

Ahlstrom Corporation

Interim report January-September 2009

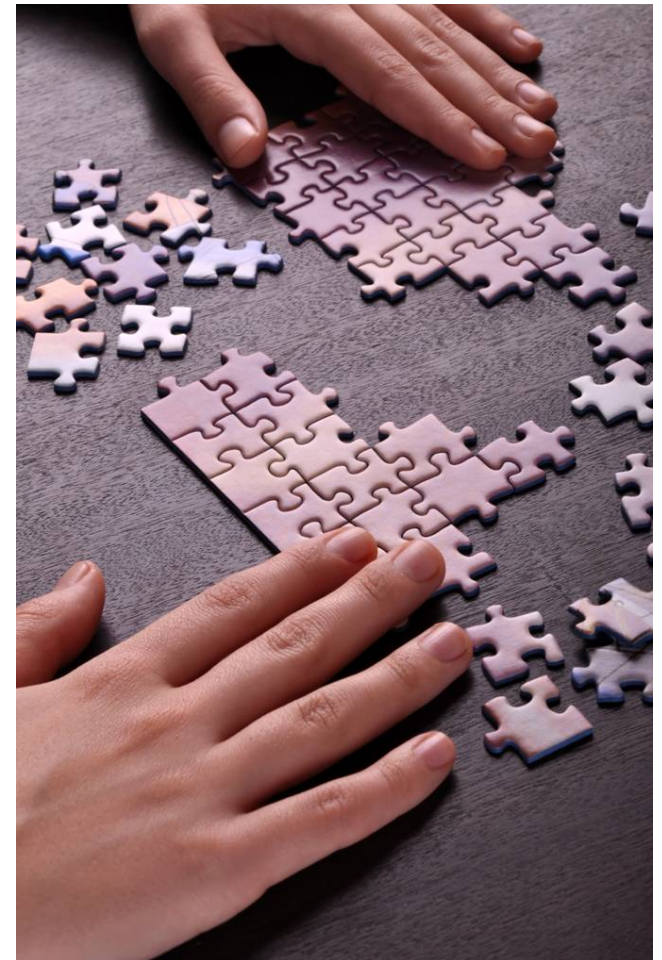


October 27, 2009

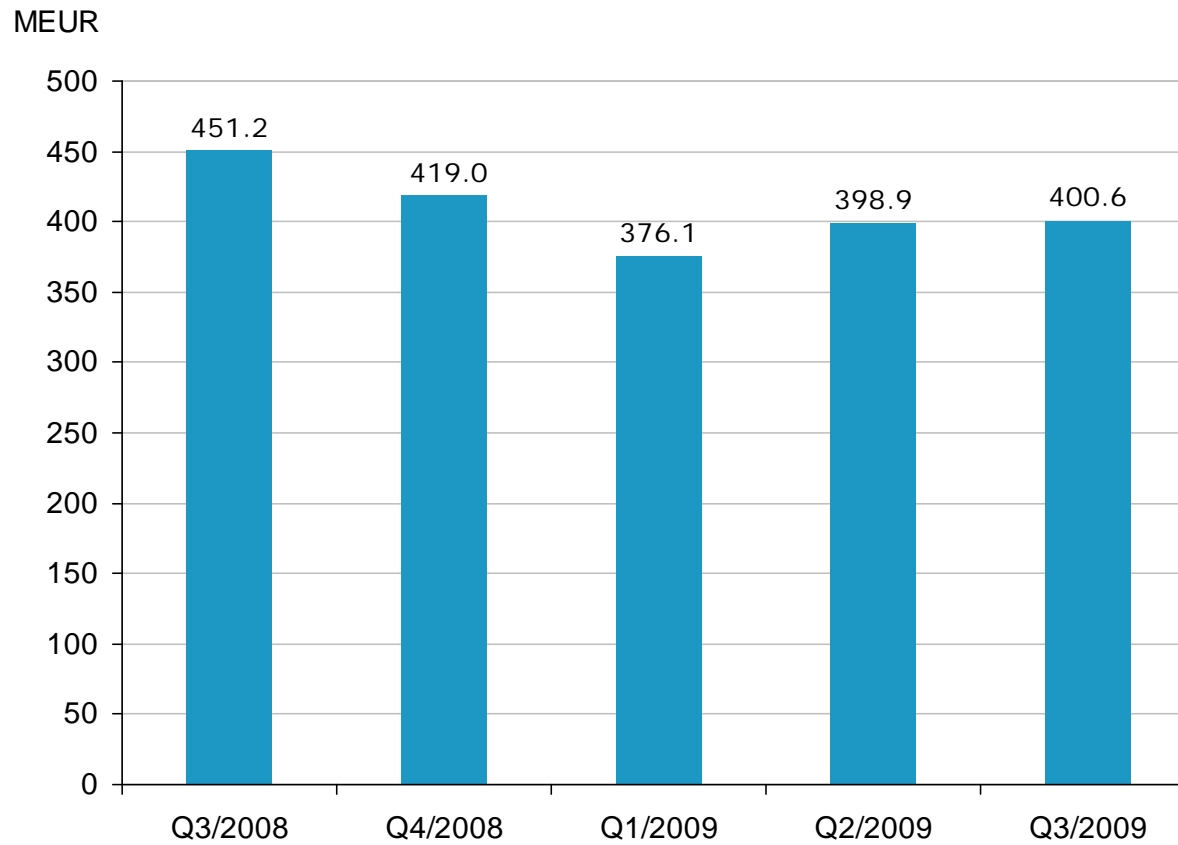
President & CEO Jan Lång

Key highlights of July-September 2009

- Positive trend in EBIT continued
 - Successful streamlining efforts
 - Cost control
 - Lower raw material prices
- Demand improved, but the level of July-September 2008 was not reached
- Increase in the market prices of Ahlstrom's main raw materials, which began in summer, mainly continued
- Thanks to the positive cash flow, net debt decreased by over EUR 87 million since the turn of the year and the gearing ratio fell to 82%
- Conclusions of the strategy review process were completed

