

Ahlstrom Capital Markets Day 2008



September 2, 2008

Karhula

Agenda

1. Update on strategy, customers, innovations and raw materials - *CEO Risto Anttonen*
2. Glass Nonwovens update - *Senior Vice President Tommi Björnman*
3. Financial review - *CFO Jari Mäntylä*

1. Update on strategy, customers, innovations and raw materials

CEO Risto Anttonen

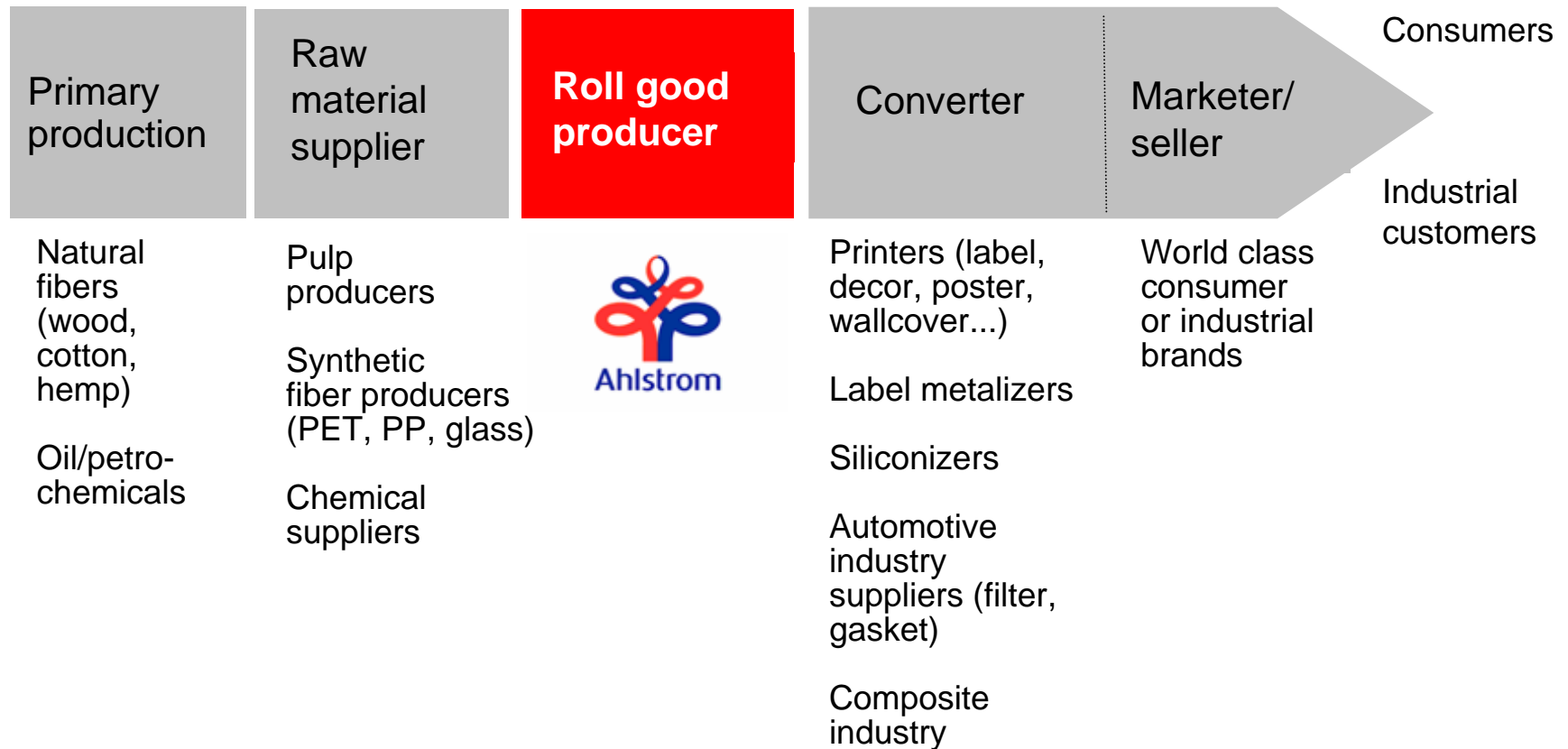
Vision and strategy

Ahlstrom's vision is to be the preferred global source for fiber-based materials

Strategy

- Commitment to customers – Close and longstanding relationships
- Global Presence – Strategically positioned on six continents
- Growth – New and improved products, investments and acquisitions
- Competitiveness – Improved performance and operating leverage

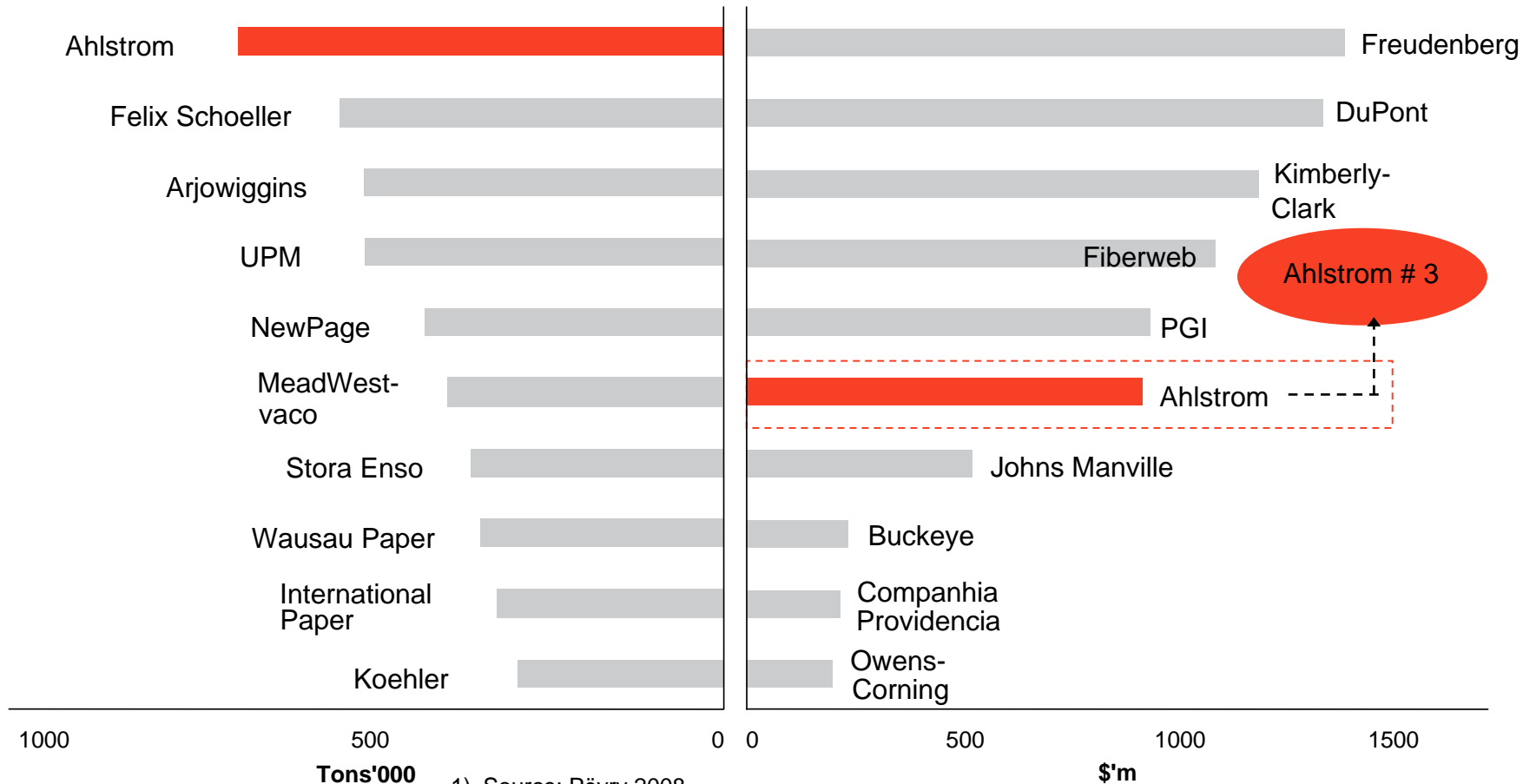
Ahlstrom in the value chain



Leading supplier of fiber-based materials

Specialty papers market positions (1)

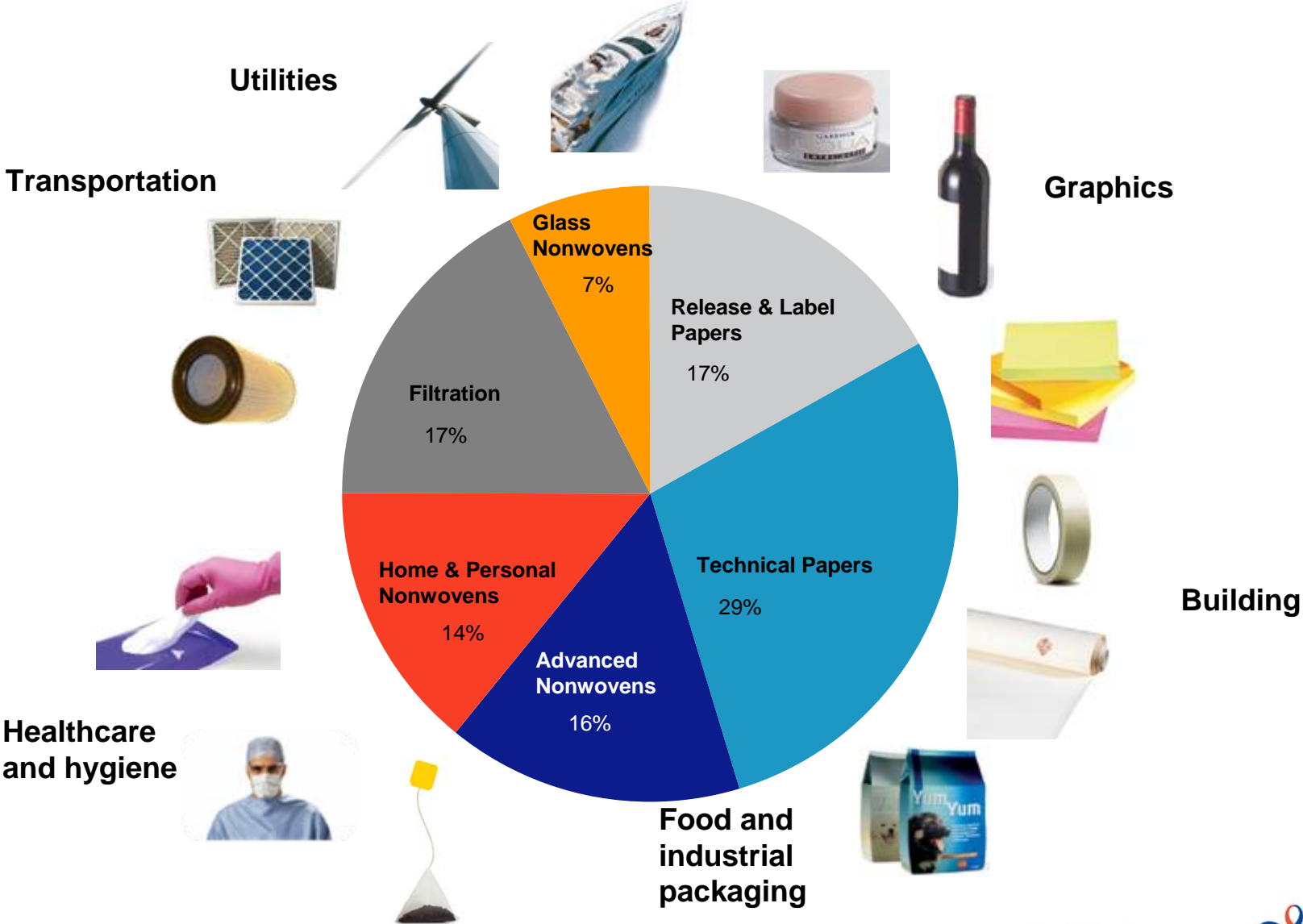
Nonwovens market positions (2)



1) Source: Pöyry 2008

2) Source: Nonwovens Industry 2006, published 9/2007

Net sales by business area & end use application H1/2008



End use segment approach

		Building	Transportation	Healthcare & Hygiene	Graphics	Food & Industrial packaging	Utilities
Home&Personal NW	Wipes			X			
Advanced NW	Industrial Nonwovens	X	X	X			
	Medical			X			
	Food					X	
Filtration	Transportation filtration		X				
	Air & liquid filtration						X
GNW	Glassfibre tissue	X					
	Specialty reinforcements		X				X
Release & Label	Release liners				X		
	Labels				X		
Technical papers	Vegetable parchment	X			X	X	
	Crepe paper	X	X	X			
	Sealing & Shielding		X				
	Abrasive base papers	X	X				
	Preimpregnated decor	X					
	Wallpaper & poster	X			X		
	Industrial papers					X	
	Coated specialties				X	X	

Leading position in most product lines

Ahlstrom is the market leader or number two in:

