Suominen Corporation
@Small Mid Cap Forum

Nina Kopola, President & CEO
Anu Heinonen, VP, Corporate Communications & IR
5 September 2017, Zürich
Contents

• Suominen in brief
• Market review
• Strategy for 2017-2021
• The expected outcomes & financial implications
• Summary
• Appendix: Q2 2017 results
Suominen in brief
Our operations, customers and end users

Suominen

Indicative customers

End use applications

Our purpose is to make life better.

9/5/2017
Understanding the end user needs is crucial for our success.
Locations in three continents close to customers

- Windsor Locks, CT, US
- Green Bay, WI, USA
- Bethune, SC, US
- Paulinia, Brazil
- Alicante, Spain
- Nakkila, Finland
- Helsinki, Finland (Head office)
- Mozzate, Italy
- Cressa, Italy

Sales representatives present in several locations in Asia Pacific
Recent history: 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€
Gearing 101.0%

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%
Gearing to 39.6%
TSR 100%

2017 – 2021
Changemaker strategy

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

All figures refer to continuing operations.
Operating profit: Comparable / excl. Non-recurring items
Good track record

Net sales, EUR million

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<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>55.7</td>
<td>98.3</td>
<td>356.9</td>
<td>373.7</td>
<td>401.8</td>
<td>444.0</td>
<td>416.9</td>
</tr>
</tbody>
</table>

Operating profit, EUR million and %

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>-6.5%</td>
<td>-4.4%</td>
<td>4.2%</td>
<td>5.2%</td>
<td>6.7%</td>
<td>7.0%</td>
<td>6.1%</td>
</tr>
</tbody>
</table>

2010-2014: Continuing operations. Excluding non-recurring items or comparable operating profit

9/5/2017 Our purpose is to make life better.
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
Demand for Suominen’s products is growing both in emerging 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
Suominen is among TOP10 of all nonwovens producers, ahead of its competition.
Recent history & achievements so far
Our purpose is to make life better.

Portfolio development

2012: 357.9 M€
- Baby wipes: 6%
- Personal care wipes: 10%
- Home wipes: 19%
- Workplace wipes: 18%
- Hygiene & medical products: 22%

2015: 444.0 M€
- Baby wipes: 7%
- Personal care wipes: 11%
- Home wipes: 17%
- Workplace wipes: 22%
- Hygiene & medical products: 40%

2016: 416.9 M€
- Baby wipes: 8%
- Personal care wipes: 9%
- Home wipes: 18%
- Workplace wipes: 38%
- Hygiene & medical products: 25%

*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 in 2015-2017 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 2015-2017 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>
</tr>
<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.
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.
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.
Changemaker strategy for 2017–2021
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

* In the applications Suominen has chosen to operate
Changemaker strategy in a nutshell

Vision

We change the way people think about nonwovens

Three cornerstones

Best in business
Creating nonwovens that others cannot
Community of changemakers

Purpose

We make life better
Our purpose is to make life better.

Vision: We change the way people think about nonwovens

From delivering white rolls...

...to offering engineered solutions

9/5/2017
Our purpose is to make life better.

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
Our purpose is to make life better.

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
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
Recent actions taken to execute the strategy

**Best in business:**
- The final stage of the Bethune investment – optimatization of the new line, final technical tests in progress
- Good progress in the ICT systems renewal, the first site rolled out with no major issues

**Creating nonwovens that others cannot:**
- Launch of two new high added value products for workplace wiping and medical applications

**Community of changemakers:**
- Strengthening and reorganizing the Technology team
- INDEX17 Award for Suominen's blind hiring process enhancing equal opportunities
- Cooperation with Women’s Bank
Investment in Bethune, SC, US: Start-up technically more challenging than anticipated

• The new production line in Bethune was started up and the first invoiced products were delivered in Q2.
• The start-up progress has been technically more challenging than anticipated.
• The market interest towards the new line has been significant.
• Once fully operational, the new production line will focus solely on high added value products.
Expected outcomes of the strategy
Accelerated portfolio transformation

2016: Net sales
EUR 416.9 million

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

Illustrative

- Baby wiping
- Personal care wiping
- Home wiping
- Workplace wiping
- Medical & hygiene applications
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.
Changemaker strategy and its financial implications
How to exceed EUR 600 million in net sales?

