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**AHLSTROM'S PROFITABILITY IMPROVING DESPITE WEAK MARKETS**

Ahlstrom, a leader in high performance fiber-based materials, reports nine-month profitability markedly higher than last year. Operating income increased to EUR 70.6 million (EUR 30.4 million) in January-September 2002, while comparable net sales were approximately at the same level as one year earlier. Reported net sales for January-September were EUR 1 372.7 million (EUR 1 612.1) million with the decline mainly attributable to divested non-core businesses. Income before extraordinary items and taxes was EUR 49.1 million (EUR 6.1 million). Earnings per share were EUR 0.89 (EUR -0.14).

**THE THIRD QUARTER IN BRIEF**

- Operating income of EUR 19.6 million significantly up from the corresponding period in 2001 (EUR 12.8 million)
- As a result of strong cash flow net interest-bearing debt was reduced to EUR 439 million (at the end of June 2002 EUR 476 million)
- Ahlstrom will expand its nonwoven and filtration business in South Korea
- The markets for the rest of the year remain challenging

EUR million	Jul-Sep		Pro forma		Pro forma	
	2002	2001	2002	2001	Rolling 12 mts	Jan-Dec 2001
Net sales	397	490	1 373	1 612	1 811	2 050
Operating income	20	13	71	30	59	19
Income before extraordinary items and taxes	13	5	49	6	32	-11
Net income	4	1	31	4	19	-8
Gearing (%)	61.2	78.8	61.2	78.8	61.2	75.9
Return on net assets (%)	6.5	4.0	7.3	4.0	4.5	2.3
Earnings per share (Euro)	0.15	-0.02	0.89	-0.14	0.81	-0.23

Juha Rantanen, CEO, says: "Despite challenging market conditions we have been able to improve our performance markedly with internal measures. As market circumstances are not expected to improve in the short term, our focus remains on serving our customers, cost management and cash flow generation."

**January-September 2002**

The figures for 2001 are pro forma due to the split of A. Ahlstrom Corporation in June 2001.

The Group's operating income was EUR 70.6 million (EUR 30.4 million). Net income was EUR 31.4 million (EUR 3.9 million). The nine-month EPS (Earnings per share) improved significantly to EUR 0.89, compared with EUR -0.14 a year earlier for the same period.

Net sales amounted to EUR 1 372.7 million (EUR 1 612.1 million), 15% down on the previous year's figure. Approximately 90 percent of the net sales decrease were attributable to the divested non-core businesses. Comparable net sales, i.e. without sold businesses, were EUR 1 239.1 million (EUR 1 260.0 million). The volumes sold showed an increase of approximately 2% from previous year.

The share of profits from operative associated companies amounted to EUR 2.5 million, which is EUR 5.6 million less than in 2001 (EUR 8.1 million). The decline is due to the divestment of the Group's share in the energy company Ahlstrom Development Corporation (ADC) in the US in June 2001.

Total net financing expense was EUR 21.5 million (EUR 24.3 million). Net interest expenses were EUR 11.4 million (EUR 24.8 million). Interest expenses benefited from decreased interest rates, from a one-time interest income of EUR 0.6 million in the first quarter and from the decrease of net interest-bearing debt. The foreign exchange loss, mainly arising from translation of trade receivables denominated in US dollars, was EUR 6.7 million (gain EUR 0.9 million).

Income before extraordinary items and taxes was EUR 49.1 million (EUR 6.1 million). Income taxes totaled EUR -16.5 million (EUR -10.5 million). Return on net assets (RONA) was 7.3% (4.0%) and return on equity (ROE) 6.1% (-0.8%).

**July-September 2002**

The Group's financial performance in July-September showed a strong improvement compared with the same period last year. Operating income increased to EUR 19.6 million (EUR 12.8 million). The third quarter profitability was, however, weaker than the previous quarters due to annual maintenance stops in the fiber business. Net income was EUR 4.5 million (EUR 0.9 million). Earnings per share came to EUR 0.15 (EUR -0.02).

