Suominen’s strategy for 2017–2021: Focus on strong and profitable growth

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10 May 2017
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Our purpose is to make life better.

Our operations, customers and end users
Recent history & achievements so far
Determined progress towards growth

2012 – 2014
Putting the house in order

- Cost cutting program
- Restructuring
- Reorganizing
- Refinancing

In 2012:
Net sales 356.9 M€
Operating profit* 14.9 M€

2015 – 2017
Heading to organic growth

- Investment program
- Focus on products with higher value added
- Stronger R&D

From 2012 to 2016:
Net sales +17%
Operating profit* +72%
TSR 100%

2017 – 2021
Changemaker strategy

At the end of 2021:
Net sales >600 M€
Operating profit > 10% of net sales

Continuing operations.
*Operating profit: Comparable / excl. Non-recurring items
Suominen’s strategy 2015–2017

**Vision**

Market Driven Product Leader

**Strategy**

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.

**Purpose**

Our purpose is to make nonwovens continuously better for people
Our purpose is to make life better.

Portfolio development

2012: 357.9 M€

- Baby wipes: 47%
- Personal care wipes: 19%
- Home wipes: 19%
- Workplace wipes: 18%
- Hygiene & medical products: 6%

2015: 444.0 M€

- Baby wipes: 40%
- Personal care wipes: 17%
- Home wipes: 11%
- Workplace wipes: 7%
- Hygiene & medical products: 9%

2016: 416.9 M€

- Baby wipes: 38%
- Personal care wipes: 18%
- Home wipes: 11%
- Workplace wipes: 22%
- Hygiene & medical products: 8%

*Nonwovens for personal care, home and workplace wipes as well as for hygiene and medical products typically carry higher added value.
Major strategic initiatives executed to strengthen the competitive edge

- A major growth investment program to ensure right manufacturing capabilities and sufficient capacity
- Significant improvements in product development and product management to strengthen product leadership
- Comprehensive renewal of ICT systems to ensure harmonized way of working
## Growth investment program targeted to attractive markets

<table>
<thead>
<tr>
<th>Location</th>
<th>Applications</th>
<th>Market growth*</th>
<th>Competitive situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bethune, SC, USA</td>
<td>Home wiping</td>
<td>+7% (NA)</td>
<td>Balanced</td>
</tr>
<tr>
<td></td>
<td>Flushables</td>
<td>+9% (NA)</td>
<td>Tightening</td>
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<tr>
<td></td>
<td>Workplace wiping</td>
<td>+5-7%</td>
<td>Balanced</td>
</tr>
<tr>
<td>Paulínia, Brazil</td>
<td>Medical</td>
<td>+3-9 %</td>
<td>Emerging market</td>
</tr>
<tr>
<td>Alicante, Spain</td>
<td>Workplace wiping</td>
<td>+5-7%</td>
<td>Balanced</td>
</tr>
</tbody>
</table>

*Estimates based on third party forecasts and management analysis, reflecting averages.*
The largest initiative in the investment program: The new wetlaid line at Bethune, SC, USA

- Very flexible line – utilizes both wetlaid and composite technology.
- Tailor-made based on Suominen knowhow.
- Dedicated to serve end use applications with high value add.
- Targeted to markets with attractive growth forecasts.
- Increases our manufacturing capacity significantly.
The largest initiative in the investment program:
The new wetlaid line at Bethune, SC, USA plant

• Customer deliveries were not started in the targeted schedule.
• The delay in start-up was due to certain problems concerning parts of the machinery.
• We are now planning to start up the new line during the second quarter of 2017.
• Some overrun on the original budget of EUR 50 million.
Capabilities creating competitive edge has been taken into new level

- Product development, product management and the customer interface has been clearly strengthened.
- Innovation process improved to Suominen Innovation Machine
- Upgraded capabilities enable product leadership and create competitive edge for Suominen.
Our purpose is to make life better.

ICT system renewal: an essential action for demand-driven supply chain

- Group-wide project for ICT systems renewal is progressing as planned.
- The project enables Suominen to fully deploy global processes and enhances our ability to forecast demand and manage our order-supply chain.
Market review
Megatrends drive our strategic choices

**SELF-ACTUALIZATION**
- Growing number of people is able to climb the hierarchy of needs
- Consumers are expecting “made for me”
- Positive correlation between hygiene, health and well-being
- Population growth and ageing population

**STRETCHED ENVIRONMENT**
- Scarcity of water
- Exploitation of natural resources
- Regulations impacting everyday life

**LINKED AND SYNCHRONIZED**
- Globally connected supply chains
- Digitalization seeing no boundaries
- Global brands, transparency and equality
The demand for Suominen’s products continues to grow in all market regions.

