



AHLSTROM

# Ahlstrom

## January-June 2015

**Marco Levi**  
President & CEO

**Sakari Ahdekivi**  
CFO

August 6, 2015

# Agenda

- April-June 2015
- Business area review
- Financials
- Outlook

# April-June 2015 in brief



## Highlights

- + Operating profit margin improved for the seventh consecutive quarter and reached a record in the current structure of Ahlstrom, driven by higher selling prices and better product mix
- + Filtration and Food and Medical business areas improved profits
- + Sales growth in the Building and Energy business area
- + Revolving credit facility refinanced in June

## Lowlights

- Flat net sales growth at constant currency rates
- Lower demand for engine filtration in Asia and North America and wallcoverings in Europe/Russia

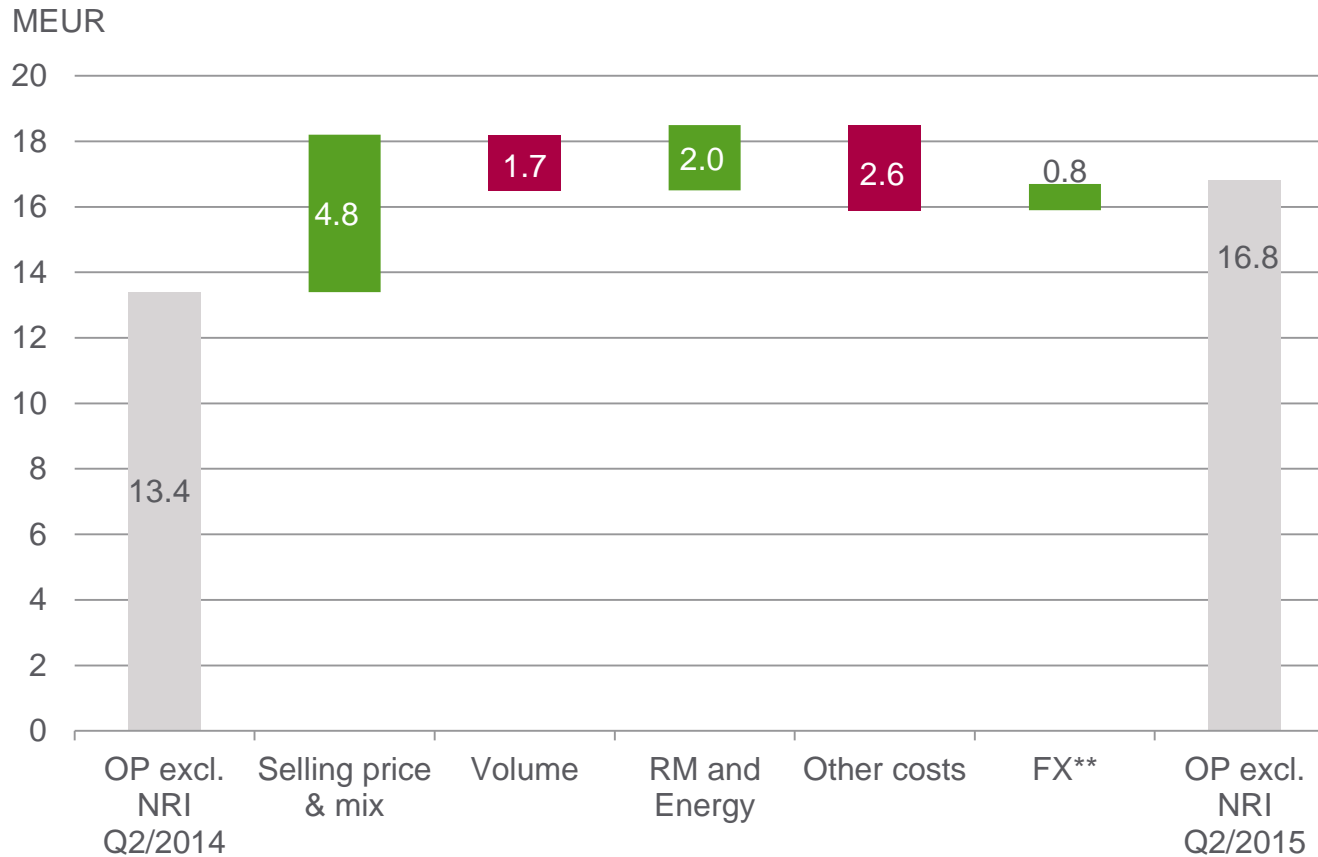
# Key figures

Operating profit excl. non-recurring items increased by 25.1%

EUR million	Q2/2015	Q2/2014	Change, %	Q1- Q2/2015	Q1- Q2/2014	Change, %
<b>Net sales</b>	<b>281.1</b>	253.0	11.1	<b>552.9</b>	502.2	10.1
<b>EBITDA excl. NRI</b>	<b>31.5</b>	25.6	23.1	<b>57.7</b>	44.5	29.7
<i>% of net sales</i>	<i>11.2</i>	<i>10.1</i>		<i>10.4</i>	<i>8.9</i>	
<b>Operating profit excl. NRI</b>	<b>16.8</b>	13.4	25.1	<b>28.8</b>	20.6	39.5
<i>% of net sales</i>	<i>6.0</i>	<i>5.3</i>		<i>5.2</i>	<i>4.1</i>	
<b>Gearing*</b>	<b>69.3</b>	85.8		<b>69.3</b>	85.8	
<b>ROCE, %</b>	<b>10.0</b>	5.4		<b>9.3</b>	4.4	