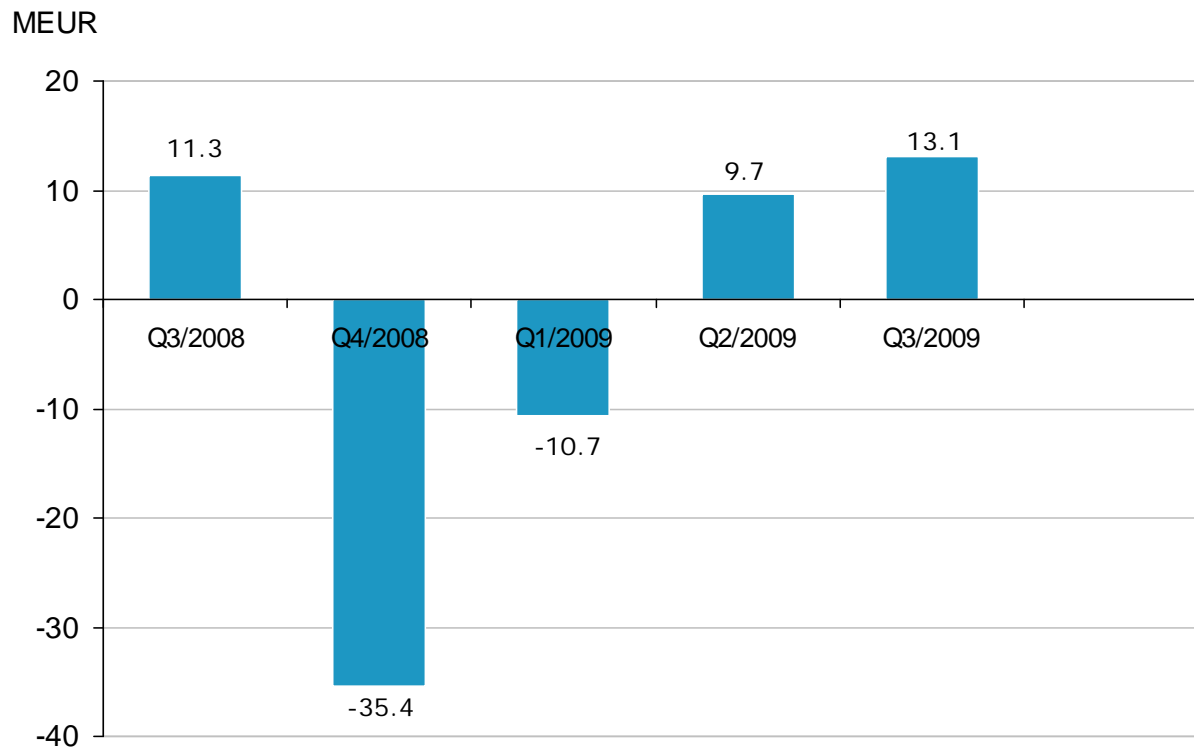


Net sales Q3/2008–Q3/2009



- Net sales decreased 11.2% from Q3/2008, but grew slightly from Q2/2009

Operating profit/loss Q3/2008–Q3/2009

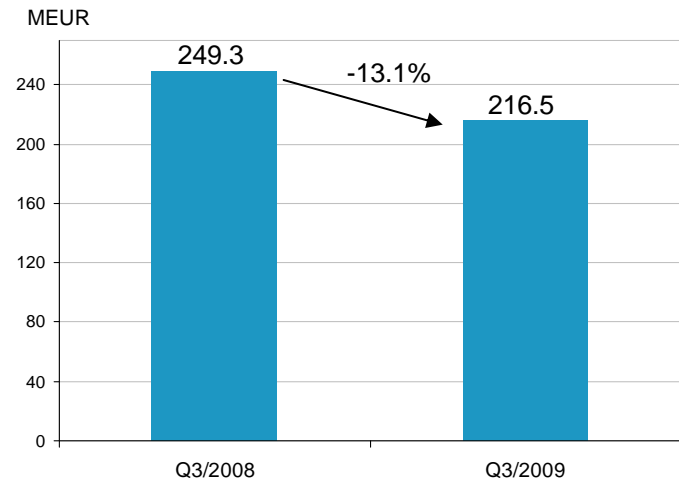


- EBIT improved from the previous quarters, also from Q3/2008
- Improvement resulted from restructuring measures, cost control and lower raw material prices
- Decrease resulted from lower sales volumes and general prices pressures

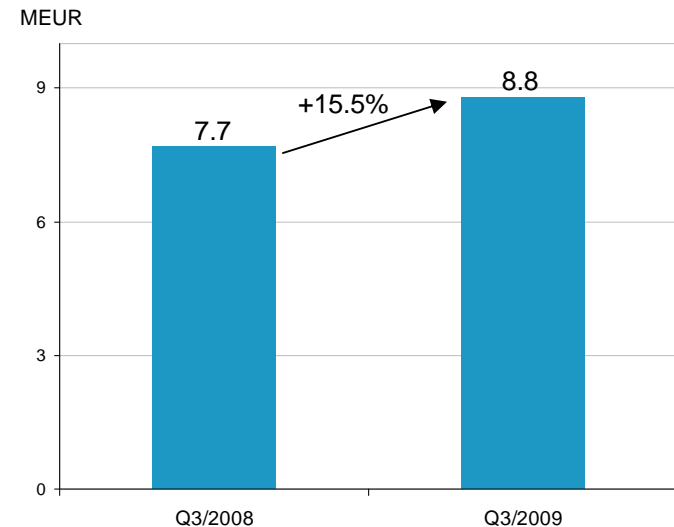
Fiber Composites segment in Q3/2009

- Demand for food packaging and teabag materials or nonwovens in medical applications close to the usual level
- Demand for construction materials, wipes and transportation filtration recovered slightly in July-September after the weak first half of 2009
- Preparations for the A(H1N1) virus increased slightly the demand for face masks and wipes
- Windmill and marine markets continued to be weak
- Profitability improved particularly owing to streamlining efforts, cost control and lower raw material prices

