Helsinki, July 30, 2003

Comparable figures refer to the same period last year unless otherwise stated

Ahlstrom Corporation's Interim Report for January-June, 2003

DIFFICULT MARKET SITUATION CONTINUED

Ahlstrom, a leader in high performance fiber-based materials, reports a second quarter result declining on the previous year. Operating profit was EUR 16.5 million, compared with EUR 26.5 million a year earlier, representing a 4.2% margin (5.5%). Operating profit in January-June amounted to EUR 48.2 million (1-6/2002: EUR 51.0 million).The figure for the first half of 2003 includes a capital gain of EUR 4.6 million from asset sales.

Second quarter net sales amounted to EUR 396.5 million, against EUR 484.6 million for the same period in 2002. Net sales in January-June totaled EUR 813.4 million (EUR 975.9 million) with the decline mainly attributable to the divested businesses in 2002. Ahlstrom's business environment is expected to remain uncertain in the near future.

January-June 2003 in brief

- Weak second quarter result due to low demand, increased raw material prices, affect of USD exchange rate and strikes at the French plants in April
- Cash flow from operations remained healthy bringing the net debt down to EUR 323.8 million (end of December 2002: EUR 401.5 million)
- The largest division, FiberComposites, improved its result compared with last year
- Full-year operating profit estimate revised to be approximately on the same level as in 2002

Key figures

EUR million	**4-6/2003**	4-6/2002	**1-6/2003**	1-6/2002	2002
Net sales	**396.5**	484.6	**813.4**	975.9	1,778.0
Operating profit	**16.5**	26.5	**48.2**	51.0	92.4
Profit before extraordinary items and taxes	**13.4**	15.7	**39.4**	36.5	67.9
Net profit	**6.5**	12.8	**21.3**	26.9	55.2
Gearing (%)	**45.1**	66.9	**45.1**	66.9	55.2
Return on capital employed (ROCE),%	**6.2**	6.8	**8.5**	7.7	7.5
Earnings per share (Euro)	**0.18**	0.35	**0.59**	0.74	1.42

Ahlstrom Corporation
P.O.Box 329, Eteläesplanadi 14
FIN-00101 Helsinki, Finland

Tel. +358 (0)10 8880
Fax: +358 (0)10 888 4709

firstname.lastname@ahlstrom.com
www.ahlstrom.com

Juha Rantanen, President & CEO, says:

”The adverse external environment with weak demand, increased raw material prices, and a strong euro had a negative impact on our second quarter performance. Despite this, we continue focusing on our main strategy of performance improvement and tight working capital management. We are also seeking attractive growth opportunities in line with our strategy.”

Financial performance in January-June 2003

The Group's operating profit amounted to EUR 48.2 million, compared with EUR 51.0 million a year ago. Net profit for the first-half was EUR 21.3 million (EUR 26.9 million). Earnings per share were EUR 0.59, compared with EUR 0.74 a year earlier.

Net sales amounted to EUR 813.4 million (EUR 975.9 million), 16.7% down on the previous year's figure. The decline in net sales was mainly attributable to the divested non-core businesses in 2002 (construction company Kamtech), but it also reflects the strengthening of the euro against other currencies. Comparable net sales decreased by 3.0% compared with the same period last year (1-6/2002: EUR 838.8 million).The volumes sold showed an increase of 2.7% from the previous year.

The share of profits from the operative associated companies amounted to EUR 1.5 million (EUR 1.8 million).

Total net financial expenses were EUR 8.8 million (EUR 14.6 million). Net interest expenses were EUR 5.3 million (EUR 7.5 million) with a reduction due to lower interest-bearing net debt and lower interest costs. The foreign exchange losses were EUR 2.9 million (EUR 5.9 million).

Profit before extraordinary items and taxes was EUR 39.4 million (EUR 36.5 million). Income tax expenses totaled EUR 17.8 million (EUR 9.3 million). Return on capital employed (ROCE) was 8.5% (7.7%) and return on equity (ROE) 6.0% (7.6%).