Ahlstrom's net sales in the third quarter were EUR 396.7 million (EUR 489.9 million). The decrease year on year is attributable to the divested businesses (Kamtech). Comparable net sales, i.e. without Kamtech, were EUR 396.7 million (EUR 401.1 million) and approximately at the same level with the previous year. The volumes sold were approximately 3.5% higher mainly due to add-on acquisitions during this year.

Total net financing expense was EUR 6.9 million (EUR 7.7 million). Net interest expenses for the third quarter were EUR 3.9 million (EUR 5.2 million). The foreign exchange loss was EUR 0.7 million (EUR 2.0 million).

Income before extraordinary items and taxes was EUR 12.6 million (EUR 5.1 million). Return on net assets (RONA) was 6.5% (4.0%) and return on equity (ROE) 3.1% (-0.2%).

### **Major changes in Ahlstrom's business activities**

Earlier this year, in June 2002, Ahlstrom sold its North American construction company Kamtech to Lauren Engineers and Constructors, Inc.. Kamtech is a specialized pulp and paper mill construction and construction management company. Net sales for Kamtech in 2001 were approximately EUR 300 million and the company employs 235 people.

In June 2002, Ahlstrom announced that its Specialties division and the Technocell Dekor division of Felix Schoeller Holding in Germany intend to establish a joint venture company for the production of pre-impregnated furniture papers. Both companies operate production plants for specialty papers in Osnabrück, Germany.

In May 2002, Ahlstrom acquired Papelera del Bésos, the Spanish filtration media and specialty paper supplier. Net sales for Papelera del Bésos in 2001 were EUR 13 million and the company employs approximately 80 people.

### **Capital expenditures**

Capital expenditures in the first nine months totaled EUR 55.0 million (EUR 165.0 million), in line with the Group's plan for the year. The main investments during January-September 2002 were the purchase of the wetlaid nonwoven business of BBA and the acquisition of Papelera del Bésos.

In September, Ahlstrom decided to invest during 2002-2003 approximately EUR 16 million in its production facility in Osnabrück, Germany. The target is to further improve the performance of one of Ahlstrom's main paper machines.

In September, Ahlstrom decided to expand its production in Hyun Poong, South Korea with a EUR 28 million investment in a second production line for nonwoven and filtration products. The new line is anticipated to be in commercial production during 2004. The expansion is in line with Ahlstrom's goal to support customers globally in high performance fiber solutions.

### **Financing and financial position**

Net cash from operating activities increased to EUR 121.5 million (EUR 109.5 million) during the first nine months of 2002, mainly as a result of increased operating income and lower financing costs.

Net interest-bearing debt decreased by EUR 97.8 million to EUR 439.1 million (EUR 536.9 million) during January-September due to a healthy cash flow and currency translation effect, as the euro strengthened against the US dollar. The currency translation effect was approximately EUR 23 million.

At September 30, 2002, gearing (net interest-bearing debt to equity ratio) was 61.2% (75.9% as per Dec 31, 2001) and the equity ratio was 43.2% (38.1% as per Dec 31, 2001).

## Personnel

At the end of September, Ahlstrom had 6,697 employees, 240 less than at the end of September 2001 (6,937). The decline is mainly attributable to the sold businesses but it also reflects ongoing restructuring.

## Events after the review period

There have been no significant events after the close of the review period.

## Outlook

The markets for the rest of the year remain challenging, mainly because of the continuing economic and industry uncertainties.

The company will continue to focus on cost reduction, performance improvement and strong cash flow generation. Ahlstrom expects the operating and net income for the full year to be significantly better than for 2001.

## BUSINESS PERFORMANCE

### FiberComposites

EUR million	Jan-Sep 2002	Jan-Sep 2001	Change, %
Net sales	524.1	500.4	4.7
Operating income	44.7	23.2	92.7
Operating income, %	8.5	4.6	

Net sales in January-September were EUR 524.1 million (EUR 500.4 million), a 4.7% increase over the same period last year mainly due to recently acquired businesses. Operating income increased significantly and amounted to EUR 44.7 million (EUR 23.2 million) mainly due to streamlining of operations and improved plant performance which was achieved by minimizing waste and reducing downtime. The division has also successfully integrated the operations of the acquired filtration media and specialty paper producer, Papelera del Bésos.

