



AHLSTRÖM CAPITAL

YEAR 2018

Ahlström Capital in brief

Ahlström Capital focuses its investment activity on industrial companies, real estate and forest. We are a family-owned company with a history of more than 160 years, and one of the largest and most significant investment companies in Finland. 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. In addition, the portfolio includes direct investments in non-listed companies Destia Group Oyj and Enics AG as well as an investment in the AC Cleantech Fund. Ahlström Capital's considerable real estate and forest holdings are managed by its fully-owned subsidiary A. Ahlström Real Estate Ltd.





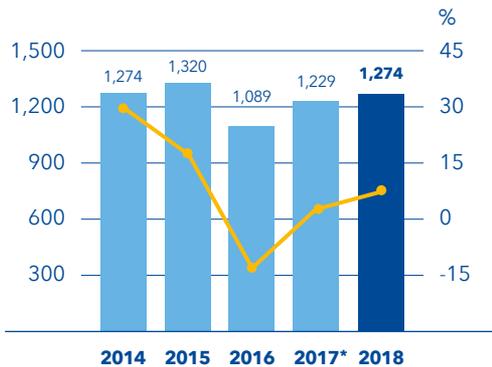
Revenue and comparable operating profit, MEUR



■ Revenue
— Comparable operating profit

* Restated due to discontinued operations
** Restated due to the implementation of IFRS15

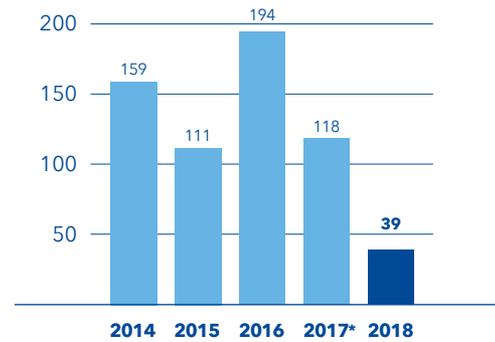
Balance sheet total, MEUR and net gearing, EFV-adjusted



■ Balance sheet total
— Net gearing, EFV-adjusted

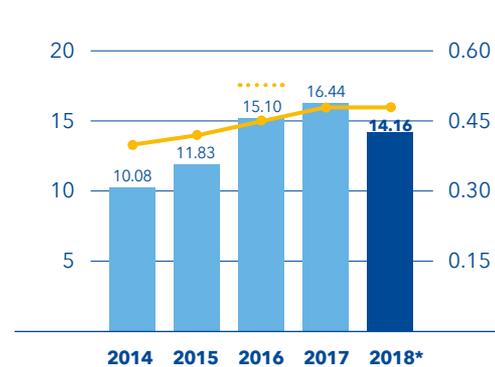
* Restated due to the implementation of IFRS15

Profit for the period, MEUR



* Restated due to the implementation of IFRS15

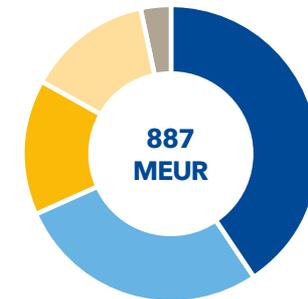
External fair value (EFV) per share and dividend per share, EUR



■ 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.

Our external fair value 31.12.2018



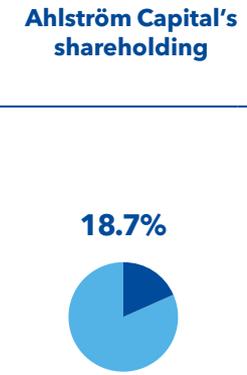
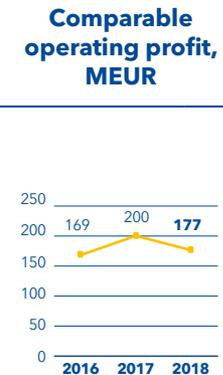
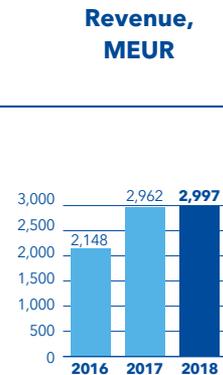
■ Listed companies **41%**
■ Non-listed companies **28%**
■ Real estate **15%**
■ Forest **13%**
■ Liquid assets and other assets **3%**

Our portfolio

Listed companies



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

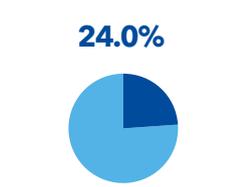


Market capitalisation, MEUR

1,397



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

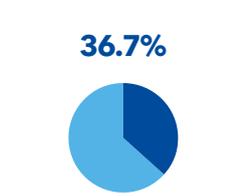


Market capitalisation, MEUR

118



Detection Technology is a global provider of X-ray detector solutions for medical, security and industrial applications.

