Ahlstrom Corporation
Interim report January-June 2009

July 24, 2009

President & CEO Jan Lång

Small fibers. Big difference.

Ahlstrom

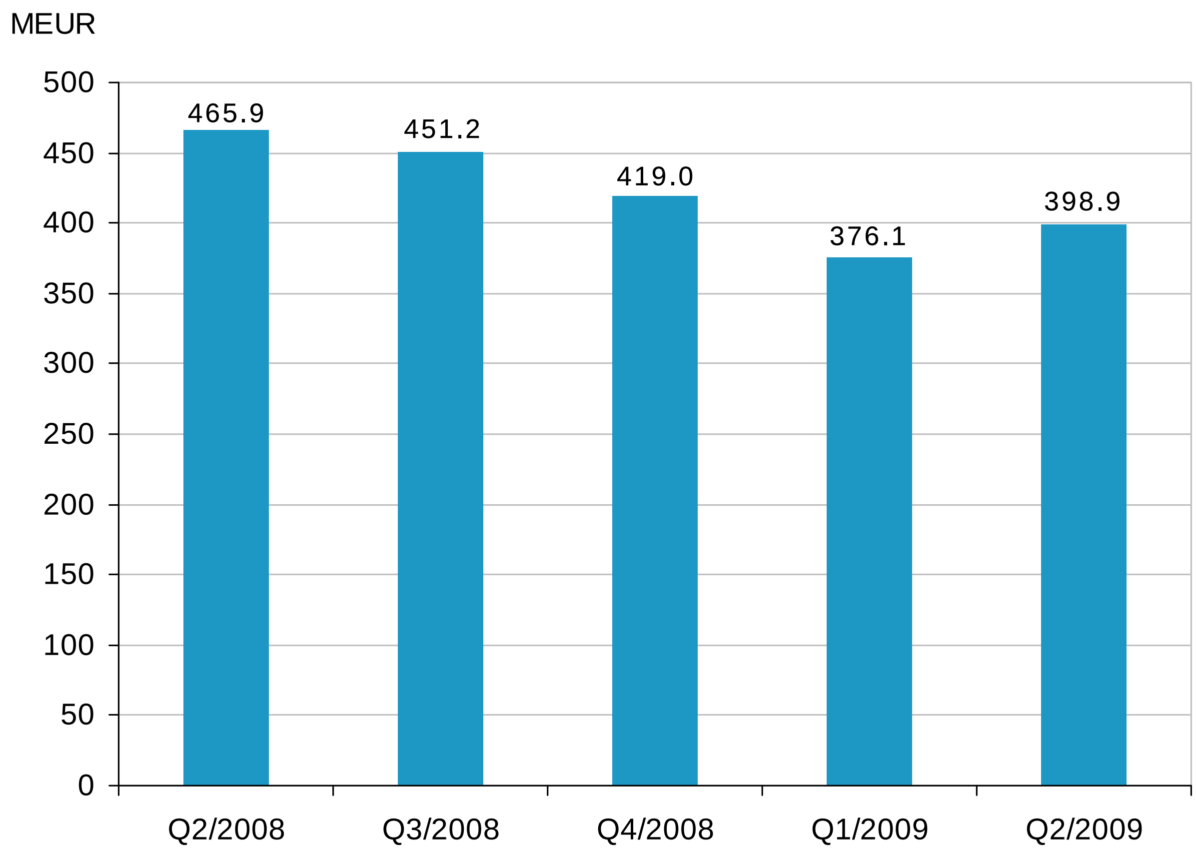
Key highlights of April-June 2009

- Positive operating profit as a result of the implemented actions
- Weakening of demand stabilized and demand for some products picked up towards the end of review period
- Interest-bearing net liabilities decreased by nearly MEUR 30 from the turn of the year thanks to positive cash flow
- Maturity structure of loan portfolio was extended by new financing arrangements

