

The logo for Ahlstrom, featuring the word "AHLSTROM" in a white, sans-serif font. The letter "A" is stylized with a horizontal line through its middle. The background of the slide is a dark, abstract pattern of flowing, wavy lines in shades of blue, teal, and green, creating a sense of motion and depth.

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# **Ahlstrom**

## **January-March 2015**

**Marco Levi**  
**President & CEO**

**Sakari Ahdekivi**  
**CFO**

April 28, 2015

# Agenda

- January-March 2015
- Business area review
- Financials
- Outlook

# January-March 2015 in brief



## Highlights

- + Clearly higher operating profit, driven by better pricing and product mix
- + Filtration and Food and Medical business areas improved performance
- + Commercial Excellence program extended to all business areas
- + Net sales and operating profit boosted by a favorable currency effect

## Lowlights

- Flat net sales growth at constant currency rates
- Lower volumes due to lower demand in filtration in Asia and wallcoverings in Europe

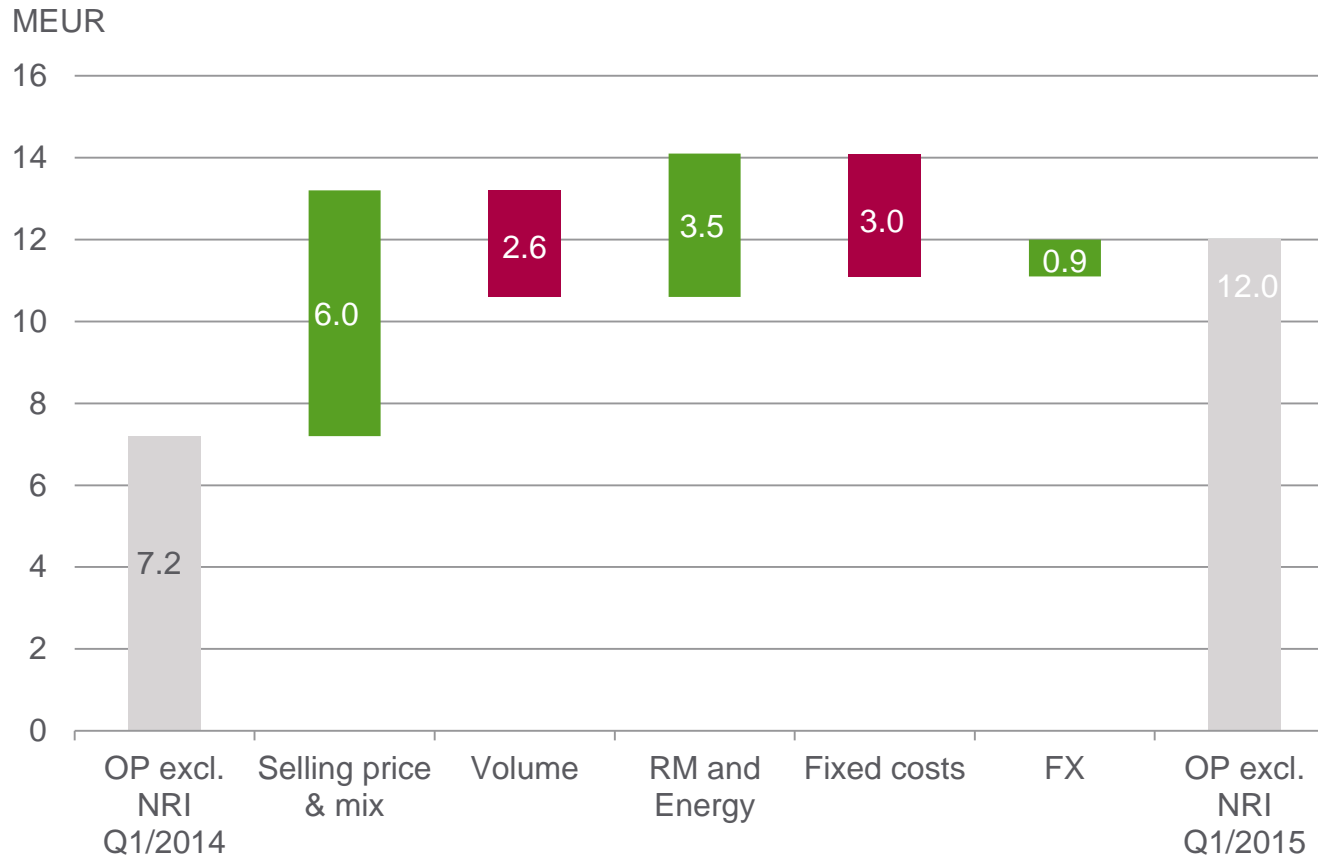
# Key figures

Operating profit excl. NRI increased 66.5%

EUR million	Q1/2015	Q1/2014	Change, %	2014
Net sales	271.8	249.2	9.1	1,001.1
EBITDA excl. NRI	26.2	18.9	38.6	78.6
<i>% of net sales</i>	9.6	7.6		7.9
Operating profit excl. NRI	12.0	7.2	66.5	28.6
<i>% of net sales</i>	4.4	2.9		2.9
Gearing*	74.0	87.7		79.3
ROCE, %	8.1	3.4		-0.5

