# Interim Report

January – June 2010

Small fibers.
Big difference.

Ahlstrom

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**Ahlstrom Interim Report January–June 2010:**

# Profitability improved, driven by increased demand

**April–June 2010 compared to April–June 2009:**

- Net sales EUR 489.4 million (EUR 398.9 million).
- Operating profit EUR 29.8 million (EUR 9.7 million). The figure includes non-recurring items of EUR 0.8 million (EUR -3.0 million).
- Profit before taxes EUR 22.5 million (EUR 4.7 million), and earnings per share EUR 0.29 (EUR 0.05).
- Net cash flow from operating activities EUR 45.1 million (EUR 72.8 million).

**January–June 2010 compared to January–June 2009**

- Net sales EUR 930.4 million (EUR 775.0 million)
- Operating profit EUR 43.8 million (loss EUR 1.0 million). The figure includes non-recurring items of EUR 1.1 million (EUR -3.7 million).
- Profit before taxes EUR 29.8 million (loss EUR 13.9 million) and earnings per share EUR 0.38 (EUR -0.21).
- Net cash flow from operating activities EUR 77.2 million (EUR 93.7 million).

**Events during April–June 2010**

- Ahlstrom announced its new organization and operating model in May to support its revised strategy.The new operating model took effect on July 1, 2010.
- The Mundra medical nonwovens plant in India was inaugurated.
- The company started a development project to reduce production waste, aiming to improve earnings by approximately EUR 20 million annually.

**Outlook for 2010**

- Ahlstrom raises its net sales estimate for 2010 as a result of strong demand and successful price increases. The company estimates that net sales in 2010 will be above the 2008 level, whereas it had earlier estimated that net sales would reach approximately the same level as in 2008. Operating profit excluding non-recurring items is expected to increase from 2009, unchanged from the earlier forecast.

**Jan Lång, President and CEO:**

- Continued favorable demand in most of our customer segments was the main driver for the significant improvement of profitability in the second quarter. Furthermore, efficiency improvement measures initiated earlier are now bearing fruit. We were also able to pass on rapidly rising raw material costs to our sales prices.

- It has been delightful to note that demand has recovered at such a rapid phase and our net sales returned to the pre-recession levels of the second quarter in 2008. The fastest growth was again seen in Asia, where we today took a significant step in our growth strategy by agreeing to acquire Shandong Puri Filter & Paper Products Limited.

- During the first part of this year, we prepared an extensive renewal of our organization and operating model, which became effective on July 1, 2010. This allows us to implement our revised strategy more effectively. It also enables us to introduce a stronger customer focus to a fairly traditional industry. Furthermore, we aim to improve cost efficiency in the entire supply chain.

## KEY FIGURES

| **MEUR** | **4–6 / 2010** | **4–6 / 2009** | **Change, %** | **1–6 / 2010** | **1–6 / 2009** | **Change, %** |
|---|---|---|---|---|---|---|
| Net sales | **489.4** | 398.9 | 22.7 | 930.4 | 775.0 | 20.0 |
| EBIT (Operating profit/loss) | **29.8** | 9.7 | 205.2 | 43.8 | -1.0 | - |
| Profit/loss before taxes | **22.5** | 4.7 | 380.3 | 29.8 | -13.9 | - |
| Profit for the period | **15.1** | 2.5 | 506.5 | 20.6 | -9.9 | - |
| Earnings per share | **0.29** | 0.05 | - | 0.38 | -0.21 | - |
| Return on capital employed (ROCE), % | **10.9** | 3.2 | - | 8.0 | -0.1 | - |
| Equity ratio, % | **44.4** | 37.9 | - | 44.4 | 37.9 | - |
| Gearing ratio, % | **50.3** | 92.0 | - | 50.3 | 92.0 | - |
| Interest-bearing net liabilities | **364.9** | 569.5 | -35.9 | 364.9 | 569.5 | -35.9 |
| Capital expenditure (excluding acquisitions) | **5.3** | 14.6 | -63.9 | 11.8 | 41.5 | -71.6 |
| Net cash flow from operating activities | **45.1** | 72.8 | -38.0 | 77.2 | 93.7 | -17.6 |
| Number of personnel, on average | **5,787** | 6,023 | -3.9 | 5,789 | 6,104 | -5.2 |
| Number of personnel, at the end of the period | **5,799** | 5,992 | -3.2 | 5,799 | 5,992 | -3.2 |

## OPERATING ENVIRONMENT

Demand for Ahlstrom's products started to pick up in the summer of 2009 and the same trend continued in April–June 2010. As the global economy continues to recover, replenishment of inventories left at a low level after the recession, has supported the demand. In some of the business areas, demand reached pre-recession levels of the second quarter in 2008.

In the Fiber Composites segment*, demand for Ahlstrom's filtration media for the transportation industry and building materials benefited from the general upturn of the economy. Demand for the company's food packaging and teabag materials as well as for nonwovens in medical applications was steady. In wipes, demand continued to grow from the comparison period of the previous year. Windmill and marine industries continued to show signs of recovery.

In the Specialty Papers segment*, demand for nearly all of Ahlstrom's specialty paper products continued to grow. The market was improved by the general recovery of the economy. Increase in the demand for release and label papers was markedly strong in Europe. Demand for technical papers continued strong in nearly all of the company's market areas, supported by the replenishment of inventories after the recession.

## Raw material price increases

Ahlstrom's main raw materials are natural fibers, mainly pulp, synthetic fibers and chemicals. The company is one of the world's largest buyers of market pulp. The price of pulp and most other raw materials started increasing in June 2009, and this trend continued.

Pulp production in Chile has mainly returned to normal levels after the earthquake in February, and the first deliveries to European ports arrived during the latter half of June. Due to the end of February earthquake, approximately 8% of the world's pulp production capacity was temporarily shut down in March.

The company took special actions in order to safeguard the continuity of the operation of its plants in the tighter pulp market, and was able to continue operations normally.

*Ahlstrom reports its business in two segments, Fiber Composites and Specialty Papers. The Fiber Composites segment comprises the Advanced Nonwovens, Filtration, Glass & Industrial Nonwovens and Home & Personal Nonwovens business areas. Ahlstrom's Specialty Papers segment comprises the Release & Label and the Technical Papers business areas.

## DEVELOPMENT OF NET SALES

| Net sales by segment and business area | 4–6 / 2010 | 4–6 / 2009 | Change, % | 1–6 / 2010 | 1–6 / 2009 | Change, % |
|---|---|---|---|---|---|---|
| **Fiber Composites** | **257.9** | **212.4** | **21.4** | **489.6** | **421.2** | **16.2** |
| Advanced Nonwovens | **49.7** | 44.3 | 12.1 | 93.7 | 89.7 | 4.5 |
| Filtration | **88.7** | 69.5 | 27.6 | 167.8 | 134.5 | 24.7 |
| Glass & Industrial Nonwovens | **56.0** | 42.7 | 31.1 | 105.8 | 87.2 | 21.3 |
| Home & Personal Nonwovens | **66.5** | 58.0 | 14.8 | 127.6 | 114.3 | 11.7 |
| **Specialty Papers** | **234.2** | **188.2** | **24.4** | **446.5** | **358.3** | **24.6** |
| Release & Label Papers | **92.1** | 70.4 | 30.8 | 172.0 | 133.7 | 28.6 |
| Technical Papers | **142.1** | 118.3 | 20.1 | 274.5 | 225.0 | 22.0 |
| **Other functions* and eliminations** | **-2.7** | **-1.7** | **-** | **-5.6** | **-4.5** | **-** |
| **Total net sales** | **489.4** | **398.9** | **22.7** | **930.4** | **775.0** | **20.0** |

* Other functions include financing and taxation related receivables, liabilities, and cost items, as well as earnings, costs, assets and liabilities belonging to holding and sales companies.

