

Ahlstrom Capital Markets Day 2010



Path to profitable growth

Helsinki, November 11, 2010

Jan Lång, President & CEO

Ahlstrom Capital Markets Day 2010 – Agenda

13:00-13:40	Jan Lång, President & CEO	Strategic overview
13:40-14:05	Tommi Björnman, EVP, Filtration	Filtration overview and strategic direction
14:05-14:30	Rami Raulas, EVP, Sales and Marketing	Sales and Marketing update: From asset to customer focused
14:30-14:50	Coffee break	
14:50-15:15	Laura Raitio, EVP, Building and Energy	Building and Energy overview and strategic direction
15:15-15:40	Seppo Parvi, CFO	Key financials
15:40-16:00	All	Q&A, Wrap-up

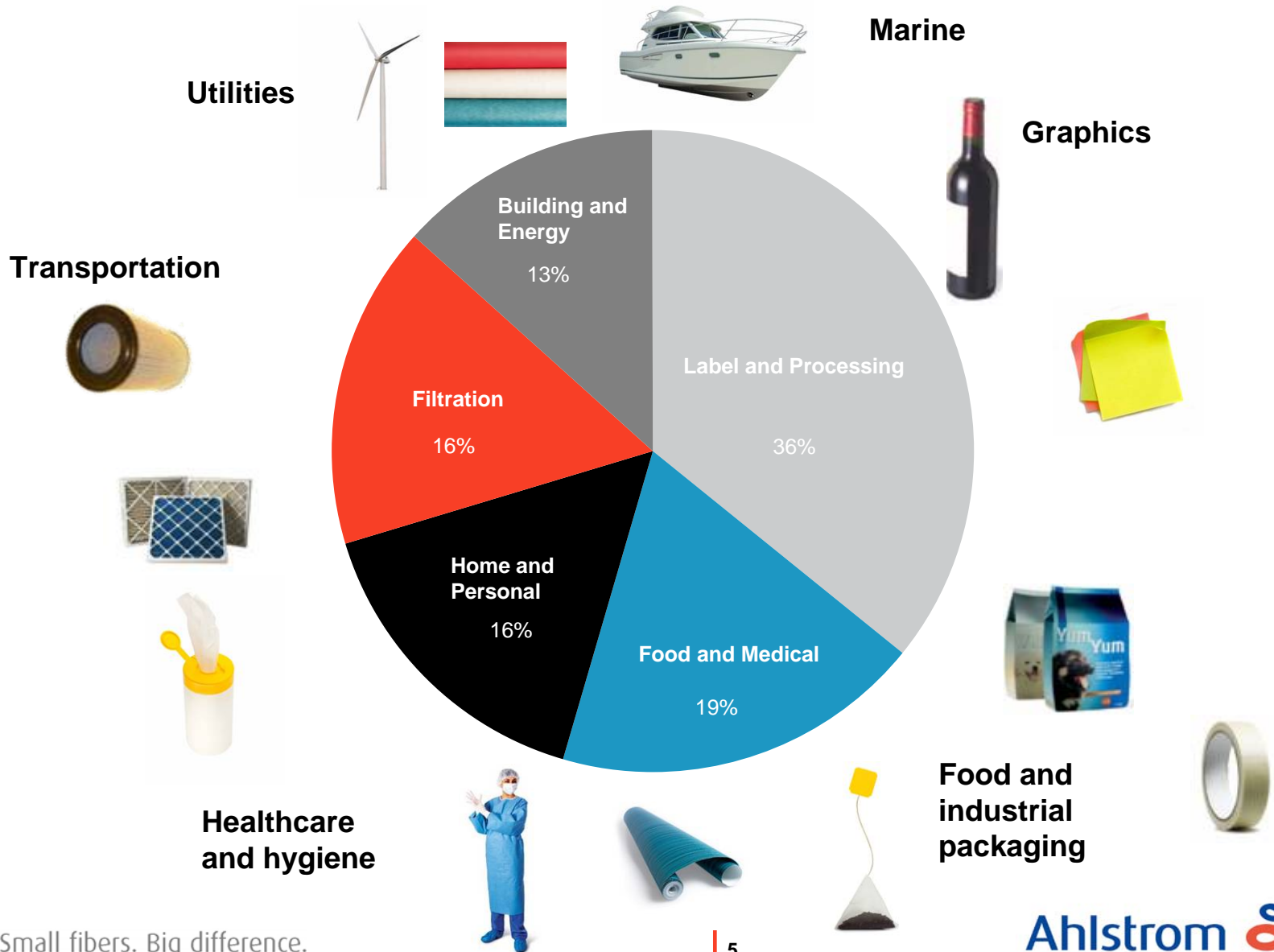
1. Ahlstrom in brief
2. Strategy implementation
3. Strategic direction at Business Area level
4. Long-term financial targets and dividend policy
5. Path to profitable growth

