

Ahlstrom Corporation Annual General Meeting 2010



Review of the President & CEO

March 31, 2010

Jan Lång

Executive Management Team

- Jan Lång President & CEO
- Risto Anttonen Deputy CEO
- Paula Aarnio Executive Vice President, Human Resources & Sustainability
- Gustav Adlercreutz Executive Vice President, Legal Affairs; General Counsel
- Jean-Marie Becker Executive Vice President, Home & Personal Nonwovens
- Tommi Björnman Executive Vice President, Filtration
- Daniele Borlatto Executive Vice President, Release & Label Papers
- William (Bill) Casey Executive Vice President, Advanced Nonwovens
- Claudio Ermondi Executive Vice President, Innovations & Technology
- Patrick Jeambar Executive Vice President, Technical Papers
- Seppo Parvi Executive Vice President, Finance & Resourcing, (CFO)
- Laura Raitio Executive Vice President, Glass & Industrial Nonwovens
- Rami Raulas Executive Vice President, Sales & Marketing

2009 in brief

- Global economic crisis: net sales decreased
- EBIT excluding non-recurring items on the level of 2008
- Cash flow and hybrid bond strengthened balance sheet

EUR million	2009	2008
Net sales	1,596.1	1,802.4
EBIT (Operating profit/loss)	-14.6	14.6
including non-recurring items from restructuring and impairment charges	-54.3	-21.1
EBIT excluding NRI	39.8	35.7

Targets for 2009 achieved

Maximizing cash flow

- Net cash from operating activities
- EUR 102.4 million → 209.6 million

Improving working capital turnover

- Working capital decreased by EUR 104.3 million
- Turnover improved by 23 days

Adjusting operations to the market situation

- Market-related downtime, temporary layoffs, other flexible solutions
- Market-related downtime 18.2% of production

Targets for 2009 achieved

Restructuring programs

- EUR 55 million annual savings as from 2010
- Reduction of 740 employees 2009–2010

Strengthened balance sheet

- Strong cash flow and hybrid bond
- Gearing ratio 95,3 % → 57,7 %

Revised strategy

- Two business clusters
 - Value-added businesses
 - Operational excellence businesses

New business portfolio to support profitable growth

Value-added business cluster

- Nonwovens for food and medical industry
- Filtration for transportation industry and liquids
- Glassfiber tissue, specialty reinforcements, industrial nonwovens
- Crepe papers, vegetable parchment

Operational excellence business cluster

- Air filtration
- Wiping fabrics
- Label and release base papers
- Technical papers, such as wallpaper base and poster papers

New business portfolio to support profitable growth

Value-added business cluster

Growing and expanding through differentiation

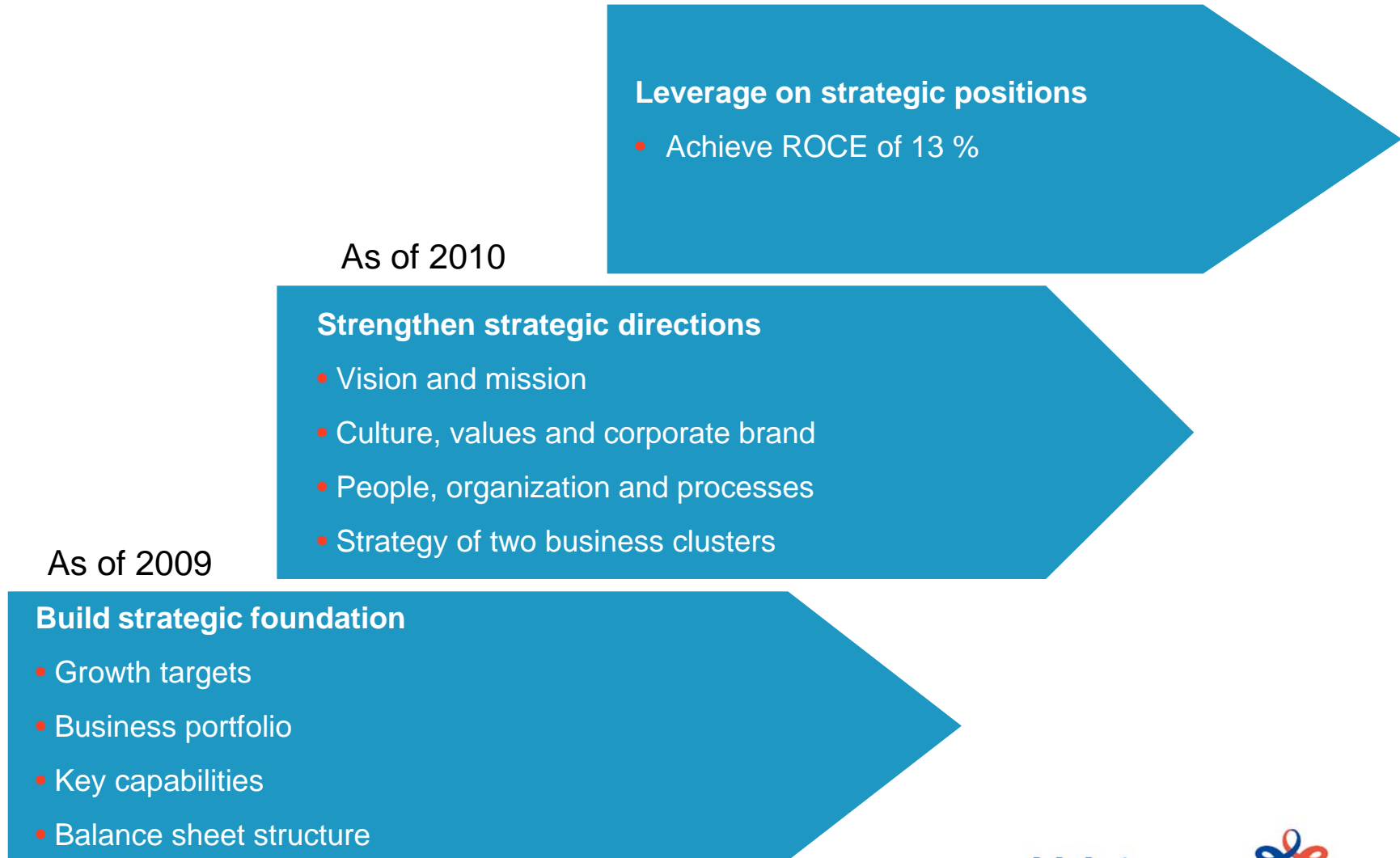
- Value-added products at competitive prices
- Innovation to product performance and improved conversion processes
- Focus of geographical growth on Asia.

