

Ahlstrom

Financial statements 2015 & Q4/2015

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January 29, 2016

Agenda

- Redefined strategy and new long-term targets
- Year 2015 and Q4/2015 in brief
- Business area review
- Financials
- Outlook



Our vision:

We are our customers' first choice
for fiber-based materials.



To be the first choice of our customers,
we need to be even better in anticipating
end-user needs. By providing innovative
solutions, we help our customers succeed.

A dynamic environment steers our product offering

The needs of our customers are affected by end-user behavior, which challenges us to constantly develop and improve fiber-based material solutions.



Our key success factors stem from our customer-driven offering and processes

A customer-driven product offering for sustainable and high-performance end use



Customer-focused solutions with tailor-made products



Leading technology and manufacturing platforms



Global reach and local insights



Our mission:

We provide innovative
fiber-based materials with
a function in everyday life.

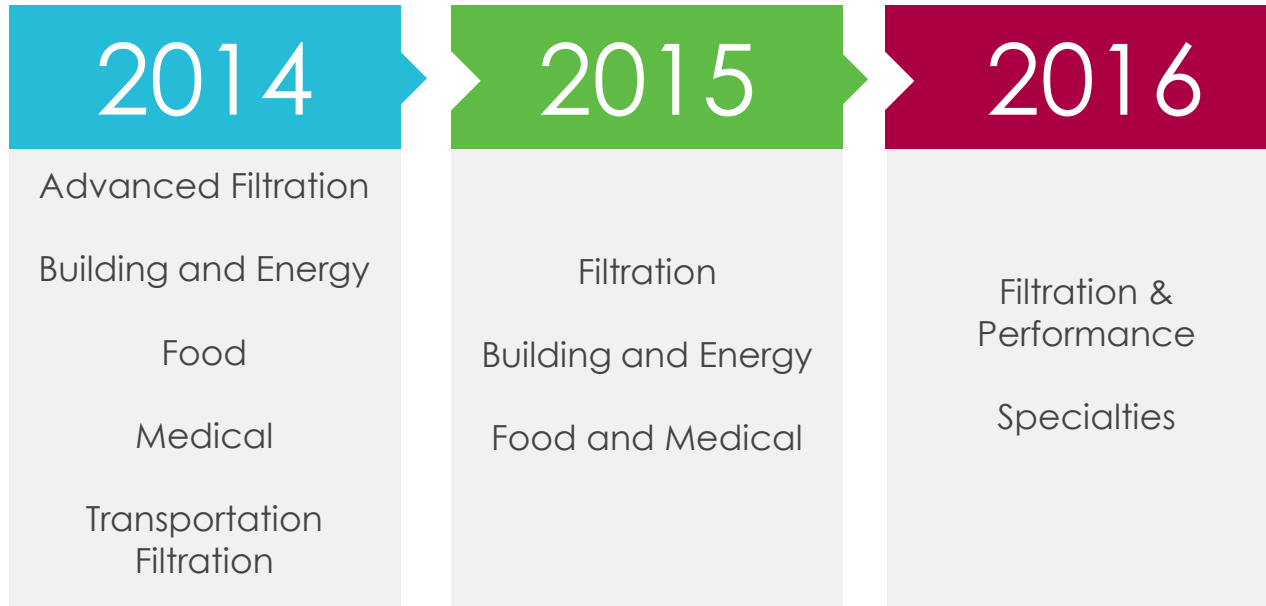


We believe that with our strategy we can achieve our vision. However, for us to be the best possible partner for our customers, we need to make some changes.

Roadmap for 2015-2018 outlines shift in strategy



Simplified business structure enables us to focus better on our customer's needs



Filtration & Performance: increased customer and selling focus

Business Units



Engine & Industrial



Building & Wind*



Industrial
Non-wovens



Wallcover & Poster

*Ahlstrom has agreed to divest its Building & Wind business, the transaction is expected to be completed during the first half of 2016.

Specialties: Accelerate growth in strategic segments and improve customer experience

Business Units



Foodpack &
Beverage



Advanced Liquid
Technologies



Tape



Medical



Our strategic intent:

We are committed to growing and creating stakeholder value by providing the best performing sustainable fiber-based materials.

