

AHLSTROM

Financial  
Statements  
Release  
2016

Ahlstrom Corporation FINANCIAL STATEMENTS RELEASE January 27, 2017

## Ahlstrom Financial Statements Release 2016

### Record high profitability in 2016 with accelerated sales growth in the last quarter of the year

#### October-December 2016 compared with October-December 2015

- Net sales EUR 266.1 million (EUR 255.0 million). At constant currency rates, growth was 4.9%.
- Adjusted EBITDA EUR 26.4 million (EUR 21.6 million), representing 9.9% (8.5%) of net sales
- Operating profit EUR 8.0 million (EUR 16.4 million loss)
- Adjusted operating profit EUR 14.4 million (EUR 7.6 million), representing 5.4% (3.0%) of net sales
- Profit before taxes EUR 4.8 million (EUR 20.5 million loss)
- Earnings per share EUR 0.00 (EUR -0.46)
- Net cash flow from operating activities EUR 26.9 million (EUR 23.3 million)

#### January-December 2016 compared with January-December 2015

- Net sales EUR 1,085.9 million (EUR 1,074.7 million). At constant currency rates, growth was 2.6%.
- Adjusted EBITDA EUR 130.9 million (EUR 104.8 million), representing 12.1% (9.7%) of net sales
- Operating profit EUR 70.8 million (EUR 21.9 million)
- Adjusted operating profit EUR 80.6 million (EUR 47.5 million), representing 7.4% (4.4%) of net sales
- Profit before taxes EUR 56.3 million (EUR 22.6 million. The comparison figure includes a capital gain of EUR 20.3 million from share sales.)
- Earnings per share EUR 0.61 (EUR 0.06)
- Net cash flow from operating activities EUR 125.8 million (EUR 60.0 million)

#### Major events

- Ahlstrom announced a plan to merge with Munksjö Oyj to create a leader in sustainable and innovative-fiber solutions. In conjunction, Sakari Ahdekivi was appointed interim President & CEO of Ahlstrom. He replaced Marco Levi, who left the company in November as a consequence of the merger announcement.
- The Extraordinary General Meetings of Ahlstrom and Munksjö approved the merger on January 11, 2017. The transaction is expected to be completed at the beginning of the second quarter of 2017.
- The EGM of Ahlstrom also authorized the Board of Directors to distribute an extraordinary dividend of EUR 0.49 per share in lieu of an annual payout

#### Sakari Ahdekivi, interim President & CEO

"In 2016, we achieved an all-time high profitability in the current structure of the company and our balance sheet is much stronger than before. During the latter part of the year we also demonstrated our ability to grow, something we have lacked in the past few years, and achieved remarkable growth in net sales of close to 5% at constant currency rates in the last quarter of the year. In addition to higher sales, we also benefited from improved operational efficiency and lower variable costs. Our business units made good progress and the majority improved their sales and operating profits throughout the year.

We have executed on our strategy at an accelerated pace. Our margins have clearly increased thanks to improved commercial excellence, a leaner operating model, higher capacity utilization

and our ability to capture new growth opportunities. As a result, we came close to achieving our 2018 profitability target of above 8% adjusted operating profit margin already in 2016.

The planned merger with Munksjö Oyj is a major strategic milestone in the recent history of Ahlstrom. This combination will create a leader in innovative and sustainable fiber-based solutions. The deal will create substantial value to our stakeholders by offering further opportunities for growth and improved operational efficiency. A strong balance sheet and cash generation will support growth of the combined company. The focus will now be on completing the merger and the subsequent integration of the two companies."

## Outlook

Ahlstrom does not provide an outlook for the year 2017 due to the planned merger with Munksjö, which is expected to be completed at the beginning of the second quarter of 2017.

## Key figures

EUR million	Q4/2016	Q4/2015	Change, %	2016	2015	Change, %
<b>Net sales</b>	266.1	255.0	4.4	1 085.9	1 074.7	1.0
<b>EBITDA</b>	20.0	14.8	34.6	121.1	96.4	25.6
% of net sales	7.5	5.8		11.2	9.0	
Adjustment items included in EBITDA	-6.4	-6.7		-9.8	-8.3	
<b>Adjusted EBITDA</b>	26.4	21.6	22.3	130.9	104.8	25.0
% of net sales	9.9	8.5		12.1	9.7	
<b>Operating profit</b>	8.0	-16.4		70.8	21.9	223.8
% of net sales	3.0	-6.4		6.5	2.0	
Adjustment items included in operating profit	-6.4	-23.9		-9.8	-25.6	
<b>Adjusted operating profit</b>	14.4	7.6	90.3	80.6	47.5	69.8
% of net sales	5.4	3.0		7.4	4.4	
<b>Profit before taxes</b>	4.8	-20.5		56.3	22.6	148.4
<b>Profit for the period</b>	1.4	-20.2		34.9	8.6	
<b>Earnings per share</b>	-0.00	-0.46		0.61	0.06	
<b>Return on capital employed, %</b>	6.5	-11.4		13.6	3.9	
<b>Net cash flow from operative activities</b>	26.9	23.3	15.6	125.8	60.0	109.8
<b>Capital expenditure</b>	20.0	13.7	46.1	37.9	27.3	39.0
<b>Interest-bearing net liabilities</b>	140.8	195.9	-28.1	140.8	195.9	-28.1
<b>Gearing ratio, %</b>	44.6	65.4		44.6	65.4	
<b>Equity ratio, %</b>	38.2	35.8		38.2	35.8	
<b>Number of personnel, at the end of the period</b>	3,233	3,311	-2.4	3,233	3,311	-2.4

Ahlstrom has adopted the European Securities and Markets Authority (ESMA) guidelines on Alternative Performance Measures, which became effective on July 3, 2016. The company uses alternative performance measures to reflect the underlying business performance and to improve comparability. These alternative performance measures should, however, not be considered as a substitute for measures of performance in accordance with IFRS.

Ahlstrom has used revised terminology since the beginning of 2016. In accordance, the previously used term "Operating profit excluding non-recurring items" has been replaced by "Adjusted operating profit" and the term "EBITDA excluding non-recurring items" by "Adjusted EBITDA".

Adjusted items affecting comparability and alternative performance measures used by Ahlstrom are defined:

Adjustment items: restructuring costs, impairment charges, capital gains or losses  
 EBITDA = Operating profit + depreciation and amortizations + impairments

Adjusted EBITDA = EBITDA – Adjustment items

Adjusted operating profit = Operating profit – Adjustment items

## Ahlstrom and Munksjö to combine

On November 7, 2016, Ahlstrom Corporation and Munksjö Oyj announced a plan merge the two companies. The combination will create a global leader in sustainable and innovative fiber-based solutions. The combination is expected to create significant value for the stakeholders in the combined company through stronger global growth opportunities and improved operational efficiency. The combined company's growth ambitions will be supported by a strong balance sheet and strong cash flow generation.

- Ahlstrom and Munksjö will merge through an absorption merger whereby Ahlstrom's shareholders will receive Munksjö shares as merger consideration
- Ahlstrom's shareholders will receive 0.9738 new shares in Munksjö for each share held in Ahlstrom as merger consideration, corresponding to an ownership in the combined company of approximately 47.2% for current Ahlstrom shareholders and approximately 52.8% for current Munksjö shareholders
- In connection with the merger Ahlstrom proposes to distribute funds in the total amount of approximately EUR 23 million, corresponding to EUR 0.49 per share before the combination is completed in lieu of the company's ordinary annual distribution
- The Extraordinary General Meetings of both companies have approved the merger, which is expected to be completed at the beginning of the second quarter of 2017

Unaudited pro forma financials of the combined company and certain other information, such as composition of the management team can be found in the merger prospectus, published on December 16, 2016.