# Operating profit\* bridge Q2/2014 vs Q2/2015

Improvement driven by higher selling prices and better product mix

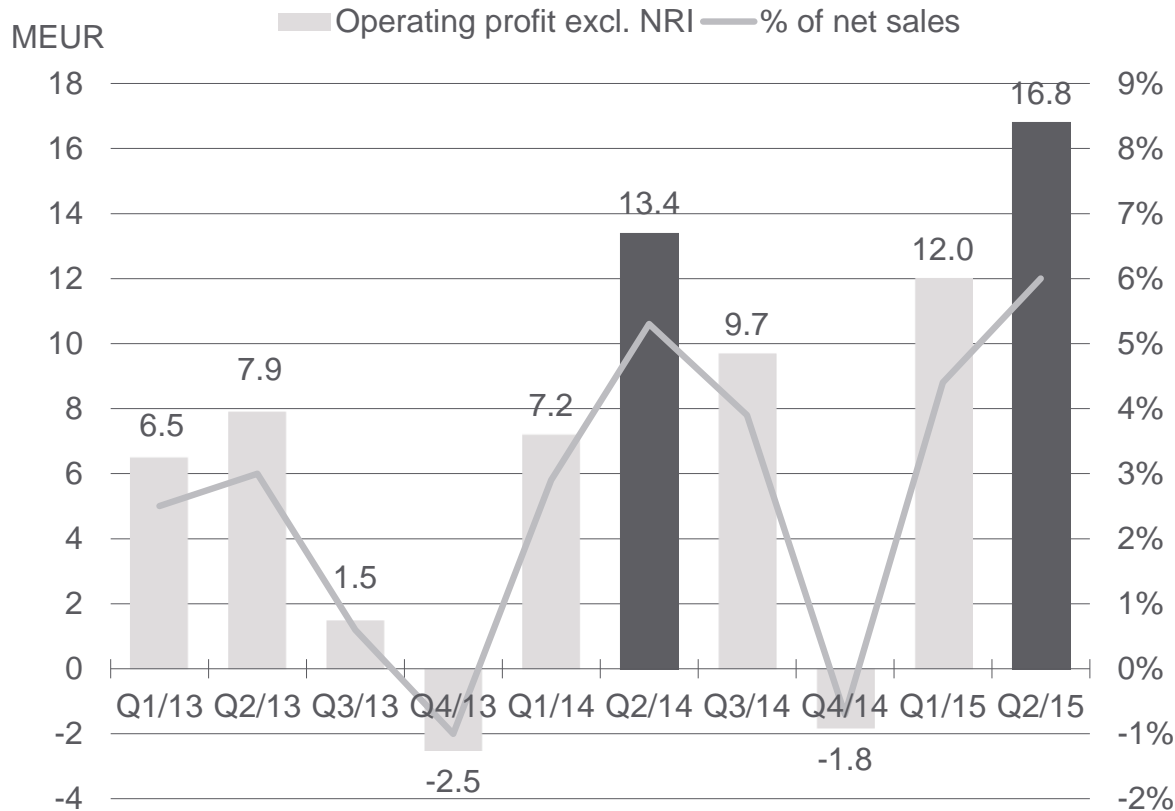


- SGA-costs excl. NRIs declined by EUR 2.5 million at constant currencies
- Other costs increased due to start-up and depreciation of the Binzhou wallcoverings line since Sept. 2014

\* Excluding non-recurring items  
 \*\* Foreign exchange

# Quarterly operating profit development

Seventh consecutive quarter of year-on-year improvement



## Operating profit excl. NRI

MEUR	Q2/15	Q2/14	Change, %
Filtration	12.8	11.5	11.4
Building and Energy	0.0	1.8	-98.9
Food and Medical	3.7	1.7	120.5