# Operating profit\* bridge Q1/2014 vs Q1/2015

Improvement driven by higher selling prices and better product mix



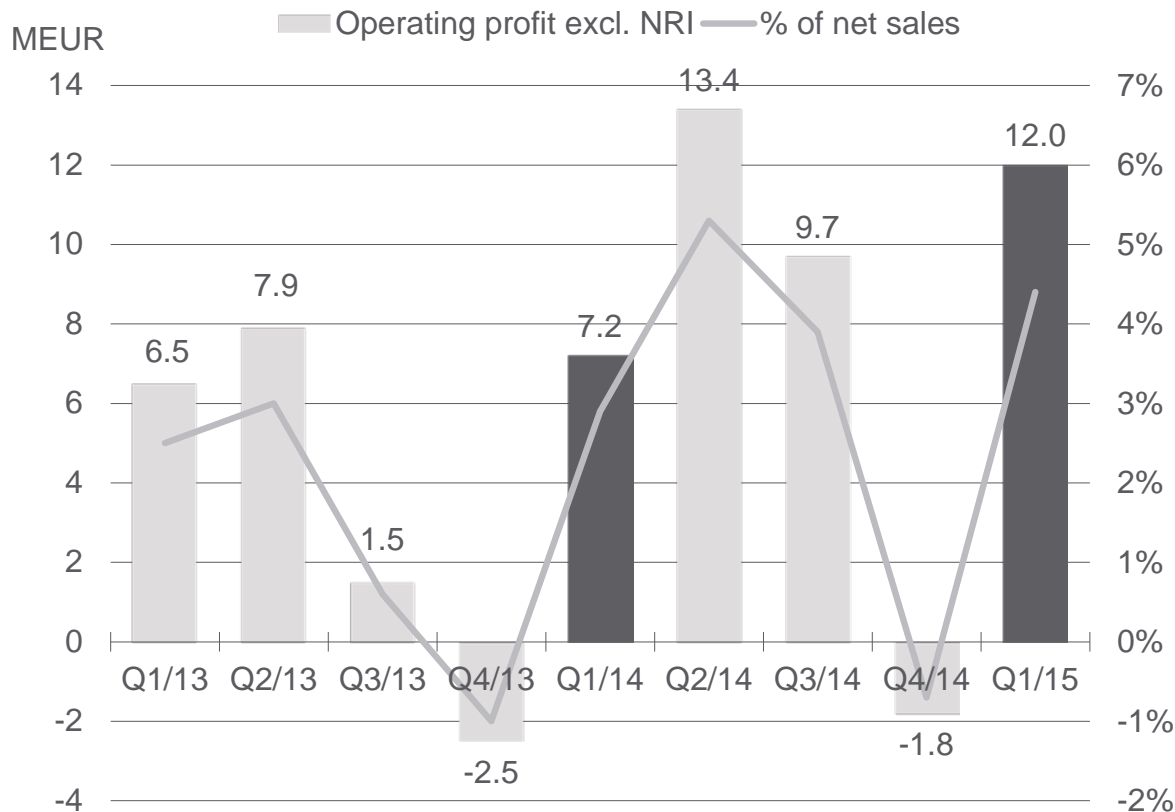
SGA-costs continued to decline

Fixed costs increased:

- Start-up and depreciation of the Binzhou wallcoverings line since Sept. 2014
- Operational costs of the Shanghai PD center since Q2/14
- Higher maintenance costs and additional shifts

# Quarterly operating profit development

Filtration and Food and Medical business areas improved



## Operating profit excl. NRI

MEUR	Q1/15	Q1/14	Change, %
Filtration	12.1	8.7	39.3
Building and Energy	-0.7	0.2	N/A
Food and Medical	3.1	0.5	N/A