Financing and financial position

Net cash flow from operating activities decreased slightly to EUR 68.4 million during the first half of 2003 (EUR 70.3 million).

Interest-bearing net debt decreased by EUR 77.7 million to EUR 323.8 million (end of December, 2002: EUR 401.5 million) as a result of a healthy cash flow, divestment of the co-generation facility in the USA, and low capital expenditure. In addition, the interest-bearing net debt decrease is due to currency affect, as the euro strengthened against the US dollar.

Gearing (interest-bearing net debt to equity ratio) was 45.1% (31 Dec. 2002: 55.2%) and the equity ratio was 46.8% (31 Dec. 2002: 45.4%).

Business developments by division in January-June

FiberComposites division

The division's business areas include nonwoven fabrics, filtration media and glass nonwovens. The division reported better financial performance in January-June compared with 2002, despite difficult market conditions.

EUR million	**1.1.-30.6.2003**	1.1.-30.6.2002	Change, %
Net sales	**337.4**	355.5	-5.1
Operating profit	**36.2**	29.2	24.2
Operating profit, %	**10.7**	8.2	

The division's operating profit was EUR 36.2 million (EUR 29.2 million), representing a 10.7% margin (8.2%). Operating profit includes a EUR 4.6 million gain on sales of power generating facility in the USA. Operating profit excluding capital gain was EUR 31.6 million, representing a 9.4% margin. The performance improvement is also due to the streamlining of operations and improved plant performance. Return on net assets (RONA) was 13.5% (9.6%).

Volumes sold grew by 8.5% on the previous year. This is mainly due to the acquired businesses and investments in late 2001 and last year. However, the division's net sales decreased by 5.1% to EUR 337.4 million (EUR 355.5 million). The decrease was mainly attributable to the stronger euro against other currencies, as over 60% of the division's net sales are non-euro denominated.

Market development

Nonwoven fabrics

Demand for nonwoven fabrics remained soft in the second quarter and was below first quarter levels. Significant improvements are not expected short term due to uncertain world economy; however, North American demand showed a slight improvement during the course of Q2. Medical and wallcoverings nonwoven fabrics deliveries continued their growth and the positive trend is expected to continue. Construction of the Windsor Locks, CT new manufacturing line - decided in February 2003 - is on schedule to start its operations in the second quarter of 2004.

Filtration media

The growth in filtration materials demand slowed down during the second quarter while still exceeding 2002 levels; the effect was mostly experienced in North America while Europe, South America and Asia progressed despite the sars threat on economic development in Asia. 2003 expectations remain reasonable and the division expects to post year-on-year volume gains in filtration materials.

The capacity expansion and capability improvement projects in Korea, Italy, and Brazil are progressing on schedule. At the end of June the division announced a new production line investment in Turin, Italy with an aim to serve filtration customers with expanded new capabilities. The new line will start in October, 2004.

Glass nonwovens

Demand for glass nonwovens continued with the same weakness experienced during the first quarter; demand compared to 2002 was at a lower level in 2003. The exception was glass tissue which continued to show strong progress. Glass nonwovens business area expects a slight demand improvement during the second half of 2003.

LabelPack division

The division consists of release liners and packaging & label papers business areas (face stock, one side coated papers and calendered papers). The division reported slightly improved financial performance compared with the same period last year. However, increased prices of raw materials and strikes at the French plants in April had a negative impact on the division's result for January-June.

EUR million	**1.1.-30.6.2003**	1.1.-30.6.2002	Change, %
Net sales	**261.5**	267.6	-2.3
Operating profit	**15.2**	14.2	6.7
Operating profit, %	**5.8**	5.3	

The division's net sales decreased by 2.3% to EUR 261.5 million (EUR 267.6 million). The volumes sold increased by 2.3% on the previous year. The division's net sales were affected by the strong euro in non-euro denominated sales.

