Suominen Corporation
Annual General Meeting
Review by the President & CEO

16 March 2016
Nina Kopola, President & CEO
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Our purpose is to make nonwovens continuously better for people.
Our purpose is to make nonwovens continuously better for people.
Two business areas

Convenience

- Main end use areas:
  - **Wiping** (baby, household, personal care, industrial wipes)
  - **Travel & catering** applications
- Net sales of the business area (2015): 411.5 M€

Care

- Main end use areas:
  - **Hygiene** products (femcare, incontinence, diapers)
  - **Medical** nonwovens (e.g. swabs, undercast pads, surgical drapes and masks)
- Net sales of the business area (2015): 32.4 M€

Eight nonwovens plants in three continents serving both business areas

93% of Suominen’s net sales

7% of Suominen’s net sales
Leading market position in Convenience, still a challenger Care

- #9 Ninth-largest of all nonwovens suppliers globally
- #1 Global market leader in nonwovens for wipes (Convenience business area)
- Challenger in nonwovens for medical & hygiene products (Care business area)
Year 2015 in a nutshell

- Net sales: EUR 444,0 million (+10%)
- Operating profit: EUR 31,2 million (+16%)
- Strong cash flow: EUR 27,3 million
- Dividend proposal: 0,02€/osake
- Investment program in implementation
- 6 new branded products
Our purpose is to make nonwovens continuously better for people.
In medical and hygiene, our targeted market is over EUR 2 billion
Our purpose is to make nonwovens continuously better for people.

Demand is growing in all market areas

- Aging population, everyday convenience, health and well-being
- Growing middle class, population growth
- Growing middle class, population growth
- Growing middle class, population growth

3/16/2016
There’s demand for Suominen’s products in both developing and developed markets

- **USD 14 000+**: Household wipes
- **USD 10 000+**: Incontinence products
- **USD 7 000+**: Baby wipes
- **USD 4 000+**: Disposable diapers
- **USD 1 000+**: Feminine care products

GDP per capita

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Our purpose is to make nonwovens continuously better for people.
Financial review 2015
Net sales grew by 10.5%

Net sales, EUR million

In FY2015, net sales grew 10.5% due to the strengthening of the USD compared to EUR. Suomenin’s net sales grew organically and excluding the effect of exchange rates by roughly 1%.
Positive development of gross profit, expenses and operating profit continued in 2015

Gross profit, % of net sales

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross profit, %</td>
<td>9.0%</td>
<td>10.7%</td>
<td>12.4%</td>
<td>13.1%</td>
</tr>
</tbody>
</table>

Sales, operating and administration expenses, % of net sales

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses</td>
<td>6.6%</td>
<td>6.0%</td>
<td>5.8%</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

Operating profit*, EUR million and %

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>14.9</td>
<td>19.4</td>
<td>26.9</td>
<td>31.2</td>
</tr>
</tbody>
</table>

* excluding non-recurring items.
Balancing the product portfolio continues

- 2012: 357.9 M€
  - Baby wipes: 10%
  - Personal care: 19%
  - Household: 18%
  - Workplace: 47%
- 2014: 401.8 M€
  - Baby wipes: 17%
  - Personal care: 17%
  - Household: 21%
  - Workplace: 41%
- 2015: 444.0 M€
  - Baby wipes: 11%
  - Personal care: 7%
  - Household: 17%
  - Workplace: 40%

Typically products with higher added value: Baby wipes, Personal care, Household.
Profit for the period grew by 67% from the comparison period

Profit for the period, EUR million
Dividend proposal doubled from the last year

<table>
<thead>
<tr>
<th>Year</th>
<th>Earnings per share, EUR</th>
<th>Dividend per share, EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>-0.01</td>
<td>-0.02</td>
</tr>
<tr>
<td>2013</td>
<td>0.02</td>
<td>0.01</td>
</tr>
<tr>
<td>2014</td>
<td>0.04</td>
<td>0.02</td>
</tr>
<tr>
<td>2015</td>
<td>0.06</td>
<td>0.02</td>
</tr>
</tbody>
</table>

2014: Distribution of funds.
2015: Dividend proposal for the AGM.
Cash flow strong as expected in FY2015

Cash flow from operations, EUR million

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash Flow (EUR million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>24.9</td>
</tr>
<tr>
<td>2013</td>
<td>21.3</td>
</tr>
<tr>
<td>2014</td>
<td>37.1</td>
</tr>
<tr>
<td>2015</td>
<td>27.3</td>
</tr>
</tbody>
</table>
Our purpose is to make nonwovens continuously better for people.

Outlook for 2016
The first months of 2016

• Some customers postponed their orders in the last quarter of 2015 until after the turn of the year. We have received these postponed orders.

• However, during the first months of the year, the demand has not been at last year’s level.

• We anticipate the change in demand to be temporary, deriving from the new manufacturing capacity just recently launched in Europe and North America, our main market areas.