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# Business area autopsy



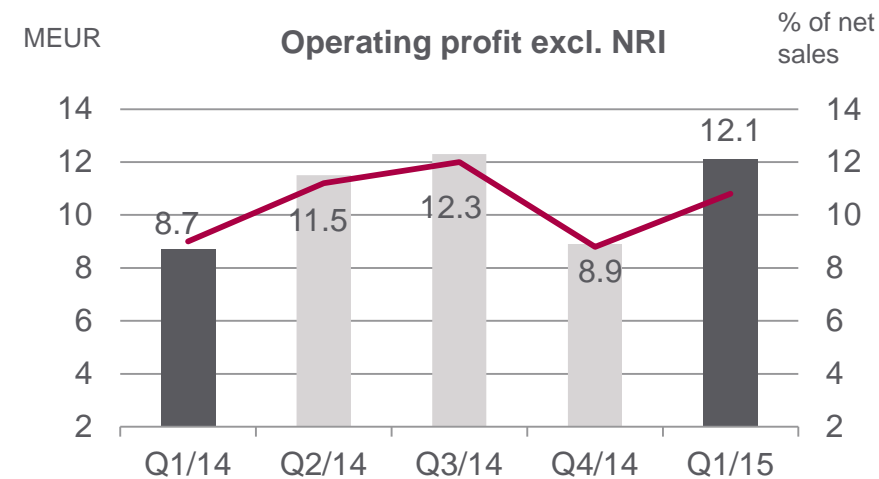
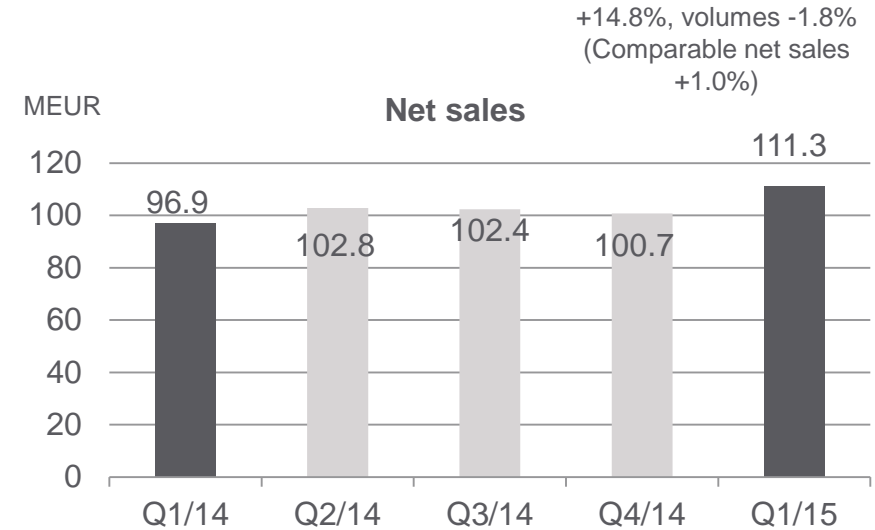
# Filtration

**Q1/15: Net sales EUR 111.3 million  
(EUR 96.9 million)**

- + Increased selling prices
- + Improved product mix through higher sales of advanced filtration applications
- + Favorable currency effect
- Lower sales of heavy duty filtration applications in Asia

**Q1/15: Operating profit ex. NRI  
EUR 12.1 million (EUR 8.7 million)**

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





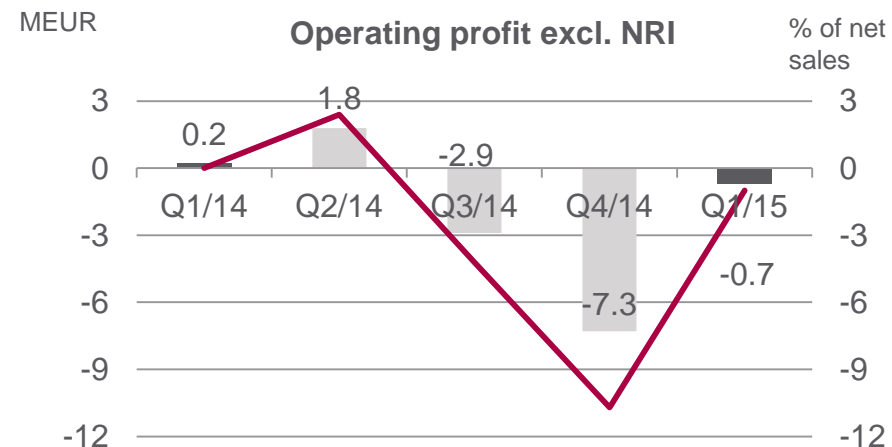
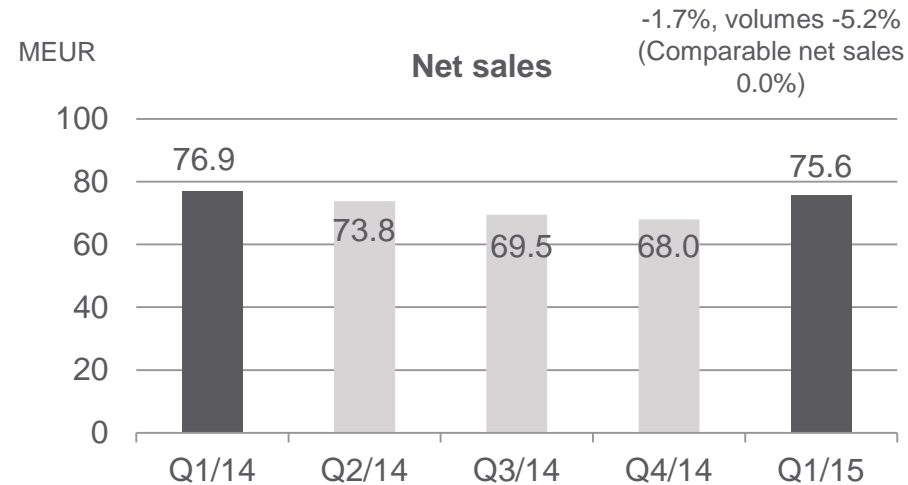
# Building and Energy

Q1/15: Net sales EUR 75.6 million  
(EUR 76.9 million)

- + Higher sales of building and flooring materials
- + Higher selling prices of specialty nonwoven and glassfiber products
- Lower sales of wallcoverings in Europe, Russia and China