Operational excellence business cluster

Supporting growth through efficient operations

- Price competitive products
- Innovation for cost improvement
- Strong cash flow

Strategy implementation



Product innovations in 2009

- 48% of Ahlstrom's net sales generated by new or improved products

Major product launches:

- Bi-component nonwoven material for medical applications
- Hybrid wallcovering combining favorable properties of nonwovens and papers
- Filtration media innovations to match stricter environmental criteria
- New dry wiping fabrics for cleaning applications in home and industrial environments
- One-side coated label paper Lumimax TT



Revised dividend policy

- Based on Ahlstrom's cash generating capabilities
- Aim is to pay dividend of not less than one third of net cash from operating activities after operative investments, calculated as three-year rolling average
 - Rolling average to achieve stability in dividend payout
- Two thirds of the above mentioned cash flow used for supporting growth and reducing net debt
- Previous policy was to pay a dividend averaging at least 50% of the profit for the period of the previous financial year

Main short-term targets

- Strategy implementation:
 - Profitable growth, focused on Asia
 - Two business models to be operationalized
- Continuous efficiency improvement
- Cultural integration (One Ahlstrom)
- Vision update



Outlook 2010

- Despite the pulp prices rising lately, the outlook for 2010 remains unchanged
 - In the beginning of 2010, the demand for Ahlstrom's products has developed as anticipated
 - Ahlstrom actively strives for sales price increases to cover the rising raw material costs
- Net sales is expected to increase compared to 2009, but remain lower than in 2008
- EBIT excluding non-recurring items is expected to increase from 2009





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THANK YOU

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.

Financial statements 2009



March 31, 2010

Seppo Parvi

CFO

Income statement (consolidated)

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
approx. 5% reduction in fixed costs (excl. NRI)
- ➔ Burdened by non-recurring items
- ➔ Lower interest rates, debt reduction

Balance sheet (consolidated)

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



Strengthened balance sheet

Cash flow (consolidated)

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

Stable financial position

- On the balance sheet date, the total liquidity was EUR 328 million including cash, available committed credit facilities and cash pool overdraft limits.
 - In addition, the company has uncommitted credit facilities of EUR 136.1 million
- The liquidity situation has continued strong in the beginning of 2010

Parent company balance sheet (FAS)

EUR million	Dec 31, 2009	Dec 31, 2008
Non-current assets	1,185.1	1,058.6
Current assets	305.8	535.8
Cash	1.0	30.6
Total	1,491.9	1,625.0
Equity	910.1	903.2
Provisions for contingencies	4.9	4.6
Long-term liabilities	270.1	172.2
Short-term liabilities	306.8	545.0
Total	1,491.9	1,625.0

Shareholders' equity in 2009 includes EUR 645.4 million of distributable funds

	EUR million
Equity	70.0
Share premium	187.8
Non-restricted equity reserve	8.3
Retained earnings	616.1
Profit for the period	27.9
TOTAL	910.1



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