Operating environment

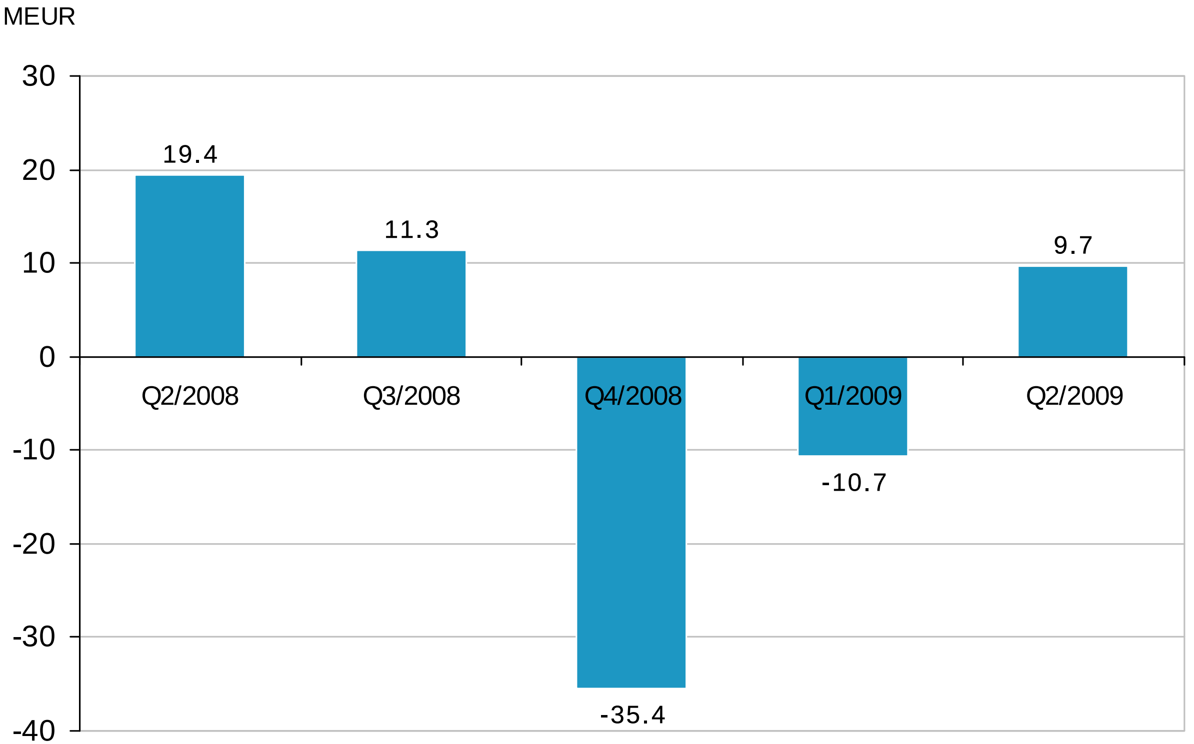
- Very challenging market conditions continued in January-June. Weak demand for most products, but picked up at the end of the period.
- Fiber Composites:
  - Demand in automotive, building, marine, windmill and wipes industries weakened from January-June 2008.
  - Demand in food packaging, tea bag material and medical nonwovens industries nearly at the levels of January-June 2008.
- Specialty Papers:
  - Demand in automotive, furniture, textile as well as release and labeling industries weaker than in January-June 2008.
- Price decreases in Ahlstrom's main raw materials started to level off and some prices started to increase toward the end of the period.

Net sales Q2/2008–Q2/2009



- Net sales Q2/2009 decreased 14.4% from Q2/2008
- Net sales grew from Q1/2009 especially in Specialty Papers segment