## Financial performance in October-December 2016

### Net sales development

Net sales by segment, EUR million	Q4/2016	Q4/2015	Change, %	2016	2015	Change, %
<b>Filtration &amp; Performance</b>	170.5	159.8	6.7	697.8	676.0	3.2
<b>Specialties</b>	100.9	100.4	0.5	411.3	418.5	-1.7
<b>Other functions and eliminations</b>	-5.3	-5.2		-23.2	-19.7	
<b>Total net sales</b>	266.1	255.0	4.4	1 085.9	1 074.7	1.0

Comparable change in net sales by segment*, %	Q4/16 vs	
	Q4/15	2016 vs 2015
<b>Filtration &amp; Performance</b>	5.8	4.4
<b>Specialties</b>	3.3	0.5
<b>Other functions and eliminations</b>	N/A	N/A
<b>Total net sales</b>	4.9	2.6

\* Comparable change in net sales as a percentage, at constant currencies, excluding structural changes.

Net sales in October-December 2016 amounted to EUR 266.1 million, showing an increase of 4.4% from the EUR 255.0 million reported in the comparison period. At constant currency rates, growth was 4.9%, led by higher sales of wallcover, filtration and glassfiber materials as well as laboratory and life science products. An adverse product mix and lower average selling prices, partly driven by a decline in raw material and energy costs, had an effect on net sales.

Breakdown of the change in net sales:

	<b>Net Sales</b>	<b>Net sales</b>
<b>EUR million</b>	<b>Q4/2015</b>	<b>2015</b>
	<b>255.0</b>	<b>1,074.7</b>
Price and mix, %	-3.2	-1.5
Currency, %	-0.5	-1.6
Volume, %	8.1	4.1
Closures, divestments and new assets, %	0.0	0.0
<b>Total, %</b>	<b>4.4</b>	<b>1.0</b>
<b>EUR million</b>	<b>Q4/2016</b>	<b>2016</b>
	<b>266.1</b>	<b>1,085.9</b>

## Result and profitability

<b>Adjusted operating profit by segment, EUR million</b>	<b>Q4/2016</b>	<b>Q4/2015</b>	<b>Change, %</b>	<b>2016</b>	<b>2015</b>	<b>Change, %</b>
Filtration & Performance	9.5	3.0		53.3	25.3	110.4
Specialties	5.9	4.6	28.1	33.8	25.7	31.2
Other functions and eliminations	-1.0	-0.1		-6.4	-3.6	
<b>Total</b>	<b>14.4</b>	<b>7.6</b>	<b>90.3</b>	<b>80.6</b>	<b>47.5</b>	<b>69.8</b>
<i>% of net sales</i>	5.4	3.0		7.4	4.4	

Operating profit in October-December 2016 was EUR 8.0 million (EUR 16.4 million loss), and adjusted operating profit amounted to EUR 14.4 million (EUR 7.6 million). The adjustment items affecting the operating profit totaled EUR -6.4 million (EUR -23.9 million).

Major adjustment items in October-December 2016:

- Approximately EUR 6.3 million in costs related to the merger with Munksjö. The figure includes costs of about EUR 1.8 million related to the early termination of the company's share-based incentive plan.
- In addition, some restructuring costs were booked

Major adjustment items in October-December 2015:

- Impairment losses of EUR 17.2 million related to non-current assets in Ahlstrom Osnabrück GmbH, part of the Filtration & Performance business area, and to a production line at the Chirside plant in the U.K., part of the Specialties business area.
- Restructuring costs of EUR 2.1 million related to product development operations in Asia
- In addition, some restructuring costs were booked

Higher sales volumes, particularly in the Filtration & Performance business area, had a positive impact on operating profit. Operational efficiency also improved through lower production waste. In addition, operating profit was also supported by margin and product mix management in an environment where energy and raw material costs such as pulp were lower. Selling, general and administrative expenses were exceptionally high in the quarter due to long-term incentive plans.

Profit before taxes was EUR 4.8 million (EUR 20.5 million loss). Income taxes amounted to EUR 3.4 million (EUR 0.3 million tax credit). Profit for the period was EUR 1.4 million (EUR 20.2 million loss).

Earnings per share were EUR 0.00 (EUR -0.46). Accrued net of tax interest costs on the hybrid bond have been deducted in the calculation of earnings per share.

## Financial performance in January-December 2016

Net sales in January-December 2016 totaled EUR 1,085.9 million, showing an increase of 1.0% from the EUR 1,074.7 million in the comparison period. At constant currency rates, sales growth was 2.6%. Higher sales volumes had a positive impact on net sales. This was partially offset by an adverse product mix and lower average selling prices.

Operating profit was EUR 70.8 million (EUR 21.9 million), and adjusted operating profit amounted to EUR 80.6 million (EUR 47.5 million). The adjustment items affecting the operating profit totaled EUR -9.8 million (EUR -25.6 million).

Major adjustment items in 2016:

- Approximately EUR 6.3 million in costs related to the merger with Munksjö. The figure includes costs of about EUR 1.8 million related to the early termination of the company's share-based incentive plan.
- In addition, some restructuring costs related to new operating model were booked

Major adjustment items in 2015:

- Impairments of EUR 17.2 million related to non-current assets in Ahlstrom Osnabrück GmbH, part of the Filtration & Performance business area, and to a production line at the Chimside plant in the U.K., part of the Specialties business area.
- Restructuring costs of EUR 2.1 million related to product development operations in Asia
- In addition, some restructuring costs were booked

Higher sales volumes, particularly in the Filtration & Performance business area, had a positive impact on operating profit. Also, operational efficiency improved through lower production waste. Selling, general and administrative expenses (adjusted) declined further during the reporting period. Operating profit was also supported by margin and product mix management in an environment where energy and raw material costs for pulp, chemicals and synthetic fibers were lower. Adverse currency rate fluctuations had a slight negative impact on operating profit.

Profit before taxes was EUR 56.3 million (EUR 22.6 million). The comparison figure includes a capital gain of EUR 20.3 million from the sale of Munksjö Oyj shares. Income taxes amounted to EUR 21.4 million (EUR 14.1 million). Profit for the period was EUR 34.9 million (EUR 8.6 million).

Earnings per share were EUR 0.61 (EUR 0.06). Accrued net of tax interest costs on the hybrid bond have been deducted in the calculation of earnings per share.

## Business area review

### Filtration & Performance

The Filtration & Performance business area produces engine oil, fuel and air as well as industrial air filtration materials, glass fiber used in flooring applications and wind turbines, industrial nonwoven products for automotive, construction, textile and hygiene applications, and wallcover and poster papers.

EUR million	Q4/2016	Q4/2015	Change, %	2016	2015	Change, %
<b>Net sales</b>	170.5	159.8	6.7	697.8	676.0	3.2
<b>Operating profit</b>	8.9	-7.6		49.8	13.7	263.4
% of net sales	5.2	-4.7		7.1	2.0	
Adjustment items included in operating profit	-0.6	-10.6		-3.5	-11.6	
<b>Adjusted operating profit</b>	9.5	3.0		53.3	25.3	110.4
% of net sales	5.6	1.9		7.6	3.7	
<b>RONA, %</b>	14.0	-11.2		19.0	5.1	
<b>Sales volumes, 000s tons</b>	67.3	60.6	11.0	270.7	254.5	6.4

#### Market review October-December 2016:

The overall market activity in filtration remained stable as growth in Europe and Asia was offset by a decline in North America. Demand for wallpaper and wallcover substrates showed signs of improvement in Europe and Russia. In China, demand for high-end wallcover products increased, while the overall market remained very competitive.

Demand for glass fiber tissue used in flooring applications remained solid in Europe and Russia, and continued to grow in North America. The market for reinforced glass fiber products for the wind energy industry was strong. The markets for various industrial nonwoven applications remained at a good level.

#### Net sales and operating profit development in October-December 2016:

Net sales rose by 6.7% to EUR 170.5 million, compared with EUR 159.8 million in October-December 2015. Growth was driven by increased sales of wallcover materials in Asia as well as filtration and glass fiber products. Lower volumes of trading business materials, which include wipes and release liners, had an impact on net sales. At constant currency rates, sales growth was 5.8%.

Adjusted operating profit rose to EUR 9.5 million (EUR 3.0 million). The increase was driven by higher sales volumes, better operational efficiency through reduced production waste as well as lower variable costs. Operating profit amounted to EUR 8.9 million (EUR 7.6 million loss, the comparison figure includes an impairment of EUR 7.5 million related to non-current assets in Ahlstrom Osnabrück).