The division reported an operating profit of EUR 15.2 million during January-June (EUR 14.2 million), representing a 5.8% margin (5.3%). Return on net assets (RONA) was 10.8% (9.1%).

Market Development

The market situation during the second quarter was weaker than during the first quarter for all product lines. EUR/USD rate had a strong negative effect on overseas sales.

Release liners

Production as well as sales volumes have been on a good level throughout the period. Strike at the French plant in April had a negative effect for the product line. The demand is expected to continue at the current level.

Self-adhesive facestock

The self-adhesive facestock production continued to show good volumes during the review period. However, the market situation was weakening compared to first quarter of 2003. The demand is expected to continue at the current level.

Coated one side papers

Demand for the flexible packaging papers was soft throughout the period. Demand for wet glue and metalizing label papers was stronger than during the first quarter due to the peak season of the industry. Strike at the French plant had a negative impact on the product line's result. Generally, the market conditions are expected to remain soft also in the near future.

Calandered papers

Market for calandered papers for flexible packaging was weak throughout the period. However, the colored and specialty papers enjoyed a quite good demand. Demand for calandered papers is expected to remain soft and no clear improvements are to be seen in the near future.

Ahlstrom

Specialties division

The Specialties division consists of three business areas; technical papers for printing & furnishing, technical papers for processing and protection and cores & board. The division's operating profit was significantly down especially for wallpapers, poster papers and furniture foils due to low demand and decreased sales prices.

EUR million	**1.1.-30.6.2003**	1.1.-30.6.2002	Change, %
Net sales	**203.0**	206.6	-1.7
Operating profit	**4.0**	9.3	-56.5
Operating profit, %	**2.0**	4.5	

The division's net sales decreased by 1.7% to EUR 203.0 million (EUR 206.6 million). Volumes sold remained at the same level as in 2002 but sales prices were impacted by difficult market conditions. Return on net assets (RONA) was 3.9% (8.0%).

Market development

Printing & furnishing

Weak economic conditions, especially in Germany, decreased the volumes compared to the previous quarter, mainly impacting negatively on wallpaper and furniture foil product lines. Demand for poster papers decreased in Western Europe as advertising activities stagnated during May-June. Abrasive base paper volumes continued on a positive trend and the volumes grew compared to the first quarter. Generally market conditions are still expected to be rather soft during the coming months and market related downtime may be taken during the third quarter. The rebuild of Osnabrück PM6 will be completed in the beginning of August which will further strengthen the production of new grades.

Processing & protection

The whole business area performed steadily during the second quarter with more volumes sold than during the first quarter. Especially the crepe product line increased its offering within masking and medical base papers. Additionally, Kauttua (Finland) PM4 capacity increase investment was completed in June which will further strengthen the offering to customers. Vegetable parchment and cotton and gasket product lines volumes and revenues improved slightly compared to the first quarter and market outlook is expected to remain stable, being still rather soft especially on the packaging side.

Cores & Board

Demand for cores and tubes remained weak in Continental Europe, mainly because of low operating rates in paper and textile industry. Generally the market conditions were soft, especially in coreboard and in engineered tubes, resulting in an unsatisfactory volume and performance during 2nd quarter. New core plants in Russia and in China have increased their volumes. Business outlook remains uncertain, mainly due to low demand in customer industries.

Co-operation negotiations in the Karhula, Finland plant were completed in June. As a result, annual cost savings from personnel reductions will amount to EUR 2 million.

Other operations

Ahlstrom Group's other operations on a continuing basis contributed EUR 14.9 million (EUR 13.2 million) to net sales in January-June. A major part of this figure is attributable to the Tecno Jolly plant in Italy and the Kuban plant in Russia. The operating profit of these operations and the associated company Jujo Thermal Ltd was EUR 0.9 million (EUR 0.7 million).

