AHLSTROM

Financial Statements Bulletin

2012

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Ahlstrom financial statements bulletin 2012

Strategic transformation progressing; financial performance still weak

Continuing operations October-December 2012 compared with October-December 2011

- Net sales EUR 240.1 million (EUR 242.8 million).
- Operating profit EUR 0.1 million (EUR -3.4 million).
- Operating profit excluding non-recurring items EUR -5.0 million (EUR 0.5 million).
- Operating margin excluding non-recurring items -2.1% (0.2%).
- Profit before taxes EUR -8.2 million (EUR -9.5 million).
- Earnings per share EUR -0.23 (EUR -0.15).

October-December 2012 in brief

- The poor profitability was due to a shortfall in sales volumes across all key markets, adverse product mix, and increased market-related downtime in production to manage inventory levels.
- Ahlstrom's Extraordinary General Meeting approved the demerger of the Label and Processing business, which will be combined with Munksjö AB to form a new global leader in specialty papers. Closing of the first phase of the transaction is expected to take place by the end of the first quarter 2013. It is, however, possible that the completion of the first phase of the planned transaction will not take place until the second quarter of 2013.
- A rightsizing initiative was announced to lower costs by EUR 15 million annually to reflect the future size and scope of the company after the completion of the Label and Processing transaction.
- To strengthen customer relationships and focus on growth; the Filtration business area was divided into two segments – Advanced Filtration and Transportation Filtration.

Continuing operations January-December 2012 compared with January-December 2011

- Net sales EUR 1,010.8 million (EUR 1,025.8 million).
- Operating profit EUR 18.6 million (EUR 2.1 million).
- Operating profit excluding non-recurring items EUR 17.9 million (EUR 29.6 million).
- Operating margin excluding non-recurring items 1.8% (2.9%).
- Profit before taxes EUR -5.7 million (EUR -22.3 million).
- Earnings per share EUR -0.43 (EUR -0.59).

Dividend proposal

- The Board of Directors proposes to the Annual General Meeting that a dividend totaling EUR 0.63 per share be paid for the financial year ended on December 31, 2012.

Outlook for 2013

- Net sales from continuing operations are expected to be EUR 980-1,140 million. The operating profit margin excluding non-recurring items from continuing operations is expected to be 2-5% of net sales.

Jan Lång, President & CEO

- Our financial performance during the fourth quarter and most of the year was clearly disappointing as sales fell below our expectations. Market demand volatility requires a more flexible and responsive cost structure than we have today.
- We have, in line with our strategy, generated solid growth with our strategic global key accounts. We continue our efforts to improve responsiveness to smaller customers.
- We are going through a major transformation of our business portfolio with the Label and Processing demerger. I am confident that our improved focus, together with stronger customer relationships and capabilities, will bring us back to the path of profitable growth.

Key figures from continuing operations

EUR million	Q4/2012	Q4/2011	Change, %	Q1-Q4/ 2012	Q1-Q4/ 2011	Change, %
Net sales	**240.1**	242.8	-1.1	1,010.8	1,025.8	-1.5
Operating profit / loss	**0.1**	-3.4		18.6	2.1	
% of net sales	**0.0**	-1.4		1.8	0.2	
Operating profit excl. NRI	**-5.0**	0.5		17.9	29.6	-39.5
% of net sales	**-2.1**	0.2		1.8	2.9	
Profit / Loss before taxes	**-8.2**	-9.5	13.5	-5.7	-22.3	74.5
Profit / Loss for the period	**-9.8**	-5.8	-68.2	-15.9	-22.1	28.2
Earnings per share	**-0.23**	-0.15		-0.43	-0.59	
Return on capital employed, %	**-2.1**	-2.6		1.6	-0.0	
Capital expenditure	**26.1**	25.6	2.2	74.1	49.8	48.7
Number of personnel, at the end of period	**3,829**	3,918	-2.3	3,829	3,918	-2.3

Operating environment

The operating environment changed little in the fourth quarter, as overall demand was soft with increasing volatility. Geographically, demand in Europe remained weak, while demand in North America slowed down during the review period. Some signs of recovery were seen in the Asian market, and particularly in China. Inventory destocking was visible across Ahlstrom's main markets towards the end of the review period.

In the *Building and Energy* business area, demand for flooring, wallpaper and wallcovering materials in Europe remained stable during the review period. The wallcovering materials market in China showed some signs of improvement following earlier declines. The demand for specialty reinforcements used by the wind energy industry weakened.

In the *Filtration* business area, the market for transportation filtration materials in North America weakened in the fourth quarter. Demand for transportation filtration materials in Europe remained soft. For example, new car registrations in Europe showed a decline of about 10% in the fourth quarter. The advanced filtration material markets served by Ahlstrom, particularly gas turbine, laboratory and life science filtration, continued to strengthen.

In the *Food and Medical* business area, the markets for tape, food packaging and beverage materials (e.g. teabag) remained weak during the review period, while the demand for medical materials was stable.

Market pulp prices increased somewhat in the fourth quarter, while prices for synthetic fibers such as polypropylene and polyester remained stable. Prices for chemicals in general continued to decline. In its production, Ahlstrom uses chemicals such as latex, titanium dioxide, starch, and clay. Natural gas prices eased in Europe, while development was stable in North America.

Development of net sales from continuing operations

Net sales by business area	Q4/2012	Q4/2011	Change, %	Q1-Q4/ 2012	Q1-Q4/ 2011	Change, %
Building and Energy	**56.6**	65.8	-14.0	244.1	296.2	-17.6
Filtration	**84.5**	79.7	6.0	352.7	324.5	8.7
Food and Medical	**87.4**	86.1	1.5	359.4	361.9	-0.7
Other functions* and eliminations	**11.6**	11.3		54.6	43.2	
Total net sales	**240.1**	242.8	-1.1	1,010.8	1,025.8	-1.5

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

October-December 2012 compared with October-December 2011

Ahlstrom's fourth-quarter 2012 net sales decreased by 1.1% to EUR 240.1 million, compared with EUR 242.8 million in the fourth quarter of 2011. The decrease was mainly due to lower sales volumes and capacity closures. Higher selling prices and a favorable currency effect relating to the appreciation of the U.S. dollar against the euro had a positive impact on net sales.

Breakdown of the net sales change at comparable currency rates:

	Change, %
Q4/2011	
Price and mix	1.5
Currency	2.1
Volume	-2.1
Closures, divestments, and new assets	-2.6
Q4/2012	**-1.1**

Total sales volumes in tons fell 4.5% from the comparison period. Sales volumes declined in *Building and Energy* (-18.7%, or -3.8% excluding capacity closures) and in Food *and Medical* (-2.2%). Filtration (1.8%) reported an increase. Total sales volumes, excluding the impact of capacity closures mainly in Building and Energy, decreased by 0.2%.

January-December 2012 compared with January-December 2011

In January-December 2012, net sales decreased by 1.5% to EUR 1,010.8 million, compared with EUR 1,025.8 million in the comparison period. The decline was mainly due to lower sales volumes and capacity closures. Higher selling prices and a favorable currency effect relating to the appreciation of the U.S. dollar against the euro had a positive impact on net sales.

Breakdown of the net sales change at comparable currency rates:

	Change, %
Q1-Q4/2011	
Price and mix	3.4
Currency	3.8
Volume	-5.3
Closures, divestments, and new assets	-3.2
Q1-Q4/2012	**-1.5**

Total sales volumes in tons fell 8.6% from the comparison period. Sales volumes declined in *Building and Energy* (-23.7%, or -4.8% excluding capacity closures), *Food and Medical* (-9.3%). *Filtration* (1.0%) reported again an increase. Total sales volumes, excluding the impact of closures mainly in Building and Energy, decreased by 2.8%.