Q1/15: Operating profit ex. NRI  
EUR -0.7 million (EUR 0.2 million)

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



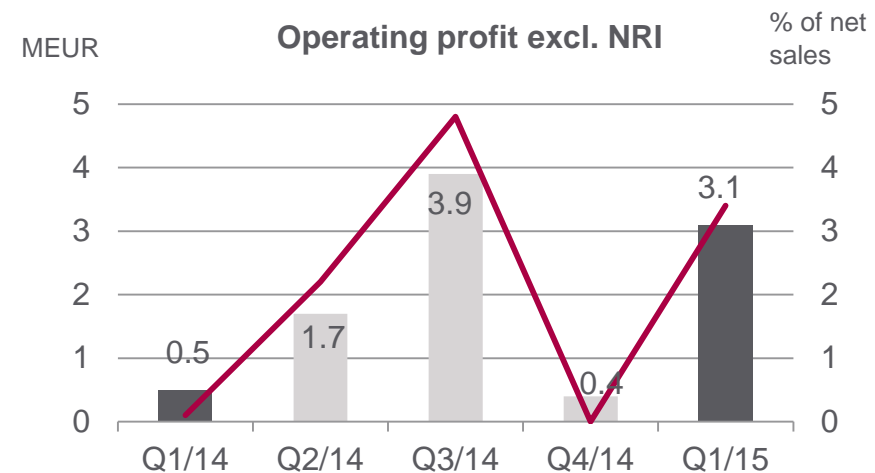
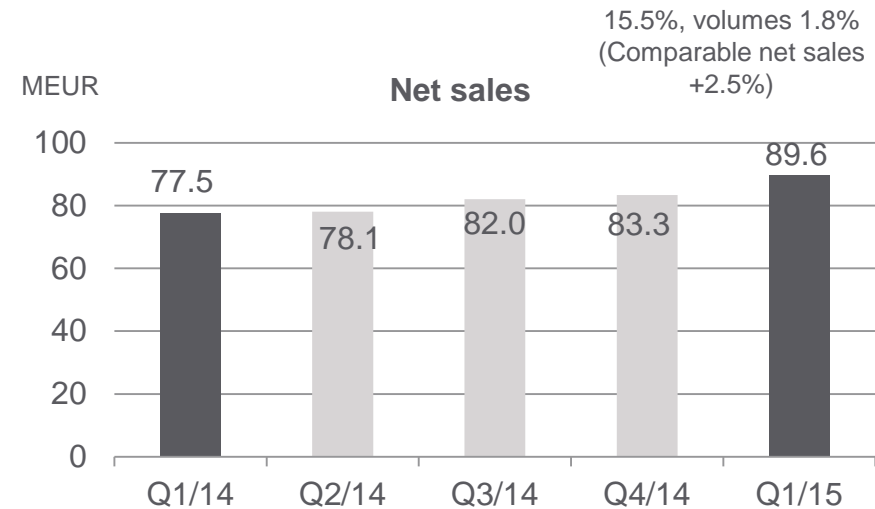
# Food and Medical

**Q1/15: Net sales EUR 89.6 million  
(EUR 77.5 million)**

- + Higher sales of food packaging, medical and tape materials
- + Favorable currency effect
- Sales of beverage products recovered towards the end of the quarter after a slow start to the year

**Q1/15: Operating profit ex. NRI  
EUR 3.1 million (EUR 0.5 million)**

- + Improved pricing and product mix
- Higher variable costs, mainly from energy



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# Financials



# Income statement

EUR million	Q1/2015	Q1/2014
<b>Net sales</b>	<b>271.8</b>	<b>249.2</b>
Cost of goods sold	-226.4	-208.0
<b>Gross profit</b>	<b>45.4</b>	<b>41.2</b>
Sales, administrative and research & development expenses (SGA)	-34.8	-37.7
Other income and expenses	2.1	0.9
<b>Operating profit / loss</b>	<b>12.7</b>	<b>4.4</b>
<b>Operating profit / loss excl. NRI</b>	<b>12.0</b>	<b>7.2</b>
Net financial expenses	1.2	0.0
Share of profit / loss of equity accounted investments	0.0	0.8
<b>Profit / loss before taxes</b>	<b>13.8</b>	<b>5.2</b>
Income taxes	-5.0	-2.1
<b>Profit / loss for the period</b>	<b>8.8</b>	<b>3.1</b>
<b>Earnings per share</b>	<b>0.17</b>	<b>0.05</b>

▶ SGA costs excluding NRI continued to decrease in Q1/15 and were 12.5% of net sales (13.9% in Q1/14).

▶ NRIs: EUR 0.7 million in Q1/15 (-2.8 million in Q1/14).

