



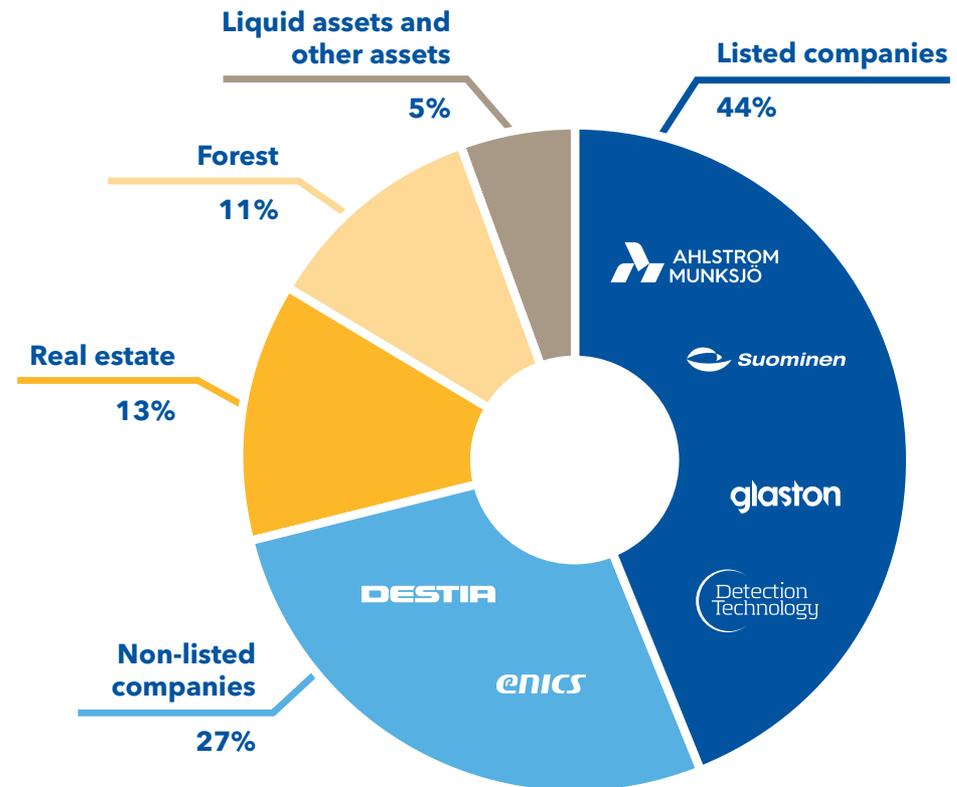
AHLSTRÖM CAPITAL

YEAR 2017

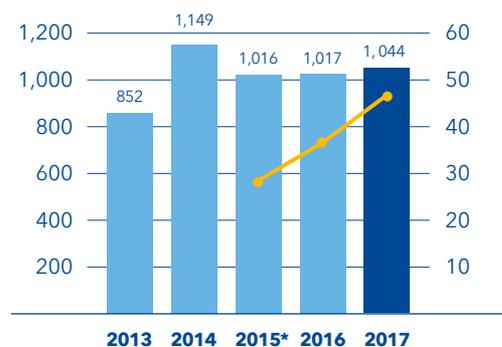
Ahlström Capital in brief

Ahlström Capital is a family-owned investment company that focuses its investment activity in industrial companies and real estate. We are one of the largest and most significant investment companies in Finland with a history of more than 160 years. Ahlström Capital creates long-term shareholder value by actively developing its portfolio. Our industrial investments include substantial holdings in the listed companies Ahlstrom-Munksjö Oyj, Detection Technology Plc, Glaston Corporation and Suominen Corporation, as well as direct investments in non-listed companies Destia Group Oyj and Enics AG. In addition to industrial investments, Ahlström Capital has considerable real estate and forest holdings.