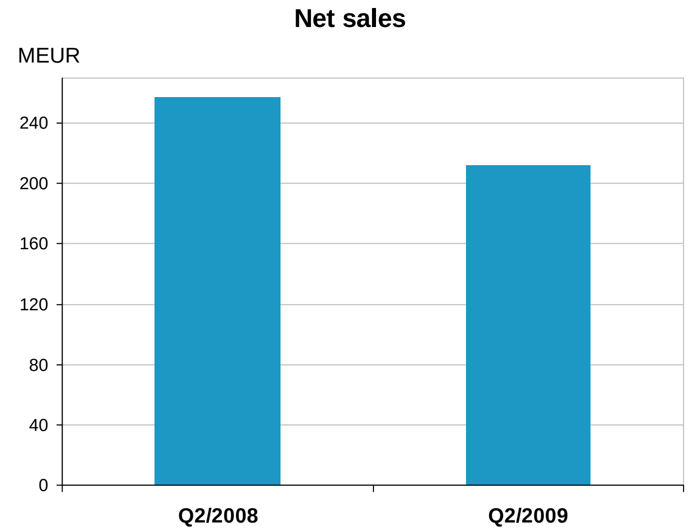
Operating profit/loss Q2/2008–Q2/2009



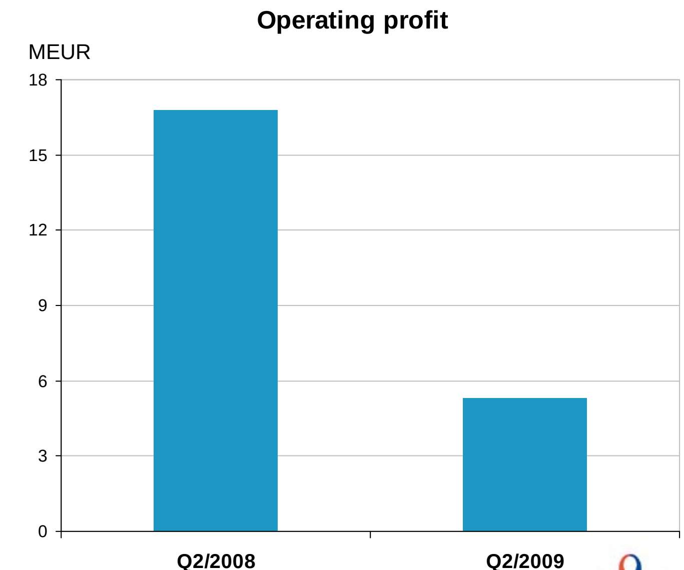
- Operating profit decreased from Q2/2008, but improved from the two previous quarters
- Improvement resulted from lower raw material prices and Ahlstrom's restructuring measures
- Compared to Q2/2008, operating profit was weakened by lower volumes, change in the geographical distribution of net sales and general price pressures

Fiber Composites segment in brief Q2/2009

- Net sales: MEUR 212.4 (MEUR 257.0), -17.4%
  - Lower volumes in all business areas
  - Net sales of Filtration and Home & Personal Nonwovens business areas increased slightly from Q1/2009

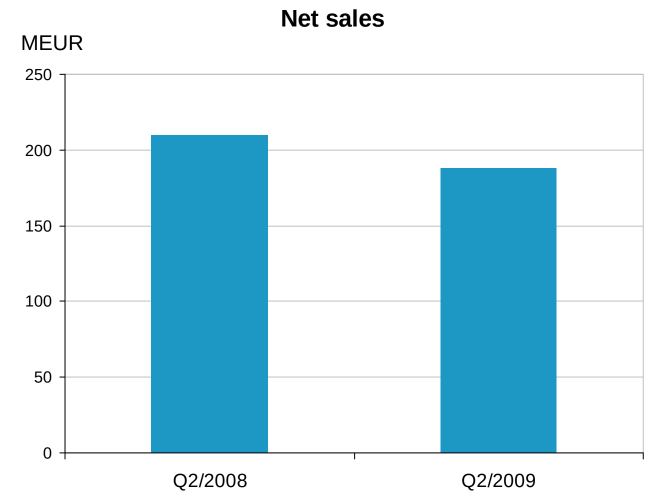


- Operating profit: MEUR 5.3 (MEUR 16.8)
  - Operating profit was weakened by lower volumes, change in geographical distribution of net sales and general price pressures
  - Net sales of Advanced Nonwovens nearly reached the level of Q2/2008, biggest decrease in Glass & Industrial Nonwovens