**Added and upgraded capacity**

More tons for higher value add applications

<table>
<thead>
<tr>
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<th>Competitive situation</th>
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<tr>
<td>Paulínia, BR</td>
<td>Medical</td>
<td>+3-5%</td>
<td>Emerging market</td>
</tr>
<tr>
<td></td>
<td>Workplace wiping</td>
<td>-5% (P)</td>
<td>Balanced</td>
</tr>
</tbody>
</table>

**Portfolio change**

High value add applications allow higher pricing

**Potential geographical expansion**

Net sales growth at a rate that doubles the market average
Over EUR 600 million in 2021

Our purpose is to make life better.
About the importance of the portfolio transformation

<table>
<thead>
<tr>
<th>Market growth estimates by application</th>
<th>Targeted net sales breakdown in 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baby wiping</td>
<td><strong>“Growth”</strong></td>
</tr>
<tr>
<td>Personal care wiping</td>
<td><strong>“Growth”</strong></td>
</tr>
<tr>
<td>Home wiping</td>
<td><strong>“Growth”</strong></td>
</tr>
<tr>
<td>Workplace wiping</td>
<td><strong>“Growth”</strong></td>
</tr>
<tr>
<td>Medical</td>
<td><strong>“Growth”</strong></td>
</tr>
<tr>
<td>Hygiene</td>
<td><strong>“Growth”</strong></td>
</tr>
</tbody>
</table>

- Baby wiping: 2-7%
- Personal care wiping: 6-65%
- Home wiping: 2-7%
- Workplace wiping: 3-5%
- Medical: 3-9%
- Hygiene: 0-6%

Indicative.
How to reach the desired level of profitability?

Components of the raising operating profit margin (indicative)

- 2016: 6.1%
- Higher value add
- Enhanced capacity
- SGA costs / sales
- Over 10% in 2021
Annual investment level in 2017-2021 excluding potential inorganic growth

For maintenance

~1% of annual net sales

For competitive edge

Add-on investments

Capital expenditure

~12 M€ annually
Revised financial targets compared with the past performance

During the five-year strategic period, Suominen aims at strong and profitable net sales growth and solid financial position.

**Net sales, MEUR**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>356.9</td>
<td>373.7</td>
<td>401.8</td>
<td>444.0</td>
<td>416.9</td>
</tr>
</tbody>
</table>

**Return on investment, %**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROI</td>
<td>5.0%</td>
<td>6.5%</td>
<td>12.4%</td>
<td>15.7%</td>
<td>15.9%</td>
</tr>
</tbody>
</table>

**Gearing, %**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gearing</td>
<td>101.0%</td>
<td>96.2%</td>
<td>87.2%</td>
<td>116.4%</td>
<td>111.0%</td>
</tr>
</tbody>
</table>

Target level marked with orange color.
Updated dividend policy

• According to the updated policy, Suominen aims to distribute at least 30% of its profit for the period in annual dividends.

• Previously, the policy was to distribute approximately 30% of the profit for the period in annual dividends.

• In assessing its proposal for the payment of dividends, the Board will also consider Suominen’s future investment needs and the solidity of its financial position.
Suominen is the market leader in its main business and has long-term relationships with global blue-chip companies.

+600 M€ Suominen has a clear ambitious five-year strategy and a promising track record.

Suominen has actively strengthened its technological capabilities and thus created a solid competitive edge.

100% The total shareholder return from 2012 to 2016 is 100%.
Thank you!

@SuomenenCorp
@SuomenenOyj
Suomenen Corporation
Appendix:
Major shareholders
Q2 2017 financials
## 10 largest shareholders on 30 August 2017

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>No. of shares</th>
<th>Holding %</th>
</tr>
</thead>
<tbody>
<tr>
<td>AC Invest Two B.V.</td>
<td>13953357</td>
<td>25.94</td>
</tr>
<tr>
<td>Oy Etra Invest Ab</td>
<td>5853605</td>
<td>10.88</td>
</tr>
<tr>
<td>Varma Mutual Pension Insurance Company</td>
<td>4500000</td>
<td>8.37</td>
</tr>
<tr>
<td>Ilmarinen Mutual Pension Insurance Company</td>
<td>3251811</td>
<td>6.04</td>
</tr>
<tr>
<td>Elo Pension Company</td>
<td>3024651</td>
<td>5.62</td>
</tr>
<tr>
<td>Nordea Bank Ab (Publ), Suomen Sivuliike</td>
<td>2131451</td>
<td>3.96</td>
</tr>
<tr>
<td>Nordea Nordic Small Cap Fund</td>
<td>1317157</td>
<td>2.45</td>
</tr>
<tr>
<td>OP-Delta Fund</td>
<td>1210283</td>
<td>2.25</td>
</tr>
<tr>
<td>Evald and Hilda Nissi’s Foundation</td>
<td>1000000</td>
<td>1.86</td>
</tr>
<tr>
<td>Mandatum Life Unit-Linked</td>
<td>966195</td>
<td>1.8</td>
</tr>
</tbody>
</table>
Suomen Q2: Pros and cons

+ Thanks to the increase in sales volumes, net sales continued to grow, +3%.
+ Cash flow from operations remained good, at EUR 10.2 million.
+ The new production line in Bethune, SC, USA was started up and first invoiced products were delivered.