Net sales

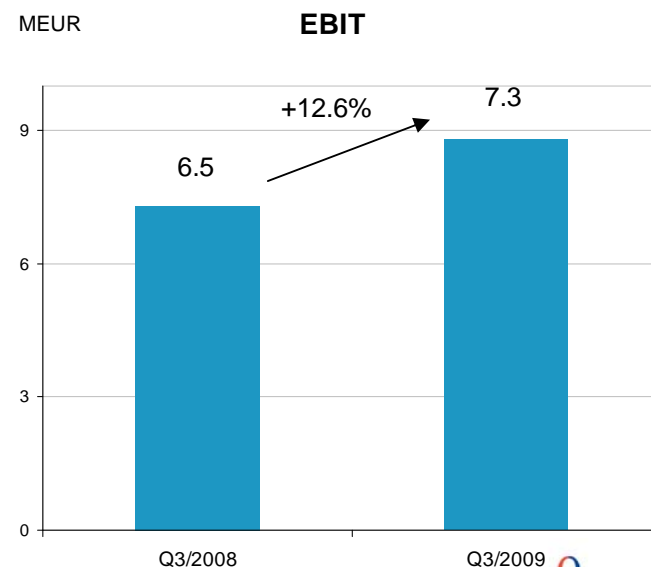
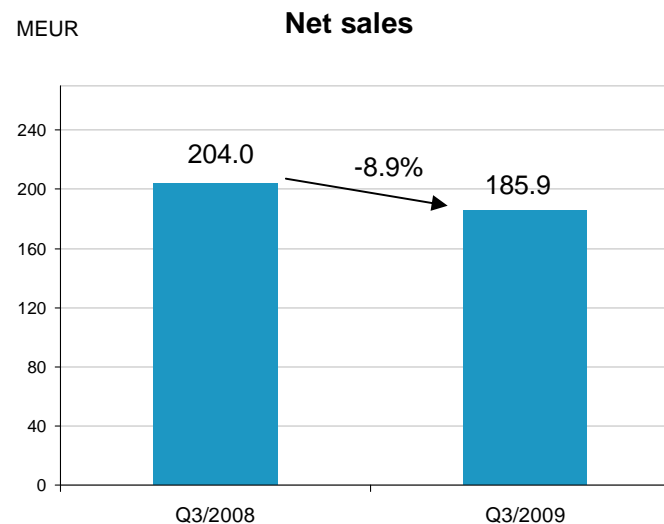


EBIT

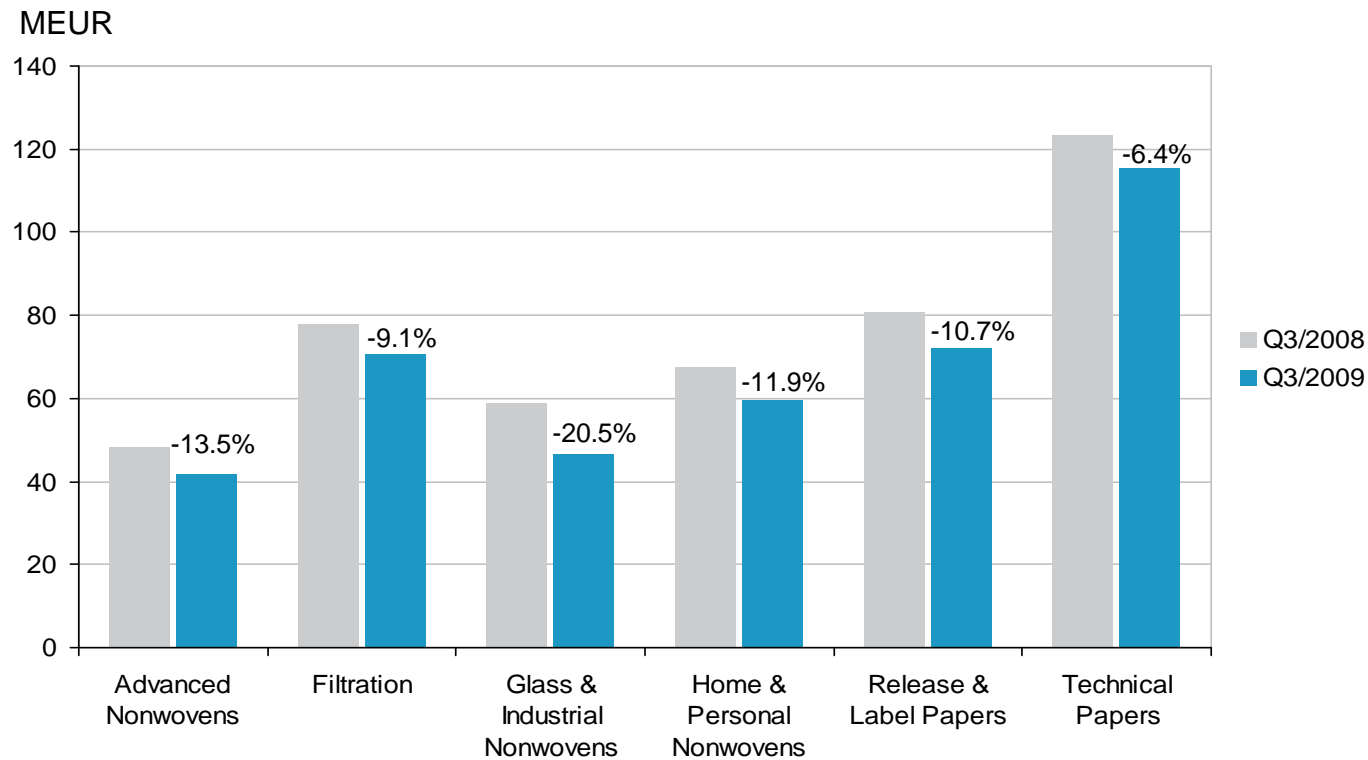


Specialty Papers segment in Q3/2009

- Demand in release and label papers approached the level of the third quarter of 2008
- Demand for wall covers and posters as well as industrial papers increased
- Automotive, furniture and textile markets continued to be weak
- As in Fiber Composites, profitability improved particularly owing to streamlining efforts, cost control and lower raw material prices

