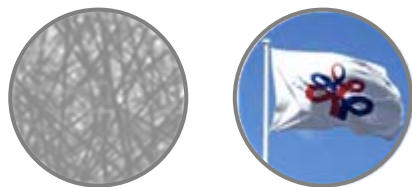


# Ahlstrom

The global source for fiber-based materials

Paris, October 31, 2006

CEO, Jukka Moisio



Small fibers. Big difference.

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- Latest financials

# Section I

## Ahlstrom in brief

Small fibers. Big difference.

# Ahlstrom in brief

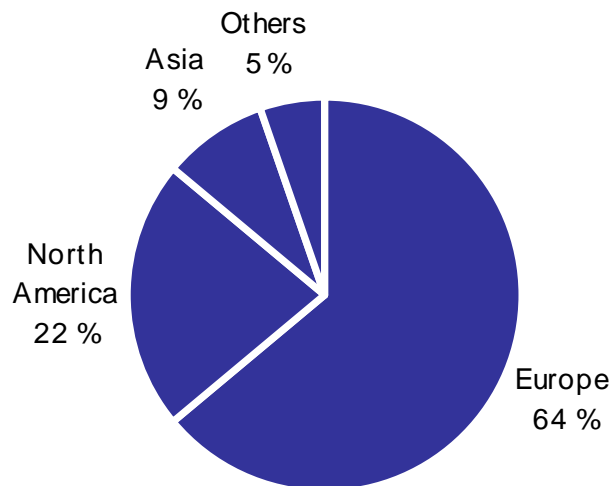
## Ahlstrom essentials

- High performance fiber-based materials
- Roll goods to converters
- Global sales network
- Production facilities in Europe, US, South America, and Asia
- Innovation in close co-operation with customers
- High growth and high value added businesses

## Financial overview <sup>(1)</sup>

	2004	2005	Q1-Q3 2005	Q1-Q3 2006
Sales (€'m)	1490	1553	1169	1210
EBIT	82	99	77	73
EBIT margin %	5.5 %	6.4 %	6.6 %	6.0 %
Asset turnover	1.6	1.6	1.6	1.7
ROCE %	9.1%	10.5%	10.8 %	10.4 %

## Sales split, 2005



# Ahlstrom's position vs. peers

	Ahlstrom business area	Main competitors	Ahlstrom vs. competitors
FiberComposites	Nonwovens	BBA-Fiberweb, PGI, Buckeye, Dupont	<ul style="list-style-type: none"> <li>•Less PPE and energy dependent</li> <li>•No presence in hygiene sector</li> </ul>
	Filtration	H&V, Freudenberg, BBA-Fiberweb, Neenah Paper	<ul style="list-style-type: none"> <li>•Presence in all filtration segments (engine, air, liquid)</li> <li>•Non-integrated player</li> </ul>
	Glass nonwovens	Johns Manville, Owens Corning	<ul style="list-style-type: none"> <li>•Strong market position in windmill and marine segments</li> </ul>
Specialty Papers	Label & Packaging Papers	Release base: UPM, Cham Label & Packaging: Stora Enso	<ul style="list-style-type: none"> <li>•Higher asset turn than integrated pulp and paper players</li> <li>•Less cyclical</li> </ul>
	Technical Papers	Arjo Wiggins Koehler, Munksjö	<ul style="list-style-type: none"> <li>•Presence in multiple niche segments</li> </ul>

➤ **Ahlstrom is less PPE and energy dependent than its main nonwoven peers and has no presence in the hygiene sector**