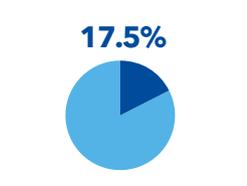


Market capitalisation, MEUR

235



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



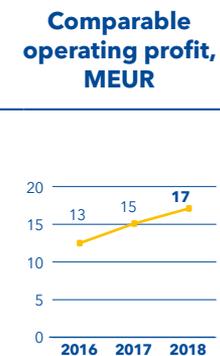
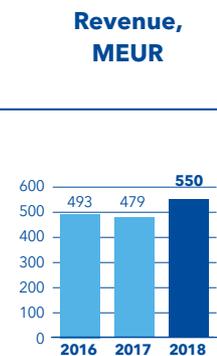
Market capitalisation, MEUR

75

Non-listed companies

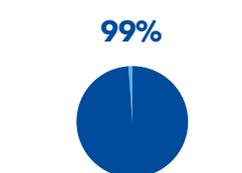
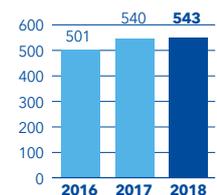
DESTIA

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



ENICS

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



Real estate and forest



Real estate

Ahlström Capital's real estate portfolio includes prime location buildings in Southern Finland. Our portfolio also includes heritage assets in Noormarkku and Kauttua.

76,000 m²
Real estate area in total

143

External fair value, MEUR

Forest

Ahlström Capital's forest assets are mainly located in Western Finland in the Satakunta region, and in Central and Eastern Finland.

33,000 ha
Forests in total

128

Developing our portfolio companies

In 2018, our main priority was to further develop the companies in our portfolio. Ahlström Capital as the largest shareholder had a significant role in strategically important acquisitions announced by Ahlstrom-Munksjö during the summer 2018 and Glaston in January 2019. The value creation plans and strategies have been updated in many of our portfolio companies. The development of the External Fair Value (EFV) of Ahlström Capital investments was negative in 2018, but comparable operating profit improved.

After strong performances in the previous years the EFV of Ahlström Capital declined in 2018. Value reduction took place in our listed companies mainly during the last quarter as the stock market was very volatile. The EFV was EUR 887 million at year-end 2018 (beginning of 2018: EUR 1,034 million). The dividend adjusted decrease in EFV was 11.3 per cent.

Our comparable operating profit was EUR 49.2 million and exceeded the level of 2017 by 7 per cent. Destia had an improvement in profitability and at year-end Destia's order book was at a record high level. Enics operating environment was twofold – good market demand but shortages in component supplies. Thus, revenue and comparable operating profit development of Enics were slightly above the previous year, but behind our expectations. Out of our listed companies Glaston improved its comparable

operating profit supported by positive service business development. Detection Technology's profitability was above the company's long-term guidance but slightly behind the previous year due to increased investments in R&D. Ahlstrom-Munksjö's underlying profitability was impacted by high raw material costs and non-recurring costs had a material effect on the net result. Suominen had a challenging year impacted also by high raw material costs and new production ramp up costs.

Both the real estate and forest investment portfolios continued to provide a stable performance. We proceeded with the development project of Hankasuontie 11 A in Helsinki as planned and divestments of non-core real estate properties continued. The logging of timber was at the previous year's level and wood demand in the market developed favourably.



Lasse Heinonen started as the President & CEO of Ahlström Capital on August 1, 2018.

Enabling our portfolio companies in their growth strategies

Ahlstrom-Munksjö made two important acquisitions during 2018 including specialty paper producer Expera Specialty Solutions in the U.S. and Caieiras specialty paper mill in Brazil. Through these investments, Ahlstrom-Munksjö has a more geographically balanced operating platform and the company is in a better position to serve its end-user segments. Ahlström Capital participated in the rights offering during the last quarter conducted to finance the acquisition of Expera Specialty Solutions.

In January 2019, Glaston announced the acquisition of Bystronic glass, strengthening its position in the glass processing value chain and doubling the revenue base in the future. As a major owner we are actively supporting the company leadership in this acquisition including participating in the financing of the transaction.

