Convenience business area: The leading player in globally growing markets

Capital Markets Day, 11 November 2015
Ernesto Levy, SVP, Convenience
Convenience business area in brief

Roll goods
for a wide range of wiping applications; typically a major part of the end user experience.

Customers
include global consumer brands, private label manufacturers, regional and local converters and retail.

Net sales by application (illustrative)

Market by application (illustrative)

Estimated in tons.
We are the global leader in nonwovens for wipes

Total market for nonwovens for wipes
~2.1 billion euro

Key competitors
• Kimberly-Clark
• Jacob Holm / Sontara
• Sandler
• AVINTIV (ex-PGI)

Others
Half of the market fragmented to smaller players
Convenience: Nonwovens as roll goods for consumer as well as professional wiping
Technology, recipe and raw material selection determined to fit the purpose in end use
Reminder from the CMD 2014: Convenience strategies for 2015–2017

Growth in applications where we are product leaders and have higher value add potential

Proactive key account management – support key accounts’ growth in their strongest markets

Efficient service and operations in the more mature applications
Convenience: Highlights 2015

Business strategy – four focus areas:

1. Deliver superior value in thoughtfully selected market applications.
2. Drive proactive key account management.
3. Execute demand driven supply chain.
4. Evolve culture and capabilities to build strong product company.

1. New product innovation e.g. Hydraspun® Dispersible Plus
   Leveraging *We Love Wipes* and other

2. Co-developing solutions with customers

3. Global Footprint in the main markets. Widest platform of *technologies* to meet customer needs

4. Stronger *innovation process* and quality systems. Investing in *people* and *capabilities*
Markets by key applications

Baby & Toddler wipes
Flushable wipes
Household wipes
Workplace wipes
Personal Care wipes
Baby and Toddler – Improving the mix while growing our largest segment

**Market growth**

- **NA+EUR CAGR** 2%
- **SA CAGR** 5%

**Suominen’s actions**

- Technology investments: Nakkila, Paulinia
- Biodegradable and certified products available
- Innovation & Key Account management resulting in co-development wins in the US and Europe

**Market growth estimates for 2013–2017, based on industry sources.**

11/11/2015  Our purpose is to make nonwovens continuously better for people.
Flushable wipes – In the lead of a growing trend

<table>
<thead>
<tr>
<th>Trends</th>
<th>Market growth</th>
<th>Suominen’s actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continued growth</td>
<td>NA CAGR 7%</td>
<td>• Proprietary production technology</td>
</tr>
<tr>
<td>Expansion to other</td>
<td>EUR CAGR 9%</td>
<td>• Expanded capacity</td>
</tr>
<tr>
<td>categories</td>
<td></td>
<td>• Suominen people in the lead of bodies creating</td>
</tr>
<tr>
<td>Regulation and</td>
<td></td>
<td>regulations</td>
</tr>
<tr>
<td>competition</td>
<td></td>
<td>• Innovation &amp; launch of HYDRASPUN® Dispersible Plus</td>
</tr>
</tbody>
</table>

Market growth estimates for 2013–2017, based on industry sources.
Nonwoven substrate that meets or exceeds INDA/EDANA dispersibility requirements

3x FASTER BREAK-UP
AS COMPARED TO STANDARD HYDRASPUN® DISPERSIBLE
- AFTER 10 MINUTES

OVER 95% PASS THROUGH
AFTER 1 HOUR

Using Industry Slosh Box disintegration test, our product attains maximum dispersion in 1/3 of the recommended test time
Household wipes – Evolving market

Trends

- Product Specialization
- Differentiation between brands/retailers
- Disinfectancy
- Convenience megatrend

Market growth

- NA CAGR 7%
- EUR CAGR 2%

Suominen’s actions

- Proprietary production technology & Targeted R&D
- Major investments in expanded capacity and differentiation capabilities
- Consumer dialogue leading to insights & applications

Market growth estimates for 2013–2017, based on industry sources.
Workplace wipes – Higher value add segment

**General purpose**
- **USA Wiper rule**

**Food service**
- Growth of casual restaurant chains (50% in US, 20% in Europe)

**Healthcare**
- Growth of HAIs and SSIs

**Suominen’s actions**
- Technology and Investments
- End user dialogue leading to insights
- Targeted R&D leading to new products

**Market growth estimates 2012/2013–2017, based on industry sources.**
- **NA CAGR** 6%
- **NA CAGR** 5%
- **Global CAGR** 7%

Workplace is the former Industrial application. HAI= Hospital-acquired infection; SSI= Surgical Site Infection

Our purpose is to make nonwovens continuously better for people.
Personal Care – Consumer driven innovation

Trends

- Convenience
- Pampering
- Growth of single-use products

Market growth

- NA CAGR 6%
- EUR CAGR 6%

Suominen’s actions

- Proprietary technology
- Different applications for SPC™ and embossing
- Consumer dialogue leading to insights for different applications and end user experiences

Market growth estimates for 2013–2017, based on industry sources.
Personal Care – What is SPC™?

- Composite nonwoven, soft and textile-like fabric, even visual appearance
- 3-layers & binder-free; a process that is unique to Suominen
Personal Care – Product news

Cosmetic wipes – SPC™ DIAMOND

- Sensorial texture
- DIAMOND texture for ‘pick-up’ feature
- Thermal embossed DIAMOND texture

Body scrub – HERCULES™ Nonwoven

- Exfoliating, Stimulating feature
- Resin dot pattern
- Dual sided
- Avoids disposal of micro beads in waste water

Our purpose is to make nonwovens continuously better for people.
Next steps
Key actions 2016–2017

- Execute and leverage investments – Alicante, Bethune, Paulínia
- Next generation of We Love Wipes to enhance dialogue with consumers
- Pilot next level of key account management and joint business planning
- Develop products to enhance presence further, especially in household and workplace segments
- Continue leading flushables and setting the standard for dispersability
Convenience: Summary

- Recognized quality, number one position globally
- Growing customer & end user understanding
- Highly engineered products with outstanding features & added value for customer
- Enhanced product development (process & capabilities) to ensure superior offering for selected end uses
- Global production platform, multitude of technologies (also proprietary) – security of supply to customers
Thank you!