### Development of net sales in April–June 2010

The Group’s net sales increased by 22.7% compared to April–June 2009 and amounted to EUR 489.4 million (EUR 398.9 million). Approximately half of the growth in net sales was attributable to higher sales volumes, and the rest to price increases. Strongest growth was seen in the Asia-Pacific region (+40.5%) and South America (+33.4%). In North America, net sales rebounded to a 15.7% growth due to favorable exchange rate impact and higher sales volumes and prices.

Net sales of the Fiber Composites segment amounted to EUR 257.9 million (EUR 212.4 million), representing 52% of the Group net sales. The segment's net sales increased by 21.4% compared to April–June 2009. The strongest growth was seen in the Glass & Industrial Nonwovens business area (+31.1%) as the building product market recovered; especially the wallcover market was strong in China and demand for flooring materials increased in Europe and Russia. Demand for windmill and marine construction materials still remained below pre-recession levels. Exchange rate fluctuations boosted net sales growth at the Advanced Nonwovens business area (+12.1%), whereas in the previous quarter net sales were still declining.

Net sales of the Specialty Papers segment amounted to EUR 234.2 million (EUR 188.2 million), representing 48% of the Group net sales. Net sales of the entire segment were 24.4% higher than in the second quarter of 2009. Demand for technical papers strengthened compared to the comparison period in nearly all product areas, with the exception of poster papers and wallpapers. Demand for release and label papers surpassed the pre-recession level of the 2008 second quarter.

## Development of net sales in January–June 2010

Demand for Ahlstrom's products continued to increase in the first half of 2010, and the company adjusted the pricing of its products due to the rapidly increased raw material costs. The Group's net sales for January–June amounted to EUR 930.4 million, showing an increase of 20.0% compared to the corresponding period in the previous year (EUR 775.0 million). The increase in net sales was primarily attributable to increased sales volumes.

Net sales of the Fiber Composites segment amounted to EUR 489.6 million (EUR 421.2 million), representing 52% of the Group net sales. The segment's net sales grew by 16.2% as all business areas increased their sales. The biggest increase was seen in the Filtration (+24.7%) and Glass & Industrial Nonwovens (+21.3%) business areas.

Net sales of the Specialty Papers segment amounted to EUR 446.5 million (EUR 358.3 million), representing 48% of the Group net sales. The segment's net sales increased by 24.6% compared to January–June 2009. Net sales increased in both the Release & Label Papers (+28.6%) and Technical Papers (+22.0%) business areas.

## RESULT AND PROFITABILITY

| Financial result by segment | 4–6 / 2010 | 4–6 / 2009 | Change, MEUR | 1–6 / 2010 | 1–6 / 2009 | Change, MEUR |
|---|---|---|---|---|---|---|
| **Fiber Composites** | | | | | | |
| Operating profit/loss (EBIT) | **14.0** | 5.3 | 8.7 | 23.6 | 2.9 | 20.7 |
| Operating profit/loss (EBIT), % | **5.4** | 2.5 | - | 4.8 | 0.7 | - |
| Return on net assets, RONA, % | **7.7** | 2.7 | - | 6.6 | 0.7 | - |
| **Specialty Papers** | | | | | | |
| Operating profit/loss (EBIT) | **21.1** | 6.8 | 14.3 | 28.8 | 3.4 | 25.4 |
| Operating profit/loss (EBIT), % | **9.0** | 3.6 | - | 6.5 | 1.0 | - |
| Return on net assets, RONA, % | **24.3** | 6.8 | - | 16.3 | 1.7 | - |
| **Other functions* and eliminations** | | | | | | |
| Operating profit/loss | **-5.4** | -2.4 | -3.0 | -8.6 | -7.3 | -1.3 |
| **Ahlstrom Group total** | | | | | | |
| Operating profit/loss (EBIT) | **29.8** | 9.7 | 20.0 | 43.8 | -1.0 | 44.8 |
| Operating profit/loss (EBIT), % | **6.1** | 2.4 | - | 4.7 | -0.1 | - |
| ROCE, % | **10.9** | 3.2 | - | 8.0 | -0.1 | - |

* Other functions include financing and taxation related receivables, liabilities, and cost items, as well as earnings, costs, assets, and liabilities belonging to holding and sales companies.

### Result and profitability in April–June 2010

The Group operating profit was EUR 29.8 million (EUR 9.7 million). The result includes non-recurring items of EUR 0.8 million. Operating profit excluding non-recurring items was EUR 29.0 million, including a gain of approximately EUR 4.2 million from the sale of additional carbon dioxide emission rights granted for the previous year. It was significantly higher than in the comparison period (EUR 12.8 million).

The operating result was most of all improved by the revived demand and increased production and delivery volumes. It was also affected by the continuous streamlining of operations and restructuring programs started in 2009. Higher raw material prices and other costs did not weaken the result since increasing costs were compensated by price increases. Ahlstrom increased prices of specialty papers, filtration materials and wipes in particular. Additional price increases were announced to cover recent increases in raw material costs to maintain the profit level.

Operating profit of the Fiber Composites segment increased to EUR 14.0 million (EUR 5.3 million). Operating profit of the Specialty Papers segment increased to EUR 21.1 million (EUR 6.8 million).

Thanks to the recovered demand, market related downtime in production amounted to only 9.3% in April–June 2010, whereas it had been 21.1% in the same period last year.

Net financial expenses were EUR 6.9 million (EUR 4.8 million). Net financial expenses include net interest expenses of EUR 5.6 million (EUR 4.1 million), financing exchange rate gains of EUR 0.1 million (loss of EUR 0.2 million), and other financial expenses of EUR 1.4 million (EUR 0.4 million).

Profit before taxes was EUR 22.5 million (EUR 4.7 million).

Income taxes amounted to EUR 7.4 million (EUR 2.2 million).

Profit for the period was EUR 15.1 million (EUR 2.5 million). Earnings per share were EUR 0.29 (EUR 0.05).

Return on capital employed (ROCE) amounted to 10.9% (3.2%), and return on equity (ROE) was 8.6% (1.6%).

## Result and profitability in January–June 2010

The Group's operating profit was EUR 43.8 million (operating loss of EUR 1.0 million). The result includes non-recurring items of EUR 1.1 million. Operating profit excluding non-recurring items amounted to EUR 42.7 million. It was significantly higher than in the comparison period (EUR 2.7 million).

Operating profit of the Fiber Composites segment increased to EUR 23.6 million (EUR 2.9 million). Operating profit of the Specialty Papers segment rose to EUR 28.8 million (EUR 3.4 million).

Thanks to the recovered demand, market related downtime in production amounted to no more than 10.0% in January–June 2010, whereas it had been 22.8% in the same period last year.

