Ahlstrom Corporation
Financial results 2009

February 3, 2010

President & CEO Jan Lång

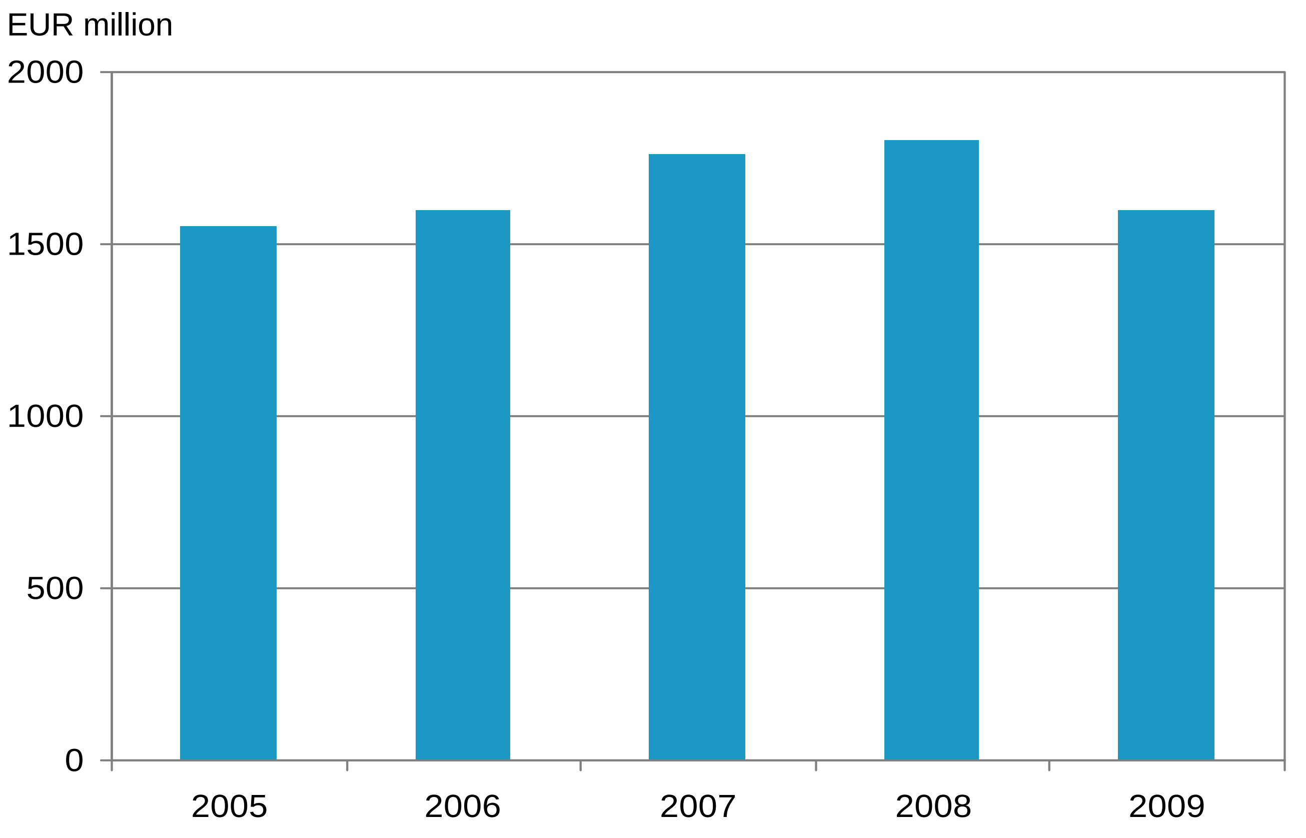
Small fibers. Big difference.

Ahlstrom

Highlights of 2009

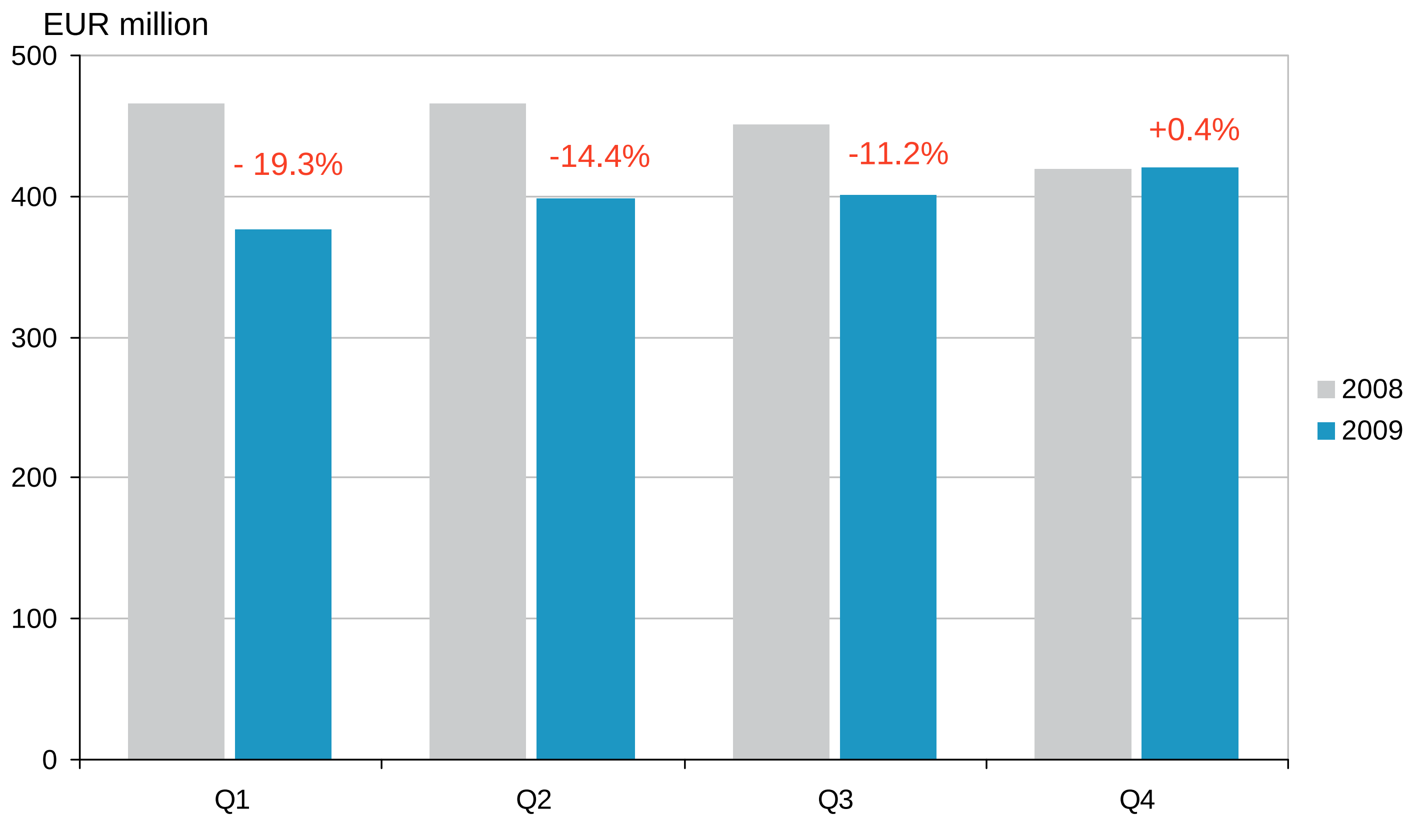
- Strong cash flow and hybrid bond strengthened balance sheet
- Net sales decreased due to low volumes
- EBIT excluding NRI at 2008 level - lower raw material costs in early 2009 and restructuring measures