Ahlstrom in brief

- A leading supplier of high performance nonwovens and specialty papers
 - Globally No. 3 in nonwovens, No. 1 in specialty papers
- 5,800 employees in over 20 countries on six continents
- Business areas
 - Building and Energy
 - Filtration
 - Food and Medical
 - Home and Personal
 - Label and Processing
- Listed on the NASDAQ OMX Helsinki since 2006
- Net sales EUR 1.6 billion in 2009



Sales by business area & end user applications



Leading supplier of fiber-based materials

Business area:

Market position*

Building and Energy

1-3**

Filtration

1**

Food and Medical

1-3

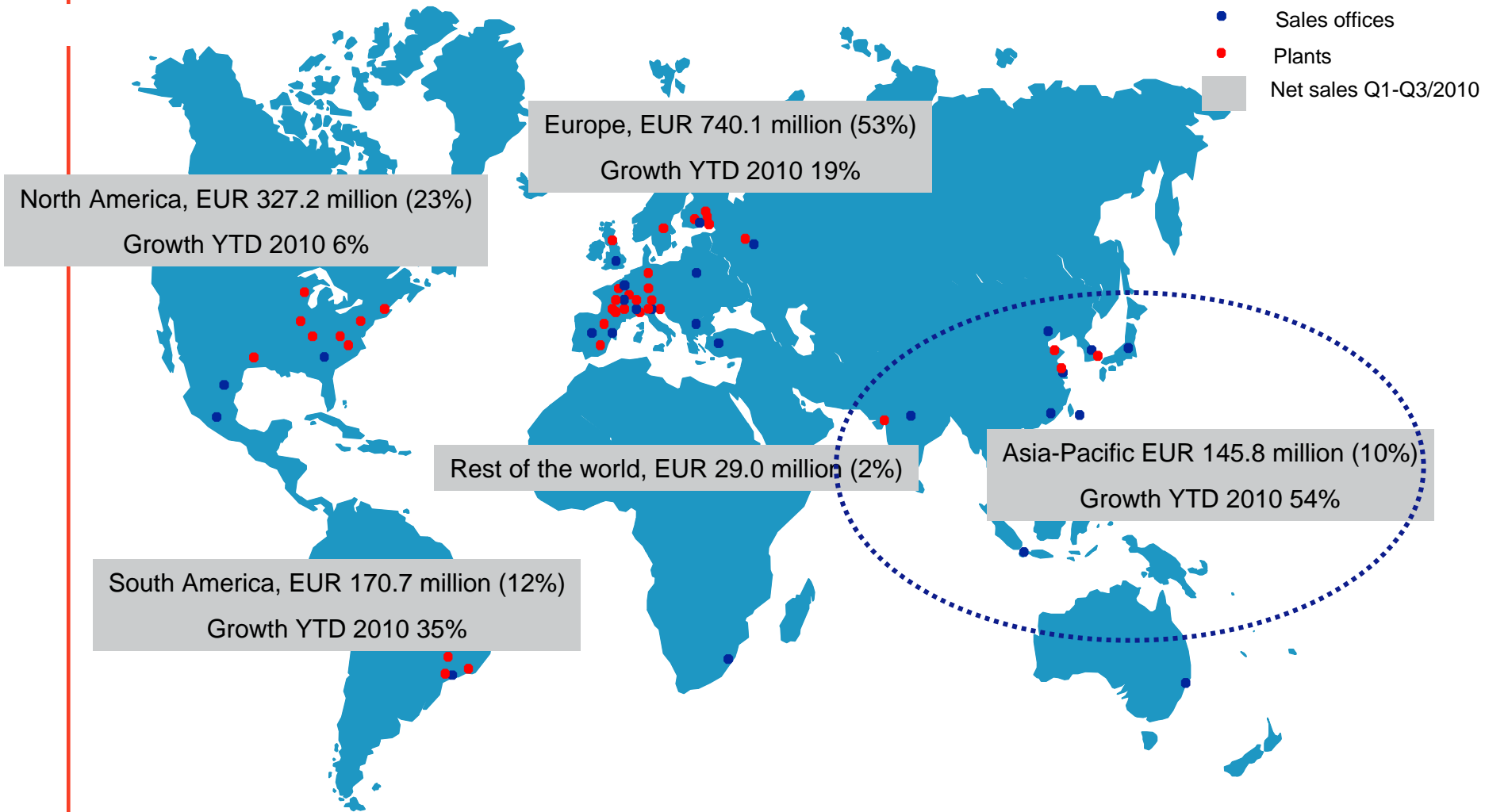
Home and Personal

1

Label and Processing

1-3**

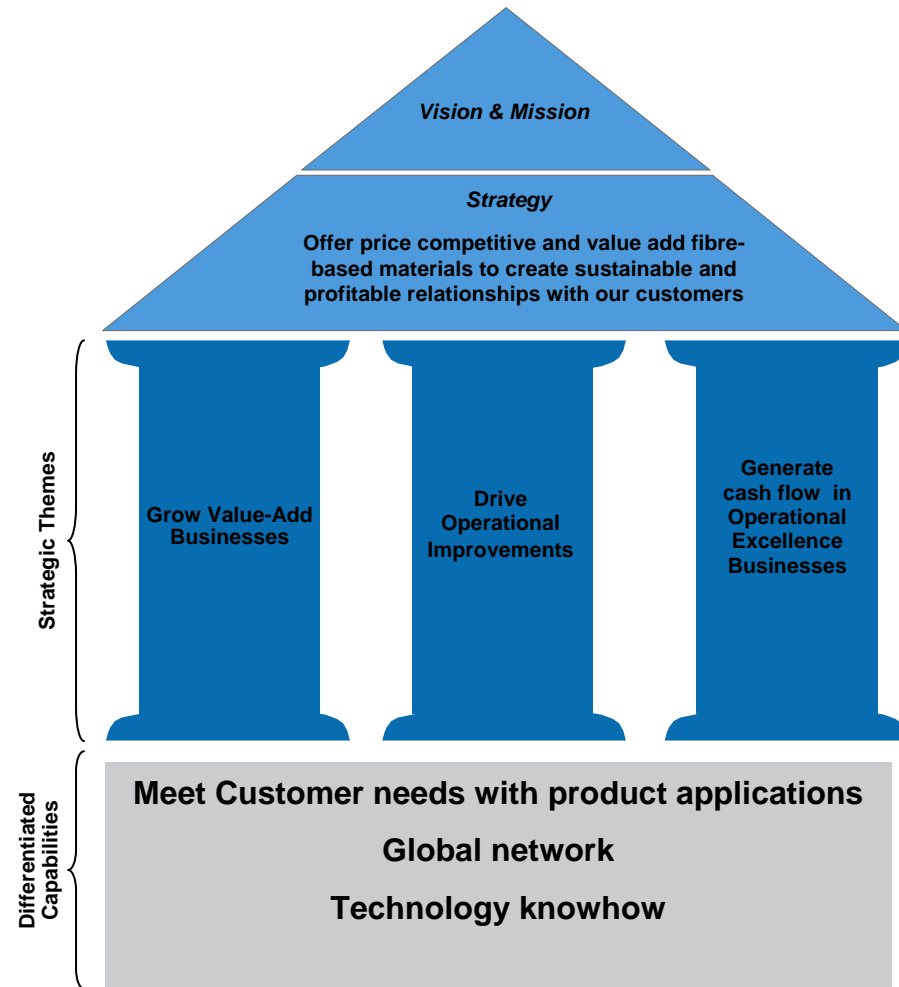
Global manufacturing presence & markets



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Profitable growth strategy

- Revised profitable growth strategy published end of 2009
- Emphasis on customer focus
- Two clusters reflecting business drivers



