

Ahlstrom

January-March 2016

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April 28, 2016

Agenda

- January-March 2016 in brief
- Business area review
- Financials
- Outlook

January-March 2016 in brief

Highlights

- + Operating profit and margin improved for the tenth consecutive quarter despite lower demand in some key markets
 - + Adjusted operating profit increased by 25%, driven by lower input and fixed costs as well as improved product mix and pricing
- + Net sales increased at Wallcover & Poster, Industrial Nonwovens as well as Advanced Liquid Technologies business units
- + First positive operating cash flow in the first-quarter since 2012
- + Agreement to divest glassfiber business to Owens Corning
- + Redefined strategy and new long-term financial targets

Lowlights

- Decline in Group net sales, driven by unfavorable demand in some markets including engine filtration, medical as well as tape in Europe and North America

Key figures

- Improved margins through better commercial excellence as well as lower input costs
- Adjusted lower selling, general and administrative (SG&A) expenses

EUR million	Q1/2016	Q1/2015	Change, %	2015
Net sales	243.7	251.5	-3.1	991.6
Adjusted EBITDA	25.0	23.4	6.8	94.6
<i>% of net sales</i>	<i>10.3</i>	<i>9.3</i>		<i>9.5</i>
Adjusted operating profit	12.9	10.3	25.3	41.6
<i>% of net sales</i>	<i>5.3</i>	<i>4.1</i>		<i>4.2</i>
Gearing*	66.5	74.0		65.4
ROCE, %	6.9	7.2		3.0

* Including discontinued operations

Operating profit bridge Q1/2015 vs Q1/2016

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



* Adjusted operating profit

** Foreign exchange

Business area review

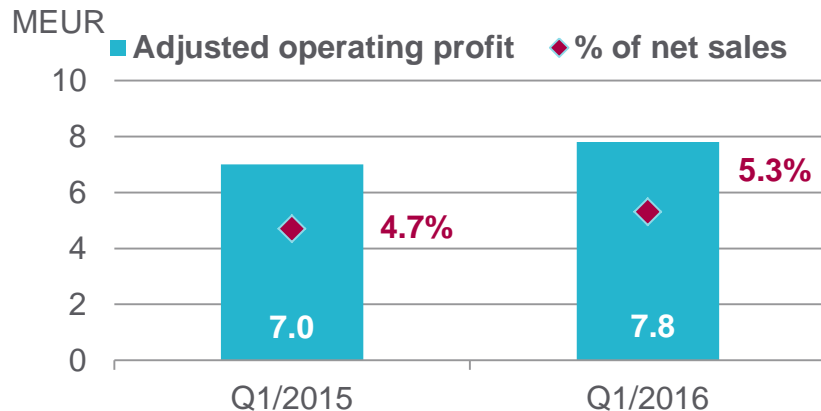
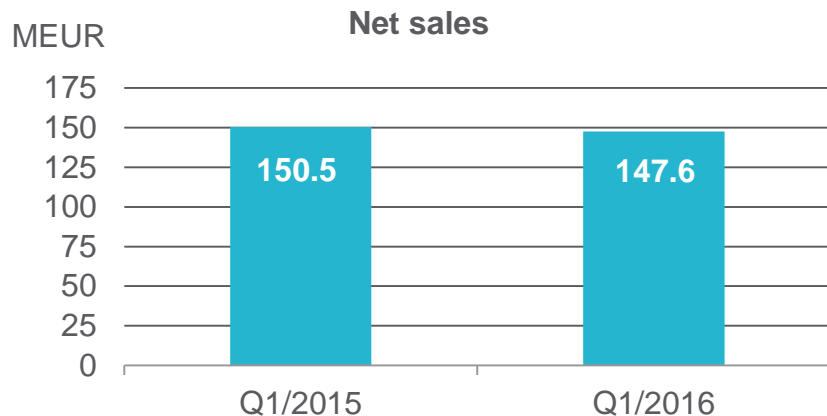
Filtration & Performance: increased customer and selling focus