Net sales 2005–2009



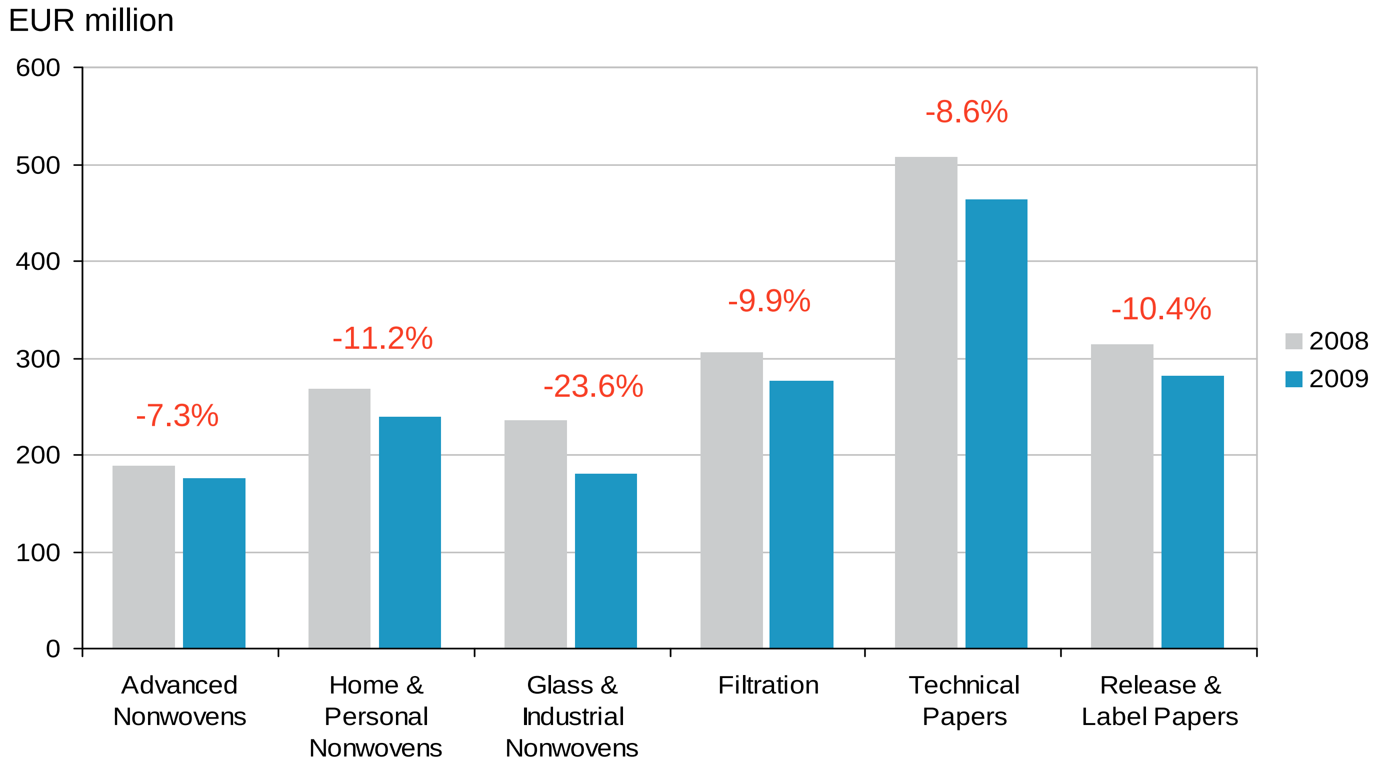
- Net sales decreased by 11.4% from 2008 as a result of low volumes