Value creation by active ownership

We updated our strategy during autumn 2018. Our industrial assets will continue to be 70-80 per cent of our portfolio, offering opportunities for strong value growth with flexible holding periods. We look for the leading role in established companies with strong positions in attractive markets. We want to invest in companies that offer further development and value creation potential. Our real estate and forest investments form the firm basis of our portfolio, that provides strong cash flow and solid value growth with a long holding period.

We have strong ownership positions and we exercise our influence through the boards and develop value creation plans for each company. We also integrate sustainability into our plans, as it is an integral part of long-term value creation. Our goal is to develop leading businesses, aspiring for all our companies to outperform their peers and reach their full potential. Our main priority is to further develop the companies in our portfolio, but at the same time we are actively screening new industrial and real estate investments.

I would like to thank everyone in Ahlström Capital and our portfolio companies for the good work done in 2018. I also wish to express my gratitude to our shareholders and Board for their trust and support.

Lasse Heinonen

President and CEO

Our global footprint today

Our portfolio companies are affected by megatrends such as globalisation, urbanisation, population growth and sustainability.

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



~ **5** billion
revenue of portfolio
companies, total

~ **15,000**
employees in portfolio
companies

32
operating countries

Our strategy is to create long-term value

Ahlström Capital is a family-owned investment company. Our mission is to create sustainable long-term shareholder value with attractive cash returns. We focus our investments on industrial holdings, real estate and forests.

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. We have strong industrial expertise, efficient processes and an attitude of an active and responsible owner.

Our industrial investments include substantial holdings in listed companies as well as direct investments in non-listed companies. They offer opportunities for strong value growth with flexible holding periods. Real estate and forest investments form the firm basis of our portfolio and they provide a strong cash flow and solid value growth. We also own and develop culturally and historically significant works in Noormarkku and Kauttua.

Guided by our values

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 reputable owner that leads our own and our companies' operations in a professional manner, fostering a good governance culture.

Developing leading businesses

We aim to have the leading role in listed companies and to be the majority owner in non-listed companies. That said, we also welcome co-investment opportunities with investors who share our values. Ahlström Capital invests in established companies that have strong positions in attractive markets and offer further development and value creation potential.

We have value creation plans for each company and participate actively in developing the companies. We develop them through board and strategy work, as well as through mergers, acquisitions and divestments.

For screening potential new acquisition targets and for developing our existing businesses we apply a comprehensive set of evaluation criteria. Understanding business

Our values are ambition and responsibility

attractiveness, companies' strengths and weaknesses as well as the value creation potential is essential. Our main priority is to further develop the existing companies, but we also look for new companies to invest in.

Investing in and developing real estate

In real estate, we invest in prime location buildings in Southern Finland. We create value through active ownership and use our ability to execute real estate development and conversion projects.

We invest in forest assets in Western, Central and Eastern Finland. As a private forest owner, we are one of the largest in Finland.

Financial targets

- Annual external fair value (EFV) growth of 6 - 10% and an increasing dividend

Foundation

- Reputable owner with sustainable long-term approach
- Industrial traditions and expertise in fiber-based materials and industrial technologies
- Strong partner network

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

Investment focus

Industrial holdings: 70-80% of EFV

ROLE: Strong value growth & solid cash flow with flexible holding period

FOCUS: Leading role in established companies holding strong positions in attractive markets and offering further development & value creation potential

Real estate & Forests: 20-30% of EFV

ROLE: Strong cash flow & solid value growth with typically long holding period

FOCUS: Prime location buildings in Southern Finland & forests in Finland

Special role to take care of Heritage assets

VALUE CREATION: AC WAY & AC NETWORK

Choose

Create

Capture

**We develop
leading
businesses**

Ahlstrom-Munksjö – strategic acquisitions



Ahlstrom-Munksjö is a global leader in innovative and sustainable fiber-based solutions. The company's target is to achieve profitable growth in the fiber-based solutions market, which offers a positive growth outlook and is supported by sustainable market drivers.

In 2018, Ahlstrom-Munksjö acquired specialty paper producer Expera Specialty Solutions in the U.S. and MD Papéis' Caieiras specialty paper mill in Brazil. These acquisitions were important milestones in the implementation of Ahlstrom-Munksjö's strategy. Critical size in the value chain enables operations on a global scale and a readiness to better meet the customer

needs. Through the acquisitions, the company is expected to increase net sales from EUR 2.4 billion to approximately EUR 3 billion. The acquisitions also provide Ahlstrom-Munksjö cost synergies.

