

# AHLSTRÖM CAPITAL



*Financial Review*  
JANUARY – DECEMBER 2013

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The comparative figures are from the same period in 2012 unless stated otherwise.

## HIGHLIGHTS 2013

- The External Fair Value of the Ahlström Capital Oy share increased by 106.13 euros, or 12.7 percent, to 940.29 euros. Adjusted for the dividend of 20.85 euros per share, the EFV increased by 126.98 euros, or 15.2 percent.
- Ahlström Capital Group's net sales were EUR 861.0 million (873.2).
- Ahlström Capital Group's EBIT for 2013 was EUR 38.1 million (37.7).
- The net result was EUR EUR 25.3 million (24.9).
- The operational performance of our portfolio companies improved clearly compared to last year despite the challenging business climate.
- Exits made during the year improved our result further and had a positive effect on Ahlström Capital Group's net debt.

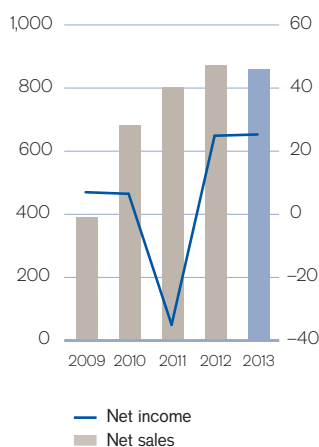
## HIGHLIGHTS, OCTOBER–DECEMBER 2013

- Ahlström Capital committed to buy 5 percent of shares in Outokumpu Oyj and to subscribe pro rata for new shares in Outokumpus forthcoming share issue.
- Ahlström Capital Group's net sales were EUR 212.8 million (220.0).
- Ahlström Capital Group's EBIT for October–December 2013 was EUR 22.0 million (29.1).
- The net result was EUR 18.2 million (25.6).

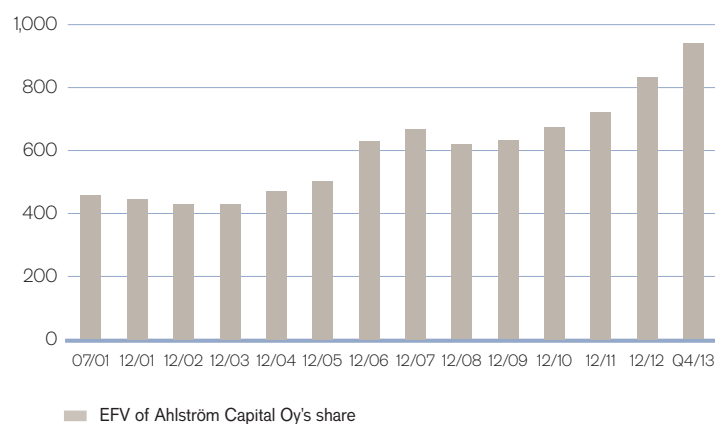
## OUTLOOK FOR 2014

- We expect the comparable net sales and operative result to increase slightly from last year.

NET SALES AND NET INCOME, Me



DEVELOPMENT OF EXTERNAL FAIR VALUE PER SHARE, €



# REPORT OF OPERATIONS

Founded in 2001, Ahlström Capital is a private equity investment company and a significant industrial group. The company relies on both internal funds and external financing for making long-term investments in industrial companies and selected real estate. Via a cleantech fund, the company also invests in growth-stage companies in the cleantech industry. Ahlström Capital is together with the management in the portfolio companies actively involved in developing the businesses to maximize the value of investments. The total net sales of our portfolio companies exceed one billion euros.

Depending on the risk nature of the asset class, our required return is between 5 and 25 percent, with a lower expected return on real estate and forestry, while the requirement for private equity investments is higher. We strive for an average annual increase in value of 10 percent over time. We aim to distribute three to five percent of the managed capital as dividend yield. Continuous value increase requires an active turnover of portfolio assets, which generally involves two to three acquisitions or exits per year.

## EXTERNAL FAIR VALUE OF AHLSTRÖM CAPITAL'S SHARE

EFV is an abbreviation of External Fair Value, which according to the IPEV Valuation Guidelines (International Private Equity and Venture Capital Valuation Guidelines) is the price that would be received to sell an asset in a transaction between market participants at the measurement date. Ahlström Capital complies with these guidelines when valuing its holdings.

Ahlström Capital is an investment company; therefore, the development in the external fair value of the company's share is the most relevant long-term performance indicator, and external fair value is the most precise way of monitoring the development in the value of investments. The external fair value is realized upon exit from an investment, and then the balance sheet value of the holding is the same as the external fair value.

The value of our investments increased during 2013. The dividend-adjusted

external fair value of Ahlström Capital Oy's share increased by 15.2 percent.

## REORGANIZATION OF THE MANAGEMENT OF THE AHLSTRÖM FAMILY'S OWNERSHIP

In August, the shareholders of the companies controlled by the Ahlström family, Antti Ahlström Perilliset Oy, A. Ahlström Osakeyhtiö and Ahlström Capital Oy, decided to reorganize the ownership so that management and development of the Ahlström family's assets would be concentrated in Ahlström Capital Oy. However, the reorganization was not concluded during 2013.

## BUSINESS ENVIRONMENT

The global economy showed signs of a moderate recovery during 2013, mainly in the USA. While this recovery is not as discernible in Europe, the growth figures for the euro zone are somewhat more positive compared with the previous year. Primarily this applies to Germany and the UK, while countries in Southern Europe are still struggling with low or zero growth. The banks' balance sheets and stricter regulation are curbing lending in the euro zone, which is having an adverse effect on new investments.

Growth in the BRIC countries has declined, although China still shows a growth rate of about 7 percent. This is somewhat lower than in previous years, however. Growth in Russia is expected to remain modest due to a low level of investment in the private sector and a slowdown in growth in the oil sector.

Europe still represents the main market for our portfolio companies. Our companies also have a certain amount of exposure to Asia.

The stock market picked up visibly during 2013, but this was to a great extent due to low interest rate levels. While many companies showed improved earnings, these were mainly achieved through cost savings rather than being the result of growing demand or new investments.

Interest levels are expected to remain low during 2014. Along with stricter regulation of the banking industry, this will result in a decreasing supply of bank

financing. This is nevertheless balanced out by an active and liquid bond market.

## INVESTMENTS AND PORTFOLIO DEVELOPMENT

Efforts to stabilize our portfolio continued during the year. We developed our holdings and exited from some of them. The measures we have previously taken regarding ÅR Packaging are now manifested in clearly improved profitability, which is reflected in the result. Following the restructuring of our investment portfolio, our net liability has been reduced significantly. Of the invested capital, the industrial investments represented 65 percent, real estate 17 percent and the cleantech fund 3 percent at year-end. Liquid funds made up 15 percent.

## EXITS

Elbi Elektrik, one of Turkey's leading manufacturers of electrical installation accessories, was sold to ABB in its entirety in the autumn.

Ahlström Capital's holding in Vacon was reduced from 13.5 percent to 10.6 percent.

## NEW INVESTMENTS

At the end of the year, Ahlström Capital committed to acquire from ThyssenKrupp a number of shares in Outokumpu Oyj and to subscribe pro rata for new shares in Outokumpu's forthcoming share issue. When finalized, the deal will give Ahlström Capital a holding of roughly 5 percent in Outokumpu Oyj.

## LISTED COMPANIES

**VACON (10.6%)** Vacon is a world leader in developing, manufacturing and selling variable-speed AC drives and converters. The company also has a comprehensive service network. Vacon has manufacturing and product development units in Europe, Asia and North America, as well as sales offices or sales representatives and service partners in nearly 90 countries. In 2013, Vacon increased its revenues and improved its profitability in the challenging state of the market. In the company's assessment, the growth in the AC drive market remained slow in 2013.

In January–December 2013 Vacon's revenues increased from the period for comparison. Revenues increased e.g. for products for building automation and renewable energy production. In 2013 revenues rose in the EMEA and APAC regions, but fell in North and South America. In 2013, the company's profitability clearly improved from the period for comparison. A particular factor in the improvement in the profitability in 2013 was the cost benefits obtained from transferring material sourcing to lower-cost countries. Revenues for the period January–December totalled EUR 403.0 million (388.4), an increase of 3.8% from the previous year. Operating profit was EUR 40.6 million, or 10.1% of revenues (38.0 and 9.8%).

Vacon has decided to expand its product offering into the market for medium-voltage AC drives. Additionally in October 2013 Vacon launched the new VACON® NXP Grid Converter AC drive, which represents the next step in energy optimization, ensuring that e.g. ship and port owners can improve energy efficiency and productivity.

#### PRIVATE EQUITY

##### AR PACKAGING GROUP (63%)

AR Packaging Group is a paperboard and flexible packaging producer. The Groups' net sales in 2013 amounted to EUR 424.5 million (454.0). The cost-saving measures taken in 2012 have borne fruit. The improved capacity utilization, combined with the higher load levels in factories, resulted in considerable improvement in the overall profitability. AR Packaging issued a four-year bond loan of EUR 80 million during the year. The issue was well-received by the market and enabled a good overall financing solution for the company.