Our external fair value at the end of 2017 was
1,034 MEUR



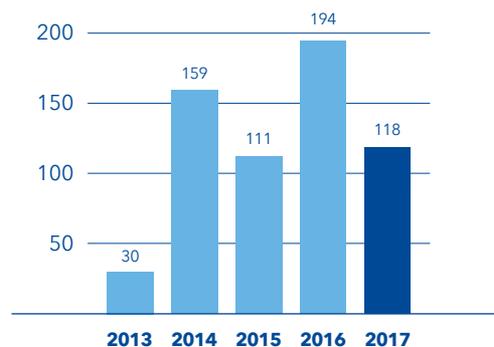
Revenue and comparable operating profit, MEUR



■ Revenue
— Comparable operating profit

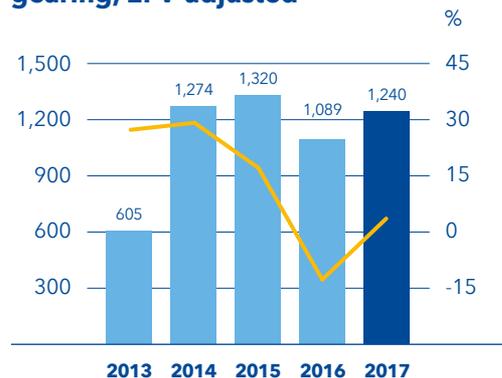
* Restated due to discontinued operations

Profit for the period, MEUR



Our dividend adjusted EFV increased by 12% and our comparable operating profit by 28%

Balance sheet total, MEUR and net gearing, EFV-adjusted



■ Balance sheet total
— Net gearing, EFV-adjusted

External fair value (EFV) and dividend, EUR/share



■ External fair value (EFV) per share
— Dividend per share
••• Extra dividend per share

* Board's dividend proposal
Number of shares was increased in 2017 (share issue without payment), comparative figures restated correspondingly.

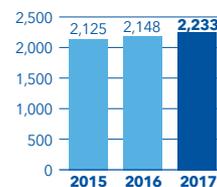
Portfolio

Listed companies

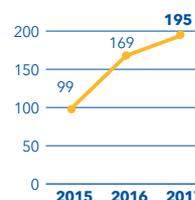


Ahlstrom-Munksjö is a global leader in fiber-based materials, supplying innovative and sustainable solutions to customers worldwide.

Revenue,
MEUR



Comparable
operating profit,
MEUR



Ahlström Capital's
shareholding

18.4%



Market
capitalisation,
MEUR

1,746



Suominen manufactures nonwovens as roll goods for wipes as well as for medical and hygiene products. Suominen is the global market leader in nonwovens for wipes.



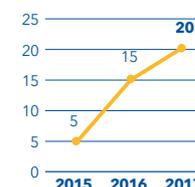
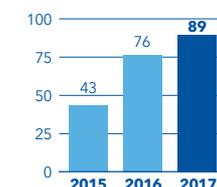
24.0%



254



Detection Technology is a global provider of X-ray imaging subsystems, components and services for medical, security and industrial applications.



37.5%



250



Glaston is a frontrunner in glass processing technologies and services. The company responds to the most demanding glass processing needs of the architectural, solar, appliance and automotive industry.



17.5%



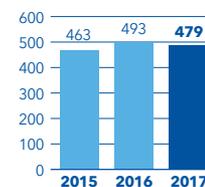
90

Non-listed companies

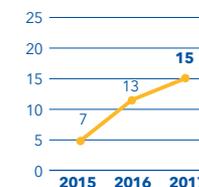
DESTIA

Destia is a Finnish infrastructure and construction service company. The company builds, maintains and designs traffic routes, industrial and traffic environments, as well as complete living environments.

Revenue,
MEUR



Comparable
operating profit,
MEUR



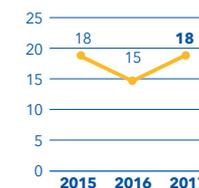
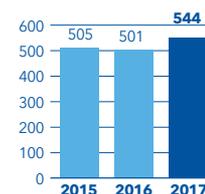
Ahlström Capital's
shareholding

100%



ENICS

Enics is the partner of choice for professional electronics in the fields of energy, industrial automation, transportation, building automation and instrumentation.



99%



Real estate and forest



Real estate

Ahlström Capital's real estate portfolio includes office and logistics properties in central locations in Southern Finland.

110,000 m²

Real estate area in total

142

Forest

Ahlström Capital focuses its forest holdings in the Satakunta region in Finland. We are one of the largest private forest owners in Finland.

33,000 ha

Forests in total

121

External fair value,
MEUR

Highlights



The merger of Ahlstrom and Munksjö

The merger of Ahlstrom and Munksjö took place in the second quarter of 2017, creating a global leader in sustainable and innovative fiber-based solutions. Ahlström Capital was a major shareholder in both companies and is now the largest owner of the new company, domiciled in Helsinki and headquartered in Stockholm.