Long-term financial targets over the economic cycle



Operating profit margin

Adjusted operating profit margin*
to be above 8% by 2018



Gearing

Gearing to be maintained below 100%

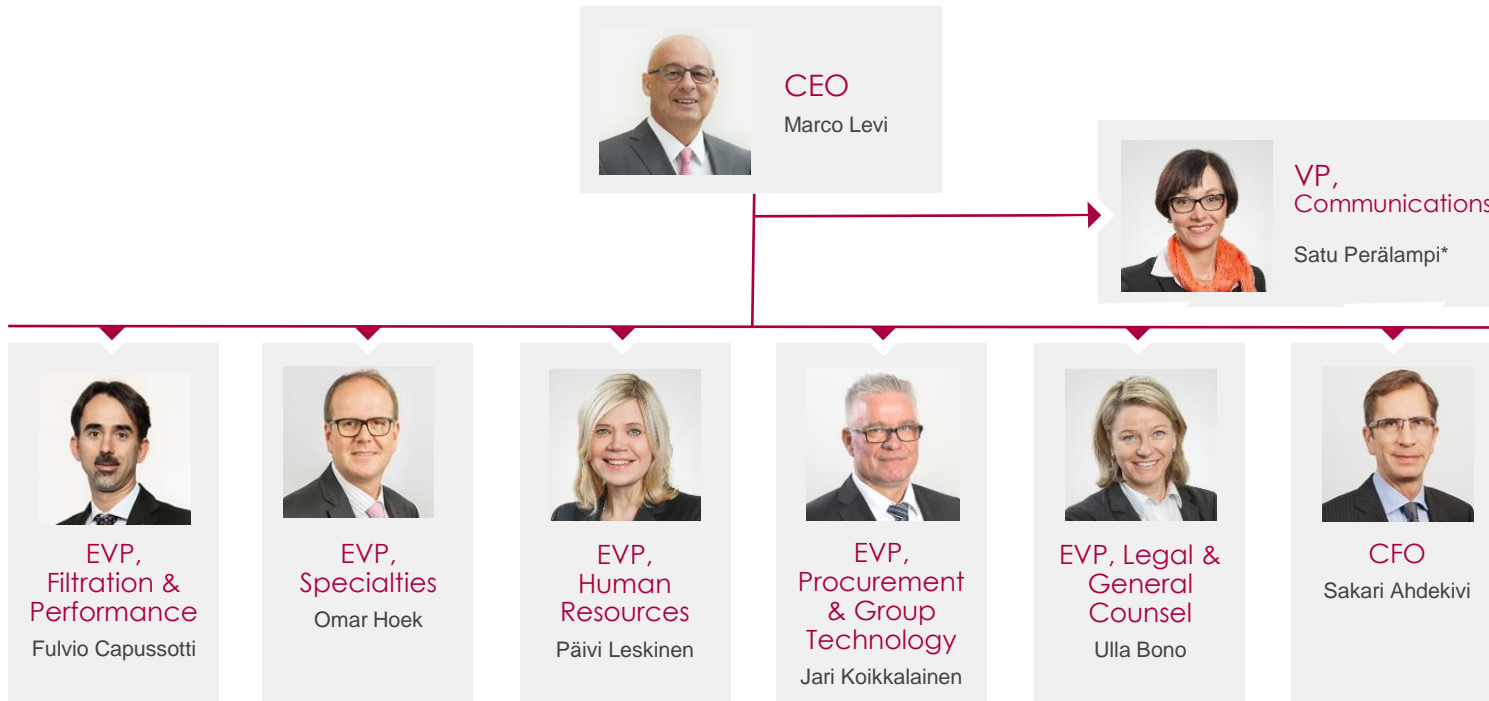


Dividend policy

We aim for a stable dividend, increasing over time, based on the annual net income performance

*The adjusted operating margin excludes restructuring costs, impairment charges, capital gains or losses, and discontinued operations.

Executive Management Team as of January 1, 2016



* Member of the extended Executive Management Team

Values – our guiding principles for behavior and actions



Passion



- We are passionate about our customers and our innovative products
- We are trustworthy and deliver on promises
- We are inspired to go the extra mile in everything we do

Respect



- We are open, transparent and consistent in our communications
- We act with integrity and respect in all that we do
- We value diversity

Achievement



- We deliver business results together as one team sharing and learning from each other
- We empower our people to take ownership and continuously improve
- We aim for enjoyment at work

Year 2015 in brief

Highlights

- + Highest operating profit and margin in the current business portfolio of the company
- + Commercial excellence program yielding results
- + Stronger balance sheet through improved cash flow, driven by lower investments and increased profitability, and sale of non-core financial assets
- + Strategy review process completed

Lowlights

- Decline in net sales at constant currency rates
- Unfavorable demand in some key markets

Key figures

Operating profit excl. non-recurring items increased by 66.1%

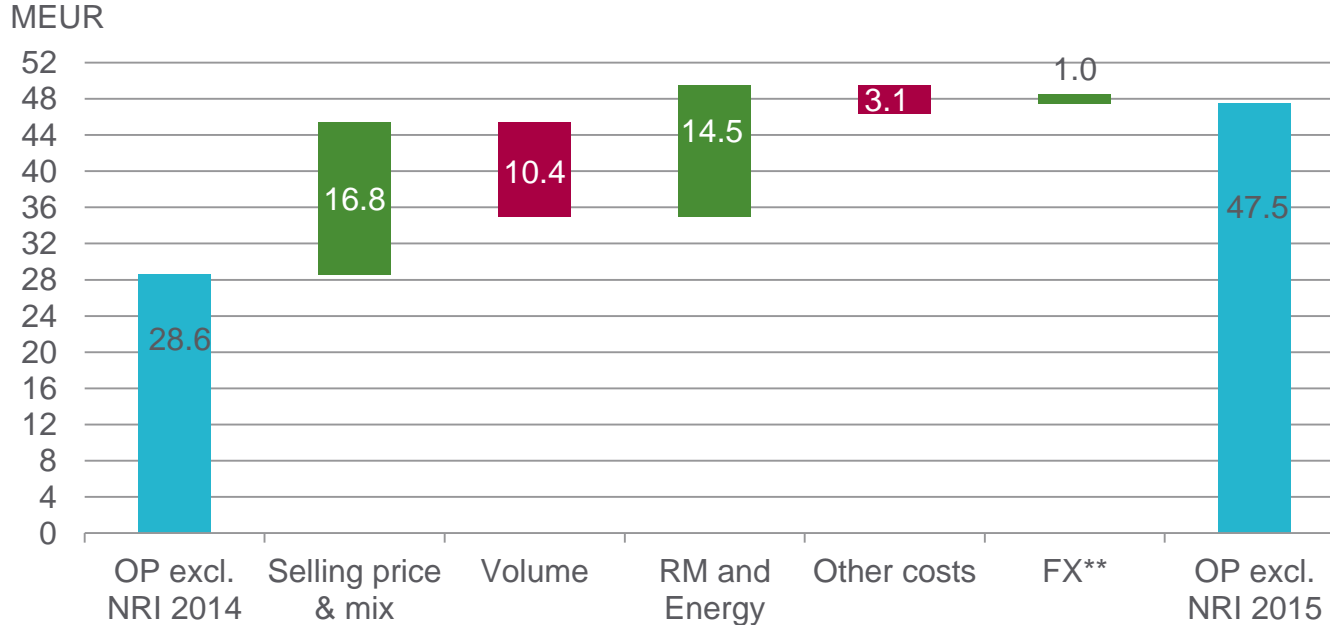
EUR million	2015	2014	Change, %	Q4/2015	Q4/2014	Change, %
Net sales	1,074.7	1001.1	7.4	255.0	247.0	3.2
EBITDA excl. NRI	104.8	78.6	33.2	21.6	11.5	87.8
<i>% of net sales</i>	<i>9.7</i>	<i>7.9</i>		<i>8.5</i>	<i>4.7</i>	
Operating profit excl. NRI	47.5	28.6	66.1	7.6	-1.8	N/A
<i>% of net sales</i>	<i>4.4</i>	<i>2.9</i>		<i>3.0</i>	<i>-0.7</i>	
Gearing*	65.4	79.3		65.4	79.3	
ROCE, %	3.9	-0.5		-11.4	-2.6	