Focused portfolio to support profitable growth

Operational excellence

Support growth
– be efficient

- Offer price competitive products
- Innovate for cost improvement

Business Areas:
Home and Personal
Label and Processing

Generate cash flow
for growth

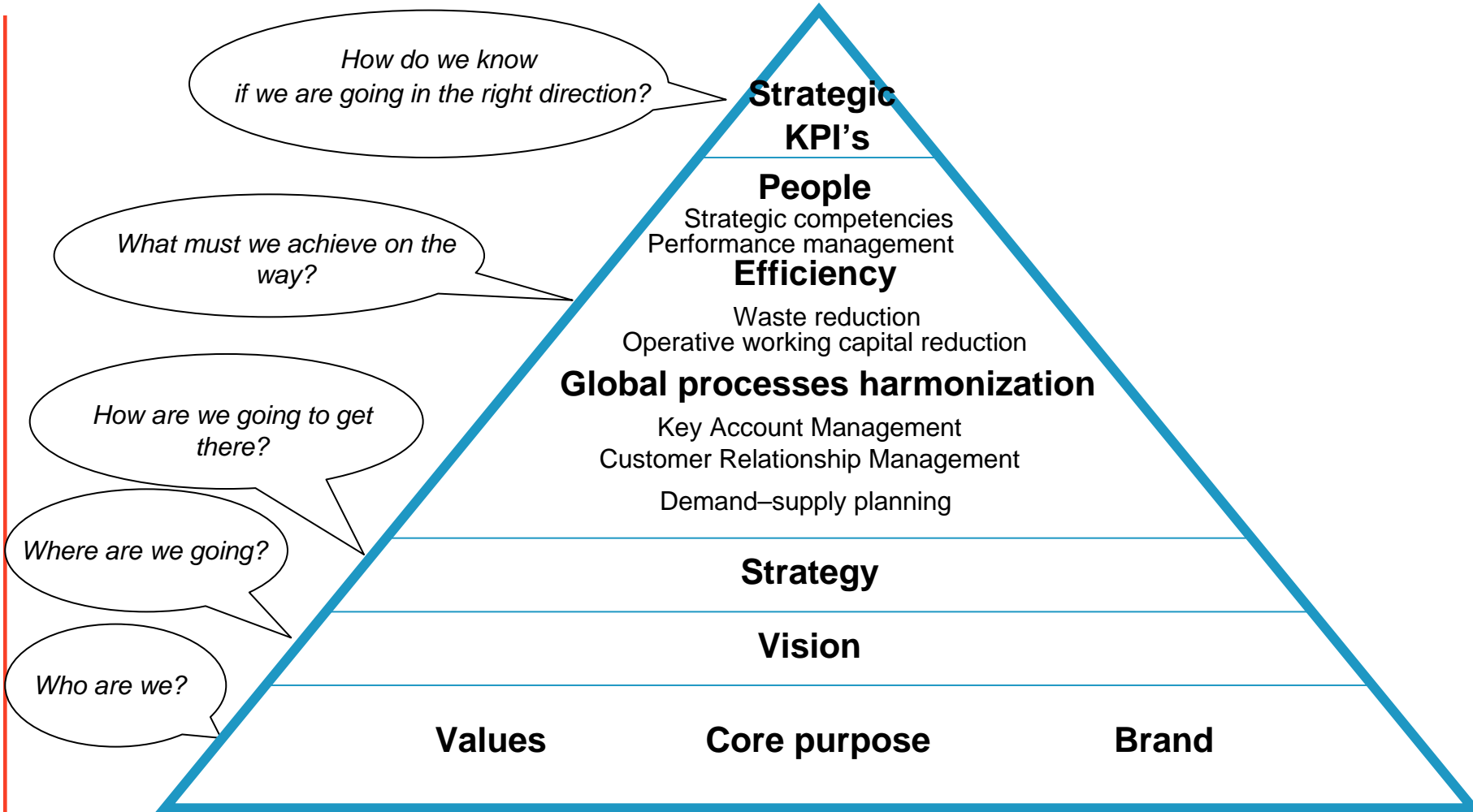
Value-added

Grow and expand
– be different

- Offer value-added products at competitive prices
- Innovate for product performance and improved conversion process
- Organic growth and possibly small acquisitions
- Growth will focus on Asia

Business Areas:
Building and Energy
Filtration
Food and Medical

Key projects in strategy implementation in 2010



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Building and Energy



Materials for Wind turbine blades, floorings, wall coverings, boat hulls, building panels, fabric care

Strategic direction:

- Be a leader in cushion-vinyl flooring and expand our product offering to new building sector applications
- Strengthen position as a leader in wallcover market by improving presence in Asia
- Focus on niche applications of specialties nonwovens in automotive, textile, building and environmental industries
- Become a global supplier of reinforcements for wind energy, marine and transportation markets

Filtration



Automotive and transportation filtration, water filtration, high efficiency air filtration, gas turbine and life science filtration

Strategic direction:

- Support global growth and key customers in Transportation Filtration with new product introductions and local service platforms in all regions
- Develop new applications for future solutions in Transportation Filtration
- Maintain and improve the #1 position in Transportation Filtration with profitable growth