- Transportation filtration
- Glass fiber tissue
- Pre-impregnated paper
- Nonwoven wipes
- Wallpaper and poster paper
- Crepe paper
- Nonwovens for food casings & infusion
- Genuine vegetable parchment
- Release base paper
- Medical nonwovens
- Abrasive paper
- Glass fiber specialty reinforcements
- Metalized label papers
- Post-it papers

Key competitors

- **Filtration:** Andrew Industrial, H&V, Neenah
- **Glass Nonwovens:** John Manville, OCV, Saertex
- **Technical Papers:** ArjoWiggins, M-real, Neenah, Nordic Paper, SAPPI
- **Release & Label Papers:** Cham Paper Group, Delfort, UPM
- **Advanced Nonwovens:** DuPont, Glatfelter, John Manville, PGI
- **Home & Personal Nonwovens:** Jacob Holm, Kimberly-Clark, PGI

Large customer base

Ahlstrom group level:

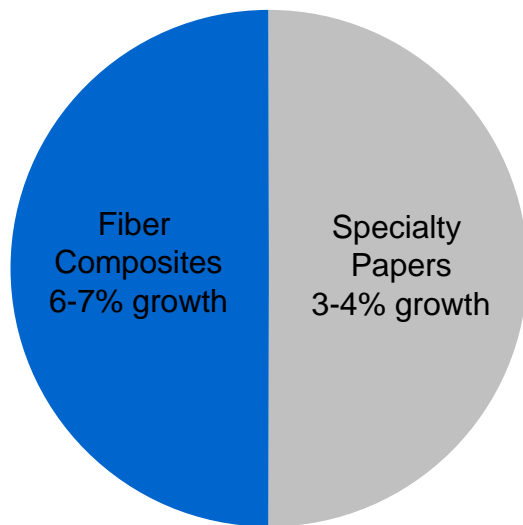
- 5 biggest customers make up 13% of group net sales
- 10 biggest customers make up 19% of group net sales
- 20 biggest customers make up 26% of group net sales

Business area level:

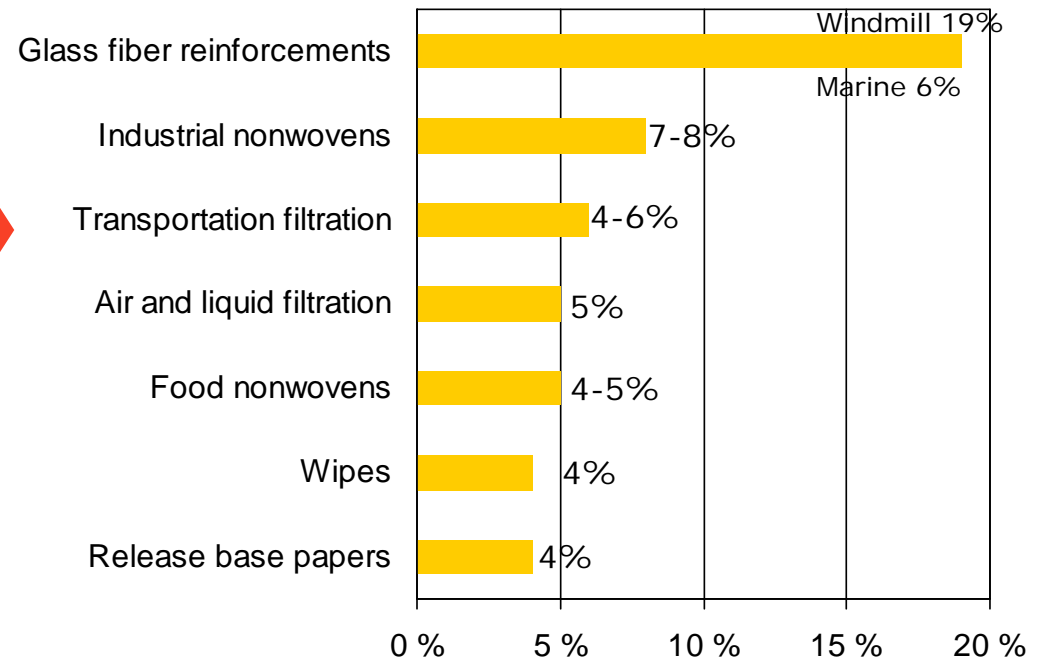
- 5 biggest customers make up 3-8% of net sales in all business areas

Global markets growing 4-5% per year (EUR 1-2 billion)

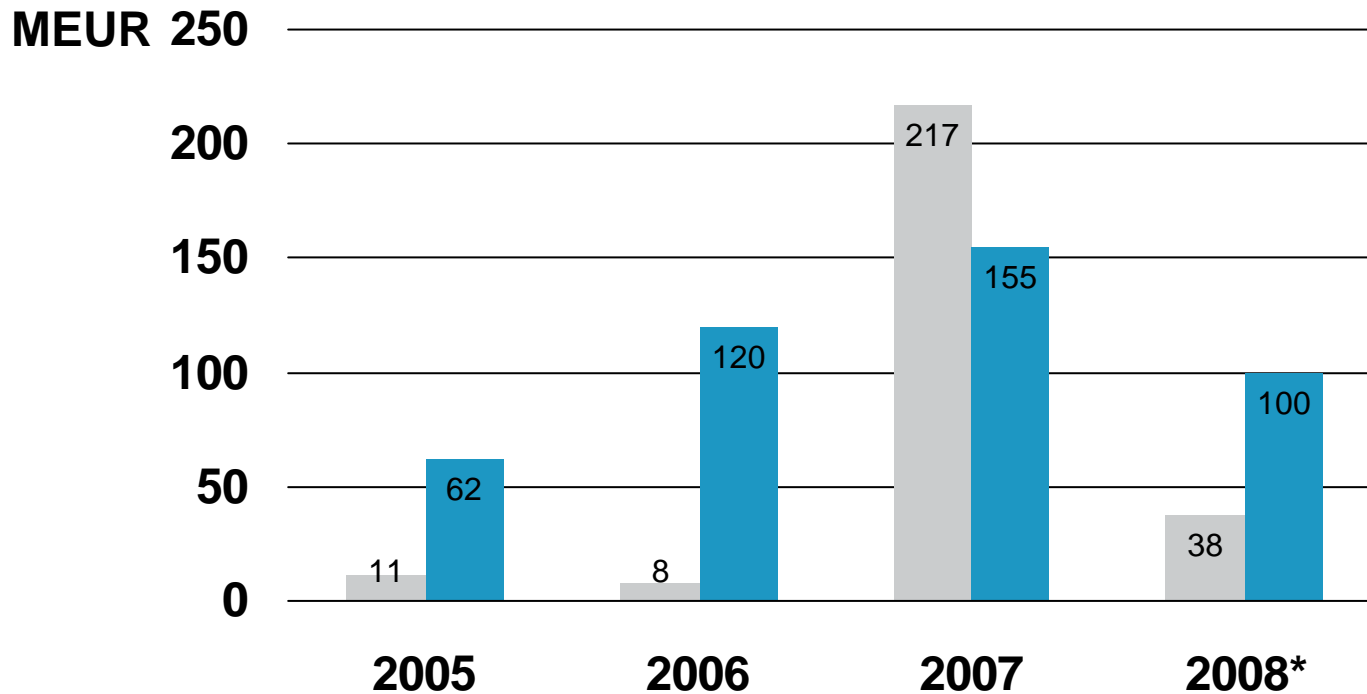
EUR 30 billion market opportunity



Highest growth areas



Capital expenditure and acquisitions totaling MEUR 711 in 2005-2008*



■ Acquisitions ■ Organic investments

*2008 CAPEX estimate approximately MEUR 100 excluding acquisitions

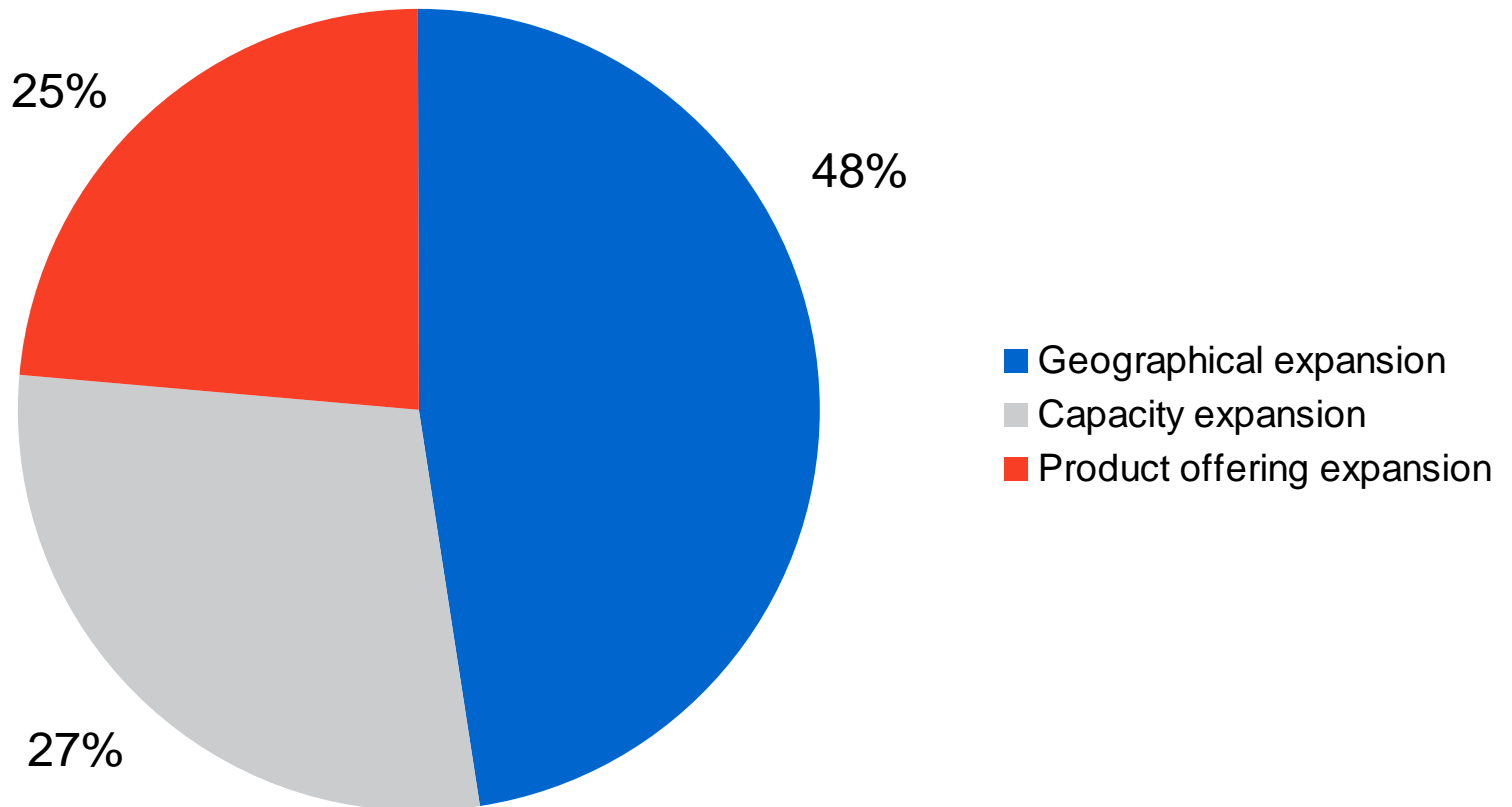
*2008 acquisitions totaled MEUR 37.8 by Sep 2, 2008