Result and profitability from continuing operations

Financial result by segment	Q4/2012	Q4/2011	Change, %	Q1-Q4/ 2012	Q1-Q4/ 2011	Change, %
Building and Energy						
Operating profit	**3.0**	-7.7		9.5	-27.8	
% of net sales	**5.3**	-11.7		3.9	-9.4	
Operating profit excl. NRI	**-2.4**	-1.1		3.9	1.2	211.5
% of net sales	**-4.3**	-1.7		1.6	0.4	
Filtration						
Operating profit	**2.6**	4.6	-44.0	16.7	22.8	-26.8
% of net sales	**3.0**	5.8		4.7	7.0	
Operating profit excl. NRI	**2.6**	3.5	-26.8	21.0	22.0	-4.5
% of net sales	**3.0**	4.4		6.0	6.8	
Food and Medical						
Operating profit	**-1.3**	2.0		4.2	12.0	-65.2
% of net sales	**-1.5**	2.4		1.2	3.3	
Operating profit excl. NRI	**-1.4**	1.6		5.2	11.7	-55.8
% of net sales	**-1.6**	1.9		1.4	3.2	
Other functions* and eliminations						
Operating profit	**-4.2**	-2.4		-11.7	-4.9	
Continuing operations total						
Operating profit/loss	**0.1**	-3.4		18.6	2.1	
% of net sales	**0.0**	-1.4		1.8	0.2	
Operating profit excl. NRI	**-5.0**	0.5		17.9	29.6	-39.5
% of net sales	**-2.1**	0.2		1.8	2.9	

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

October-December 2012 compared with October-December 2011

Fourth-quarter 2012 operating profit was EUR 0.1 million (EUR 3.4 million loss), including non-recurring items of EUR 5.1 million (EUR -3.9 million). Operating loss excluding non-recurring items was EUR 5.0 million (EUR 0.5 million profit). The most significant non-recurring items in the fourth quarter of 2012 were the following:

- The Building and Energy business area booked a EUR 4.1 million gain on sales of fixed assets.
- The Building and Energy business area booked a EUR 1.0 million reversal of an unused provision from a landfill clean-up.

In the fourth quarter of 2011, the non-recurring items were related to the profit improvement program.

The decrease in operating profit was due to lower sales volumes across all the key markets towards the end of the year, adverse product mix, and increased market-related downtime in production to manage inventory levels. Increased energy costs stemming from higher natural gas prices in Italy and Brazil also had a negative impact on operating profit.

The profit improvement program implemented at the end of 2011 improved profitability. In addition, reversal of some energy related accruals and temporary lay-offs had a positive effect on profitability.

Ahlstrom's market-related downtime in production was 17.1% in the fourth quarter of 2012, compared with 13.9% in the corresponding period.

The loss before taxes was EUR 8.2 million (EUR 9.5 million loss).

Income taxes amounted to EUR 1.6 million (tax credit EUR 3.7 million). No tax revenues or tax assets were recognized for companies with uncertain profit forecasts or for losses in associated companies. In addition, the effective tax rate was impacted by the relatively large share of pre-tax profits in countries with higher tax rates.

The loss for the period was EUR 9.8 million (EUR 5.8 million loss). Earnings per share with the effect of interest on the hybrid bond were EUR -0.23 (EUR -0.15).

January-December 2012 compared with January-December 2011

In January-December 2012, operating profit was EUR 18.6 million (EUR 2.1 million), including non-recurring items of EUR 0.7 million (EUR -27.5 million). Operating profit excluding non-recurring items was EUR 17.9 million (EUR 29.6 million). The most significant non-recurring items in January-December 2012, in addition to those booked in the fourth quarter, were the following:

- The Filtration business area booked a cost of approximately EUR 4.3 million related to the closure of a plant in Barcelona, Spain.
- In 2011, the most significant non-recurring items included costs to end production of glassfiber and glassfiber mats in Karhula, Finland, the closure of the Bishopville plant in the U.S., and a close down of a hybrid wallcover production line in Turin, Italy. All these assets were part of the Building and Energy business area.

The decrease in operating profit was due to lower sales volumes, adverse product mix, and increased market-related downtime in production. Increased energy costs stemming from higher natural gas prices in Italy and Brazil also had a negative impact on operating profit.

Higher selling prices and the profit improvement program implemented at the end of 2011 improved profitability. In addition, short-term cost mitigation, related to maintenance and temporary lay-offs, had a positive effect on profitability. The 2012 operating profit was also positively affected by the release of annual remuneration accruals from 2011 worth about EUR 2.8 million.

Ahlstrom's market-related downtime in production was 9.7% in 2012, compared with 8.8% in the corresponding period.

The loss before taxes was EUR 5.7 million (EUR 22.3 million loss).

Income taxes amounted to EUR 10.2 million (tax credit EUR 0.2 million). No tax revenues or tax assets were recognized for companies with uncertain profit forecasts or for losses in associated companies. In addition, the effective tax rate was impacted by the relatively large share of pre-tax profits in countries with higher tax rates. Taxes paid amounted to EUR 6.5 million in 2012.

The loss for the period was EUR 15.9 million (EUR 22.1 million loss). Earnings per share including the effect of interest on the hybrid bond were EUR -0.43 (EUR -0.59).

Discontinued operations

Combination of the Label and Processing business and Munksjö AB

On November 27, 2012, Ahlstrom's Extraordinary General Meeting approved the demerger of the Label and Processing businesses, which will be combined with Munksjö AB to form a global leader in specialty papers through two partial demergers: one consisting of the Label and Processing operations in Europe (LP Europe) and one in Brazil (Coated Specialties).

Label and Processing is reported separately as discontinued operations.

The Competition Directorate-General of the EU Commission completed the first phase of its investigation under the EU Merger Regulation into the transaction between Ahlstrom's Label and Processing business and Munksjö AB and opened an in-depth (second phase) investigation into the proposed combination with respect to abrasive backings and pre-impregnated decor paper. The Commission now has until April 29, 2013, to take a final decision on whether the combination would significantly impede effective competition in the European Economic Area (EEA) or any substantial part of it.

Ahlstrom and Munksjö AB continue to work closely with the Commission in order to allow the Commission to complete its review as quickly as possible, aiming at a completion of the demerger of Ahlstrom's Label and Processing business in Europe and other related measures forming the first phase of the planned transaction during the first quarter of 2013. It is, however, possible that the completion of the first phase of the planned transaction will not take place until the second quarter of 2013.

Divestment of the Home and Personal business area

Ahlstrom’s former wipes fabrics business, Home and Personal, was transferred to Suominen Corporation on October 31, 2011. As announced on September 27, 2012, the transfer of the wipes business in Brazil to Suominen Corporation has been postponed. Ahlstrom had previously anticipated that the transfer would have taken place in the third quarter of 2012.

All necessary Brazilian regulatory permits for the operations in addition to competition clearances have been received. The parties are negotiating the prerequisites, including financing of the remaining EUR 25 million of the total transaction value of EUR 170 million, for completing the transaction. The aim is to transfer the operations in Brazil to Suominen as soon as possible.

. Home and Personal was reported separately as discontinued operations until October 31, 2011. For the time being, the Brazilian operation of Home and Personal is reported as discontinued operations.

Result from discontinued operations

In October-December 2012, the profit for the period from discontinued operations was EUR 7.5 million, compared with a EUR 9.1 million loss in the comparison period. The fourth-quarter 2011 figure includes the Home and Personal business area as a whole until October 31, 2011, while the fourth-quarter 2012 figure includes the Brazilian part only. The 2011 figure includes an impairment loss recognized on the re-measurement to fair value and costs to sell of EUR 4.9 million after tax related to the divestment of Home and Personal business.

In January-December 2012, the profit for the period from discontinued operations was EUR 15.1 million, compared with a EUR 10.2 million loss in the comparison period. The 2011 figure includes the Home and Personal business area as a whole until October 31, 2011, while the 2012 figure includes the Brazilian part only. The 2011 figure includes an impairment loss recognized on the re-measurement to fair value and costs to sell of EUR 23.4 million after tax related to the divestment of Home and Personal business.

Result including discontinued operations

In October-December 2012, the loss for the period including discontinued operations was EUR 2.3 million (EUR 14.8 million loss). Earnings per share with the effect of interest on the hybrid bond were EUR -0.07 (EUR -0.34).

Return on equity (ROE) was -1.7% (-9.6%).

In January-December 2012, the loss for the period including discontinued operations was EUR 0.7 million (EUR 32.2 million loss). Earnings per share with the effect of interest on the hybrid bond were EUR -0.10 (EUR -0.81).

Return on equity (ROE) was -0.1% (-4.9%).

Business Area review

Building and Energy

EUR million	Q4/2012	Q4/2011	Change, %	Q1-Q4/ 2012	Q1-Q4/ 2011	Change, %
Net sales	**56.6**	65.8	-14.0	244.1	296.2	-17.6
Operating profit	**3.0**	-7.7		9.5	-27.8	
% of net sales	**5.3**	-11.7		3.9	-9.4	
Operating profit excl. NRI	**-2.4**	-1.1		3.9	1.2	211.5
% of net sales	**-4.3**	-1.7		1.6	0.4	
RONA, %	**9.8**	-24.3		7.7	-19.8	
Sales volumes, 000s tons	**22.4**	27.5	-18.7	96.9	127.1	-23.7

Net sales in October-December 2012 fell by 14.0% to EUR 56.6 million, compared with EUR 65.8 million in October-December 2011. The decline was mainly due to the asset and production line closures in Karhula, Turin, and Bishopville in the fourth quarter of 2011. Net sales were also impacted by inventory destocking by customers.