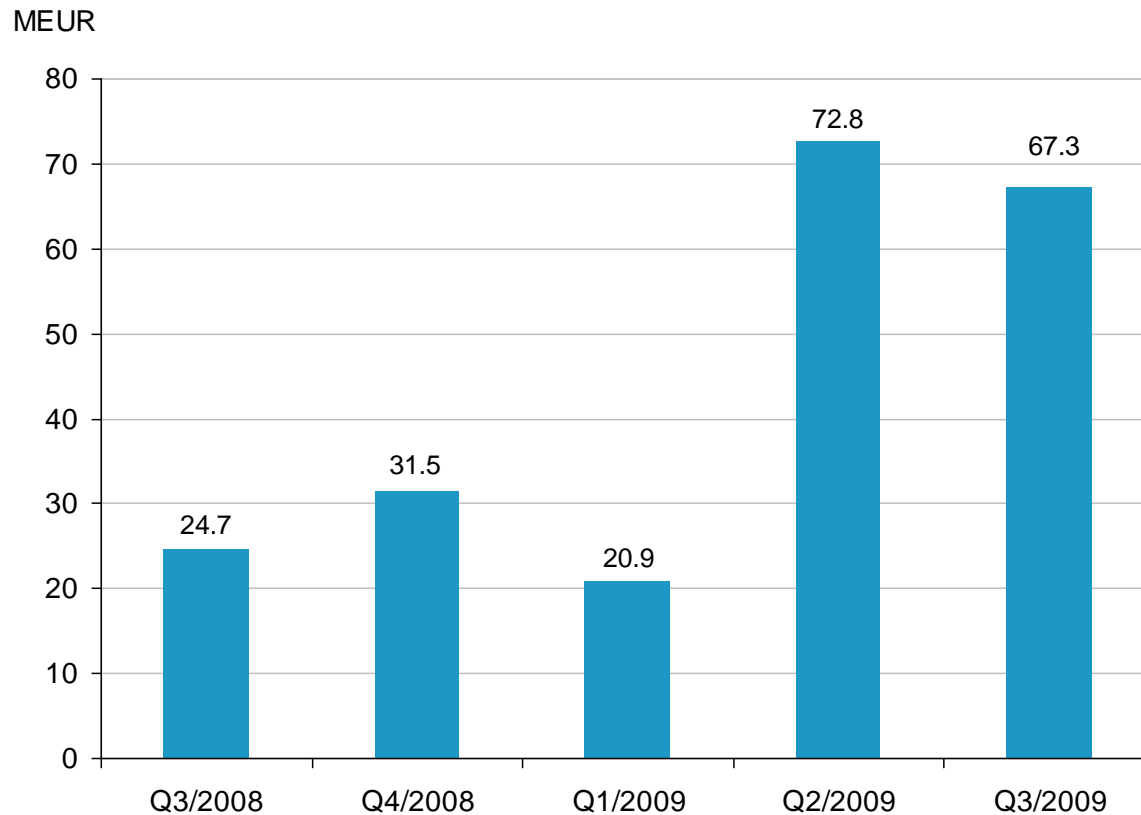


Net sales by business area Q3/2009



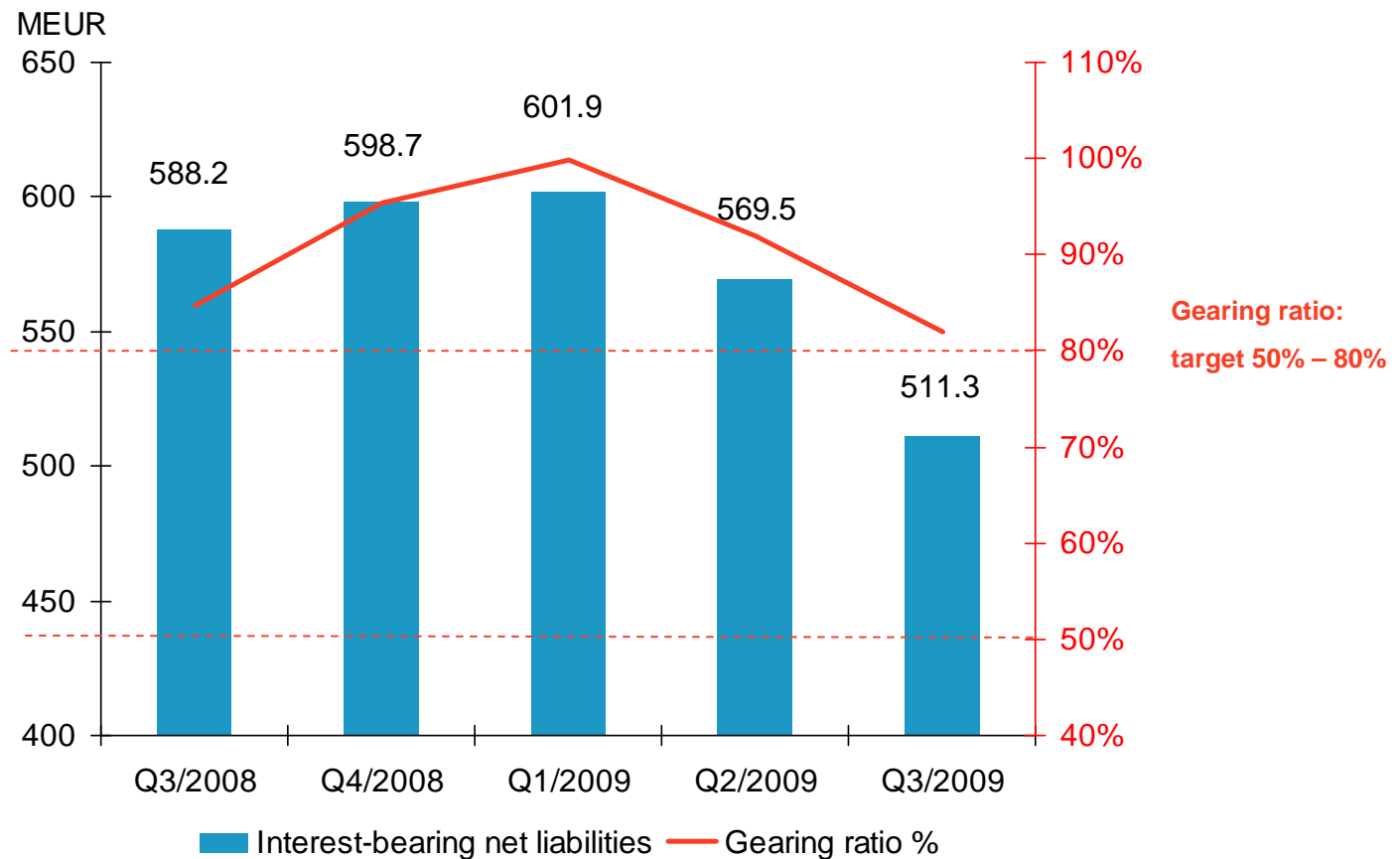
- Net sales in the Advanced Nonwovens business was reduced by an extended summer shut-down
- Glass & Industrial Nonwovens business area continued to suffer from the recession in the building and windmill industries