Capacity utilization of the projects included in the EUR 500 million investment program carried out in 2007 and 2008 has improved, but did not yet achieve target levels. The ramp-up of the new glassfiber plant in Tver, Russia, has been successful. On the other hand, the La Gere release base papers plant in France has improved its profitability, which however remains unsatisfactory. Commercialization of the teabag materials line, opened at the end of 2008 in Chirnside, United Kingdom, has been delayed.

Net financial expenses were EUR 13.5 million (EUR 13.0 million). Net financial expenses include net interest expenses of EUR 11.3 million (EUR 12.4 million), financing exchange rate gains of EUR 0.5 million (EUR 0.2 million), and other financial expenses of EUR 2.7 million (EUR 0.8 million).

Profit before taxes was EUR 29.8 million (loss EUR 13.9 million).

Income taxes were EUR 9.3 million (deferred income EUR 4.0 million).

Profit for the period was EUR 20.6 million (loss EUR 9.9 million). Earnings per share were EUR 0.38 (EUR -0.21).

## FINANCING

Net cash flow from operating activities in January–June amounted to EUR 77.2 million (EUR 93.7 million), and cash flow after investments was EUR 64.1 million (EUR 50.1 million).

Special attention has been paid to operative working capital since the beginning of 2009. Operative working capital decreased by EUR 3.8 million compared to the end of 2009 but increased by EUR 10.3 million from the end of March. Working capital turnover continued to improve in January–June, declining by eight days. At the end of the period, working capital amounted to EUR 241.0 million, which was EUR 108.1 million less than at the end of 2008, before the project to improve working capital was started. At the end of June 2010, working capital turnover had improved by 31 days to 45 days since the end of 2008.

The company's interest-bearing net liabilities decreased by EUR 31.0 million from the end of 2009 to EUR 364.9 million (December 31, 2009: EUR 395.9 million). Ahlstrom's interest bearing liabilities amounted to EUR 385.0 million. Of the loan portfolio, approximately 66.9% was tied to a fixed interest rate using interest rate derivatives or loan contracts. Duration of the loan portfolio (average interest rate tying period) was 27 months and the effective interest rate was 4.5%. The average maturity of the loan portfolio was 28 months.

The company's liquidity is good. At the end of the period, its total liquidity, including cash, unused committed credit facilities, and the available cash pool overdraft facilities totaled EUR 319.0 million. In addition, the company had available uncommitted credit facilities totaling EUR 159.3 million.

The gearing ratio decreased to 50.3% (December 31, 2009: 57.7%). The equity ratio was 44.4% (December 31, 2009: 44.8%).

## CAPITAL EXPENDITURE

Ahlstrom did not make any significant investments or investment decisions during January–June. The company's investments amounted to EUR 11.8 million (EUR 41.5 million).

Ahlstrom's new medical nonwovens plant in Gujarat, on the northwestern coast of India, was inaugurated in May. The investment was approximately EUR 42 million, and initially the plant employs approximately 70 people.

## NEW BUSINESS AREAS AND FINANCIAL REPORTING

As part of the reorganization announced on May 10, 2010, the company formed five new business areas as of July 1, 2010 in line with its strategy of two business clusters, the Value-Added cluster and the Operational Excellence cluster.

The new business areas are:

- Building and Energy: covers the Glass & Industrial Nonwovens business area and paper products used in wallpapers
- Filtration: the current Filtration business area
- Food and Medical: the current Advanced Nonwovens business area as well as crepe papers and parchment papers
- Home and Personal: the current Home & Personal Nonwovens business area
- Label and Processing: covers the majority of the Technical Papers and Release & Label Papers business areas

Of the business areas, Building and Energy, Filtration, and Food and Medical belong to the Value-Added Cluster, whereas Home and Personal and Label and Processing business areas are part of the Operational Excellence cluster.

In the financial reporting, these five business areas form Ahlstrom's new reporting segments instead of the former Fiber Composites and Specialty Papers. Ahlstrom will publish the comparison data according to the new segment division for 2009 and the first two quarters of 2010 by the end of the third quarter this year.

The previous organization with 18 product lines operating within the business areas has been discontinued. It will be integrated as part of the organization aligned with the new business areas in order to further strengthen customer-orientation and supply chain management.

## CHANGES IN THE EXECUTIVE MANAGEMENT TEAM

In connection with the reorganization, the following changes were made in the Group Executive Management Team as of July 1, 2010.

The Specialty Papers business areas were combined, and Patrick Jeambar was nominated Executive Vice President of the newly formed Label and Processing business area..Daniele Borlatto took on a new role as the Vice President of the Release and Label business and Vice President of the production and supply chain for the business area. He reports to Patrick Jeambar. Gustav Adlercreutz is Vice President, General Counsel and reports to Chief Financial Officer Seppo Parvi. Daniele Borlatto, formerly Executive Vice President, Release & Label, and Gustav Adlercreutz, formerly Executive Vice President and General Counsel, shall not continue as Executive Management Team membersIn addition, Ahlstrom will strengthen the development of its global supply chain with a new Executive Vice President of Production and Supply Chain. The appointment for this position will be announced in due course.Ahlstrom's Executive Management Team as of July 1, 2010:

Jan Lång, President and CEO
Risto Anttonen, Deputy to the CEO
Paula Aarnio, EVP, HR and Sustainability
Jean-Marie Becker, EVP, Home and Personal
Tommi Björnman, EVP, Filtration
William Casey, EVP, Food and Medical
Claudio Ermondi, EVP, Product and Technology Development
Patrick Jeambar, EVP, Label and Processing
Seppo Parvi, CFO
Laura Raitio, EVP, Building and Energy
Rami Raulas, EVP, Sales and Marketing

## RESTRUCTURING AND STREAMLINING PROGRAMS

In 2009, Ahlstrom executed two restructuring programs in order to streamline its operations. The combined annual savings generated by these programs are approximately EUR 55 million, and they will be achieved in full this year.

The working capital efficiency improvement project started in 2009 is at a final stage and will continue until the end of the year.

A production waste reduction project was initiated as a new efficiency improvement program in 2010 with the aim to cut waste by 15%. The improvement corresponds to a saving of approximately EUR 20 million annually. The project has been launched in two pilot units, and will be extended to all production units within the next 18 months.

## PERSONNEL

In the first half of the year, Ahlstrom employed an average of 5,789*[1] people (6,104), and at the end of the period 5,799 people (5,992). The restructuring programs of 2009 resulted in a total reduction of about 700 people, of whom 635 had left the company by the end of June, 2010. .. On the other hand, the company hired new employees, e.g. in India, during the first half of the year. At the end of June, the highest number of employees was in the United States (25%), France (21%), Italy (12%), Finland (10%), Germany (9%), and Brazil (7%).

## AUTHORIZATIONS OF THE BOARD

Ahlstrom Corporation's Annual General Meeting of March 31, 2010 authorized the Board of Directors to repurchase the company's own shares in one or more installments in accordance with the proposal of the Board. Based on the authorization, a maximum of 4,500,000 of the company's own shares can be repurchased, however, taking into consideration the regulations of the Limited Liability Companies Act regarding the allowable maximum number of own shares at

[1] Number of personnel is calculated as full-time equivalent.

any given time. The shares may be repurchased only through public trading at the prevailing market price using unrestricted shareholders' equity.