The division's third quarter net sales were EUR 168.6 million (EUR 161.3 million). Third quarter operating income was EUR 15.5 million (EUR 9.8 million).

Business activity was varied, with demand for filtration products and nonwovens slightly improving during the third quarter of 2002. Reinforcement products' demand remained at a high level. A weaker dollar had a negative impact on net sales partially offsetting the volume gains as the majority of the FiberComposites division's sales are denominated in other currencies than euro. Despite improved volumes in the third quarter, the company does not expect any further major recovery of demand in nonwovens and filtration media during the final quarter of 2002.

As part of ongoing focus on improving performance, Ahlstrom has completed negotiations with employees to close down the 2.2 meter glasstissue machine in Karhula, Finland. Approximately 20 positions will be reduced due to this closure.

## LabelPack

EUR million	Jan-Sep 2002	Jan-Sep 2001	Change, %
Net sales	389.5	430.0	-9.4
Operating income	19.6	13.3	47.4
Operating income, %	5.0	3.1	

Net sales in January-September were EUR 389.5 million (EUR 430.0 million), 9.4% less than the same period last year mainly due to decrease in pulp prices passed on to the customer. Profitability improved from the same period last year and operating income was EUR 19.6 million (EUR 13.3 million).

The division's third quarter net sales were EUR 121.9 million (EUR 132.1 million). Third quarter operating income was EUR 5.4 million (EUR 7.9 million).

Release liner plants have performed according to our expectations in 2002. The Kauttua plant in Finland and the Rottersac plant in France have improved their performance from 2001. The development of the higher value product mix at the Ascoli plant in Italy has not progressed as planned – profitability remains low. Overall demand for the division's products has decreased slightly during the third quarter and the rest of the year seems challenging.

The division continues to focus on controlling costs and improving utilization of existing capacity.

## Specialties

EUR million	Jan-Sep 2002	Jan-Sep 2001	Change, %
Net sales	306.2	309.8	-1.2
Operating income	9.6	6.2	54.8
Operating income, %	3.1	2.0	

Net sales were EUR 306.2 million (EUR 309.8 million), approximately at the same level as the same period last year. Operating income in January-September was EUR 9.6 million, 54.8 percent higher than last year.

The division's third quarter net sales were EUR 99.6 million (EUR 94.5 million), approximately 5% higher than last year. Third quarter operating income was, however, impacted by low production performances of Osnabrück, Germany, and Pont Audemer, France, plants and was EUR 0.3 million (EUR 1.2 million).

Demand has been stable in the third quarter in all product lines. However, certain product lines in the division have suffered from weak market conditions, which has resulted in lower unit prices.

Construction work for a new converting plant of paper mill cores started in June in China. The plant is expected to start its operation during the last quarter of this year.

The division is continuing to implement cost reduction measures to improve profitability. The implementation is estimated to be finalized during the last quarter of the year.

### Other businesses

EUR million	Jan-Sep 2002	Jan-Sep 2001	Change, %
Net sales	154.1	371.1	-58.5
Net sales, divested businesses excluded	20.5	19.0	7.9
Operating income	-0.2	-6.4	193.8
Operating income, divested businesses excluded	-1.3	-9.4	86.2

Ahlstrom Group's other businesses on a continuing basis contributed EUR 20.5 million (EUR 19.0 million) to net sales in January-September. A major part of these figures is attributable to the Tecno Jolly plant in Italy and the Kuban plant in Russia, which remained in Ahlstrom's ownership upon conclusion of the Åkerlund & Rausing divestment. The operating loss of these operations, adjusted for divested businesses, in January-September was EUR -1.3 million (EUR -9.4 million).

In addition, the Group's other businesses consist of the businesses divested in 2001 and 2002. The main divestments were Åkerlund & Rausing flexible packaging business (sold in 2001), the energy company Ahlstrom Development Corporation (sold in 2001), and the construction company Kamtech (sold in 2002).

Net sales of the divested businesses included in the Group's figures for the first nine months of 2002 were EUR 133.6 million (EUR 352.1 million). The corresponding operating income was EUR 1.1 million (EUR 3.0 million).

This report is unaudited.