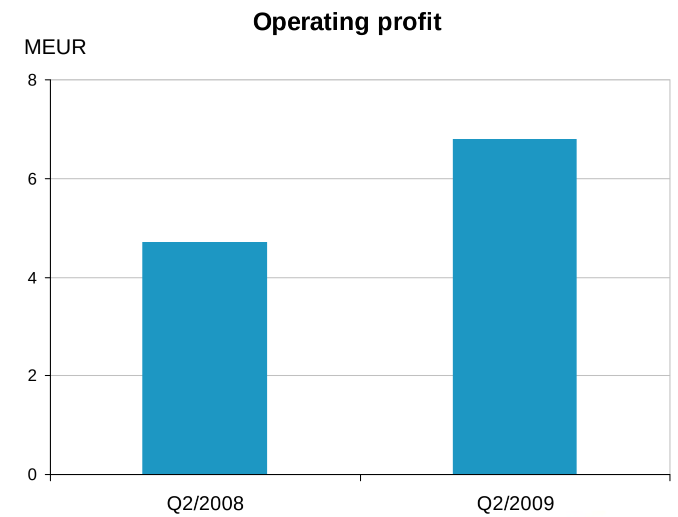


Specialty Papers segment in brief Q2/2009

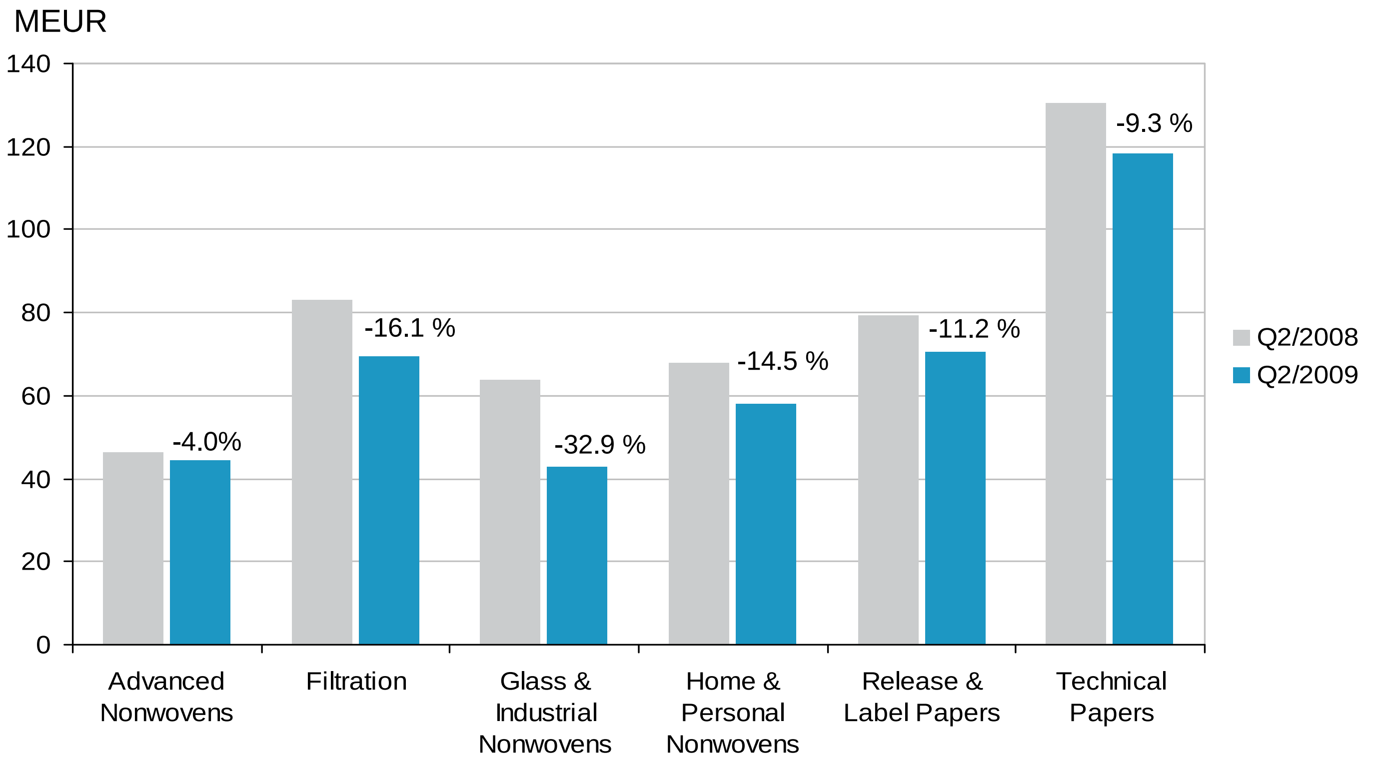
- Net sales: MEUR 188.2 (MEUR 209.7), -10.2%
  - Lower volumes in both Release & Label Papers and Technical Papers business areas
  - Net sales grew slightly from Q1/2009



- Operating profit: MEUR 6.8 (MEUR 4.7)
  - Improvement was mainly due to restructuring measures and streamlining in Release & Label Papers
  - Lower volumes, change in geographical distribution of net sales and general price pressures burdened the operating profit