#### Net sales and operating profit development in January-December 2016:

Net sales rose by 3.2% to EUR 697.8 million (EUR 676.0 million). The increase was the result of higher sales of wallcover and glass fiber products. Lower volumes of trading business materials, which include wipes and release liners, had an impact on net sales. At constant currency rates, sales growth was 4.4%. Adjusted operating profit amounted to EUR 53.3 million (EUR 25.3 million). The increase was driven by higher sales volumes, improved operational efficiency as well as lower fixed and variable costs. Operating profit was EUR 49.8 million (EUR 13.7 million. The comparison figure includes the adjustment items mentioned above).

## Specialties

The Specialties business area produces food and beverage packaging materials, laboratory and life science diagnostics as well as water filtration materials, tape products, and medical fabrics.

EUR million	Q4/2016	Q4/2015	Change, %	2016	2015	Change, %
<b>Net sales</b>	100.9	100.4	0.5	411.3	418.5	-1.7
<b>Operating profit</b>	5.5	-5.5		33.0	14.6	126.4
% of net sales	5.4	-5.5		8.0	3.5	
Adjustment items included in operating profit	-0.4	-10.2		-0.8	-11.2	
<b>Adjusted operating profit</b>	5.9	4.6	28.1	33.8	25.7	31.2
% of net sales	5.9	4.6		8.2	6.1	
<b>RONA, %</b>	13.2	-11.6		18.5	7.6	
<b>Sales volumes, 000s tons</b>	27.8	27.4	1.3	115.7	115.9	-0.2

### Market review in October-December 2016:

The markets for food packaging materials were quite strong, particularly for cooking applications in Europe and North America. Demand for single-serve coffee products was solid, and good demand was noted for teabag materials in Asia, while it remained steady in North America and weaker in Europe. The markets for laboratory, life science and water filtration materials remained strong in all major geographical areas. In tape products, positive demand development was noted in North America and Europe, while Asian markets slowed down. Demand for medical fabrics improved in North America, while remained steady in Europe and weak in Asia.

### Net sales and operating profit development in October-December 2016:

Net sales rose by 0.5% to EUR 100.9 million, compared with EUR 100.4 million in October-December 2015. At constant currency rates, net sales grew by 3.3%. Higher sales of laboratory and life science products and food packaging materials had a positive impact on net sales. This was partially offset by lower sales of teabag and meat casing materials.

Adjusted operating profit amounted to EUR 5.9 million (EUR 4.6 million). The increase was driven by an improved product mix, higher sales volumes as well as lower energy costs. Operating profit was EUR 5.5 million (EUR 5.5 million loss, the comparison figure includes an impairment of EUR 9.7 million related to non-current assets at the production line in Chirnside).

### Net sales and operating profit development in January-December 2016:

Net sales fell by 1.7% to EUR 411.3 million (EUR 418.5 million). At constant currency rates, net sales climbed by 0.5%. Higher sales of food packaging, coffee, and laboratory and life science products had a positive impact on net sales. This was partially offset by lower sales of medical fabrics as well as teabag and meat casing materials. Adjusted operating profit amounted to EUR 33.8 million (EUR 25.7 million). The increase was driven by better pricing and product mix as well as lower variable costs. Operating profit was EUR 33.0 million (EUR 14.6 million. The comparison figure includes the adjustment items mentioned above).

## Financing

### Net financial expenses

In October-December 2016, net financial expenses were EUR 3.2 million (EUR 4.3 million). Net financial expenses include net interest expenses of EUR 2.9 million (EUR 3.6 million), a financing exchange rate gain of EUR 0.5 million (EUR 0.0 million) and other financial expenses of EUR 0.8 million (EUR 0.7 million).

In January-December 2016, net financial expenses were EUR 14.8 million (EUR 0.6 million income). Net financial expenses include net interest expenses of EUR 12.3 million (EUR 16.4 million), a financing exchange rate gain of EUR 0.2 million (EUR 0.5 million loss) and other financial expenses of EUR 2.7 million (EUR 17.5 million income). The other financial income in the comparison period included a capital gain of EUR 20.3 million from the sale of Munksjö Oyj shares.

## Cash flow

In October-December 2016, net cash flow from operating activities amounted to EUR 26.9 million (EUR 23.3 million), and cash flow after investing activities was EUR -2.6 million (EUR 15.6 million). Cash flow after investments includes an outflow related to the divestment of the Osnabrück plant.

In January-December 2016, net cash flow from operating activities amounted to EUR 125.8 million (EUR 60.0 million), and cash flow after investing activities was EUR 73.5 million (EUR 82.0 million). Cash flow after investments in the comparison period includes EUR 44.5 million in proceeds from the share sales mentioned above.

As of December 31, 2016, operative working capital amounted to EUR 89.8 million (EUR 113.8 million). The rolling 12-month turnover rate of the operative working capital declined by eight days, to 37 days. This was the result of active working capital management.

## Net debt and gearing

Ahlstrom's interest-bearing net liabilities stood at EUR 140.8 million at the end of the review period (EUR 195.9 million at the end of 2015) and interest-bearing liabilities amounted to EUR 190.2 million (EUR 243.3 million at the end of 2015). The modified interest rate duration of the loan portfolio (average interest rate fixing period) was 17.4 months, and the capital weighted average interest rate was 4.04%. The average maturity of the long-term loan portfolio and committed credit facilities was 27.4 months.

The company's liquidity continues to be good. At the end of the review period, its total liquidity, including cash, unused committed credit facilities and committed cash pool overdraft limits was EUR 268.7 million (EUR 299.0 million). In addition, the company had undrawn uncommitted credit facilities and cash pool overdraft limits of EUR 70.0 million (EUR 103.6 million) available.

Gearing stood at 44.6% (65.4% at the end of 2015), and the equity ratio was 38.2% (35.8% at the end of 2015). An improved operative result and reduction in operative working capital had a positive impact on the gearing ratio. Ahlstrom has a EUR 100 million hybrid bond, which is treated as equity in the calculations of the ratios above. Gearing was 111.6% when the hybrid bond is treated as debt (148.4% at the end of 2015).

## Capital expenditure

Ahlstrom's capital expenditure excluding acquisitions totaled EUR 37.9 million in January-December 2016 (EUR 27.3 million) and EUR 20.0 million in October-December 2016 (EUR 13.7 million). The investments were related to maintenance, upgrade of the Madisonville filtration plant in the U.S. as well as increasing the flexibility of the Binzhou wallcover production line.

On October 20, 2016, Ahlstrom announced an investment to enhance the quality and widen the range of engine and industrial filtration materials being produced at its Madisonville plant in Kentucky, in the U.S. The investment is approximately EUR 23 million and it will be completed in the first half of 2018.

## Personnel

Ahlstrom employed an average of 3,286 people<sup>1</sup> in January-December 2016 (3,376), and 3,233 people at the end of the period (3,311). The decline was primarily due to the implementation of the

<sup>1</sup> Calculated as full-time equivalents.

company's new operating model. At the end of the period, the highest numbers of employees were in the United States (22.4%), France (17.2%), China (10.1%), Finland (9.3%) and Italy (8.9%).

## Changes in the Executive Management Team

On November 7, 2016, Sakari Ahdekivi was appointed interim President & CEO. He replaced Marco Levi following the announced merger plan between Ahlstrom and Munksjö Oyj. Ahdekivi also continues in his role as Chief Financial Officer.

Ahlstrom's Executive Management Team as of December 31, 2016:

- Sakari Ahdekivi, interim President & CEO, Chief Financial Officer
- Ulla Bono, Executive Vice President, Legal, General Counsel
- Fulvio Capussotti, Executive Vice President, Filtration & Performance
- Omar Hoek, Executive Vice President, Specialties
- Jari Koikkalainen, Executive Vice President, Procurement, Commercial Excellence & Technology
- Päivi Leskinen, Executive Vice President, Human Resources

## Redefined strategy and long-term financial targets

Ahlstrom's redefined strategy and new long-term financial targets extending to the year 2018 were announced in January 2016. Global trends faced by our customers steer our product offering and provide us with a wealth of opportunities. We are committed to growing and creating stakeholder value by providing the best-performing sustainable fiber-based materials.