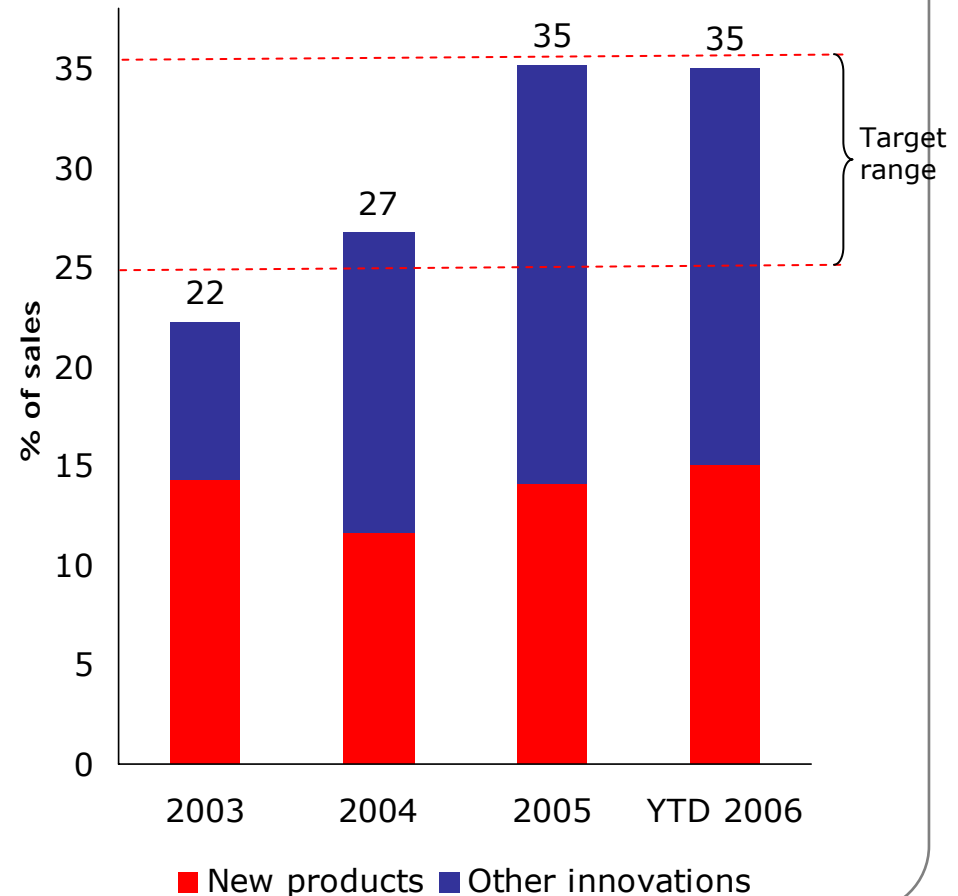
➤ **High capital efficiency and less cyclical business than in traditional pulp and paper companies**