Business unit	Strategy	Customers	Applications
Filtration	Grow	<ul style="list-style-type: none"> Heavy duty and automotive OEMs and suppliers Gas turbine power generators 	<ul style="list-style-type: none"> Oil filtration Fuel filtration Air filtration Gas turbine filtration Industrial filtration
Building & Wind*	Maintain	<ul style="list-style-type: none"> Construction materials and flooring producers Wind turbine manufacturers Boat builders 	<ul style="list-style-type: none"> Flooring Wind turbines Boat building Pipe coatings
Industrial Nonwovens	Grow	<ul style="list-style-type: none"> Automotive suppliers Construction materials suppliers Textiles industry Hygiene and wound care product manufactures Laundry care suppliers 	<ul style="list-style-type: none"> Automotive Interiors Plasterboard and furniture surfaces Textiles Laundry care Hygiene and wound care Wipes
Wallcover & Poster	Fix	<ul style="list-style-type: none"> Wallcover and poster printers 	<ul style="list-style-type: none"> Wallcovers Posters

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

Filtration & Performance



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Net sales EUR 147.6 million in Q1/16
(EUR 150.5 million)

- Net sales -1.9%: volumes -1.8%, comparable net sales -0.7%
- Markets and sales in engine filtration remained subdued
- Growth in industrial nonwovens and China-driven wallcovers

Adjusted operating profit EUR 7.8 million in Q1/16 (EUR 7.0 million)

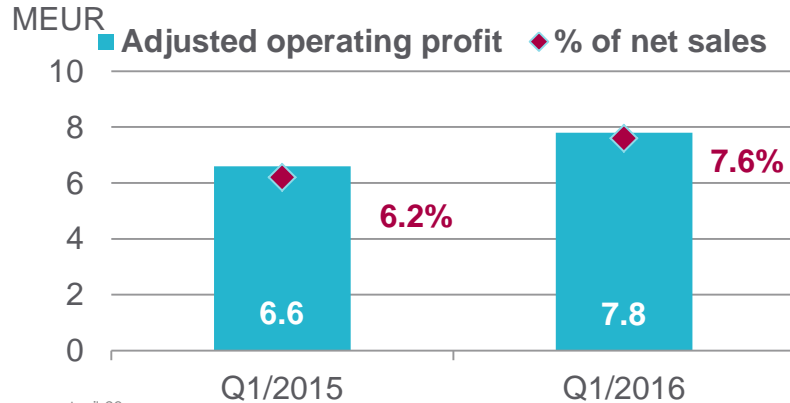
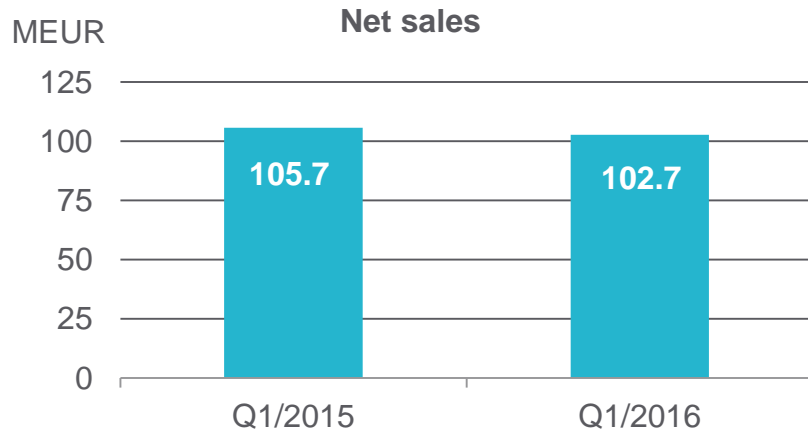
- Lower variable and fixed costs
- Ramp-up of the wallcovers production line China
- Lower volumes

Specialties: Accelerate growth in strategic segments and improve customer experience