As part of the implementation, the company's business structure was simplified and reorganized into two business areas: Filtration & Performance and Specialties. The aim of this change is to increase market and customer focus. Both business areas have business unit-specific strategies and operating models. This enables Ahlstrom to provide customer-driven product development and tailored customer service, cost efficiency, better allocation of resources, and specific go-to-market approaches.

The roadmap for execution outlines the change in strategy and is focused on commercial excellence, a new lean operating model, organic growth via higher asset turnover and growth via new platforms.

*Long-term financial targets over the economic cycle:*

- Operating profit margin: adjusted operating profit margin to be above 8% by 2018
- Gearing: gearing to be maintained below 100%
- Dividend policy: we aim for a stable dividend, increasing over time, based on the annual net income performance

The adjusted operating profit margin excludes restructuring costs, impairment charges, capital gains or losses, and discontinued operations.

## Other events during the reporting period

### **Agreement to divest Building & Wind business unit terminated**

On July 27, 2016, Ahlstrom and Owens Corning announced the termination of the agreement regarding the planned divestiture of Ahlstrom's Building & Wind business unit to Owens Corning following challenges associated with obtaining regulatory clearance in Germany for the transaction. The divestment was announced on January 21, 2016, while the German competition authority opened a second-phase investigation into the planned transaction on April 8, 2016. Ahlstrom continues to operate and develop the Building & Wind business unit as before and it is reported as part of the Filtration & Performance segment.

## Changes in outlook

On July 20, 2016, Ahlstrom raised its outlook for adjusted operating profit margin in 2016 as the result of continued improvement in operational performance and lower variable costs. The outlook for net sales was kept unchanged.

On July 27, 2016, Ahlstrom revised the outlook to include the Building & Wind business unit.

On September 13, 2016, Ahlstrom raised its outlook for adjusted operating profit margin in 2016 as the result of continued improvement in operational performance and lower variable costs. The outlook range for net sales was narrowed.

## Divestment of the Osnabrück plant

On November 7, 2016, Ahlstrom announced the sale of its German subsidiary with operations in Osnabrück to Kämmerer Paper Holding GmbH. The parties have agreed not to disclose the purchase price of the transaction, which was completed on January 3, 2017.

Ahlstrom produced base papers for wallcovers, poster papers as well as release liners for self-adhesive labels at the Osnabrück plant, which was part of the Filtration & Performance business area. The sale will reduce Ahlstrom's annual net sales by about EUR 80 million and the impact on adjusted operating profit is slightly positive. The transaction also included Ahlstrom's 50% stake in AK Energie (a joint venture with Kämmerer), which is the site's utility providing power and water treatment services.

## Shares and share capital

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

During January-December 2016, a total of 8.1 million Ahlstrom shares were traded for a total of EUR 89.0 million. This represented 17.4% of the outstanding number of shares at the end of the reporting period (4.3% in 2015). The lowest trading price was EUR 6.75 and the highest was EUR 15.79. The closing price on December 30, 2016 was EUR 15.12. The market capitalization at the end of the review period was EUR 704.6 million, excluding the shares owned by the parent company.

As of December 31, 2016, Ahlstrom held a total of 72,752 of its own shares, corresponding to approximately 0.16% of the total shares and votes. The total number of shares was 46,670,608 and the company had 9,853 shareholders at the end of the reporting period (10,409 shareholders as of December 31, 2015).

Ahlstrom Group's equity per share was EUR 4.53 at the end of the review period (December 31, 2015: EUR 4.20).

## Annual General Meeting

Ahlstrom Corporation's Annual General Meeting of Shareholders (AGM) was held on April 5, 2016.

The AGM resolved to distribute a dividend of EUR 0.31 per share for the fiscal year that ended on December 31, 2015 from retained earnings in accordance with the proposal of the Board of Directors. The dividend record date was April 7, 2016, and the payment date was April 14, 2016. In addition, the AGM resolved to reserve a maximum of EUR 60,000 to be used for donations at the discretion of the Board of Directors.

The AGM approved the financial statements and discharged the members of the Board of Directors and the CEO from liability for the fiscal year January 1 - December 31, 2015.

The AGM confirmed the number of Board members to be seven. Alexander Ehrnrooth (b. 1974), Johannes Gullichsen (b. 1964) and Jan Inbarr (b. 1948) were re-elected as members of the Board of Directors. Jan Johansson (b. 1954), Harri-Pekka Kaukonen (b. 1963), Hans Sohlström (b. 1964) and

Riitta Viitala (b. 1959) were elected as new members of the Board. The term of the Board of Directors will expire at the close of the next Annual General Meeting in 2017.

PricewaterhouseCoopers Oy was re-elected as Ahlstrom's auditor as recommended by the Audit Committee. PricewaterhouseCoopers Oy has designated Authorized Public Accountant Markku Katajisto as the Responsible Auditor. The auditor's remuneration will be paid according to invoicing approved by the Company.

### **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 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 Helsinki Ltd. 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 potential 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 Hans Sohlström as Chairman and Jan Inbarr as Vice Chairman of the Board.

The Board of Directors appointed two permanent committees: the Audit Committee and the Human Resources Committee. The members of the Audit Committee are Harri-Pekka Kaukonen (Chairman), Alexander Ehnrooth and Johannes Gullichsen. The members of the Human Resources Committee are Hans Sohlström (Chairman), Jan Inbarr, Jan Johansson and Riitta Viitala.

### **Composition of Ahlstrom's Nomination Board**

Ahlstrom's three largest registered shareholders based on holdings on May 31, 2016 nominated the following persons as their representatives in the Shareholders' Nomination Board of Ahlstrom:

- Thomas Ahlström, AC Invest Six B.V. and five other shareholders

- Alexander Ehrnrooth, Vimpu Intressenter Ab and Belgrano Inversiones Oy
- Risto Murto, Varma Mutual Pension Insurance Company

The company's Chairman of the Board, Hans Sohlström, and Harri-Pekka Kaukonen, as nominated by the Board, are also members of the Nomination Board. On June 6, 2016, the Nomination Board elected Thomas Ahlström from among its members as Chairman.

The Nomination Board did not submit its proposals to the Board of Directors due to the planned merger with Munksjö Oyj.

## Major events after the reporting period

### Decisions taken by the Extraordinary General Meeting

Ahlstrom's Extraordinary General Meeting of Shareholders (EGM) was held on January 11, 2017. The EGM made the following resolutions related to the combination:

#### *a) Resolution on the merger*

The EGM resolved to approve the combination of Ahlstrom's and Munksjö Oyj's business operations through a statutory absorption merger. The registration of the merger is expected to take place in the beginning of the second quarter of 2017.

#### *b) Authorization of the Board of Directors to resolve on the distribution of dividend*

The EGM resolved to authorize the Board of Directors to resolve, based on the audited financial statements of Ahlstrom for 2015, on the distribution of an extra dividend in the total amount of maximum EUR 0.49 per each outstanding share in the company (representing a maximum total amount of approximately EUR 22,832,949 after excluding the treasury shares held by the company) prior to the completion of the combination. The extra dividend will be paid prior to the registration of the execution of the merger.

#### *Authorization of the Board of Directors to resolve on the issuance of shares to the company free of charge*

The EGM resolved to authorize the Board of Directors to resolve, by one or several resolutions, on the issuance of new shares to the company free of charge for the purpose that the company may dispose of such treasury shares pursuant to the company's Long Term Incentive Plan 2014-2018.

The authorization shall consist of up to 230,000 shares in the aggregate. The Board of Directors shall be authorized to resolve on all other terms and conditions of the issuance of shares hereunder. The authorization shall be valid for six (6) months from the close of the EGM but will, however, expire at the close of the next Annual General Meeting, if any, at the latest. This authorization shall not replace previous authorizations granted to the Board of Directors.