Net cash from operating activities Q3/2008–Q3/2009



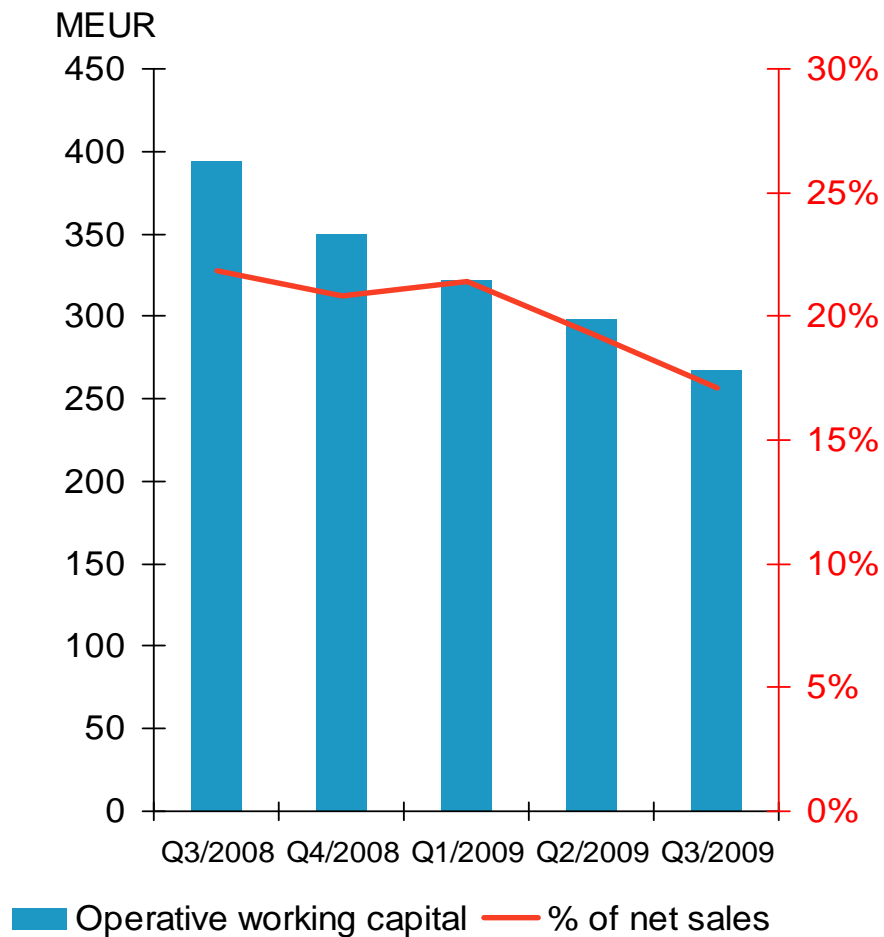
- Working capital decreased by MEUR 81.1 as a result of a working capital optimization project
- Improved profitability during 2009

Interest-bearing net liabilities and gearing ratio



- Net debt was reduced by MEUR 87.4 since the turn of the year
- Gearing ratio decreased to 82% as a result of positive cash flow