Operating loss excluding non-recurring items increased to EUR 2.4 million (EUR 1.1 million loss). Lower sales volumes and the consequent increased market-related downtime in production had a negative impact on profitability, offsetting the positive effect of the profit improvement program. The performance of the specialty reinforcements used by the wind energy and marine industries continued to burden the result. Operating profit was EUR 3.0 million (EUR 7.7 million loss).

In January-December 2012, net sales were EUR 244.1 million (EUR 296.2 million) and operating profit excluding non-recurring items was EUR 3.9 million (EUR 1.2 million).

Filtration

EUR million	Q4/2012	Q4/2011	Change, %	Q1-Q4/ 2012	Q1-Q4/ 2011	Change, %
Net sales	**84.5**	79.7	6.0	352.7	324.5	8.7
Operating profit	**2.6**	4.6	-44.0	16.7	22.8	-26.8
% of net sales	**3.0**	5.8		4.7	7.0	
Operating profit excl. NRI	**2.6**	3.5	-26.8	21.0	22.0	-4.5
% of net sales	**3.0**	4.4		6.0	6.8	
RONA, %	**5.4**	11.1		9.0	13.6	
Sales volumes, 000s tons	**26.8**	26.3	1.8	112.0	110.9	1.0

Net sales in October-December 2012 rose by 6.0% to EUR 84.5 million, compared with EUR 79.7 million in October-December 2011. The increase was due to a favorable currency effect and higher sales volumes mainly in advanced filtration. The Munktell acquisition also had a positive impact on advanced filtration sales.

Operating profit excluding non-recurring items fell to EUR 2.6 million (EUR 3.5 million) due to higher marketing costs and increased natural gas prices in Italy. Profitability was hurt by the weakened demand in Transportation Filtration across all key markets. The improved product mix had a positive impact on profitability. Operating profit amounted to EUR 2.6 million (EUR 4.6 million).

In January- December 2012, net sales were EUR 352.7 million (EUR 324.5 million) and operating profit excluding non-recurring items was EUR 21.0 million (EUR 22.0 million).

Food and Medical

EUR million	Q4/2012	Q4/2011	Change, %	Q1-Q4/ 2012	Q1-Q4/ 2011	Change, %
Net sales	**87.4**	86.1	1.5	359.4	361.9	-0.7
Operating profit	**-1.3**	2.0		4.2	12.0	-65.2
% of net sales	**-1.5**	2.4		1.2	3.3	
Operating profit excl. NRI	**-1.4**	1.6		5.2	11.7	-55.8
% of net sales	**-1.6**	1.9		1.4	3.2	
RONA, %	**-2.4**	3.9		2.0	5.7	
Sales volumes, 000s tons	**28.6**	29.2	-2.2	116.6	128.7	-9.3

Net sales in October-December 2012 rose by 1.5% to EUR 87.4 million, compared with EUR 86.1 million in October-December 2011. The increase was due to higher selling prices and a favorable currency effect. Lower volumes due to weak demand for tape, beverage and food packaging products and an exit from some unprofitable markets had, however, a negative impact on net sales.

Operating loss excluding non-recurring items amounted to EUR 1.4 million (EUR 1.6 million profit) due to lower sales volumes and the resulting increase in market related downtime in production at plants. Commercialization of the Longkou plant in China as well as the performance of the Mundra plant in India burdened the result. The improved product mix had a positive impact on profitability. The operating loss amounted to EUR 1.3 million (EUR 2.0 million profit).

In January-December 2012, net sales were EUR 359.4 million (EUR 361.9 million) and operating profit excluding non-recurring items was EUR 5.2 million (EUR 11.7 million).

Financing (including discontinued operations)

Net cash flow from operating activities in October-December 2012 amounted to EUR 15.5 million (EUR 10.9 million), and cash flow after investments was EUR -17.5 million (EUR 95.0 million). In January- December 2012, net cash flow from operating activities amounted to EUR 78.7 million (EUR 83.7 million), and cash flow after investments was EUR 1.2 million (EUR 140.4 million).

As of December 31, 2012, operative working capital amounted to EUR 169.3 million (EUR 176.7 million at the end of 2011). Its turnover was unchanged at 41 days at the end of the review period.

Ahlstrom’s interest-bearing net liabilities stood at EUR 303.4 million (EUR 237.8 million at the end of 2011). Ahlstrom's interest bearing liabilities amounted to EUR 358.9 million (EUR 332.2 million). The modified duration of the loan portfolio (average interest rate fixing period) was 15.3 months and the capital weighted average interest rate was 3.95%. The average maturity of the loan portfolio was 38.9 months.

In October-December 2012, net financial expenses were EUR 4.3 million (EUR 6.9 million). Net financial expenses include net interest expenses of EUR 3.5 million (EUR 3.4 million), a financing exchange rate gain of EUR 0.2 million (EUR 2.7 million loss), and other financial expenses of EUR 0.9 million (EUR 0.8 million).

In January-December 2012, net financial expenses were EUR 18.9 million (EUR 24.9 million). Net financial expenses include net interest expenses of EUR 15.4 million (EUR 16.6 million), a financing exchange rate gain/loss of EUR 0.0 million (EUR 3.7 million loss), and other financial expenses of EUR 3.6 million (EUR 4.6 million).

The company's liquidity continues to be good. At the end of the review period, its total liquidity, including cash and unused committed credit facilities, was EUR 314.8 million (EUR 397.6 million). In addition, the company had undrawn uncommitted credit facilities and cash pool overdraft limits of EUR 151.0 million (EUR 177.5 million) available.

The gearing ratio stood at 55.8% (38.2% at the end of 2011). The equity ratio was 40.0% (43.6% at the end of 2011).

Capital expenditure

Ahlstrom's capital expenditure excluding acquisitions from continuing operations totaled EUR 26.1 million in October-December 2012 (EUR 25.6 million). In January-December 2012, capital expenditure was EUR 74.1 million (EUR 49.8 million). The expenditure includes projects such as the joint venture for the production of crepe papers in Longkou, China, a wallcovering materials production line in Binzhou, China, and the filtration materials saturator capacity increase in Turin completed in 2012.

On September 11, 2012, Ahlstrom announced a new investment in additional capacity in filtration materials at its site in Turin, Italy. The investment of approximately EUR 10 million will be operational by the third quarter of 2013 and will consist of an upgrade to a paper machine producing filter media for transportation and gas turbine applications.

Acquisition of Munktell

On October 25, 2012, Ahlstrom completed the acquisition of Munktell Filter AB as a strategic step to expand the advanced filtration business particularly in life science and laboratory applications. Under the agreement, Ahlstrom acquires 100 percent of the shares in Munktell Filter AB, as well as its holdings in Munktell & Filtrak GmbH, Filtres Fioroni SA and Munktell Inc. The enterprise value of the transaction was approximately EUR 20 million. Through the transaction, Ahlstrom will become a global leader in life science and laboratory media filtration.

Rightsizing program

Following the closing of the Label and Processing demerger, Ahlstrom intends to right size the company's cost base to reflect the new size and scope of the company. The aim is to make the company's cost base leaner while maintaining sufficient resources globally, for example in product development and customer-facing teams. The company’s target is to achieve EUR 15 million in cost savings in addition to the costs that will be transferred to Munksjö within one year of the closing date of the transaction.

The cost savings will be derived from rightsizing the activities and the common cost base of the services worldwide. More details on the cost improvement program will be announced later.

Profit improvement program

In December 2011, Ahlstrom concluded its profit improvement program. The program aimed to improve annual operating profit by approximately EUR 15 million starting from 2012 and affecting 362 employees at various sites, including Karhula in Finland, Bishopville in the U.S., Turin in Italy, Jacarei in Brazil and Osnabrück in Germany. The company recognized a total non-recurring cost of approximately EUR 31.5 million. The overall impact of the non-recurring items of the program is slightly cash positive.

Development programs

Development programs, aimed at enhancing the planning and harmonization of common processes, continued during the review period as communicated earlier. Ahlstrom is aiming to increase customer focus and enhance the management of the entire product and supply chain by strengthening and better aligning global processes.

Waste management program

The project launched in 2010 to reduce material waste in manufacturing was completed during the second quarter of 2012. The targeted reduction of 15% in the annual volume of waste equaling annual savings of about EUR 20 million was fully visible in 2012.