Quarterly net sales 2009



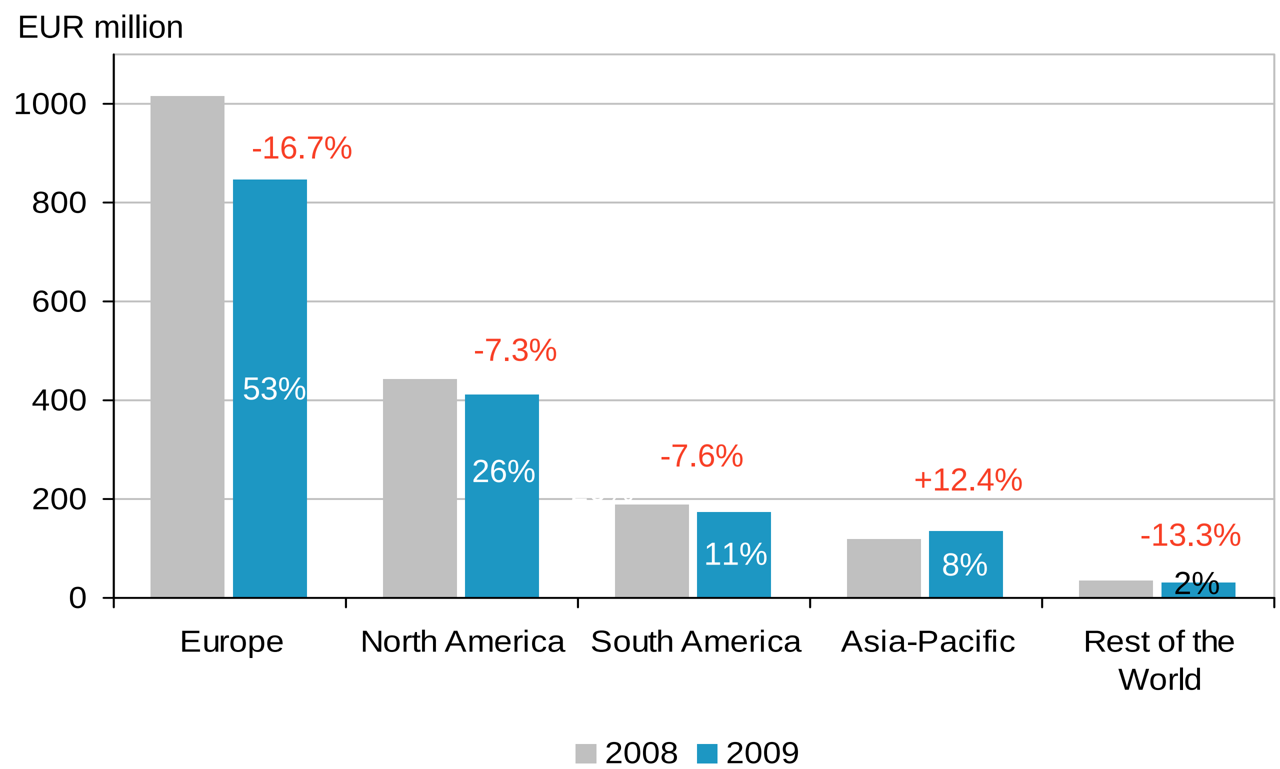
- Demand started to recover at the end of the second quarter

Net sales by business area 2009



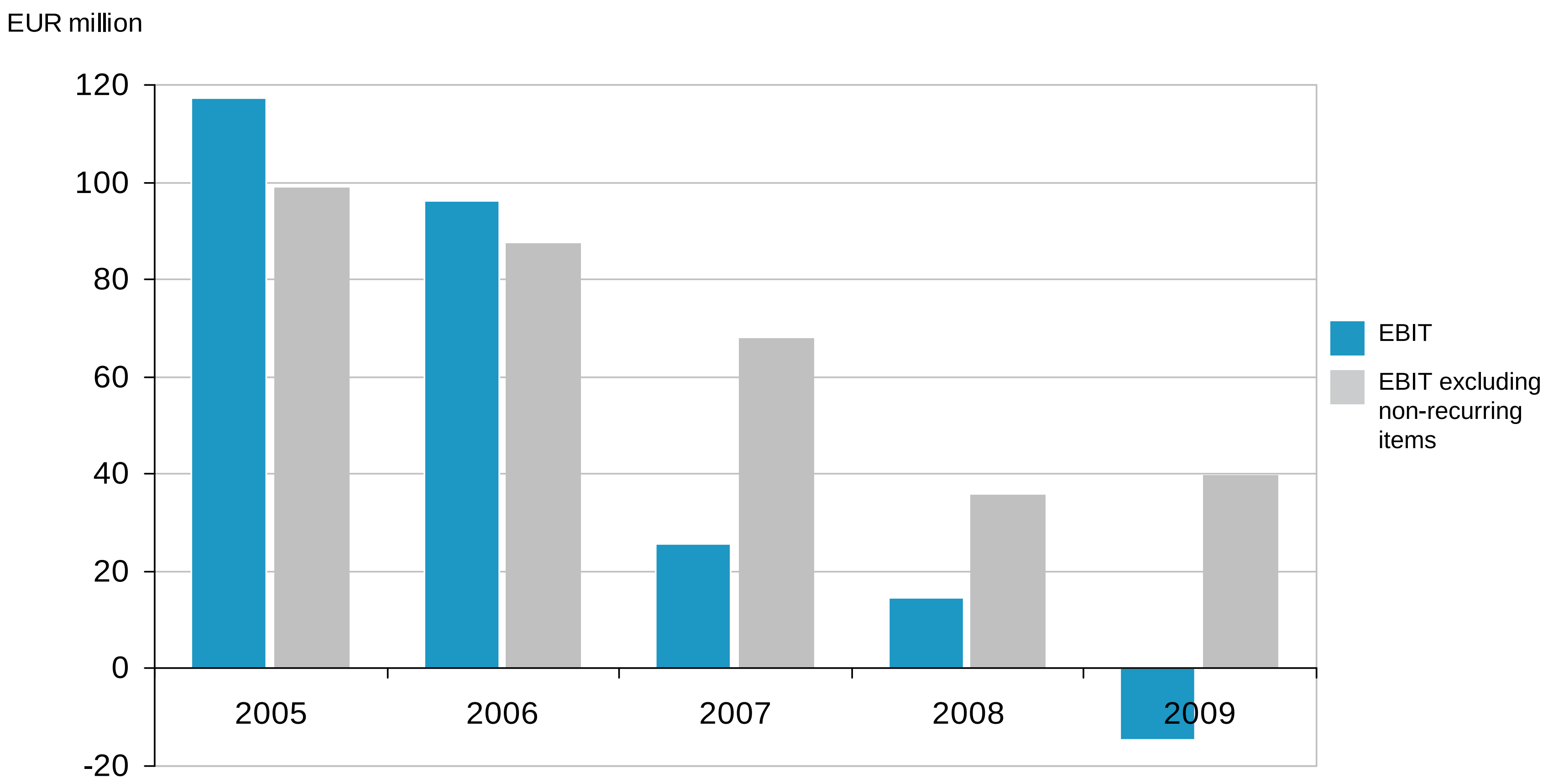
- Advanced Nonwovens least impacted by recession
- Glass & Industrial Nonwovens burdened by challenging windmill and marine markets