AHLSTROM

# Business area review



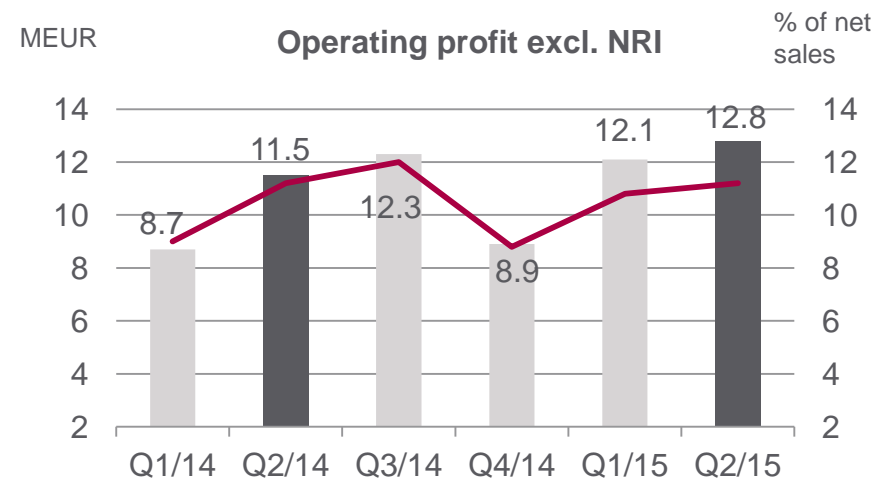
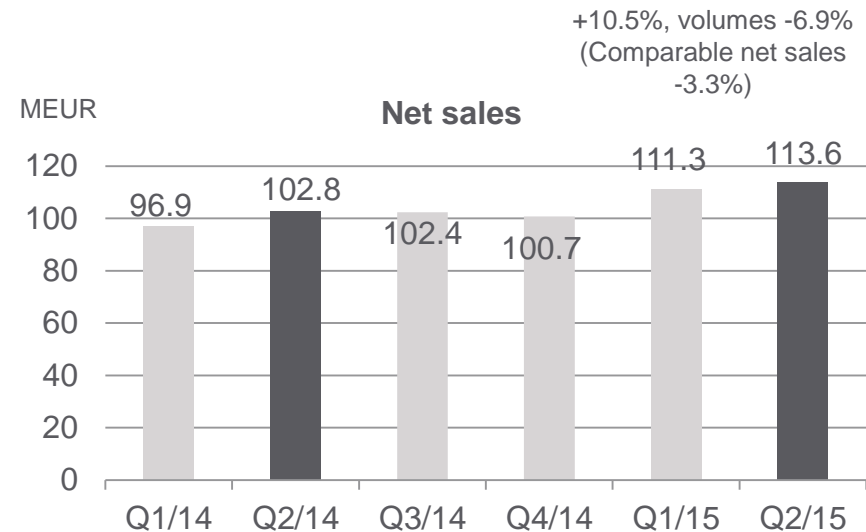
# Filtration

**Q2/15: Net sales EUR 113.6 million  
(EUR 102.8 million)**

- + Increased selling prices and improved product mix
- + Favorable currency effect
- Lower sales of heavy duty filtration applications particularly in Asia and North America

**Q2/15: Operating profit ex. NRI  
EUR 12.8 million (EUR 11.5 million)**

- + Improved product mix
- + Improved efficiency through investments to reduce raw material costs by substitution and energy conservation





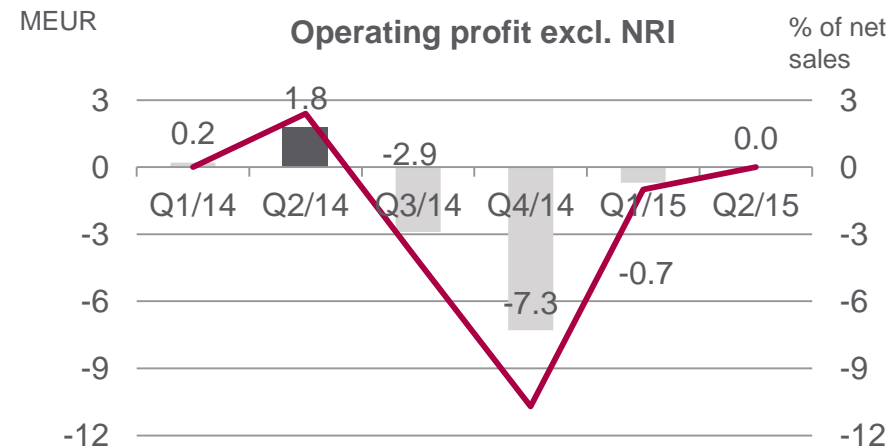
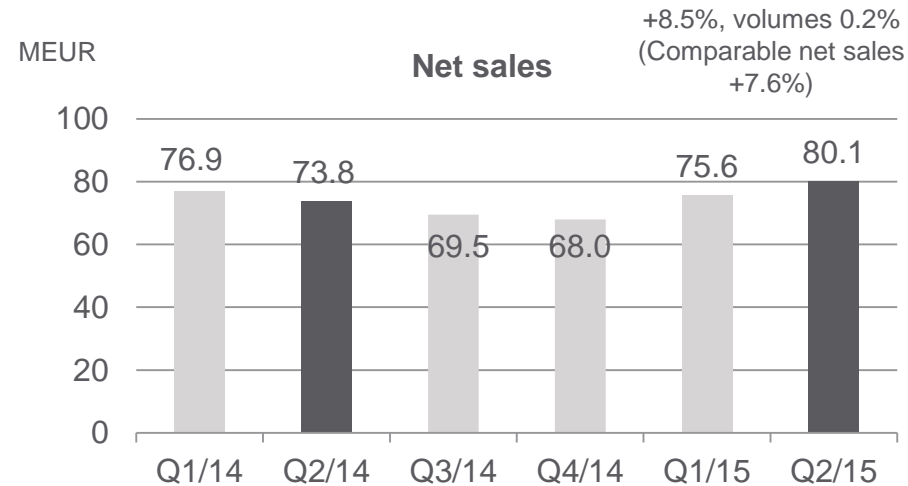
# Building and Energy