The authorization contains the right of the Board of Directors to decide on all other terms and conditions of the repurchase. Thus, the authorization also contains the right to repurchase shares in a manner other than applying the proportionate ownership of the shareholders.

Based on the authorization, the Board of Directors may resolve to distribute a maximum of 4,500,000 own shares in the company's possession. The Board of Directors is authorized to decide to whom and in which order the shares will be distributed. The Board of Directors may resolve to distribute shares in a manner other than that in which the shareholders have the priority to repurchase shares. The shares may be used as consideration in acquisitions and in other arrangements as well as to implement the company's share-based incentive plans, in a manner and scope decided on by the Board of Directors. The Board of Directors also has the right to decide on the distribution of the shares in public trading for the purpose of financing possible acquisitions.

The Board's authorizations to repurchase and distribute own shares are valid for 18 months from the close of the Annual General Meeting but will, however, expire at the close of the next Annual General Meeting, at the latest.

## EVENTS AFTER THE REVIEW PERIOD

### Cooperation with Eureka Forbes

On July 19, 2010, Ahlstrom announced its partnership with Eureka Forbes Limited, for introducing to the market a ground-breaking product to meet the growing need for clean water on the Indian sub-continent.

The product, designed and manufactured by Eureka Forbes, is sold under the brand name AquaSure, and it uses Ahlstrom's Disruptor(TM) filter material. Disruptor(TM) is based on technology that eliminates various contaminants, such as viruses, bacteria and organic impurities, from water. The new AquaSure water filter removes physical, chemical and microbiological substances from water without harmful chemicals. The end result is microbiologically clean, drinkable water free of chemical residues.

### Acquisition of Shandong Puri Filter & Paper Products Limited

On August 11, 2010, Ahlstrom signed an agreement to purchase Shandong Puri Filter & Paper Products Limited in China from Purico Group as part of its growth strategy in Asia. The value of the transaction for the manufacturer of transportation filtration materials is EUR 22.5 million. The transaction is expected to be completed by the end of September and is subject to regulatory approvals.

## SHARES AND SHARE CAPITAL

Ahlstrom's share is listed on the NASDAQ OMX Helsinki. Ahlstrom has one series of shares. The share is classified under NASDAQ OMX's Materials sector and the trading code is AHL1V.

In January–June 2010, a total of 4.86 million Ahlstrom shares were traded for a total of EUR 54.8 million. The lowest trading price was EUR 9.31 and the highest EUR 12.52. The closing price on June 30, 2010 was EUR 11.18. The market capitalization was EUR 520.9 million at the end of June.

During the period under review, Ahlstrom's Board of Directors used the authorization granted by the Annual General Meeting of March 25, 2009, to repurchase the company's own shares. The number of shares purchased was 75,000, which accounts for less than 0.2% of Ahlstrom's all shares. The repurchase reduced the company's distributable shareholders' equity. The purchases began on February 10, 2010 and ended on March 16, 2010. The average price was EUR 11.68.

Ahlstrom Group's equity per share was EUR 13.85 at the end of the review period (December 31, 2009: EUR 12.98).

The company received a notification in accordance with the Securities Markets Act Chapter 2, Section 9, from Erkki Etola, dated May 21, 2010, on the change of the said shareholder's holding. According to the notification, on May 20, 2010, Etola's shareholding increased to over 5% (1/20) of Ahlstrom Corporation's shares and votes.

## OUTLOOK

Ahlstrom revises its outlook on the development of net sales for 2010 as a result of continued strong demand and successful price increases. The company now estimates that net sales in 2010 will be above the 2008 level, whereas it had earlier forecast that net sales would reach approximately the same level as in 2008. Development of net sales in the second half of the year is driven by the impact of increasing prices, while the development of sales volumes will stabilize compared to the previous year.

Selling price increases will be continued in order to cover the recently increased raw material costs. Possible later increases in raw material prices will also be aimed to be covered with higher prices.

In the Glass & Industrial Nonwovens business area, the market situation of specialty reinforcements continues to be challenging, but windmill and marine industries in Ahlstrom's main markets in Europe and North America are expected to revive towards the end of the year.

The company's more efficient cost structure and improved demand are expected to improve profitability. Continuous streamlining of operations will continue to be a priority. The estimate provided on the operating profit in the financial statements bulletin 2009 remains unchanged. Operating profit excluding non-recurring items is estimated to increase from 2009.

In 2010, investments excluding acquisitions are estimated at approximately EUR 60 million (EUR 63.8 million in 2009).

## SHORT-TERM RISKS

The recovery of the world economy seems promising based on the developments in recent months, but it is difficult to predict the speed, stability and further continuation of the recovery. Economic growth and demand for products manufactured by Ahlstrom may also be weakened by budget cuts planned by developed industrial nations in order to reduce public deficits caused by the recession. If the recovery from the recession is delayed and the replenishment of inventory levels that support demand halts, it may be necessary to limit production more than planned, and the risk of unsuccessful implementation of the selling price increases will grow.

For the time being, credit losses have remained low, but due to the uncertain economic situation, Ahlstrom's customer credit risks are still difficult to cover in full with credit insurance.

In addition, the prices of raw materials, pulp, synthetic fibers and polymers in particular have been increasing since last summer and are expected to remain at a high level in 2010. The pulp market is expected to be more balanced in the third quarter and prices of viscose and polypropylene are expected to have reached their peak levels in the previous quarter. On the other hand, prices of polyester and materials used in glass fiber are expected to continue rising due to the market situation and stronger US dollar.

Selling prices will be actively increased in order to cover rising costs. If raw material prices remain at a high level or continue to rise, and the increased costs cannot be passed onto selling prices, the increase in profitability achieved in 2009 and January–June 2010 might be compromised.

The general risks of Ahlstrom’s business operations are described in greater detail on the company website at www.ahlstrom.com and in the report by the Board of Directors in the company’s Annual Report 2009. The risk management process is also described in the Corporate Governance Statement available on the company website.

* * *

This interim report has been prepared in accordance with the International Financial Reporting Standards (IFRS). Comparable figures refer to the same period last year unless otherwise stated.

This report contains certain forward-looking statements that reflect the present views of the company's management. The statements contain uncertainties and risks and are thus subject to changes in the general economic situation and in the company's business.

Helsinki, August 11, 2010

Ahlstrom Corporation
Board of Directors

## FURTHER INFORMATION

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Ahlstrom's President & CEO Jan Lång and CFO Seppo Parvi will present the 2010 second-quarter results in a Finnish-language press and analyst conference in Helsinki today, August 11, 2010 at 2:00 p.m. (CET+1). The conference will take place at Event Arena Bank, address Unioninkatu 20, 2nd floor. The name of the meeting room will be displayed on the display board in the lobby.

In addition, President and CEO Lång and CFO Parvi will hold a conference call in English for analysts and investors today, August 11,2010, at 4:00 p.m. To participate in the conference call, please dial +358 (0)9 2319 4345 in Finland or +44 (0)20 7136 2051 outside Finland a few minutes before the conference begins. The access code is 8978241.

The conference call can also be followed live on the Internet. The link to the English-language presentation (an audio webcast) including slides is available on the company website at www.ahlstrom.com. Questions may also be submitted in writing via the Internet. Listening to the conference call requires registration.