EBITDA = earnings before interest, taxes, depreciation and amortization

* Including discontinued operations in 2014

Operating profit* bridge 2014 vs 2015

Higher margin through commercial excellence, better product mix as well as lower input costs



* Excluding non-recurring items

** Foreign exchange

October-December 2015 in brief

Highlights

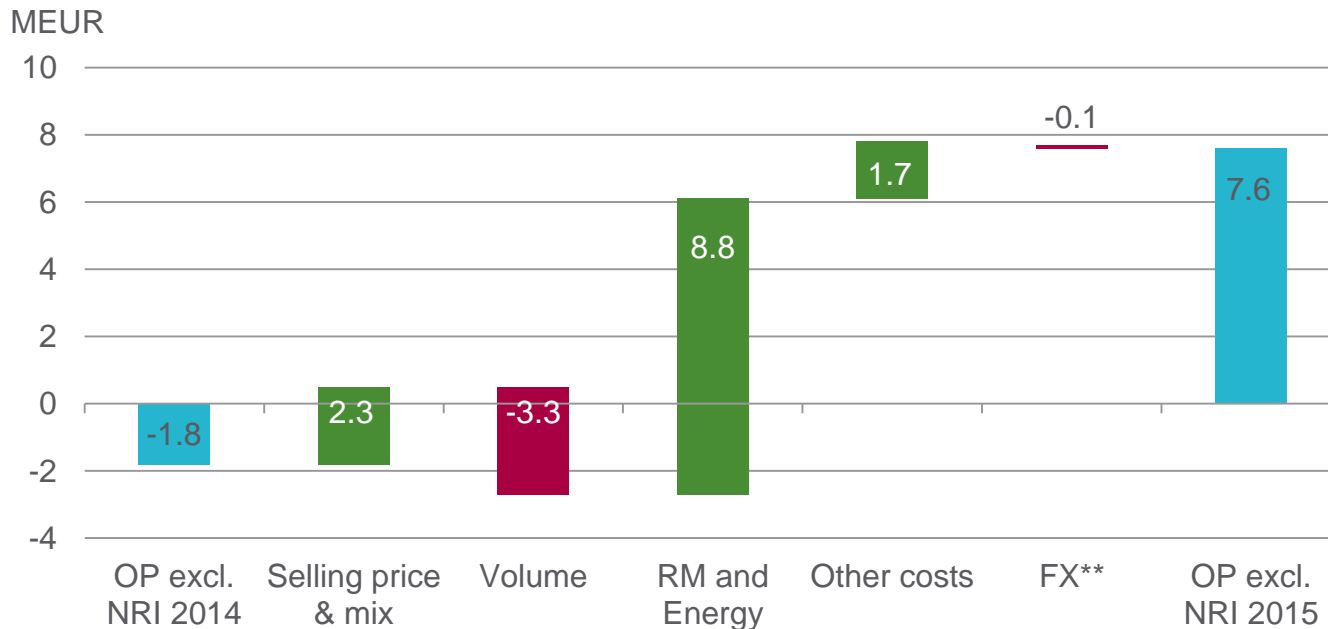
- + Operating profit and margin improved for the ninth consecutive quarter despite unfavorable demand in some key markets
- + Sales growth in the Building and Energy business area

Lowlights

- Decline in Group net sales at constant currency rates
- Lower demand for engine filtration, particularly in North America and Asia, and wallcoverings in Europe/Russia

Operating profit* bridge Q4/2014 vs Q4/2015

Lower variable and fixed costs, higher margin through commercial excellence, better product mix