# Substantial share of new sales through innovation

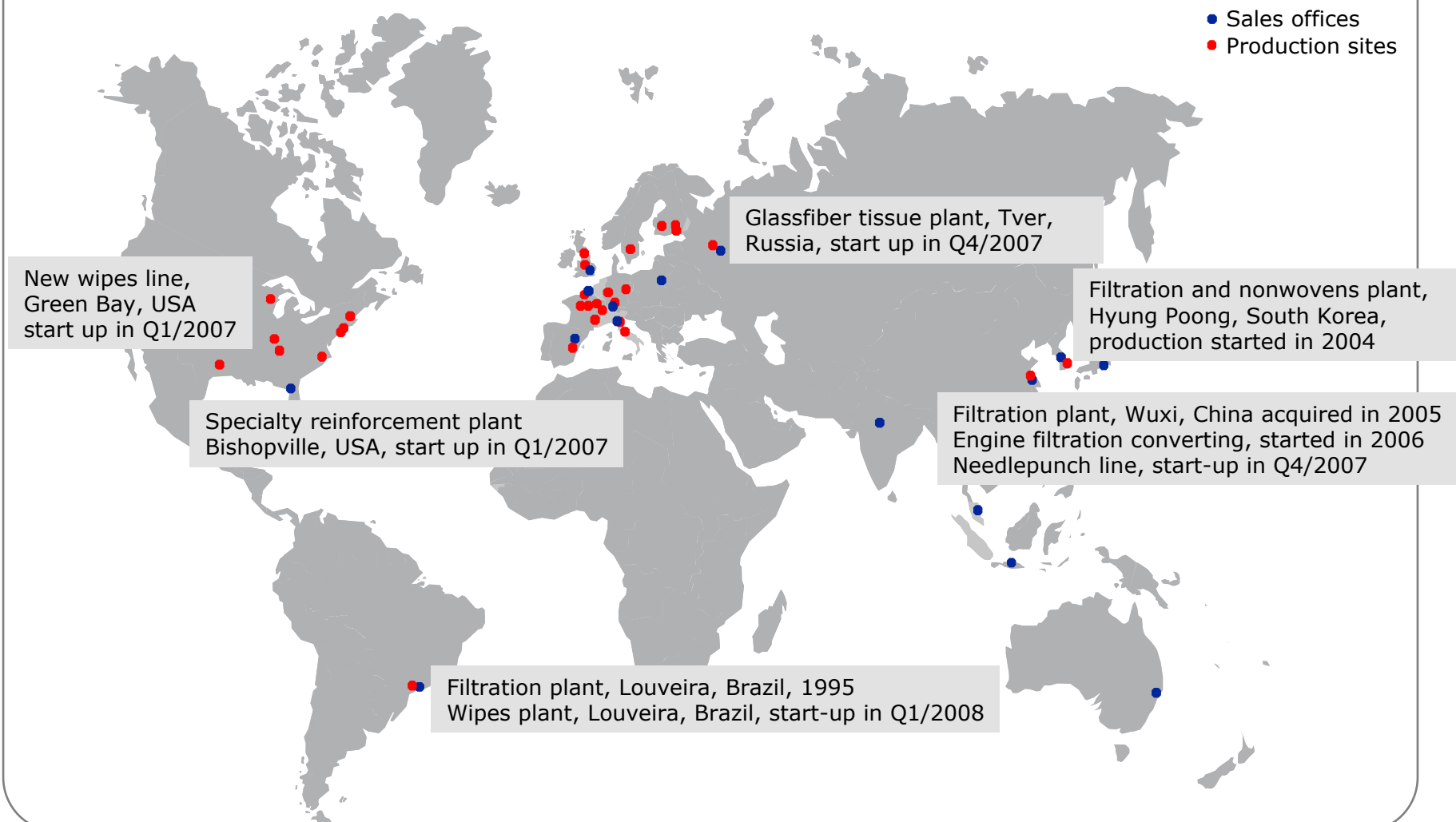
## Innovation in brief

- Customer focused
  - Business area learning and cross-fertilization
  - Serving shared market segments (e.g. transportation, building, packaging)
- Expertise based on broad market and technology exposure
- 3.4% of total personnel focusing on innovation (187 professionals)

## New products as % of sales<sup>(1)</sup>



# Presence in Russia, Americas and Asia offers platform for further growth



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## Section II

Profitable growth through organic investments and acquisitions.  
Divestment of non-core assets



# Major organic growth investments ongoing

Investment	Business area	Start-up
Mikkeli, Finland, specialty reinforcement plant expansion	Glass nonwovens	Q4/2006
Greenbay, USA, spunlace line for wipes	Nonwovens	Q1/2007
Bishopville, USA, specialty glassfiber reinforcement plant	Glass nonwovens	Q1/2007
La Gère, France, releaseliner capacity expansion	Label & packaging	Q2/2007
Wuxi, China, needlepunch line for dust filtration	Filtration	Q3/2007
Tver, Russia, glassfiber tissue plant	Glass nonwovens	Q4/2007
Brignoud, France, needlepunch line for industrial nonwovens	Nonwovens	Q4/2007
Louveira, Brazil, spunlace line for wipes	Nonwovens	Q1/2008