Business unit	Strategy	Customers	Applications
Foodpack & Beverage	Grow	<ul style="list-style-type: none"> Converters and brand owners in food packaging 	<ul style="list-style-type: none"> Food and ready-made meals packaging Baking and wrapping papers Tea bags and coffee capsules Meat casings
Advanced Liquid Technologies	Grow	<ul style="list-style-type: none"> Laboratory consumable and equipment distributors Life science instrument and materials manufacturers Water purification equipment manufactures 	<ul style="list-style-type: none"> Laboratory and micro filtration Life science and diagnostics Residential and industrial water purification
Tape	Grow	<ul style="list-style-type: none"> Masking tape manufacturers 	<ul style="list-style-type: none"> Masking tape for construction and automotive industries, specialty masking tape
Medical	Fix	<ul style="list-style-type: none"> Marketers and converters in the health care industry 	<ul style="list-style-type: none"> Sterile barrier systems Drapes and gowns Facemasks

Specialties



Net sales EUR 102.7 million in Q1/16
(EUR 105.7 million)

- Net sales -2.8%: volumes -4.1%, comparable net sales -3.1%
- Strong markets and sales for food packaging as well as laboratory and life science products
- Lower sales of medical fabrics, tea bag and tape materials in North America

Adjusted operating profit EUR 7.8 million
in Q1/16 (EUR 6.6 million)

- Lower variable costs
- Improved product mix
- Lower volumes

Financials

Income statement

EUR million	Q1/2016	Q1/2015
Net sales	243.7	251.5
Cost of goods sold	-200.9	-209.0
Gross profit	42.8	42.6
Sales, administrative and research & development expenses (SG&A)	-34.1	-33.7
Other income and expenses	0.1	2.2
Operating profit	8.7	11.0
Adjusted operating profit	12.9	10.3
Net financial expenses	-4.0	1.1
Share of profit / loss of equity accounted investments	0.1	0.0
Profit / loss before taxes	4.8	12.1
Income taxes	-2.8	-4.9
Profit / loss for the period	1.9	7.2
Earnings per share	0.01	0.13

Enhanced pricing reflected in gross profit: Adjusted gross profit: 17.8% in Q1/16 vs 16.9% in Q1/15.

Adjusted SG&A expenses: 12.6% of net sales in Q1/16 (13.0% in Q1/15)

Adjustments in operating profit: EUR -4.2 million restructuring costs in Q1/16 (EUR 0.7 million in Q1/15)

Net interest expenses decreased by EUR 1 million

Balance sheet

EUR million	March 31, 2016	Dec. 31, 2015
Total non-current assets	478.6	498.5
Inventories	109.9	109.9
Trade and other receivables	158.9	143.9
Income tax receivables	1.8	1.6
Cash and cash equivalents	49.7	46.1
Assets classified as held for sale	41.5	41.0
Total assets	840.5	841.1
Total equity	292.9	299.4
Provisions	8.5	7.8
Interest bearing loans and borrowings	244.9	245.9
Employee benefit obligations	100.1	100.3
Trade and other payables	174.7	170.0
Others	3.4	3.5
Liabilities associated with assets classified as held for sale	16.1	14.2
Total equity and liabilities	840.5	841.1
Gearing, %	66.5	65.4