Revised organization

Ahlstrom revised its organization to accelerate growth as of January 1, 2013. The current operating model remains unchanged.

To enable stronger focus on the filtration markets, the Filtration business area was divided into two segments: Transportation Filtration and Advanced Filtration. Ahlstrom's new business areas as of January 1, 2013 are the following: Advanced Filtration, Building and Energy, Food and Medical, and Transportation Filtration. These four business areas form the new reporting segments in Ahlstrom's financial reporting. As announced earlier, the Label and Processing business area is reported as part of discontinued operations.

Personnel

Ahlstrom employed an average of 3,825 people* in January-December 2012 (3,867), and 3,829 people (3,918) at the end of the period. At the end of the period, the highest numbers of employees were in the United States (24.7%), France (16.3%), Finland (10.3%), Italy (8.5%), China (8.2%) and Germany (6.8%).

Changes in the Executive Management Team

On May 18, 2012 Aki Saarinen (b. 1967), M.Sc. (paper technology), MBA, was appointed Executive Vice President, Strategic Business Development, and member of the Executive Management Team as of June 11, 2012,

On October 24, 2012, Tommi Björnman, Executive Vice President, Filtration, and a member of the Executive Management Team, resigned from Ahlstrom effective from December 31, 2012.

On October 24, 2012, Fulvio Capussotti (b. 1972), M.Sc. (Chem. Eng.) was appointed Executive Vice President, Advanced Filtration, and member of the Executive Management team as of January 1, 2013.

On October 30, 2012, Jari Koikkalainen (b. 1965), M.Sc. (Tech), eMBA, was appointed Executive Vice President, Transportation Filtration, and member of the Executive Management Team as of February 1, 2013.

Ahlstrom’s Executive Management Team:

Jan Lång, President & CEO
Seppo Parvi, CFO & deputy to the President
Paula Aarnio, EVP, Human Resources & Sustainability
Daniele Borlatto, EVP, Label and Processing
Fulvio Capussotti, EVP, Advanced Filtration (as of January 1, 2013)
William Casey, EVP, Food and Medical
Jari Koikkalainen, EVP, Transportation Filtration (as of February 1, 2013)
Laura Raitio, EVP, Building and Energy
Rami Raulas, EVP, Sales & Marketing
Luc Rousselet, EVP, Supply Chain

Aki Saarinen, EVP, Strategic Business Development
Paul H. Stenson, EVP, Product & Technology Development

Shares and share capital

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

During January-December 2012, a total of 2.46 million Ahlstrom shares were traded for a total of EUR 32.9 million. The lowest trading price was EUR 11.86 and the highest EUR 15.45. The closing price on December 28, 2012, was EUR 13.23. Market capitalization at the end of the review period was EUR 610.0 million, excluding the shares owned by the parent company and Ahlcorp Oy, which is a management ownership company.

At the end of 2012, Ahlstrom held a total of 269,005 of its own shares, corresponding to approximately 0.58% of total shares and votes.

Ahlstrom Group's equity per share was EUR 9.77 at the end of the review period (December 31, 2011: EUR 11.50).

Increase in Vimpu Intressenter AB's shareholding

On October 2, 2012, Ahlstrom received an announcement from Vimpu Intressenter Ab regarding a change in the shareholding of the said shareholder.

According to the announcement, Vimpu Intressenter's shareholding in Ahlstrom Corporation had on October 2, 2012, exceeded 5% (1/20) of the share capital and voting rights of Ahlstrom Corporation.

Annual General Meeting

Ahlstrom Corporation's Annual General Meeting of Shareholders (AGM) was held on April 4, 2012.

The AGM resolved to distribute a dividend totaling EUR 1.30 per share for the fiscal year that ended on December 31, 2011 from the retained earnings in accordance with the proposal of the Board of Directors: a dividend of EUR 0.87 per share and an extra dividend of EUR 0.43 per share based on cash generated from the divestiture of the Home and Personal business area. In addition, the AGM resolved to reserve EUR 100,000 to be used for donations at the discretion of the Board of Directors.

The AGM approved the financial statements for 2011 and discharged the members of the Board of Directors and the President and CEO from liability for the fiscal year January 1-December 31, 2011.

The AGM confirmed the number of Board members as seven. Sebastian Bondestam, Lori J. Cross, Esa Ikäheimonen, Pertti Korhonen, Anders Moberg and Peter Seligson were re-elected as members of the Board of Directors. Nathalie Ahlström, born 1974, was elected as a new member. The term of the Board of Directors will expire at the close of the next Annual General Meeting.

PricewaterhouseCoopers Oy was re-elected as Ahlstrom's auditor as recommended by the Audit Committee. PricewaterhouseCoopers Oy has designated Authorized Public Accountant Eero Suomela as the Responsible Auditor.

Authorizations to repurchase and distribute the company's own shares as well as to accept them as pledge

The AGM authorized the Board of Directors to repurchase and distribute the Company's own shares as well as to accept them as pledge as proposed by the Board of Directors. The number of shares to be repurchased or accepted as pledge by virtue of the authorization shall not exceed

4,000,000 shares in the Company, yet always taking into account the limitations set forth in the Companies' Act as regards the maximum number of shares owned by or pledged to the Company or its subsidiaries. The shares may be repurchased only through public trading at the prevailing market price by using unrestricted shareholders' equity. The rules and guidelines of NASDAQ OMX Helsinki Oy and Euroclear Finland Ltd shall be followed in the repurchase.

The authorization includes the right for the Board of Directors to decide upon all other terms and conditions for the repurchase of the Company's own shares, or their acceptance as pledge including the right to decide on the repurchase of the Company's own shares otherwise than in proportion to the shareholders' holdings in the Company.

By virtue of the authorization, the Board of Directors has the right to resolve to distribute a maximum of 4,000,000 own shares held by the Company. The Board of Directors will be authorized to decide to whom and in which order the own shares will be distributed. The Board of Directors may decide on the distribution of the Company's own shares otherwise than in proportion to the existing pre-emptive right of shareholders to purchase the Company's own shares. The shares may be used e.g. as consideration in acquisitions and in other arrangements as well as to implement the Company's share-based incentive plans in the manner and to the extent decided 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 authorization also includes the right for the Board of Directors to resolve on the sale of the shares accepted as a pledge. The authorization includes the right for the Board of Directors to resolve upon all other terms and conditions for the distribution of the shares held by the Company.

The authorizations for the Board of Directors to repurchase the Company's own shares, to distribute them as well as to accept them as pledge 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.

Decisions taken by the Board of Directors

After the AGM, the organization meeting of the Board of Directors elected Peter Seligson as Chairman and Pertti Korhonen as Vice Chairman of the Board.

The Board of Directors appointed three permanent committees. The members of the Audit Committee are Esa Ikäheimonen (Chairman), Sebastian Bondestam and Lori J. Cross. The members of the Compensation Committee are Peter Seligson (Chairman), Pertti Korhonen and Anders Moberg. Five persons were appointed as members of the Nomination Committee: Peter Seligson (Chairman), Pertti Korhonen and Anders Moberg as well as non-board members Carl Ahlström and Risto Murto. The composition of the Nomination Committee aims to increase shareholder influence in nomination matters.

Extraordinary General Meeting

Ahlstrom's Extraordinary General Meeting of Shareholders (EGM) was held on November 27, 2012.

Demerger of the Label and Processing business in Europe

The EGM resolved to approve the demerger concerning the Ahlstrom Group's Label and Processing business in Europe ('LP Europe Demerger') in accordance with the demerger plan.

Upon the execution of the demerger concerning the Label and Processing business in Europe, the shareholders of Ahlstrom Corporation will receive as demerger consideration 0.25 new shares in Munksjö Oyj for each share owned in Ahlstrom Corporation (i.e. the exchange ratio is 4:1). In case the number of shares received by a shareholder of the company as demerger consideration would be a fractional number, the fractions will be rounded down to the nearest whole number. No demerger consideration will be paid on the basis of own shares held by Ahlstrom Corporation.

The completion of the demerger is subject to, among other things, approvals of the competition authorities.

Demerger of the Label and Processing business in Brazil

The EGM resolved to approve the demerger concerning the Ahlstrom Group's Label and Processing business in Brazil ('Coated Specialties Demerger') in accordance with the demerger plan.

Upon execution of the demerger concerning the Label and Processing business in Brazil, the shareholders of Ahlstrom Corporation will receive as demerger consideration 0.265 new shares in Munksjö Oyj for each share owned in Ahlstrom Corporation. In case the number of shares received by a shareholder of the company as demerger consideration would be a fractional number, the fractions will be rounded down to the nearest whole number. No demerger consideration will be paid on the basis of own shares held by Ahlstrom Corporation.