Changes in business activities

In January 2003, Ahlstrom announced the sale of its remaining North American power generating operations to Algonquin Power Management, Inc. The sale of the 56MW co-generation facility based in Windsor Locks, Connecticut was valued at EUR 28 million. The sale is consistent with Ahlstrom's strategic decision to focus on high performance fiber based manufacturing operations and to divest non-core assets.

Capital expenditure

Capital expenditure for January-June amounted to 25.6 million (EUR 38.9 million), 34% below the previous year's figure, as new investments decided in the beginning of the year have not affected the cash flow yet. Total investments for the full year are expected to be higher than in 2002 (EUR 83.1 million).

Shares and share capital

At the end of June 2003, the share capital of Ahlstrom Corporation was EUR 54.6 million and the total number of shares was 36,418,419 with a nominal value of EUR 1.50 per share.

The Annual General Meeting of Ahlstrom Corporation held on May 9, 2003 resolved to distribute a dividend of EUR 0.55 per share for 2002 as proposed by the Board of Directors. The AGM approved the Company's and the Group's income statement and balance sheet, and discharged the members of the Board of Directors and CEO of the Company from liability for the financial year 2002.

Personnel

On 30 June 2003, Ahlstrom had 6,779 employees (6,866). The average number of employees during the review period was 6,682 (6,900).

Organizational changes

On 19 June, 2003 the Board of Directors of Ahlstrom Corporation confirmed the following appointments within the Corporate Executive Team (CET):

President of Specialties division, member of the CET, **Risto Anttonen**, was appointed CET member responsible for Commercial Operations with effect from 1 July, 2003. Commercial Operations are made up of purchasing and sales network management as well as corporate communications and marketing excluding financial communications which is part of CFO responsibility.

Patrick Jeambar was appointed CET member responsible for Health, Safety and Environment starting on 1 January, 2004. He serves currently as Vice President, Industrial Nonwovens of the FiberComposites division.

Leif Frilund was appointed CET member and President of the Specialties division starting on 1 January, 2004. He serves currently as Vice President and General Manager of the Cores and Board business area of the Specialties division.

Outlook for 2003

Ahlstrom expects the market environment to remain challenging in the near future. Business visibility is expected to remain poor also during the second half of the year due to continuing economic uncertainty. Demand for Ahlstrom's main products is expected to vary by business also during the third quarter.

Due to the low demand, the decreased result for the second quarter, and the weak business visibility the company has adjusted its full-year profitability estimate. Assuming no further adverse market development, the company estimates an operating profit for 2003 to be approximately on the same level as for 2002.

Financial information in 2003

Ahlstrom Corporation will publish its Interim Report for January-September on 29 October, 2003.

Helsinki, 30 July, 2003
Ahlstrom Corporation
Board of Directors

For additional information, please contact: Bjarne Mitts, CFO,
tel. +358 (0)10 888 4760.

Ahlstrom in brief

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 6,600 people and serves customers with sales networks and production facilities in more than 20 countries on five continents. In 2002, annual net sales of Ahlstrom's fiber solutions business were approximately EUR 1.8 billion. The company website is www.ahlstrom.com.

AHLSTROM GROUP
CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

INCOME STATEMENT	**4-6**	4-6	**1-6**	1-6	1-12
Eur million	**2003**	2002	**2003**	2002	2002
Net sales	**396**	485	**813**	976	1 778
Expenses	**-355**	-431	**-719**	-875	-1 582
Other income and expense 1)	**1**	2	**7**	8	12
Depreciation and amortization	**-26**	-29	**-53**	-58	-115
Operating profit	**17**	27	**48**	51	92
Net financial items	**-3**	-11	**-9**	-15	-24
Profit before extraordinary items and taxes	**13**	16	**39**	36	68
Extraordinary items	**0**	0	**0**	0	3
Income taxes 2)	**-7**	-3	**-18**	-9	-17
Minority interest	**0**	0	**0**	0	1
Net profit	**6**	13	**21**	27	55

1) Includes share of net profit from associated companies.
2) Taxes are stated as the tax corresponding to the result for the reported period.