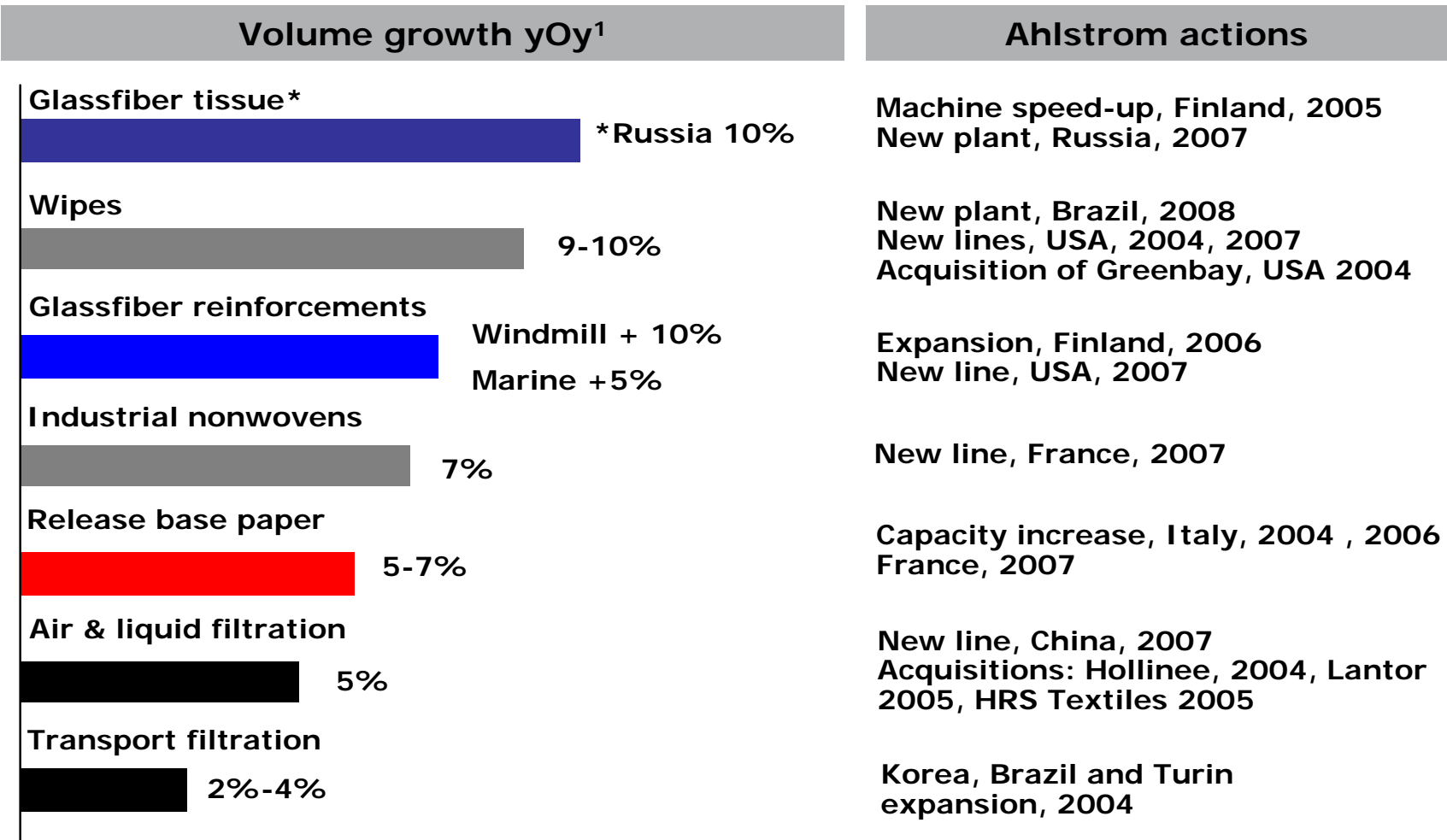
➤ **Investment commitment of approximately EUR 140 million**

➤ **Investment criteria:**

➤ **1.5 x investment in net sales in 3-5 years**

➤ **13 % ROCE target**

# Investing in businesses with high growth



Notes:

1) Source for FiberComposites and Specialty Papers annual volume growth:  
 Inda/Edana, Pira International, JEC Group and Ahlstrom management