Acquisitions: MEUR 274

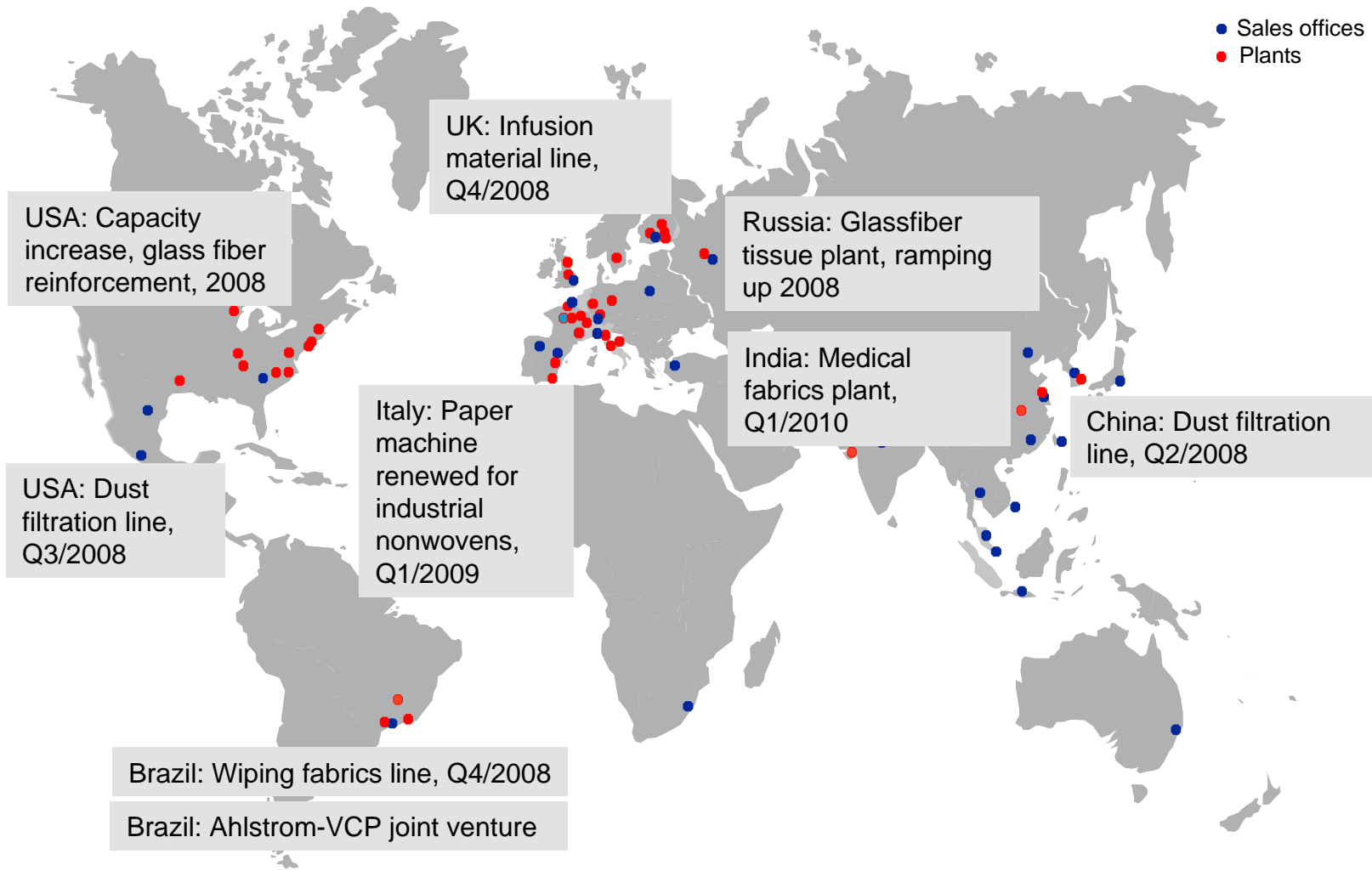
CAPEX: MEUR 437

Total: MEUR 711

Growth investments by type in 2005-2008



Focus 2008: leveraging on growth investments



2008 CAPEX estimate approximately EUR 100 million excluding acquisitions

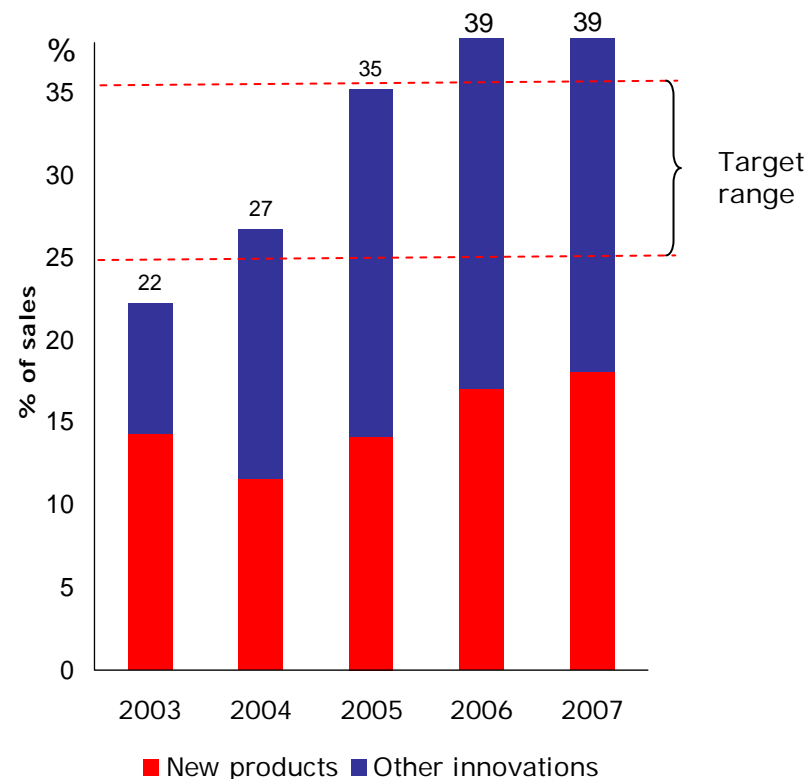
Key growth drivers & megatrends

- Double digit market growth in BRIC and developing countries
 - Growing middle class
 - Construction boom
 - Number of cars increasing
 - Demand for healthcare services increasing
- Demand for filtration increasing
 - Global warming accelerates the need to reduce emissions in air and water
 - Sophisticated industrial processes require improved purity
 - Demand for clean water increases as a result of improving living standard in developing countries
- Sustainability and green values
 - Paper vs. plastic in packaging and labels
 - Wind energy boom
 - Biodegradable and compostable products on the rise
- Further urbanization, single person households, individualism
 - Increased consumption of disposable products: wipes, hospital textiles, food and snack packaging
 - Interior decoration boom

Ahlstrom Innovations

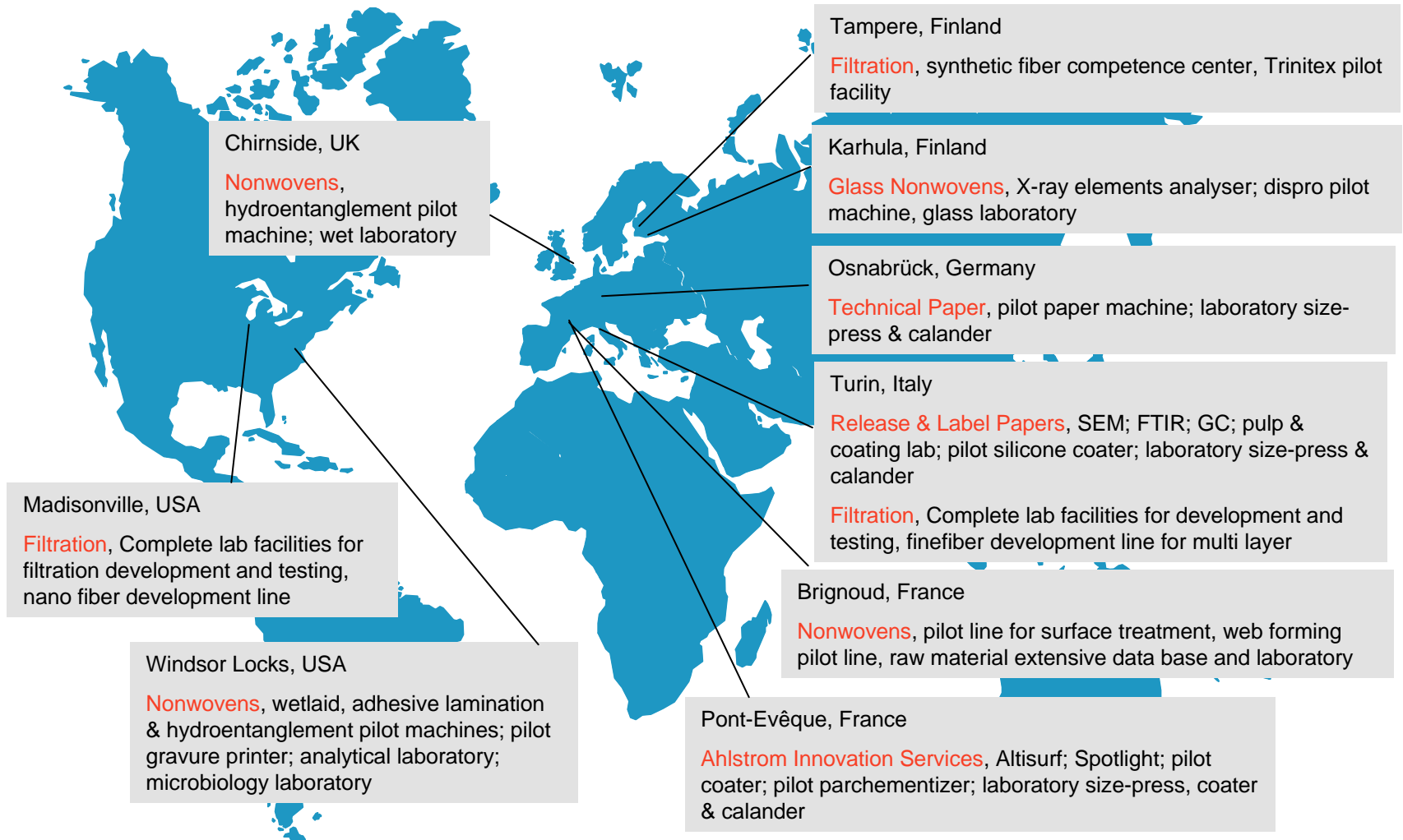
New products as percentage of net sales*

- Focus on customer-driven innovations and improvements
- Search and seize the most promising big ideas as well as numerous profitable niches
- Actively invest in finding opportunities for innovations by leveraging Ahlstrom cross business know-how and capabilities
- 3.4% of total personnel focusing on innovation (187 professionals)

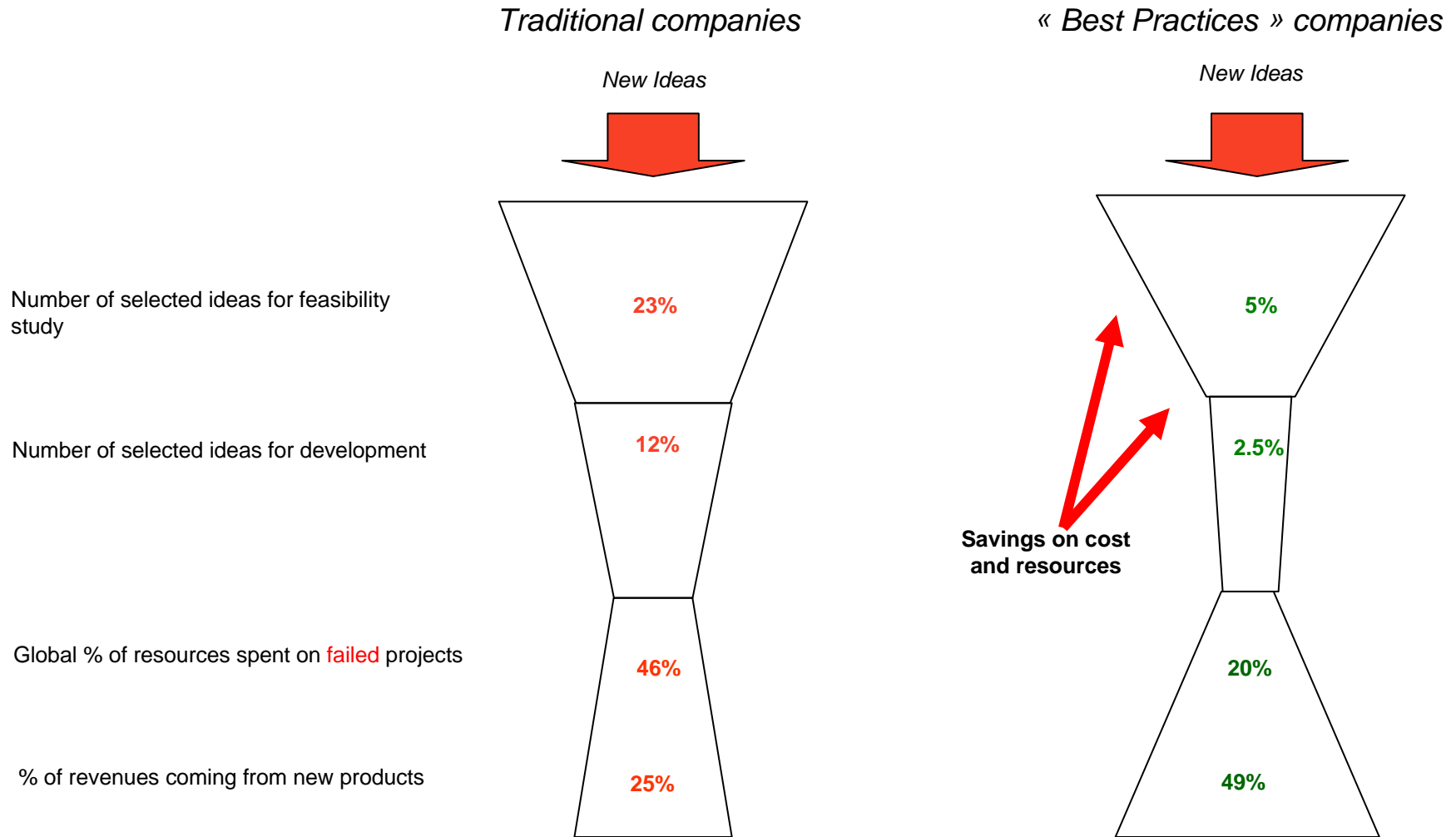


* 3M definition applied: New product perceived by customer as new, not older than 3 years; Other innovations represent a significant technical contribution, not older than 3 years

Ahlstrom main sites for innovation



How to manage the innovation process



Source: PDMA, PDI, CapGemini

Case EasyLife™ Wallcover

1. What is it?

- Range of nonwoven fabrics for wallcoverings (facings and backings), soon expanded with new substrates made of mix of synthetic and cellulose fibers

2. What is Ahlstrom's role in it?

- Already today the leading nonwoven supplier in the wallcover market. Ahlstrom is investing in a new dedicated line to manufacture materials based on mix of natural and synthetic fibers which will make Ahlstrom wallcover technology portfolio by far the broadest.