An on-demand webcast including slides is available for viewing and listening on the company website for one year after the conference call.

The presentation material will be available on August 11, 2010 after the Interim Report is published at www.ahlstrom.com > Investors > Reports and presentations > 2010.

## AHLSTROM'S FINANCIAL INFORMATION IN 2010

Ahlstrom will publish its financial information in 2010 as follows:

| Report | Date of publication | Silent period |
|---|---|---|
| Interim report January–September | Tuesday, October 26 | October 1–October 26 |

During the silent period Ahlstrom will not communicate with capital market representatives.

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Principal media

## Ahlstrom in brief

Ahlstrom is a global leader in the development, manufacture and marketing of high performance nonwovens and specialty papers. Ahlstrom's products are used in a large variety of everyday applications, such as filters, wipes, flooring, labels, and tapes. Based upon its unique fiber expertise and innovative approach, the company has a strong market position in several business areas in which it operates. Ahlstrom's 5,800 employees serve customers via sales offices and production facilities in more than 20 countries on six continents. In 2009, Ahlstrom's net sales amounted to approximately EUR 1.6 billion. Ahlstrom's share is quoted on the NASDAQ OMX Helsinki. The company website is at www.ahlstrom.com.

## APPENDIX

Consolidated financial statements

**APPENDIX**

# CONSOLIDATED FINANCIAL STATEMENTS

Financial statements are unaudited.

| **INCOME STATEMENT** | **Q2** | Q2 | **Q1-Q2** | Q1-Q2 | Q1-Q4 |
|---|---|---|---|---|---|
| EUR million | **2010** | 2009 | **2010** | 2009 | 2009 |
| **Net sales** | **489.4** | 398.9 | **930.4** | 775.0 | 1,596.1 |
| Cost of goods sold | **-416.3** | -349.4 | **-801.6** | -696.5 | -1,421.5 |
| **Gross profit** | **73.1** | 49.5 | **128.8** | 78.5 | 174.6 |
| Sales and marketing expenses | **-14.1** | -11.7 | **-27.4** | -24.5 | -49.6 |
| R&D expenses | **-5.1** | -4.9 | **-9.7** | -10.4 | -21.6 |
| Administrative expenses | **-29.5** | -25.1 | **-54.5** | -48.5 | -95.0 |
| Other operating income | **5.9** | 3.5 | **8.0** | 6.1 | 13.4 |
| Other operating expense | **-0.6** | -1.6 | **-1.4** | -2.2 | -36.3 |
| **Operating profit / loss** | **29.8** | 9.7 | **43.8** | -1.0 | -14.6 |
| Net financial expenses | **-6.9** | -4.8 | **-13.5** | -13.0 | -26.2 |
| Share of profit / loss of associated companies | **-0.4** | -0.3 | **-0.4** | 0.1 | 0.7 |
| **Profit / loss before taxes** | **22.5** | 4.7 | **29.8** | -13.9 | -40.1 |
| Income taxes | **-7.4** | -2.2 | **-9.3** | 4.0 | 7.1 |
| **Profit / loss for the period** | **15.1** | 2.5 | **20.6** | -9.9 | -32.9 |
| Attributable to | | | | | |
| Owners of the parent | **15.1** | 2.5 | **20.6** | -9.9 | -32.9 |
| Non-controlling interest | **-** | - | **-** | - | - |
| Earnings per share, EUR | | | | | |
| - Basic and diluted * | **0.29** | 0.05 | **0.38** | -0.21 | -0.72 |

** With the effect of interest on hybrid bond for the period, net of tax*

| **STATEMENT OF COMPREHENSIVE INCOME** | **Q2** | Q2 | **Q1-Q2** | Q1-Q2 | Q1-Q4 |
|---|---|---|---|---|---|
| EUR million | **2010** | 2009 | **2010** | 2009 | 2009 |
| **Profit / loss for the period** | **15.1** | 2.5 | **20.6** | -9.9 | -32.9 |
| **Other comprehensive income, net of tax:** | | | | | |
| Translation differences | **31.8** | 11.9 | **54.8** | 21.3 | 32.5 |
| Hedges of net investments in foreign operations | **-0.8** | 1.3 | **-2.8** | 0.4 | -1.0 |
| Cash flow hedges | **-0.0** | 0.1 | **-0.4** | 0.1 | 0.4 |
| Other comprehensive income, net of tax | **31.0** | 13.3 | **51.7** | 21.8 | 31.8 |
| **Total comprehensive income for the period** | **46.0** | 15.8 | **72.2** | 11.9 | -1.1 |
| Attributable to | | | | | |
| Owners of the parent | **46.0** | 15.8 | **72.2** | 11.9 | -1.1 |
| Non-controlling interest | **-** | - | **-** | - | - |

| BALANCE SHEET<br>EUR million | **Jun 30, 2010** | Jun 30, 2009 | Dec 31, 2009 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | **736.0** | 750.1 | 717.6 |
| Goodwill | **169.9** | 173.6 | 151.3 |
| Other intangible assets | **55.9** | 52.9 | 52.1 |
| Investments in associated companies | **11.6** | 11.5 | 12.1 |
| Other investments | **0.4** | 0.2 | 0.2 |
| Other receivables | **24.8** | 17.6 | 23.0 |
| Deferred tax assets | **56.7** | 44.4 | 54.5 |
| Total non-current assets | **1,055.4** | 1,050.3 | 1,010.8 |
| **Current assets** | | | |
| Inventories | **203.3** | 206.8 | 175.9 |
| Trade and other receivables | **354.1** | 342.7 | 319.9 |
| Income tax receivables | **2.4** | 3.1 | 3.7 |
| Other investments | **-** | - | - |
| Cash and cash equivalents | **20.0** | 32.6 | 19.9 |
| Total current assets | **579.9** | 585.3 | 519.4 |
| **Total assets** | **1,635.2** | 1,635.5 | 1,530.2 |
| **EQUITY AND LIABILITIES** | | | |
| Equity attributable to owners of the parent | **645.6** | 619.0 | 605.6 |
| Hybrid bond | **80.0** | - | 80.0 |
| Non-controlling interest | **-** | - | - |
| Total equity | **725.6** | 619.0 | 685.6 |
| **Non-current liabilities** | | | |
| Interest-bearing loans and borrowings | **202.5** | 196.1 | 235.1 |
| Employee benefit obligations | **80.3** | 84.5 | 78.2 |
| Provisions | **3.8** | 4.5 | 5.0 |
| Other liabilities | **3.1** | 0.1 | 0.4 |
| Deferred tax liabilities | **32.2** | 18.8 | 23.8 |
| Total non-current liabilities | **321.9** | 303.9 | 342.5 |
| **Current liabilities** | | | |
| Interest-bearing loans and borrowings | **182.5** | 406.0 | 180.7 |
| Trade and other payables | **390.2** | 290.5 | 305.1 |
| Income tax liabilities | **5.6** | 2.7 | 3.7 |
| Provisions | **9.5** | 13.3 | 12.7 |
| Total current liabilities | **587.8** | 712.5 | 502.1 |
| Total liabilities | **909.7** | 1,016.5 | 844.6 |
| **Total equity and liabilities** | **1,635.2** | 1,635.5 | 1,530.2 |