**ENICS (96%)** Enics is an electronics manufacturing services provider headquartered in Zurich, Switzerland. The company's net sales in 2013 amounted to EUR 417.4 million (390.9).

Together with the management, the new CEO, who joined in February, created a plan for restoring the company's profitability. During the year, the management worked consistently according to this plan, resulting in an improvement in the operating profit. In accordance with the

new profitability plan, all factories have been re-profiled and new roles have been assigned to factories in low-cost countries (LCC) and high-cost countries (HCC) respectively. Both categories have their own objectives. The majority of the business now comes from the LCCs. There has been a shift towards LCCs due to the fact that the markets showing the highest growth are also located in these countries.

#### REAL ESTATE INVESTMENTS

The Eteläesplanadi property is fully leased out and the business went on as before. Development work on the Lönnrotinkatu property, which was acquired in conjunction with HGR Property Partners, is progressing according to plan. The building is being converted to residential apartments, and will be ready in its entirety in June of this year. Many of the apartments have already been sold. Work on the properties in Bragadiru, Romania, is also progressing on schedule. The fourth residential building is now ready, and sales work regarding the apartments is in full swing.

#### FUND INVESTMENTS

Established in 2010, the AC Cleantech Growth Fund I Ky invests in interesting targets in the cleantech industry. In addition to Ahlström Capital, Varma, Sitra and Stiftelsen för Åbo Akademi have also invested in the fund. The funds collected are more or less fully invested. No new investments were made during the year. However, certain arrangements were made to support the most promising projects. The cleantech portfolio currently comprises Ripasso Energy AB, Scandinavian Biogas Fuels International AB, TD Light Sweden AB, Mervento Oy and Frangible Safety Posts Ltd.

#### LIQUID FUNDS

Ahlström Capital Oy and the holding companies owned by it have liquid funds available for additional investments, consisting mainly of short-term money market instruments. Their value at the end of the year totalled EUR 55.0 million.

#### GROUP STRUCTURE

Work on simplifying the group structure was completed during the year, and several subsidiaries were merged or liquidated. All industrial investments in

both listed and unlisted companies are concentrated in the Netherlands under Ahlstrom Capital B.V. Except for the property on Eteläesplanadi, real estate investments are held by AC Real Estate B.V. A new subsidiary, Ahlström Konsernipalvelut Oy, was established during the year with the purpose of providing accounting, IT and HR services for the Group as a whole. Lönnrotinkadun Kivipalatsi Oy and the Romanian real estate company West Residential Park are associated companies in the Group. Ahlström Capital has an important shareholding in Vacon Plc (10.6%), which is not included in the Group. AC Cleantech Management Oy is the management company for AC Cleantech Growth Fund I Ky. The fund's portfolio companies are not part of the Group.

#### GROUP EARNINGS IN 2013

The comparative figures are for the same periods in 2012 and 2011, unless stated otherwise.

Ahlström Capital's thirteenth reporting year, extending from January 1 to December 31, 2013, shows a result on a similar level to last year. Compared with previous years, the operational activities comprised a larger part of the result. The figures are not fully comparable with those from previous years as Vacon was an associated company until Q3 2012 and the B&B division of AR Packaging Group was sold in December 2012. Further, Elbi was included in the Group only until August 2013.

Return on capital employed was 11.6 percent. The EFV of Ahlström Capital Oy's share rose by EUR 106.13 to EUR 940.29 during the reporting year. Including the dividends paid, the increase was 15.2 percent. This improvement was mainly due to the increased market values of Vacon and Enics. The net sales of the Ahlström Capital Group decreased slightly from the previous year and were EUR 861.0 million (873.2; 801.9), of which the EMS business accounted for EUR 417.4 million (390.9; 377.0), the packaging business for EUR 424.5 million (454.0; 401.8), the electrical installation accessories business for EUR 15.0 million (23.9; 18.9) and the real estate business for EUR 4.1 million (4.0; 3.8). Other operating income amounted to EUR 22.1 million (39.9; 5.1), mainly consisting of capital

gains associated with exits. Ahlström Capital's share of the results of its associates was EUR 1.1 million negative (2.5 and 2.2 positive). This is mainly due to our share in the result of the Lönnrotinkatu property.

Financial income was EUR 4.9 million (2.5; 0.5). Financial expenses totaled EUR 14.0 million (13.8; 27.0). The administrative costs of the parent company Ahlström Capital Oy and holding companies amounted to EUR 5.6 million (4.9; 4.4) in the reporting period, representing an average of 1.6 percent (1.6; 1.3) of the EFV of the Group's capital stock. Pre-tax profit was EUR 29.1 million (26.4; loss 28.7). Taxes recorded for the period were EUR 1.4 million negative (2.6 and 7.2 negative). The Group's net profit was EUR 25.3 million (24.9; net loss 35.0).

#### FINANCIAL POSITION AND FINANCING

Ahlström Capital's financial position strengthened during the reporting year due to the divestment of Elbi in its entirety and the sale of some of the shares in Vacon, and also thanks to a good operational result and cashflow. At the end of the year, consolidated shareholders' equity was EUR 183.9 million (169.2; 141.2). The equity ratio at the end of the year was 39 percent (36; 31) and the EFV-adjusted net gearing stood at 20 percent (34; 55). At the end of December 2013, the interest-bearing liabilities amounted to EUR 170.0 million (169.6; 192.6). At year-end, parent company Ahlström Capital Oy and its holding companies had EUR 55.0 million available for new investments (41.5; 14.5). The guarantees issued by Ahlström Capital Oy on behalf of its portfolio companies totaled EUR 5.2 million on December 31, 2013 (35.2; 8.0). This reduction is due to the fact that AR Packaging is financed via its own collateral. Net cash flow from operating activities (cash flow after net financial income, taxes paid and change in net working capital) was EUR 48.0 million positive (37.5 positive; 12.9 negative). EUR 29.0 million (44.2; 52.6) was spent on investments in fixed assets and on new investments, mainly consisting of investments in operating fixed assets of subsidiaries.

Net cash flow from financing activities was negative at EUR 9.9 million (20.4 negative; 72.9 positive). At year-end, the

Group had liquid assets of EUR 101.2 (65.7; 48.7) million. Based on the Annual General Meeting's decision, the company paid a dividend of EUR 20.85 per share, totaling EUR 7.5 million.

#### ACCOUNTING PRINCIPLES

No changes were made to the accounting principles during the financial year.

#### RISK MANAGEMENT

Ahlström Capital aims to reduce the risk and increase the return on its investments by employing a carefully considered investment strategy and a multi-stage decision-making process for investments, as well as diversifying its investments by choosing assets that differ in terms of their expected returns, risks and investment horizon. Moreover, risks are managed and potential returns increased by supporting the portfolio companies on both the Board and operational level.

#### PERSONNEL, ADMINISTRATION AND AUDITORS

The Ahlström Capital Group had an average of 4,727 employees for the period (5,376; 5,277). Wages, salaries and fees paid amounted to EUR 130.7 million (151.0; 133.1). At the end of the year, the parent company's personnel numbered 14.

During the year, the Board of Directors of Ahlström Capital Oy has consisted of Stig Gustavson (Chairman), Mats Danielsson, Johannes Gullichsen, Jouko Oksanen, Martti Saikku (until August 22), and Thomas Ahlström, Kaj Hedvall and Peter Seligson from August 22.

The auditor was the auditing firm Ernst & Young Oy, with Kristina Sandin, Authorized Public Accountant, as the auditor in charge.

#### COURT PROCEEDINGS AND DISPUTES

Ahlström Capital Oy and A. Ahlström Osakeyhtiö are plaintiffs in the case concerning the price cartel that existed in the Finnish timber market between 1997 and 2004. Preparatory work progressed ahead of legal proceedings in the Helsinki City Court. Nevertheless, processing of the suit has been slow.

The dispute with Savcor Group Oy regarding a debt was settled in favor of Ahlström Capital by the court in the

Netherlands. The unpaid debt including interest totals EUR 3.2 million.

#### EVENTS AFTER THE REPORTING PERIOD

At the start of this year, Ahlstrom Corporation entered into an agreement with Suominen Corporation to sell the factory in Paulínia, Brazil, which manufactures non-woven textiles. Ahlström Capital was involved in the financing arrangements, giving us an opportunity to become the largest shareholder in Suominen with a holding of 26.9 percent.

In November we announced that we had entered into a set of agreements regarding divestment of AR Packaging Group. However, the transaction will not be executed.

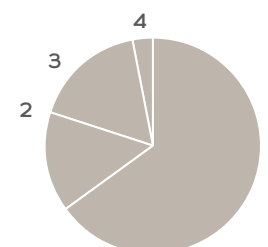
#### OUTLOOK FOR 2014

While there are signs of a slight upturn in some parts of the world, we do not foresee a noticeable improvement in the operating environment, particularly in Europe, during 2014. Despite this, thanks to internal measures, we have faith in that our companies are well-equipped to meet the challenges presented by the difficult operating environment and are well able to seize new business opportunities.