• In longer term, the demand forecasts have not changed. Suominen anticipates its target markets to grow annually by some 2–9%, depending on the product segment and geographical region.
Outlook for FY2016 remains unchanged

• Suominen expects that for the full year 2016, its net sales and operating profit excluding non-recurring items will improve from year 2015.

• In 2015, Suominen’s net sales amounted to EUR 444.0 million and operating profit excluding non-recurring items to EUR 31.2 million.
Our purpose is to make nonwovens continuously better for people.
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1. Deliver superior value in thoughtfully selected market applications.
2. Drive proactive key account management for mutual value creation.
3. Execute demand driven supply chain.
4. Evolve culture and capabilities to build strong product company.

Suominen’s strategy 2015–2017

Vision – where?

Strategy – how?

Purpose – why?

Our purpose is to make nonwovens continuously better for people.
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We aim at major shift in product portfolio

2015 (EUR 444.0 million)

- Baby wipes: 40%
- Household wipes: 17%
- Workplace wipes: 11%
- Personal care wipes: 7%
- Hygiene and medical products: 22%

2017 (approx. EUR 500 million)

- Baby wipes: 40%
- Household wipes: 22%
- Workplace wipes: 11%
- Personal care wipes: 7%
- Hygiene and medical products: 20%

Illustrative.
Understanding the end user needs is at the heart of our strategy.
Strategy implementation in 2015
Suominen’s strategy 2015–2017

Vision

Market Driven Product Leader

Business 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.
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Key activities by focus area

1. Deliver superior value in selected market applications
   - Approx. EUR 60 million growth investment program progressed
   - Product development process was enhanced
   - Six new branded products launched
Suominen responds to demand, especially in the fastest-growing market segments, with its growth investments.

- The investment in Paulínia expands the product offering of the plant to, e.g., medical nonwovens.
- The investment in Alicante expands the product offering of the plant to, e.g., workplace wiping products.
- A production line that was shut down in 2012 was restarted in Nakkila.
- The new production line in Bethune, SC targets especially the fastest-growing wiping product markets.
- The investment in Paulínia expands the product offering of the plant to, e.g., medical nonwovens.
Examples of fast-growing market segments with higher added value

Flushable nonwovens
- Market growth 7–9% per year
- Growing number of applications
- Suominen has patented technology

Household wipes
- Market growth 2–7% per year
- Growing number of applications
- Convenience, making daily routines faster

Workplace wiping
- Market growth 5–7% per year
- Main end use environments include, e.g., hospitals, restaurants, manufacturing

Medical nonwovens
- Market growth 3–5% per year
- Aging population and challenges in healthcare, for example, boost the growth
Product Development was improved determinedly

Enhancing capabilities

- Suominen Innovation Machine process
  - Front End innovation
  - Creating a prioritized project portfolio
  - Introduction of formal gate process for running projects

Enhancing capacity

- Creating critical mass
  - R&D expenditure to increase to above 1% of net sales (0.8% in 2015)
  - Four new people employed in 2015, two of them PhDs
  - Centralizing resources
Six new branded products in 2015
Five for Care, one for Convenience

1. FIBRELLA™ Lite Spunlace
2. FIBRELLA™ Perf
3. FIBRELLA® Zorb+
4. FIBRELLA® Zorb
5. FIBRELLA® Move
6. HYDRASPUN® Dispersible Plus

Our purpose is to make nonwovens continuously better for people.
Key activities by focus area

2

Drive proactive key account management for mutual value creation

Listening to the customer: Utilizing the Customer Perception Survey results

Creating value together with customer by, for example, organizing events
Key activities by focus area

3

Execute demand driven supply chain

Defining and implementing standardized global processes

Comprehensive ICT systems renewal – aim at an efficient, global supply chain
Key activities by focus area

4

Evolve culture and capabilities to build strong product company

Pivotal recruitments building new and enhanced capabilities in several areas

Strategic sustainability initiatives in progress, e.g., blind recruiting
Progress in strategic sustainability initiatives

- Achieving product leadership
  - Product sustainability review

- Operating sustainably throughout the organization
  - Non-Discrimination and Equal Opportunities Program: Blind hiring and salary study
  - Material and resource efficiency: Among other things, water and energy efficiency improved

- Fostering responsibility throughout the value chain
  - Finishing the Supplier Code of Conduct
Award for FIBRELLA® Lite in Research, Innovation & Science for Engineered Fabrics conference
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Progress on mid-term financial targets

- Organic net sales growth, excluding the effect of exchange rates, compared with previous year.
- Target level marked with dashed line.
- Figures are for continuing operations.
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Summary

Our profitability improved markedly but we fell short of the target set for organic growth.

Dividend proposal doubled from the last year.

In line with our strategy, we built foundations for growth by focusing on:
- Product development
- Investments
- Corporate culture

In 2016, Suominen continues to implement its strategy, aiming at product leadership and profitable organic growth.
Thank you!