- Become a major player in Advanced Filtration in chosen growing businesses

Food and Medical

Materials for medical gowns, drapes and face masks, teabags, fibrous meat casings, baking papers



Strategic direction:

- Strengthen our leadership position in the masking tape substrate market with the additional capacity in China
- Strengthen our market position in medical gown and drapes by expanding our product offering and global manufacturing
- Expand the range of our sustainable products serving the food and beverage markets based on our unique technologies

Home and Personal

Wipes for baby care, personal care and home care, industrial wipes



Strategic direction:

- Reinforce our leading position globally
- Support the growth of our customers by close relationship building
- Continue to build cost leadership position
- Innovative applications

Label and Processing

Self-adhesive labels, wet-glue labels and metalized labels for beverages, food and non-food packaging, pharmaceuticals and cosmetics, poster papers, repositionable notes, furniture foils, gaskets, heat shields, abrasive papers, sound absorption materials



Strategic direction:

- Grow release liners globally by offering competitive full product range
- In niche markets (graphic, flexible packaging and industrial products) grow by unique cost efficient products and customer intimacy
- Continue to build cost leadership position

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Specified long-term financial targets

-driving our profitable growth strategy forward

Profitability

ROCE at least 13%

- To be reached by 2012
- With the current balance sheet structure, operating profit of 7% or above is required