## Outlook for 2017

Ahlstrom does not provide an outlook for the year 2017 due to the planned merger with Munksjö, which is expected to be completed at the beginning of the second quarter of 2017.

## Short-term risks

The global economic outlook varies based on region. Growth in the U.S. is expected to be the highest among developed economies, while that in Europe is expected to continue growing at a moderate pace. Britain's decision to leave the European Union as well as swings in political tendencies across several nations has increased uncertainty. China's expected shift in its economic structure towards more consumer consumption and less investment has caused some concerns, but it can also provide opportunities.

Slower-than-anticipated economic growth poses risks for Ahlstrom's financial performance. It may lead to lower sales volumes and force the company to initiate market-related shutdowns at plants, which could affect profitability. Tougher competition through competitors' increased production capacity, aggressive pricing as well as the adoption of new technologies may also affect profitability. Shifts in the pattern of demand for the company's products may strain the flexibility of its asset base and leave some assets underutilized, while others may become over-loaded.

Swings in currency exchange rates may lead to fluctuations in net sales and profitability. Ahlstrom's main raw materials are wood pulp, synthetic fibers, and chemicals. The prices of these key raw materials are volatile, and any increases may affect the company's profitability depending on its ability to mitigate the risk.

In some of the Group companies, income tax returns are under examination in tax audits or have been already disputed by the tax authorities. The main items under discussion or already disputed relate to transfer pricing and restructuring issues. Based on an evaluation of the current state of these processes, no significant tax provisions have been booked.

Ahlstrom and Munksjö have announced a plan to merge in 2017. The process may cause loss of business focus at Ahlstrom and the loss of skilled personnel and know-how.

The general risks facing Ahlstrom's business operations are described in greater detail on the company website at [www.ahlstrom.com](http://www.ahlstrom.com) and in the report by the Board of Directors in the company's Annual Report for 2015. The risk management process is also described in the Corporate Governance Statement, also available on the company's website.

\* \* \*

This report has been prepared in accordance with International Financial Reporting Standards (IFRS). Comparable figures refer to the same period in the previous 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 27, 2017

Ahlstrom Corporation

Board of Directors

## Additional information

Sakari Ahdekivi, interim President & CEO, tel. +358 (0)10 888 4768

Juho Erkheikki, Investor Relations & Financial Communications Manager, tel. +358 (0)10 888 4731

Ahlstrom's interim President & CEO Sakari Ahdekivi will present the report at an analyst and press conference in Helsinki on Friday, January 27 at 11:00 a.m. Finnish time. The event will take place at **Ahlstrom's head office, Alvar Aallon katu 3 C**, second floor, meeting room Antti.

The combined webcast and teleconference will be held in English and can be viewed at the following address: [http://qsb.webcast.fi/a/ahlstrom/ahlstrom\\_2017\\_0127\\_q4](http://qsb.webcast.fi/a/ahlstrom/ahlstrom_2017_0127_q4)

Conference call details:

In Finland +358 (0)9 7479 0404

In Sweden +46 (0)8 5065 3942

In the U.K. +44 (0)330 336 9411

To participate via telephone, please dial in a few minutes before the conference begins. A list of phone numbers for other countries is available at [www.ahlstrom.com/Investors](http://www.ahlstrom.com/Investors). The confirmation code is 9071340.

An on-demand webcast of the conference will be available on Ahlstrom's website for twelve months after the call.

The presentation material will be available at [www.ahlstrom.com/en/Investors/Reports-and-presentations/2016/](http://www.ahlstrom.com/en/Investors/Reports-and-presentations/2016/) after the report has been published.

## Ahlstrom in brief

Ahlstrom provides innovative fiber-based materials with a function in everyday life. We are committed to growing and creating stakeholder value by providing the best performing sustainable fiber-based materials. Our products are used in everyday applications such as filters, medical fabrics, life science and diagnostics, wallcoverings, tapes, and food and beverage packaging. In 2016, Ahlstrom's net sales amounted to EUR 1.1 billion. Our 3,200 employees serve customers in 22 countries. Ahlstrom's share is quoted on the Nasdaq Helsinki. More information is available at [www.ahlstrom.com](http://www.ahlstrom.com).

## Appendix: Consolidated financial statements

Financial statements are unaudited.

<b>INCOME STATEMENT</b>	<b>Q4</b>	Q4	<b>Q1-Q4</b>	Q1-Q4
EUR million	<b>2016</b>	2015	<b>2016</b>	2015
<b>Net sales</b>	<b>266.1</b>	255.0	<b>1 085.9</b>	1 074.7
Cost of goods sold	<b>-220.2</b>	-227.2	<b>-883.5</b>	-910.0
<b>Gross profit</b>	<b>45.9</b>	27.7	<b>202.4</b>	164.8
Sales and marketing expenses	<b>-10.8</b>	-9.6	<b>-39.7</b>	-40.2
R&D expenses	<b>-3.4</b>	-7.4	<b>-15.8</b>	-20.9
Administrative expenses	<b>-24.7</b>	-18.7	<b>-80.6</b>	-76.4
Other operating income	<b>3.0</b>	1.9	<b>10.3</b>	7.0
Other operating expense	<b>-1.9</b>	-10.4	<b>-5.9</b>	-12.4
<b>Operating profit / loss</b>	<b>8.0</b>	-16.4	<b>70.8</b>	21.9
Net financial expenses	<b>-3.2</b>	-4.3	<b>-14.8</b>	0.6
Share of profit / loss of equity accounted investments	<b>0.0</b>	0.1	<b>0.2</b>	0.2
<b>Profit / loss before taxes</b>	<b>4.8</b>	-20.5	<b>56.3</b>	22.6
Income taxes	<b>-3.4</b>	0.3	<b>-21.4</b>	-14.1
<b>Profit/loss for the period</b>	<b>1.4</b>	-20.2	<b>34.9</b>	8.6
Attributable to				
Owners of the parent	<b>1.4</b>	-19.9	<b>34.8</b>	9.2
Non-controlling interest	<b>0.0</b>	-0.2	<b>0.1</b>	-0.7
Earnings per share, EUR				
- Basic and diluted *	<b>0.00</b>	-0.46	<b>0.61</b>	0.06

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

<b>STATEMENT OF COMPREHENSIVE INCOME</b>	<b>Q4</b>	Q4	<b>Q1-Q4</b>	Q1-Q4
EUR million	<b>2016</b>	2015	<b>2016</b>	2015
<b>Profit / loss for the period</b>	<b>1.4</b>	-20.2	<b>34.9</b>	8.6
<b>Other comprehensive income, net of tax</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurements of defined benefit plans	<b>-2.4</b>	-2.1	<b>-4.6</b>	-2.6
Total	<b>-2.4</b>	-2.1	<b>-4.6</b>	-2.6
<b>Items that may be reclassified subsequently to profit or loss</b>				
Translation differences	<b>9.1</b>	4.0	<b>6.6</b>	6.5
Hedges of net investments in foreign operations	<b>0.0</b>	0.2	<b>-0.8</b>	0.2
Changes in the fair value of available-for-sale financial assets	-	-	-	-17.0
Cash flow hedges	<b>0.1</b>	0.3	<b>-0.2</b>	0.5
Total	<b>9.2</b>	4.5	<b>5.6</b>	-9.9
Other comprehensive income, net of tax	<b>6.8</b>	2.4	<b>1.1</b>	-12.6
<b>Total comprehensive income for the period</b>	<b>8.2</b>	-17.8	<b>36.0</b>	-4.0
Attributable to				
Owners of the parent	<b>8.2</b>	-17.6	<b>36.1</b>	-3.6
Non-controlling interest	<b>0.1</b>	-0.2	<b>-0.1</b>	-0.4