As one company, Ahlstrom-Munksjö is increasingly international and in a better position to benefit from stronger growth opportunities. The merger improves competitiveness: together, the merged companies offer customers a broader range of solutions with a truly global reach. The merger has brought Ahlstrom's fiber-based materials and Munksjö's advanced paper products into one company. Ahlstrom-Munksjö aims to be the pioneer in sustainable and innovative fiber-based solutions, partnering with their customers towards global success.

The combined value of Ahlstrom and Munksjö at the time of the merger was EUR 1.2 billion and at the end of 2017, the company was worth EUR 1.7 billion. Value has been created both from a strong financial performance as well as an improved market position. The integration work following the merger is gaining momentum and Ahlstrom-Munksjö is fully confident that they can exceed the original target of EUR 35 million annual synergy benefits and estimate that benefits of above EUR 40 million can be reached by the second quarter of 2019.

Investment in Detection Technology

In June, Ahlström Capital announced the acquisition of shares representing approximately 39 per cent of Detection Technology Plc from Oy G.W. Sohlberg Ab, making Ahlström Capital the largest shareholder in Detection Technology.

Detection Technology is a global provider of X-ray imaging subsystems, components and services for medical, security and industrial applications. The company operates in Finland, China and in the USA.

Detection Technology, with a solid customer service approach and strong management, has had several years of impressive net sales growth. Ahlström Capital believes that the positive development will continue as the company focuses not only on customisation and flexible production, but also on cost-efficient product design with competitive manufacturing costs.

The acquisition price in June for the 39 per cent share in Detection Technology was EUR 95.1 million and the value of Ahlström Capital's shares (37.5 per cent) at the end of December was EUR 93.6 million.



Investment in Glaston

In June, Ahlström Capital announced the acquisition of approximately 18 per cent of Glaston Corporation, also from Oy G.W. Sohlberg Ab. Ahlström Capital is the largest owner of Glaston.

Glaston is an international pioneer in glass processing technology and a leading supplier of lifecycle solutions in glass processing machines. The company provides an advanced and wide range of glass processing heat treatment machines, maintenance and upgrade services, tools and expert services. Glaston has factories in Finland and China and the company has divided its market areas into EMEA (Europe, Middle East and Africa), America and Asia.

Glaston has a leading technological position and a global sales and service network well in place to benefit from a recovering market. The competitiveness of the company has improved thanks to actions taken by the management during recent years.

The acquisition price in June for the 18 per cent share in Glaston was EUR 14.9 million and the value of Ahlström Capital's shares at the end of December was EUR 15.9 million.



Enics acquisition of PKC Electronics

In January, Ahlström Capital's portfolio company Enics announced that it had acquired PKC Electronics, a business unit owned by the PKC Group. PKC Electronics had factories in Raahe, Finland and Suzhou, China. Both factories are providing services in testing, power solutions and design and manufacturing services in electronics, mechanics, software and test systems design. PKC Electronics matched perfectly with Enics' portfolio and strategic goal to be a strong and growing partner for its customers in the Electronic Manufacturing Services (EMS) market.

The integration of PKC Electronics into Enics' operations is proceeding as planned. The majority of Raahe's manufacturing will be transferred to manufacturing services in other locations within the global Enics Network, but mainly to the Lohja factory. In the future, Enics Raahe Oy will focus on the original design manufacturing (ODM) business and designing and manufacturing production testing equipment. In China, synergies are also realised between the manufacturing services factories.

The development and sale of Kasarmikatu 21

Kasarmikatu 21 is a high-end office building located in Kaartinkaupunki, Helsinki. The building project was conducted in collaboration with Ahlström Capital, HGR Property Partners and YIT. In December, the developers announced that the office complex was sold for an undisclosed sum to CNP Assurances making its first investment in Finland.

Kasarmikatu 21 is a seven-floor building, which was completed in December 2017. It was fully let to a range of high-quality tenants. The building is the first newly-constructed office asset in Helsinki's central business district in three decades and will be LEED Platinum certified. One of the central objectives of Kasarmikatu 21 is to raise the profile of the Kaartinkaupunki neighbourhood and enliven the Kasarmitori surroundings together with the City of Helsinki.

The project was an excellent example of a real estate development project where Ahlström Capital was as a partner involved from the very beginning. The building was fully let by the most prestigious tenants with exceptionally long lease agreements in advance of the project's completion. Both as a development project and in financial terms, Kasarmikatu 21 was an exceptionally successful building project, raising the bar on quality criteria of office property to a new level.