Helsinki, November 6, 2002  
Ahlstrom Corporation,  
Board of Directors

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### AHLSTROM

Ahlstrom is a leader in high performance fiber-based materials serving niche markets worldwide. Our fiber solutions are used in a large variety of everyday products for the environment, health care, transport, packaging and home & office. The company whose heritage spans more than 150 years, is headquartered in Helsinki, Finland, employs approximately 6,700 people and serves customers with sales networks and production facilities in more than 20 countries on five continents. Today, annual net sales of Ahlstrom's fiber solutions business are more than EUR 1.7 billion (US\$ 1.7 billion). The company website is [www.ahlstrom.com](http://www.ahlstrom.com).

**AHLSTROM GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS** (unaudited)

<b>INCOME STATEMENT</b>	<b>7-9</b>	7-9	<b>1-9</b>	1-9	1-12
Eur million	<b>2002</b>	2001	<b>2002</b>	2001	2001
<b>Net sales</b>	<b>397</b>	490	<b>1 373</b>	1 612	2 050
Expenses	<b>-349</b>	-449	<b>-1 224</b>	-1 500	-1 904
Other income and expense <sup>1)</sup>	<b>1</b>	2	<b>9</b>	12	7
Depreciation and amortization	<b>-29</b>	-30	<b>-87</b>	-94	-134
<b>Operating income</b>	<b>20</b>	13	<b>71</b>	30	19
Net financial items	<b>-7</b>	-8	<b>-22</b>	-24	-30
<b>Income before extraordinary items and taxes</b>	<b>13</b>	5	<b>49</b>	6	-11
Extraordinary items	<b>-1</b>	2	<b>-1</b>	9	0
Income taxes <sup>2)</sup>	<b>-8</b>	-5	<b>-17</b>	-10	4
Minority interests	<b>0</b>	-1	<b>0</b>	-1	-1
<b>Net income/loss</b>	<b>4</b>	1	<b>31</b>	4	-8

1) Includes share of net income from associated companies.

2) Taxes are stated as the tax corresponding to the result for the reported period.

The figures of 2001 are pro forma due to the split of A. Ahlstrom Corporation on June 30, 2001.

<b>BALANCE SHEET</b>	<b>Sep 30</b>	Sep 30	Dec 31
Eur million	<b>2002</b>	2001	2001
<b>Noncurrent assets</b>			
Intangible assets	<b>148</b>	160	169
Tangible assets	<b>709</b>	778	787
Long-term investments	<b>36</b>	39	39
	<b>893</b>	977	995
<b>Current assets</b>			
Inventories	<b>240</b>	261	250
Receivables	<b>475</b>	621	581
Cash and cash equivalents	<b>55</b>	59	53
	<b>770</b>	941	884
<b>Total assets</b>	<b>1 663</b>	1 918	1 879
Shareholders' equity	<b>716</b>	713	705
Minority interests	<b>2</b>	3	3
Provisions for contingencies	<b>38</b>	62	67
<b>Long-term liabilities</b>			
Interest-bearing	<b>243</b>	342	331
Non interest-bearing	<b>94</b>	112	101
	<b>337</b>	454	432
<b>Current liabilities</b>			
Interest-bearing	<b>263</b>	302	261
Non interest-bearing	<b>307</b>	384	411
	<b>570</b>	686	672
<b>Total shareholders' equity and liabilities</b>	<b>1 663</b>	1 918	1 879

<b>STATEMENT OF CASH FLOWS</b>	<b>7-9</b>	7-9	<b>1-9</b>	1-9	1-12
Eur million	<b>2002</b>	2001	<b>2002</b>	2001	2001
Operating income before change in working capital	<b>39</b>	24	<b>133</b>	107	139
Change in working capital	<b>24</b>	19	<b>13</b>	48	85
<b>Cash generated from operations</b>	<b>63</b>	43	<b>146</b>	155	224
Financial items	<b>-17</b>	-8	<b>-16</b>	-25	-40
Income taxes	<b>7</b>	11	<b>-8</b>	-21	-24
<b>Net cash from operations</b>	<b>53</b>	46	<b>122</b>	109	160
Capital expenditure	<b>-16</b>	-65	<b>-55</b>	-165	-212
Other investing activities	<b>2</b>	102	<b>4</b>	168	175
<b>Cash flow before financing activities</b>	<b>39</b>	83	<b>71</b>	112	123
Dividends paid	<b>0</b>	0	<b>-13</b>	-25	-25
Other financing activities	<b>-37</b>	-93	<b>-55</b>	-97	-115
<b>Net change in cash and cash equivalents</b>	<b>2</b>	-10	<b>3</b>	-10	-17