Expera will further strengthen Ahlstrom-Munksjö's offering of advanced custom-made fiber-based materials. The transaction will almost triple the company's net sales in the U.S. The acquisition of Caieiras significantly strengthens Ahlstrom-Munksjö's offering in South America. The Caieiras product offering is an excellent match for Ahlstrom-Munksjö with 80 per cent of sales being in line with the company's current portfolio.

Detection Technology – investing in innovation

Detection Technology (DT) is a global provider of off-the-shelf and customised X-ray imaging solutions for medical, security and industrial applications. DT seeks to grow through new product innovations. DT's broad mix of standard and customised solutions helps the company's customers better serve their customers.

In 2018, DT unveiled a fully digital detector product family called Aurora to deliver value in simplicity for X-ray imaging in the security and industrials market. Aurora's architecture is extremely cost-effective. Another significant product announce-

ment during the year was the launch of the X-Panel product family. With the X-Panel product family, DT entered the CMOS market.

DT made a long-term strategic investment when the company acquired the business operations of the French technology company, MultiX S.A. The deal expands the technology base of DT, thereby strengthening its position in the security, industrial and medical X-ray imaging market. The companies' technology synergies are significant.



Glaston - strengthening its position



Glaston is the frontrunner in glass industry technologies and services. The company's goal is to further strengthen both its strong position and competitiveness through continuous product development and a regularly renewed product offering. The growth target is supported by growing demand for architectural glass.

In January 2019, Glaston announced that it had signed an agreement to acquire the Bystronic glass Group, a globally operating high-end machinery, systems and services provider for the processing of flat glass. Bystronic glass has a comprehensive range of products, highly complementary to Glaston's, for the Architectural, Automotive and Display markets.

The acquisition supports Glaston's goal of further strengthening its position in the glass processing value chain. The acquisition diversifies Glaston's offering to the architectural market as well as complementing offering to the automotive market.

The combination of the companies creates for Glaston a unique opportunity to develop, for its customers' benefit, a comprehensive range of products and services that in the future will cover the entire value chain.

Suominen - sustainable nonwoven fabrics

Suominen is globally leading supplier of nonwovens. The company creates value by turning fiber raw materials into nonwovens that their customers convert into both consumer and professional end products. One of the key drivers of Suominen's strategy is transforming the product portfolio by increasing the share of higher value-added products.

The new production line in Bethune, South Carolina, U.S. plays a central role in this strategy. In 2018, Suominen also launched value-added product concepts like Suominen Intelligent Nonwovens™

- a unique concept in the world of nonwovens that embeds digital features into nonwovens.

Suominen recognises that societies and natural environments are changing, and people are increasingly aware of environmental and social issues. The Suominen Sustainability Agenda 2018-2021 is linked to the Sustainable Development Goals (SDGs) set out by the United Nations. The company strives to offer the most sustainable nonwovens on the market. To that end, Suominen has decided to create a 'product sustainability index'. Strategic targets will be set after the index is created in 2019.



Destia - connecting northern life



Destia is a Finnish infrastructure and construction service company. Destia designs, builds and maintains traffic routes, industrial and traffic environments, as well as complete living environments. Destia's core business comprises large road projects and infrastructure maintenance requiring special expertise. The order book at the end of 2018 was at a record high and numerous large projects were ongoing.

Destia's strong expertise - the harmonised, ethically sustainable and responsible way of doing business - forms the firm foundation for the implementation

of Destia's strategy. According to its new strategy 2019-2023, Destia's ambition is to grow into a stronger urban developer in a changing, increasingly demanding operating environment. At the same time, Destia will chart new business opportunities in Northern Sweden and Northern Norway.

Destia is looking for a more prominent role in the sector's value chain. Its strategy is to secure the competitiveness of its core business and international growth in the selected strategic areas as well as to introduce more refined business and urban development together with its partners.

Enics - integrated life-cycle services

Enics is one of the largest industrial Electronics Manufacturing Service providers globally. The company aims to be the partner of choice for professional electronics in the fields of energy, industrial automation, transportation, building automation and instrumentation.

In 2018, Enics successfully executed business transfers between units, creating a platform for further operational excellence. As a result, Enics now has a more streamlined and competitive factory footprint, allowing it to more optimally serve its customers in the future. The role of engineering and after sales services has

grown in the company. Enics customers, electronics original equipment manufacturers, continue to increasingly focus on their own core businesses and therefore outsource a growing share of engineering services to suppliers.