The completion of the demerger is subject to, among other things, certain regulatory approvals in Brazil, including the approval of the Brazilian competition authority (CADE).

Change in the Board of Directors

Nathalie Ahlström (M.Sc., Tech) tendered her resignation as a member of Ahlstrom's Board of Directors due to a conflict of interest caused by her taking up a new executive position. The resignation became effective on September 1, 2012.

The Board of Directors will continue with six members until the next Annual General Meeting in 2013: Peter Seligson (Chairman), Pertti Korhonen (Vice Chairman), Sebastian Bondestam, Lori J. Cross, Esa Ikäheimonen and Anders Moberg.

Changes in the Board's Nomination Committee

On June 18, 2012, Ahlstrom's Board of Directors appointed Thomas Ahlström as a non-board member of its Nomination Committee. He replaced Carl Ahlström, who had informed the board that he was no longer available for the position. Thomas Ahlström represents Antti Ahlström Perilliset Oy, which is Ahlstrom's biggest shareholder.

On December 17, 2012, Ahlstrom's Board of Directors appointed Alexander Ehrnrooth as a non-board member of its Nomination Committee. Alexander Ehrnrooth represents Vimpu Intressenter Ab, which is the second-biggest shareholder of Ahlstrom, and Belgrano Investments Oy

In addition to three board members, the Nomination Committee consists of three non-board members representing major shareholders. The composition of the committee aims at increasing shareholder influence in nomination matters.

Events after the review period

On January 17, 2013, Ahlstrom provided preliminary information on net sales and operating profit excluding non-recurring items from continuing operations items for 2012. Net sales were in line with the outlook Ahlstrom issued in November 2012. The operating profit excluding non-recurring items was lower than the company had earlier anticipated because of a weaker sales mix and volumes across all key markets towards the end of the year, as well as longer-than-expected production downtime taken during the last quarter.

Proposal for the distribution of profits

Ahlstrom aims to pay a dividend of not less than one third of the net cash from operating activities after operative investments, calculated as a three-year rolling average to achieve stability in the dividend pay-out. Operative investments include maintenance, cost reduction, and efficiency improvement investments.

The distributable funds on the balance sheet of Ahlstrom Corporation as of December 31, 2012 amounted to EUR 526,131,945.20.

The Board of Directors will propose to the Annual General Meeting that for the financial year which ended on December 31, 2012 a dividend totaling EUR 0.63 per share be paid based on the dividend policy mentioned above.

The dividends will be paid to shareholders registered in the Register of Shareholders held by Euroclear Finland Ltd. on the record date, April 3, 2013. On December 31, 2012, the number of shares of the Company amounted to 46,670,608 based on which the maximum amount that can be distributed as dividend would be EUR 29,402,483. The Board of Directors proposes that the dividend be paid on April 10, 2013.

In addition, the Board of Directors proposes that EUR 75,000 will be reserved for donations at the discretion of the Board.

Outlook

From 2013 onwards, Ahlstrom continues to provide its outlook on net sales as a range in euros. The outlook for operating profit excluding non-recurring items is given as a range in percentage of net sales instead of the euro-based range previously used.

Net sales from continuing operations are expected to be EUR 980-1,140 million in 2013. The operating profit margin excluding non-recurring items from continuing operations is expected to be 2-5% of net sales.

In 2013, investments excluding acquisitions from continuing operations are estimated to be approximately EUR 75 million (EUR 74.1 million in 2012). The estimate includes investments that were already announced in 2011 and 2012, such as the wallcovering materials line Binzhou, China, and the additional capacity in filtration materials in Turin, Italy.

Short-term risks

The global economic outlook remains uncertain with limited visibility. The European economy may face a prolonged slowdown as proposed cuts in public spending and tax increases coupled with record high unemployment reduce disposable incomes. Recent indicators for the U.S. economy continue to be mixed. In Asia the economy in China in particular has shown signs of recovery.

Slower economic growth, or even a temporary contraction, poses risks to Ahlstrom’s financial performance. It may lead to lower sales volumes and force Ahlstrom to initiate more market-related shutdowns at plants, which could affect profitability. The uncertainty related to global economic growth, increased volatility in our main markets and limited visibility are making it more difficult to forecast future developments.

In recent years, Ahlstrom has initiated investment projects, especially in China, that are in a start-up phase, or will be in the near future. The company’s financial performance may be negatively affected by the commercialization of the new production lines.

Ahlstrom's main raw materials are natural fibers, mainly pulp, synthetic fibers, and chemicals. The prices of some of the key raw materials used by Ahlstrom remain at a high level, with volatility.

If global economic growth slows down further, maintaining current sales prices may be at risk and sustaining the current level of profitability may be compromised, even if raw material prices fall at the same time.

The general risks facing Ahlstrom's business operations are described in greater detail on the company website www.ahlstrom.com and in the report by the Board of Directors in the company's Annual Report 2011. The risk management process is also described in the Corporate Governance Statement, also available on the company's website.

* * *

This interim report has been prepared in accordance with 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, January 31, 2013

Ahlstrom Corporation
Board of Directors

Additional information

Jan Lång, President & CEO, tel. +358 (0)10 888 4700
Seppo Parvi, CFO, tel. +358 (0)10 888 4768

Ahlstrom's President & CEO Jan Lång and CFO Seppo Parvi will present the Financials statements bulletin 2012 at a Finnish-language press and analyst conference in Helsinki today, January 31, 2013, at 2:00 p.m. (CET+1). The conference will take place at Event Arena Bank, Unioninkatu 20. The meeting room will be announced on the display board in the lobby.

In addition, President & CEO Lång and CFO Parvi will hold a conference call in English for analysts, investors and representatives of the media today, January 31, 2013, at 4:00 p.m. (CET+1). To participate in the conference call, please dial (09) 6937 9543 in Finland or +44 (0)20 7136 2050 outside Finland a few minutes before the conference begins. The access code is 2482850.

The conference call can also be listened to 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.

Presentation material will be available on January 31 2013, after the Interim Report is published, at www.ahlstrom.com > Investors > Reports and presentations > 2012. Material in Finnish will be available at www.ahlstrom.fi > Sijoittajat > Katsaukset ja presentaatiot > 2012.

Ahlstrom's financial information in 2013

Ahlstrom will publish financial information in 2013 as follows:

Report	Date of publication	Silent period
Interim Report January–March	Thursday, April 25	April 1-25
Interim Report January–June	Wednesday, August 7	July 1-August 7
Interim Report January–September	Thursday, October 24	October 1–24

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

Ahlstrom in brief

Ahlstrom is a high performance fiber-based materials company, partnering with leading businesses around the world to help them stay ahead. Our products are used in a large variety of everyday applications, such as filters, medical gowns and drapes, diagnostics, wallcoverings, flooring and food packaging. We have a leading market position in the businesses in which we operate. In 2012, Ahlstrom's net sales from the continuing operations (excluding Label and Processing business) amounted to EUR 1 billion. Our 3,800 employees serve customers in 28 countries on six continents. Ahlstrom's share is quoted on the NASDAQ OMX Helsinki. More information available at www.ahlstrom.com.

Appendix

Consolidated financial statements

Appendix: Consolidated financial statement

Financial statements are unaudited.

