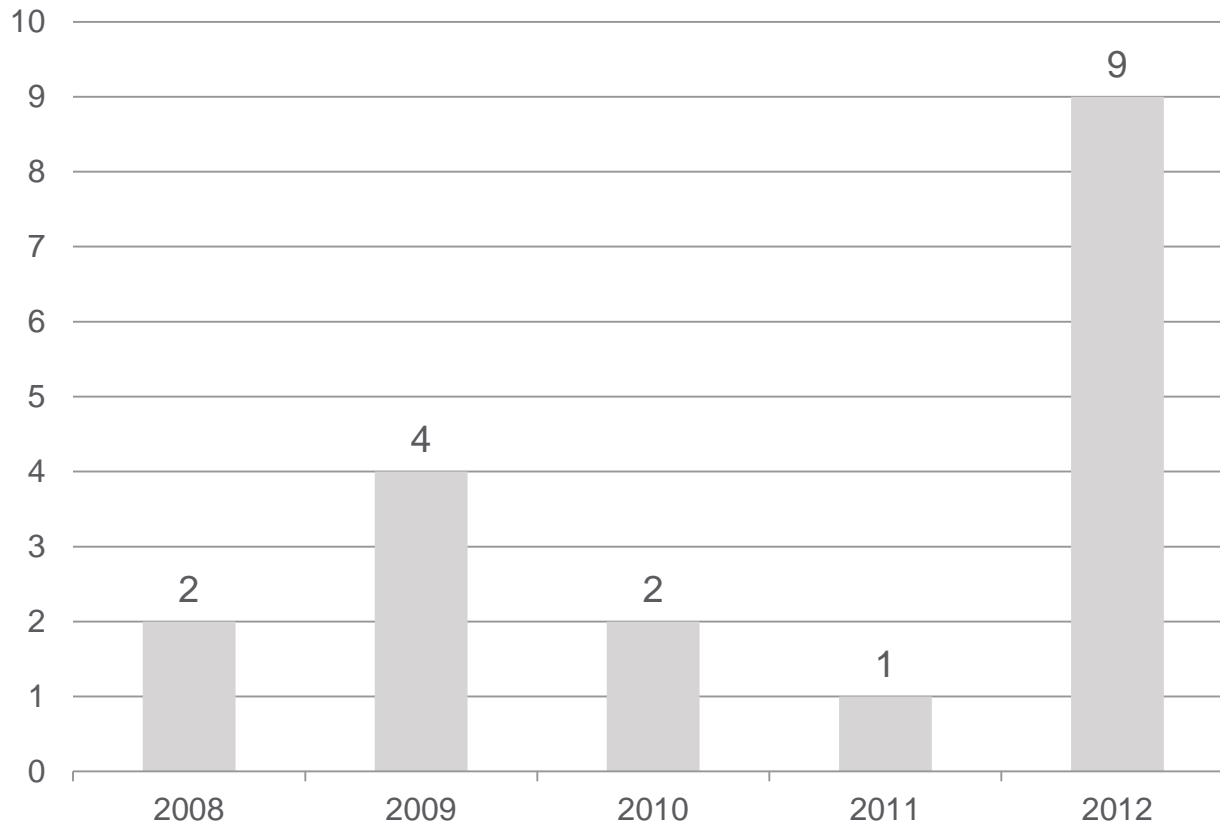
Ahlstrom's product development process



Outcome-Driven
innovation®

- Better understanding of customer needs
- Accelerate the commercialization of new products

Increasing number of patents* filed



New products

We will double the amount of new products launched to the market in 2013 compared with the previous year



Wallcovering materials

Production of hybrid wallcoverings started in Osnabrück

Ahlstrom EasyLife™ product offerings range from 3D appearances to new backing and coated facing materials

Partnership with HP on digital printing of wallcoverings

New products

We will double the amount of new products launched to the market in 2013 compared with the previous year

Filtration materials

Ahlstrom XAIR

- New breakthrough product in sooth filtration
- Reduces fuel consumption and CO₂ emissions significantly
- Significantly improved efficiency enables smaller filter size

New breakthrough

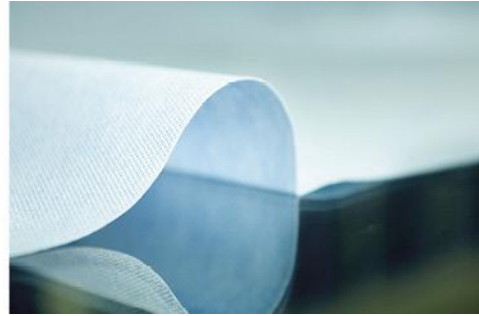
We will double the amount of new products launched to the market in 2013 compared with the previous year



Water filtration

Dow Water and Process Solutions, a unit of the Dow Chemical Company, will use Ahlstrom's Disruptor® technology in drinking water applications.