BALANCE SHEET	**Jun 30**	Jun 30	Dec 31
Eur million	**2003**	2002	2002
Non-current assets			
Intangible assets	**129**	151	144
Tangible assets	**634**	720	696
Long-term investments	**37**	40	38
	799	911	878
Current assets			
Inventories	**242**	240	241
Receivables	**451**	534	448
Cash and cash equivalents	**45**	53	35
	738	827	724
Total assets	**1 537**	1 738	1 602
Shareholders' equity	**717**	710	726
Minority interest	**1**	1	1
Provisions for contingencies	**42**	56	52
Long-term liabilities			
Interest-bearing	**168**	275	219
Non interest-bearing	**102**	95	95
	270	370	314
Current liabilities			
Interest-bearing	**212**	267	226
Non interest-bearing	**294**	334	283
	506	601	509
Total shareholders' equity and liabilities	**1 537**	1 738	1 602

STATEMENT OF CASH FLOWS Eur million	**4-6 2003**	4-6 2002	**1-6 2003**	1-6 2002	1-12 2002
Operating profit before change in working capital	**38**	47	**92**	94	201
Change in working capital	**11**	-5	**-8**	-11	-17
Cash generated from operations	**49**	42	**84**	83	184
Financial items	**-4**	-12	**-9**	-7	-15
Income taxes	**-5**	-3	**-7**	-6	-5
Net cash from operations	**40**	27	**68**	70	164
Capital expenditures	**-17**	-23	**-26**	-38	-83
Other investing activities	**2**	-3	**26**	0	5
Cash flow before financing activities	**25**	1	**68**	32	86
Dividends paid	**-20**	-13	**-20**	-13	-13
Other financing activities	**-7**	7	**-38**	-18	-89
Net change in cash and cash equivalents	**-2**	-5	**10**	1	-16

KEY FIGURES Eur million		**4-6 2003**	4-6 2002	**1-6 2003**	1-6 2002	1-12 2002
Operating profit	%	**4,2**	5,5	**5,9**	5,2	5,2
Return on capital employed (ROCE)	%	**6,2**	6,7	**8,5**	7,7	7,5
Return on equity (ROE)	%	**3,6**	7,2	**6,0**	7,6	7,1
Net interest-bearing debt	EUR mill.	**324**	476	**324**	476	402
Equity ratio	%	**46,8**	41,0	**46,8**	41,0	45,4
Gearing ratio	%	**45,1**	66,9	**45,1**	66,9	55,2
Earnings per share	EUR	**0,18**	0,35	**0,59**	0,74	1,42
Average number of shares outstanding	1 000's	**36 418**	36 407	**36 418**	36 407	36 413
Equity per share	EUR	**19,70**	19,50	**19,70**	19,50	19,93
Number of shares outstanding	1 000's	**36 418**	36 418	**36 418**	36 418	36 418
Capital expenditure	EUR mill.	**17**	23	**26**	38	83
Capital employed (end of period)	EUR mill.	**1 099**	1 254	**1 099**	1 254	1 172
Number of employees, average		**6 673**	6 906	**6 682**	6 900	6 761

Net interest bearing debt	Total interest bearing liabilities - Short-term investments - Cash and cash equivalents	
Equity ratio	Shareholders' equity + Minority interest Total assets - Advances received	x 100
Gearing ratio	Net interest bearing debt Shareholders' equity + Minority interest	x 100
Return on equity (ROE)	Profit/loss before extraordinary items and taxes - Taxes on ordinary activities Shareholders' equity (annual average) + Minority interest (annual average)	x 100
Return on capital employed (ROCE)	Profit/loss before extraordinary items and taxes + Interest and other financing expense Total assets (annual average) - Non-interest bearing liabilities (annual average)	x 100
Earnings per share	Profit/loss before extraordinary items and taxes - Taxes on ordinary activities +/- Minority interest Adjusted number of shares over the fiscal year	
Equity per share	Shareholders' equity Adjusted number of shares at the end of the fiscal year	
Net assets (divisions only)	Capital employed - Cash and cash equivalents + Net tax liability	
Return on net assets (RONA) (divisions only)	Operating profit/loss Annual average of Net assets	x 100