Net sales by region



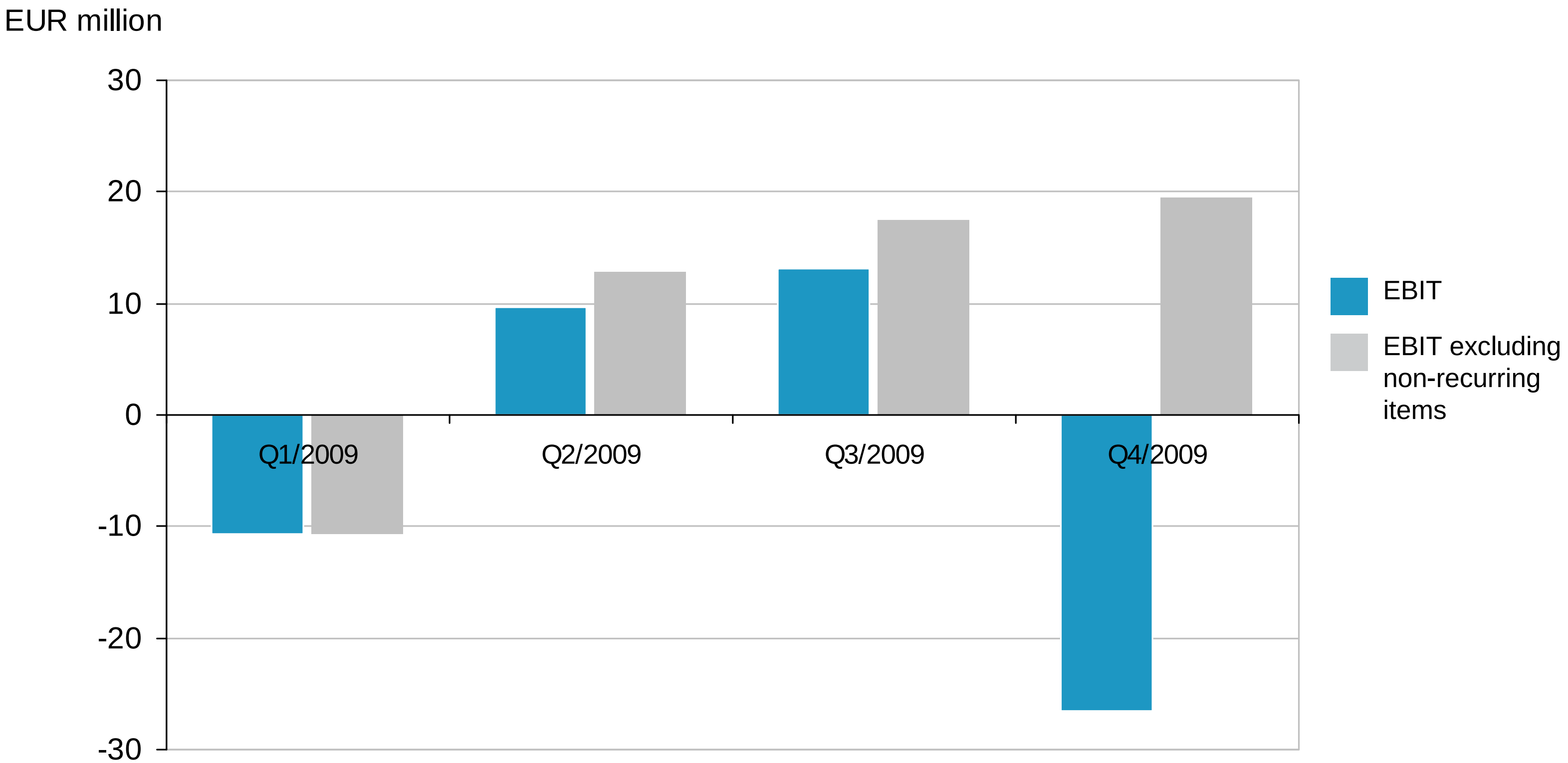
- Slight growth in Asia-Pacific, mainly coming from China and India
- Other regions suffered from volume decrease due to recession

Operating profit / loss 2005–2009



- EBIT excluding NRI improved from 2008
- Negative EBIT due to low volumes, non-recurring items and impairment charges

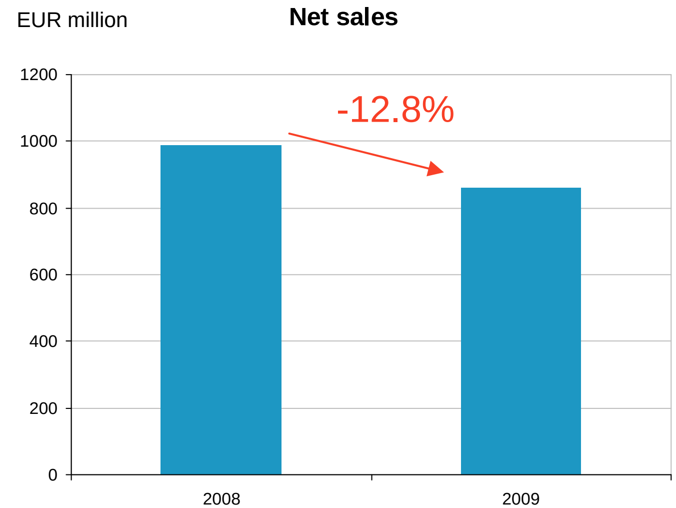
Quarterly operating profit / loss 2009

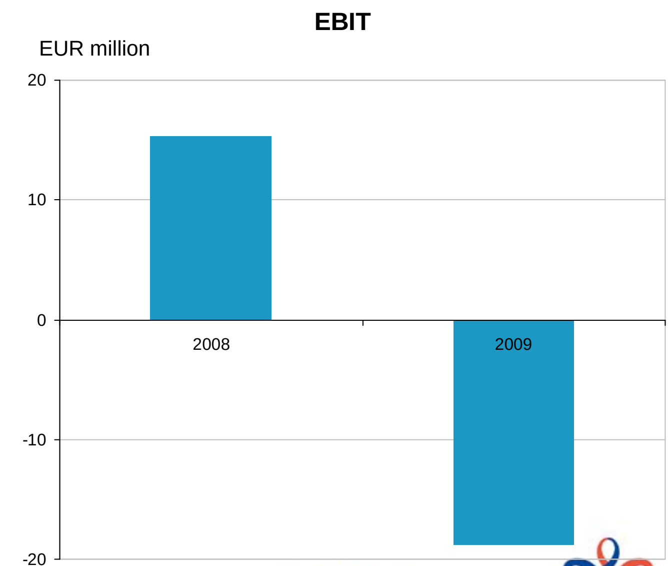


- EBIT excluding NRI improved steadily from Q1 – lower raw material prices in early 2009, successful restructuring measures and recovering demand in H2