Sustainability as a key driver in product development



EcoDesign approach is based on life-cycle assessment

The target is to minimize the environmental impacts of a product over its whole life-cycle

EcoDesign approach is a continuous improvement process focusing on:

- Technical performance
- Cost efficiency
- Environment

Outlook and dividend proposal



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

Dividend proposal

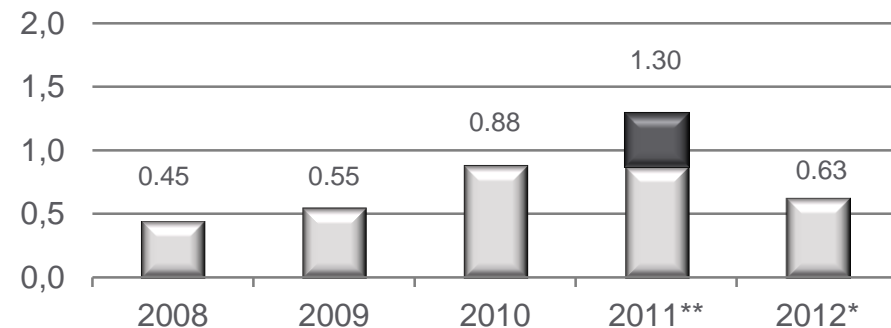
Aim is to pay a dividend of not less than one third of net cash from operating activities after operative investments, calculated as three-year rolling average.

- The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.63 per share be paid
 - (Based on Ahlstrom's dividend policy, a dividend of at least EUR 0.54 per share would be paid)

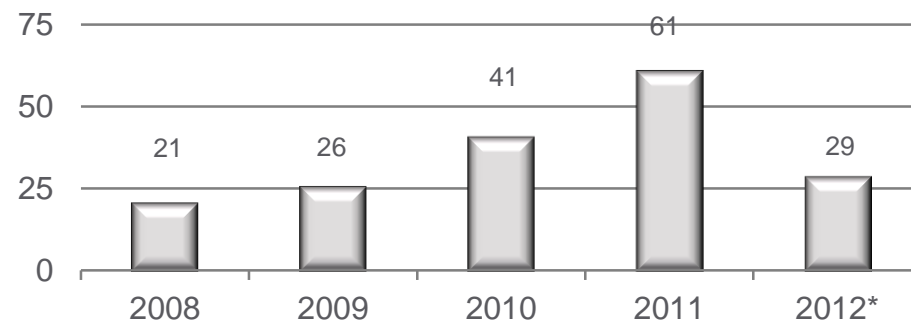
*Proposal by the Board Directors

**Consisting of a dividend of EUR 0.87 per share and an extra dividend of EUR 0.43 per share.

Dividend per share (€)



Total amount of dividends paid (EUR million)



Summary

- Ahlstrom's profitability is not at a satisfactory level. We have a strong program to address this.
- The first phase of the product portfolio structure renewal will be completed following the completion of the Munksjö transaction
- We have significantly enhanced our capability to bring new products to the market in order to strengthen our growth potential
- The goal of the Growth 2020 program is to set long-term growth potential for the coming years