3. What are the benefits?

- Exceptional stability, does not shrink or expand when paste is applied, so seams do not separate
- Easy to hang and remove
- Directly printable, fabric-like feel and look
- New products combine cost-effectively the benefits of paper and nonwovens

4. What is the market potential?

- Global wallcover market: MEUR 420. Nonwovens wallcover market (facings and backings) MEUR 190
- Estimated market growth for facings and hybrid 16-18%



Case Breathable Viral Barrier (BVB)

1. What is it?

- Tri-laminate viral barrier composite nonwoven fabric
- Used in disposable surgical gowns and personal protective apparel

2. What is Ahlstrom's role in it?

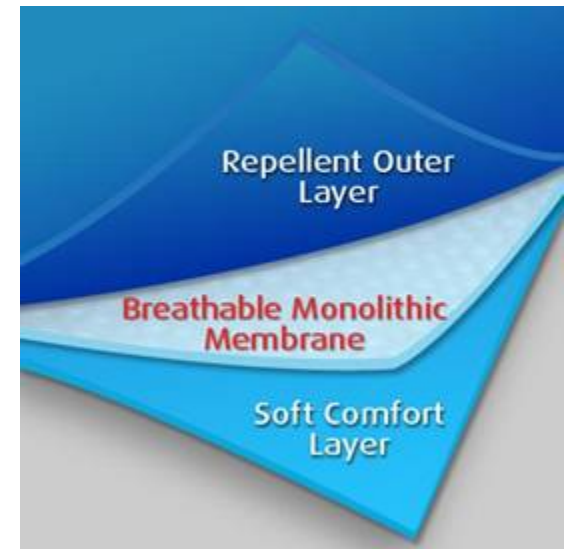
- Film based composite structure of BVB is one of five distinct technology platforms developed and manufactured by Ahlstrom, making Ahlstrom the technology leader in medical fabrics

3. What are the benefits?

- Superior barrier against bacteria as small as 0.027 micron and viruses such as Hepatitis, HIV, AIDS, CJD, MRSA, SARS, Avian influenza
- Liquid barrier prevents cross-contamination between medical staff and patient's body fluids
- Compliant with strict international standards
- Light weight and breathable, cool and soft touch on the skin: combines protection and user comfort

4. What is the market potential?

- Global market for personal protective apparel and surgical gowns exceeds MEUR 500, annual growth 4,3%
- Ahlstrom BVB already in use e.g. in the USA, China, Australia, the UK, France and Italy. Under evaluation e.g. in Canada, Mexico, Brazil, India, Sweden and Finland



Case spunmelt pyramid teabag - differentiation potential for brand owners in mature markets

1. What is it?

- Nonwoven fabric for infusion products manufactured with renewable biopolymer derived from corn

2. What is Ahlstrom's role in it?

- Building on deep experience in the infusion market and unique fiber know-how, Ahlstrom has invested in a new production line in Scotland able to process biopolymer based fibers

3. What are the benefits?

- Differentiation: an innovative teabag material, with improved visual features (transparency) allows premium brands to differentiate from private label products
- With Ahlstrom's patented textilization process, teabags can also be customized with a logo or message
- Sustainability: fabric produced with a renewable raw material makes teabags biodegradable and compostable

4. What is the market potential?

- Global infusion market MEUR 240, including single portion coffee and teabags
- Market growth 5% for heat-sealable teabags
- The customer base will be predominantly in the UK



Glass fiber reinforcements for windmill blades

1. What is it?

- Reinforcement material used in windmill blades

2. What is Ahlstrom's role in it?

- Ahlstrom has been one of the main glass fiber reinforcement suppliers to Europe's biggest wind energy manufacturers since 1980's

3. What are the benefits?

- This sector places exceptional demands on composite materials, especially as tip speeds can reach hundreds of kilometers per hour
- Required reliability and durability, with cost-effective production, would be unsuccessful without modern glass fiber reinforcement technology

4. What is the market potential?

- Global market potential: MEUR 300
- Market growth up to 20% per annum



Case Ahlstrom Disruptor™ – patented high-performance water filter media

1. What is it?

- Water filtration media which can be used to remove a wide range of contaminants from water, such as virus, bacteria, metals, colloids, lead, arsenic, mercury and copper
- Applications: beverage manufacture, pharmaceutical make up water, point of use and point of entry filters, boiler and chiller water etc.

2. What is Ahlstrom's role in it?

- Exclusively licensed and validated technology originally developed by the Argonide Corporation to be used in space vehicles
- Ahlstrom controls all IP, has developed a commercial product range, trials ongoing in North America, Europe, Asia, India, Middle East

3. What are the benefits?

- Availability of pure water is a global problem, Disruptor offers an efficient and cost-effective way for water filtration
- Excellent filtration properties and ease of converting

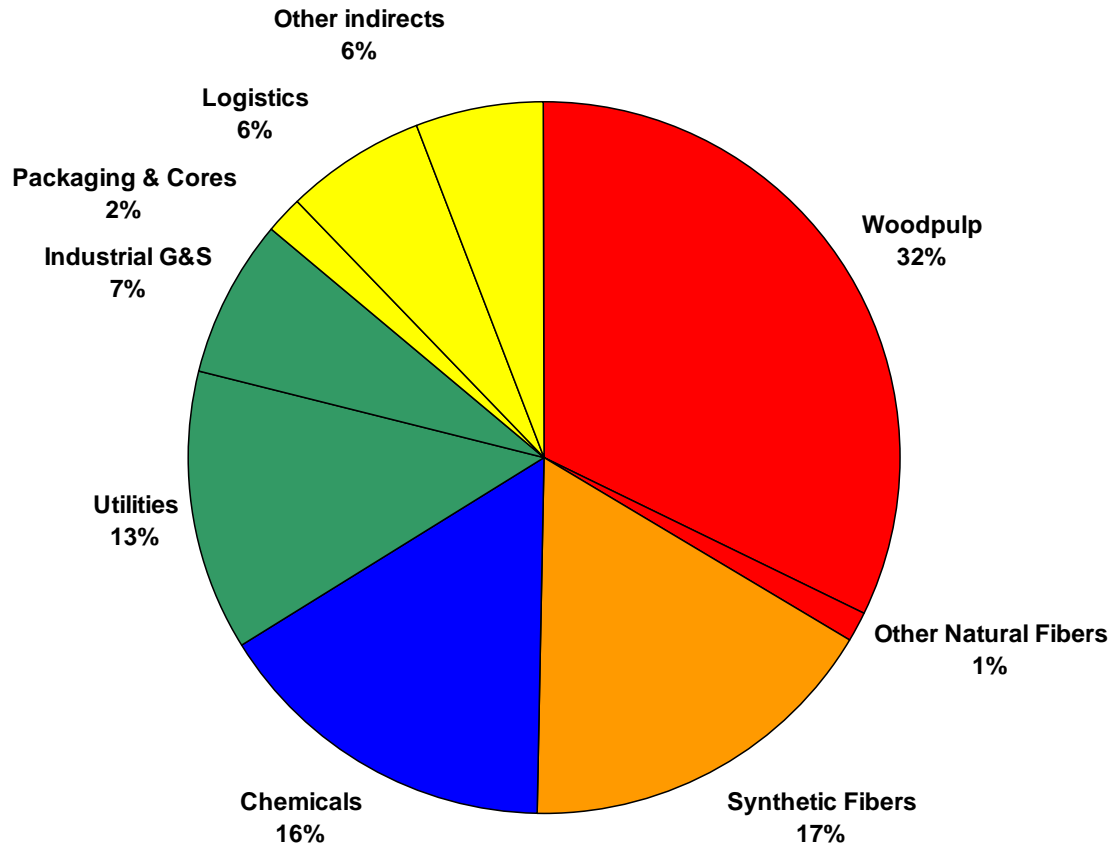
4. What is the market potential?