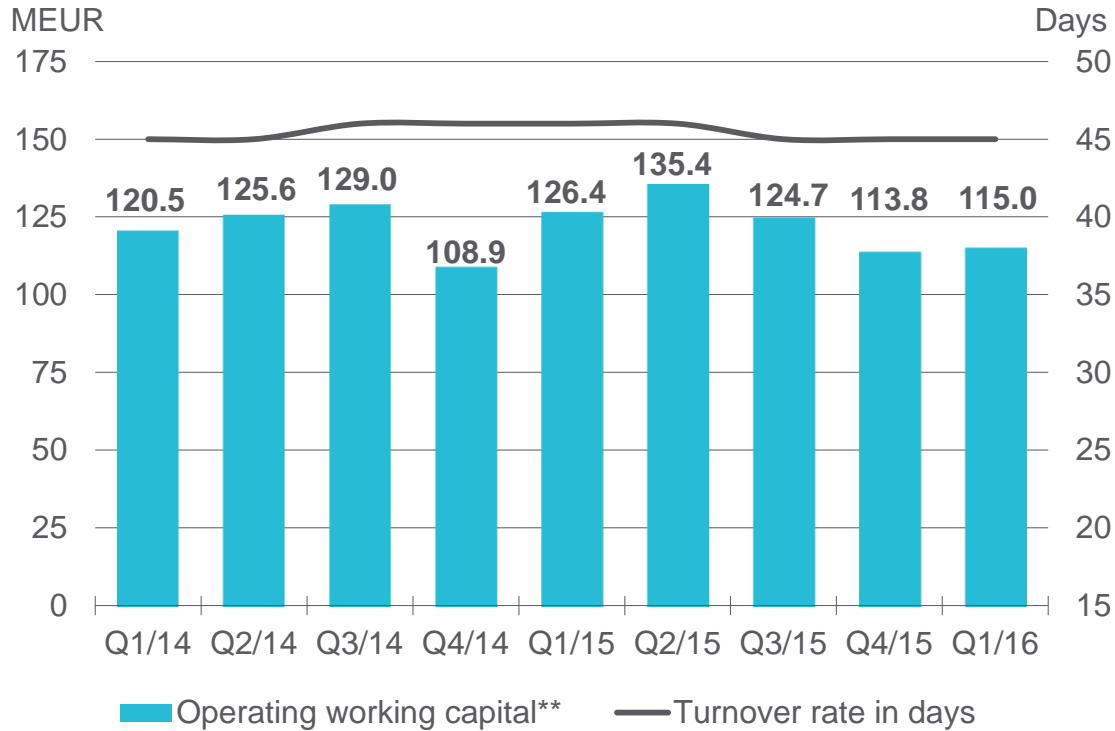
Seasonal increase in receivables

Building & Wind classified as an asset held for sale

Changes in equity was mainly due to a EUR -7.8 million translation effect

- Includes EUR 100 million hybrid bond

Steady operating working capital*

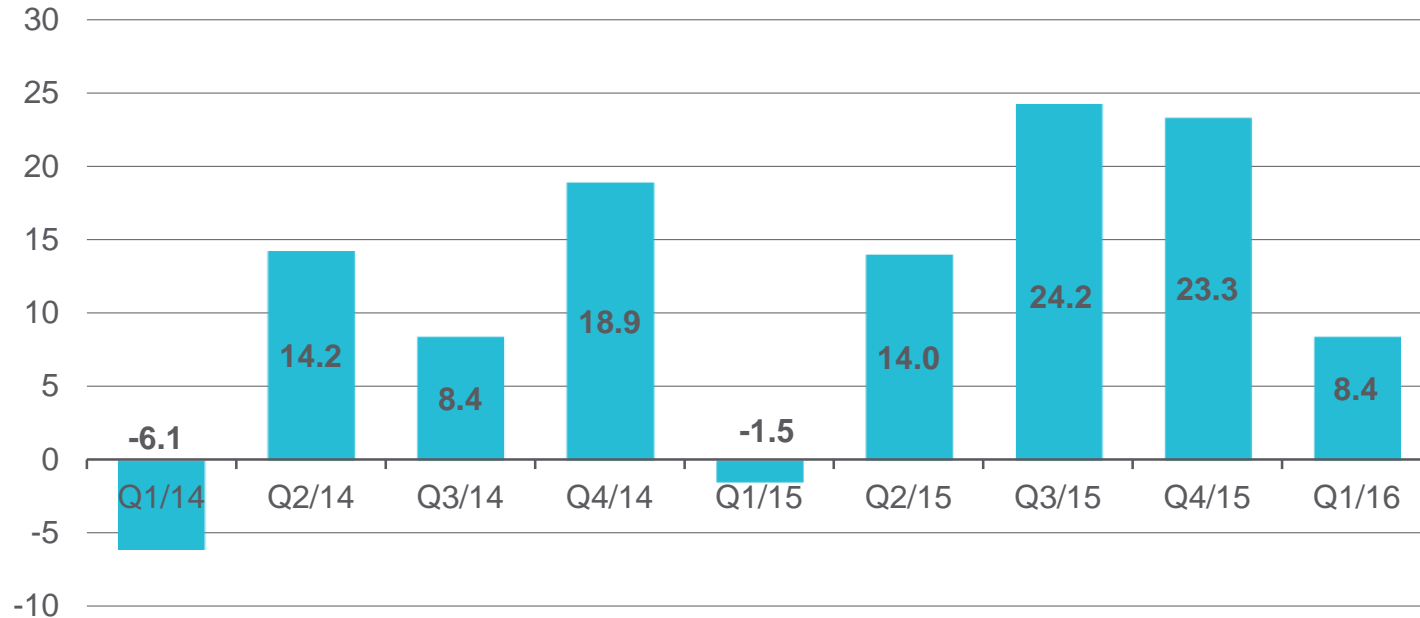


- 12-month rolling turnover rate fell by one day to 45 days from Q1/2015

* Including Building & Wind business unit
** Operating working capital = Accounts receivables + inventories – accounts payable

Net cash from operating activities*

First positive operating cash flow in Q1 since 2012



* Including discontinued operations

Cash flow generation*

EUR million	Q1/2016	Q1/2015
EBITDA	23.5	26.9