INCOME STATEMENT EUR million	**Q4 2012**	Q4 2011	**Q1-Q4 2012**	Q1-Q4 2011
Continuing operations				
Net sales	**240.1**	242.8	**1,010.8**	1,025.8
Cost of goods sold	**-210.5**	-212.7	**-865.6**	-896.6
Gross profit	**29.6**	30.1	**145.2**	129.2
Sales and marketing expenses	**-11.3**	-10.0	**-42.4**	-37.8
R&D expenses	**-4.3**	-3.6	**-17.1**	-16.1
Administrative expenses	**-19.5**	-17.2	**-75.3**	-67.0
Other operating income	**7.5**	3.3	**10.4**	10.6
Other operating expense	**-1.9**	-5.9	**-2.3**	-16.7
Operating profit / loss	**0.1**	-3.4	**18.6**	2.1
Net financial expenses	**-3.7**	-4.5	**-17.3**	-20.4
Share of profit / loss of equity accounted investments	**-4.6**	-1.6	**-7.1**	-4.0
Profit / loss before taxes	**-8.2**	-9.5	**-5.7**	-22.3
Income taxes	**-1.6**	3.7	**-10.2**	0.2
Profit / loss for the period from continuing operations	**-9.8**	-5.8	**-15.9**	-22.1
Discontinued operations				
Profit/loss for the period	**8.0**	-4.2	**17.4**	13.3
Impairment loss recognized on the remeasurement to fair value and cost to sell	**-0.6**	-4.9	**-2.3**	-23.4
Profit / loss for the period from discontinued operations	**7.5**	-9.1	**15.1**	-10.2
Profit/loss for the period	**-2.3**	-14.8	**-0.7**	-32.2
Attributable to				
Owners of the parent	**-1.6**	-14.6	**0.9**	-32.2
Non-controlling interest	**-0.7**	-0.2	**-1.6**	-0.0
Continuing operations				
Earnings per share, EUR				
- Basic and diluted *	**-0.23**	-0.15	**-0.43**	-0.59
Including discontinued operations				
Earnings per share, EUR				
- Basic and diluted *	**-0.07**	-0.34	**-0.10**	-0.81

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

STATEMENT OF COMPREHENSIVE INCOME EUR million	Q4 2012	Q4 2011	Q1-Q4 2012	Q1-Q4 2011
Profit / loss for the period	**-2.3**	-14.8	**-0.7**	-32.2
Other comprehensive income, net of tax				
Translation differences	**-8.8**	15.5	**-14.5**	-11.9
Share of other comprehensive income of associates	**-0.4**	-	**0.0**	-
Hedges of net investments in foreign operations	**-**	-	**-**	-
Cash flow hedges	**-**	0.1	**-**	-
Other comprehensive income, net of tax	**-9.2**	15.7	**-14.5**	-11.9
Total comprehensive income for the period	**-11.5**	0.8	**-15.3**	-44.1
Attributable to				
Owners of the parent	**-10.8**	1.0	**-13.6**	-44.0
Non-controlling interest	**-0.7**	-0.2	**-1.6**	-0.0

BALANCE SHEET EUR million	Dec 31, 2012	Dec 31, 2011
ASSETS		
Non-current assets		
Property, plant and equipment	**372.9**	553.4
Goodwill	**69.0**	113.8
Other intangible assets	**28.7**	47.6
Equity accounted investments	**29.8**	36.6
Other investments	**0.3**	0.4
Other receivables	**54.9**	51.9
Deferred tax assets	**34.7**	61.2
Total non-current assets	**590.2**	865.0
Current assets		
Inventories	**112.4**	185.8
Trade and other receivables	**158.0**	241.4
Income tax receivables	**0.6**	2.4
Other investments	**-**	-
Cash and cash equivalents	**52.8**	94.0
Total current assets	**323.9**	523.6
Assets classified as held for sale and distribution to owners	**473.7**	42.3
Total assets	**1,387.8**	1,430.8
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent	**450.6**	530.1
Hybrid bond	**80.0**	80.0
Non-controlling interest	**13.3**	12.6
Total equity	**543.9**	622.7
Non-current liabilities		
Interest-bearing loans and borrowings	**201.1**	274.2
Employee benefit obligations	**44.4**	73.3
Provisions	**2.0**	4.5
Other liabilities	**5.5**	4.8
Deferred tax liabilities	**12.4**	28.8
Total non-current liabilities	**265.5**	385.5
Current liabilities		
Interest-bearing loans and borrowings	**177.2**	58.1
Trade and other payables	**196.5**	328.8
Income tax liabilities	**2.7**	5.6
Provisions	**7.2**	20.4
Total current liabilities	**383.7**	412.8
Total liabilities	**649.2**	798.3
Liabilities directly associated with assets classified as held for sale and distribution to owners	**194.7**	9.8
Total equity and liabilities	**1,387.8**	1,430.8

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, 2011	**70.0**	**209.3**	**8.3**	**0.0**	**18.8**	**-6.4**	**323.0**	**623.0**	**0.9**	**80.0**	**703.8**
Profit / loss for the period	-	-	-	-	-	-	-32.2	-32.2	-0.1	-	-32.2
Other comprehensive income, net of tax											
Translation differences	-	-	-	-	-11.9	-	-	-11.9	-	-	-11.9
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	-	-	-
Hedges of net investments in foreign operations	-	-	-	-	-	-	-	-	-	-	-
Cash flow hedges	-	-	-	-	-	-	-	-	-	-	-
Dividends paid and other	-	-	-	-	-	-	-41.1	-41.1	-	-	-41.1
Hybrid bond	-	-	-	-	-	-	-	-	-	-	-
Interest on hybrid bond	-	-	-	-	-	-	-5.6	-5.6	-	-	-5.6
Purchases of own shares	-	-	-	-	-	-3.1	-	-3.1	-	-	-3.1
Share ownership plan for EMT	-	-	-	-	-	-	-	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	11.8	-	11.8
Share-based incentive plan	-	-	-	-	-	2,1	-1,1	1,0	-	-	1,0
Equity at December 31, 2011	**70.0**	**209.3**	**8.3**	**0.0**	**6.9**	**-7.4**	**243.0**	**530.1**	**12.6**	**80.0**	**622.7**

Equity at January 1, 2012	**70.0**	**209.3**	**8.3**	**0.0**	**6.9**	**-7.4**	**243.0**	**530.1**	**12.6**	**80.0**	**622.7**
Profit / loss for the period	-	-	-	-	-	-	0.9	0.9	-1.6	-	-0.7
Other comprehensive income, net of tax											
Translation differences	-	-	-	-	-14.5	-	-	-14.5	-0.1	-	-14.7
Share of other comprehensive income of associates	-	-	-	-	0.0	-	-	0.0	-	-	0.0
Hedges of net investments in foreign operations	-	-	-	-	-	-	-	-	-	-	-
Cash flow hedges	-	-	-	-	-	-	-	-	-	-	-
Dividends paid and other	-	-	-	-	-	-	-60.4	-60.4	-	-	-60.4
Hybrid bond	-	-	-	-	-	-	-	-	-	-	-
Interest on hybrid bond	-	-	-	-	-	-	-5.7	-5.7	-	-	-5.7
Purchases of own shares	-	-	-	-	-	-	-	-	-	-	-
Share ownership plan for EMT	-	-	-	-	-	-	-	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	2.4	-	2.4
Share-based incentive plan	-	-	-	-	-	-	0.3	0.3	-	-	0.3
Equity at December 31, 2012	**70.0**	**209.3**	**8.3**	**0.0**	**-7.6**	**-7.4**	**178.0**	**450.6**	**13.3**	**80.0**	**543.9**

STATEMENT OF CASH FLOWS - including discontinued operations EUR million	**Q4 2012**	Q4 2011	**Q1-Q4 2012**	Q1-Q4 2011
Cash flow from operating activities				
Profit / loss for the period	**-2.3**	-14.8	**-0.7**	-32.2
Adjustments, total	**28.2**	24.2	**116.8**	141.2
Changes in net working capital	**1.6**	17.9	**0.4**	-10.7
Change in provisions	**-3.5**	-1.7	**-10.7**	14.0
Financial items	**-6.0**	-12.2	**-20.6**	-20.8
Income taxes paid / received	**-2.5**	-2.5	**-6.5**	-7.9
Net cash from operating activities	**15.5**	10.9	**78.7**	83.7
Cash flow from investing activities				
Acquisition of Group companies	**-17.6**	-1.2	**-17.6**	-1.0
Purchases of intangible and tangible assets	**-24.3**	-26.0	**-87.5**	-60.0
Other investing activities	**8.9**	111.3	**27.6**	117.7
Net cash from investing activities	**-33.0**	84.1	**-77.5**	56.7
Cash flow from financing activities				
Dividends paid and other	**-**	-0.1	**-60.0**	-41.2
Repurchase of own shares	**-**	-3.1	**-**	-3.1
Investment to Ahlstrom Corporation shares related to share ownership plan for EMT	**-**	-	**-**	-
Payments received on hybrid bond	**-**	-	**-**	-
Interest on hybrid bond	**-7.6**	-7.6	**-7.6**	-7.6
Changes in loans and other financing activities	**32.5**	-13.1	**29.2**	-18.9
Net cash from financing activities	**24.9**	-23.9	**-38.4**	-70.7
Net change in cash and cash equivalents	**7.4**	71.1	**-37.2**	69.7
Cash and cash equivalents at the beginning of the period	**49.1**	21.9	**94.4**	24.6
Foreign exchange adjustment	**-1.0**	1.4	**-1.8**	0.1
Cash and cash equivalents at the end of the period	**55.5**	94.4	**55.5**	94.4