Fiber Composites segment 2009

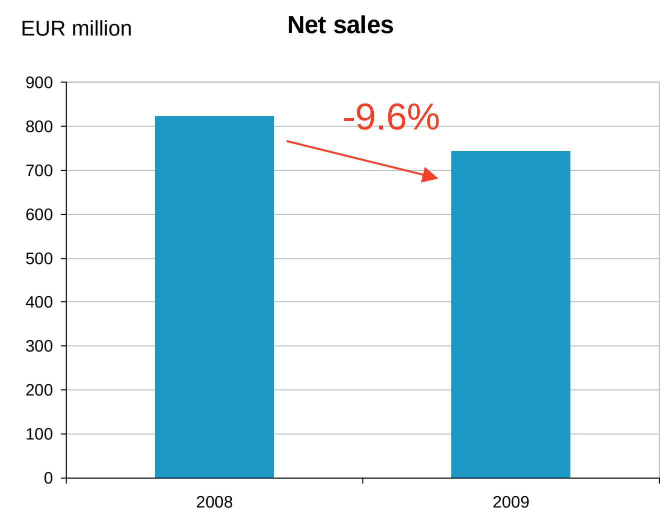
- Volumes decreased in all business areas, especially in Glass & Industrial Nonwovens
- Tver plant operating well after challenging start, in Chirnside customer approval processes still going on
- In Mundra, production to start Q1/2010
- Weak demand in beginning of year and large non-recurring items (EUR -44.2 million) resulted in negative EBIT

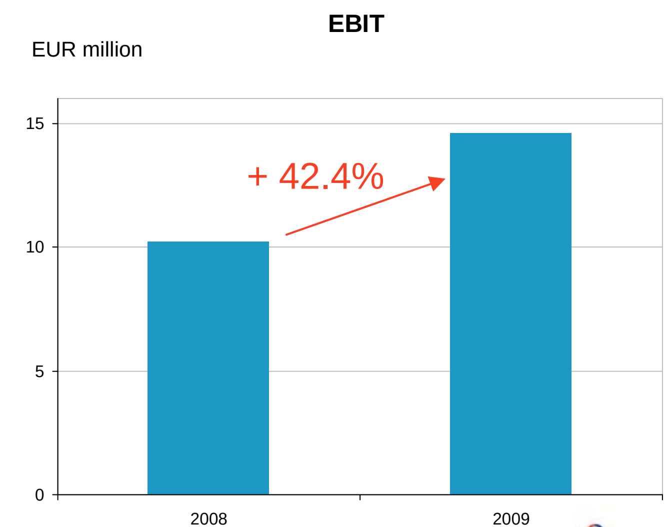




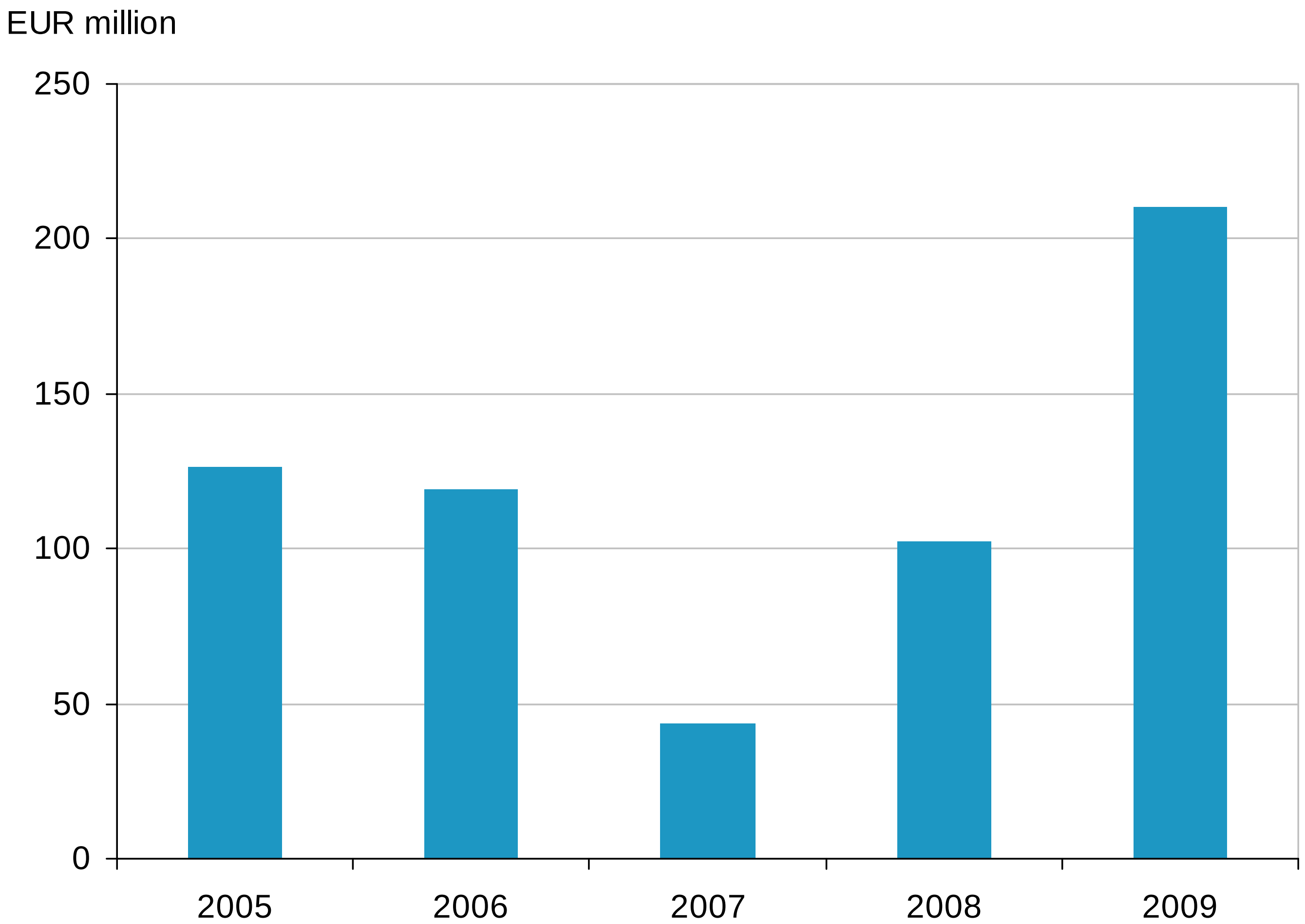
Specialty Papers segment 2009

- Sales volumes decreased in both business areas, but recovered in H2
- La Gère plant fell short of profitability expectations due to market overcapacity
- EBIT improved as a result of lower raw material prices and restructuring measures, despite of non-recurring items of EUR -7.4 million