**Q2/15: Net sales EUR 80.1 million  
(EUR 73.8 million)**

- + Higher selling prices of flooring, glassfiber reinforcements and specialty nonwoven products
- + Improved product mix
- Lower sales of wallcoverings in Europe, Russia and China

**Q2/15: Operating profit ex. NRI  
EUR 0.0 million (EUR 1.8 million)**

- Costs and depreciation of the new wallcoverings line in China since September 2014
- Higher raw material costs due to an adverse currency effect



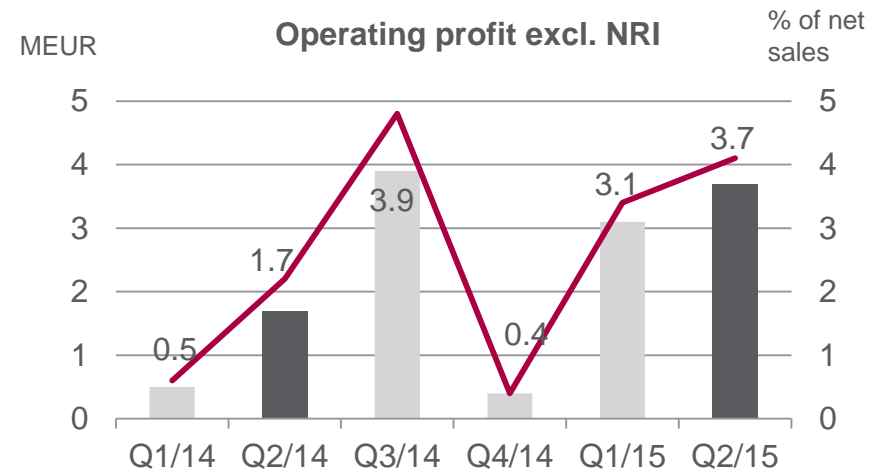
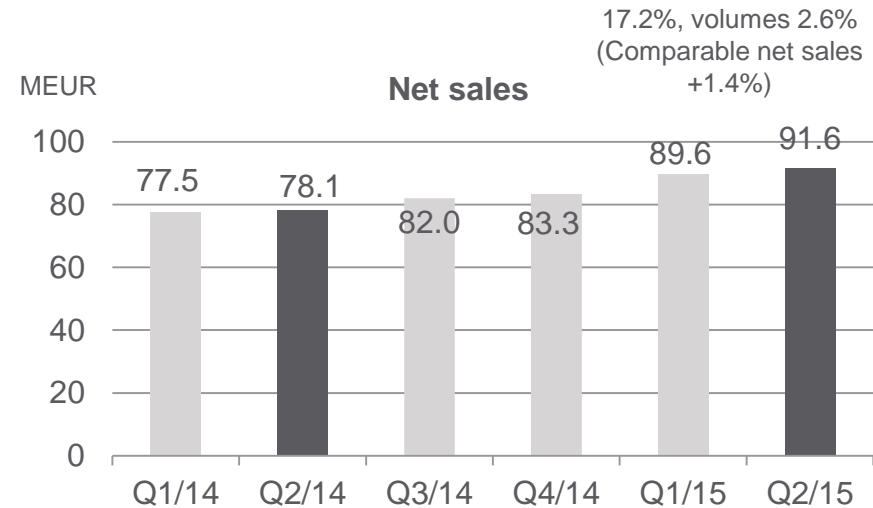
# Food and Medical

**Q2/15: Net sales EUR 91.6 million  
(EUR 78.1 million)**

- + Higher sales of food packaging, tape and single-serve coffee materials
- + Good demand for high-end medical gown products
- + Favorable currency effect
- Lower sales of tea bag materials