Growth

Annual net sales growth at least 5%

- At constant currency rates, including acquisitions

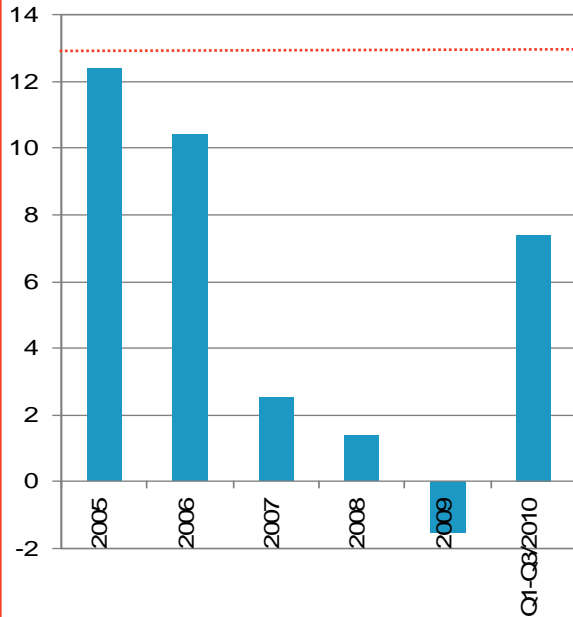
Solidity

Gearing 50-80%

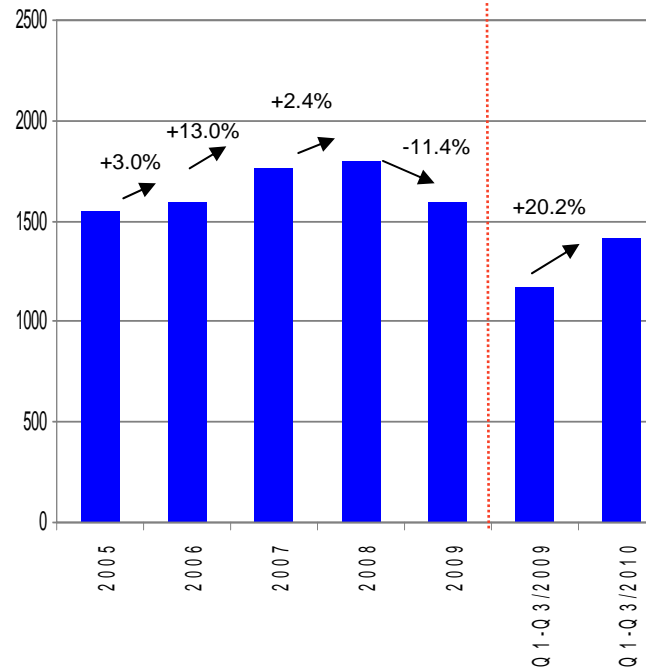
- To be maintained within the target range

Long-term financial targets (cont.)

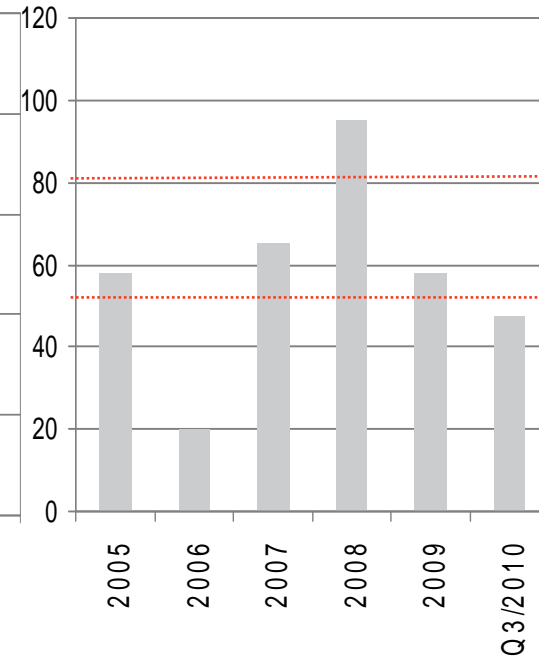
ROCE
-At least 13%



Sales growth
-At least 5% annually



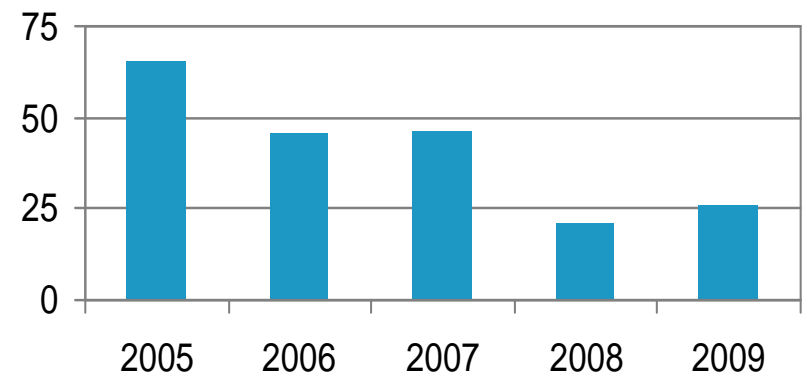
Gearing ratio
-Maintain within 50-80%



Dividend policy

Ahlstrom aims to pay a dividend of not less than one third of the net cash from operating activities after operative investments, calculated as a three-year rolling average (revised in December 2009).