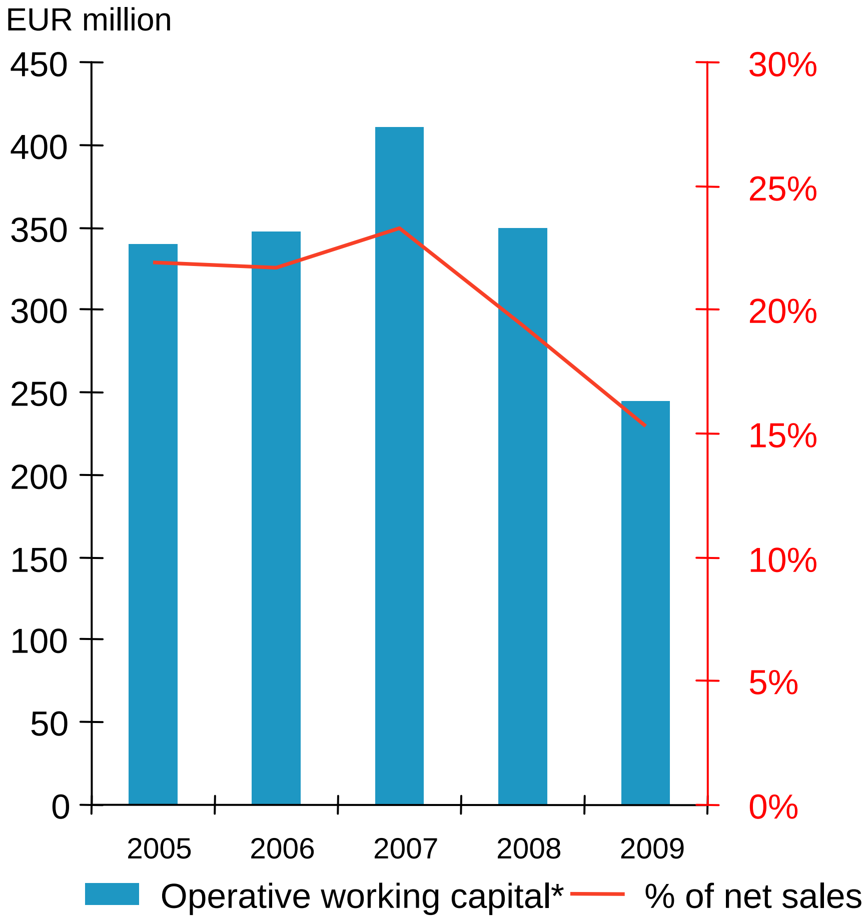


Net cash from operating activities more than doubled



- Operative working capital decreased by EUR 104.3 million compared with year-end in 2008