<b>KEY FIGURES</b>		<b>7-9</b>	7-9	<b>1-9</b>	1-9	1-12
Eur million		<b>2002</b>	2001	<b>2002</b>	2001	2001
Operating income	%	<b>4,9</b>	2,6	<b>5,1</b>	1,9	0,9
Return on net assets (RONA)	%	<b>6,5</b>	4,0	<b>7,3</b>	4,0	2,3
Return on equity (ROE)	%	<b>3,1</b>	-0,2	<b>6,1</b>	-0,8	-1,0
Net interest-bearing debt	EUR mill.	<b>439</b>	564	<b>439</b>	564	537
Equity ratio	%	<b>43,2</b>	37,8	<b>43,2</b>	37,8	38,1
Gearing	%	<b>61,2</b>	78,8	<b>61,2</b>	78,8	75,9
Earnings per share	EUR	<b>0,15</b>	-0,02	<b>0,89</b>	-0,14	-0,23
Average number of shares outstanding	1 000's	<b>36 411</b>	36 348	<b>36 411</b>	36 348	36 348
Equity per share	EUR	<b>19,66</b>	19,60	<b>19,66</b>	19,60	19,39
Number of shares outstanding	1 000's	<b>36 418</b>	36 348	<b>36 418</b>	36 348	36 348
Capital expenditure	EUR mill.	<b>16</b>	65	<b>55</b>	165	212
Net assets (end of period)	EUR mill.	<b>1 224</b>	1 360	<b>1 224</b>	1 360	1 301
Average number of employees		<b>6 782</b>	7 275	<b>6 815</b>	7 778	7 671

The figures of 2001 are pro forma due to the split of A. Ahlstrom Corporation on June 30, 2001.

Net interest bearing debt	Total interest bearing liabilities - Short-term investments - Cash and cash equivalents	
Equity ratio	$\frac{\text{Shareholders' equity} + \text{Minority interest}}{\text{Total assets} - \text{Advances received}}$	x 100
Gearing ratio	$\frac{\text{Net interest bearing debt}}{\text{Shareholders' equity} + \text{Minority interest}}$	x 100
Return on equity (ROE)	$\frac{\text{Income/loss before extraordinary items and taxes} - \text{Taxes on ordinary activities}}{\text{Shareholders' equity (annual average)} + \text{Minority interest (annual average)}}$	x 100
Return on net assets (RONA)	$\frac{\text{Income/loss before extraordinary items and taxes} + \text{Interest and other financing expense}}{\text{Total assets (annual average)} - \text{Non-interest bearing liabilities (annual average)}}$	x 100
Earnings per share	$\frac{\text{Income/loss before extraordinary items and taxes} - \text{Taxes on ordinary activities} +/- \text{Minority interest}}{\text{Adjusted number of shares over the fiscal year}}$	
Equity per share	$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the fiscal year}}$	



**QUARTERLY DATA**

Eur million	1-3/2001	4-6/2001	7-9/2001	10-12/2001	1-3/2002	4-6/2002	7-9/2002
<b>Net sales</b>	584	538	490	438	491	485	<b>397</b>
Expenses <sup>1)</sup>	-540	-506	-449	-378	-444	-431	<b>-349</b>
Other income and expense <sup>1)</sup>	7	1	2	-15	4	2	<b>1</b>
Depreciation and amortization <sup>1)</sup>	-33	-29	-30	-31	-29	-29	<b>-29</b>
Exceptional items	0	-4	0	-25	2	0	<b>0</b>
<b>Operating income</b>	18	0	13	-11	24	27	<b>20</b>
Net financial items	-11	-5	-8	-5	-4	-11	<b>-7</b>
<b>Income before extraordinary items and taxes</b>	7	-5	5	-16	20	16	<b>13</b>
Extraordinary items	-7	14	2	-9	0	0	<b>-1</b>
Income taxes <sup>2)</sup>	-7	2	-5	14	-6	-3	<b>-8</b>
Minority interests	0	0	-1	0	0	0	<b>0</b>
<b>Net income/loss</b>	<b>-7</b>	<b>11</b>	<b>1</b>	<b>-11</b>	<b>14</b>	<b>13</b>	<b>4</b>
Operating income <sup>1)</sup>	17	4	13	13	24	27	20
Operating income, % <sup>1)</sup>	3,0	0,7	2,6	3,0	4,9	5,6	5,0