We continue to develop our companies. We are actively seeking new investments to ensure a continuous increase in value.

Our financial position is solid, and our financial arrangements support our activities and structure.

#### DISTRIBUTION OF INVESTMENTS DECEMBER 31, 2013\*



- \*of EFV

## KEY FIGURES

MEUR	2013	2012	2011	2010	2009
Net sales	861.0	873.2	801.9	683.8	392.8
Operating profit	38.1	37.7	-2.2	11.1	11.4
Net result for the period	25.3	24.9	-35.0	6.5	7.0

	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009
Equity ratio	39%	36%	31%	41%	45%
Net gearing	33%	53%	86%	42%	22%
Net gearing, EFV adjusted	20%	34%	55%	33%	19%
Return on Capital Employed (ROCE)	11.6%	11.0%	-0.5%	4.0 %	5.8%
Return on Equity (ROE)	14.4%	16.0%	-21.6%	3.5 %	3.7%
Net debt (EUR million)	68.9	103.9	143.9	79.2	43.8
Equity per share, EUR	509.61	468.84	391.33	508.05	526.70
External Fair Value per share, EUR	940.29	834.16	721.92	674.01	632.12
Earnings per share, EUR	70.21	68.95	-96.94	17.98	19.51
Dividend per share, EUR	28.20*	20.85	12.50	12.50	17.50

\* proposal by the Board of Directors. The Board further proposes an authorization to distribute as additional dividend a maximum of EUR 3.7 million.

## FORMULAS FOR KEY FIGURES

Net debt	Interest bearing debts – Money market instruments – Cash and bank	
Equity ratio	Shareholders' equity + Minority interest	× 100
	Balance sheet total – Advances received	
Net gearing	Interest bearing debts – Money market instruments – Cash and bank	× 100
	Shareholders' equity + Minority interest	
Net gearing, EFV adjusted	Interest bearing debts – Money market instruments – Cash and bank	× 100
	External Fair Value	
Earnings per share	Profit before extraordinary items and taxes – Taxes on regular operations +/- Minority interest	× 100
	Number of shares on average for accounting period	
Equity per share	Shareholders' equity at the end of fiscal year	× 100
	Number of shares at the end of fiscal year	
Return on Capital Employed	Operating profit + Interest and other financing income	× 100
	Total assets – Non-current liabilities, on average for accounting period	
Return on Equity	Income before extraordinary items – Taxes	× 100
	Shareholders' equity + Minority interest, on average for accounting period	

## CONSOLIDATED INCOME STATEMENT

EUR 1,000	Note	2013	2012
<b>Net Sales</b>	1	<b>860,971</b>	873,155
Other operating income	2	<b>22,081</b>	39,903
Materials and services	3	<b>-518,496</b>	-546,488
Personnel costs	4	<b>-170,844</b>	-186,785
Depreciation, amortization and reduction in value	9	<b>-21,577</b>	-23,910
Other operating expense		<b>-132,912</b>	-120,650
Share in results of associated companies		<b>-1,076</b>	2,470
<b>Operating profit (EBIT)</b>		<b>38,147</b>	37,695
Financing income and expense	6		
Interest and other financing income		<b>4,934</b>	2,483
Interest and other financing expenses		<b>-13,960</b>	-13,773
		<b>-9,026</b>	-11,290
<b>Result before appropriations and taxes</b>		<b>29,121</b>	26,405
Income taxes	8	<b>-1,426</b>	-2,605
<b>Result before minority interest</b>		<b>27,695</b>	23,800
Minority interest		<b>-2,354</b>	1,085
<b>Net result for the period</b>		<b>25,341</b>	24,885



# CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	2013	2012
<b>Cash flow from operating activities</b>		
Operating profit (loss)	38,147	37,697
Share in results of associated companies	1,076	-2,470
Depreciation and amortization	21,577	23,910
Gains on disposals of fixed assets and other non-current assets		-9,528
Other adjustments	-5,575	-5,773
<b>Cash flow from operating activities before change in net working capital</b>	<b>55,225</b>	<b>43,836</b>
<b>Change in net working capital</b>		
Increase (-) / decrease (+) in short-term receivables	23,159	-343
Increase (-) / decrease (+) of inventories	-3,081	12,507
Increase (+) / decrease (-) of short-term non-interest-bearing debts	-12,249	-1,668
Cash flow from operating activities before financing items and taxes	63,054	54,332
Interest and other financing income	2,828	5,335
Interest and other financing expenses	-14,142	-13,866
Income taxes	-3,766	-8,292
<b>Net cash flow from operating activities</b>	<b>47,974</b>	<b>37,509</b>
<b>Cash flow used in investing activities</b>		
Capital expenditure	-30,230	-41,178
Other investments	1,273	-2,972
Other adjustments	441	-570
Proceeds from sales of non-current assets	24,684	41,396
Change in notes receivable and other receivables	1,261	3,286
<b>Net cash flow used in investing activities</b>	<b>-2,571</b>	<b>-38</b>
<b>Cash flow from financing activities</b>		
Change in long-term liabilities	-4,599	25,607
Change in short-term debt	807	-42,043
Dividends paid	-7,525	-4,511
Other adjustments	1,399	512
<b>Net cash flow from financing activities</b>	<b>-9,918</b>	<b>-20,435</b>
<b>Change in cash and financial investments</b>	<b>35,485</b>	<b>17,036</b>
Cash and financial investments at beginning of period	65,696	48,660
<b>Cash and financial investments at end of period</b>	<b>101,181</b>	<b>65,696</b>

# CONSOLIDATED BALANCE SHEET

## ASSETS

EUR 1,000	Note	Dec. 31, 2013	Dec. 31, 2012
<b>NON-CURRENT ASSETS</b>			
<b>Intangible assets</b>	9		
Intangible rights		3,481	2,240
Goodwill		175	280
Group consolidation goodwill		14,356	23,334
Other intangible assets		6,362	6,936
Advances paid		373	15
<b>Total intangible assets</b>		<b>24,746</b>	<b>32,805</b>
<b>Tangible assets</b>	9		
Land and water areas		30,058	31,512
Buildings and constructions		38,918	41,706
Machinery and equipment		72,053	69,772
Other tangible assets		948	1,300
Advances paid and construction in progress		4,307	5,988
<b>Total tangible assets</b>		<b>146,284</b>	<b>150,278</b>
<b>Investments</b>	10		
Holdings in associated companies		31	32
Other stock and shares		38,616	43,341
Other receivables		626	744
<b>Total investments</b>		<b>39,273</b>	<b>44,117</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>210,304</b>	<b>227,200</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>			
Materials and supplies		67,212	62,971
Work in process		20,831	22,076
Finished goods		33,611	33,582
Advances paid		171	115
<b>Total inventories</b>		<b>121,824</b>	<b>118,744</b>
<b>Long-term receivables</b>			
Notes receivable		1,227	639
Receivables from associated companies	19	1,227	3,751
Deferred tax assets	16	13,194	10,668
Other receivables		144	155
Prepaid expenses and accrued income		630	25
<b>Total long-term receivables</b>		<b>16,423</b>	<b>15,238</b>
<b>Short-term receivables</b>			
Accounts receivable		63,977	86,999
Receivables from associated companies	19	2,010	1,097
Notes receivable		1,619	2,096
Other receivables		11,701	11,748
Prepaid expenses and accrued income	11	11,461	10,516
<b>Total short-term receivables</b>		<b>90,768</b>	<b>112,456</b>
<b>Cash and bank</b>		<b>101,181</b>	<b>65,696</b>
<b>TOTAL CURRENT ASSETS</b>		<b>330,196</b>	<b>312,134</b>
<b>TOTAL ASSETS</b>		<b>540,501</b>	<b>539,334</b>

## SHAREHOLDERS' EQUITY AND LIABILITIES

EUR 1,000	Note	Dec. 31, 2013	Dec. 31, 2012
<b>SHAREHOLDERS' EQUITY</b>			
	12		
Share capital		36,092	36,092
Capital in excess of par value		12,774	12,774
Retained earnings		109,721	95,462
Net result for the period		25,341	24,885
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>183,929</b>	<b>169,213</b>
<b>MINORITY INTEREST</b>			
		26,202	25,215
<b>PROVISIONS</b>	14	<b>5,429</b>	9,688
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
	15		
Bonds		80,000	
Loans from financial institutions		9,225	62,809
Pension liabilities		26,571	20,757
Advances received			29
Other liabilities		3,791	32,126
Deferred tax liabilities	16	6,176	5,990
<b>Total long-term liabilities</b>		<b>125,763</b>	<b>121,711</b>
<b>Short-term liabilities</b>			
Loans from financial institutions		48,665	52,748
Advances received		2,033	3,109
Accounts payable		99,200	106,867
Other liabilities		8,175	9,174
Accrued expenses and deferred income	17	41,104	41,609
<b>Total short-term liabilities</b>		<b>199,178</b>	<b>213,507</b>
<b>TOTAL LIABILITIES</b>		<b>324,941</b>	<b>335,218</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>540,501</b>	<b>539,334</b>

# NOTES TO FINANCIAL STATEMENTS

## ACCOUNTING PRINCIPLES

The financial statements of the Ahlström Capital Group and the parent company Ahlström Capital Oy have been prepared in accordance with the Finnish Accounting Act and other regulations in force in Finland. They comply with the European Union directives on financial statements and good accounting practices. In reporting to the Group, all Group companies adhere to these uniform accounting principles.