▶ Includes a capital gain of EUR 6 million from selling Munksjö Oyj shares

– In Q1/14: the fair valuation of Munksjö Oyj shares held by Ahlstrom was reported in net financial expenses (in fair value reserve in equity since June 2014)

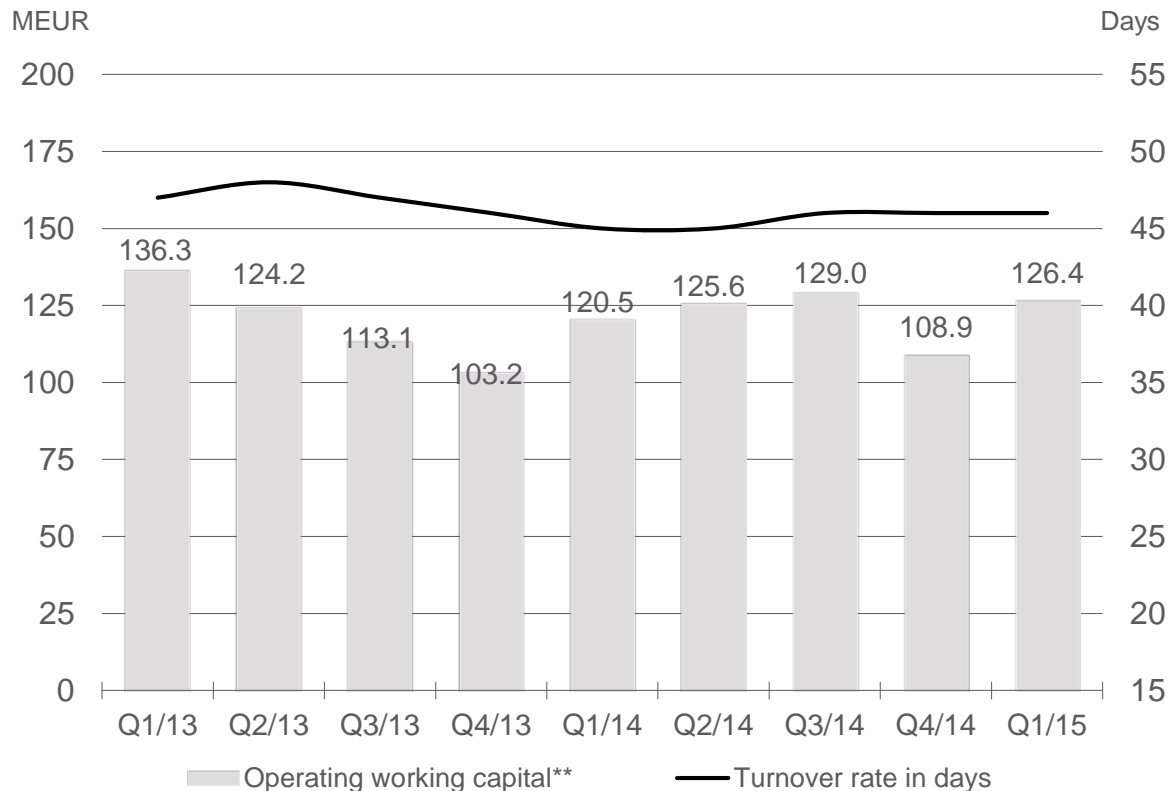
# Balance sheet

EUR million	March 31, 2015	Dec. 31, 2014	
Total non-current assets	620.0	599.3	▶ – Market value of shareholding in Munksjö Oyj EUR 39.1 million as of March 31, 2015. – 3.3 million shares held.
Inventories	123.1	108.1	
Trade and other receivables	209.8	170.7	▶ – Currency impacting all working capital components
Income tax receivables	1.2	1.7	
Cash and cash equivalents	47.2	41.4	
<b>Total assets</b>	<b>1,001.4</b>	<b>921.1</b>	
Total equity	343.2	320.1	▶ – Currency translation effect EUR 25.4 million – Includes EUR 100 million hybrid bond
Provisions	10.7	11.6	
Interest bearing loans and borrowings	301.2	295.2	
Employee benefit obligations	97.6	96.0	
Trade and other payables	245.8	194.0	
Others	2.9	4.2	
<b>Total equity and liabilities</b>	<b>1,001.4</b>	<b>921.1</b>	
<b>Gearing, %</b>	<b>74.0</b>	<b>79.3</b>	



# Development of operating working capital\*

## Seasonal increase



- Seasonal increase in working capital in Q1 due to higher inventories and receivables
- Currency fluctuations\* increased working capital by EUR 12.3 million
- 12-month rolling turnover rate 46 days at the end of Q1/15 (45 days at the end Q1/2014)