1) Excluding exceptional (one-time) items.

2) Taxes are stated as the tax corresponding to the result for the reported period.

**KEY INDICATORS BY QUARTER**

Eur million	1-3/2001	4-6/2001	7-9/2001	10-12/2001	1-3/2002	4-6/2002	7-9/2002
<b>Net sales</b>							
FiberComposites	169	170	161	164	176	180	<b>168</b>
LabelPack	152	145	132	137	132	136	<b>122</b>
Specialties	111	104	94	95	102	105	<b>99</b>
Other operations and eliminations	10	-4	15	-28	6	2	<b>8</b>
<b>Continuing operations total</b>	442	415	402	368	416	423	<b>397</b>
Discontinued operations	142	123	88	70	75	62	<b>0</b>
<b>Group total</b>	584	538	490	438	491	485	<b>397</b>
<b>Operating income</b>							
FiberComposites	7,2	6,2	9,8	10,7	13,5	15,7	<b>15,5</b>
LabelPack	1,5	3,9	7,9	5,8	6,2	8,0	<b>5,4</b>
Specialties	4,6	0,4	1,3	0,6	4,1	5,3	<b>0,2</b>
Other operations and eliminations	-0,2	-9,6	-5,6	-27,7	-0,5	-2,4	<b>-1,5</b>
<b>Continuing operations total</b>	13,1	0,9	13,4	-10,6	23,3	26,6	<b>19,6</b>
Discontinued operations	4,3	-0,7	-0,6	-1,3	1,3	-0,2	<b>0</b>
<b>Group total</b>	17,4	0,2	12,8	-11,9	24,6	26,4	<b>19,6</b>

The figures of January to June 2001 are pro forma due to the split of A. Ahlstrom Corporation on June 30, 2001.

<b>CONTINGENT LIABILITIES</b>	<b>Sep 30</b>	Dec 31
Eur million	<b>2002</b>	2001
<b>For own liabilities</b>		
Loans from financing institutions		
amount of loans	<b>12,3</b>	12,2
amount of mortgages	<b>30,5</b>	16,3
Other loans		
amount of loans	<b>0,4</b>	0,1
book value of pledges	<b>0,4</b>	0,1
<b>For other own commitments</b>		
Guarantees	<b>34,1</b>	34,2
<b>For commitments of third parties</b>		
Guarantees	<b>125,8</b>	1,0
<b>Leasing commitments</b>		
Current portion	<b>4,7</b>	7,3
Long-term portion	<b>11,0</b>	32,6
<b>Other contingent liabilities</b>	<b>20,0</b>	26,4

	Nominal values		Fair values <sup>2)</sup>	
<b>FINANCIAL INSTRUMENTS</b> <sup>1)</sup>	<b>Sep 30</b>	Dec 31	<b>Sep 30</b>	Dec 31
Eur million	<b>2002</b>	2001	<b>2002</b>	2001
<b>Interest rate derivatives</b>				
Forward and future contracts		47,5		
Swaps	<b>22,3</b>	25,4	<b>-1,6</b>	-1,1
<b>Foreign exchange forward contracts</b>				
Forward contracts	<b>182,9</b>	196,9	<b>0,6</b>	3,0
<b>Equity hedging</b>				
Forward contracts	<b>188,2</b>	170,3	<b>0,6</b>	-0,8

1) The values illustrate the extent of the hedging activities and do not as such measure the risk exposure of Ahlstrom.

2) The fair values of interest rate swaps are based on actually quoted market rates at period ends. The fair values of all other financial instruments have been calculated from prevailing market rates at period ends.