A copy of the consolidated financial statements is available on the web site of Ahlström Capital Oy or at the parent company's address Eteläesplanadi 14, Helsinki.

The financial statements are presented in euros and are prepared under the historic cost convention.

Ahlström Capital Oy was formed when A. Ahlström Corporation demerged into three companies on June 30, 2001. The official financial statements for 2013 have been prepared for the thirteenth financial year of the company and Group, spanning the period from January 1, 2013 to December 31, 2013.

No changes were made to the accounting policies in the accounting period.

## PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the parent company and all companies in which it owns, directly or indirectly, more than 50 percent of the voting rights.

Associates, in which the Group has 20 to 50 percent of the voting rights, are consolidated using the equity method.

Companies acquired during the year are included in the consolidated financial statements from the date of acquisition, and companies that have been sold during the year are included up to the date of sale.

Intragroup transactions are eliminated when preparing the consolidated financial statements. Cross-shareholdings are eliminated using the purchase method.

The difference between the subsidiary's acquisition price and equity on the date of acquisition is recognized in assets with respect to those items whose fair values exceed the carrying amounts. The remaining difference is recorded in the balance sheet as goodwill.

Minority interests have been separated from the consolidated shareholders' equity and the net result for the period and have been presented as a separate item.

The portions of the purchase price allocated to assets are depreciated or recognized as income at the same rate as the asset items in question. Goodwill is amortized over a maximum of 20 years.

## REVENUE RECOGNITION

Income from the sale of goods and services is recognized as revenue when the goods are delivered or the services rendered. Net sales are shown net of indirect taxes and discounts. Translation differences attributable to sales are reported as part of net sales.

## ITEMS DENOMINATED IN FOREIGN CURRENCY

In the financial statements, receivables and liabilities denominated in foreign currency are translated into euros at the period-end rate. Translation differences in receivables and liabilities are recognized in profit or loss. Translation differences attributable to sales are reported as part of net sales. Exchange differences arising from translation of accounts payable are shown as adjustment items under purchase expenses (annual costs or capitalizations).

Exchange differences arising from translation of financial items are shown as financial income or financial expenses.

Foreign subsidiaries' income statements are translated into euros at the average rate of the period and balance sheets at the period-end rate.

The exchange differences arising from translation of the equity of subsidiaries and of associated companies is included in the Group's equity.

## RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development costs are recognized as an expense in the year they were incurred. Development costs can be capitalized if the conditions laid down in the Decree of the Ministry of Employment and the Economy (1066/2008) are met. The conditions are based on the IAS 38 accounting standard.

## PENSION COSTS

In Finland, the statutory pension liability and supplementary pension benefits are funded through insurance policies and recognized in accordance with actuarial calculations. In other countries, pension plans and their treatment comply with local legislation and practice. Pension insurance premiums and changes in pension liabilities are recognized in profit or loss.

## DERIVATIVE INSTRUMENTS

The fair value of liabilities arising from the derivative agreements that have been made in order to hedge currency risks and interest rate risks and the par value of hedged benefits or liabilities have been reported in the notes to the financial statements.

## INVENTORIES

Inventories are stated at the lower of cost or market.

## INVESTMENTS

Investments that are intended to generate income for more than one accounting period are recognized in non-current assets at cost.

Securities included in the financial assets are stated at the lower of cost or market.

## NON-CURRENT ASSETS

Non-current assets are disclosed at original cost in the balance sheet, less accumulated depreciation and amortization.

Depreciation and amortization is calculated from the original cost or revaluated

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amounts of non-current assets using the straight-line method over the useful lives of assets.

The estimated useful lives are as follows:

Buildings	25–40 years
Heavy machinery	10–20 years
Other machinery and equipment	3–10 years
Intangible assets	3–5 years

Land and water areas are not depreciated.

#### **LEASING**

Payments of operating leases and financial leases are recognized as rental expenses. Leased assets are not shown on the balance sheet as fixed assets, and future lease payments are not shown as liabilities. The notes to the financial statements show the liabilities arising from currently valid leases.

#### **TAXES**

Income taxes consist of taxes paid and payable on taxable income for the most recent and previous accounting periods in accordance with local tax laws, plus deferred taxes.

Deferred taxes are calculated on timing differences between book and taxable income.

Deferred tax liabilities or assets are calculated on temporary differences in the financial statements, applying the tax rate confirmed for subsequent years at the end of the reporting period. Deferred tax assets are stated in the balance sheet as estimated probable benefit. Deferred tax assets arising from confirmed losses can be recognized in the financial statements to the extent that it is probable that taxable profit will be available against which the losses can be utilized.

#### **EXTRAORDINARY ITEMS**

Non-recurring, material revenue and expense items not related to normal business operations are disclosed as extraordinary items in the income statement.

#### **EXTERNAL FAIR VALUE OF AHLSTRÖM CAPITAL OY'S SHARES**

The external fair value of shares differs from the carrying amount as follows: when calculating the external fair value, investments are measured at fair values which, with respect to publicly quoted shares, are based on period-end share prices and, with respect to other investments, are based on valuations by independent experts, whereby the deferred tax portion attributable to the difference between the carrying amount and market value of investments is also taken into account. Net liabilities are measured at the carrying amount when calculating the external fair value.

NOTES TO FINANCIAL STATEMENTS >

EUR 1,000

**1. NET SALES**

	Group 2013	Group 2012	Parent 2013	Parent 2012
Distribution of net sales by country				
Sweden	167,844	163,668		
Finland	88,513	83,280	4,369	4,239
Russia	86,275	77,387		
France	75,867	71,915		
Germany	74,311	80,318		
China	53,618	46,292		
Switzerland	47,802	57,231		
United Kingdom	31,539	35,632		
Netherlands	25,502	53,083	565	75
Denmark	25,409	19,188		
Ireland	24,103	18,326		
Belgium	22,769	25,931		
Others	137,418	140,904		
<b>Total</b>	<b>860,971</b>	<b>873,155</b>	<b>4,934</b>	<b>4,314</b>

Distribution of net sales by business

Packaging	424,462	453,995		
Contract manufacturing of electronics	417,362	390,900		
Electrical installation accessories	15,024	23,884		
Real estate	4,105	3,983	4,106	3,970
Others	18	393	828	344
<b>Total</b>	<b>860,971</b>	<b>873,155</b>	<b>4,934</b>	<b>4,314</b>

**2. OTHER OPERATING INCOME**

Gain on sale of non-current assets	17,583	35,899		
Others	4,498	4,004	28	55
<b>Total</b>	<b>22,081</b>	<b>39,903</b>	<b>28</b>	<b>55</b>

**3. MATERIALS AND SERVICES**

Materials and services				
Purchases during the financial year	-519,423	-518,525		
Change in inventories	4,430	-8,417		
External services	-3,503	-19,546		
<b>Total</b>	<b>-518,496</b>	<b>-546,488</b>		

**4. PERSONNEL COSTS**

Wages and salaries	130,673	150,952	2,217	2,262
Pension costs	9,539	9,349	400	375
Other wage related costs	30,632	26,484	67	67
<b>Total</b>	<b>170,844</b>	<b>186,785</b>	<b>2,684</b>	<b>2,704</b>
Salaries for managing directors	2,565	2,267	508	380
of which bonuses	213	126	180	60
Remunerations to Board members	343	478	225	199

**5. AVERAGE NUMBER OF PERSONNEL**

Salaried	1,236	1,453	13	13
Blue-collar	3,491	3,923		
<b>Total</b>	<b>4,727</b>	<b>5,376</b>	<b>13</b>	<b>13</b>

EUR 1,000	Group	Group	Parent	Parent
6. FINANCING INCOME AND EXPENSE	2013	2012	2013	2012
Dividend income from others	2,289	17	17	17
Dividend income from Group companies			15,000	
Interest and financing income from Group companies			1,057	768
Interest and financing income from associated companies	316	335		
Interest and financing income from others	2,329	2,131	5	32
Total	4,934	2,483	16,079	817
Interest and financing expenses to Group companies			-578	-629
Interest and financing expenses to others				
Interest expenses	-5,991	-9,133	-822	-1,448
Exchange losses	-3,780	-1,838		
Other financing expenses	-4,189	-2,802	-227	
Total	-13,960	-13,773	-1,049	-1,448
Total interest and financing expenses	-13,960	-13,773	-1,627	-2,077
7. EXTRAORDINARY INCOME AND EXPENSE				
Gain / loss on liquidation			-10	-53
Group contribution, given			-400	
Total			-410	-53
8. INCOME TAXES				
Taxes for current and previous years	-4,706	-3,299		-15
Change in deferred taxes	3,280	694		
Income taxes in the income statement	-1,426	-2,605		-15