Changes in net working capital	-10.1	-18.7
Change in provisions	0.6	-1.1
Financial items	-2.9	-7.3
Income taxes paid / received	-0.8	-0.1
Other items	-1.8	-1.3
Net cash from operating activities	8.4	-1.5
Purchases of intangible and tangible assets	-8.1	-7.0
Other investing activities	-1.2	15.9
Free cash flow	-0.8	7.4
Changes in loans and other financing activities	4.1	-3.6
Net change in cash and cash equivalents	3.3	3.8
Cash and cash equivalents at the beginning of the period	47.3	41.4
Cash and cash equivalents at the end of the period	50.0	47.2

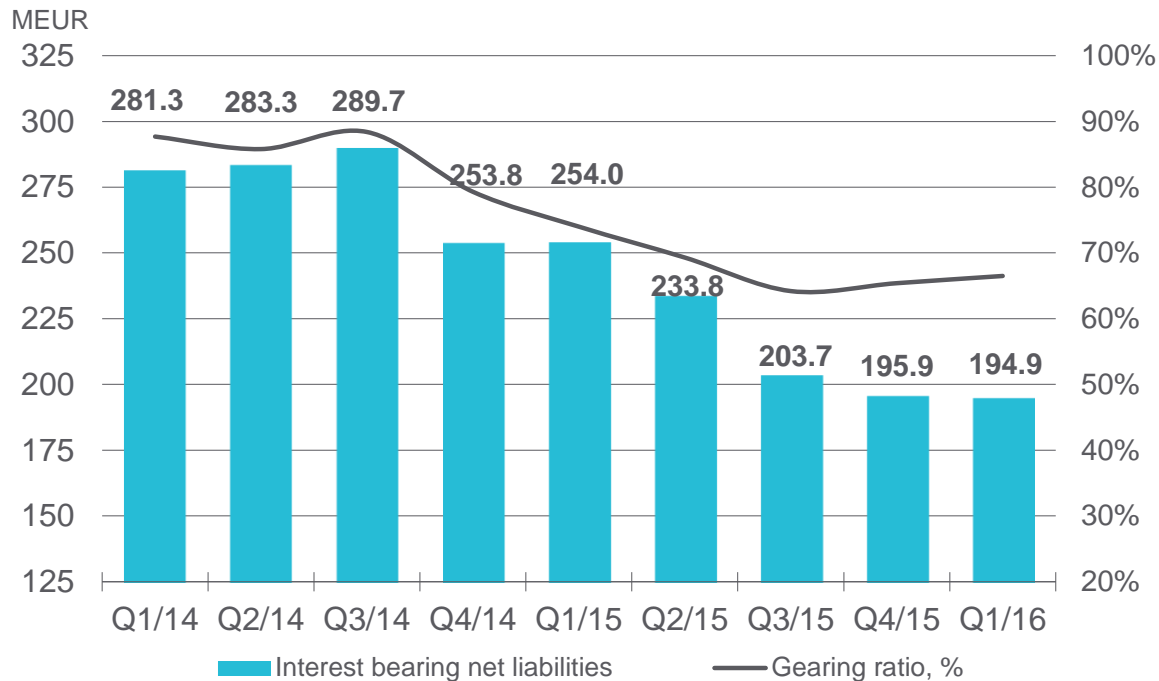
Low cash taxes

Mainly maintenance-related capex and an investment to increase the flexibility of the Binzhou plant.