\* Including continuing operations only

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

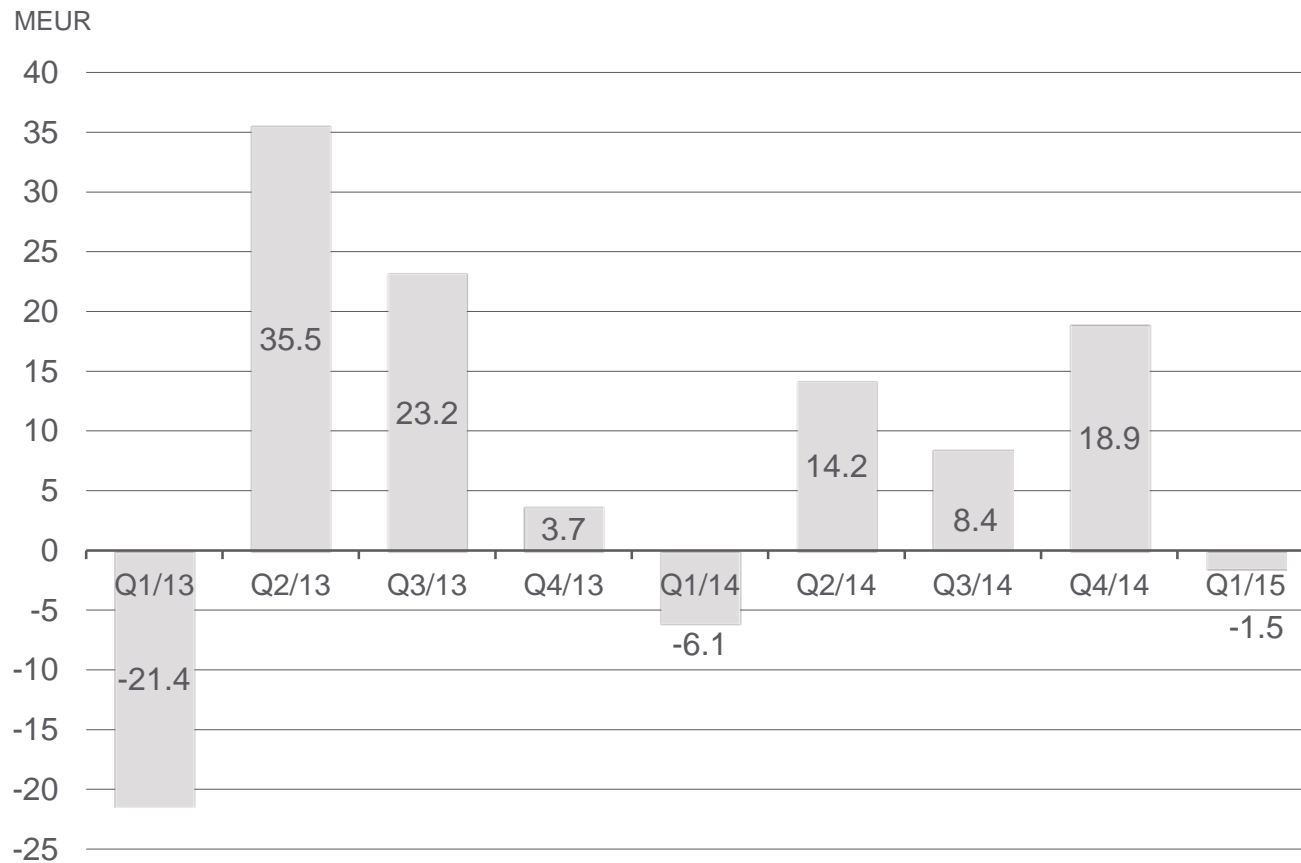
# Statement of cash flows

EUR million	Q1/2015	Q1/2014*
EBITDA	26.9	16.8
Adjustments	-1.3	-0.9
Changes in net working capital	-18.7	-18.1
Change in provisions	-1.1	1.6
Financial items	-7.3	-4.8
Income taxes paid / received	-0.1	-0.7
<b>Net cash from operating activities</b>	<b>-1.5</b>	<b>-6.1</b>
Purchases of intangible and tangible assets	-7.0	-18.7
Other investing activities	15.9	33.0
<b>Net cash from investing activities</b>	<b>9.0</b>	<b>14.3</b>
Changes in loans and other financing activities	-3.6	15.1
<b>Net cash from financing activities</b>	<b>-3.6</b>	<b>15.1</b>
<b>Net change in cash and cash equivalents</b>	<b>3.8</b>	<b>23.3</b>
Cash and cash equivalents at the beginning of the period	41.4	38.7
<b>Cash and cash equivalents at the end of the period</b>	<b>47.2</b>	<b>62.3</b>

- ▶ Only maintenance-related capex
- ▶ EUR14 million proceeds from selling Munksjö Oyj shares