<b>BALANCE SHEET</b>	<b>Dec 31,</b>	Dec 31,
EUR million	<b>2016</b>	2015
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	<b>320.8</b>	339.8
Goodwill	<b>74.9</b>	74.3
Other intangible assets	<b>16.9</b>	12.5
Equity accounted investments	<b>12.5</b>	15.5
Other investments	<b>0.3</b>	0.3
Other receivables	<b>7.2</b>	5.8
Deferred tax assets	<b>59.6</b>	71.0
Total non-current assets	<b>492.1</b>	519.2
<b>Current assets</b>		
Inventories	<b>107.3</b>	117.6
Trade and other receivables	<b>127.3</b>	151.9
Income tax receivables	<b>1.6</b>	1.6
Cash and cash equivalents	<b>49.4</b>	47.3
Total current assets	<b>285.6</b>	318.5
Assets classified as held for sale	<b>50.4</b>	-
<b>Total assets</b>	<b>828.1</b>	837.8
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to owners of the parent company	<b>211.1</b>	195.2
Hybrid bond	<b>100.0</b>	100.0
Non-controlling interest	<b>4.7</b>	4.2
Total equity	<b>315.8</b>	299.4
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	<b>100.4</b>	126.9
Employee benefit obligations	<b>64.2</b>	100.3
Provisions	<b>1.2</b>	0.8
Other liabilities	<b>-</b>	0.0
Deferred tax liabilities	<b>2.1</b>	2.0
Total non-current liabilities	<b>167.9</b>	230.0
<b>Current liabilities</b>		
Interest-bearing loans and borrowings	<b>89.8</b>	116.4
Trade and other payables	<b>197.5</b>	183.5
Income tax liabilities	<b>3.1</b>	1.5
Provisions	<b>3.9</b>	7.1
Total current liabilities	<b>294.3</b>	308.4
Total liabilities	<b>462.2</b>	538.4
Liabilities directly associated with assets classified as held for sale	<b>50.1</b>	-
<b>Total equity and liabilities</b>	<b>828.1</b>	837.8

## STATEMENT OF CHANGES IN EQUITY

- 1) Issued capital
- 2) Non-restricted equity reserve
- 3) Hedging reserve
- 4) Fair value 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)
<b>Equity at January 1, 2015</b>	<b>70.0</b>	<b>61.1</b>	<b>-0.2</b>	<b>17.0</b>	<b>-23.0</b>	<b>-6.5</b>	<b>96.6</b>	<b>215.1</b>	<b>5.0</b>	<b>100.0</b>	<b>320.1</b>
Profit / loss for the period	-	-	-	-	-	-	9.2	9.2	-0.7	-	8.6
Other comprehensive income, net of tax											
Remeasurements of defined benefit plans	-	-	-	-	-	-	-2.6	-2.6	-	-	-2.6
Translation differences	-	-	-	-	7.0	-	-0.9	6.2	0.3	-	6.5
Hedges of net investments in foreign operations	-	-	-	-	0.2	-	-	0.2	-	-	0.2
Changes in the fair value of available-for-sale financial assets	-	-	-	-17.0	-	-	-	-17.0	-	-	-17.0
Cash flow hedges	-	-	0.5	-	-	-	-	0.5	-	-	0.5
Dividends paid and other	-	-	-	-	-	-	-	-14.0	-	-	-14.0
Interest on hybrid bond	-	-	-	-	-	-	-6.3	-6.3	-	-	-6.3
Changes in own shares	-	-	-	-	-	2.8	-	2.8	-	-	2.8
Change in non-controlling interests	-	-	-	-	-	-	1.3	1.3	-0.4	-	0.8
<b>Equity at December 31, 2015</b>	<b>70.0</b>	<b>61.1</b>	<b>0.2</b>	<b>-</b>	<b>-15.8</b>	<b>-3.7</b>	<b>83.3</b>	<b>195.2</b>	<b>4.2</b>	<b>100.0</b>	<b>299.4</b>

## STATEMENT OF CHANGES IN EQUITY

- 1) Issued capital
- 2) Non-restricted equity reserve
- 3) Hedging reserve
- 4) Fair value 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)
<b>Equity at January 1, 2016</b>	<b>70.0</b>	<b>61.1</b>	<b>0.2</b>	<b>-</b>	<b>-15.8</b>	<b>-3.7</b>	<b>83.3</b>	<b>195.2</b>	<b>4.2</b>	<b>100.0</b>	<b>299.4</b>
Profit / loss for the period	-	-	-	-	-	-	34.8	34.8	0.1	-	34.9
Other comprehensive income, net of tax											
Remeasurements of defined benefit plans	-	-	-	-	-	-	-4.6	-4.6	-	-	-4.6
Translation differences	-	-	-	-	8.8	-	-2.1	6.7	-0.1	-	6.6
Hedges of net investments in foreign operations	-	-	-	-	-0.8	-	-	-0.8	-	-	-0.8
Cash flow hedges	-	-	-0.2	-	-	-	-	-0.2	-	-	-0.2
Dividends paid and other	-	-	-	-	-	-	14.5	-14.5	-	-	-14.5
Interest on hybrid bond	-	-	-	-	-	-	-6.3	-6.3	-	-	-6.3
Change in non-controlling interests	-	-	-	-	-	-	-	-	0.7	-	0.7
Share-based incentive plan	-	-	-	-	-	0.6	-	0.6	-	-	0.6
<b>Equity at December 31, 2016</b>	<b>70.0</b>	<b>61.1</b>	<b>0.0</b>	<b>-</b>	<b>-7.7</b>	<b>-3.1</b>	<b>90.8</b>	<b>211.1</b>	<b>4.7</b>	<b>100.0</b>	<b>315.8</b>

<b>STATEMENT OF CASH FLOWS</b>	<b>Q4</b>	Q4	<b>Q1-Q4</b>	Q1-Q4
EUR million	<b>2016</b>	2015	<b>2016</b>	2015
<b>Cash flow from operating activities</b>				
Profit / loss for the period	<b>1.4</b>	-20.2	<b>34.9</b>	8.6
Adjustments, total	<b>13.8</b>	32.2	<b>78.8</b>	81.0
Changes in net working capital	<b>16.8</b>	16.6	<b>32.5</b>	1.2
Change in provisions	<b>-0.4</b>	0.7	<b>-2.7</b>	-2.2
Financial items	<b>-3.5</b>	-5.3	<b>-12.6</b>	-25.6
Income taxes paid / received	<b>-1.2</b>	-0.8	<b>-5.0</b>	-3.0
Net cash from operating activities	<b>26.9</b>	23.3	<b>125.8</b>	60.0
<b>Cash flow from investing activities</b>				
Purchases of intangible and tangible assets	<b>-19.0</b>	-8.1	<b>-41.0</b>	-26.9
Other investing activities	<b>-10.6</b>	0.4	<b>-11.3</b>	49.0
Net cash from investing activities	<b>-29.6</b>	-7.7	<b>-52.3</b>	22.1
<b>Cash flow from financing activities</b>				
Dividends paid and other	<b>-0.1</b>	-	<b>-14.5</b>	-13.9
Sale/repurchase of own shares	<b>-</b>	-	<b>-</b>	3.1
Interest on hybrid bond	<b>-7.9</b>	-7.9	<b>-7.9</b>	-7.9
Changes in loans and other financing activities	<b>4.3</b>	-23.9	<b>-50.7</b>	-56.4
Net cash from financing activities	<b>-3.6</b>	-31.8	<b>-73.0</b>	-75.1
<b>Net change in cash and cash equivalents</b>	<b>-6.2</b>	-16.2	<b>0.4</b>	6.9
Cash and cash equivalents at the beginning of the period	<b>54.5</b>	63.0	<b>47.3</b>	41.4
Foreign exchange adjustment	<b>1.2</b>	0.5	<b>1.6</b>	-1.0
<b>Cash and cash equivalents at the end of the period</b>	<b>49.4</b>	47.3	<b>49.4</b>	47.3

KEY FIGURES	Q4 2016	Q4 2015	Q1-Q4 2016	Q1-Q4 2015
Personnel costs	-59.9	-53.9	-223.5	-216.6
Depreciation and amortization	-11.8	-23.7	-49.6	-67.0
Impairment charges	-0.2	-7.5	-0.6	-7.5
Operating profit, %	3.0	-6.4	6.5	2.0
Return on capital employed (ROCE), %	6.5	-11.4	13.6	3.9
Return on equity (ROE), %	1.9	-26.2	11.3	2.8
Interest-bearing net liabilities, EUR million	140.8	195.9	140.8	195.9
Equity ratio, %	38.2	35.8	38.2	35.8
Gearing ratio, %	44.6	65.4	44.6	65.4
Basic earnings per share *, EUR	0.00	-0.46	0.61	0.06
Equity per share, EUR	4.53	4.20	4.53	4.20
Average number of outstanding shares during the period, 1000's	46,598	46,522	46,573	46,421
Number of outstanding shares at the end of the period, 1000's	46,598	46,522	46,598	46,522
Total number of shares at the end of the period, 1000's	46,671	46,671	46,671	46,671
Capital expenditure, EUR million	20.0	13.7	37.9	27.3
Capital employed at the end of the period, EUR million	506.0	542.6	506.0	542.6
Number of employees, average	3,246	3,326	3,286	3,376

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

## ACCOUNTING PRINCIPLES

This Financial Statements Release 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 2015.

