Financial position enables strategy execution

Tapio Engström, CFO
Setting the stage
The logic of our financial targets – set on 5 Dec 2012

Mid-term financial targets:

1. Clearly improve relative profitability. The target level of the company’s return on investment (ROI) is to be above 10%. (Q3/2014, continuing operations: 13.5%).

2. Have a solid capital structure with a gearing ratio principally between 40% and 80%. (Q3/2014: 43.3%).

3. Increase net sales organically at a rate that exceeds the average growth rate of the industry. (In 2013, Suominen’s nonwovens net sales grew 4.7%).
Several strategic measures taken in 2012 – 2014 to improve profitability

- Compensation & Benefits scheme
- The Behavior Matrix
- New organization
- Refreshed visual identity
- "Behavior Based Safety" - program
- Sustainability initiatives

- Structural cost savings – Summit program
- Enhanced supply chain capability and increased flexibility – SMART program
- Cost-conscious way of working

- Renewed corporate structure
- Expansion to South America
- Investments in capacity in higher-value-added nonwovens in the U.S.
- Developed and expanded product portfolio
- "We Love Wipes" dialogue
Stable quarterly net sales generation

- Solid, increasing level of net sales achieved, even though increasing of net sales was not the primary target.
Phased improvement in operating profit

Actions to improve profitability are visible in the increased operating profit, indicating that profitability improvement actions have been effective and net sales growth has been selective.
Strong cash flow and healthy balance sheet

- Cash flow is a strong focus area, securing that profitability is not only a book profitability, but actually flows into our bank account.
- Gearing displays solid spring board for future growth

Cash flow from operations, M€

- 2012: 24.9
- 2013: 21.3
- Q3/2014: 27.8

Gearing ratio, %

- 2012: 101.0
- 2013: 96.2
- Q3/14: 43.3
Return On Investment above target level

**Return on Investment (ROI), %**

- **Q3/2012:** 2.4%
- **Q4/2012:** 5%
- **Q1/2013:** 6.3%
- **Q2/2013:** 9.3%
- **Q3/2013:** 9.5%
- **Q4/2013:** 12.4%
- **Q1/2014:** 13%
- **Q2/2014:** 13.2%
- **Q3/2014:** 13.5%

**Continuing operations.**

**Return on Investment (ROI), %**

- **2012:** 5.0%
- **2013:** 12.4%

**Continuing operations.**
The growth strategy – financial perspective
Strategic period 2015 – 2017:
Strong drive for increased shareholder value

- Growth exceeding industry average
- Improvement in profitability through a major shift in product portfolio
- Healthy balance sheet

500 M€

ROI of 12%
Projected major shift in product portfolio supports both sales and profitability development

Suominen’s nonwovens sales by major end use applications

2013

- Baby: ~50% of total sales
- Household: ~20% of total sales
- Industrial: ~15% of total sales
- Personal care: ~5% of total sales
- Medical & hygiene: ~10% of total sales

Total sales: 373.7 M€

2017 (Illustrative)

- Baby: ~60% of total sales
- Household: ~30% of total sales
- Industrial: ~5% of total sales
- Personal care: ~5% of total sales
- Medical & hygiene: ~10% of total sales

Total sales: ~500 M€
Each selected application has a role to play in the strategy

<table>
<thead>
<tr>
<th>Application</th>
<th>Relative growth potential</th>
<th>Attractiveness</th>
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<tbody>
<tr>
<td>Flushables</td>
<td>LOW MEDIUM HIGH</td>
<td>LOW MEDIUM HIGH</td>
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<tr>
<td>Household</td>
<td>LOW MEDIUM HIGH</td>
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<tr>
<td>Industrial</td>
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<tr>
<td>Baby care</td>
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<tr>
<td>Travel and catering</td>
<td>LOW MEDIUM HIGH</td>
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<td>Medical</td>
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<td>Hygiene</td>
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</tbody>
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Suominen is a globally leading supplier of nonwovens for wiping, hygiene and medical applications.
We have a focused plan to implement growth strategy

- Sustain & improve
- Retrofit
- Expand
- Acquisitions

Extend geographical reach

Projected growth investments 30 – 50 ME until 2017

Not in focus in the strategy period 2015 - 2017

Suominen is a globally leading supplier of nonwovens for wiping, hygiene and medical applications.
Refinancing secures resources for execution

Issuance of a 75 MEUR bond:

• Senior unsecured bond with maturity of five years.
• Fixed coupon with an interest rate of 4.375 per cent per annum.
• Issue was oversubscribed by more than 40 investors.
• Listed on NASDAQ OMX Helsinki.
• Listing prospectus is available at www.suominen.fi > Investors > Financials > Debt information.
Refinancing secures resources for execution, continued

New syndicated credit facilities agreement of EUR 55 million:

- The syndicated credit facilities consist of:
  - a multicurrency revolving credit facility of EUR 30 million with a maturity four years
  - a term loan of EUR 10 million with a maturity of three years
  - a term loan of EUR 15 million with a maturity of four years.
- The lenders for the facilities are Nordea Bank Finland Plc and Pohjola Bank Plc.
- The bank facilities include leverage ratio and gearing as financial covenants.
Solid financial position enables us to execute

Gearing ratio (Q3 2014) 43.3%

Equity ratio (Q3 2014) 41.0%
Targets for gearing and net sales remain unchanged – ROI target increased to 12%

Mid-term financial targets:

- Clearly improve relative profitability. The target level of the company’s return on investment (ROI) is to be above 12%. (Q3/2014, continuing operations: 13.5%).

- Have a solid capital structure with a gearing ratio principally between 40% and 80%. (Q3/2014: 43.3%).

- Increase net sales organically at a rate that exceeds the average growth rate of the industry. (In 2013, Suominen’s net sales from nonwovens business grew 4.7%).
Dividend policy defined

- Suominen’s Board of Directors has approved a dividend policy for the company.
- Suominen’s policy is to distribute approximately 30% of its profit for the period in annual dividends.
- In assessing its proposal for the payment of dividends, the company’s Board of Directors will also consider Suominen’s future investment needs and the solidity of its financial position.
We are well positioned to capitalize our growth strategy and thereby increase shareholder value.

- Financial solidity reached
- Ability to deliver the growth strategy secured thanks to refinancing
- Dividend policy defined
- Cash flow always in focus
- Clear strategic choices
- Demonstrated capability to deliver

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Thank you!