#### 9. INTANGIBLE AND TANGIBLE ASSETS, APPRECIATIONS, DEPRECIATIONS AND WRITE-OFFS

Group	Group goodwill	Goodwill	Intangible rights	Other intangible assets	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and construction in progress
Acquisition cost at Jan. 1, 2013	73,030	26,061	8,972	20,199	35,170	55,701	234,363	4,712	6,003
Increases	196		436	925	58	1,295	21,910	257	7,650
Decreases	-13,834	-10,254	-528	-30	-1,323	-5,072	-10,646	-734	-1,443
Other changes	-286	-1,652	-153	-343	-155	-579	-4,519	-97	-221
Reclassifications			2,071	121		2,825	2,291		-7,310
Acquisition cost at Dec. 31, 2013	59,106	14,155	10,799	20,872	33,749	54,170	243,399	4,138	4,680
Accumulated depreciation and amortization at Jan. 1, 2013	49,696	25,781	6,733	13,263	3,658	13,995	164,591	3,412	
Decreases	-6,491	-10,254	-378	-26		-557	-5,447	-475	
Other changes		-1,650	-108	-149		-61	-2,986	-62	
Depreciation and amortization for the period	1,545	103	1,072	1,422	33	1,875	15,188	315	
Accumulated depreciation and amortization at Dec. 31, 2013	44,750	13,980	7,318	14,510	3,691	15,252	171,346	3,190	0
Book value at Dec. 31, 2013	14,356	175	3,481	6,362	30,058	38,918	72,053	948	4,680

Depreciation of the Group's goodwill during the financial year consists of write-offs as well as of reductions in the group reserves.

NOTES TO FINANCIAL STATEMENTS >

EUR 1,000	Group goodwill	Goodwill	Intangible rights	Other intangible assets	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and construction in progress
Group									
Acquisition cost at Jan. 1, 2012	62,035	25,500	7,229	15,409	36,629	64,610	234,900	16,563	9,937
Increases	12,443		345	2,659	8	468	16,888	416	7,007
Decreases			-217	-532	-2,126	-13,722	-28,808	-105	-585
Other changes	-1,449	561	429	2,326	75	-1,134	6,831	-10,562	99
Reclassifications	1		1,186	337	583	5,479	4,552	-1,600	-10,455
Acquisition cost at Dec. 31, 2012	73,030	26,061	8,972	20,199	35,169	55,701	234,363	4,712	6,003
Accumulated depreciation and amortization at Jan. 1, 2012	43,566	24,886	5,229	9,581	3,617	19,412	165,400	14,125	
Increases			59						
Decreases	-15		-52	-21		-9,162	-15,881	-1,525	
Other changes		555	417	2,207	6	1,409	-1,822	-9,742	
Write-downs	5,000				34				
Depreciation and amortization for the period	1,145	340	1,079	1,496		2,336	16,894	554	
Accumulated depreciation and amortization at Dec. 31, 2012	49,696	25,781	6,732	13,263	3,657	13,995	164,591	3,412	0
Book value at Dec. 31, 2012	23,334	280	2,240	6,936	31,512	41,706	69,772	1,300	6,003

Depreciation of the Group's goodwill during the financial year consists of write-offs as well as of reductions in the group reserves.

Parent company	Intangible rights	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and construction in progress
Acquisition cost at Jan. 1, 2013	203	26,254	35,899	2,268	69	342
Increases	4,650					104
Decreases						-382
Acquisition cost at Dec. 31, 2013	4,853	26,254	35,899	2,268	69	64
Accumulated depreciation and amortization at Jan. 1, 2013	6		6,844	1,160		
Depreciation and amortization for the period	465		1,047	79		
Accumulated depreciation and amortization at Dec. 31, 2013	471	0	7,891	1,239	0	0
Book value at Dec. 31, 2013	4,382	26,254	28,008	1,029	69	64

Parent company	Intangible rights	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and construction in progress
Acquisition cost at Jan. 1, 2012	203	26,254	35,832	2,268	57	339
Increases					12	395
Decreases						-325
Reclassifications			67			-67
Acquisition cost at Dec. 31, 2012	203	26,254	35,899	2,268	69	342
Accumulated depreciation and amortization at Jan. 1, 2012	6		5,638	1,026		
Depreciation and amortization for the period			1,206	134		
Accumulated depreciation and amortization at Dec. 31, 2012	6	0	6,844	1,160	0	0
Book value at Dec. 31, 2012	197	26,254	29,055	1,108	69	342



EUR 1,000

#### 10. LONG-TERM INVESTMENTS

Group	Holdings in associated companies	Other stock and shares	Other receivables
Book value at Jan. 1, 2013	32	43,341	744
Share of profits	-1,076		
Increases	1	966	
Decreases		-5,690	-118
Reclassifications	1,073		
Other changes		-1	
Book value at Dec. 31, 2013	31	38,616	626

Group	Holdings in associated companies	Other stock and shares	Other receivables
Book value at Jan. 1, 2012	37,261	13,779	2,713
Share of profits	2,470		
Increases	1	3,379	744
Decreases	-12,336	-2,016	
Reclassifications	-24,606	28,185	-2,713
Other changes	-2,758	14	
Book value at Dec. 31, 2012	32	43,341	744

Parent company	Holdings in Group companies	Other stock and shares	Other receivables
Book value at Jan. 1, 2013		149,814	16,838
Increases		15,893	1,015
Decreases		-27,468	
Repayment of capital		-44,253	
Book value at Dec. 31, 2013		93,986	17,853

Parent company	Holdings in Group companies	Other stock and shares	Other receivables
Book value at Jan. 1, 2012	87,367	11,153	2,713
Increases	116,696	2,972	
Decreases	-42,779		
Repayment of capital	-11,380		
Liquidation	-90		
Reclassifications		2,713	-2,713
Book value at Dec. 31, 2012	149,814	16,838	0

	Group Dec. 31, 2013	Group Dec. 31, 2012	Parent Dec. 31, 2013	Parent Dec. 31, 2012
<b>11. PREPAID EXPENSES AND ACCRUED INCOME</b>				
Long-term				
Periodization of costs	630	25		
Short-term				
Accrued interest income	55	126	13	
Periodization of costs	9,731	7,923	29	24
Current tax receivables	1,372	2,334		
Other	303	133	61	70
Total	11,461	10,516	103	94

NOTES TO FINANCIAL STATEMENTS >

EUR 1,000	Group Dec. 31 2013	Group Dec. 31 2012	Parent Dec. 31 2013	Parent Dec. 31 2012
<b>12. SHAREHOLDERS' EQUITY</b>				
<b>Tied-up shareholders' equity</b>				
Shareholders' equity at Jan. 1	36,092	36,092	36,092	36,092
<b>Shareholders' equity at Dec. 31</b>	<b>36,092</b>	<b>36,092</b>	<b>36,092</b>	<b>36,092</b>
Capital in excess of par value at Jan. 1	12,774	12,774	12,774	12,774
<b>Capital in excess of par value at Dec. 31</b>	<b>12,774</b>	<b>12,774</b>	<b>12,774</b>	<b>12,774</b>
<b>Tied-up shareholders' equity, total</b>	<b>48,866</b>	<b>48,866</b>	<b>48,866</b>	<b>48,866</b>
<b>Free shareholders' equity</b>				
Profit from previous financial years at Jan. 1	120,347	92,374	122,847	134,786
Distribution of profits	-7,525	-4,511	-7,525	-4,511
Acquisition and sale of shares in subsidiaries	4,620	-186		
Translation adjustment	-7,470	80		
Other changes	336	1,274	723	
Adjustment of deferred taxes	-587	6,431		6,431
<b>Profit from previous financial years at Dec. 31</b>	<b>109,721</b>	<b>95,462</b>	<b>116,047</b>	<b>136,706</b>
<b>Net profit for the period</b>	<b>25,341</b>	<b>24,885</b>	<b>12,147</b>	<b>-13,859</b>
<b>Free shareholders' equity, total</b>	<b>135,062</b>	<b>120,347</b>	<b>128,192</b>	<b>122,847</b>
<b>Shareholders' equity, total</b>	<b>183,929</b>	<b>169,213</b>	<b>177,058</b>	<b>171,713</b>

13. SHARE CAPITAL, DEC. 31, 2013

Parent company	Number of shares	EUR
1 vote / share, with redemption clause	360,919	36,091,900

	Group Dec. 31 2013	Group Dec. 31 2012	Parent Dec. 31 2013	Parent Dec. 31 2012
<b>14. PROVISIONS</b>				
Personnel costs	951	1,117	951	961
Other	4,478	8,571		1,165
<b>Total</b>	<b>5,429</b>	<b>9,688</b>	<b>951</b>	<b>2,126</b>

15. MATURITIES OF LONG-TERM LIABILITIES

Group	2015	2016	2017	2018	2019–	Total
Bonds			80,000			80,000
Loans from financial institutions	4,101	5,124				9,225
Deferred tax liabilities	1,000	1,000	1,052		3,124	6,176
Pension liabilities					26,571	26,571
Other long-term liabilities	1,061	1,230	1,500			3,791
<b>Total at Dec. 31, 2013</b>	<b>6,162</b>	<b>7,354</b>	<b>82,552</b>		<b>29,695</b>	<b>125,763</b>