AC Network Day focused on digitalisation

The second AC Network Day took place in November when Ahlström Capital's board members and management gathered together for networking with Ahlström Capital's portfolio companies' boards and management in Otaniemi, Espoo, at the Aalto Design Factory. The AC Network had over 20 new members this year, as our new acquisitions joined our network.

As the theme for the day was digitalisation, we invited Aalto University's strategy students to participate in Ahlström Capital's Digital Strategy Challenge. The Aalto students studied AC's portfolio companies from a digital disruption point of view and brought up both ideas and challenges with regards to the portfolio companies' business and markets.

The AC Network Day included interesting presentations, as well as an inspiring panel discussion entitled "Perspectives to digitalisation in industrial firms". The Ahlström Capital Network is an important platform for exchanging ideas and generating new business opportunities in our portfolio. This network, together with our vast network of professional partners, supports Ahlström Capital in developing leading businesses.





Developing the investment portfolio according to our strategy

In 2017, Ahlström Capital's portfolio expanded, as we became the biggest shareholder in two new companies, Detection Technology and Glaston. The merger between Ahlstrom and Munksjö at the beginning of April made us the largest owner in a global leader of sustainable and innovative fiber-based solutions. Ahlström Capital also sold a major real estate project on Kasarmikatu 21 and acquired Kiinteistö Oy Hankasuontie 11 A, both in Helsinki.

In 2017, the dividend adjusted increase in the External Fair Value (EFV) of Ahlström Capital exceeded our target and was 12.3 per cent. At the end of December 2017, the EFV totalled EUR 1,033.7 million (beginning of 2017: 949.8).

Our total reported operating profit (EBIT) was EUR 129.8 million compared to EUR 36.6 million in 2016. Our EBIT in 2017 includes the result effect of EUR 44.1 million regarding the merger of Ahlstrom and Munksjö, the gain of EUR 32.8 million on the sale of holdings in Kasarmikatu 21 and changes in fair values of investment properties and forest assets.

Our comparable operating profit was EUR 46.5 million and exceeded the level of 2016 by 27.8 per cent. Our non-listed investments, Enics and Destia, significantly improved their comparable operating profit. Our new investments Detection Technology and Glaston also improved their profitability. Ahlstrom-Munksjö improved its performance in

2017, but the operative performance of Suominen was below 2016. Both real estate and the forest investment portfolio continued to provide a stable performance.

New investments in our industrial investment portfolio

In February, Enics acquired PKC Electronics with factories in Raahe, Finland and Suzhou, China. PKC Electronics matched perfectly to Enics' portfolio and their strategic goal to be a strong and growing partner for its customers in the EMS market.

In June, Ahlström Capital became the largest shareholder in Detection Technology and Glaston. Both companies fit well with Ahlström Capital and the investment broadened our portfolio with two attractive industrial technology businesses. Both companies have strong management and excellent development potential with sustainable value creation opportunities. Detection Technology has

Our dividend adjusted EFV increased by 12%, exceeding our target

a strong customer oriented service approach, but also a cost-efficient product design and flexible production. Glaston has a leading technological position and a global sales network. We have taken an active ownership approach in both companies after the acquisitions.

Focus on developing leading businesses

Our strategy is to increase the value of our portfolio as an active and responsible owner. We support and develop the companies by forming effective boards that possess in-depth industrial experience. Our approach differs depending on the portfolio company being private or listed. In private companies, we have a deeper insight and a stronger influence: we create value together. We support the management within different functions focusing on strategy, business development, mergers and acquisitions, finance, HR and communication.

In listed companies, our role is to ensure that value is being created, mainly through board work.

I would like to thank everyone in Ahlström Capital and its portfolio companies for the good work done in 2017. I also wish to express my gratitude to our shareholders and the Board for their trust and support.

Hans Sohlström

President and CEO

Hans Sohlström will leave his position at Ahlström Capital on April 15, 2018 and become the President and CEO of Ahlstrom-Munksjö.



Lasse Heinonen has been appointed as the new President and CEO of Ahlström Capital

"Ahlström Capital is a long-term investor with a prominent role in many different fields of the society. I believe that my experience from leadership in different international companies is beneficial for Ahlström Capital during the coming years. I am excited about the opportunity to learn new things and to be part of developing an excellent company", Lasse Heinonen says.