<b>SEGMENT INFORMATION</b>	<b>Q4</b>	Q4	<b>Q1-Q4</b>	Q1-Q4
EUR million	<b>2016</b>	2015	<b>2016</b>	2015
Filtration & Performance	<b>170.5</b>	159.8	<b>697.8</b>	676.0
Specialties	<b>100.9</b>	100.4	<b>411.3</b>	418.5
Other operations	<b>9.9</b>	12.6	<b>35.8</b>	54.9
Internal sales	<b>-15.2</b>	-17.8	<b>-59.0</b>	-74.7
<b>Total net sales</b>	<b>266.1</b>	255.0	<b>1 085.9</b>	1 074.7
Filtration & Performance	<b>2.6</b>	2.1	<b>10.5</b>	13.6
Specialties	<b>3.7</b>	4.6	<b>17.6</b>	20.5
Other operations	<b>8.9</b>	11.2	<b>30.8</b>	40.5
<b>Total internal sales</b>	<b>15.2</b>	17.8	<b>59.0</b>	74.7
Filtration & Performance	<b>8.9</b>	-7.6	<b>49.8</b>	13.7
Specialties	<b>5.5</b>	-5.5	<b>33.0</b>	14.6
Other operations	<b>-6.4</b>	-3.3	<b>-11.9</b>	-6.5
Eliminations	<b>-0.0</b>	0.0	<b>-0.0</b>	0.1
<b>Operating profit / loss</b>	<b>8.0</b>	-16.4	<b>70.8</b>	21.9
<b>Return on capital employed (RONA), %</b>				
Filtration & Performance	<b>14.0</b>	-11.2	<b>19.0</b>	5.1
Specialties	<b>13.2</b>	-11.6	<b>18.5</b>	7.6
<b>Group (ROCE), %</b>	<b>6.5</b>	-11.4	<b>13.6</b>	3.9
Filtration & Performance	<b>264.7</b>	260.4	<b>264.7</b>	260.4
Specialties	<b>168.8</b>	187.3	<b>168.8</b>	187.3
Other operations	<b>-47.1</b>	-35.4	<b>-47.1</b>	-35.4
Eliminations	<b>-0.1</b>	-0.1	<b>-0.1</b>	-0.1
<b>Total net assets, end of period</b>	<b>386.4</b>	412.2	<b>386.4</b>	412.2
Filtration & Performance	<b>9.5</b>	8.6	<b>20.2</b>	16.7
Specialties	<b>3.3</b>	4.4	<b>9.3</b>	7.5
Other operations	<b>7.2</b>	0.7	<b>8.5</b>	3.1
<b>Total capital expenditure</b>	<b>20.0</b>	13.7	<b>37.9</b>	27.3
Filtration & Performance	<b>-7.2</b>	-8.1	<b>-29.9</b>	-33.6
Specialties	<b>-4.0</b>	-14.8	<b>-17.1</b>	-30.3
Other operations	<b>-0.6</b>	-0.7	<b>-2.6</b>	-3.1
<b>Total depreciation and amortization</b>	<b>-11.8</b>	-23.7	<b>-49.6</b>	-67.0

<b>SEGMENT INFORMATION</b>	<b>Q4</b>	Q4	<b>Q1-Q4</b>	Q1-Q4
EUR million	<b>2016</b>	2015	<b>2016</b>	2015
Filtration & Performance	<b>-0.2</b>	-7.5	<b>-0.6</b>	-7.5
Specialties	-	-	-	-
Other operations	-	-	-	-
<b>Total impairment charges</b>	<b>-0.2</b>	-7.5	<b>-0.6</b>	-7.5
Filtration & Performance	<b>-0.6</b>	-10.6	<b>-3.5</b>	-11.6
Specialties	<b>-0.4</b>	-10.2	<b>-0.8</b>	-11.2
Other operations	<b>-5.4</b>	-3.2	<b>-5.5</b>	-2.8
<b>Total adjustment items</b>	<b>-6.4</b>	-23.9	<b>-9.8</b>	-25.6

<b>SEGMENT INFORMATION</b>	<b>Q4</b>	Q4	<b>Q1-Q4</b>	Q1-Q4
Thousands of tons	<b>2016</b>	2015	<b>2016</b>	2015
Filtration & Performance	<b>67.3</b>	60.6	<b>270.7</b>	254.5
Specialties	<b>27.8</b>	27.4	<b>115.7</b>	115.9
Other operations	<b>0.3</b>	0.3	<b>1.3</b>	3.6
Eliminations	<b>-1.6</b>	-1.6	<b>-7.1</b>	-8.5
<b>Total sales tons. thousands of tons</b>	<b>93.7</b>	86.7	<b>380.6</b>	365.6

Segment information is presented according to the IFRS standards.

<b>NET SALES BY REGION</b>	<b>Q4</b>	Q4	<b>Q1-Q4</b>	Q1-Q4
EUR million	<b>2016</b>	2015	<b>2016</b>	2015
Europe	<b>123.5</b>	119.0	<b>510.3</b>	499.3
North America	<b>73.0</b>	75.3	<b>304.6</b>	325.5
South America	<b>15.3</b>	12.4	<b>61.3</b>	54.4
Asia-Pacific	<b>49.8</b>	43.0	<b>188.9</b>	176.0
Rest of the world	<b>4.6</b>	5.2	<b>20.8</b>	19.6
<b>Total net sales</b>	<b>266.1</b>	255.0	<b>1 085.9</b>	1 074.7

<b>CHANGES OF PROPERTY, PLANT AND EQUIPMENT</b>	<b>Q1-Q4</b>	<b>Q1-Q4</b>
EUR million	<b>2016</b>	2015
Book value at Jan 1	<b>339.8</b>	372.9
Additions	<b>30.7</b>	25.0
Disposals	<b>-0.3</b>	-0.7
Depreciations and impairment charges	<b>-47.6</b>	-70.9
Translation differences and other changes	<b>-1.8</b>	13.6
Book value at the end of the period	<b>320.8</b>	339.8

<b>TRANSACTIONS WITH RELATED PARTIES</b>	<b>Q1-Q4</b>	<b>Q1-Q4</b>
EUR million	<b>2016</b>	2015
<b>Transactions with associated companies</b>		
Sales and interest income	<b>0.0</b>	0.0
Purchases of goods and services	<b>-10.7</b>	-10.9
Trade and other receivables	<b>0.0</b>	0.0
Trade and other payables	<b>0.0</b>	0.6

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

<b>OPERATING LEASES</b>	<b>Dec 31,</b>	<b>Dec 31,</b>
EUR million	<b>2016</b>	2015
Current portion	<b>5.8</b>	6.4
Non-current portion	<b>14.7</b>	19.7
<b>Total</b>	<b>20.5</b>	26.1