KEY FIGURES	**Q4 2012**	Q4 2011	**Q1-Q4 2012**	Q1-Q4 2011
Continuing operations				
Personnel costs	**-53.8**	-55.7	**-216.3**	-228.3
Depreciation and amortization	**-13.0**	-14.2	**-52.4**	-59.3
Impairment charges	**-**	-2.0	**0.0**	-11.1
Operating profit, %	**0.0**	-1.4	**1.8**	0.2
Return on capital employed (ROCE), %	**-2.1**	-2.6	**1.6**	-0.0
Basic earnings per share *, EUR	**-0.23**	-0.15	**-0.43**	-0.59
Capital expenditure, EUR million	**26.1**	25.6	**74.1**	49.8
Number of employees, average	**3,827**	3,885	**3,825**	3,867
Including discontinued operations				
Personnel costs	**-77.0**	-84.1	**-309.0**	-353.8
Depreciation and amortization	**-16.6**	-20.2	**-72.9**	-92.3
Impairment charges	**0.1**	-10.1	**0.1**	-32.7
Operating profit, %	**3.9**	-2.2	**3.2**	0.1
Return on capital employed (ROCE), %	**4.0**	-4.3	**4.2**	-0.1
Return on equity (ROE), %	**-1.7**	-9.6	**-0.1**	-4.9
Interest-bearing net liabilities, EUR million	**303.4**	237.8	**303.4**	237.8
Equity ratio, %	**40.0**	43.6	**40.0**	43.6
Gearing ratio, %	**55.8**	38.2	**55.8**	38.2
Basic earnings per share *, EUR	**-0.07**	-0.34	**-0.10**	-0.81
Equity per share, EUR	**9.77**	11.50	**9.77**	11.50
Average number of shares during the period, 1000's	**46,105**	46,180	**46,105**	46,282
Number of shares at the end of the period, 1000's	**46,105**	46,105	**46,105**	46,105
Capital expenditure, EUR million	**34.2**	36.3	**90.4**	70.4
Capital employed at the end of the period, EUR million	**902.8**	955.0	**902.8**	955.0
Number of employees, average	**5,150**	5,390	**5,141**	5,666

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

ACCOUNTING PRINCIPLES

This 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 2011. Suominen has been included in the consolidated accounts as an associated company.

ACQUISITIONS IN 2012

In October, Ahlstrom completed the acquisition of Munktell Filter AB. Under the agreement, Ahlstrom acquired 100 percent of the shares in Munktell Filter AB, as well as its holdings in Munktell & Filtrak GmbH, Filters Fioroni SA and Munktell Inc. The enterprise value of the transaction is approximately EUR 21 million. Through the transaction, Ahlstrom became a global leader in life science and laboratory filtration materials. Munktell Filter AB has been incorporated in Ahlstrom's accounts as part of Filtration segment since October 25, 2012. The yearly net sales of the acquired entities amounts to approximately EUR 20 million. Direct costs related to the transaction were EUR 0.7 million and they are booked as administrative expenses in the Group's income statement.

The transaction value exceeded the book value of net assets in Munktell Filter entities by EUR 11.9 million, of which EUR 5.0 million is allocated to intangible assets and EUR 0.4 million to inventories to meet their fair value. Deferred tax liability booking of the allocation amounts to EUR 1.6 million.

The goodwill of EUR 8.1 million that arose from the acquisition reflects the personnel, synergy benefits and expanded business opportunities.

The acquisition had the following effect on the Group's assets and liabilities.

ACQUISITIONS OF BUSINESSES EUR million	Book values	Fair values
Property, plant and equipment	2.4	2.4
Intangible assets	0.0	5.0
Inventories	4.4	4.8
Trade and other receivables	3.1	3.1
Cash and cash equivalents	2.5	2.5
Total assets	12.4	17.8
Deferred tax liabilities	0.2	1.8
Employee benefit obligations	0.2	0.2
Provisions	0.0	0.0
Interest-bearing loans and borrowings	0.2	0.2
Trade and other payables	2.3	2.3
Total liabilities	2.9	4.5
Net assets	9.5	13.2
Goodwill arising in acquisition		8.1
Total purchase price		21.3
Acquisition price paid (in cash)		20.0
Cash (acquired)		-2.5
Net cash outflow		17.6

SEGMENT INFORMATION EUR million	Q4 2012	Q4 2011	Q1-Q4 2012	Q1-Q4 2011
Building and Energy	**56.6**	65.8	**244.1**	296.2
Filtration	**84.5**	79.7	**352.7**	324.5
Food and Medical	**87.4**	86.1	**359.4**	361.9
Other operations	**37.4**	27.6	**127.2**	110.2
Internal sales	**-25.8**	-16.3	**-72.6**	-67.0
Total net sales	**240.1**	242.8	**1,010.8**	1,025.8
Building and Energy	**0.7**	0.7	**3.3**	3.8
Filtration	**2.7**	2.9	**11.2**	9.4
Food and Medical	**6.0**	6.3	**23.9**	34.1
Other operations	**16.3**	6.4	**34.2**	19.7
Total internal sales	**25.8**	16.3	**72.6**	67.0
Building and Energy	**3.0**	-7.7	**9.5**	-27.8
Filtration	**2.6**	4.6	**16.7**	22.8
Food and Medical	**-1.3**	2.0	**4.2**	12.0
Other operations	**-4.2**	-2.3	**-11.8**	-4.8
Eliminations	**0.0**	-0.0	**0.1**	-0.1
Operating profit / loss	**0.1**	-3.4	**18.6**	2.1
Return on capital employed (RONA), %				
Building and Energy	**9.8**	-24.3	**7.7**	-19.8
Filtration	**5.4**	11.1	**9.0**	13.6
Food and Medical	**-2.4**	3.9	**2.0**	5.7
Group (ROCE), %	**-2.1**	-2.6	**1.6**	0.0
Building and Energy	**117.8**	129.4	**117.8**	129.4
Filtration	**201.7**	168.5	**201.7**	168.5
Food and Medical	**211.8**	208.4	**211.8**	208.4
Other operations	**8.2**	5.1	**8.2**	5.1
Eliminations	**-0.2**	-0.3	**-0.2**	-0.3
Total net assets	**539.4**	511.1	**539.4**	511.1
Building and Energy	**8.1**	2.8	**15.9**	7.5
Filtration	**7.6**	11.0	**23.7**	21.8
Food and Medical	**7.1**	9.8	**27.4**	16.4
Other operations	**3.3**	1.9	**7.1**	4.2
Total capital expenditure	**26.1**	25.6	**74.1**	49.8
Building and Energy	**-2.9**	-4.3	**-11.3**	-18.2
Filtration	**-4.1**	-4.4	**-18.6**	-16.7
Food and Medical	**-4.7**	-4.4	**-18.7**	-18.4
Other operations	**-1.3**	-1.1	**-3.9**	-5.9
Total depreciation and amortization	**-13.0**	-14.2	**-52.4**	-59.3

Building and Energy	**-**	-2.0	**0.0**	-11.1
Filtration	**-**	-	**-**	-
Food and Medical	**-**	-	**-**	-
Other operations	**-**	-	**-**	-
Total impairment charges	**-**	-2.0	**0.0**	-11.1
Building and Energy	**5.4**	-6.5	**5.6**	-29.0
Filtration	**-**	1.1	**-4.3**	0.8
Food and Medical	**0.1**	0.4	**-1.0**	0.3
Other operations	**-0.4**	1.1	**0.4**	0.5
Total non-recurring items	**5.1**	-3.9	**0.7**	-27.5

SEGMENT INFORMATION Thousands of tons	Q4 2012	Q4 2011	Q1-Q4 2012	Q1-Q4 2011
Building and Energy	**22.4**	27.5	**96.9**	127.1
Filtration	**26.8**	26.3	**112.0**	110.9
Food and Medical	**28.6**	29.2	**116.6**	128.7
Other operations and eliminations	**12.0**	11.0	**53.4**	47.9
Total sales tons, thousands of tons	**89.8**	94.1	**379.0**	414.6

Segment information is presented according to the IFRS standards.