During 2018, Enics updated the company's strategy, which is built on increased customer centricity, and with emphasis on integrated life-cycle services and digitalisation, enabling Enics to help their customers achieve further success in the future. Enics ambition is to deliver the best customer experience and uncompromised reliability in industrial electronics.



Real estate - focus on prime location buildings



Our real estate strategy, refined in 2018, allows us to take an even more active role in the development of projects. We are able to build properties which fulfill our portfolio requirements and meet our tenants' needs. Our real estate strategy focuses on prime location buildings in Southern Finland. Our flagship building is the 'Industrial Palace' on Eteläesplanadi 14.

Currently, the real estate transaction market is highly active. With our recently revised real estate strategy, we aim to find the optimal position so that we are able to fully capitalise on the present market situation.

Sustainability is embedded in our real estate business. All properties are managed in an energy-efficient manner, with an aim of getting environmental certificates (LEED, BREEAM) for them.

We own and develop the modern multi-use property Hankasuontie 11 A in Helsinki. The property is a suitable addition to our real estate portfolio as it fits well with the new strategy which highlights new property types such as light industrial properties. We will apply for an environmental certificate also for this property.

Ahlström Capital's real estate portfolio is managed by A. Ahlström Real Estate Ltd.

Forests - long-term ownership

With 33,000 hectares of forest, Ahlström Capital is one of the largest private forest owners in Finland. We have a long tradition in forestry, as the basis of the company's forest assets were formed in the late 1800s.

Our forests, managed by A. Ahlström Real Estate Ltd, are concentrated in the Satakunta region, and in Central and Eastern Finland. When we operate locally, we are also able to more optimally plan loggings and sales.

With sustainable forest management, we aim to secure both the biodiversity of our forests and to keep the forest business profitable. Our forest holdings contain a

substantial amount of old forest and our focus is on long-term silviculture.

In 2018, we piloted a new way of logging, with some forests now cut according to uneven-aged management, which offers an alternative to clear cutting. The method supports the multiformity of forests.

All Ahlström Capital's forests are PEFC certified. The Programme for the Endorsement of Forest Certification (PEFC) is the world's leading forest certification organisation. Our forests are also included in various protection programmes, such as Natura 2000.



Sustainable value creation

As a family-owned investment company, we have a long-term approach and we develop our portfolio companies in a sustainable way. We at Ahlström Capital believe that sustainability is a prerequisite for creating long-term value. We are committed to promoting responsible business practices in our portfolio companies and to conducting sustainable asset management of our real estate and forest investments.

As a responsible investor we want to improve our environmental, social and governance (ESG) impact and performance in our own operations and in our investments. We have identified Ahlström Capital's material ESG topics and we will incorporate them into the screening processes and business development work of our portfolio companies. In addition to these ESG topics, portfolio companies have their own industry-specific ESG topics, which they manage and develop similarly to those identified by Ahlström Capital.

Active ownership of portfolio companies

We support our portfolio companies in their responsibility efforts through active board participation and guidance as well as by cooperation with the management. As a responsible owner we want to discuss ESG topics in the Boards of our portfolio companies. We have created investment tools to support the evaluation of the ESG topics in our investment targets as well as the development of current portfolio companies' sustainability work.

Active ownership of real estate and forests

We manage our real-estate and forest holdings in a sustainable way. When we select new properties into our

real estate portfolio we consider the ESG impact of the new investment. Our properties are managed in an energy efficient manner and we aim to get environmental certificates (e.g LEED and BREEAM) for them.

We promote ecologically and economically sustainable forestry and take into account multipurpose use of forests. Our forests are included in various protection programmes, such as Natura 2000. All our forests have PEFC Sustainable Forest management certification.

Sustainable way of working

Our sustainability work is based on the Global Compact's ten principles for sustainable investments. In order to develop our sustainability work we have continuous dialogues with all of our stakeholders, including the Finnish organisation for sustainable business practices, FIBS, which we joined in 2016.

We aim to ensure that all our operations and employees comply with our Code of Conduct which addresses our values and ethical rules.

Joining UN Global Compact

In June 2018, Ahlström Capital Group committed to the United Nations ten principles of the Global Compact (UNGC) with respect to human rights, labour, environment and anti-corruption.