## STATEMENT OF CHANGES IN EQUITY

1) Issued capital
2) Share premium
3) Non-restricted equity reserve
4) Hedging reserve
5) Translation reserve
6) Own shares
7) Retained earnings
8) Total attributable to owners of the parent
9) Non-controlling interest
10) Hybrid bond
11) Total equity

| EUR million | 1) | 2) | 3) | 4) | 5) | 6) | 7) | **8)** | 9) | 10) | **11)** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Equity at January 1, 2009** | **70.0** | **209.3** | **8.3** | **-1.2** | **-49.1** | **-** | **390.9** | **628.1** | **0.0** | **-** | **628.1** |
| Profit / loss for the period | - | - | - | - | - | - | -9.9 | -9.9 | - | - | -9.9 |
| Other comprehensive income, net of tax | | | | | | | | | | | |
| Translation differences | - | - | - | - | 21.3 | - | - | 21.3 | - | - | 21.3 |
| Hedges of net investments in foreign operations | - | - | - | - | 0.4 | - | - | 0.4 | - | - | 0.4 |
| Cash flow hedges | - | - | - | 0.1 | - | - | - | 0.1 | - | - | 0.1 |
| Dividends paid and other | - | - | - | - | - | - | -21.0 | -21.0 | - | - | -21.0 |
| Hybrid bond | - | - | - | - | - | - | - | - | - | - | - |
| Interest on hybrid bond | - | - | - | - | - | - | - | - | - | - | - |
| Purchases of own shares | - | - | - | - | - | - | - | - | - | - | - |
| Change in non-controlling interests | - | - | - | - | - | - | - | - | -0.0 | - | -0.0 |
| Share-based incentive plan | - | - | - | - | - | - | - | - | - | - | - |
| **Equity at June 30, 2009** | **70.0** | **209.3** | **8.3** | **-1.1** | **-27.4** | **-** | **360.1** | **619.0** | **-** | **-** | **619.0** |
| | | | | | | | | | | | |
| **Equity at January 1, 2010** | **70.0** | **209.3** | **8.3** | **-0.8** | **-17.7** | **-** | **336.6** | **605.6** | **-** | **80.0** | **685.6** |
| Profit / loss for the period | - | - | - | - | - | - | 20.6 | 20.6 | - | - | 20.6 |
| Other comprehensive income, net of tax | | | | | | | | | | | |
| Translation differences | - | - | - | - | 54.8 | - | - | 54.8 | - | - | 54.8 |
| Hedges of net investments in foreign operations | - | - | - | - | -2.8 | - | - | -2.8 | - | - | -2.8 |
| Cash flow hedges | - | - | - | -0.4 | - | - | - | -0.4 | - | - | -0.4 |
| Dividends paid and other | - | - | - | - | - | - | -26.0 | -26.0 | - | - | -26.0 |
| Hybrid bond | - | - | - | - | - | - | - | - | - | - | - |
| Interest on hybrid bond | - | - | - | - | - | - | -5.6 | -5.6 | - | - | -5.6 |
| Purchases of own shares | - | - | - | - | - | -0.9 | - | -0.9 | - | - | -0.9 |
| Change in non-controlling interests | - | - | - | - | - | - | - | - | - | - | - |
| Share-based incentive plan | - | - | - | - | - | - | 0.2 | 0.2 | - | - | 0.2 |
| **Equity at June 30, 2010** | **70.0** | **209.3** | **8.3** | **-1.2** | **34.3** | **-0.9** | **325.8** | **645.6** | **-** | **80.0** | **725.6** |

| **STATEMENT OF CASH FLOWS** | **Q2** | Q2 | **Q1-Q2** | Q1-Q2 | Q1-Q4 |
|---|---|---|---|---|---|
| EUR million | **2010** | 2009 | **2010** | 2009 | 2009 |
| | | | | | |
| **Cash flow from operating activities** | | | | | |
| Profit / loss for the period | **15.1** | 2.5 | **20.6** | -9.9 | -32.9 |
| Adjustments, total | **40.8** | 33.4 | **74.4** | 59.9 | 146.3 |
| Changes in net working capital | **12.6** | 30.6 | **25.3** | 56.4 | 129.3 |
| Change in provisions | **-1.2** | -0.8 | **-3.4** | -5.2 | -5.3 |
| Financial items | **-20.5** | 4.3 | **-36.7** | -9.0 | -28.2 |
| Income taxes paid / received | **-1.7** | 2.9 | **-2.9** | 1.4 | 0.4 |
| Net cash from operating activities | **45.1** | 72.8 | **77.2** | 93.7 | 209.6 |
| | | | | | |
| **Cash flow from investing activities** | | | | | |
| Acquisition of Group companies | **-** | -0.0 | **-** | -0.0 | -0.0 |
| Purchases of intangible and tangible assets | **-5.8** | -22.5 | **-13.3** | -44.6 | -69.8 |
| Other investing activities | **-0.3** | 0.5 | **0.3** | 1.1 | 3.5 |
| Net cash from investing activities | **-6.1** | -22.0 | **-13.1** | -43.5 | -66.3 |
| | | | | | |
| **Cash flow from financing activities** | | | | | |
| Dividends paid | **-25.6** | -21.0 | **-25.6** | -21.0 | -21.0 |
| Repurchase of own shares | **-** | - | **-0.9** | - | - |
| Payments received on hybrid bond | **-** | - | **-** | - | 80.0 |
| Changes in loans and other financing activities | **-21.5** | -14.2 | **-39.0** | -55.9 | -242.6 |
| Net cash from financing activities | **-47.1** | -35.2 | **-65.5** | -76.9 | -183.6 |
| | | | | | |
| **Net change in cash and cash equivalents** | **-8.1** | 15.6 | **-1.4** | -26.8 | -40.2 |
| | | | | | |
| Cash and cash equivalents at the beginning of the period | **27.2** | 16.6 | **19.9** | 58.2 | 58.2 |
| Foreign exchange adjustment | **0.9** | 0.4 | **1.5** | 1.2 | 2.0 |
| **Cash and cash equivalents at the end of the period** | **20.0** | 32.6 | **20.0** | 32.6 | 19.9 |

| **KEY FIGURES** | **Q2 2010** | Q2 2009 | **Q1-Q2 2010** | Q1-Q2 2009 | Q1-Q4 2009 |
|---|---|---|---|---|---|
| Personnel costs | **-91.4** | -82.8 | **-175.5** | -166.3 | -337.8 |
| Depreciation and amortization | **-26.6** | -25.9 | **-52.1** | -51.3 | -106.7 |
| Impairment charges | **-0.1** | -0.0 | **-0.1** | -0.0 | -31.1 |
| Operating profit, % | **6.1** | 2.4 | **4.7** | -0.1 | -0.9 |
| Return on capital employed (ROCE), % | **10.9** | 3.2 | **8.0** | -0.1 | -1.1 |
| Return on equity (ROE), % | **8.6** | 1.6 | **5.8** | -3.2 | -5.0 |
| Interest-bearing net liabilities, EUR million | **364.9** | 569.5 | **364.9** | 569.5 | 395.9 |
| Equity ratio, % | **44.4** | 37.9 | **44.4** | 37.9 | 44.8 |
| Gearing ratio, % | **50.3** | 92.0 | **50.3** | 92.0 | 57.7 |
| Basic earnings per share *, EUR | **0.29** | 0.05 | **0.38** | -0.21 | -0.72 |
| Equity per share, EUR | **13.85** | 13.26 | **13.85** | 13.26 | 12.98 |
| Average number of shares during the period, 1000's | **46,596** | 46,671 | **46,619** | 46,671 | 46,671 |
| Number of shares at the end of the period, 1000's | **46,596** | 46,671 | **46,596** | 46,671 | 46,671 |
| Capital expenditure, EUR million | **5.3** | 14.6 | **11.8** | 41.5 | 63.8 |
| Capital employed, at the end of the period, EUR million | **1,110.5** | 1,221.2 | **1,110.5** | 1,221.2 | 1,101.5 |
| Number of employees, average | **5,787** | 6,023 | **5,789** | 6,104 | 5,993 |