NET SALES BY REGION - including discontinued operations EUR million	Q4 2012	Q4 2011	Q1-Q4 2012	Q1-Q4 2011
Europe	**204.8**	204.0	**861.8**	981.2
North America	**69.8**	86.2	**307.5**	420.6
South America	**47.7**	51.5	**204.6**	212.8
Asia-Pacific	**47.6**	48.6	**193.5**	202.4
Rest of the world	**8.9**	7.7	**31.3**	35.7
Total net sales	**378.8**	397.9	**1,598.6**	1,852.6

CHANGES OF PROPERTY, PLANT AND EQUIPMENT - including discontinued operations EUR million	Q1-Q4 2012	Q1-Q4 2011
Book value at Jan 1	**573.3**	704.9
Acquisitions through business combinations	**2.4**	-
Additions	**86.5**	69.5
Disposals	**-21.3**	-87.9
Depreciations and impairment charges	**-69.1**	-103.2
Translation differences and other changes	**-7.4**	-10.0
Book value at the end of the period	**564.4**	573.3

TRANSACTIONS WITH RELATED PARTIES - including discontinued operations EUR million	Q1-Q4 2012	Q1-Q4 2011
Transactions with associated companies		
Sales and interest income	**25.6**	5.0
Purchases of goods and services	**-22.1**	-4.2
Trade and other receivables	**7.5**	7.3
Trade and other payables	**1.4**	3.4

Market prices have been used in transactions with associated companies.

OPERATING LEASES - including discontinued operations EUR million	Dec 31, 2012	Dec 31, 2011
Current portion	**6.8**	5.8
Non-current portion	**23.8**	19.7
Total	**30.6**	25.5

COLLATERALS AND COMMITMENTS - including discontinued operations EUR million	Dec 31, 2012	Dec 31, 2011
Mortgages	**73.2**	73.0
Pledges	**0.8**	0.3
Commitments		
Guarantees given on behalf of group companies	**9.5**	19.5
Guarantees given on behalf of associated companies	**15.0**	15.0
Capital expenditure commitments	**22.7**	19.4
Other commitments	**2.1**	3.1

QUARTERLY DATA EUR million	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Continuing operations								
Net sales	**240.1**	248.8	261.6	260.3	242.8	251.9	266.6	264.4
Cost of goods sold	**-210.5**	-210.1	-225.6	-219.4	-212.7	-231.3	-228.0	-224.4
Gross profit	**29.6**	38.8	36.0	40.9	30.1	20.5	38.6	40.0
Sales and marketing expenses	**-11.3**	-10.4	-10.5	-10.2	-10.0	-9.0	-9.2	-9.6
R&D expenses	**-4.3**	-4.2	-4.3	-4.2	-3.6	-4.5	-3.7	-4.3
Administrative expenses	**-19.5**	-18.9	-19.2	-17.6	-17.2	-17.6	-18.0	-14.2
Other operating income	**7.5**	0.6	1.3	1.0	3.3	1.0	4.7	1.6
Other operating expense	**-1.9**	-0.3	-0.0	-0.1	-5.9	-9.6	-0.5	-0.6
Operating profit / loss	**0.1**	5.5	3.2	9.9	-3.4	-19.2	11.8	12.9
Net financial expenses	**-3.7**	-4.7	-4.7	-4.1	-4.5	-5.5	-5.8	-4.6
Share of profit / loss of equity accounted investments	**-4.6**	-0.8	-1.7	0.0	-1.6	-1.1	-1.3	-0.0
Profit / loss before taxes	**-8.2**	0.0	-3.2	5.8	-9.5	-25.8	4.7	8.3
Income taxes	**-1.6**	-6.2	-0.5	-1.9	3.7	3.9	-3.6	-3.7
Profit / loss for the period from continuing operations	**-9.8**	-6.2	-3.7	3.8	-5.8	-21.9	1.1	4.5
Discontinued operations								
Profit/loss for the period	**8.0**	-0.4	5.3	4.5	-4.2	3.7	8.8	5.1
Impairment loss recognised on the remeasurement to fair value and cost to sell	**-0.6**	1.1	-2.4	-0.4	-4.9	-0.2	-18.4	-0.1
Profit / loss for the period from discontinued operations	**7.5**	0.7	2.9	4.1	-9.1	3.5	-9.6	5.0
Profit/loss for the period	**-2.3**	-5.5	-0.8	7.9	-14.8	-18.4	-8.6	9.6
Attributable to								
Owners of the parent	**-1.6**	-5.0	-0.8	8.2	-14.6	-18.4	-8.6	9.4
Non-controlling interest	**-0.7**	-0.5	-0.1	-0.3	-0.2	-0.0	-0.0	0.2

QUARTERLY DATA BY SEGMENT EUR million	**Q4 2012**	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Net sales								
Building and Energy	**56.6**	56.0	63.0	68.5	65.8	68.9	79.6	82.0
Filtration	**84.5**	87.4	93.3	87.5	79.7	78.7	83.8	82.3
Food and Medical	**87.4**	93.7	89.4	89.0	86.1	91.5	90.9	93.4
Other operations and eliminations	**11.6**	11.8	15.9	15.3	11.3	12.8	12.4	6.7
Group total	**240.1**	248.8	261.6	260.3	242.8	251.9	266.6	264.4
Operating profit / loss								
Building and Energy	**3.0**	2.0	1.9	2.7	-7.7	-23.4	0.2	3.1
Filtration	**2.6**	5.1	3.0	6.1	4.6	4.5	6.6	7.1
Food and Medical	**-1.3**	2.4	0.9	2.2	2.0	4.2	2.9	3.0
Other operations and eliminations	**-4.2**	-3.9	-2.5	-1.0	-2.4	-4.4	2.2	-0.3
Group total	**0.1**	5.5	3.2	9.9	-3.4	-19.2	11.8	12.9
Operating profit / loss excl. NRI								
Building and Energy	**-2.4**	1.7	1.9	2.7	-1.1	-0.9	0.2	3.1
Filtration	**2.6**	5.3	6.8	6.3	3.5	4.2	6.1	8.2
Food and Medical	**-1.4**	3.1	1.3	2.2	1.6	4.3	2.9	3.0
Other operations and eliminations	**-3.8**	-3.6	-3.4	-1.4	-3.5	-1.4	0.8	-1.2
Group total	**-5.0**	6.6	6.6	9.8	0.5	6.1	9.9	13.1
Sales tons, thousands of tons								
Building and Energy	**22.4**	22.2	25.0	27.4	27.5	30.3	34.6	34.7
Filtration	**26.8**	27.4	29.7	28.1	26.3	27.0	29.2	28.4
Food and Medical	**28.6**	28.9	29.1	30.0	29.2	32.4	33.3	33.7
Other operations and eliminations	**12.0**	11.8	14.8	14.8	11.0	13.2	12.7	11.0
Group total	**89.8**	90.3	98.7	100.3	94.1	102.9	109.9	107.8

KEY FIGURES QUARTERLY EUR million	**Q4 2012**	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Continuing operations								
Net sales	**240.1**	248.8	261.6	260.3	242.8	251.9	266.6	264.4
Operating profit / loss	**0.1**	5.5	3.2	9.9	-3.4	-19.2	11.8	12.9
Profit / loss before taxes	**-8.2**	0.0	-3.2	5.8	-9.5	-25.8	4.7	8.3
Profit / loss for the period	**-9.8**	-6.2	-3.7	3.8	-5.8	-21.9	1.1	4.5
Return on capital employed (ROCE), %	**-2.1**	2.6	0.8	5.1	-2.6	-11.4	6.4	7.5
Basic earnings per share *, EUR	**-0.23**	-0.15	-0.11	0.06	-0.15	-0.50	-0.01	0.06
Including discontinued operations								
Net sales	**378.8**	395.1	416.0	408.7	397.9	466.2	496.8	491.6
Operating profit / loss	**14.8**	10.3	8.2	17.1	-8.9	-13.5	3.6	20.8
Profit / loss before taxes	**4.2**	1.2	1.6	12.5	-17.4	-20.7	-4.4	15.5
Profit / loss for the period	**-2.3**	-5.5	-0.8	7.9	-14.8	-18.4	-8.6	9.6
Gearing ratio, %	**55.8**	50.4	51.5	38.3	38.2	54.3	52.6	48.4
Return on capital employed (ROCE), %	**4.0**	2.9	2.8	7.2	-4.3	-5.7	1.1	8.2
Basic earnings per share *, EUR	**-0.07**	-0.14	-0.05	0.15	-0.34	-0.43	-0.21	0.17
Average number of shares during the period, 1000's	**46,105**	46,105	46,105	46,105	46,180	46,350	46,349	46,248

** 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
Return on capital employed (RONA), %	Operating profit/loss / Working capital (annual average) + Property, plant and equipment and Intangible assets (annual average)	x 100
Basic earnings per share, EUR	Profit (loss) for the period - Non-controlling interest - Interest on hybrid bond for the period, net of tax / 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, net of tax / Average diluted number of shares during the period	
Equity per share, EUR	Equity attributable to owners of the parent / Number of outstanding shares at the end of the period	