# Wipes expansion

## Market growth

- Spunlace wipes market growing 10-20% annually

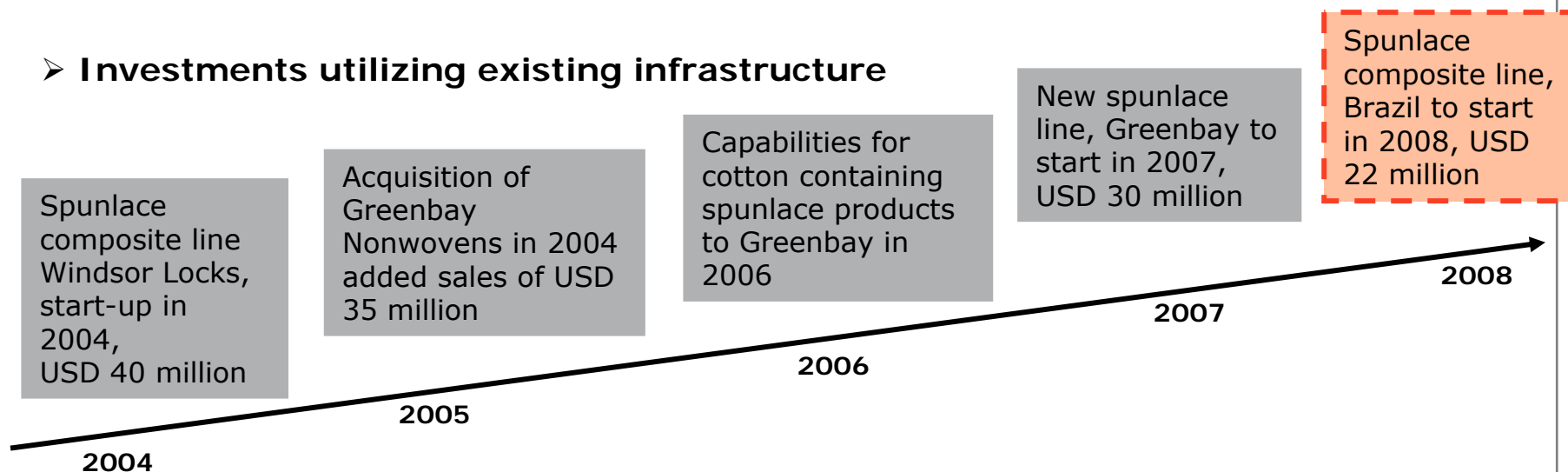
## Latin America

- USD 22 million investment in new spunlace line in Brazil. Start-up in Q1/2008

## USA

- USD 30 million investment in spunlace line in USA. Start up in Q1/2007

## ➤ Investments utilizing existing infrastructure



# Global expansion of glass nonwovens

## High underlying growth

- +10% yOy growth expected globally in windmill and +5% in the marine industry
- Construction market in Russia growing above 10% yOy

## Russia

- EUR 38 million investment in glassfiber tissue plant in Tver, Russia. Start-up in Q4 2007
- Serving building and composites materials industries

## USA

- EUR 10 million investment in a specialty glassfiber reinforcement plant in South Carolina. Start-up in early 2007
- Serving wind energy and marine industry

## Finland

- EUR 5 million investment in capacity expansion of Mikkeli glassfiber plant. Start up in Q4 2006



# Filtration growth in China

- Chinese dust filtration market growing 15% annually
- New needlepunch line in China, USD 5 million, start up in Q3/2007
- Targeting high temperature dust filtration segment
- Main customers are power, energy and steel industries
- Utilizing operating leverage

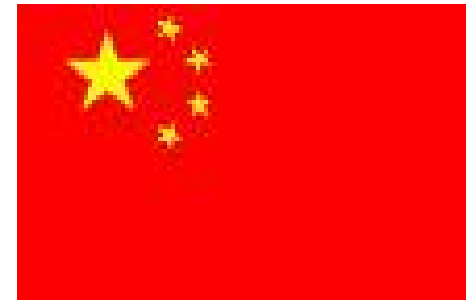


**Wuxi, production lines:**

Dust filtration, 2005

Engine filtration converting operations, 2006

High temperature dust filtration, 2007



# Release base paper growth

## Market growth

- Worldwide demand for release base papers growing approximately 5-7 % annually

## Europe

- EUR 30 million investment to expand release base paper capacity in France. Start-up in Q2/2007
- EUR 18 million capacity increase successfully launched in Italy in Q1/2006



# Expansion of industrial nonwovens in Europe

- Global markets for needlepunch applications growing 7% annually
- New needlepunch line in France, EUR 6.0 million. Start up in Q4/2007
- Offering possibility to expand product offering by developing new innovative products
- Serving building, graphics, automotive, wipes and niche hygiene segments
- Utilizing operating leverage



# Improving capital efficiency

## Divestment of Sonoco-Alcore cores and board joint venture

- Shareholding (35.5%) sold to Sonoco in July for EUR 39.5 million including capital gain of EUR 3 million
- Net sales of Sonoco-Alcore was EUR 270 million in 2005

## Sale of property in Germany

- EUR 11.7 million incl. capital gain of approximately EUR 7 million
  - Previously part of Ahlstrom's packaging operations
- **Ahlstrom aims to continue to divest non-core assets which generate no top line but burden balance sheet**



# Actions to improve profitability

- **Minimum investment in low growth businesses**
- **“Cutting tail” by closing non-competitive plants**
- **Utilizing operating leverage**

## Recent actions:

- **Nümbrecht plant closure, Germany, by Q2/2007**
    - Wallcover production transferred to Osnabrück
    - 37 people affected
  - **Converting of liquid filtration planned to be moved to South Carolina by Q1/2007**
    - Relocation could affect 60 people
    - Negotiations currently ongoing with United Steel Workers Union
- **Annual fixed cost savings potential of EUR 4-5 million**