- World market for water media ~ 600 MEUR
- AGR ~ 10% globally

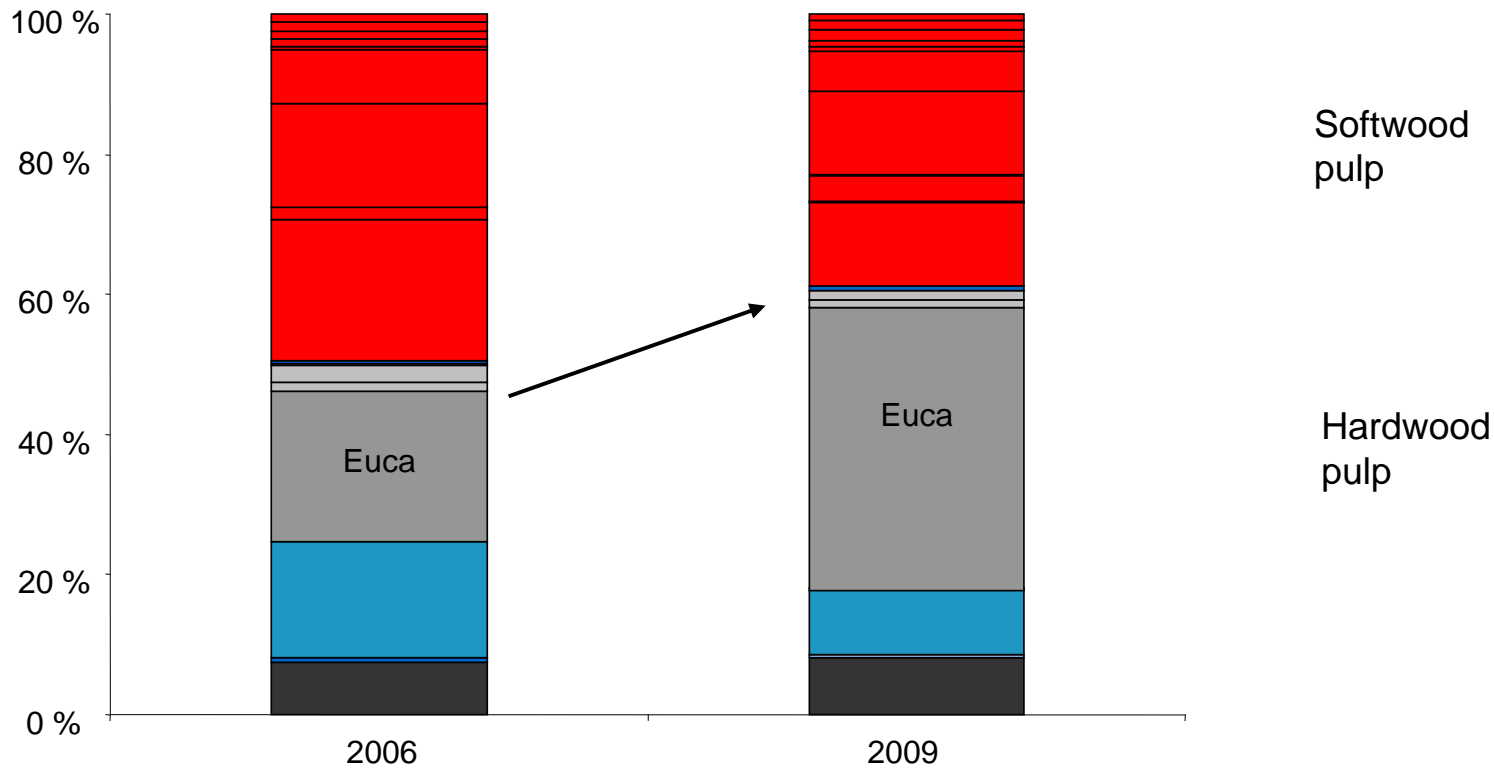


Raw material strategy

Estimated total spend EUR 1.4 billion in 2008

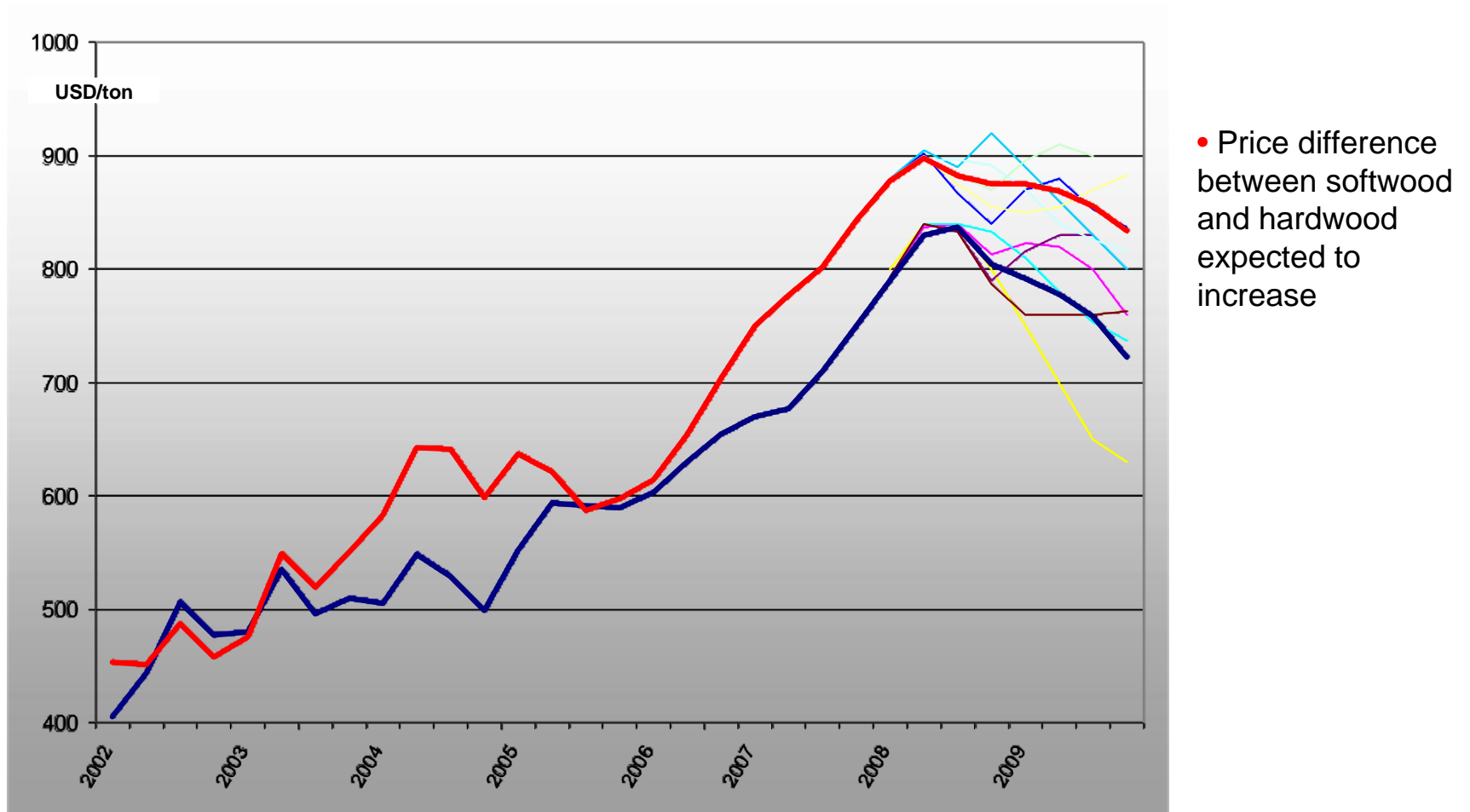


Hardwood growing above 60% of pulp used in specialty paper



- Share of euca pulp from 20% to 45%

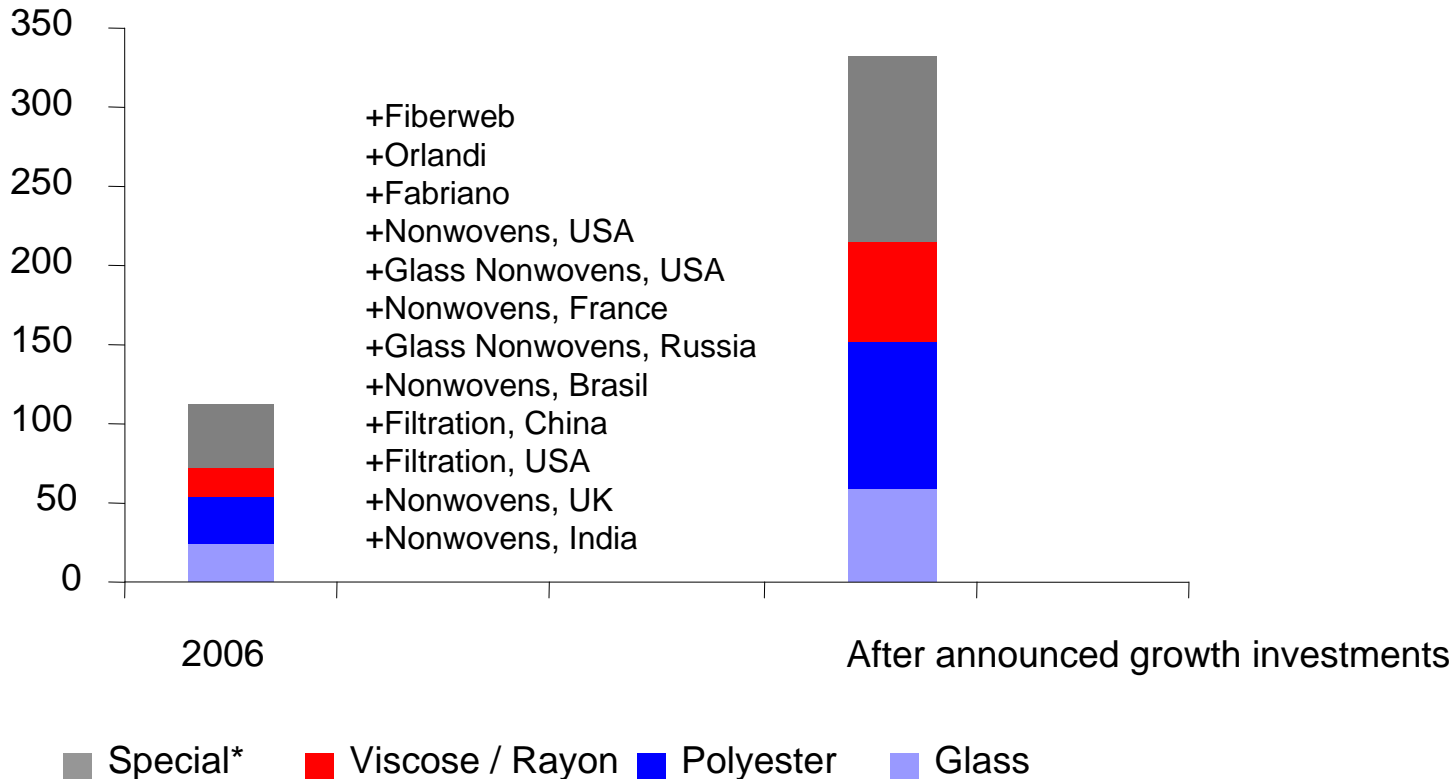
Pulp prices have reached their peak?



Source: Aracruz

Synthetic fiber base grows with acquisitions and organic investments

MEUR



* includes PP web, PP fibers, acrylic, bico, aramid, etc.

Increased focus on preferred suppliers – examples

Number of suppliers	Comment
---------------------	---------

	<u>Total supplier base</u>	
	<u>2002</u>	<u>2007</u>
Woodpulp	103	42
Synthetic fibers	70	90
Chemicals	300	<200

- **Agreements with preferred suppliers include**
 - guaranteed supply volumes
 - volume rebates
 - collar and firm prices
 - consignment stocks
 - innovation programs

Preferred suppliers in 2007

	<u>Number</u>	<u>Share of spend</u>
Woodpulp	8	70%
Synthetic fibers	14	59%
Chemicals	16	48%

- **Aim: 60% to 80% of total spend to preferred suppliers**

2. Glass Nonwovens update

Senior Vice President Tommi Björnman

Ahlstrom Glass Nonwovens – Global player

Main applications and position:

Building Industry

Global and European # 1 in CV-flooring carriers



Wind Mill Industry

Global # 2 in Reinforcements and Specialty Reinforcements in Wind Mill Blades



Marine Industry

European # 1 in Multiaxial products and European # 2 in Combination products



Transport Industry

European # 4 in Reinforcements in Panels and European # 1 in Skins (light reinforcement in surface)



Examples of product applications

Windmill



Woven, multiaxial and combination products for wind generator blades

- Growth rate: 19% p.a.
- Global potential: 300 MEUR

Marine



Glassfiber reinforcements used in composite marine hull manufacture

- Growth rate: 6% p.a.
- Global potential: 260 MEUR

Examples of product applications

Building / Flooring



Glassfiber tissue to give dimensional stability and to act as carrier of vinyl

- Growth rate: 5% p.a.
- Global potential: 150 MEUR

Transport



Glassfiber reinforcements for transport applications laminates

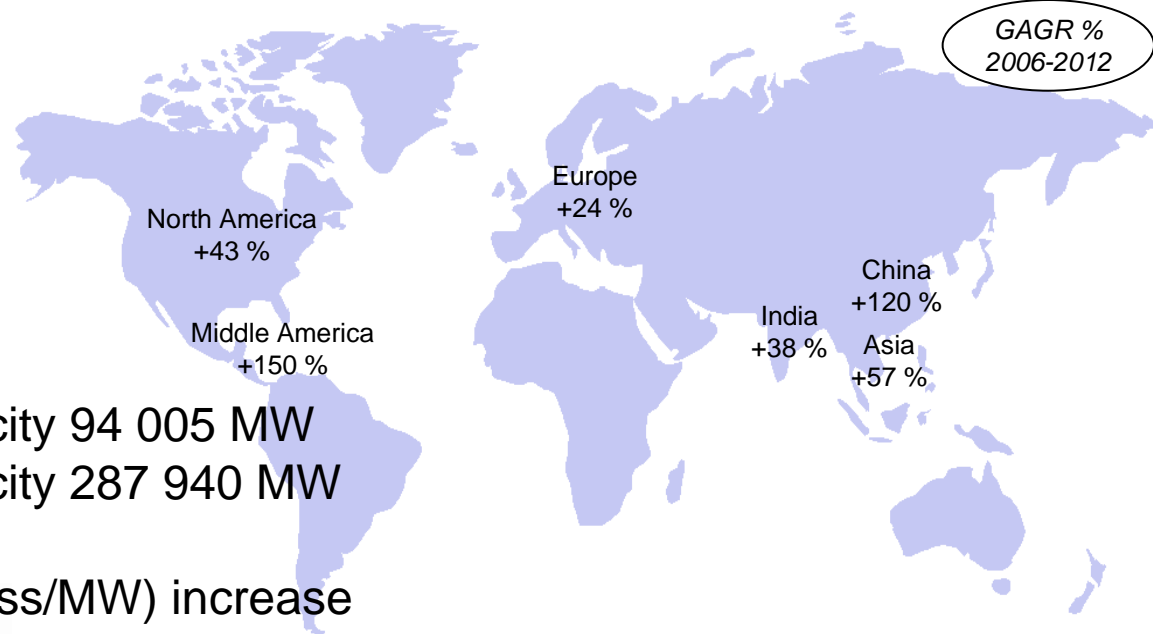
- Growth rate: 5% p.a.
- Global potential: 240 MEUR

Wind energy growing strongly

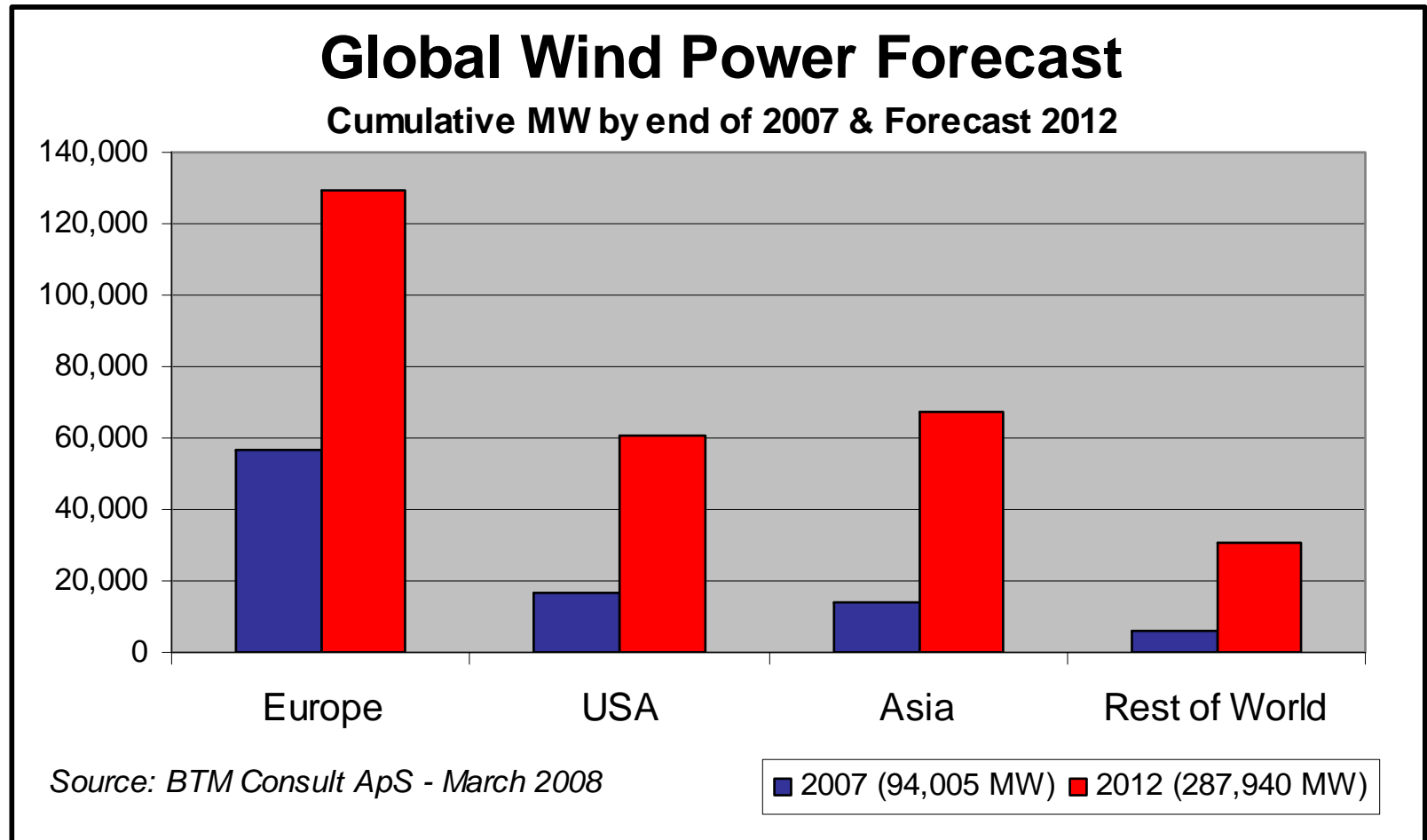
- Growth 15 – 20% p.a.