Comparison figures for other investing activities includes proceeds from selling Munksjö Oyj shares.

Net debt and gearing*

Steady net debt development

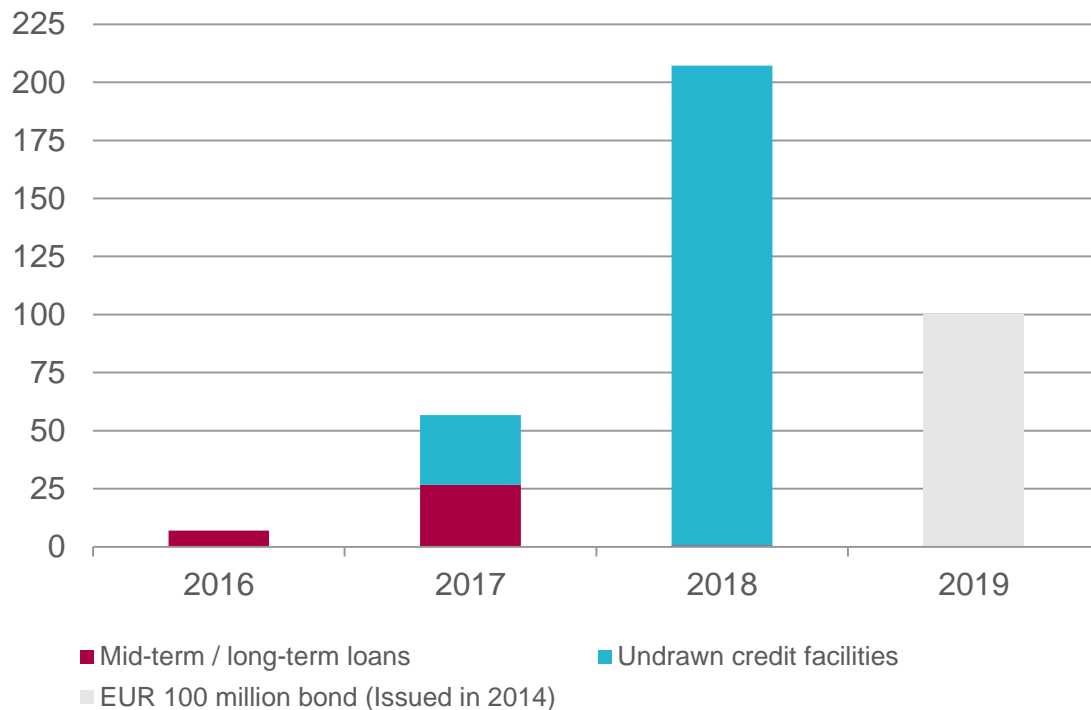


Gearing 66.5% at the end of Q1/2016

- Equity impacted by EUR -7.8 million translation effect
- Equity and cash impact of the dividend payout to occur in Q2/16

Maturity profile

Stable liquidity - no major maturities in 2016



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- At the end of the review period, its total liquidity, including cash, unused committed credit facilities and committed cash pool overdraft limits, was EUR 295.0 million (EUR 310.1 million).
- In addition, the company had undrawn uncommitted credit facilities and cash pool overdraft limits of EUR 119.3 million (EUR 150.2 million) available.
 - The company has decreased the amount of uncommitted facilities
- EUR 180 million three-year revolving credit facility signed in June 2015. The facility includes two 12-month extension options.
- EUR 100 hybrid bond is callable in October 2017

Outlook

Outlook for 2016

Continuing operations

Net sales from continuing operations: **EUR 950-1,050 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.

Thank You