## Section III

# Latest financials

## Financial highlights Q3 2006

	Q3/2006	Q3/2005	2005
<b>Net sales, EUR million</b>	385.9	381.9	1,552.6
<b>Operating profit, EUR million</b>	25.3	33.7	117.2
<b>Operating profit excl. non-recurring items, EUR million</b>	20.8	21.3	99.0
<b>Profit before taxes, EUR million</b>	21.4	29.2	100.7
<b>Profit before taxes excl. non-recurring items, EUR million</b>	17.0	16.8	82.5
<b>Profit for the period, EUR million</b>	16.4	18.3	62.6
<b>Return on capital employed (ROCE), %</b>	10.3	14.0	12.4
<b>ROCE excl. non recurring items, %</b>	8.5	9.0	10.5
<b>Earnings per share (EPS), EUR</b>	0.36	0.50	1.71
<b>Cash earnings per share (CEPS), EUR</b>	1.29	1.62	3.48
<b>Average number of shares, 1000s</b>	45,592	36,418	36,418
<b>Gearing ratio, %</b>	25.0	49.4	57.7

- Comparable net sales\* grew by 3.8%, stable sales volumes
- Profitability remained steady in challenging market conditions
  - We compensated for major part of increased raw material prices
- ROCE impacted by weak result of associated company

\*Figures are adjusted for the divestment of Kauttua PM1 and currency effects

Please note: Share related indicators are not fully comparable due to the dilution effect of the issue of new shares in March, 2006

# Cost structure

Cost structure	Q1-Q3		Q1-Q3		Q1-Q3	
	2006	% of sales	2005	% of sales	2005	% of sales
Synthetic and natural fibers	361.2	29.8 %	333.8	28.6 %	447.0	28.8 %
Chemicals	156.7	12.9 %	151.0	12.9 %	198.7	12.8 %
Energy	112.2	9.3 %	91.9	7.9 %	127.6	8.2 %
Fixed costs *	463.3	38.3 %	457.4	39.1 %	609.7	39.3 %
<b>Total, EUR million</b>	<b>1093.4</b>	<b>90.4 %</b>	<b>1034.1</b>	<b>88.5 %</b>	<b>1383.0</b>	<b>89.1 %</b>

\* excluding depreciation, amortisation and impairment

- Prices for fibers continued to increase
- Gas and oil prices peaked in August but started to decline by end of September
- **YTD we have been able to compensate for approximately 88% of raw material price increases**