- year 2007 total capacity 94 005 MW
- year 2013 total capacity 287 940 MW

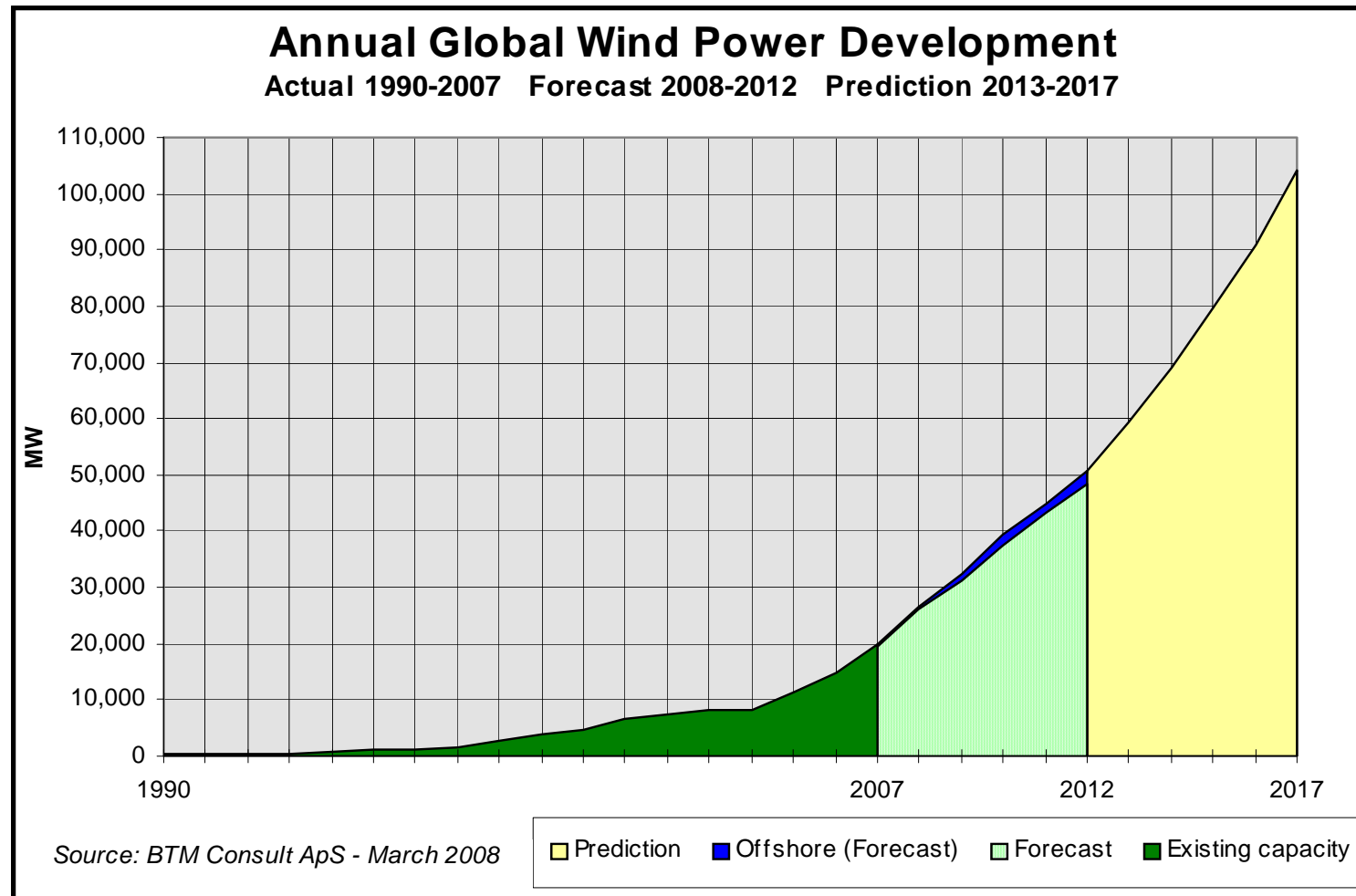
- Technical competence (glass/MW) increase
 - ⇒ It requires 6 x capacity in specialty reinforcements to maintain the market share
 - ⇒ Global growth America / Europe / Asia
 - ⇒ Global players have the biggest growth



Installed wind power capacity & forecast



Growth of capacity installations & estimate



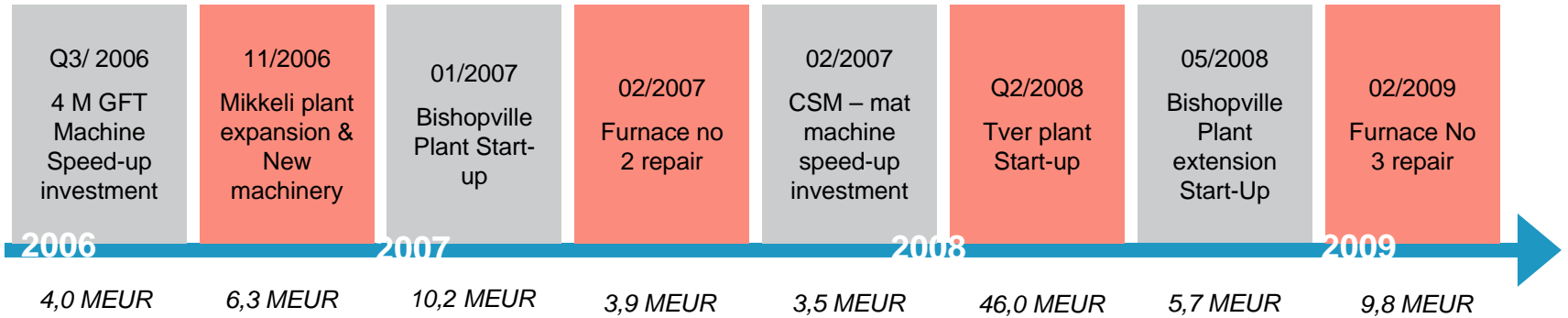
Glass Nonwovens – key competitive factors

- **Long-term customer relationships**
 - approximately 80 % Key Customers / 10 years or longer
- **Global Presence – FINLAND, USA and RUSSIA**
 - EUR and USD based production
- **Good track record in composite industry**
 - glass fiber production since 1970's
 - supplier for wind power industry since 1980's
 - currently more than 50% of SR production is used in closed mold systems (RTM)
 - wide product range: multiaxials, woven and combination products, chopped strand mats, glass fiber tissue, assembled and direct rovings etc.

Glass Nonwovens – key competitive factors

- **Development of technology platform for the future needs**
 - machinery upgrades and new investments
- **Tight customer driven R&D strategy**
 - 85% of products are tailor-made
 - 34 people working in R&D and technical customer service
 - continuous reduction of lead time in New Product Development
- **Ensure overall competitiveness**
 - production efficiency monitoring system
 - performance excellence program to cover all activities
 - ISO 9001/14001/18001 certified

Glass Nonwovens latest milestones



GROWTH INVESTMENTS

89,4 MEUR

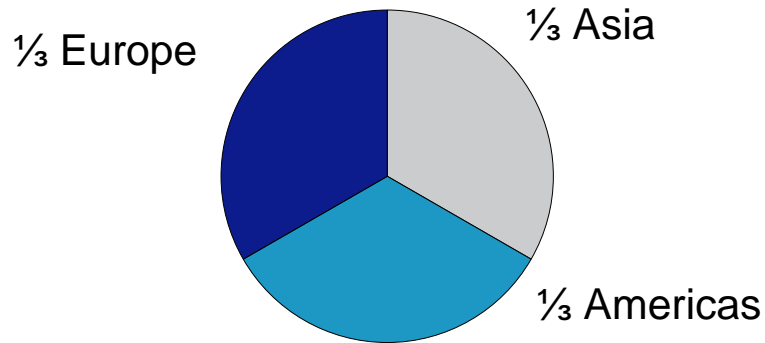
+ Several other Improvement & Sustain Investments

appr. 12,0 MEUR

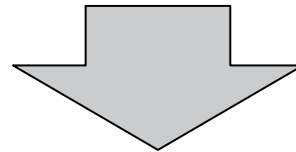
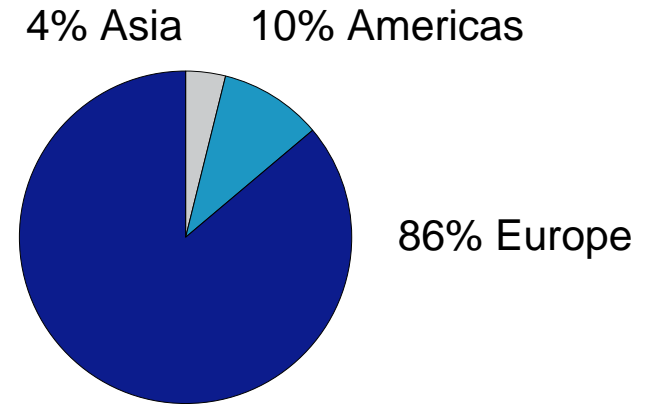
TOTAL INVESTMENT IN LESS THAN 30 MONTHS

+ 100 MEUR !!!!

Global Glass Nonwovens market



Ahlstrom Glass Nonwovens 2007



- to be ready and prepared
 - to be present
 - to be pro-active and ambitious
 - customer assigns positioning
- ⇒ **commitment is necessity**