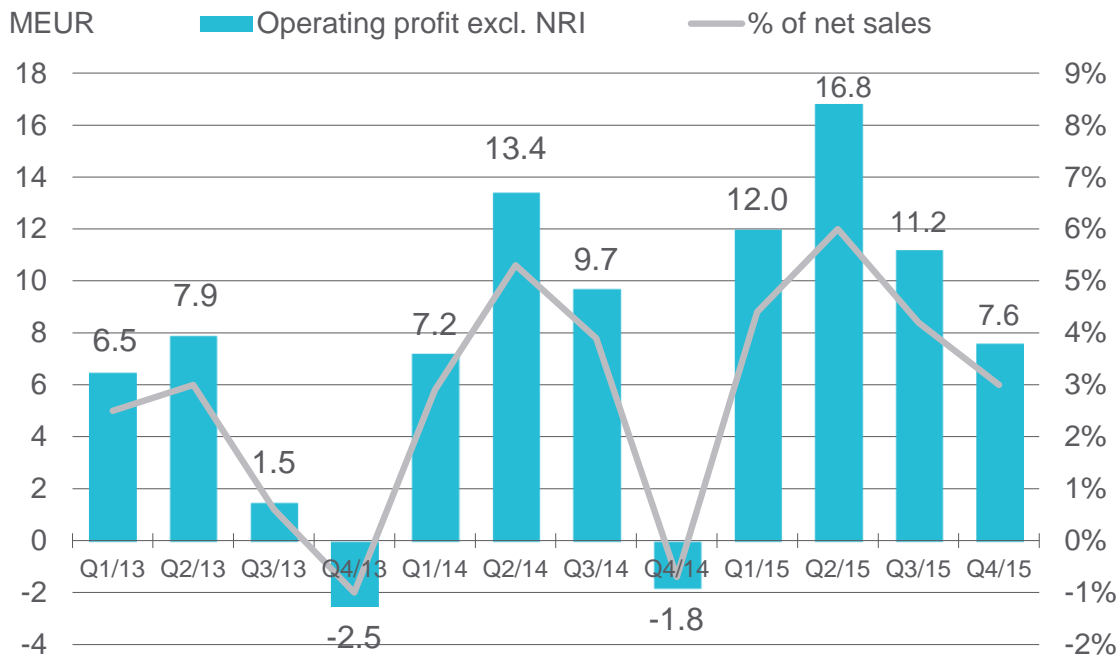


* Excluding non-recurring items

** Foreign exchange

Quarterly operating profit development

Ninth consecutive quarter of year-on-year improvement



Operating profit excl. non-recurring items by segment

MEUR	Q4/15	Q4/14	Change, %
Filtration	6.7	8.9	-23.9
Building and Energy	-1.0	-7.3	85.6
Food and Medical	2.0	0.4	N/A
Other functions and eliminations	-0.1	-3.7	N/A
Total	7.6	-1.8	N/A
% of net sales	3.0	-0.7	

Business area review

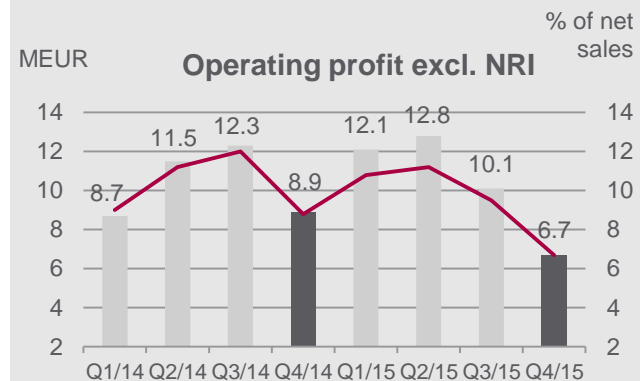
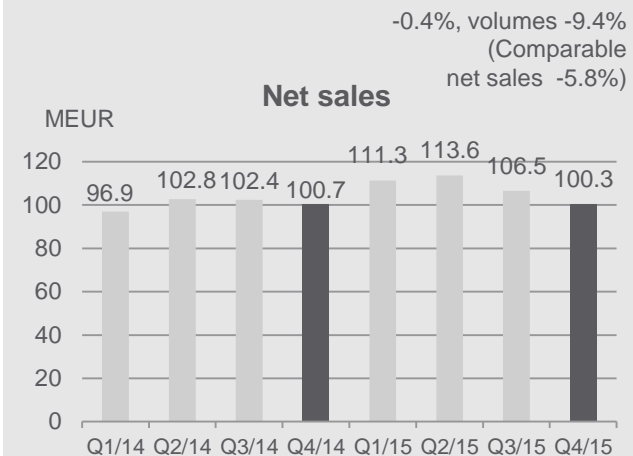
Filtration

Q4/15: Net sales EUR 100.3 million (EUR 100.7 million)

- Lower sales of engine filtration applications, particularly in North America and Asia
- + Increased selling prices and improved product mix through sale of more advanced filtration products
- + Favorable currency effect

Q4/15: Operating profit ex. NRI EUR 6.7 million (EUR 8.9 million)