** With the effect of interest on hybrid bond for the period, net of tax*

## ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34, Interim Financial reporting, as adopted by EU and the accounting principles set out in the Group's Financial Statements for 2009 except for the changes below.

### Changes in accounting principles

The Group has adopted the following new or amended standards and interpretations as of January 1, 2010:

- IFRS 3 Business Combinations (revised)
Some of the main changes to the standard are as follows:
Contingent consideration is measured at fair value at the acquisition date, with subsequent changes recognized in the income statement.
All acquisition-related costs are expensed.
Any non-controlling interest is measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities, on a transaction-by-transaction basis.

- IAS 27 Consolidated and Separate Financial Statements (revised)
The amendment specifies the accounting for changes in ownership interests in subsidiaries.

- Improvements to IFRS Standards 2009
The effects of the amendments vary by standard but the amendments have had no major impact on the cosolidated financial statements.

The below mentioned new or amended standards and interpretations adopted by the Group in 2010 do not have an effect on the consolidated financial statements.

- IAS 39 Financial Instruments: Recognition and Measurement (amendment) - Eligible Hedged Items
- IFRIC 12 Service Concession Arrangements
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 Distributions of Non-cash Assets to Owners
- IFRIC 18 Transfers of Assets from Customers

### Income statement by function

The Group has changed the presentation of the income statement from the "nature of expense" method to the "function of expense" method. The comparable figures have been restated accordingly.

| SEGMENT INFORMATION<br>EUR million | **Q2<br>2010** | Q2<br>2009 | **Q1-Q2<br>2010** | Q1-Q2<br>2009 | Q1-Q4<br>2009 |
|---|---|---|---|---|---|
| Fiber Composites | **257.9** | 212.4 | **489.6** | 421.2 | 861.2 |
| Specialty Papers | **234.2** | 188.2 | **446.5** | 358.3 | 743.8 |
| Other operations | **4.6** | 4.6 | **9.0** | 7.2 | 16.3 |
| Internal sales | **-7.3** | -6.3 | **-14.6** | -11.7 | -25.2 |
| **Total net sales** | **489.4** | 398.9 | **930.4** | 775.0 | 1,596.1 |
| Fiber Composites | **1.8** | 1.3 | **3.8** | 3.0 | 6.4 |
| Specialty Papers | **1.1** | 0.7 | **2.2** | 2.0 | 3.2 |
| Other operations | **4.4** | 4.3 | **8.6** | 6.7 | 15.6 |
| **Total internal sales** | **7.3** | 6.3 | **14.6** | 11.7 | 25.2 |
| Fiber Composites | **14.0** | 5.3 | **23.6** | 2.9 | -18.8 |
| Specialty Papers | **21.1** | 6.8 | **28.8** | 3.4 | 14.6 |
| Other operations | **-5.4** | -2.5 | **-8.6** | -7.4 | -10.4 |
| Eliminations | **0.1** | 0.1 | **0.0** | 0.1 | 0.1 |
| **Operating profit / loss** | **29.8** | 9.7 | **43.8** | -1.0 | -14.6 |
| Fiber Composites | **739.1** | 768.7 | **739.1** | 768.7 | 691.1 |
| Specialty Papers | **351.3** | 393.7 | **351.3** | 393.7 | 357.4 |
| Other operations | **-13.5** | -5.9 | **-13.5** | -5.9 | -5.1 |
| Eliminations | **-0.1** | -0.1 | **-0.1** | -0.1 | -0.1 |
| **Total net assets** | **1,076.8** | 1,156.4 | **1,076.8** | 1,156.4 | 1,043.2 |
| Fiber Composites | **3.1** | 12.1 | **8.1** | 36.6 | 52.5 |
| Specialty Papers | **2.0** | 2.3 | **3.2** | 4.6 | 10.7 |
| Other operations | **0.2** | 0.1 | **0.5** | 0.3 | 0.7 |
| **Total capital expenditure** | **5.3** | 14.6 | **11.8** | 41.5 | 63.8 |
| Fiber Composites | **-17.6** | -16.8 | **-34.0** | -32.6 | -70.0 |
| Specialty Papers | **-8.4** | -8.6 | **-16.9** | -17.4 | -34.3 |
| Other operations | **-0.6** | -0.6 | **-1.2** | -1.2 | -2.4 |
| **Total depreciation and amortization** | **-26.6** | -25.9 | **-52.1** | -51.3 | -106.7 |
| Fiber Composites | **-0.0** | - | **-0.0** | - | -31.2 |
| Specialty Papers | **-0.0** | -0.0 | **-0.0** | -0.0 | 0.1 |
| Other operations | **-** | - | **-** | - | - |
| **Total impairment charges** | **-0.1** | -0.0 | **-0.1** | -0.0 | -31.1 |

Segment information is presented according to the IFRS standards.

| **NET SALES BY REGION** | **Q2** | Q2 | **Q1-Q2** | Q1-Q2 | Q1-Q4 |
|---|---|---|---|---|---|
| EUR million | **2010** | 2009 | **2010** | 2009 | 2009 |
| Europe | **252.9** | 212.0 | **494.4** | 411.5 | 846.3 |
| North America | **118.9** | 102.8 | **221.8** | 208.5 | 410.1 |
| South America | **56.6** | 42.4 | **104.0** | 79.2 | 174.9 |
| Asia-Pacific | **50.1** | 35.7 | **90.1** | 62.5 | 134.2 |
| Rest of the world | **10.8** | 6.0 | **20.1** | 13.3 | 30.7 |
| **Total net sales** | **489.4** | 398.9 | **930.4** | 775.0 | 1,596.1 |

| **CHANGES OF PROPERTY, PLANT AND EQUIPMENT** | **Q1-Q2** | Q1-Q2 | Q1-Q4 |
|---|---|---|---|
| EUR million | **2010** | 2009 | 2009 |
| Book value at Jan 1 | **717.6** | 745.7 | 745.7 |
| Acquisitions through business combinations | **-** | - | - |
| Additions | **11.8** | 41.2 | 63.6 |
| Disposals | **-0.2** | -0.5 | -1.0 |
| Depreciations and impairment charges | **-49.2** | -48.3 | -106.9 |
| Translation differences and other changes | **55.9** | 11.9 | 16.1 |
| Book value at the end of the period | **736.0** | 750.1 | 717.6 |

| **TRANSACTIONS WITH RELATED PARTIES** | **Q1-Q2** | Q1-Q2 | Q1-Q4 |
|---|---|---|---|
| EUR million | **2010** | 2009 | 2009 |
| **Transactions with associated companies** | | | |
| Sales and interest income | **0.2** | 0.3 | 0.5 |
| Purchases of goods and services | **-1.3** | -1.1 | -2.4 |
| Trade and other receivables | **0.1** | 1.5 | 0.0 |
| Trade and other payables | **0.2** | 0.3 | 0.2 |