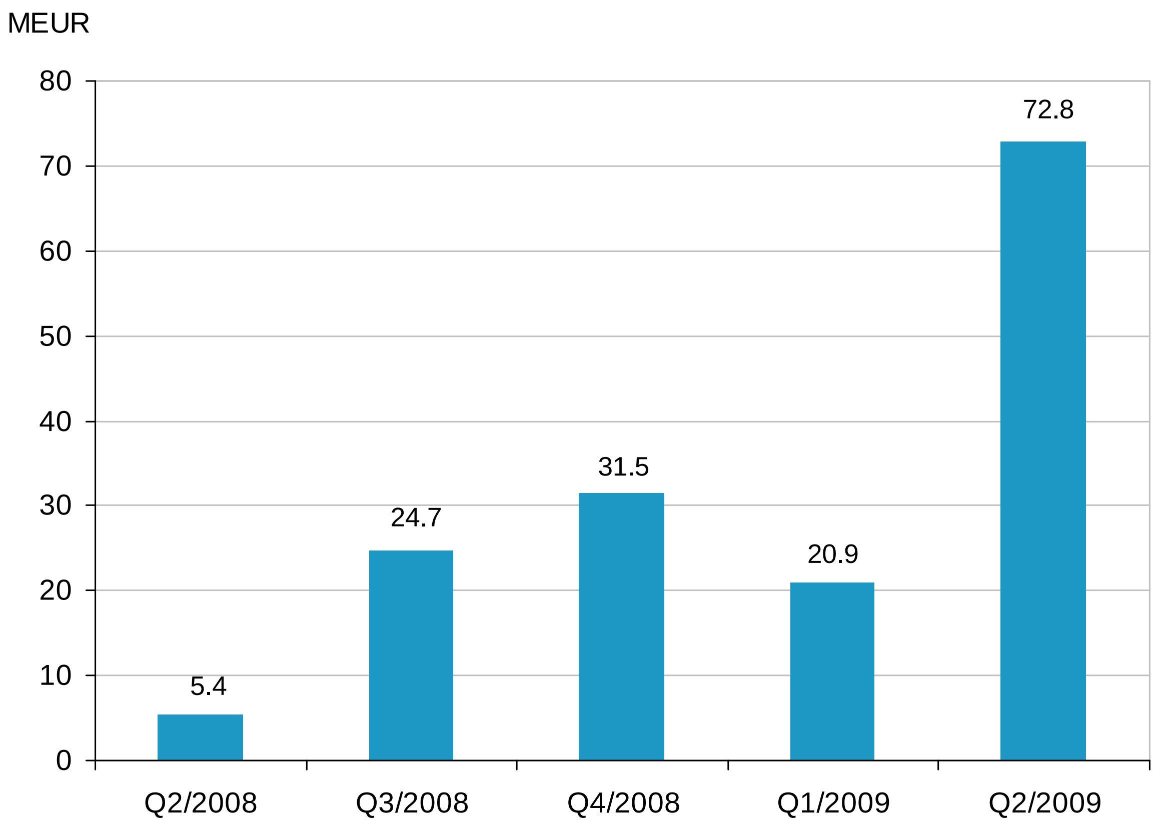


Net sales by business area Q2/2009



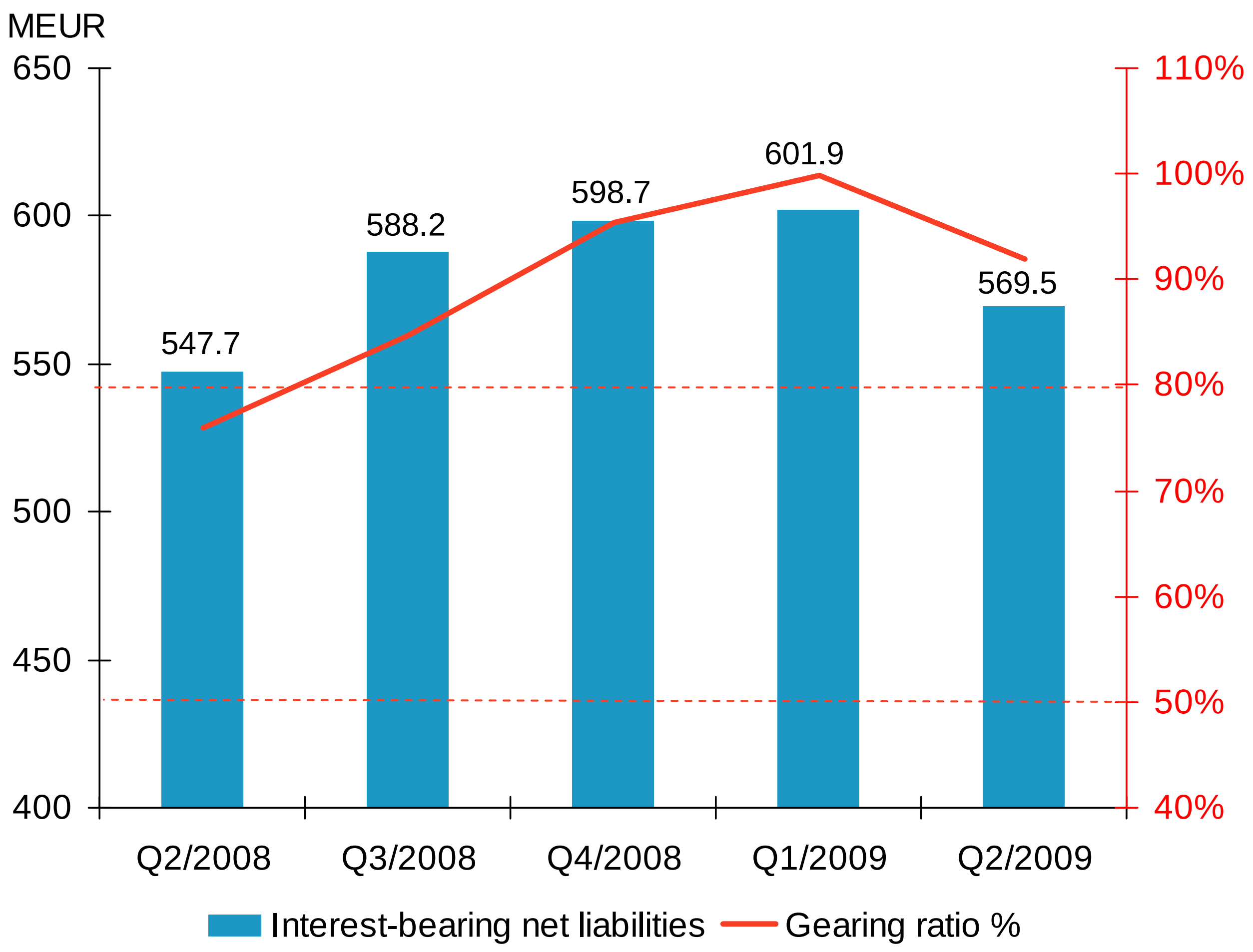
- Advanced Nonwovens business area operates in the food packaging, teabag material and medical nonwovens industries, which are not heavily impacted by the recession
- Glass & Industrial Nonwovens business area was burdened by the recession in the building and windmill industries

Net cash from operating activities Q2/2008–Q2/2009



- Working capital decreased as a result of a working capital optimization project kicked off in the beginning of 2009
- Profitability improved from Q1/2009