Demand of nonwovens for wiping, medical and hygiene nonwovens (million kg)
Average growth estimate for Suominen main markets, Americas and Europe, is 3%.
The Asian market is attractive and diverse

- APAC is the largest market region for nonwovens
  - Nearly half of the global nonwovens demand is from APAC
  - Very diverse market
- Largest end use area is personal hygiene (diapers, fem hygiene)
- Growing middle class & shift in consuming habits build demand for convenience products, such as wipes.
- Modernization of healthcare promotes the demand for medical nonwovens
Suominen is among TOP10 of all nonwovens producers, ahead of its competition

Nonwovens sales in 2015, USD million. Source: Nonwovens industry
2017–2021: Changemaker strategy
Several factors favorize our growth

1. **Megatrends** are on our side and continue to support growth in the nonwovens markets.

2. We **focus** on applications that are close to people.

3. Our technological **know-how** and focus on selected applications create competitive edge and enable profitable growth.

4. **Global manufacturing platform**, recently improved with extensive investments, forms an unique competitive edge.

5. Our **customer relationships** are strong and we continue to build the relationships for mutual benefit.
Our purpose is to make life better.

Our business portfolio is well suited for growth.

<table>
<thead>
<tr>
<th>Market Position</th>
<th>Baby</th>
<th>Personal care</th>
<th>Hygiene*</th>
<th>Medical*</th>
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<tbody>
<tr>
<td>Top player</td>
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<td>Major player</td>
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<tr>
<td>Small player</td>
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* In the applications Suominen has chosen to operate
Our purpose is to make life better.

Essentials of the Changemaker strategy

Vision
We change the way people think about nonwovens.

Cornerstones
- Best in business
- Creating nonwovens that others cannot
- Community of changemakers

Purpose
We make life better.
Vision: We change the way people think about nonwovens

From delivering white rolls... ...to offering engineered solutions
Best in business

We are the best in turning end-user needs into commercial success for our customers and ourselves

What does it require from us?

- Through our evolved Product Management, we understand the needs of our customer’s customer
- We cooperate with our customers to create mutual value
- We operate a demand driven supply chain
- We deliver peace of mind to our customers through our reliable way of operating

What do we aim to achieve?

- We have superior customer satisfaction and are perceived as the best value partner for our customers
- We outgrow our competition with excellent profitability
**Best in business: Sources of profitable growth**

- Grow market share in nonwovens for home and workplace wipes, personal care products and hygiene products.
- Maintain leadership in baby wipes.
- Strengthen niche positions in nonwovens for medical applications.
- Examine opportunities to expand business, especially into Asia.
- Capitalize on Latin America.
- Look for adjacent technologies to support our existing business.

**Increased share of value add products in portfolio**

**Growth in new geographies**

**Growth through new technologies**
Creating nonwovens that others cannot

We develop and produce unique nonwovens that other companies are not able to make

What does it require from us?

- We have a powerful innovation machine
- Our nonwovens’ smart functionalities are engineered for the job
- We focus on clearly defined technology benefits
- We are able to customize our products for our customers
- Our nonwovens are proven to be better than our competitors’ products
- We offer the most sustainable nonwovens in the market

What do we aim to achieve?

- We will be the first to market with unique benefits or superior performance
- We will be a recognized lead developer for our key customers
Creating nonwovens that others cannot

- Fluid Management
- Texture & Patterning | Differentiation | Customization
- Disinfecting and Sanitization
- Dispersibility
- Skin Wellness
- Performance Superiority
- Cost Innovation
Our purpose is to make life better.

Community of changemakers

We are a global community of people who are capable and passionate to change things

What does it require from us?

• Leadership will become our competitive edge
• Our leadership is based on trust
• We grow our own leaders
• We continue to work for active and open culture
• We work to change things for the better
• We act responsibly

What do we aim to achieve?

Energized and passionate employees

Everyone feels like a valued member of a winning team

High engagement leads to high performance
Expected outcomes
Our purpose is to make life better.

2016: Net sales
EUR 416.9 million

2021: Net sales over EUR 600 million
Operating profit margin over 10%

Accelerated portfolio transformation

Illustrative

- Baby wiping
- Personal care wiping
- Home wiping
- Medical & hygiene applications
- Workplace wiping

5/10/2017 Our purpose is to make life better.
Targets set for strong profitable growth with solid financial position

• During the five-year strategic period ending in 2021, we aim at

  - Average ROI of **15%**
  - Average annual net sales growth of **6%**
  - Gearing between **40-80%**

• Moreover, the target is to increase the operating profit above 10% of net sales.
Key take-aways

• The market outlook remains **positive** in all regions.
• Our **competitive edge** has **clearly strengthened** thanks to major investments and key capability enhancements
  - This will help **accelerate our growth** in high value add applications.
• We will seek to **expand to new** market regions, as well as adjacent technologies.
• The strategy will lead to **significantly higher** net sales and operating profit margin.
• Creation on **shareholder value** continues, supported with the updated dividend policy
  - Pay out ratio will be **at least 30%** of the net profit.
We change the way people think about nonwovens.

Thank you!