3. Financial Review

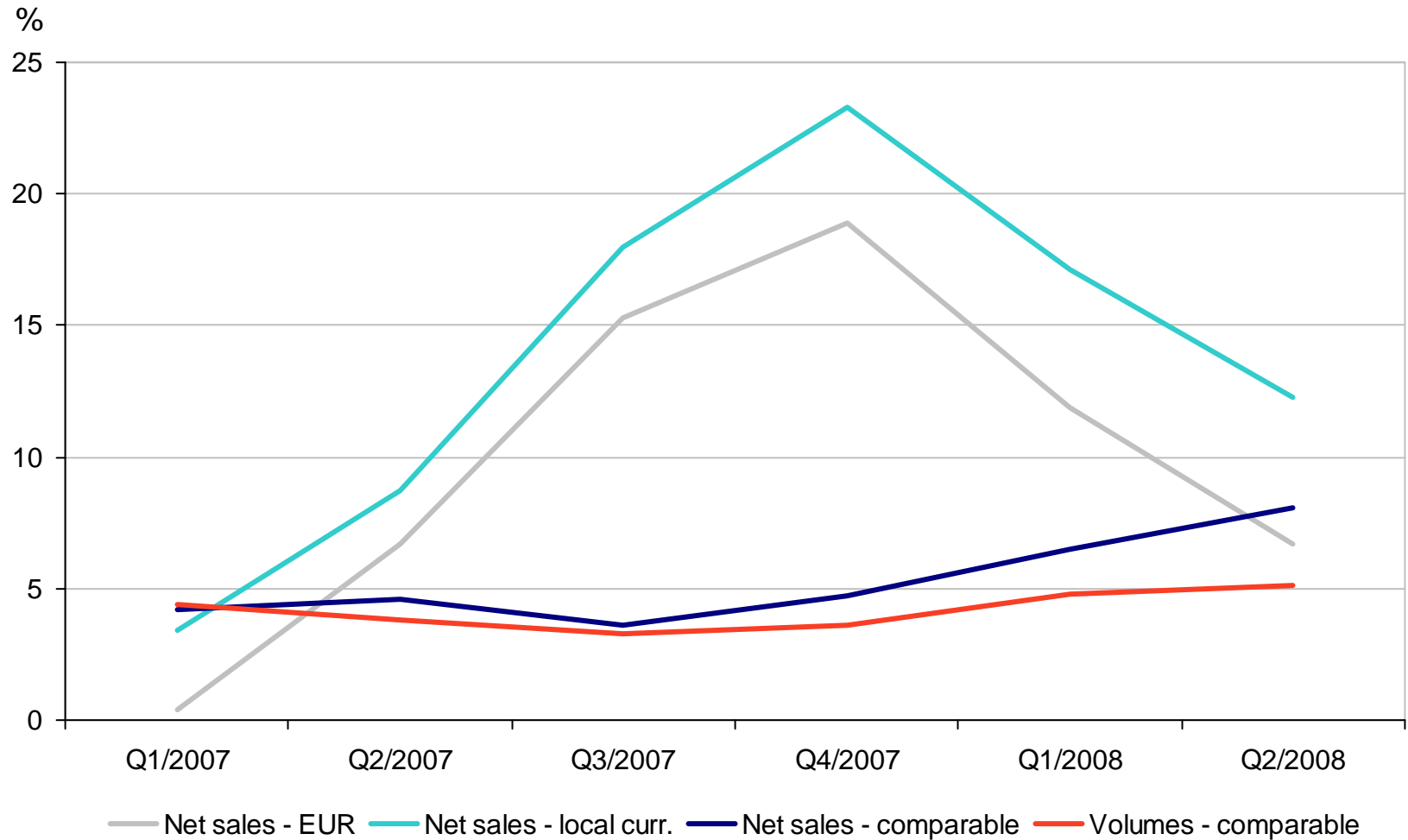
CFO Jari Mäntylä

Key highlights of Q2 2008

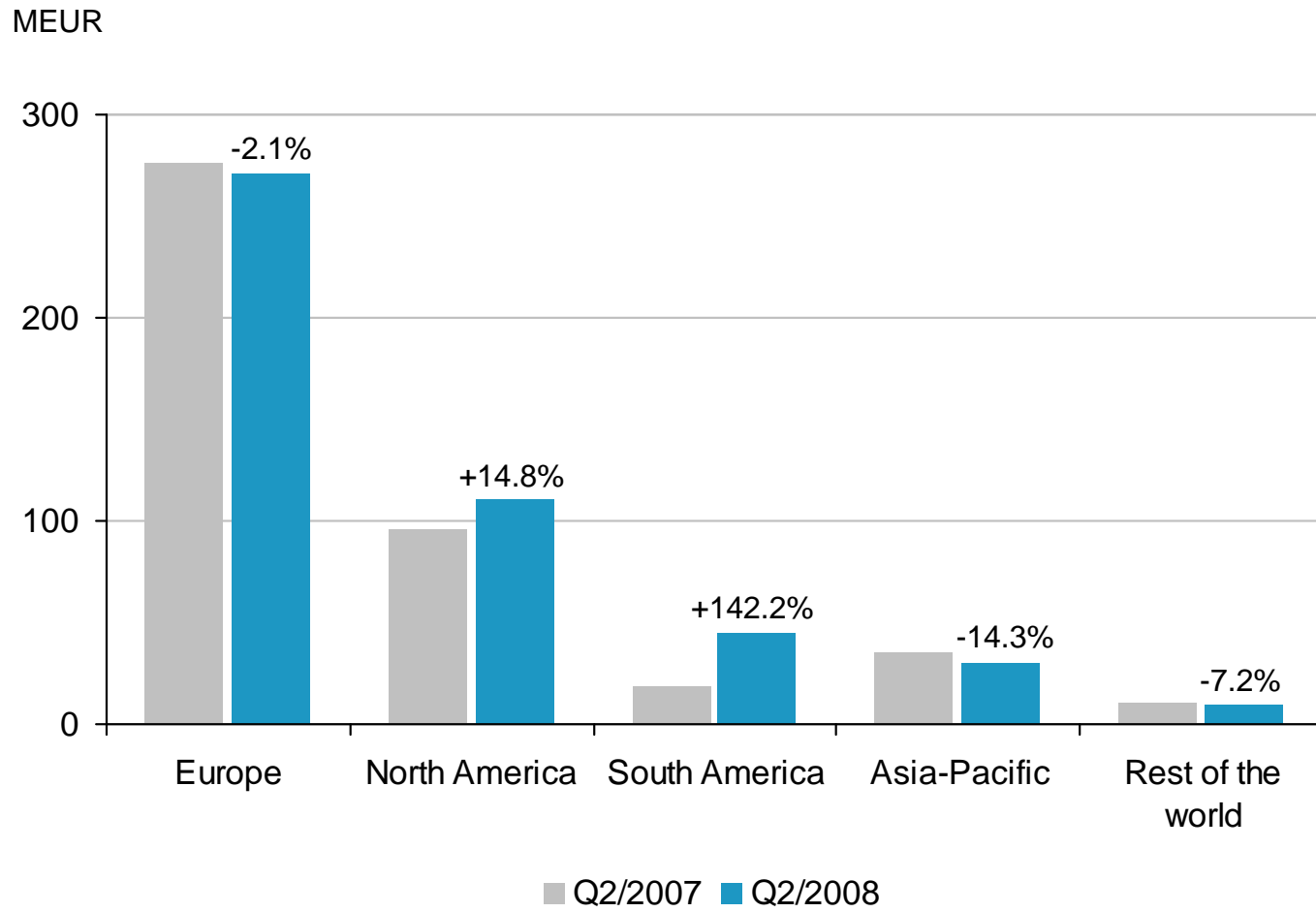
- Net sales amounted to EUR 465.9 million, growing by 6.7% on Q2/07 and by 12.3% excluding currency effect
- Comparable net sales adjusted for currency effect, acquisitions and closures grew by 8.1% on Q2/07 and by approximately 2.0% on Q1/08
- Comparable volumes adjusted for acquisitions and closures grew by 5.1%
- Operating profit excluding non-recurring items was EUR 19.5 million
 - Growth of 5.6% on Q1/08
 - Decrease of 7.3% on Q2/07 due to losses of the La Gère plant, low volumes of the wipes business in Europe, and escalating raw material prices



Net sales growth %, compared to previous year



Net sales by region



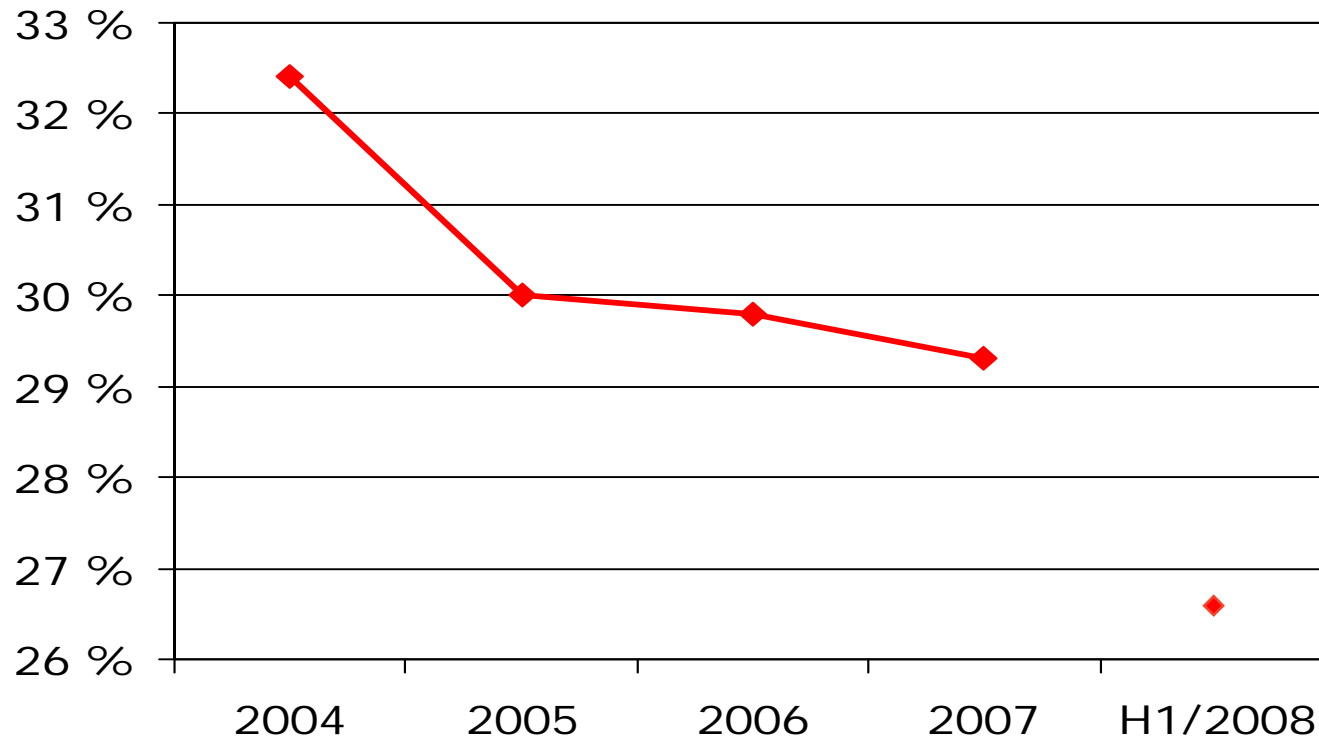
H1 Cost structure

Cost structure	H1/2008	% of sales	H1/2007	% of sales	2007	% of sales
Synthetic & natural fibers	328.1	35.3%	273.1	32.0%	591.5	33.6%
Chemicals	115.3	12.4%	111.7	13.1%	222.3	12.6%
Energy	89.2	9.6%	76.6	9.0%	155.9	8.9%
Fixed & other costs*	322.2	34.6%	315.9	37.0%	672.9	38.2%
Total	854.8	91.7%	777.3	91.1%	1642.6	93.3%

*Excluding depreciation, amortization and impairment

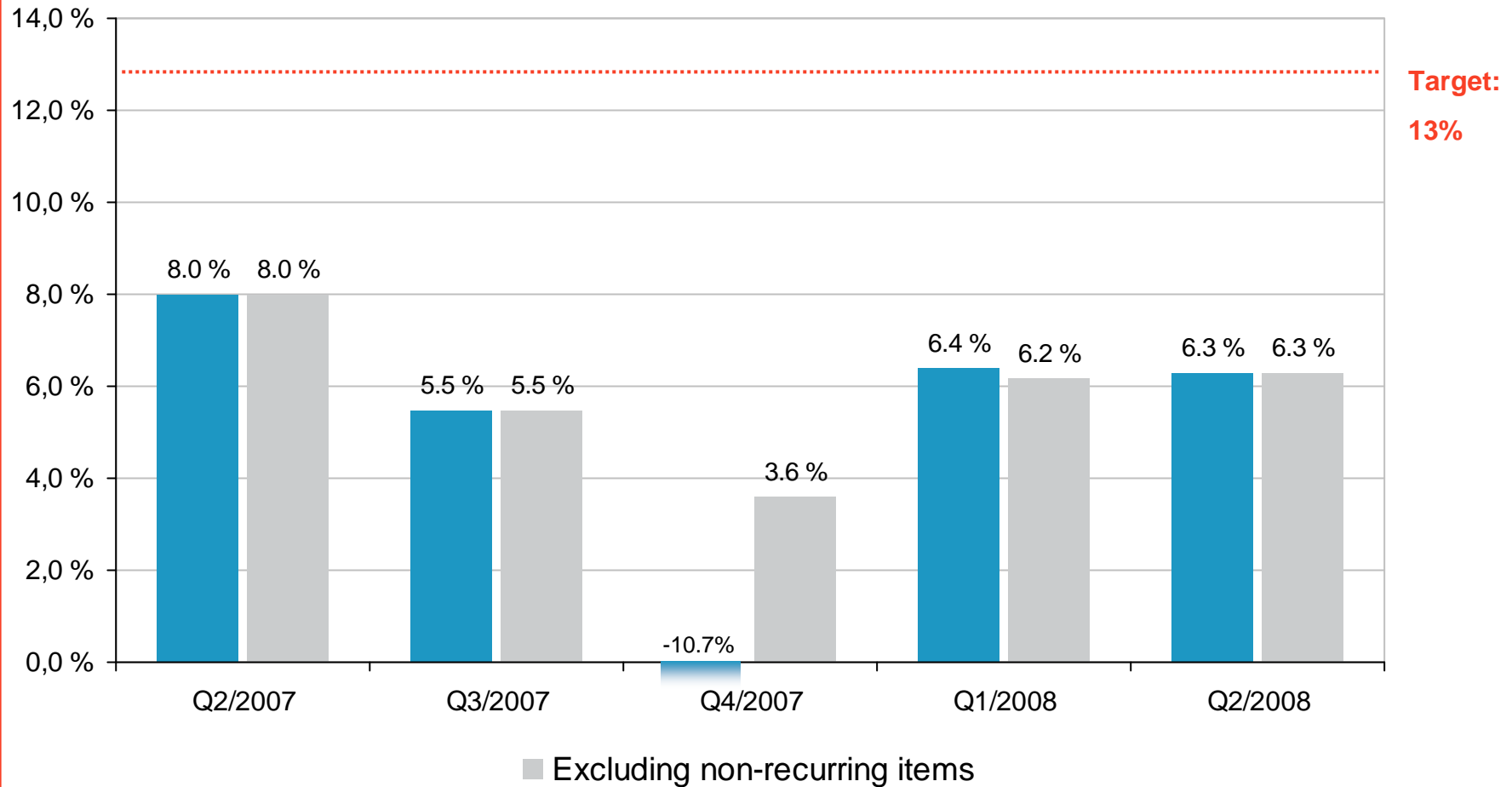
- Fixed costs have decreased from 2007
- Rise in the price of synthetic and natural fibers and energy are increasing total costs