Ahlstrom Corporation Annual General Meeting 2013

Financial statements 2012

Seppo Parvi

CFO

Helsinki

March 27, 2013

Income statement

| | 2012 | 2011 | |
|--|----------------|----------------|---|
| EUR million | | | |
| Net sales | 1,010.8 | 1,025.8 | ▶ Lower sales volumes. |
| Cost of goods sold | -865.6 | -896.6 | Higher selling prices and favorable currency effect had a positive impact. |
| Gross profit | 145.2 | 129.2 | |
| Sales, administrative and research & development expenses | -134.7 | -121.0 | |
| Other income and expenses | 8.1 | -6.1 | |
| Operating profit / loss | 18.6 | 2.1 | ▶ NRI EUR 0.7 million in 2012 vs. EUR -27.5 million in 2011 |
| Net financial expenses | -17.3 | -20.4 | |
| Share of loss of equity accounted investments | -7.1 | -4.0 | ▶ Suominen Oyj, Jujo Thermal |
| Profit / Loss before taxes | -5.7 | -22.3 | |
| Income taxes / tax credit | -10.2 | 0.2 | ▶ No tax revenues or tax assets were recognized for companies with uncertain profit forecasts or for associated companies |
| Profit / Loss for the period from continuing operations | -15.9 | -22.1 | |
| Profit / Loss for the period from discontinued operations | 15.1 | -10.2 | ▶ Label and Processing and Brazilian part of Home and Personal |
| Profit / Loss for the period | -0.7 | -32.2 | |

Balance sheet

| | Dec. 31, 2012 | Dec. 31, 2011 | |
|--|----------------|----------------|--|
| EUR million | | | |
| Total non-current assets | 590.2 | 865.0 | |
| Inventories | 112.4 | 185.8 | |
| Trade and other receivables | 158.0 | 241.4 | |
| Other short-term receivables | 0.6 | 2.4 | |
| Cash and cash equivalents | 52.8 | 94.0 | |
| Assets classified as held for sale and distribution to owners | 473.7 | 42.3 | ▶ Label and Processing and Brazilian part of Home and Personal |
| Total assets | 1,387.8 | 1,430.8 | |
| Total equity | 543.9 | 622.7 | ▶ Incl. EUR 80 million hybrid bond. Dividends paid |
| Provisions | 9.2 | 24.9 | |
| Interest bearing loans and borrowings | 378.3 | 332.2 | |
| Employee benefit obligations | 44.4 | 73.3 | |
| Trade and other payables | 196.5 | 328.8 | |
| Others | 20.6 | 39.1 | |
| Liabilities classified as held for sale and distribution to owners | 194.7 | 9.8 | ▶ Label and Processing and Brazilian part of Home and Personal |
| Total equity and liabilities | 1,387.8 | 1,430.8 | |
| Gearing ratio | 55.8 | 38.2 | ▶ Gearing ratio increased mainly due to the dividend payment |

Statement of cash flows

(including discontinued operations)

| | 2012 | 2012 | |
|---|--------------|--------------|--|
| EUR million | | | |
| EBITDA | 123.3 | 127.0 | |
| Adjustments | -18.0 | -4.0 | |
| Changes in net working capital | 0.4 | -10.7 | |
| Financial items | -20.6 | -20.8 | ▶ Impact from currency swaps |
| Income taxes paid / received | -6.5 | -7.9 | |
| Net cash from operating activities | 78.7 | 83.7 | |
| Acquisition of Group companies | -17.6 | -1.0 | ▶ Acquisition of Munktell |
| Investments | -87.5 | -60.0 | ▶ Crepe papers and wallcovering materials in China, filtration materials Italy |
| Other investing activities | 27.6 | 117.7 | |
| Net cash from investing activities | -77.5 | 56.7 | |
| Dividends paid and other | -60.0 | -41.2 | |
| Repurchase of own shares | - | -3.1 | ▶ Sales of fixed assets |
| Interest on hybrid bond | -7.6 | -7.6 | |
| Changes in loans and other financing activities | 29.2 | -18.9 | |
| Net cash from financing activities | -38.4 | -70.7 | |
| Net change in cash and cash equivalents | -37.2 | 69.7 | |
| Cash and cash equivalents at the beginning of the period | 94.4 | 24.6 | |
| Cash and cash equivalents at the end of the period | 55.5 | 94.4 | |

Liquidity has remained stable

- Total liquidity, including cash, undrawn committed credit facilities and the cash pool limits totaled about EUR 314.8 million at the end of 2012
 - In addition, Ahlstrom had available undrawn uncommitted credit facilities totaling about EUR 151.0 million
- Total liquidity has also remained stable during the early part of 2013

Parent company balance sheet (FAS)

| | |
|-------------------------------|--------------------------|
| Equity | EUR 70.0 million |
| Share premium | EUR 187.8 million |
| Non-restricted equity reserve | EUR 8.3 million |
| Retained earnings | EUR 567.8 million |
| Profit for the period | EUR -49.9 million |
| TOTAL | EUR 783.9 million |
| Distributable funds | EUR 526.1 million |