Group	2014	2015	2016	2017	2018–	Total
Loans from financial institutions	45,385	7,783	7,922	1,442	277	62,809
Deferred tax liabilities	3,510	284	406	534	1,255	5,989
Pension liabilities	109				20,648	20,757
Other long-term liabilities		9,133		13,471	9,552	32,156
<b>Total at Dec. 31, 2012</b>	<b>49,004</b>	<b>17,200</b>	<b>8,328</b>	<b>15,447</b>	<b>31,732</b>	<b>121,711</b>

EUR 1,000

<b>Bonds</b>	Issued / Maturity	Type of interest	Interest rate, %	Effective interest	Currency	Nominal value	Book value
	Jul. 9, 2013 / Jul. 9, 2017	Floating	Euribor +5.75%	5.98%	EUR	80,000	80,000
Total at Dec. 31, 2013						80,000	80,000

	Group Dec. 31 2013	Group Dec. 31 2012	Parent Dec. 31 2013	Parent Dec. 31 2012
<b>16. DEFERRED TAX ASSETS AND LIABILITIES</b>				
Long-term assets	<b>13,194</b>	10,668		
Long-term liabilities	<b>-6,176</b>	-5,990		
Total	<b>7,018</b>	4,678	0	0

Arising from				
Depreciation difference	<b>-1,134</b>	-2,081		
Tax losses	<b>6,260</b>	6,400		
Other timing differences	<b>1,892</b>	359		
Total	<b>7,018</b>	4,678	0	0

	Group Dec. 31 2013	Group Dec. 31 2012	Parent Dec. 31 2013	Parent Dec. 31 2012
<b>17. ACCRUED EXPENSES AND DEFERRED INCOME</b>				
Short-term				
Personnel costs	<b>13,357</b>	20,497	<b>1,099</b>	872
Interest expense	<b>120</b>	2,107	<b>7</b>	25
Current tax payable	<b>2,088</b>	745		
Other	<b>25,539</b>	18,260	<b>26</b>	
Total	<b>41,104</b>	41,609	<b>1,132</b>	897

	Group Dec. 31 2013	Group Dec. 31 2012	Parent Dec. 31 2013	Parent Dec. 31 2012
<b>18. RECEIVABLES FROM AND LIABILITIES TO GROUP COMPANIES</b>				
Notes receivable			<b>2,638</b>	5,636
Accounts receivable			<b>1,900</b>	1,457
Prepaid expenses and accrued income			<b>407</b>	360
Total			<b>4,945</b>	7,453

Other long-term liabilities				1,414
Other short-term liabilities			<b>6,766</b>	29,377
Prepaid expenses and accrued income			<b>110</b>	371
Total			<b>6,876</b>	31,162

NOTES TO FINANCIAL STATEMENTS >

EUR 1,000

	Group Dec. 31 2013	Group Dec. 31 2012	Parent Dec. 31 2013	Parent Dec. 31 2012
<b>19. RECEIVABLES FROM AND LIABILITIES TO ASSOCIATED COMPANIES</b>				
Notes receivable	<b>3,095</b>	4,491		
Prepaid expenses and accrued income	<b>142</b>	357		
Total	<b>3,237</b>	4,848	<b>0</b>	0

**20. COLLATERALS**

For own liabilities				
Loans from financial institutions	<b>48,324</b>	80,273	<b>35,000</b>	62,000
Amount of mortgages and pledges	<b>81,640</b>	79,796	<b>62,000</b>	62,000
Other collaterals given on own behalf	<b>223,202</b>	184,991	<b>109</b>	735

**21. CONTINGENT LIABILITIES**

Leasing and rental commitments				
Current portion	<b>8,172</b>	9,785	<b>78</b>	71
Long-term portion	<b>19,731</b>	21,646	<b>81</b>	91
	<b>27,903</b>	31,431	<b>159</b>	162
Commitments on behalf of Group companies			<b>5,164</b>	35,178
Commitments on behalf of others	<b>26</b>	26	<b>26</b>	26
Contingent liabilities for Real Estate investment's VAT			<b>5,159</b>	5,159
Investment commitments			<b>523</b>	3,579
Other contingent liabilities				
Derivatives				
Currency derivatives				
Fair value	<b>-291</b>	-118		
Nominal value of the underlying asset or liability	<b>22,933</b>	25,471		
Interest derivatives				
Fair value	<b>-683</b>	-1,102	<b>-589</b>	-850
Nominal value of the underlying asset or liability	<b>16,793</b>	19,368	<b>10,000</b>	10,000

## 22. SHARES

<b>Subsidiaries</b>	Country	Holding %
Ahlström Konsernipalvelut Oy*	Finland	100
AC Cleantech Management Oy	Finland	97
AC Verwaltungs-GmbH	Germany	100
Ahlstrom Capital B.V.	Netherlands	100
ACPack B.V.	Netherlands	100
AR Packaging Group AB	Sweden	63
A&R Carton AB	Sweden	
A&R Carton A/S	Norway	
A&R Carton NA Inc.	United States	
Å&R Carton Lund AB	Sweden	
A&R Carton Ltd	United Kingdom	
A&R Carton SA	France	
A&R Carton Cdf SA	France	
A&R Carton Beteiligungen GmbH	Germany	
A&R Carton GmbH	Germany	
A&R Carton Frankfurt GmbH	Germany	
Å&R Carton Oy	Finland	
A&R Carton Holding GmbH	Germany	
ZAO A&R Carton Kuban	Russia	
A&R Carton AS	Estonia	
AC Tabasalu Kinnistute OÜ	Estonia	
CC Pack Holding AB	Sweden	100
CC Pack AB	Sweden	
Combi Craft AB	Sweden	
SP Containers Ltd	United Kingdom	67
EMI Corp SA	Belgium	50
Flextrus Group AB	Sweden	
Flextrus AB	Sweden	
Flextrus Ltd	United Kingdom	
Flextrus Halmstad AB	Sweden	
DutchCo Alpha Holding B.V.	Netherlands	100
Ahlstrom Capital Solar PVT Ltd	India	100
DutchCo Delta Holding B.V.	Netherlands	100
AC Invest Two B.V.	Netherlands	100
AC Invest Three B.V.	Netherlands	100
AC Invest Four B.V.	Netherlands	100
AC Kinnistute AS	Estonia	100
ACEMS B.V.	Netherlands	100
Enics AG	Switzerland	96
Enics Schweiz AG	Switzerland	
Enics Eesti AS	Estonia	
Enics Sweden AB	Sweden	
Enics Electronics (Beijing) Ltd.	China	
Enics Electronics (Suzhou) Ltd.	China	
Enics Finland Oy	Finland	
Enics Slovakia s.r.o.	Slovakia	
Enics Hong Kong	China	
Waspel B.V.	Netherlands	100

<b>Subsidiaries</b>	Country	Holding %
AC Real Estate B.V.	Netherlands	100
Waspel Real Estate A.S.	Turkey	100
AC Bucharest Real Estate Holding B.V.	Netherlands	100
BDY Invest S.R.L.	Romania	100
West Residential Park S.R.L.	Romania	50
Rakennus Oy Kivipalatsi	Finland	50
As Oy Helsingin Kivipalatsi	Finland	

\* new company

### Other major shareholders

Vacon Plc	Finland	11
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### Divestments, liquidations, mergers

Second Kosmo AB	Sweden	liquidated
CETup AB	Sweden	liquidated
Elbi Elektrik International	Turkey	sold
Elmas Elektrik	Turkey	sold
Elbi Ukraine	Ukraine	sold
Elbi Russia	Russia	sold
Karhula Osakeyhtiö	Finland	merged
Elva Holding Oy	Finland	merged
AC-Kiinteistö Oy	Finland	merged
Fastighets Ab Lönnrotsgatan 3 Kiinteistö Oy	Finland	merged
Dekad AB	Sweden	merged
ACPack AB	Sweden	merged
Sulma Fastigheter AB	Sweden	merged
AC Kosmo AB	Sweden	merged
ACEMS AB	Sweden	merged

## INCOME STATEMENT, PARENT COMPANY

EUR 1,000	Note	2013	2012
<b>Net Sales</b>	1	<b>4,934</b>	4,314
Other operating income	2	<b>28</b>	55
Personnel costs	4	<b>-2,684</b>	-2,704
Depreciation, amortization and reduction in value	9	<b>-1,591</b>	-1,339
Other operating expense		<b>-2,431</b>	-12,853
<b>Operating profit/loss</b>		<b>-1,744</b>	-12,527
<b>Financing income and expense</b>	6		
Interest and other financing income		<b>16,079</b>	817
Interest and other financing expenses		<b>-1,627</b>	-2,077
		<b>14,452</b>	-1,260
<b>Result before extraordinary items</b>		<b>12,708</b>	-13,787
Extraordinary items	7	<b>-410</b>	-53
<b>Result before appropriations and taxes</b>		<b>12,298</b>	-13,840
<b>Appropriations</b>			
Change in depreciation difference		<b>-150</b>	-4
Income taxes	8	<b>0</b>	-15
<b>Net result for the period</b>		<b>12,148</b>	-13,859