- Lower gross profit and costs related with the investment projects burdened profitability.
- The share of high added value products in portfolio decreased.
- The start-up of the new production line at Bethune has been technically more challenging than anticipated.
Healthy growth in sales volumes supported the development of net sales

- Sales volumes developed positively.
- Fierce competitive situation, especially in nonwovens for baby wipes and flushables, led to lower sales prices.
- Unfavorable development of product portfolio decreased net sales.
- Changes in USD/EUR exchange rate improved Q2 net sales by EUR 1.5 million from the comparison period.
The share of high added value products* of net sales decreased.

*Nonwovens for personal care products, home wipes, workplace wipes and for hygiene and medical products are typically high added value products.
Lower gross profit and costs related to the growth investments burdened profitability

- Cost level of the new production line in Bethune reflects normal operational status. Moreover, the costs related to the ICT systems renewal affected operating profit.
- USD/EUR exchange rate fluctuation had no material impact on operating profit in Q2.
Profit for the period decreased from the comparison period

Profit for the period, EUR million

## Consolidated statement of profit or loss

<table>
<thead>
<tr>
<th>EUR thousand</th>
<th>4-6/2017</th>
<th>4-6/2016</th>
<th>1-6/2017</th>
<th>1-6/2016</th>
<th>1-12/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>112,002</td>
<td>108,832</td>
<td>224,922</td>
<td>212,701</td>
<td>416,862</td>
</tr>
<tr>
<td><strong>Cost of goods sold</strong></td>
<td>-100,122</td>
<td>-93,830</td>
<td>-199,368</td>
<td>-185,907</td>
<td>-364,636</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>11,880</td>
<td>15,002</td>
<td>25,554</td>
<td>26,794</td>
<td>52,226</td>
</tr>
<tr>
<td><strong>Other operating income</strong></td>
<td>587</td>
<td>470</td>
<td>936</td>
<td>1,099</td>
<td>1,909</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>-1,951</td>
<td>-1,818</td>
<td>-3,809</td>
<td>-3,576</td>
<td>-7,364</td>
</tr>
<tr>
<td>Research and development</td>
<td>-1,217</td>
<td>-994</td>
<td>-2,481</td>
<td>-1,831</td>
<td>-4,330</td>
</tr>
<tr>
<td>Administration expenses</td>
<td>-4,936</td>
<td>-3,931</td>
<td>-9,630</td>
<td>-8,270</td>
<td>-16,191</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>4,391</td>
<td>8,661</td>
<td>10,649</td>
<td>14,204</td>
<td>25,622</td>
</tr>
<tr>
<td><strong>Net financial expenses</strong></td>
<td>-285</td>
<td>-967</td>
<td>-442</td>
<td>-1,211</td>
<td>-3,190</td>
</tr>
<tr>
<td><strong>Profit before income taxes</strong></td>
<td>4,105</td>
<td>7,694</td>
<td>10,207</td>
<td>12,993</td>
<td>22,432</td>
</tr>
<tr>
<td><strong>Income taxes</strong></td>
<td>-1,988</td>
<td>-2,475</td>
<td>-3,850</td>
<td>-4,333</td>
<td>-7,199</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>2,117</td>
<td>5,219</td>
<td>6,357</td>
<td>8,660</td>
<td>15,233</td>
</tr>
</tbody>
</table>

**Earnings per share, EUR**

- **Basic**: 0.04, 0.10, 0.12, 0.16, 0.29
- **Diluted**: 0.04, 0.09, 0.11, 0.15, 0.26
Consolidated statement of financial position, assets

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>15,496</td>
<td>15,496</td>
<td>15,496</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>15,795</td>
<td>13,385</td>
<td>14,133</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>140,194</td>
<td>100,499</td>
<td>135,510</td>
</tr>
<tr>
<td>Loan receivables</td>
<td>5,836</td>
<td>7,093</td>
<td>6,836</td>
</tr>
<tr>
<td>Available-for-sale assets</td>
<td>777</td>
<td>777</td>
<td>777</td>
</tr>
<tr>
<td>Other non-current receivables</td>
<td>1,959</td>
<td>2,327</td>
<td>2,524</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>3,697</td>
<td>4,330</td>
<td>3,424</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>183,753</td>
<td>143,907</td>
<td>178,698</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>39,735</td>
<td>32,739</td>
<td>42,631</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>59,563</td>
<td>57,888</td>
<td>53,946</td>
</tr>
<tr>
<td>Loan receivables</td>
<td>2,550</td>
<td>1,250</td>
<td>1,550</td>
</tr>
<tr>
<td>Other current receivables</td>
<td>5,159</td>
<td>5,583</td>
<td>7,274</td>
</tr>
<tr>
<td>Assets for current tax</td>
<td>974</td>
<td>2,156</td>
<td>2,008</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>20,379</td>
<td>56,545</td>
<td>29,522</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>128,360</td>
<td>156,161</td>
<td>136,929</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>312,113</td>
<td>300,069</td>
<td>315,628</td>
</tr>
</tbody>
</table>