- Lower volumes
- + Improved operational efficiency



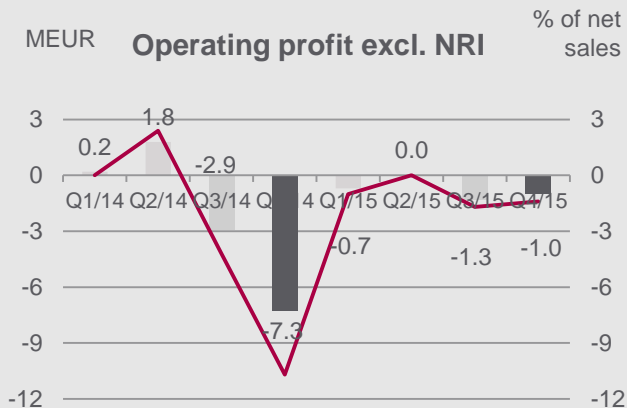
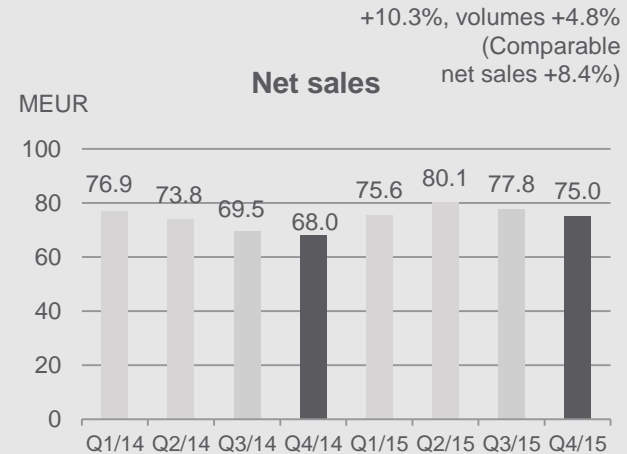
Building and Energy

Q4/15: Net sales EUR 75.0 million (EUR 68.0 million)

- + Higher selling prices of flooring and glassfiber reinforcements products
- + Accelerated ramp-up of the wallcoverings production in China
- Lower sales of wallcoverings in Europe and Russia

Q4/15: Operating profit ex. NRI EUR -1.0 million (EUR -7.3 million)

- + Higher volumes and selling prices
- + Lower fixed costs
- Higher raw material costs due to an adverse currency effect



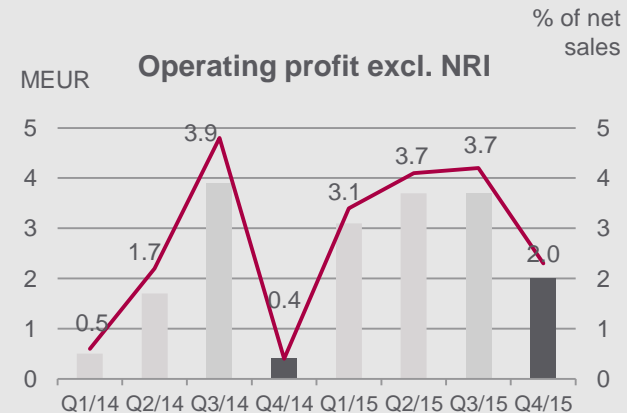
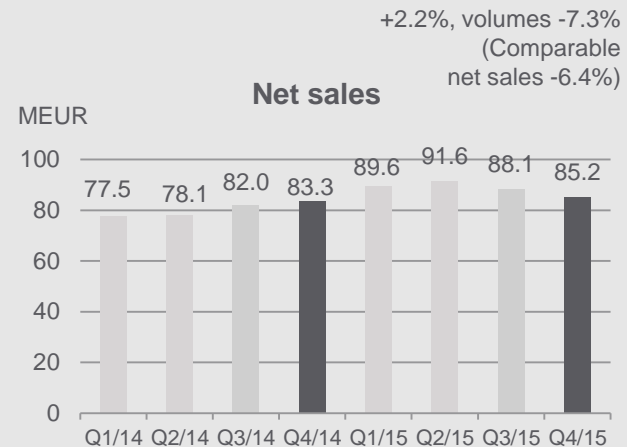
Food and Medical

Q4/15: Net sales EUR 85.2 million (EUR 83.3 million)

- + Higher sales of food packaging and tape materials from the Longkou plant
- + Favorable currency effect
- Lower sales of medical fabrics and tea bag materials

Q4/15: Operating profit ex. NRI EUR 2.0 million (EUR 0.4 million)

- + Improved pricing and product mix
- + Lower fixed and raw material costs
- Lower volumes



Financials

Income statement

EUR million	2015	2014	Q4/15	Q4/14
Net sales	1074.7	1001.1	255.0	247.0
Cost of goods sold	-910.0	-855.0	227.2	217.4
Gross profit	164.8	146.1	27.7	29.5
Sales, administrative and research & development expenses (SGA)	-137.5	-141.0	-35.7	-34.9
Other income and expenses	-5.4	-8.9	-8.4	1.1
Operating profit	21.9	-3.7	-16.4	-4.3
Operating profit excl. NRI	47.5	28.6	7.6	-1.8
Net financial expenses	0.6	-5.8	-4.3	10.0
Share of profit / loss of equity accounted investments	0.2	0.1	0.1	0.0
Profit / loss before taxes	22.6	-9.4	-20.5	5.7
Income taxes	-14.1	-0.9	0.3	-0.1
Profit / loss for the period	8.6	-10.3	-20.2	5.6
Earnings per share	0.06	-0.22	-0.46	0.09

Enhanced pricing reflected in gross profit.

SGA costs excl. NRI were:

- 12.7% of net sales in Q4/15 (13.2% in Q4/14)
- 12.3% of net sales in 2015 (13.2% in 2014)

Non-recurring items:

- EUR -23.9 million in Q4/15 (EUR -2.5 million in Q4/14)
- EUR -25.6 million in 2015 (EUR -32.3 million in 2014).