Over 160 years of industrial traditions

2017

Ahlström Capital is one of the largest and most significant investment companies in Finland, with a portfolio that consists of real estate and industrial investments.

Active value creation 2001–

We develop our portfolio through active board and strategy work. Our successful investments have resulted in value creation to shareholders. The company's external fair value has increased from around EUR 200 million (2001) to over EUR 1 billion (2017). We have paid out more than EUR 150 million as dividend since 2001.



Expansion 1900–1950

Ahlström becomes a forerunner in the paper, glass and engineering industries. A. Ahlström Osakeyhtiö becomes the biggest industrial company in Finland. First steps of internationalisation: Karhula Works begins the manufacturing of pumps for the forest industry, with the licences from the American company Nash, Swiss company Sulzer and Swedish company Laval.



1851

Antti Ahlström starts business.

2001

A. Ahlström Osakeyhtiö is divided into Ahlstrom Corporation, Ahlström Capital Oy and A. Ahlström Osakeyhtiö.



Internationalisation 1950–2000

A. Ahlström Osakeyhtiö becomes one of the first Finnish companies to expand their business abroad – a major milestone for Finnish industry. Starting with an investment in an Italian paper mill in 1963, today Ahlström Capital's portfolio companies are active in 33 countries. The investment in Cartiere Giacomo Bosso S.p.A was the first significant international corporate acquisition by a Finnish company.