# Net cash from operating activities\*

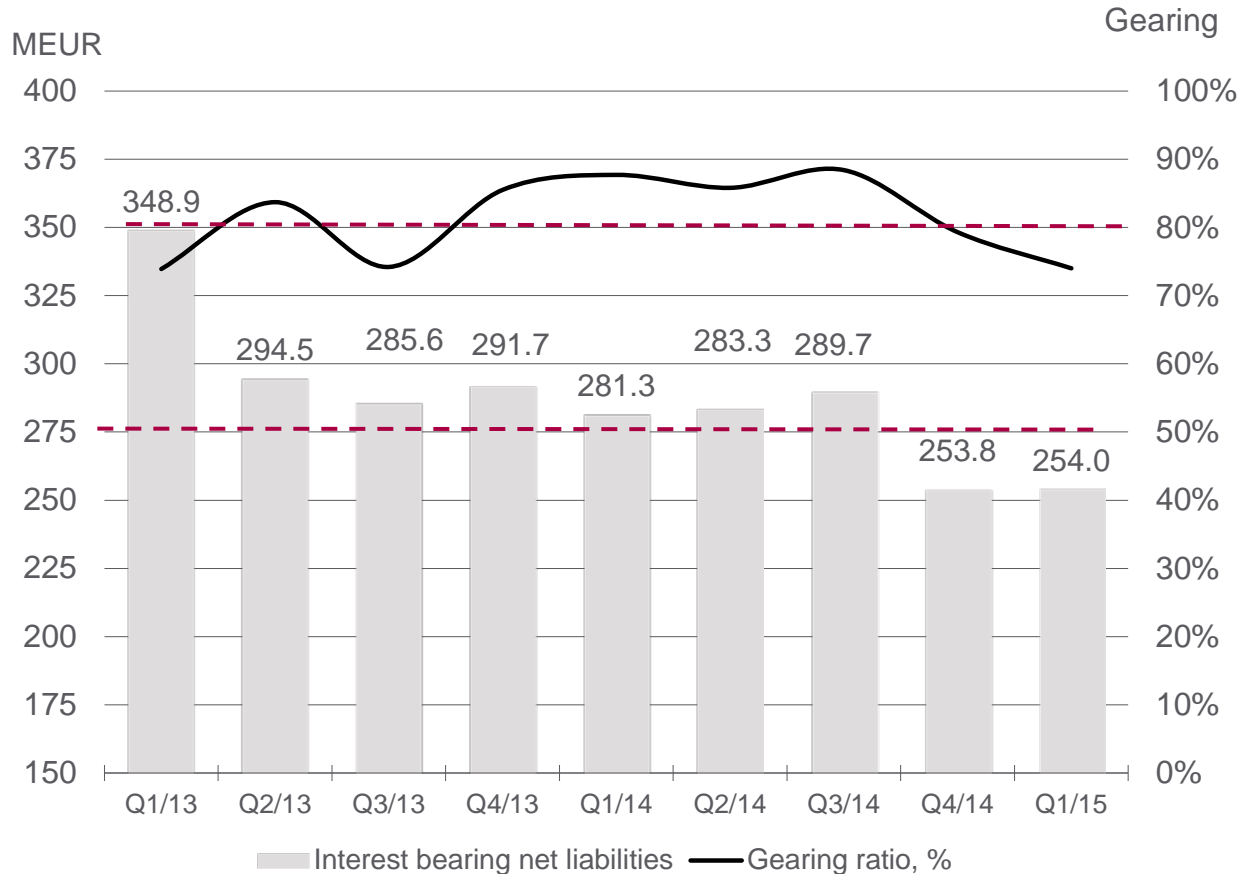
Negative cash flow due to seasonal inventory build-up



**Gearing:**  
target range 50–80%

# Net debt and gearing\*

Stable net debt, gearing reduced due to a currency translation effect



Gearing was 74.0% on March 31, 2015

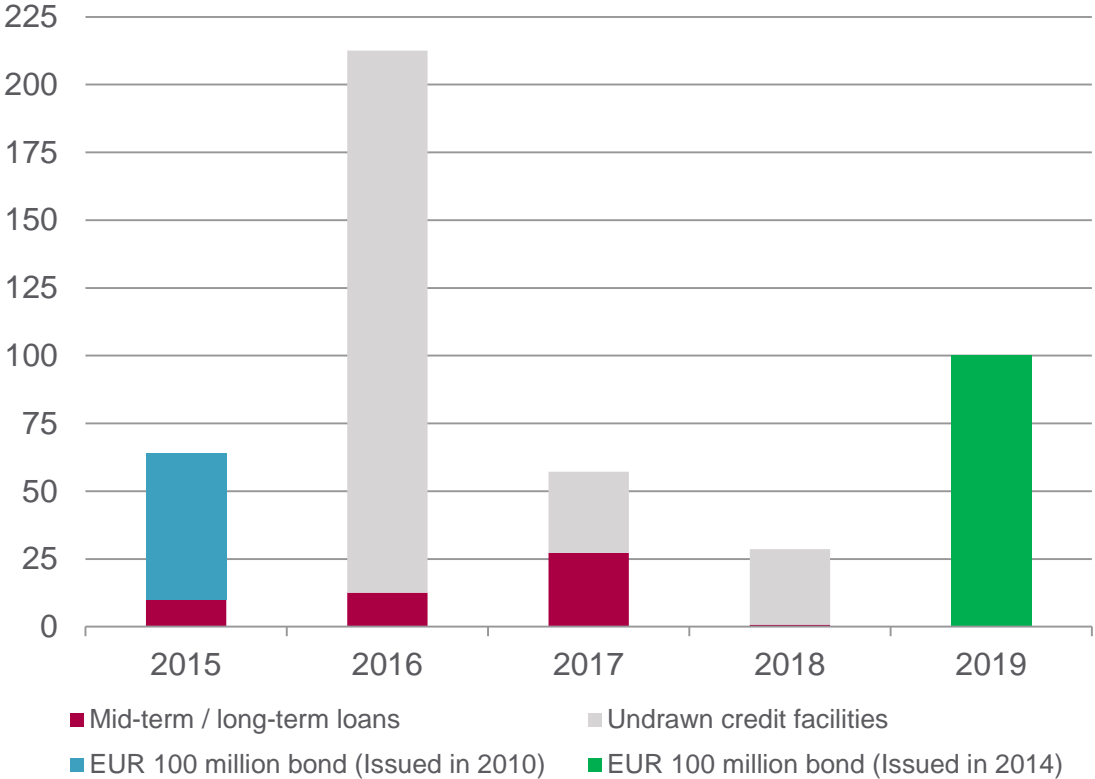
Net debt impacted by:

- Proceeds from selling Munksjö Oyj shares
- Seasonally negative operating net cash flow

Equity impacted by positive currency translation

\* Including discontinued operations

# Maturity profile of medium/long-term credit facilities

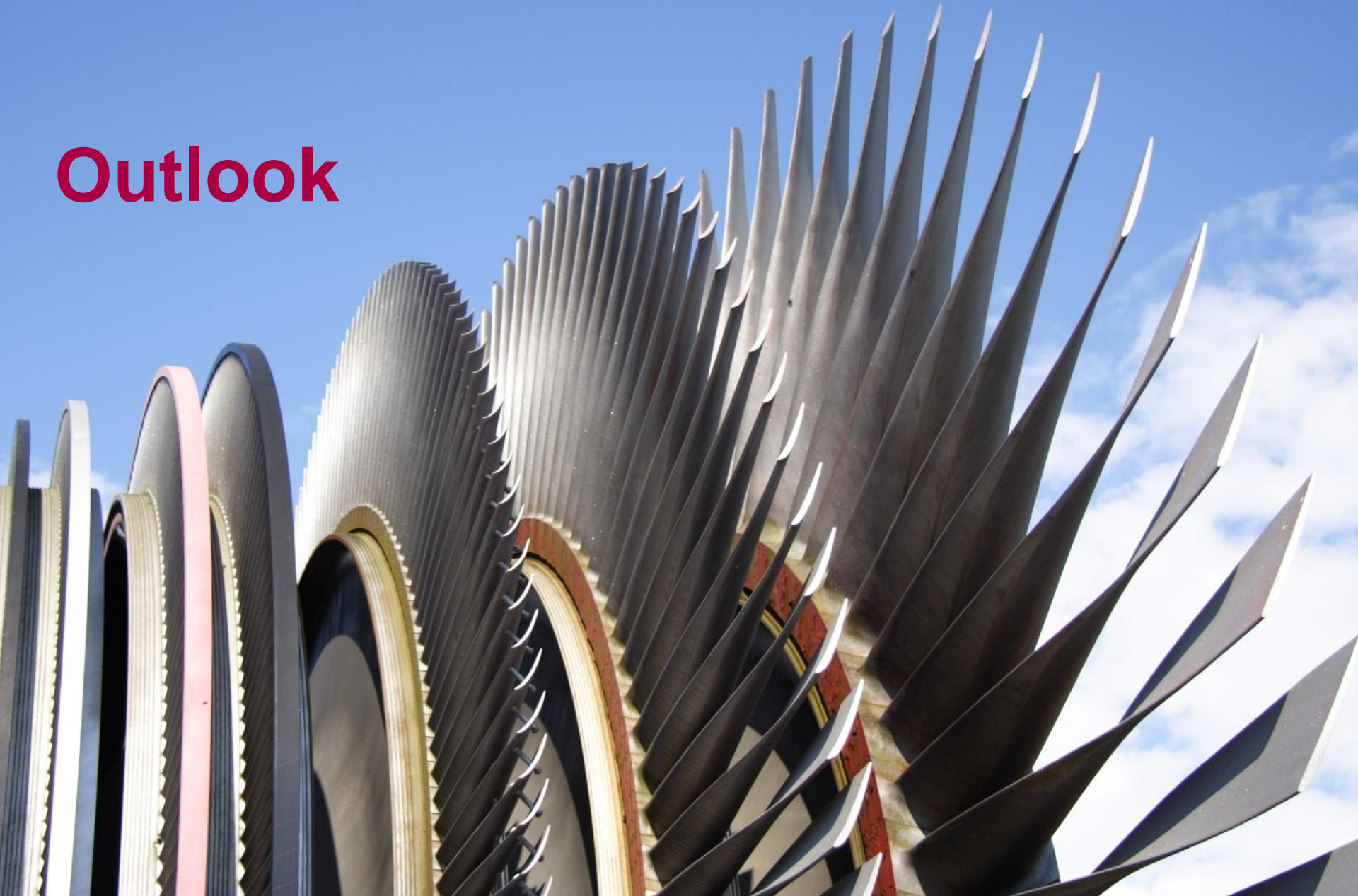


- Total liquidity, including cash and unused committed credit facilities was EUR 305.1 million at the end of Q1/15 (EUR 314.0 million Q1/14)
- In addition, Ahlstrom had undrawn uncommitted credit facilities and cash pool overdraft limits of EUR 155.2 million available (EUR 139.9 million Q1/14)
- Remainder of the EUR 100 million bond (EUR 54 million million) issued in 2010 due in November 2015



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# Outlook



# Outlook for 2015

Outlook for 2015 restated: profitability expected to improve



- 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 estimated to amount to approximately EUR 35 million

Stay ahead™



Thank you



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