Fixed cost reduction continues

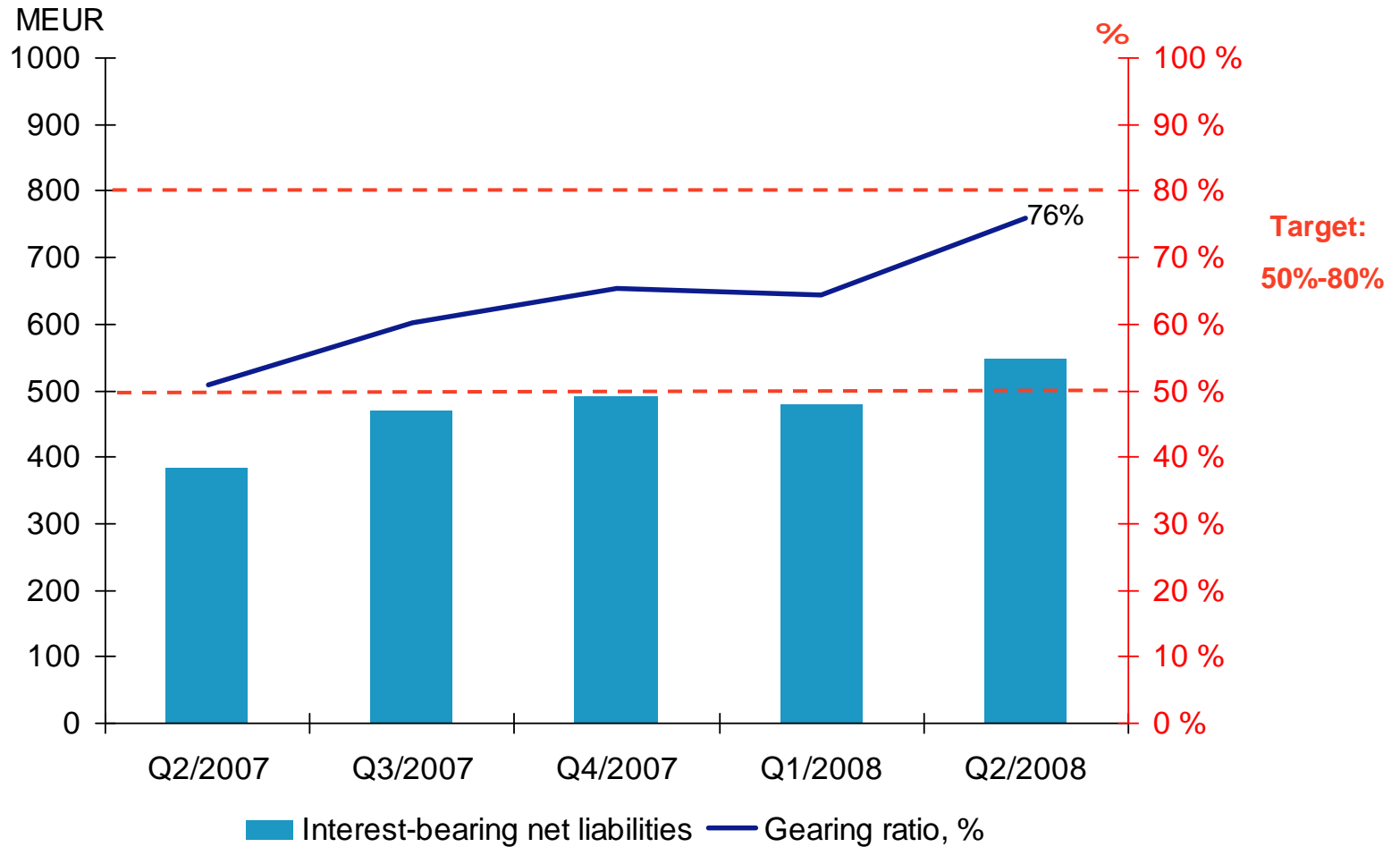


- Target to maintain fixed costs below 30% of net sales

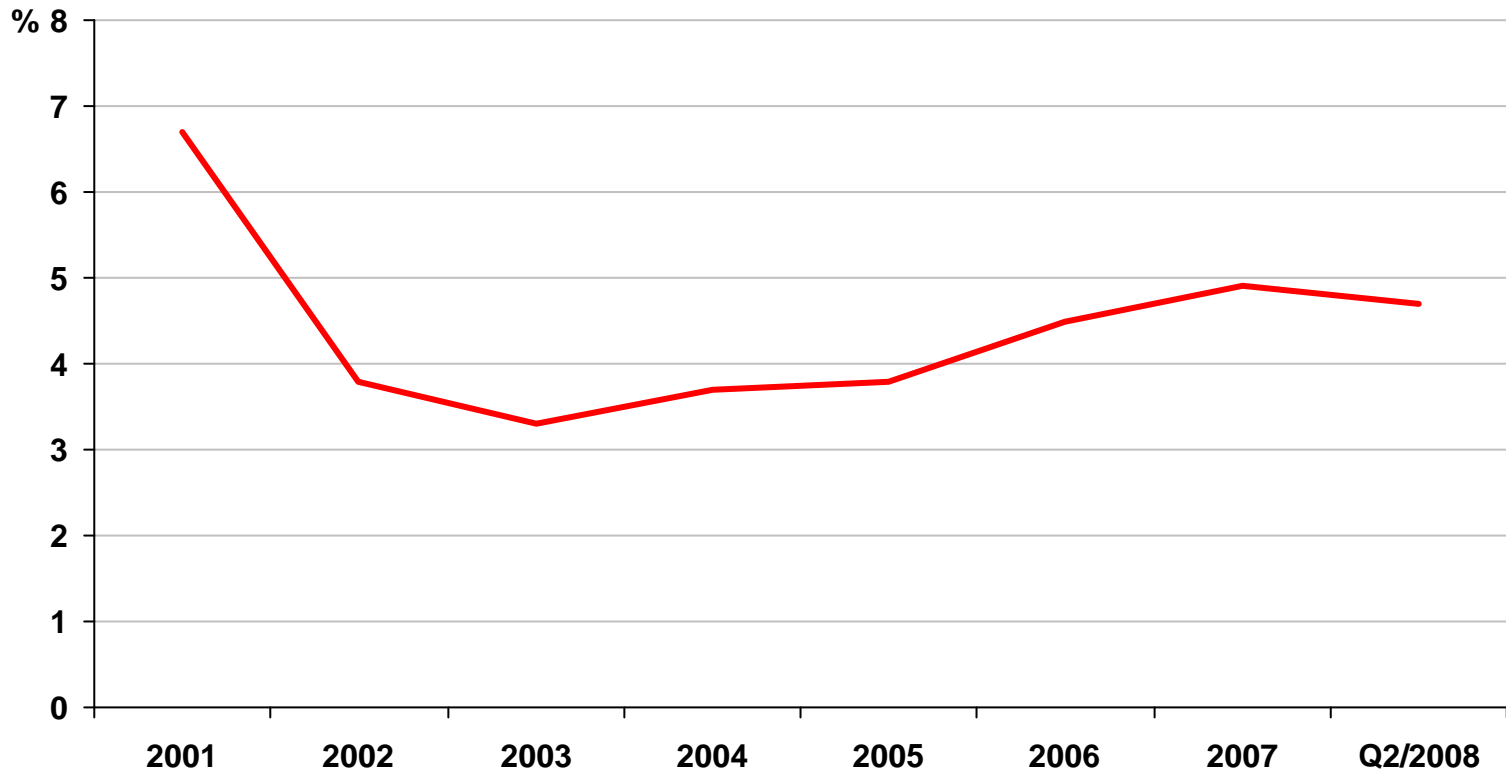
Return on capital employed (ROCE)



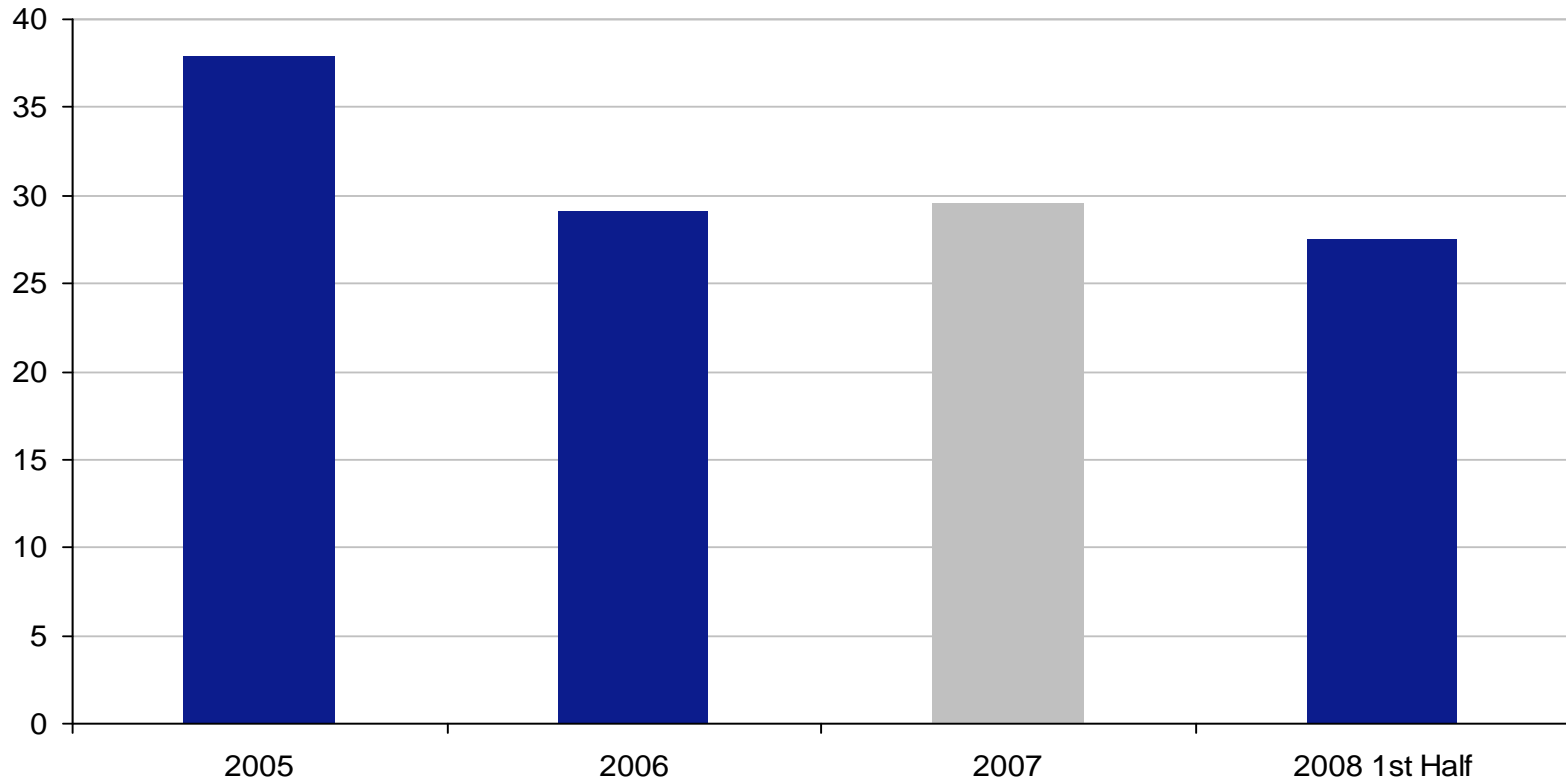
Interest-bearing net liabilities and gearing ratio



Average cost of debt 2001 – Q2/2008



Reduction of income taxes - long term effective tax rate target 30-32%



NOTE:

For 2007, the reported tax rate was negative due to low net profit

For this graph, 2007 tax rate is calculated based on the result excluding non-recurring items

Lowering of the tax rates has been the latest trend in Europe

- United States 38 %
- France 34 %
- Brazil 34 %
- Germany 30 % (previous rate 39%)
- Spain 30% (previous 35%)
- UK 28% (previous 30%)
- Italy 27.5 % + IRAP 3.9 %
(previous rates 33 % + 4.25%)
- Finland 26 %

Outlook

- Due to the continuing overcapacity in release base papers and wipes in Europe, as well as the uncertainty in the global economy reflecting in the demand of some of Ahlstrom's products, Ahlstrom revises its full-year outlook.
- Net sales are estimated to grow from 2007 as a result of the completed acquisitions and the ongoing investment projects especially in BRIC countries, and despite the closing of four production units in Europe and North America.
- As a result of the continuing volume growth and the restructuring actions taken, Ahlstrom still anticipates the full-year operating profit to improve from last year, but is now expecting a milder improvement than earlier stated.
- Operating profit for H2/08 is still expected to be clearly better than in H2/07.