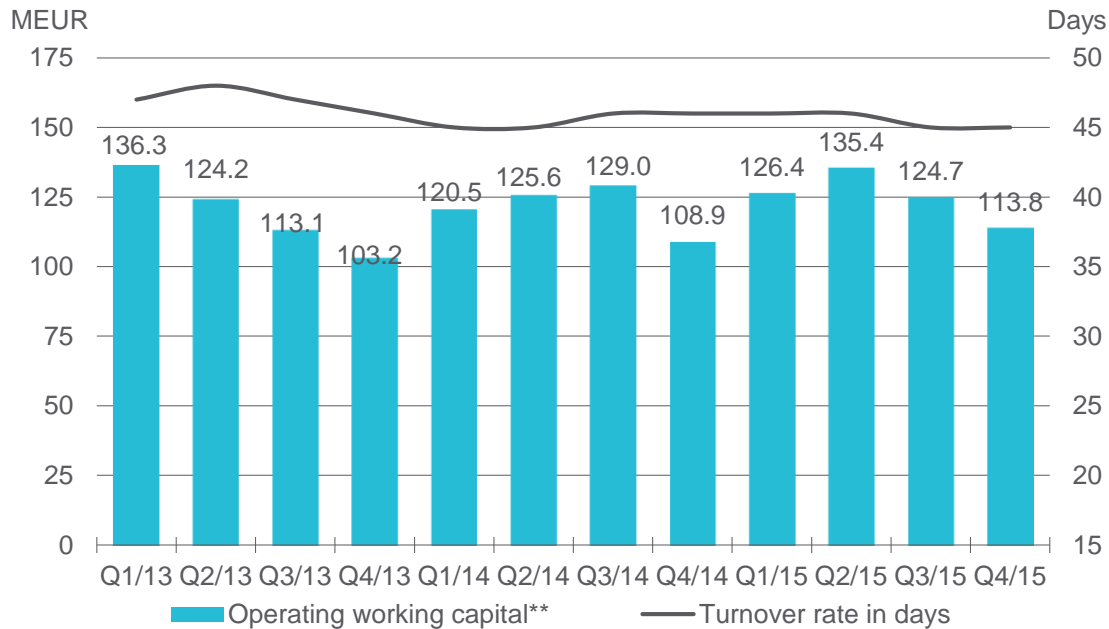
Net financials include a capital gain of EUR 20.3 million from selling Munksjö Oyj shares in 2015.

Balance sheet

EUR million	Dec. 31, 2015	Dec. 31, 2014
Total non-current assets	519.2	599.3
Inventories	117.6	108.1
Trade and other receivables	151.9	170.7
Income tax receivables	1.6	1.7
Cash and cash equivalents	47.3	41.4
Total assets	837.8	921.1
Total equity	299.4	320.1
Provisions	7.9	11.6
Interest bearing loans and borrowings	243.3	295.2
Employee benefit obligations	100.3	96.0
Trade and other payables	183.5	194.0
Others	3.5	4.2
Total equity and liabilities	837.8	921.1
Gearing, %	65.4	79.3

- ▶ Shareholding in Munksjö Oyj was reduced to zero percent in 2015
 - ▶ Currency fluctuations impacting all working capital components
 - Lower receivables due to effective working capital management
 - ▶ Changes in equity was mainly due to:
 - 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*