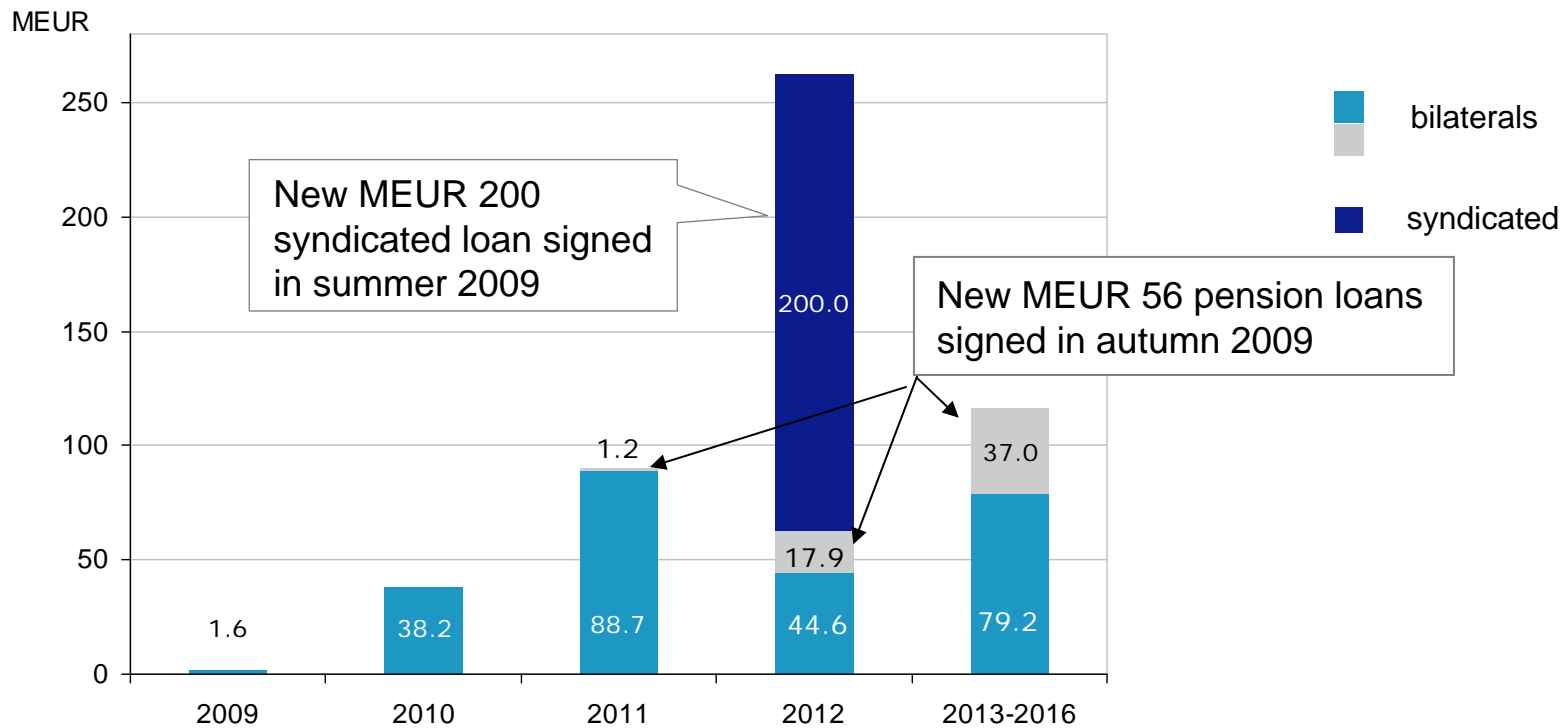
Working capital optimization



- Target is to decrease working capital by MEUR 100 in two years
- Project has been launched in 12 plants, will be rolled out to most plants and functions
- Working capital has decreased by MEUR 81.1 and working capital turnover by 15 days this year (September 30, 2009: 61 days)

Operative working capital = Accounts receivable + inventories – accounts payable

Maturity profile of medium / long term credit facilities



- Maturity profile of loan portfolio was extended in 2009
- New bilateral loans of MEUR 55 in first half of 2009
- New three-year syndicated loan of MEUR 200 in summer to refinance the loan expiring in November
- Pension loans of MEUR 56 raised in autumn

Income statement

MEUR	Q3/2009	Q3/2008
Net sales	400.6	451.2
Expenses	-362.5	-415.8
Depreciation and amortization	-25.0	-24.1
EBIT	13.1	11.3
Net financial expenses	-6.8	-7.1
Share of profit of associated companies	1.0	-0.7
Profit before taxes	7.3	3.5
Income taxes	-2.4	-1.0
Profit for the period	4.9	2.5
ROCE, %	4.8	3.9

- ➔ Decreased by 11.2% mainly due to lower volumes and price pressures
- ➔ Reduced above all due to cost control and lower volumes
- ➔ Improved by streamlining measures, cost control and lower raw material prices

Balance sheet

MEUR	Sep 30, 2009	Dec 31, 2008
Non-current assets	1,037.1	1,033.9
Inventories	182.0	252.5
Trade and other receivables	330.7	356.2
Other current assets	2.7	6.3
Cash	36.2	58.2
Assets	1,588.7	1,707.0
Equity	624.3	628.1
Provisions	15.9	24.0
Interest-bearing debt	547.5	656.9
Employee benefit obligations	84.5	84.6
Trade and other payables	292.3	293.3
Other liabilities	24.2	20.1
Liabilities	1,588.7	1,707.0
Gearing ratio, %	81.9	95.3

➔ Management of inventory levels

➔ More efficient collection of trade receivables

➔ Dividend payout and translation difference

➔ Positive cash flow due to reduced working capital

➔ Clearly strengthened balance sheet

Cash flow

MEUR	Q3/2009	Q3/2008
EBITDA	38.1	35.4
Cash flow adjustments	-2.1	-5.3
Change in net working capital	38.7	19.7
Financial items	-6.8	-19.9
Taxes paid	-0.5	-5.3
Operating activities	67.3	24.7
Investing activities	-11.2	-59.3
Cash flow after investment activities	56.1	-34.6
Dividends paid	-	-
Drawdowns and repayments	-52.8	39.0
Financing activities	-52.8	39.0
Change in cash	3.3	4.3