<b>COLLATERALS AND COMMITMENTS</b>	<b>Dec 31,</b>	<b>Dec 31,</b>
EUR million	<b>2016</b>	2015
<b>Mortgages</b>	<b>6.3</b>	6.6
<b>Pledges</b>	<b>0.3</b>	0.1
<b>Commitments</b>		
Guarantees given on behalf of group companies	<b>52.8</b>	58.9
Capital expenditure commitments	<b>0.4</b>	0.3
Commitments of behalf of group companies	<b>1.1</b>	1.8
Other commitments	<b>6.2</b>	10.1

<b>QUARTERLY DATA</b>	<b>Q4</b>	Q3	Q2	Q1	Q4	Q3	Q2	Q1
EUR million	<b>2016</b>	2016	2016	2016	2015	2015	2015	2015
<b>Net sales</b>	<b>266.1</b>	273.2	279.4	267.2	255.0	266.9	281.1	271.8
Cost of goods sold	<b>-220.2</b>	-218.3	-223.8	-221.1	-227.2	-224.4	-231.9	-226.4
<b>Gross profit</b>	<b>45.9</b>	54.9	55.5	46.1	27.7	42.5	49.2	45.4
Sales and marketing expenses	<b>-10.8</b>	-8.5	-9.7	-10.7	-9.6	-8.7	-10.3	-11.5
R&D expenses	<b>-3.4</b>	-5.2	-2.6	-4.6	-7.4	-4.4	-4.7	-4.4
Administrative expenses	<b>-24.7</b>	-17.8	-18.1	-20.0	-18.7	-19.6	-19.3	-18.9
Other operating income	<b>3.0</b>	4.6	2.0	0.8	1.9	1.3	0.9	2.8
Other operating expense	<b>-1.9</b>	0.8	-3.8	-0.9	-10.4	-1.2	-0.2	-0.6
<b>Operating profit / loss</b>	<b>8.0</b>	28.9	23.3	10.6	-16.4	9.9	15.7	12.7
Net financial expenses	<b>-3.2</b>	-3.8	-3.8	-4.0	-4.3	-1.4	5.1	1.2
Share of profit / loss of equity accounted investments	<b>0.0</b>	0.0	0.1	0.1	0.1	0.1	0.0	0.0
<b>Profit / loss before taxes</b>	<b>4.8</b>	25.1	19.6	6.7	-20.5	8.5	20.8	13.8
Income taxes	<b>-3.4</b>	-7.1	-7.6	-3.2	0.3	-4.4	-5.0	-5.0
<b>Profit/loss for the period</b>	<b>1.4</b>	17.9	12.0	3.5	-20.2	4.1	15.8	8.8
Attributable to								
Owners of the parent	<b>1.4</b>	17.9	12.0	3.6	-19.9	4.6	15.3	9.3
Non-controlling interest	<b>0.0</b>	0.1	0.1	-0.1	-0.2	-0.4	0.5	-0.5

<b>QUARTERLY DATA BY SEGMENT</b>	<b>Q4</b>	Q3	Q2	Q1	Q4	Q3	Q2	Q1
EUR million	<b>2016</b>	2016	2016	2016	2015	2015	2015	2015
<b>Net sales</b>								
Filtration & Performance	<b>170.5</b>	175.7	180.4	171.1	159.8	168.4	176.9	170.8
Specialties	<b>100.9</b>	103.1	104.6	102.7	100.4	104.0	108.3	105.7
Other operations and eliminations	<b>-5.3</b>	-5.6	-5.7	-6.7	-5.2	-5.6	-4.1	-4.8
Group total	<b>266.1</b>	273.2	279.4	267.2	255.0	266.9	281.1	271.8
<b>Operating profit / loss</b>								
Filtration & Performance	<b>8.9</b>	18.9	15.0	7.1	-7.6	4.5	9.0	7.7
Specialties	<b>5.5</b>	10.0	9.7	7.8	-5.5	6.7	6.8	6.6
Other operations and eliminations	<b>-6.4</b>	0.0	-1.3	-4.3	-3.3	-1.3	-0.1	-1.6
Group total	<b>8.0</b>	28.9	23.3	10.6	-16.4	9.9	15.7	12.7
<b>Adjusted operating profit / loss</b>								
Filtration & Performance	<b>9.5</b>	18.8	15.8	9.1	3.0	5.4	9.1	7.8
Specialties	<b>5.9</b>	10.0	10.0	7.8	4.6	7.1	7.4	6.6
Other operations and eliminations	<b>-1.0</b>	-2.1	-1.3	-1.9	-0.1	-1.4	0.3	-2.4
Group total	<b>14.4</b>	26.7	24.5	15.0	7.6	11.2	16.8	12.0
<b>Sales tons, thousands of tons</b>								
Filtration & Performance	<b>67.3</b>	67.9	70.3	65.2	60.6	63.8	65.5	64.6
Specialties	<b>27.8</b>	28.9	30.4	28.6	27.4	28.3	30.4	29.8
Other operations and eliminations	<b>-1.3</b>	-1.4	-1.4	-1.7	-1.3	-1.3	-0.9	-1.3
Group total	<b>93.7</b>	95.4	99.3	92.1	86.7	90.8	94.9	93.2

<b>KEY FIGURES QUARTERLY</b>	<b>Q4</b>	Q3	Q2	Q1	Q4	Q3	Q2	Q1
EUR million	<b>2016</b>	2016	2016	2016	2015	2015	2015	2015
Net sales	<b>266.1</b>	273.2	279.4	267.2	255.0	266.9	281.1	271.8
Operating profit / loss	<b>8.0</b>	28.9	23.3	10.6	-16.4	9.9	15.7	12.7
Profit / loss before taxes	<b>4.8</b>	25.1	19.6	6.7	-20.5	8.5	20.8	13.8
Profit / loss for the period	<b>1.4</b>	17.9	12.0	3.5	-20.2	4.1	15.8	8.8
Gearing ratio, %	<b>44.6</b>	42.4	55.4	66.5	65.4	64.2	69.3	74.0
Return on capital employed (ROCE), %	<b>6.5</b>	23.4	18.1	8.0	-11.4	6.7	10.0	8.1
Basic earnings per share *, EUR	<b>0.00</b>	0.35	0.22	0.04	-0.46	0.06	0.29	0.17
Average number of outstanding shares during the period, 1000's	<b>46,598</b>	46,598	46,576	46,522	46,522	46,522	46,411	46,225
Total number of shares at the end of the period, 1000's	<b>46,671</b>	46,671	46,671	46,671	46,671	46,671	46,671	46,671

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

## Calculation of key figures

Interest-bearing net liabilities	Interest-bearing loans and borrowings - Cash and cash equivalents - Other investments (current)	
Equity ratio, %	$\frac{\text{Total equity}}{\text{Total assets - Advances received}} \times 100$	
Gearing ratio, %	$\frac{\text{Interest-bearing net liabilities}}{\text{Total equity}} \times 100$	
Return on equity (ROE), %	$\frac{\text{Profit (loss) for the period}}{\text{Total equity (annual average)}} \times 100$	
Return on capital employed (ROCE), %	$\frac{\text{Profit (loss) before taxes + Financing expenses}}{\text{Total assets (annual average) - Non-interest bearing liabilities (annual average)}} \times 100$	
Return on capital employed (RONA), %	$\frac{\text{Operating profit/loss}}{\text{Working capital (annual average) + Property, plant and equipment and Intangible assets (annual average)}} \times 100$	
Basic earnings per share. EUR	$\frac{\text{Profit (loss) for the period - Non-controlling interest - Interest on hybrid bond for the period. net of tax}}{\text{Average number of shares during the period}}$	
Diluted earnings per share, EUR	$\frac{\text{Profit (loss) for the period - Non-controlling interest - Interest on hybrid bond for the period, net of tax}}{\text{Average diluted number of shares during the period}}$	
Equity per share, EUR	$\frac{\text{Equity attributable to owners of the parent}}{\text{Number of outstanding shares at the end of the period}}$	
Adjustment items are:	Restructuring costs. Impairment charges. Capital gains or losses	
Adjusted operating profit	Operating profit – Adjustment items	
EBITDA	Operating profit + Depreciations and amortizations + Impairments	
Adjusted EBITDA	EBITDA – Adjustment items	