# Improving “bottom line”

- **Improving profit of associated companies**

- Divestment of Sonoco Alcore

- **Reducing net financial expenses**

- Actions taken to decrease the level of equity hedging costs

- **Reducing income taxes**

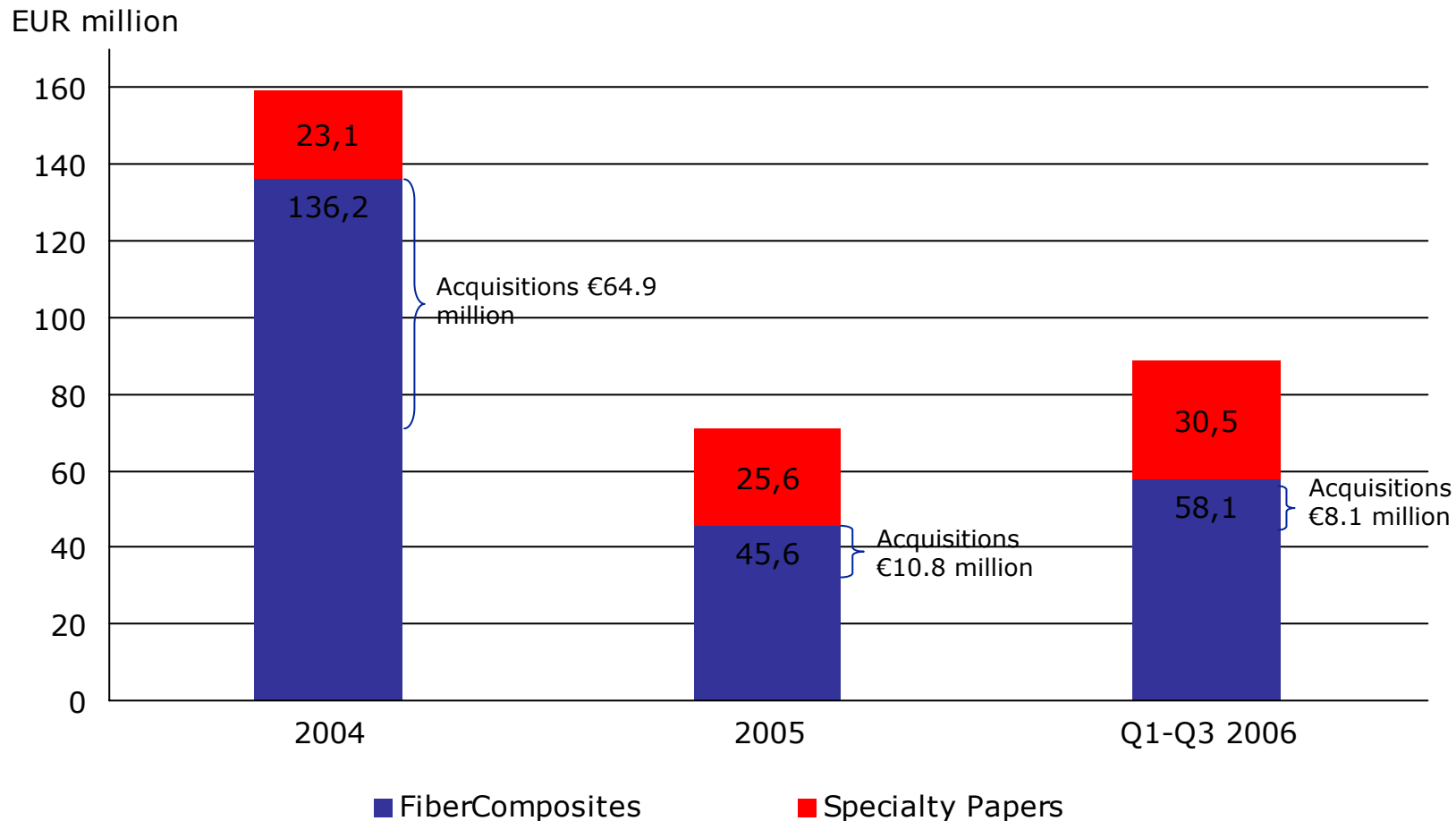
- Further centralization of Group shared functions

- **Tax rate for the full year 2006 estimated to be 32%\***

- **The long term effective tax rate target is 33-35%**

\* Tax treatment of divestments impacting tax rate positively  
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# Investments, 2004- YTD 2006



➤ Investments for full year 2006 expected to be ca. EUR 130 million

## Financial targets

- ROCE minimum 13%
- Gearing 50-80%
- Dividend payout ratio at least 50%

# ROCE target of 13%

## Growing topline

- Increasing prices
- Growing volumes
- New products through innovation

**Target ROCE 13%**

## Improving margins

- Improving productivity
- Reducing variable costs
- Reducing fixed costs

## Improving capital efficiency

- Investing wisely
- Divesting excess assets
- Reducing working capital

**Q1-Q3 2006 ROCE\*: 10.4%**

➤ **Current 1.7 asset turnover rate implies 7.6% EBIT margin in order to achieve 13% ROCE target**

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\* excluding non-recurring items



# Outlook

- Solid demand expected in most geographic areas
- Full year net sales of continuing operations expected to grow in 2006
- Raw materials anticipated to continue to increase or remain at current high level
- Energy and synthetic fiber costs expected to go down over time if current decline in oil and gas prices sustainable
- Sales price increases and continuous cost reduction key to offset high raw material costs
- We continue to work with growth initiatives in Americas, Russia and Asia

This presentation contains certain forward-looking statements that reflect the present views of the company's management. Due to the nature of these statements, they contain uncertainties and risks and are subject to changes in the general economic situation and in the company's business.

# Investment summary

- Operating in global growth businesses
- Innovative high-value added products with leading market positions
  - Products less than 3 years old 35% of sales in 2006
- Well positioned for growth outside Europe through organic investments or acquisitions
  - Growth initiatives in Americas, Russia and Asia
- Efficient use of capital
  - Divesting remaining non-core assets
- Attractive dividend policy