**Q2/15: Operating profit ex. NRI  
EUR 3.7 million (EUR 1.7 million)**

- + Improved pricing and product mix
- Higher pulp prices in euros



AHLSTROM

# Financials



# Income statement

EUR million	Q2/2015	Q2/2014
<b>Net sales</b>	<b>281.1</b>	<b>253.0</b>
Cost of goods sold	-231.9	-207.8
<b>Gross profit</b>	<b>49.2</b>	<b>45.2</b>
Sales, administrative and research & development expenses (SGA)	-34.2	-36.8
Other income and expenses	0.7	1.2
<b>Operating profit</b>	<b>15.7</b>	<b>9.6</b>
<b>Operating profit excl. NRI</b>	<b>16.8</b>	<b>13.4</b>
Net financial expenses	5.1	-9.5
Share of profit / loss of equity accounted investments	0.0	-0.5
<b>Profit / loss before taxes</b>	<b>20.8</b>	<b>-0.4</b>
Income taxes	-5.0	-1.8
<b>Profit / loss for the period</b>	<b>15.8</b>	<b>-2.2</b>
<b>Earnings per share</b>	<b>0.29</b>	<b>-0.07</b>

▶ SGA costs excl. NRI were 11.9% of net sales (13.0% in Q2/14).

▶ NRIs: EUR -1.1 million (EUR -3.8 million in Q2/14).

▶ Includes a capital gain of EUR 11.1 million from selling Munksjö Oyj shares

# Balance sheet

EUR million	June 30, 2015	Dec. 31, 2014
Total non-current assets	566.1	599.3
Inventories	127.3	108.1
Trade and other receivables	199.9	170.7
Income tax receivables	0.9	1.7
Cash and cash equivalents	45.8	41.4
<b>Total assets</b>	<b>940.1</b>	<b>921.1</b>
Total equity	337.3	320.1
Provisions	10.4	11.6
Interest bearing loans and borrowings	279.6	295.2
Employee benefit obligations	92.5	96.0
Trade and other payables	217.0	194.0
Others	3.2	4.2
<b>Total equity and liabilities</b>	<b>940.1</b>	<b>921.1</b>
<b>Gearing, %</b>	<b>69.3</b>	<b>79.3</b>

▶ - Market value of shareholding in Munksjö Oyj  
EUR 12.5 million as of June 30, 2015.

- 1.3 million shares held

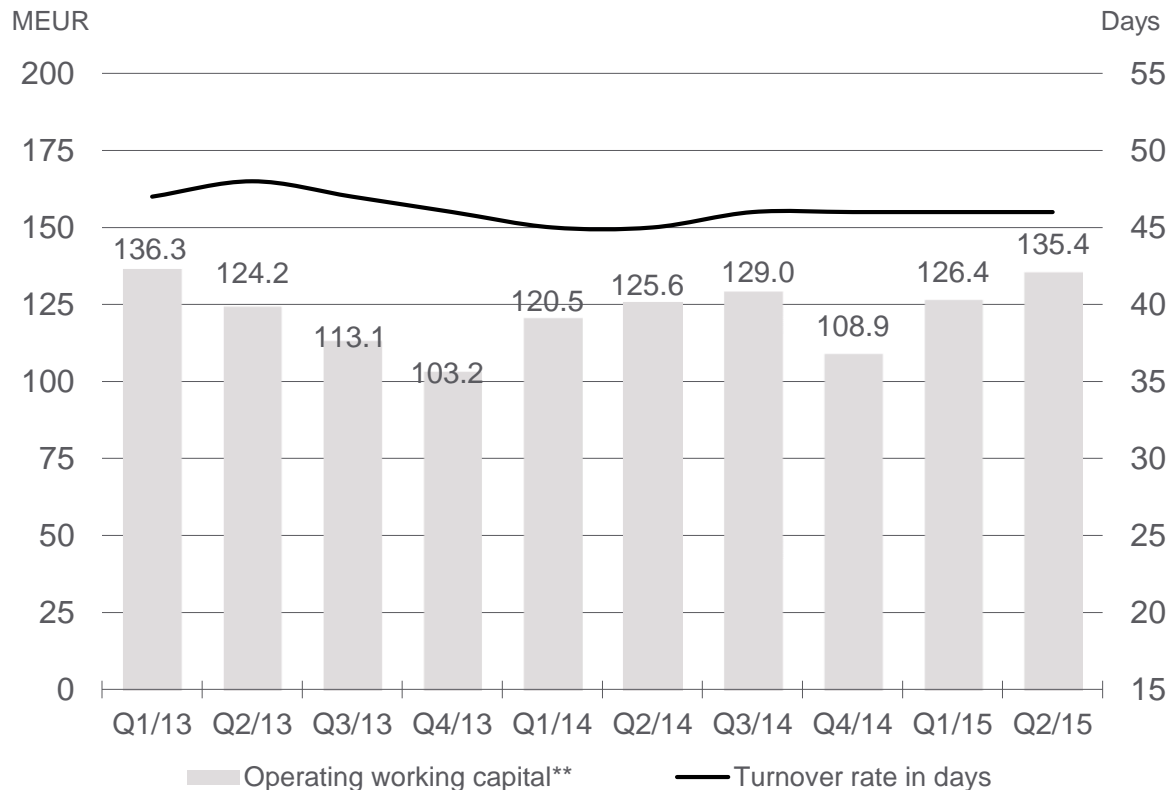
▶ - Currency fluctuations impacting all working capital components