Total amount of dividends paid (EUR million)



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Path to profitability

Expand to growing markets in Asia:

Strive for new business opportunities, grow with customers

Business portfolio management:

Profitable growth & cash flow generation

Fix under performing businesses

Add-on acquisitions

Margin management:

Pricing, continuous cost efficiency

Continuous improvement programs:

Focus projects: working capital 2009-2010 and waste 2010-2011



Focus projects

-driving continuous efficiency improvement

Operative working capital reduction:

Since the end of 2008, EUR 140.7 million operative working capital unleashed, turnover rate has improved by 37 days

Project in final phase

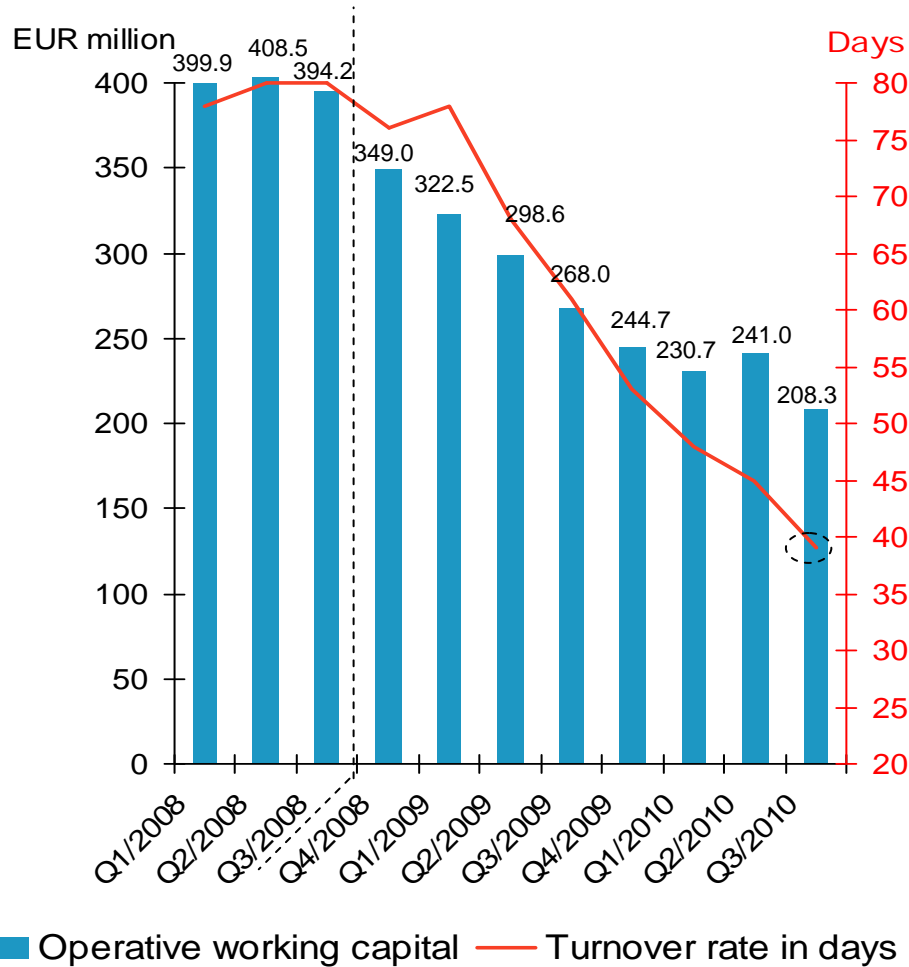
Waste reduction:

Target EUR 20 million in cost savings annually

Fully visible in 2012

Focus project

-working capital turnover improved by 49%



Inventories:

Reduced and more efficient planning and use of inventories (DIS)
 Raw materials
 Semi-finished goods
 Finished goods

Accounts receivables:

Reduced overdue receivables, harmonized sales terms (DSO)

Accounts payable:

Improved and harmonized payment terms (DPO)

Improvement by **37 days**, or **-49%** leading to **EUR ca. 140 million** Working Capital (WC) release from end of 2008

Growth

- shifting focus to serve Asian market



- Faster economic growth
- Tap faster growing markets and strive for new business opportunities
- Global customers have established strong positions in Asia
- Serve strongly growing local customers in Asia

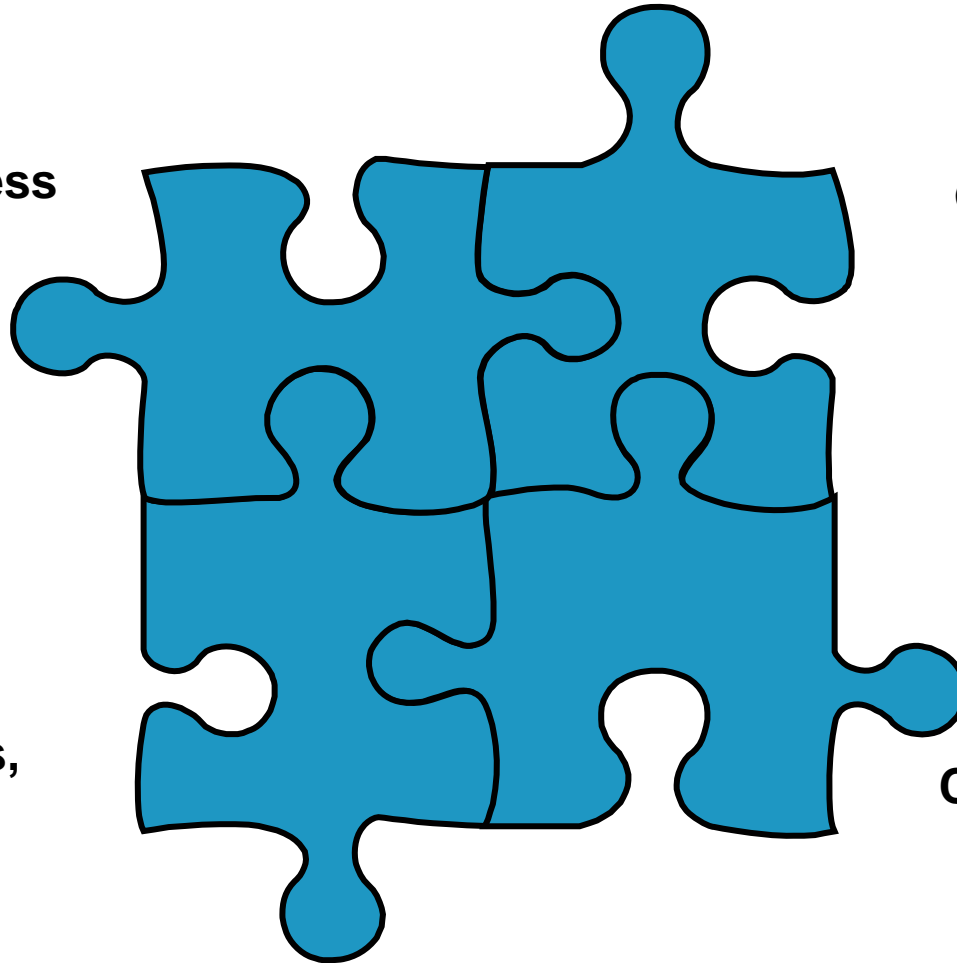
Building blocks for profitable growth

Focused business portfolio

Growth in Asia

Clear long-term financial targets, KPIs

Customer focus





Thank you