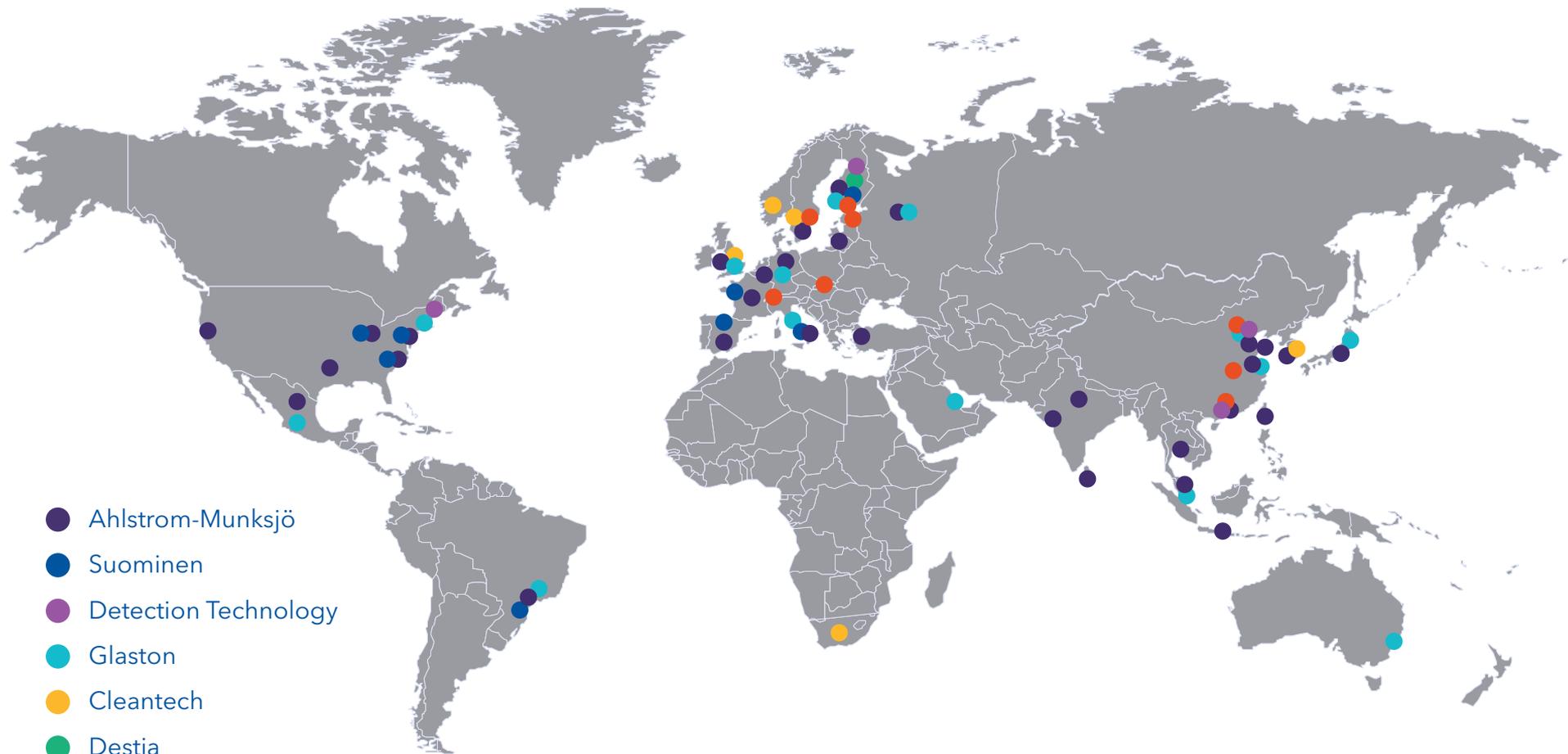
Foundation 1851–1900

Antti Ahlström starts business in the fields of shipping and sawn goods. In 1870, he acquires the Noormarkku Works, which later becomes his home and the centre of the company's businesses. He also acquired three other Works: Kauttua in 1873, Leineperi in 1877 and Strömfors in 1886. Along with the acquisition of the Works, Ahlström received significant forest holdings, which still form the basis of the company's forest assets today.



Our global footprint today

Our portfolio companies operate in growth industries, affected by various trends and market drivers in a global business environment.



- Ahlstrom-Munksjö
- Suominen
- Detection Technology
- Glaston
- Cleantech
- Destia
- Enics

~ EUR **4** billion
revenue of portfolio
companies, total

~ **12,500**
employees in portfolio
companies

33
operating countries

Our strategy

Ahlström Capital is a family-owned investment company with the mission to create sustainable long-term shareholder value growth. We focus our investments on industrial holdings and real estate.

Ahlström Capital combines the best features of an industrial company, an investment company and a family-owned company. We invest assets that the Ahlström family has accumulated over the past 160 years. We hold significant financial resources as one of the largest investment companies in Finland, strong industrial expertise, efficient processes, and an attitude of an active and responsible owner. We are a long-term owner that first and foremost seeks success and sustainable value for the companies we own, rather than short-term profits.

Our values are ambition and responsibility

The values of the Ahlström family – ambition and responsibility – guide all our operations. We have a long history and we want to continue that legacy and increase the company's value for future generations. We are a recognised owner that leads our own and our companies' operations in a professional manner, fostering a good governance culture.

Our core focus is to develop our portfolio companies

We increase the value of our holdings as an active and responsible owner. We participate actively in developing our holdings, through board and strategy work, as well as through mergers and acquisitions. We support and develop the companies by forming effective boards that possess in-depth industrial experience and can support the management to succeed in leading their business.

We use our significant financial resources to enable our companies to grow, and realise acquisitions that they would not be able to finance themselves. When expanding the existing businesses, we seek add-on acquisitions globally.

Looking for new investments based in the Nordics

When looking for new investments, we are mainly considering companies with an annual turnover of EUR 100-500 million and based in the Nordic countries that comply with the Nordic governance model. This allows us to benefit from our local networks and decrease the

The brain of an industrial company, the muscles of an investor and the heart of a family business

risks related to a new investment. Ahlström Capital's goal is to gain substantial influence or control in companies we invest in. We aim to be the largest owner in listed companies and a majority owner in non-listed companies. When choosing our new investments, we look for exclusive and unique "win-win" deals.

Investing in and developing real estate

In real estate, we invest in office and logistics properties in central locations in Southern Finland. We create value through active ownership in real estate development and conversion projects. We prefer to invest in properties that have a market value of between EUR 10-75 million. We focus our investments on prime office space mainly in the Helsinki and Tampere regions, as these are the key growth centres in Finland, and logistic properties in the Greater Helsinki region close to main highways in good logistic locations.

Values: Ambition and Responsibility

Purpose

Family investment company

Mission

Sustainable long-term shareholder value growth with attractive annual cash returns

Financial targets

- Annual external fair value (EFV) growth of 6-10%
- Steady dividend that increases over time

Investment focus

Real estate

20-30% of external fair value (EFV)



Role

Stable value growth with low risk

Focus

Prime location buildings and forests in Finland

Special mission

Heritage assets

Industrial holdings

70-80% of external fair value (EFV)

Role

Strong value growth with medium risk

Focus

Controlling stakes in established companies based in the Nordics with significant value creation potential

Core

Advanced fiber-based materials



Industrial technology and services



Opportunity

Other Nordic business

**We
develop
leading
businesses**

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