## STATEMENT OF CASH FLOWS, PARENT COMPANY

EUR 1,000	2013	2012
<b>Cash flow from operating activities</b>		
Operating profit (loss)	<b>-2,919</b>	-12,724
Depreciation and amortization	<b>1,591</b>	1,339
Other adjustments	<b>264</b>	9,905
Cash flow from operations before change in net working capital	<b>-1,064</b>	-1,480
<b>Change in net working capital</b>		
Increase (-) / decrease (+) of short-term receivables	<b>-401</b>	1,219
Increase (+) / decrease (-) of short-term non-interest-bearing debts	<b>-11</b>	-3,482
Cash flow from operating activities before financing items and taxes	<b>-1,477</b>	-3,743
Interest and other financing income	<b>15,410</b>	49
Interest and other financing expenses	<b>-1,678</b>	-1,450
Income taxes		-15
<b>Net cash flow from operating activities</b>	<b>12,255</b>	-5,159
<b>Cash flow from investing activities</b>		
Capital expenditure	<b>-4,754</b>	-407
Other investments	<b>-16,908</b>	-23,127
Proceeds from sales of non-current assets	<b>72,102</b>	44,620
Change in notes receivable and other receivables	<b>3,130</b>	-3,039
<b>Net cash flow from investing activities</b>	<b>53,570</b>	18,047
<b>Cash flow from financing activities</b>		
Change in long-term debt	<b>-28,523</b>	-1,523
Change in short-term debt	<b>-22,344</b>	20,646
Dividends paid	<b>-7,525</b>	-4,511
<b>Net cash flow from financing activities</b>	<b>-58,391</b>	14,612
<b>Change in cash and financial investments</b>	<b>7,434</b>	27,500
Cash and financial investments at beginning of period	<b>37,584</b>	10,084
<b>Cash and financial investments at end of period</b>	<b>45,018</b>	37,584

# BALANCE SHEET, PARENT COMPANY

## ASSETS

EUR 1,000	Note	Dec. 31 2013	Dec. 31 2012
<b>NON-CURRENT ASSETS</b>			
<b>Intangible assets</b>	9		
Intangible rights		4,382	197
<b>Total intangible assets</b>		4,382	197
<b>Tangible assets</b>	9		
Land and water areas		26,254	26,254
Buildings and constructions		28,008	29,055
Machinery and equipment		1,029	1,108
Other tangible assets		69	69
Advances paid and construction in progress		64	342
<b>Total tangible assets</b>		55,424	56,828
<b>Investments</b>	10		
Holdings in Group companies		93,986	149,814
Other shares		17,853	16,838
<b>Total investments</b>		111,839	166,651
<b>TOTAL NON-CURRENT ASSETS</b>		171,645	223,676
<b>CURRENT ASSETS</b>			
<b>Long-term receivables</b>			
Notes receivable		339	339
<b>Total long-term receivables</b>		339	339
<b>Short-term receivables</b>			
Accounts receivable		181	215
Receivables from Group companies	18	4,945	7,453
Notes receivable		495	460
Other receivables			8
Prepaid expenses and accrued income	11	103	94
<b>Total short-term receivables</b>		5,724	8,230
Cash and bank		45,018	37,584
<b>TOTAL CURRENT ASSETS</b>		51,081	46,153
<b>TOTAL ASSETS</b>		222,726	269,828

## SHAREHOLDERS' EQUITY AND LIABILITIES

EUR 1,000	Note	Dec. 31 2013	Dec. 31 2012
<b>SHAREHOLDERS' EQUITY</b>			
	12		
Share capital		36,092	36,092
Capital in excess of par value		12,774	12,774
Retained earnings		116,045	136,706
Net result for the period		12,147	-13,859
<b>TOTAL SHAREHOLDERS' EQUITY</b>		177,058	171,713
<b>ACCUMULATED APPROPRIATIONS</b>			
Depreciation difference		1,196	1,046
<b>TOTAL ACCUMULATED APPROPRIATIONS</b>		1,196	1,046
<b>PROVISIONS</b>	14	951	2,126
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>	15		
Loans from financial institutions			27,109
Liabilities to Group companies	18		1,414
<b>Total long-term liabilities</b>		0	28,523
<b>Short-term liabilities</b>			
Loans from financial institutions		35,109	35,109
Accounts payable		178	435
Liabilities to Group companies	18	6,876	29,748
Other liabilities		226	233
Accrued expenses and deferred income	17	1,132	897
<b>Total short-term liabilities</b>		43,521	66,421
<b>TOTAL LIABILITIES</b>		43,521	94,944
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		222,726	269,828

## AUDITOR'S REPORT

### TO THE ANNUAL GENERAL MEETING OF AHLSTRÖM CAPITAL OY

We have audited the accounting records, the financial statements, the Report of Operations, and the administration of Ahlström Capital Oy for the year ended December 31, 2013. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement and notes to the financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

### RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE PRESIDENT AND CEO

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements and the Report of Operations that give a true and fair view in accordance with laws and regulations governing the preparation of the financial statements and the Report of Operations in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the Report of Operations based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the Report

of Operations are free from material misstatement, and whether the members of the Board of Directors of the parent company or the President and CEO are guilty of an act or negligence which may result in liability for damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the Report of Operations. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and Report of Operations that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the Report of Operations.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION ON THE COMPANY'S FINANCIAL STATEMENTS AND THE REPORT OF OPERATIONS

In our opinion, the financial statements and the Report of Operations give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the Report of Operations in Finland. The information in the Report

of Operations is consistent with the information in the financial statements.

### OPINIONS BASED ON ASSIGNMENT OF THE BOARD OF DIRECTORS

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the distributable equity shown in the balance sheet for the parent company is in compliance with the Limited Liability Companies Act. We support that the members of the Board of Directors and the President and CEO of the parent company should be discharged from liability for the financial period audited by us.

Helsinki, February 12, 2014

Ernst & Young Oy  
Authorized Public Accountant Firm

Kristina Sandin  
Authorized Public Accountant



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# PROPOSAL FOR THE DISTRIBUTION OF PROFITS

According to the parent company's balance sheet as at December 31, 2013, the retained earnings and net result for the accounting period are:

	EUR
Retained earnings	116,045,415.98
Net profit for the period	12,147,633.51
Total distributable funds	128,193,049.49

The Board of Directors proposes that

a dividend of 28.20 euros per share be paid on the 360,919 shares	10,177,915.80
and that the Board of Directors be authorized to decide on an additional dividend amounting to a maximum of total maximum	3,700,000.00 13,877,915.80

and the remainder be retained.

Helsinki, February 12, 2014

Stig Gustavson  
Chairman of the Board

Thomas Ahlström

Mats Danielsson

Johannes Gullichsen

Kaj Hedvall

Jouko Oksanen

Peter Seligson

Panu Routila  
President and CEO

## BOOK VALUE AND EXTERNAL FAIR VALUE OF THE SHARES (EFV)

MEUR if not otherwise stated	Dec. 31, 2013	Dec. 31, 2012
<b>BOOK VALUE</b>		
Book value of Ahlström Capital Group's shareholders' equity	<b>183.9</b>	169.2
Shareholders' equity, per share, EUR	<b>509.61</b>	468.84
<b>EXTERNAL FAIR VALUE (EFV)*</b>		
Industrial investments	<b>247.6</b>	248.2
Cleantech	<b>10.7</b>	13.5
Real Estate	<b>66.2</b>	68.7
Liquid funds	<b>55.3</b>	41.5
Interest bearing debt and other	<b>-40.4</b>	-70.8
External fair value of Ahlström Capital Group, total	<b>339.4</b>	301.1
External fair value, per share, EUR	<b>940.29</b>	834.16

\* Ahlström Capital's valuation policies comply with the IPEV guidelines (International Private Equity and Venture Capital Valuation Guidelines), according to which the external fair value is the price at which an orderly transaction would take place between market participants at the reporting date.

# SHARES AND SHAREHOLDERS

## SHARES AND SHARE CAPITAL

Ahlström Capital Oy's registered share capital on December 31, 2013 was EUR 36,091,900.

The company has one series of shares. Each share entitles the holder to one vote in the general meeting of shareholders.

The Articles of Association include a redemption clause as defined in Chapter 3, section 7 of the Limited Liability Companies Act.

## SHAREHOLDINGS

At the end of 2013, Ahlström Capital had 211 shareholders.

## SHAREHOLDINGS OF THE BOARD OF DIRECTORS

On December 31, 2013 members of the Board of Directors held 7,967 shares in Ahlström Capital Oy, which represents 2.2 percent of the voting rights and shares.