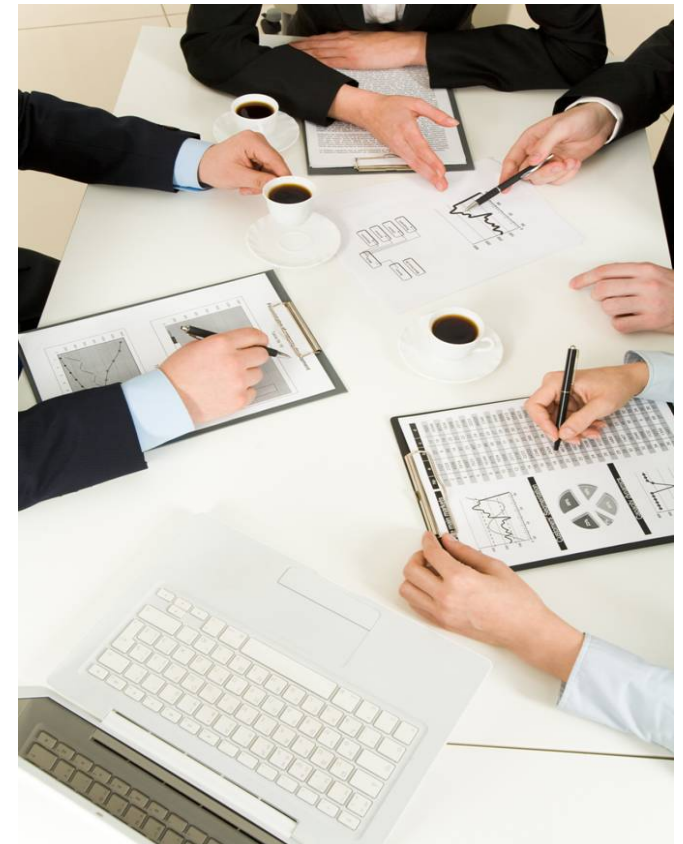
➔ Cash out of working capital

➔ Q3/2008: exchange rate losses from hedging

➔ Increased cash flow due to restructuring measures and improved profitability

Current priorities - management agenda

- Focus on customer retention and new opportunities
- Implementing restructuring programs
- Working capital optimization
- Adjusting capacity to demand as necessary
- Cost efficiency
- Implementing the revised strategic direction



Restructuring programs

- Two restructuring programs in 2009 to address global production structure and to adapt to the changed market demand
- By the end of Q3, a total of 433 positions reduced out of the targeted 600-700

	January program	April program
Aim	To adjust operations to the weakening of demand	To gain annual savings of EUR 50 million as of 2010 Reduction of 400-500 positions globally
Planned measures	To close down unprofitable plants in Milan, Italy. Reduction of 210 positions and temporary layoffs globally	To evaluate underperforming units and production structure worldwide and take appropriate actions
Cost	EUR 19 million, of which EUR 5.2 million cash-related (booked in Q4/2008)	Original cost estimate: EUR 40 million, of which 50 % cash-related, in 2009 Revised cost estimate: EUR 34 million, of which 60% cash-related, in 2009
Implemented measures	Gallarate plant and one production line closed in Cressa, Milan Temporary and permanent layoffs	Production adjustments Largest personnel cut (65 employees) so far in Bethune, USA, where a product line was closed and moved to Green Bay, USA.
Personnel cut by Sep 30, 2009	172	261
Measures in process	-	Negotiations in Karhula, Finland, to reduce 100 positions and in Altenkirchen, Germany, to reduce 65 positions

Adjusting operations to market demand

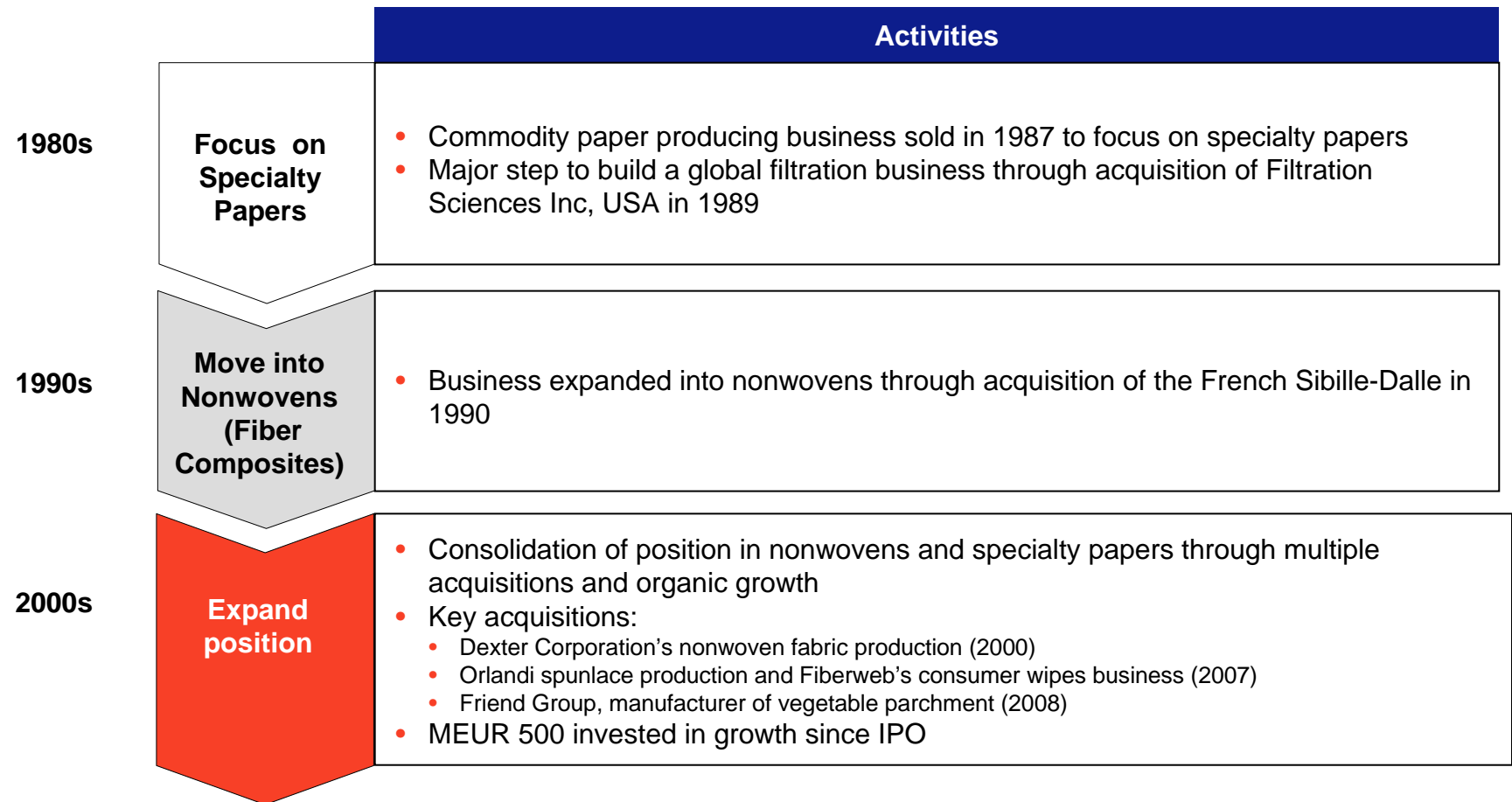
- Adjusting daily production to recession
 - Share of market related downtime in production was 20.3% in January-September 2009 (6.0% in January-September 2008)
- Temporary layoffs and other flexible working arrangements globally
 - About 2.400 employees were affected by the programs during January-September 2009
- Other temporary cost savings