▶ - Positive currency translation effect  
- EUR 14 million paid in dividends  
- Fair value reserve reduced due to the sale of Munksjö shares  
- Includes EUR 100 million hybrid bond



# Development of operating working capital\*

Impacted by currency fluctuations



- Working capital started to decline towards the end of Q2/15 with lower inventories
- Currency fluctuations increased working capital by EUR 10 million compared to Q2/2014
- 12-month rolling turnover rate 46 days at the end of Q2/15 (45 days at the end Q2/2014)

\* Including continuing operations only

\*\* Operating working capital = Accounts receivables + inventories – accounts payable

# Statement of cash flows

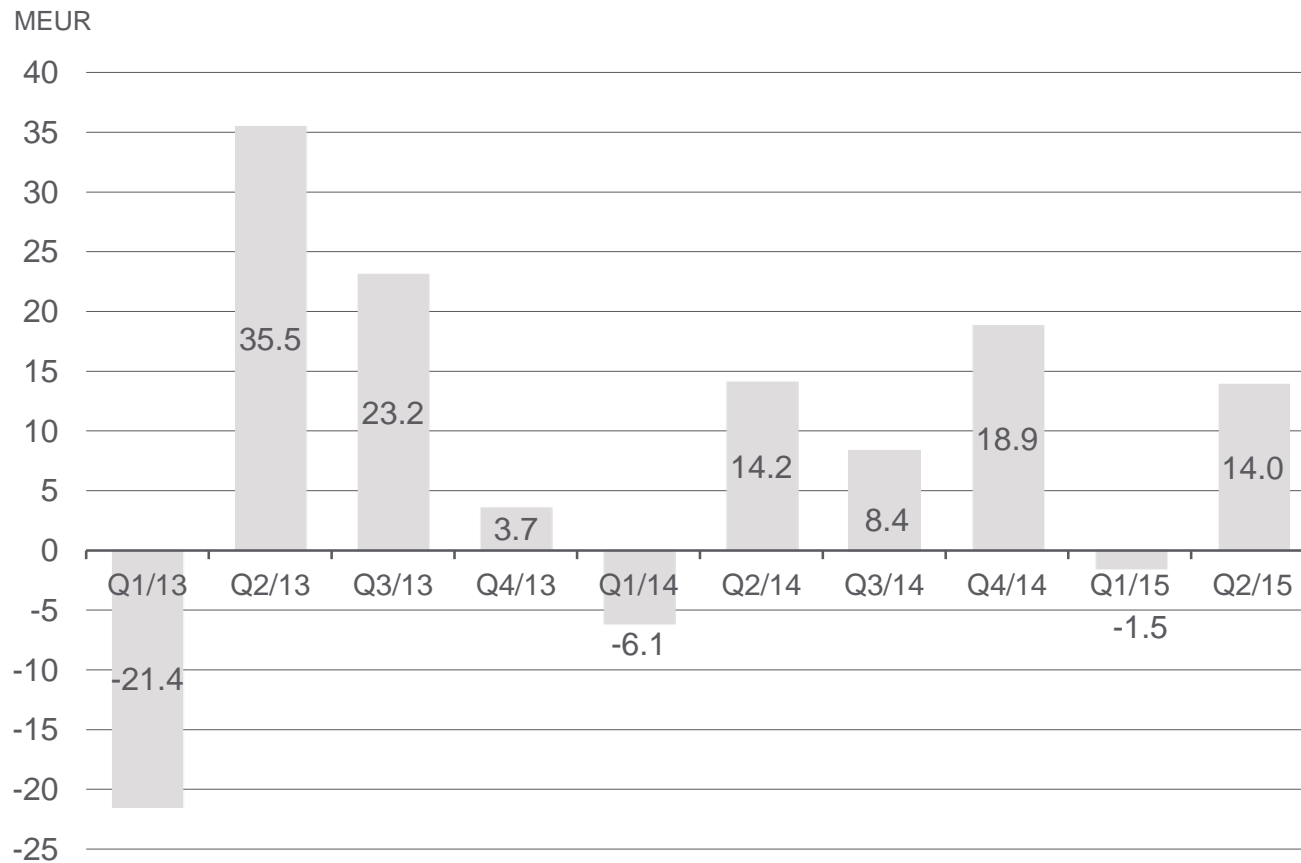
EUR million	Q2/2015	Q2/2014*
EBITDA	30.4	31.7
Other items	-1.4	-11.7
Changes in net working capital	-7.4	-1.9
Change in provisions	-0.2	1.3
Financial items	-6.6	-3.8
Income taxes paid / received	-0.9	-1.4
<b>Net cash from operating activities</b>	<b>14.0</b>	<b>14.2</b>
Purchases of intangible and tangible assets	-6.4	-13.2
Other investing activities	21.8	1.4
<b>Net cash from investing activities</b>	<b>15.3</b>	<b>-11.9</b>
Dividends paid and others	-13.9	-4.6
Sale / Repurchase of own shares	3.1	-
Changes in loans and other financing activities	-18.9	-5.4
<b>Net cash from financing activities</b>	<b>-29.7</b>	<b>-9.9</b>
<b>Net change in cash and cash equivalents</b>	<b>-0.4</b>	<b>-7.6</b>
Cash and cash equivalents at the beginning of the period	47.2	62.3
<b>Cash and cash equivalents at the end of the period</b>	<b>45.8</b>	<b>56.0</b>