QUARTERLY DATA

Eur million	1-3/2002	4-6/2002	7-9/2002	10-12/2002	1-3/2003	**4-6/2003**
Net sales	491	485	397	405	417	**396**
Expenses [1)]	-444	-431	-349	-352	-364	**-355**
Other income and expense [1)]	6	2	1	3	1	**1**
Depreciation and amortization [1)]	-29	-29	-29	-28	-27	**-26**
Exceptional items	0	0	0	-6	5	0
Operating profit	25	27	20	22	32	**17**
Net financial items	-4	-11	-7	-3	-6	**-3**
Profit before extraordinary items and taxes	21	16	13	19	26	**13**
Extraordinary items	0	0	-1	5	0	**0**
Income taxes [2)]	-6	-3	-8	-1	-11	**-7**
Minority interests	0	0	0	1	0	**0**
Net profit	14	13	4	24	15	**6**
Operating profit [1)]	25	27	20	28	27	**17**
Operating profit, % [1)]	5,0	5,5	4,9	6,8	6,5	**4,2**

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	1-3/2002	4-6/2002	7-9/2002	10-12/2002	1-3/2003	**4-6/2003**
Net sales						
FiberComposites	176	180	168	169	172	**166**
LabelPack	132	136	122	122	135	**126**
Specialties	102	105	99	100	105	**98**
Other operations and eliminations	8	6	8	14	5	**6**
Continuing operations total	418	427	397	405	417	**396**
Discontinued operations	73	58	0	0	0	**0**
Group total	491	485	397	405	417	**396**
Operating profit						
FiberComposites	13,5	15,7	15,5	18,3	21,7	**14,5**
LabelPack	6,2	8,0	5,4	7,7	10,8	**4,4**
Specialties	4,1	5,3	0,2	-4,5	3,2	**0,8**
Other operations and eliminations	-0,5	-2,4	-1,5	0,3	-4,0	**-3,2**
Continuing operations total	23,3	26,6	19,6	21,8	31,7	**16,5**
Discontinued operations	1,3	-0,2	0	0	0	**0**
Group total	24,6	26,4	19,6	21,8	31,7	**16,5**

CONTINGENT LIABILITIES Eur million	**Jun 30** **2003**	Dec 31 2002
For own liabilities		
Loans from financing institutions		
amount of loans	**6,3**	9,6
amount of mortgages	**30,5**	30,7
For own commitments		
Guarantees	**55,5**	32,0
Book value of pledges	**0,7**	
For commitments of third parties		
Guarantees	**111,3**	118,1
Leasing commitments		
Current portion	**6,3**	7,0
Long-term portion	**25,1**	24,7
Other contingent liabilities	**11,4**	9,3

	Nominal values		Fair values [2]	
DERIVATIVE FINANCIAL INSTRUMENTS [1] Eur million	**Jun 30** **2003**	Dec 31 2002	**Jun 30** **2003**	Dec 31 2002
Interest rate derivatives				
Interest rate swaps	**38,1**	20,4	**-1,5**	1,5
Foreign exchange derivatives				
Foreign exchange forward contracts	**160,0**	170,9	**-0,2**	4,9
Options bought	**0,9**	3,8		0,1
Options sold	**0,9**	1,9		
Equity hedging				
Foreign exchange forward contracts	**287,5**	195,3	**2,7**	5,0

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.