Interest-bearing net liabilities and gearing ratio

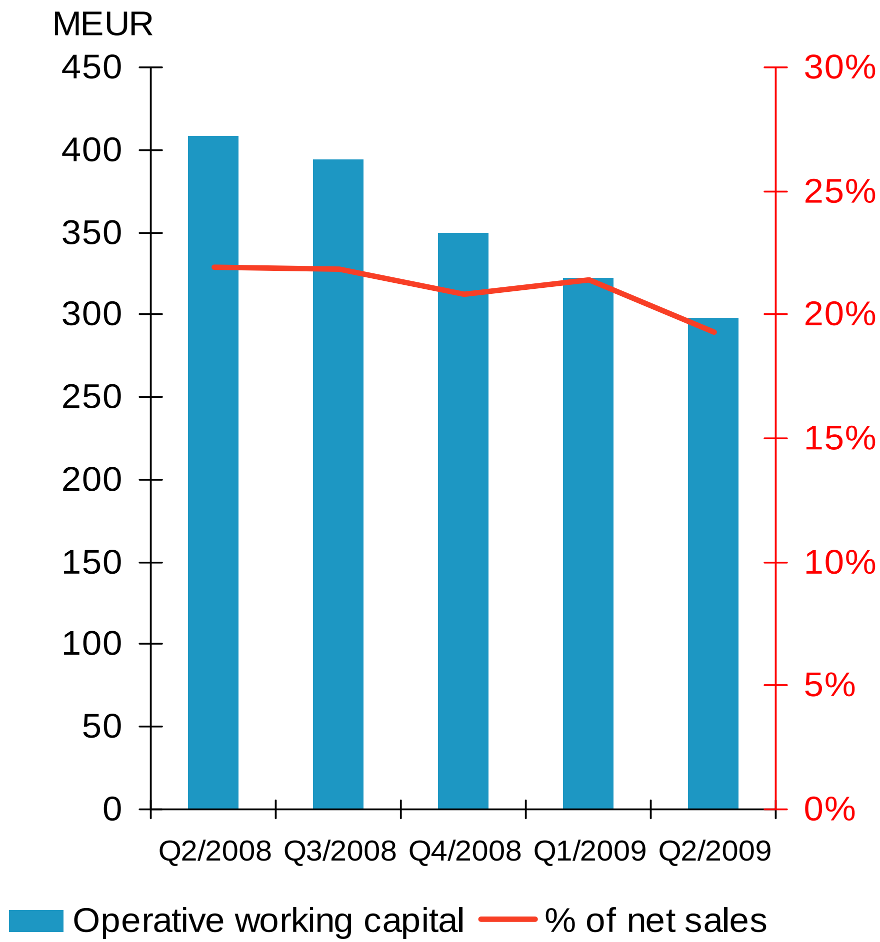


Gearing ratio:

target 50% – 80%

- Gearing ratio decreased to 92% as a result of positive cash flow

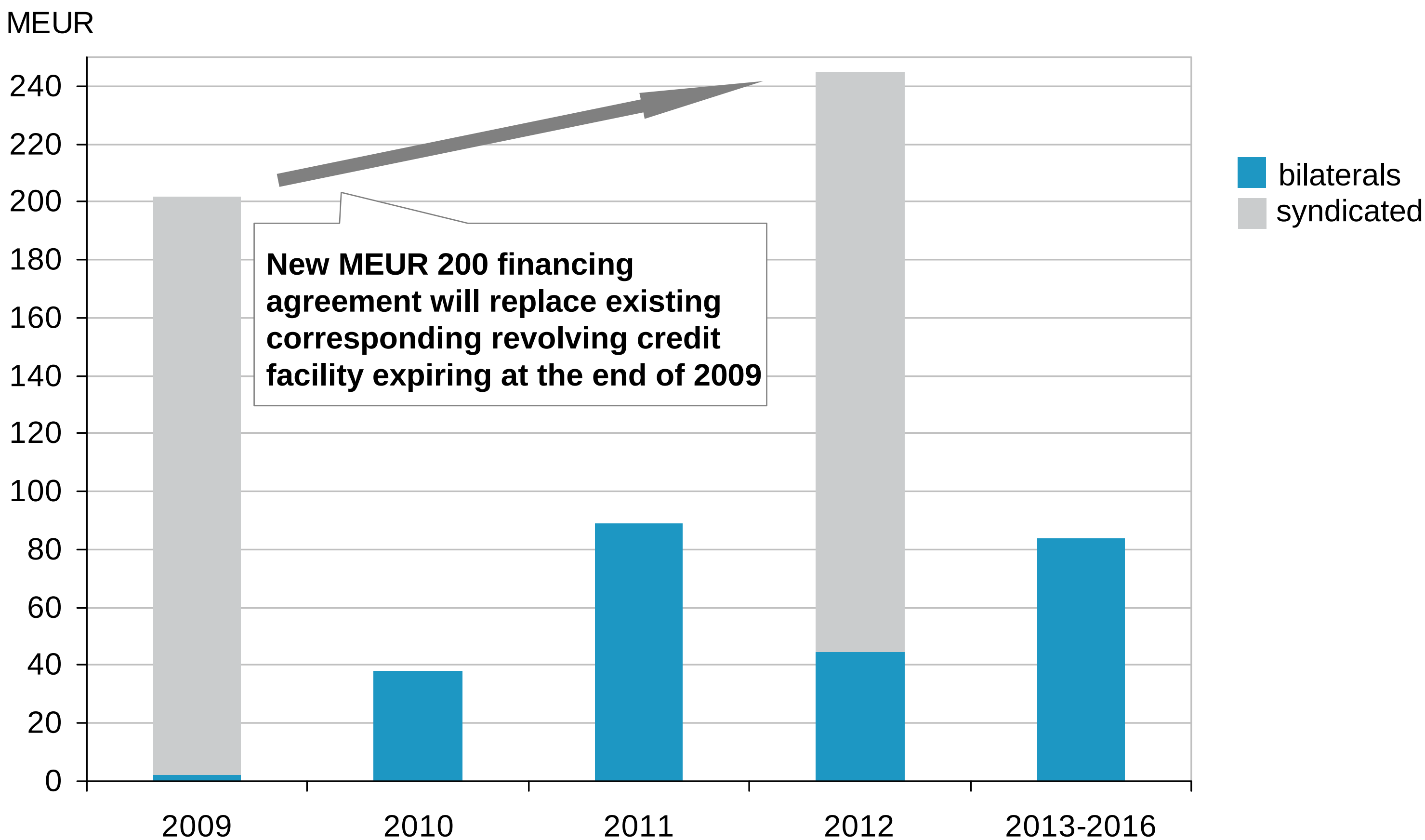
Working capital optimization



- Target is to decrease working capital by MEUR 100 in two years
- Project has been launched in eight plants, will be rolled out to most plants and functions within the next months
- Working capital has decreased by MEUR 50.4 and working capital turnover by 8 days this year