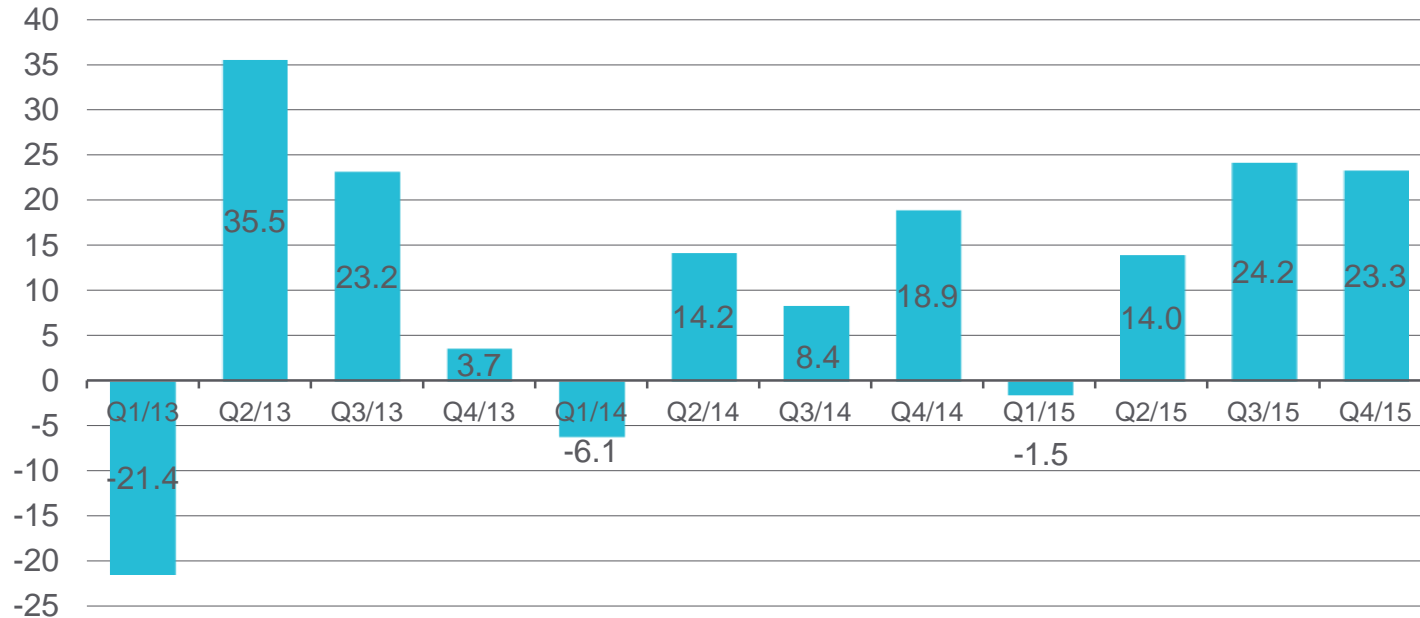


- Currency fluctuations increased working capital by EUR 5.1 million compared to Q4/2014
- 12-month rolling turnover rate 45 days at the end of 2015 (46 days at the end 2014)

* Including continuing operations only

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

Net cash from operating activities*



*Including discontinued operations

Statement of cash flows

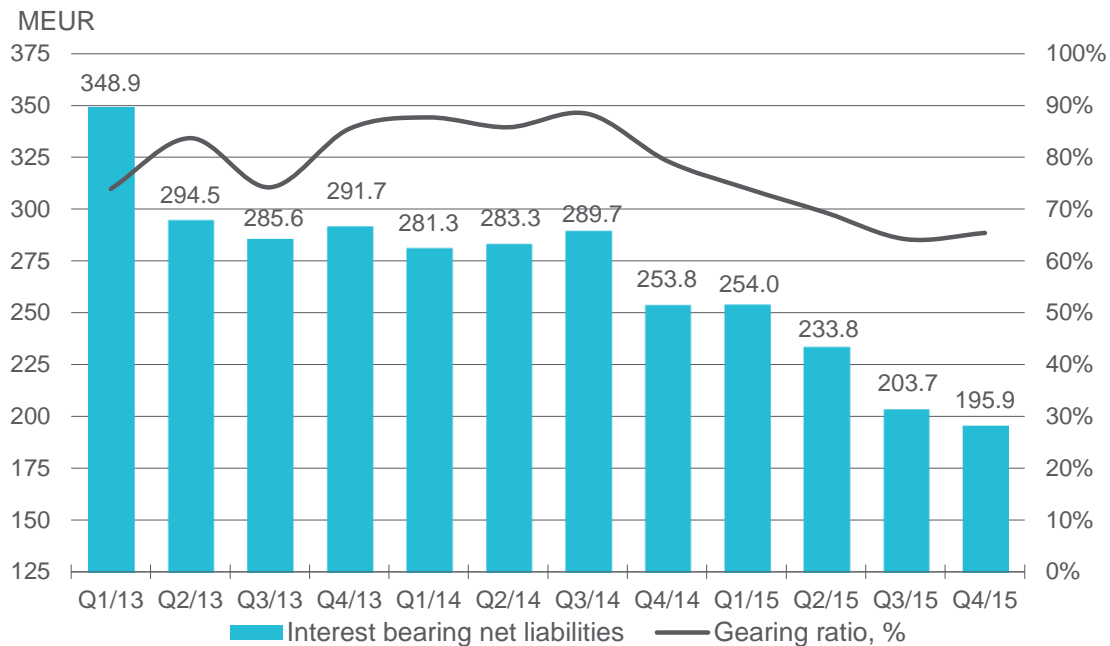
EUR million	2015	2014*	Q4/15	Q4/14*
EBITDA	96.4	76.8	14.8	8.7
Changes in net working capital	1.2	-5.8	16.6	11.2
Change in provisions	-2.2	3.2	0.7	0.3
Financial items	-25.6	-26.5	-5.3	-6.3
Income taxes paid / received	-3.0	-4.4	-0.8	-1.2
Other items	-6.9	-7.8	-2.8	6.2
Net cash from operating activities	60.0	35.4	23.3	18.9
Purchases of intangible and tangible assets	-26.9	-56.4	-8.1	-13.3
Other investing activities	49.0	77.9	0.4	41.4
Net cash from investing activities	22.1	21.5	-7.7	28.1
Dividends paid and others	-13.9	-4.6	-	-
Sales/repurchase of own shares	3.1	-	-	-
Interest on hybrid bond	-7.9	-7.9	-7.9	-7.9
Changes in loans and other financing activities	-56.4	-42.4	-23.9	-60.2
Net cash from financing activities	-75.1	-54.8	-31.8	-68.1
Net change in cash and cash equivalents	6.9	2.1	-16.2	-21.0
Cash and cash equivalents at the beginning of the period	41.4	38.7	63.0	63.8
Cash and cash equivalents at the end of the period	47.3	41.4	47.3	41.4

*Including discontinued operations

- ▶ Highest annual operating cash flow since 2012.
- ▶ Mainly maintenance-related capex
- ▶ EUR 44.4 million proceeds from selling Munksjö Oyj shares in 2015.