*Market prices have been used in transactions with associated companies.*

| **OPERATING LEASES** | **Jun 30,** | Jun 30, | Dec 31, |
|---|---|---|---|
| EUR million | **2010** | 2009 | 2009 |
| Current portion | **6.4** | 6.1 | 6.6 |
| Non-current portion | **19.4** | 16.7 | 20.4 |
| **Total** | **25.8** | 22.9 | 27.0 |

| COLLATERALS AND COMMITMENTS<br>EUR million | **Jun 30, 2010** | Jun 30, 2009 | Dec 31, 2009 |
|---|---|---|---|
| **Mortgages** | **73.0** | - | 73.0 |
| **Pledges** | **0.2** | 0.4 | 0.3 |
| **Commitments** | | | |
| Guarantees given on behalf of group companies | **21.2** | 39.2 | 19.6 |
| Guarantees given on behalf of associated companies | **1.0** | 3.1 | 2.1 |
| Capital expenditure commitments | **8.6** | 17.1 | 10.2 |
| Other commitments | **2.7** | 3.5 | 3.6 |

| QUARTERLY DATA<br>EUR million | **Q2 2010** | Q1 2010 | Q4 2009 | Q3 2009 | Q2 2009 | Q1 2009 |
|---|---|---|---|---|---|---|
| **Net sales** | **489.4** | 441.0 | 420.5 | 400.6 | 398.9 | 376.1 |
| Cost of goods sold | **-416.3** | -385.3 | -378.1 | -346.9 | -349.4 | -347.1 |
| **Gross profit** | **73.1** | 55.7 | 42.4 | 53.7 | 49.5 | 29.0 |
| Sales and marketing expenses | **-14.1** | -13.3 | -13.2 | -11.9 | -11.7 | -12.8 |
| R&D expenses | **-5.1** | -4.6 | -5.7 | -5.5 | -4.9 | -5.5 |
| Administrative expenses | **-29.5** | -25.0 | -22.3 | -24.1 | -25.1 | -23.5 |
| Other operating income | **5.9** | 2.1 | 5.3 | 2.0 | 3.5 | 2.7 |
| Other operating expense | **-0.6** | -0.8 | -33.0 | -1.1 | -1.6 | -0.6 |
| **Operating profit / loss** | **29.8** | 14.0 | -26.6 | 13.1 | 9.7 | -10.7 |
| Net financial expenses | **-6.9** | -6.7 | -6.4 | -6.8 | -4.8 | -8.2 |
| Share of profit / loss of associated companies | **-0.4** | -0.0 | -0.4 | 1.0 | -0.3 | 0.4 |
| **Profit / loss before taxes** | **22.5** | 7.4 | -33.4 | 7.3 | 4.7 | -18.6 |
| Income taxes | **-7.4** | -1.9 | 5.5 | -2.4 | -2.2 | 6.2 |
| **Profit / loss for the period** | **15.1** | 5.5 | -27.9 | 4.9 | 2.5 | -12.4 |
| | | | | | | |
| Attributable to | | | | | | |
| Owners of the parent | **15.1** | 5.5 | -27.9 | 4.9 | 2.5 | -12.4 |
| Non-controlling interest | **-** | - | - | - | - | - |

| QUARTERLY DATA BY SEGMENT | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
|---|---|---|---|---|---|---|
| EUR million | **2010** | 2010 | 2009 | 2009 | 2009 | 2009 |
| | | | | | | |
| **Net sales** | | | | | | |
| Fiber Composites | **257.9** | 231.6 | 223.4 | 216.5 | 212.4 | 208.8 |
| Specialty Papers | **234.2** | 212.3 | 199.6 | 185.9 | 188.2 | 170.1 |
| Other operations and eliminations | **-2.7** | -2.9 | -2.5 | -1.8 | -1.7 | -2.8 |
| Group total | **489.4** | 441.0 | 420.5 | 400.6 | 398.9 | 376.1 |
| | | | | | | |
| **Operating profit / loss** | | | | | | |
| Fiber Composites | **14.0** | 9.5 | -30.4 | 8.8 | 5.3 | -2.5 |
| Specialty Papers | **21.1** | 7.7 | 3.8 | 7.3 | 6.8 | -3.4 |
| Other operations and eliminations | **-5.4** | -3.2 | -0.0 | -3.0 | -2.4 | -4.9 |
| Group total | **29.8** | 14.0 | -26.6 | 13.1 | 9.7 | -10.7 |

| KEY FIGURES QUARTERLY | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
|---|---|---|---|---|---|---|
| EUR million | **2010** | 2010 | 2009 | 2009 | 2009 | 2009 |
| | | | | | | |
| Net sales | **489.4** | 441.0 | 420.5 | 400.6 | 398.9 | 376.1 |
| Operating profit / loss | **29.8** | 14.0 | -26.6 | 13.1 | 9.7 | -10.7 |
| Profit / loss before taxes | **22.5** | 7.4 | -33.4 | 7.3 | 4.7 | -18.6 |
| Profit / loss for the period | **15.1** | 5.5 | -27.9 | 4.9 | 2.5 | -12.4 |
| | | | | | | |
| Gearing ratio, % | **50.3** | 55.3 | 57.7 | 81.9 | 92.0 | 99.8 |
| Return on capital employed (ROCE), % | **10.9** | 5.2 | -9.4 | 4.8 | 3.2 | -3.3 |
| Basic earnings per share *, EUR | **0.29** | 0.09 | -0.61 | 0.10 | 0.05 | -0.26 |
| Average number of shares during the period, 1000's | **46,596** | 46,642 | 46,671 | 46,671 | 46,671 | 46,671 |

** With the effect of interest on hybrid bond for the period, net of tax*

## CALCULATION OF KEY FIGURES

| | | |
|---|---|---|
| Interest-bearing net liabilities | Interest-bearing loans and borrowings - Cash and cash equivalents – Other investments (current) | |
| Equity ratio, % | Total equity / Total assets - Advances received | x 100 |
| Gearing ratio, % | Interest-bearing net liabilities / Total equity | x 100 |
| Return on equity (ROE), % | Profit (loss) for the period / Total equity (annual average) | x 100 |
| Return on capital employed (ROCE), % | Profit (loss) before taxes + Financing expenses / Total assets (annual average) - Non-interest bearing liabilities (annual average) | x 100 |
| Basic earnings per share, EUR | Profit (loss) for the period – Non-controlling interest – Interest on hybrid bond for the period after taxes / Average number of shares during the period | |
| Diluted earnings per share, EUR | Profit (loss) for the period – Non-controlling interest – Interest on hybrid bond for the period after taxes / Average diluted number of shares during the period | |
| Equity per share, EUR | Equity attributable to owners of the parent / Number of shares at the end of the period | |