## MAJOR SHAREHOLDERS ON DECEMBER 31, 2013

	Number of shares	Percentage of shares
Antti Ahlström Perilliset Oy	37,585	10.41
Varma Mutual Pension Insurance Company	23,490	6.51
Mona Huber	14,327	3.97
Jacqueline Tracewski	10,076	2.79
Kaj Nahi	9,760	2.70
Kim Kylmä	8,464	2.35
Anneli Studer	7,930	2.20
Johan Gullichsen	7,537	2.09
Niklas Lund	6,953	1.93
Kasper Kylmä	6,908	1.91
Others	227,889	63.14
<b>Total</b>	<b>360,919</b>	<b>100.00</b>

## SHAREHOLDERS BY GROUP ON DECEMBER 31, 2013

	Number of shares	Percentage of shares
Companies	38,904	10.8
Financial and insurance institutions	3,750	1.0
Public corporations	23,490	6.5
Finnish households	243,592	67.5
Foreign households	46,572	12.9
Others	4,611	1.3
<b>Total</b>	<b>360,919</b>	<b>100.0</b>

## DISTRIBUTION OF SHAREHOLDINGS ON DECEMBER 31, 2013

Number of shares	Number of shareholders	Percentage of shareholders	Number of shares and votes	Percentage of shares	Average number of shares held
1–100	68	32.2	1,876	0.5	27
101–500	37	17.5	8,291	2.3	224
501–1,000	21	10.0	16,390	4.5	780
1,001–5,000	69	32.7	168,150	46.6	2,437
5,001–	16	7.6	166,212	46.1	10,388
<b>Total</b>	<b>211</b>	<b>100.0</b>	<b>360,919</b>	<b>100.0</b>	<b>1,710</b>

## GOVERNANCE PRINCIPLES

Ahlström Capital Oy is a private limited company registered in Finland. The company follows good corporate governance practices in accordance with the Finnish Limited Liability Companies Act, the company's Articles of Association and the principles of the Corporate Governance Code for Finnish listed companies.

Ahlström Capital is a member of the European Private Equity & Venture Capital Association (EVCA) and the Finnish Venture Capital Association (FVCA).

The company provides information to shareholders, employees, and the public on a regular basis. The company's website [www.ahlstromcapital.com](http://www.ahlstromcapital.com) also provides information about the company and its operations.

The work of the Board of Directors is also governed by rules of procedure, which define the responsibilities and working methods of the Board of Directors and management, and document the company's reporting practices.

Ahlström Capital Oy is the parent company of the Group and has significant minority interests in associates. It is responsible for the development of the Group's business, handles the Group's financial reporting, provides Group and associate companies with services relating to risk management, finance, legal affairs and governance and advises them in strategic and investment matters.

The Group consists of several independent companies, subgroups and separate associates. Decisions concerning the operations of these are taken by their own decision-making bodies.

The company exercises its ownership through representatives that its Board annually elects to the decision-making bodies of the company's subsidiaries and associates.

The company's shares are incorporated in the Finnish book-entry system maintained by Euroclear Finland Ltd.

### GENERAL MEETING OF SHAREHOLDERS

The highest authority in Ahlström Capital is exercised by the shareholders at general meetings of shareholders. The

Annual General Meeting decides on the number of members on the Board of Directors and elects the Board members. In addition, the general meeting of shareholders has exclusive authority over matters such as amending the Articles of Association, adopting the financial statements, deciding on the distribution of profits, and electing auditors.

In 2013, the Annual General Meeting was held on March 21 in Helsinki. In addition, an extraordinary general meeting was held on August 22.

To participate in a general meeting, shareholders must submit advance notification by no later than the date indicated in the notice, which day may not be earlier than 10 days prior to the meeting.

Notices of general meetings are published in the Official Gazette or delivered to shareholders by registered mail no earlier than two months and no later than two weeks prior to the last date of advance notification.

Notifications to shareholders are delivered by e-mail or in writing by mail.

### BOARD OF DIRECTORS

The Annual General Meeting elects no fewer than five and no more than seven ordinary members to the Board of Directors. The term of Board members ends at the close of the next Annual General Meeting following the election. The Board chooses a Chairman and, if it deems necessary, a Vice Chairman from among its members. The current Board has seven members, of whom Johannes Gullichsen and Jouko Oksanen have been on the Board since the company was founded on June 30, 2001, Stig Gustavson since March 31, 2011, Mats Danielsson since November 7, 2011, and Thomas Ahlström, Kaj Hedvall and Peter Seligson since August 22, 2013. Stig Gustavson has been Chairman of the Board since August 30, 2011.

All Board members are independent except Johannes Gullichsen and Peter Seligson, who are serving also as members of the Board of Antti Ahlström Perilliset Oy, the company's biggest shareholder, and Thomas Ahlström, who

is Managing Director of Antti Ahlström Perilliset Oy.

The Board has no female members.

The Board represents the owners of the company. The duties and responsibilities of the Board are based on the Finnish Limited Liability Companies Act and other applicable legislation, as well as on the Articles of Association and the rules of procedure adopted by the Board. The Board has general jurisdiction over all company affairs which under law or the Articles of Association are not specifically to be decided or implemented by other bodies.

In cooperation with the President, the Board attends to internal supervision, which also includes risk management. Risk management is mainly carried out in the subsidiaries and associates, that is, in potential sources of risk.

The Board confirms the company's and the Group's general targets and strategy, and approves the annual plan.

In 2013, the Board held 21 meetings, four of them per capsulam. All the members participated in the decision-making, except at four meetings, from where one member was absent.

In 2013, members of the Nomination and Compensation Committee have been Stig Gustavson (Chairman), Jouko Oksanen, Martti Saikku (until August 22), and Thomas Ahlström (from August 22). Since June 28, 2012, Thomas Ahlström participated in the Committee meetings as a representative of Antti Ahlström Perilliset Oy when election and remuneration of Board members were handled. The Committee prepares proposals regarding the company's and Group's administration, salaries and incentives applicable within the company, and management's terms of employment for the consideration of the Board. In 2013, the committee held four meetings.

### PRESIDENT AND PERSONNEL

Ahlström Capital's President is appointed by the Board. The President plans and manages the company's and Group's business operations and bears responsibility for the company's and Group's

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operational administration in compliance with the instructions and decisions of the Board. He supervises and manages the analysis and appraisal of prospective investments, and the development and divestment of holdings.

The company's President is Panu Routila, M.Sc.(Econ.), who has held the position since April 1, 2008.

Panu Routila chairs the Boards of Directors of Enics AG, AC Cleantech Management Oy, Vacon Plc, Rakennus Oy Kivipalatsi and Asunto Oy Helsingin Kivipalatsi and serves as a member of the Boards of Ripasso Energy AB and AR Packaging Group AB. He holds 12,688 shares in the portfolio company AR Packaging Group AB and 75 shares in AC Cleantech Management Oy, and has the right to subscribe for 25,000 shares in Enics AG.

Panu Routila has the right to retire at the age of 63. Should the contract be terminated on Ahlström Capital's initiative before December 31, 2014, Routila has the right to a severance pay equivalent to 18 months' salary. Should he be discharged after January 1, 2015 the severance pay is equivalent to six months' salary.

In addition to the President, the company has 13 employees. They assist the President, actively monitor and develop the company's operations in accordance with the objectives set, handle reporting, and prepare decisions on investments and divestments for discussion by the Boards of the company and the company's associates and subsidiaries.

#### **SALARIES AND REMUNERATION**

The Annual General Meeting confirms the remuneration of Board members. In 2013–2014 the Chairman receives an annual remuneration of EUR 80,000 and the members EUR 32,000. No separate meeting fees are paid for board meetings. For committee meetings, a fee of EUR 800 is paid. The Board decides on the President's salary and benefits and confirms the salaries, incentives, and benefits of other members of the management.

The company's employees are entitled to incentives according to the company's incentive policy. Incentives are based on the company's financial performance.

#### **SUPERVISION**

Ahlström Capital's auditor is the auditing firm Ernst & Young Oy, with Kristina Sandin, Authorized Public Accountant, as the auditor in charge. The auditors supply the company's shareholders with the statutory auditor's report as part of the annual financial statements. They also report on their observations to the company's Board.

The Group's auditing fees in 2013 were EUR 672 thousand (742; 879).

The company adheres to insider guidelines. However, as an unlisted company, it does not have insider administration in place.

## INFORMATION FOR SHAREHOLDERS

### **ANNUAL GENERAL MEETING**

Ahlström Capital Oy's Annual General Meeting will be held in Helsinki, at Eteläesplanadi 14, on Wednesday, March 26, 2014 at 5:00 pm.

The Notice of the Annual General Meeting will be published in the Official Gazette No. 24/February 28, 2014.

### **FINANCIAL INFORMATION**

Ahlström Capital's Financial Review 2013 is published in Finnish, Swedish, and English. The review is also available on the company's website at [www.ahlstromcapital.com](http://www.ahlstromcapital.com).

In 2014, the company will inform the shareholders about the development of its performance on a quarterly basis.

The company's annual report for 2014 is estimated to be completed in March 2015.

Certain statements herein are not based on historical facts, including, without limitation, those regarding expectations for market growth and development, returns, and profitability. Phrases containing expressions such as "believes", "expects", "anticipates" or "foresees" are forward-looking statements. Since these are based on forecasts, estimates, and projections, they involve an element of risk and uncertainty, which may cause actual results to differ from those expressed in such expectations and statements.



*Heritage counts...*



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