▶ Only maintenance-related capex  
 ▶ EUR 20.4 million proceeds from selling Munksjö Oyj shares

▶ Management share holding company being dissolved

# Net cash from operating activities\*

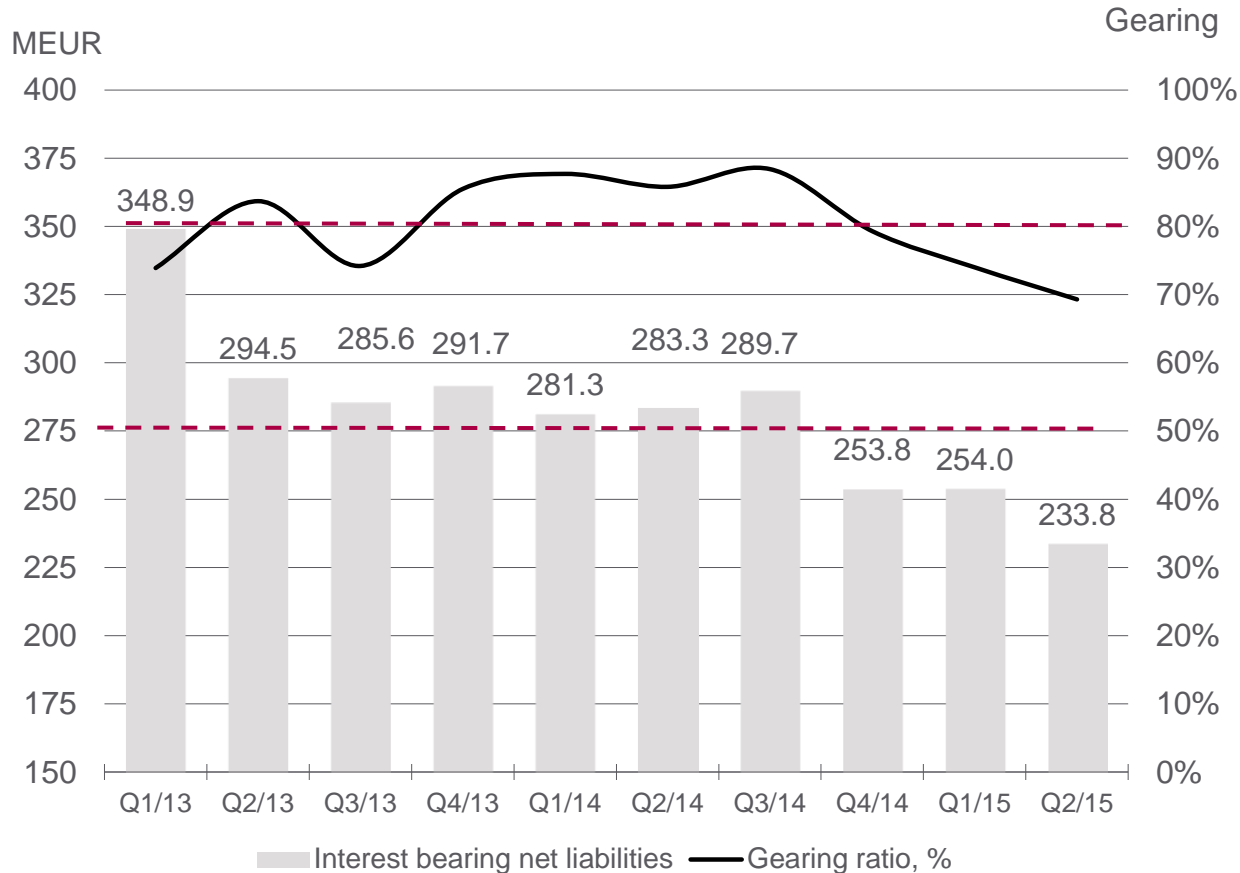
Seasonal increase in cash flow



**Gearing:**  
target range 50–80%

# Net debt and gearing\*

Gearing reduced by FX, sale of Munksjö shares and low capex



Gearing down to 69.3% on June 30, 2015

Net debt impacted by:

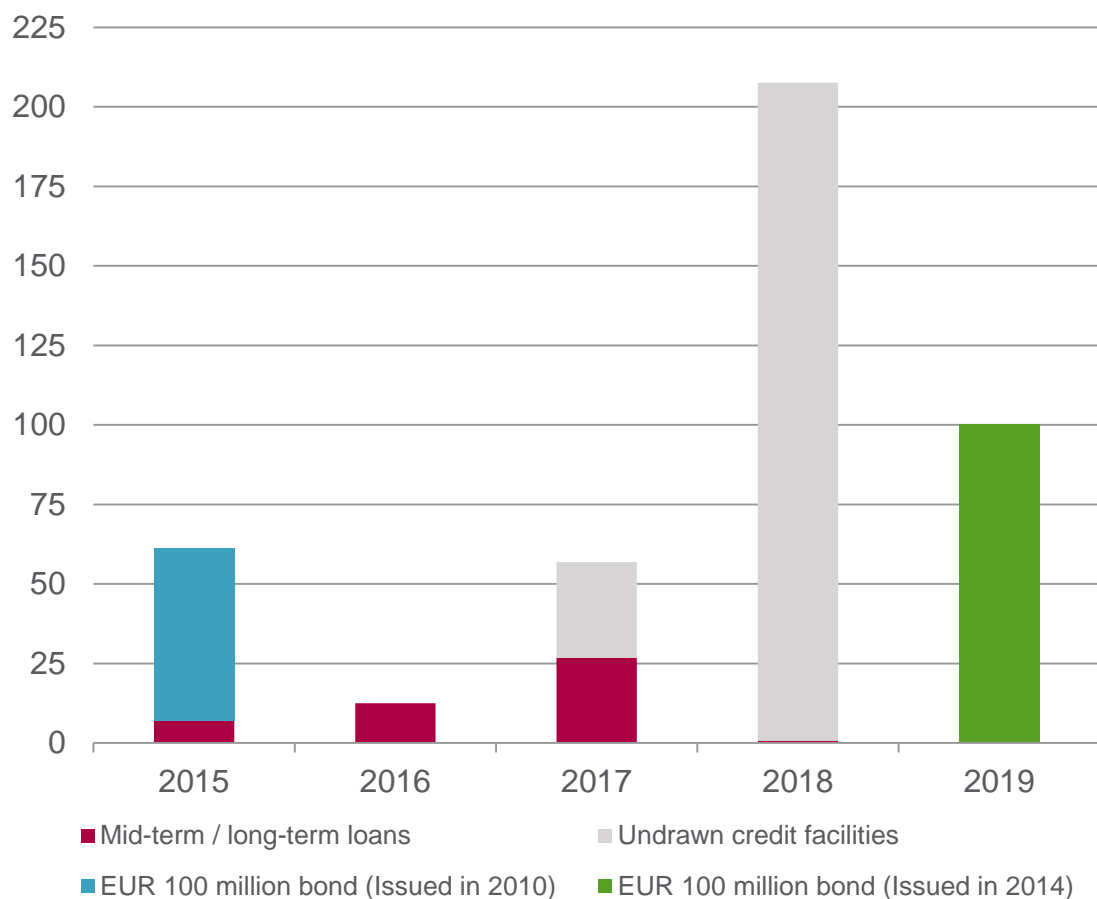
- Proceeds from selling Munksjö Oyj shares
- Low capital expenditure

Equity impacted by positive currency translation

\* Including discontinued operations

# Maturity profile

## Revolving credit facility refinanced in June 2015



- EUR 180 million three-year revolving credit facility signed. The facility includes two 12-month extension options.
- Total liquidity, including cash and unused committed credit facilities was EUR 282.6 million at the end of Q2/15 (EUR 308.0 million Q2/14).
- In addition, Ahlstrom had undrawn uncommitted credit facilities and cash pool overdraft limits of EUR 120.9 million available (EUR 138.4 million).
- Remainder of the EUR 100 million bond (EUR 54 million million) issued in 2010 due in November 2015.



AHLSTROM

# Outlook



# Outlook for 2015 revised



## *New outlook*

- Net sales are expected to be in the range of EUR 1,025-1,125 million
- Operating profit margin excluding non-recurring items is expected to be 3.85-4.5% of net sales.

## *Previous outlook*

- Net sales are expected to be in the range of EUR 1,000-1,100 million
- Operating profit margin excluding non-recurring items is expected to be 3.5-5% of net sales

Investments excluding acquisitions are still estimated to amount to approximately EUR 35 million

Stay ahead™



# Thank you



**Ahlstrom Corporation**  
P.O. Box 329, Alvar Aallon katu 3 C  
FI-00101 Helsinki, Finland  
T: +358 (0)10 888 0  
F: +358 (0)10 888 4709  
info@ahlstrom.com  
www.ahlstrom.com