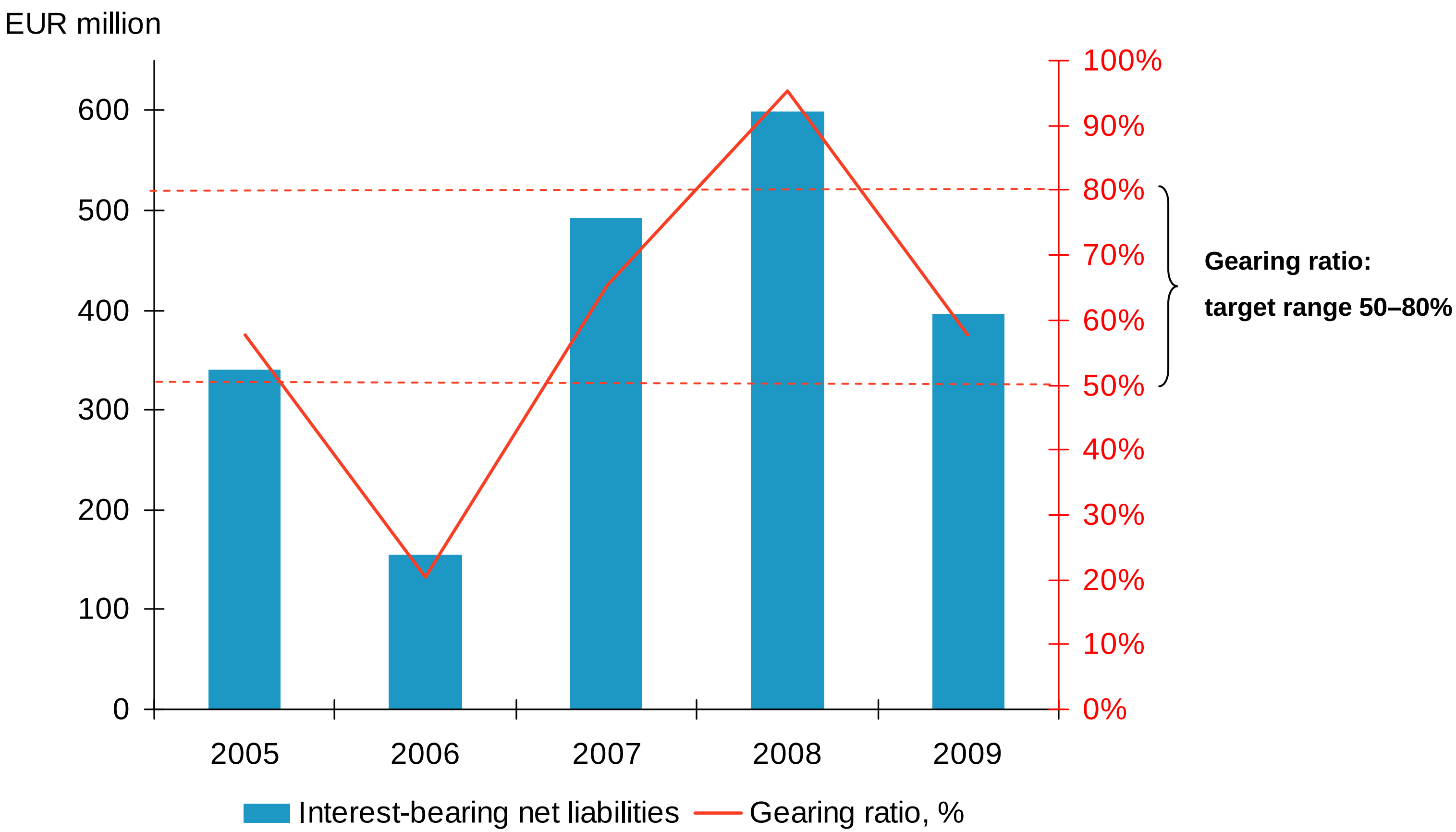
Strong development of working capital



- Working capital improvement project launched in 2009, with target to decrease working capital by EUR 100 million in two years
- Project launched in 20 plants and will be rolled out to all units and functions during 2010
- In 2009, working capital decreased by EUR 104.3 million and working capital turnover by 23 days (December 31, 2009: 53 days)

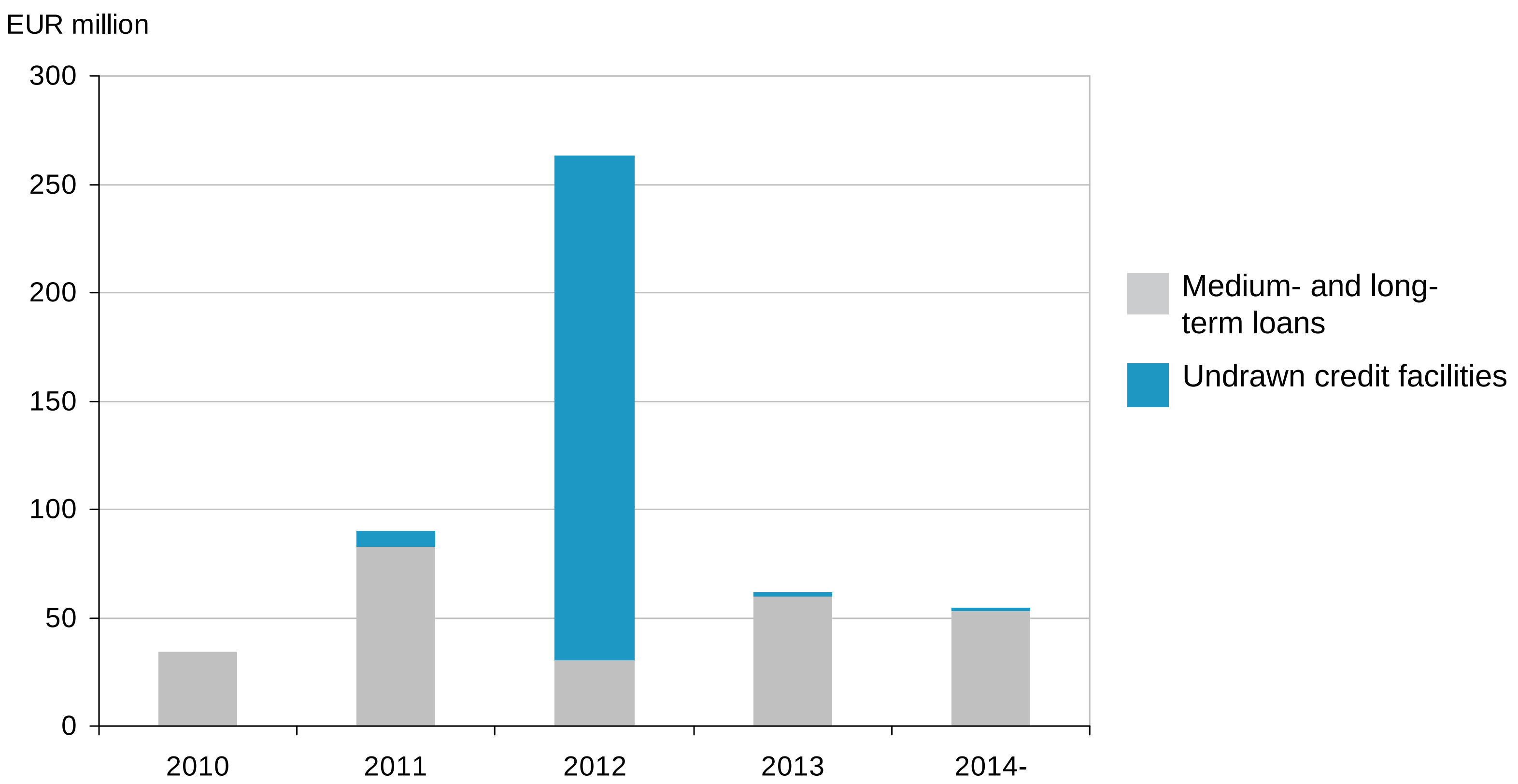
Operative working capital = Accounts receivable + inventories – accounts payable

Gearing in target range



- Net debt was reduced by EUR 202.8 million since year-turn 2008/2009
- Gearing ratio decreased to 57.7% as a result of positive cash flow and hybrid bond

Maturity profile of medium/long term credit facilities



- Maturity structure of loan portfolio extended, average maturity 2.3 years
- New medium-term credit facilities arranged during 2009 totaling EUR 311 million
- Total liquidity including cash, available committed credit facilities and cash pool limits totaled EUR 328 million at year-end

Income statement

EUR million	2009	2008
Net sales	**1,596.1**	**1,802.4**
Expenses	-1 472.9	-1 675.5
Depreciation and amortization	-137.8	-112.3
EBIT	**-14.6**	**14.6**
Net financial expenses	-26.2	-34.2
Share of profit of associated companies	0.7	-1.1
Profit/loss before taxes	**-40.1**	**-20.6**
Income taxes	7.1	4.5
Profit/loss for the period	**-32.9**	**-16.1**
ROCE, %	**-1.1**	**1.4**