Joining the UNGC was an important step forward in our sustainability work and through the commitment we expressed our intent to advance the ten principles within our sphere of influence. Our first report to the UNGC will be published in June 2019. Destia, Enics and A. Ahlström Real Estate are included in the report as part of the Ahlström Capital Group. We also expect that our other portfolio companies Ahlstrom-Munksjö, Detection Technology, Glaston and Suominen will commit to the ten UN Global Compact principles.



Culture and hospitality services in unique surroundings

One of the largest and most impressive ironwork areas in Finland, the Noormarkku Works, has been in the ownership of Ahlström for 150 years. Antti Ahlström bought the works as well as its land and forest areas in 1870. Only three years after the acquisition of the Noormarkku Works, Antti Ahlström bought the Kauttua Works.

The Noormarkku Works nowadays provides well-known and high-quality hospitality and conference services. There are three significant residential buildings located in the Noormarkku Works area: Isotalo, Havulinna and Villa Mairea. Villa Mairea, designed by Aino and Alvar Aalto and built in 1939, has attained world-wide recognition as one of the greatest masterpieces of 20th century architecture. The Noormarkku Works is also a home to the headquarters of A. Ahlström Real Estate Ltd.

The Noormarkku Works offers accommodation for more than 90 people in their elegant rooms. Guests may complete their visit using the Works' culture and nature services. During Noormarkku Works tours, a guide will acquaint the guests with Villa Mairea, the Ahlström Voyage exhibition and the Makkarakoski saw-mill. In addition, top-quality outdoor activities, such as fishing packages and canoe safaris, and wellness services are also available. The Kauttua Works also provides hotel and restaurant services.



Over 160 years of industrial traditions

1851

Antti Ahlström (1827-1896) started businesses in the fields of shipping and sawn goods.



1870

Antti Ahlström acquired the Noormarkku works, which later became his home and the centre of the company's businesses. During the late 1800s, Ahlström also acquired the Kauttua, Leineperi and Strömfors works.



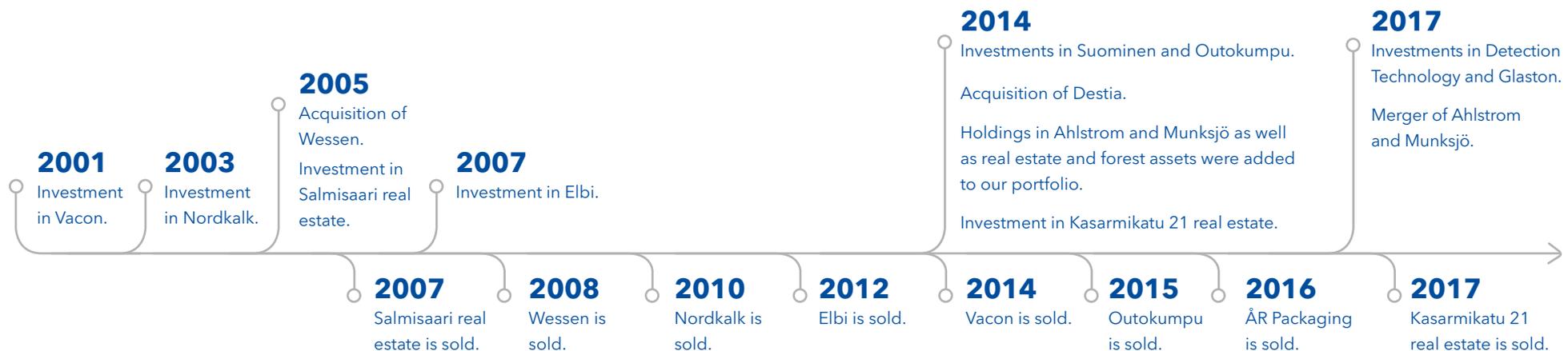
1908

A. Ahlström Osakeyhtiö was established. It later became the biggest industrial company in Finland. Strong internationalisation of the company started in the 1960s, and today Ahlström Capital's portfolio companies employ 15,000 people in 32 countries.



Ahlström Capital was established in 2001, when A. Ahlström Osakeyhtiö was divided into Ahlstrom Corporation, Ahlström Capital Oy and A. Ahlström Osakeyhtiö. Ahlström Capital's portfolio consisted of Ahltronix (which later became Enics) and ÅR Carton (later: ÅR Packaging).

At the end of 2018, our portfolio included holdings in Ahlstrom-Munksjö, Detection Technology, Glaston, Suominen, Destia and Enics, as well as considerable real estate and forest holdings.



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