*Operative working capital = Accounts receivable + inventories – accounts payable

Maturity profile of medium / long term credit facilities



- Maturity profile of loan porfolio has been extended
- New medium term bilateral debt agreements of EUR 55 million
- New three-year syndicated revolving credit facility agreement of EUR 200 million on July 15, 2009

Income statement

MEUR	Q2/2009	Q2/2008
Net sales	**398.9**	**465.9**
Expenses	-363.2	-422.7
Depreciation and amortization	-25.9	-23.9
EBIT	**9.7**	**19.4**
Net financial expenses	-4.8	-4.7
Share of profit of associated companies	-0.3	-0.6
Profit/loss before taxes	**4.7**	**14.2**
Income taxes	-2.2	-3.6
Profit/loss for the period	**2.5**	**10.6**
ROCE, %	**3.2**	**6.3**

Decreased by 14% due to 11% lower volumes

Reduced due to lower production volumes, reduced raw material prices as well as restructuring measures

Weakened by lower volumes, change in geographical distribution of net sales and general price pressures due to recession

Balance sheet

MEUR	Jun 30, 2009	Dec 31, 2008
Non-current assets	1,050.3	1,033.9
Inventories	206.8	252.5
Trade and other receivables	342.7	356.2
Other current assets	3.1	6.3
Cash	32.6	58.2
Total assets	**1,635.5**	**1,707.0**
Equity	619.0	628.1
Provisions	17.8	24.0
Interest-bearing debt	602.1	656.9
Employee benefit obligations	84.5	84.6
Trade and other payables	290.5	293.3
Other liabilities	21.5	20.1
Total liabilities	**1,635.5**	**1,707.0**
Gearing ratio, %	**92.0**	**95.3**

Management of inventory levels

More efficient collection of trade receivables

Dividend payout and translation difference

Net debt and gearing ratio decreased

Cash flow

MEUR	Q2/2009	Q2/2008
EBITDA	35.7	43.3
Cash flow adjustments	-0.7	-13.2
Change in net working capital	30.6	-10.4
Financial items	4.3	-7.0
Taxes paid	2.9	-7.3
Operating activities	**72.8**	**5.4**
Investing activities	**-22.0**	**-28.6**
Cash flow after investment activities	50.8	-23.2
Dividends paid	-21.0	-46.7
Drawdowns and repayments	-14.2	60.2
Financing activities	**-35.2**	**13.5**
Change in cash	**15.6**	**-9.7**

- **Cash out of working capital**
- **Positive cash flow from hedging**
- **Restructuring measures increased cash flow**

Streamlining programs

- **Restructuring to improve profitability**
  - Measures announced on January 7, 2009
    - Plant closures in Italy
    - Global reduction of 210 employees and temporary layoffs
  - Measures announced on April 29, 2009
    - Target to decrease annual cost structure by MEUR 50
    - Estimated personnel impact 400-500 persons globally
    - Estimated cost of program MEUR 40 in 2009, of which 50% cash related
  - Actions in process
    - Restructuring of Bethune plant in USA, closure of Gallarate plant and one production line in Cressa, Italy
    - Reduction of 260 employees in total by June 30, 2009
  - Reduction of fixed costs
- **Improving working capital turnover**

Adjusting operations to market demand

- Adjusting daily production to recession
  - Share of market related downtime in production was 22.8% in January-June 2009 (6.5% in January-June 2008)
- Temporary layoffs and other flexible working arrangements globally
  - About 2,100 employees were affected by the programs during April-June 2009
- Other temporary cost savings

Outlook

- In 2009, it is anticipated that the market environment will continue to be challenging and difficult to forecast
- Market demand for Ahlstrom products revived slightly during the second quarter, but it is anticipated to remain at a low level
- In addition to the announced restructuring programs, the company will adjust its operations to the market situation as necessary

Current priorities - management agenda

- Focus on customer retention and new opportunities
- Implementing restructuring programs
- Improving net working capital turnover
- Adjusting capacity to demand as necessary
- Cost efficiency
- Strategy review process