Net debt and gearing*

Net debt reduced by operating cash flow



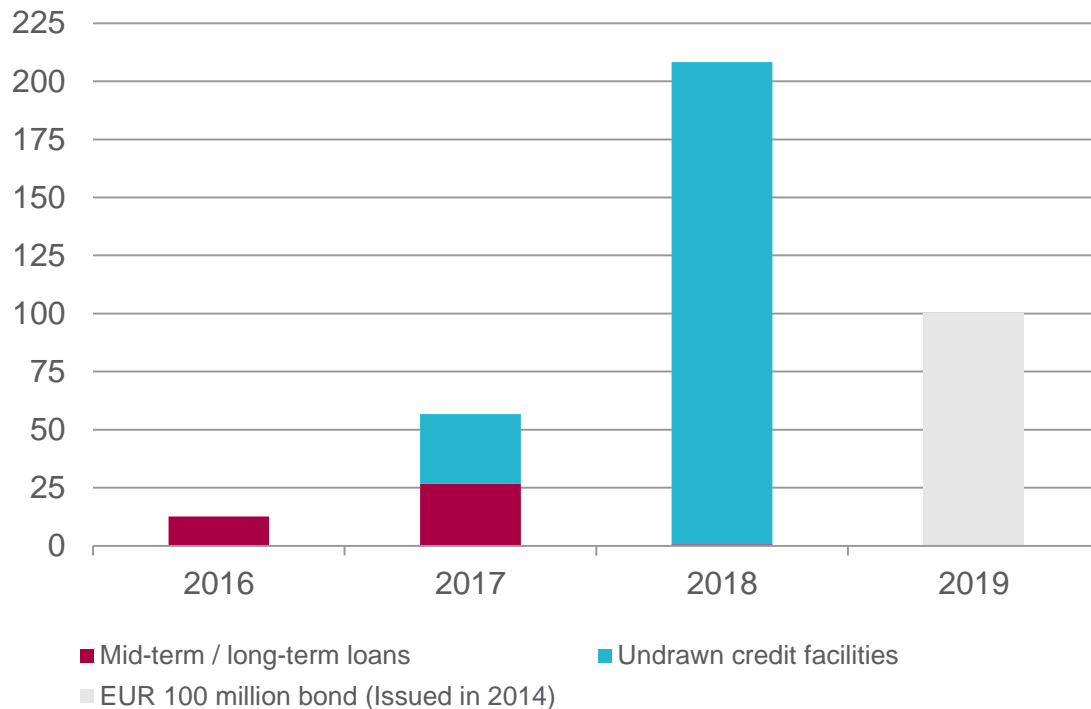
Gearing 65.4% at the end of 2015

- Net debt reduced by operating cash flow
- Equity negatively impacted by asset impairment charges

* Including discontinued operations

Maturity profile

No major maturities in 2016

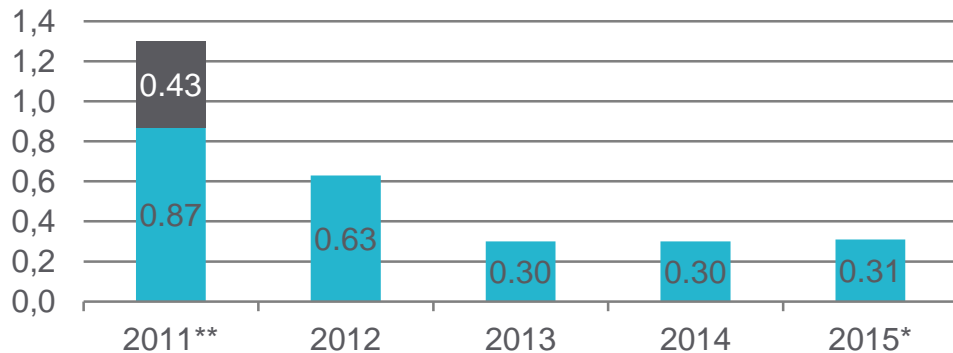


- At the end of the review period, its total liquidity, including cash, unused committed credit facilities and committed cash pool overdraft limits was EUR 299.0 million (EUR 300.3 million).
- In addition, the company had undrawn uncommitted credit facilities and cash pool overdraft limits of EUR 103.6 million (EUR 129.5 million) available.
- EUR 180 million three-year revolving credit facility signed in June 2015. The facility includes two 12-month extension options.

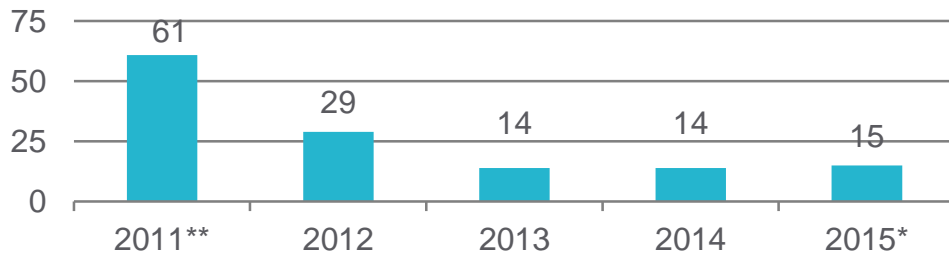
Dividend proposal and outlook

Dividend proposal

Dividend per share (€)



Total amount of dividends paid (EUR million)



- The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.31 per share be paid for the year 2015

* Proposal by the Board of Directors to the AGM

** Consisting of a dividend of EUR 0.87 per share and an extra dividend of EUR 0.43 per share.

Outlook for 2016

Continuing operations

Net sales from continuing operations: **EUR 950-1050 million.**

The adjusted operating profit from continuing operations: **4.2% - 5.2%** of net sales.

- The outlook excludes the Building & Wind business unit, which will be reported as part of discontinued operations starting from the beginning of 2016. The adjusted operating profit excludes restructuring costs, impairment charges and capital gains or losses.