Lower volumes

Lower raw material cost and volumes
appr. 5% reduction in fixed costs (excl. NRI)

Burdened by non-recurring items

Lower interest rates, debt reduction

Balance sheet

EUR million	Dec 31, 2009	Dec 31, 2008
Non-current assets	1,010.8	1,033.9
Inventories	175.9	252.5
Trade and other receivables	319.9	356.2
Other current assets	3.7	6.3
Cash	19.9	58.2
Assets	**1,530.2**	**1,707.0**
Equity	685.6	628.1
Provisions	17.7	24.0
Interest-bearing debt	415.8	656.9
Employee benefit obligations	78.2	84.6
Trade and other payables	305.1	293.3
Other liabilities	27.8	20.1
Liabilities	**1,530.2**	**1,707.0**
Gearing ratio, %	**57.7**	**95.3**

- Inventory turnover improved
- Volumes and focus on collections
- Hybrid bond, translation difference
- Strong cash flow and hybrid bond
- Focus on payment terms
- Strenghtened balance sheet

Cash flow

EUR million	2009	2008
EBITDA	123.2	126.9
Cash flow adjustments	-15.1	-31.5
Change in net working capital	129.3	47.2
Financial items	-28.2	-16.8
Taxes paid	0.4	-23.4
Operating activities	**209.6**	**102.4**
Investing activities	**-66.3**	**-153.4**
Cash flow after investing activities	**143.3**	**-51.0**
Dividends paid	-21.0	-46.7
Drawdowns and repayments	-242.6	136.3
Hybrid bond	80.0	-
Net cash from financing activities	**-183.6**	**89.7**
Change in cash	**-40.2**	**38.7**

- Successful working capital management
- Negative effect from fx hedges
- Capex reduced to necessary investments only
- Strong cash flow

Restructuring programs completed

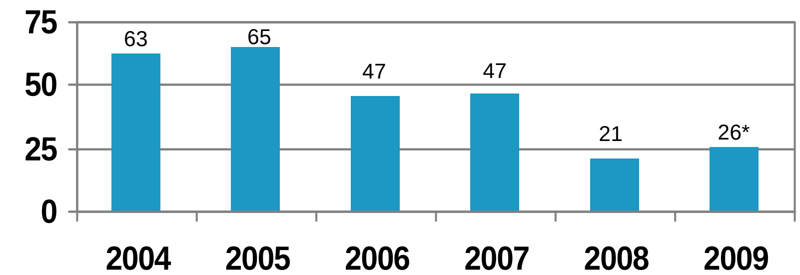
- Confirmed annual savings: EUR 55 million as of 2010
- Total costs in 2009: EUR 31.9 million, of which EUR 18.3 million cash-related
- Reduction of 560 employees in 2009, approximately 180 employees agreed for 2010
- Major production adjustments in Milan, Bethune, Karhula, Barcelona and Altenkirchen

Revised dividend policy

- New policy based on Ahlstrom´s cash generating capabilities
- Aim is to pay dividend of <u>not less than one third of net cash from operating activities after operative investments</u>, calculated as three-year rolling average
- Rolling average is used to achieve stability in dividend payout
- Remaining cash flow shall be used for reducing net debt and for supporting growth

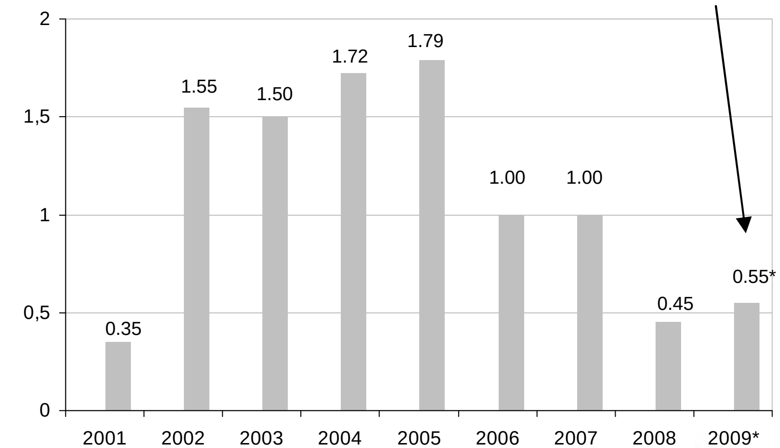
Previous dividend policy was to pay a dividend averaging at least 50% of the profit for the period of the previous financial year

Total amount of dividends paid (EUR million)



Based on new policy

Dividend per share



*BoD proposal to AGM

Dividend calculation

DIVIDEND BASED ON NEW POLICY

EUR million	**2007**	**2008**	**2009**
Net cash from operating activities	43.9	102.4	209.6
Operative investments	-46.0	-48.3	-28.1
Cash flow for dividend calculation	-2.1	54.1	181.5
3 years average cash flow			77.9
Payable dividend			26.0

Product innovations

- In 2009, 48% of Ahlstrom´s net sales were generated by new or improved products

Major product launches:

- **Bi-component nonwoven material** for medical applications. Stronger than comparable fabric and suitable for sterilization by means of radiation. Significant sales already in 2009.
- **Hybrid wallcovering**, combining favorable properties of nonwovens and papers cost efficiently. Commercial deliveries were started towards the end of the year.

- Several **filtration media innovations** to match the stricter environmental criteria, e.g. in diesel oil filtration.

- New range of **dry wiping fabrics** for cleaning applications in home and industrial environments.
- **One-side coated label paper** Lumimax TT, already in use in South America.

Outlook

Operating environment

- Market sentiment improved during latter half of 2009
- Situation seems stable in most business areas, biggest challenges in windmill and marine markets

Net sales

- Net sales for 2010 expected to increase compared to 2009, but remain lower than in 2008

Operating profit

- More efficient cost structure and improved demand expected to improve profitability
- EBIT excluding non-recurring items expected to increase compared to 2009

Investments

- Approximately EUR 60 million excluding acquisitions

Management agenda 2010

- Strategy implementation:
  - Profitable growth
  - Two business models to be operationalized
  - Growth strategy in Asia
  - Global processes
  - Leadership and culture
- Working capital improvement
- Continuous improvement

Ahlstrom

This presentation contains certain forward-looking statements that reflect the present views of the company's management. Due to the nature of these statements, they contain uncertainties and risks and are subject to changes in the general economic situation and in the company's business.