Revised strategic direction for Ahlstrom

From growth to profitable growth

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

Ahlstrom's journey from paper-making business to a fiber composites and specialty papers company



Key strategic challenges for Ahlstrom going forward

Focus on profitable growth in high-potential areas

- Higher growth rates
- Better margins
- Stronger competitive position

Business portfolio complexity

- Customer industries
- Products and applications
- Technologies
- Organization and business management

Improve operational execution

- Operational excellence
- Innovation processes
- Sales and marketing
- Supply chain management

Strategy statement

Offer price competitive and value-added fiber-based materials to create sustainable and profitable relationships with our customers

New focused business portfolio to support profitable growth

Value-Added businesses

Crepe papers
Food nonwovens
Glassfiber tissue
Industrial nonwovens
Liquid filtration
Medical nonwovens
Specialty reinforcements
Transportation filtration
Vegetable parchment

Operational excellence businesses

Abrasive base papers
Air filtration
Coated specialties
Industrial papers
Label papers
Pre-impregnated décor papers
Release base papers
Sealing & Shielding papers
Wallpaper & Poster papers
Wipes

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
- In terms of geographical areas, growth will focus on Asia

Support growth

– be efficient

- Offer price competitive products
- Innovate for cost improvement

Ahlstrom's near-term strategic roadmap

Leverage on strategic positions

- Achieve ROCE 13%

Strengthen strategic direction

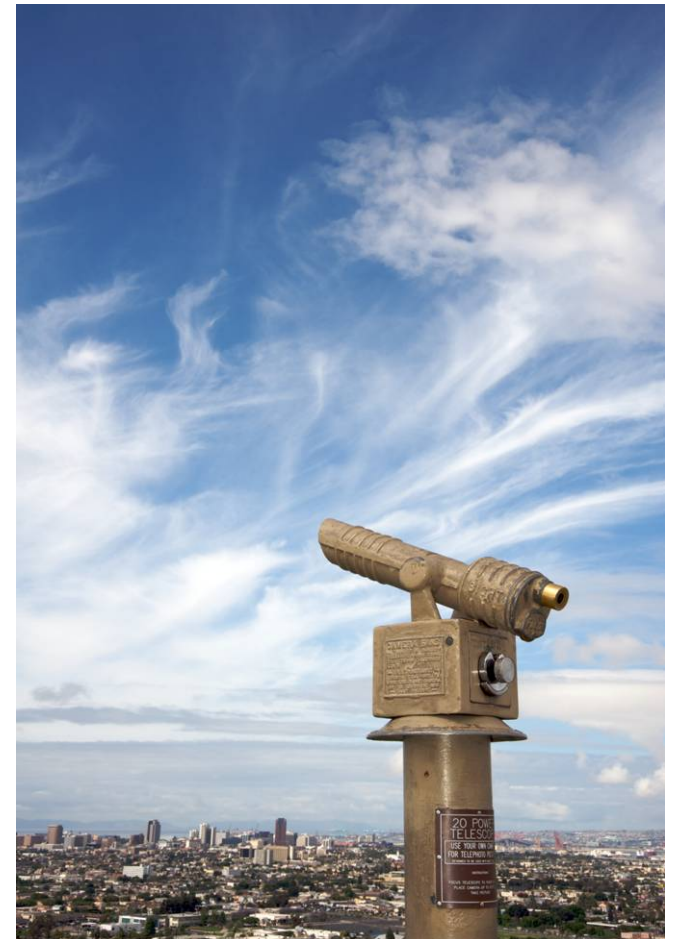
- Refresh vision and mission
- Specify culture, values and corporate brand
- Develop people, organization and processes
- Implement strategy of two business models

Build strategic foundation

- Set growth targets
- Focus business portfolio
- Identify key capabilities
- Strengthen balance sheet

Outlook

- Despite improved quarterly performance, demand for Ahlstrom's products remains low. No significant changes in the market situation are expected during the rest of the year. Therefore, Ahlstrom's net sales for 2009 are estimated to fall short of the level of 2008.
- The Group EBIT in 2009 is expected to fall short of the previous year, mainly due to lower sales volumes, price pressures and non-recurring items. Successfully implemented streamlining measures and adaptation of operations combined with lower raw material prices were not sufficient to compensate for the impact of low sales volumes.
- In addition to the restructuring programs, the company will continue adjusting its operations to the market situation as necessary.





Thank you