Growth investments continued
## Consolidated statement of financial position, equity and liabilities

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity, EUR thousand</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>11,860</td>
<td>11,860</td>
<td>11,860</td>
</tr>
<tr>
<td>Share premium account</td>
<td>24,681</td>
<td>24,681</td>
<td>24,681</td>
</tr>
<tr>
<td>Reserve for invested unrestricted equity</td>
<td>76,262</td>
<td>69,732</td>
<td>70,855</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>-44</td>
<td>-44</td>
<td>-44</td>
</tr>
<tr>
<td>Fair value and other reserves</td>
<td>398</td>
<td>205</td>
<td>10</td>
</tr>
<tr>
<td>Exchange differences</td>
<td>2,923</td>
<td>6,440</td>
<td>12,613</td>
</tr>
<tr>
<td>Other equity</td>
<td>7,044</td>
<td>334</td>
<td>6,324</td>
</tr>
<tr>
<td>Total equity attributable to owners of the parent</td>
<td>123,125</td>
<td>113,209</td>
<td>126,300</td>
</tr>
<tr>
<td>Hybrid bond</td>
<td>10,950</td>
<td>17,503</td>
<td>16,525</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>134,074</td>
<td>130,712</td>
<td>142,824</td>
</tr>
</tbody>
</table>

|                      |           |           |             |
| **Liabilities, EUR thousand** |           |           |             |
| **Non-current liabilities** |           |           |             |
| Deferred tax liabilities | 10,726   | 10,811    | 11,195      |
| Liabilities from defined benefit plans | 988  | 1,070     | 1,081       |
| Other non-current liabilities | 706   | 329       | 364         |
| Debentures            | 75,000   | 75,000    | 75,000      |
| Other non-current interest-bearing liabilities | 9,089 | 16,250 | 11,574 |
| Total non-current liabilities | 96,510 | 103,460 | 99,214 |

|                      |           |           |             |
| **Current liabilities** |           |           |             |
| Current interest-bearing liabilities | 16,729 | 5,632 | 7,923 |
| Liabilities for current tax | 2,692   | 2,625    | 280         |
| Trade payables and other current liabilities | 62,108 | 57,639 | 65,388 |
| Total current liabilities | 81,529  | 65,897   | 73,590      |
| **Total liabilities**   | 178,039  | 169,357   | 172,804     |
| **Total equity and liabilities** | 312,113 | 300,069  | 315,628     |

- Conversion of the hybrid bond
- Conversion of the hybrid bond
Cash flow from operations remained good

- Cash flow from operations improved as we were able to free working capital.
Statement of cash flows (1/2)

<table>
<thead>
<tr>
<th>EUR thousand</th>
<th>1-6/2017</th>
<th>1-6/2016</th>
<th>1-12/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the period</td>
<td>6,357</td>
<td>8,660</td>
<td>15,233</td>
</tr>
<tr>
<td>Total adjustments to profit the period</td>
<td>14,558</td>
<td>14,455</td>
<td>29,783</td>
</tr>
<tr>
<td>Cash flow before changes in net working capital</td>
<td>20,915</td>
<td>23,115</td>
<td>45,016</td>
</tr>
<tr>
<td>Change in net working capital</td>
<td>-2,476</td>
<td>-3,238</td>
<td>-6,277</td>
</tr>
<tr>
<td>Financial items</td>
<td>-2,369</td>
<td>-1,932</td>
<td>-3,895</td>
</tr>
<tr>
<td>Income taxes</td>
<td>252</td>
<td>-1,264</td>
<td>-6,348</td>
</tr>
<tr>
<td><strong>Cash flow from operations</strong></td>
<td>16,322</td>
<td>16,682</td>
<td>28,496</td>
</tr>
<tr>
<td><strong>Cash flow from investments</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in property, plant and equipment and intangible assets</td>
<td>-25,135</td>
<td>-10,662</td>
<td>-49,553</td>
</tr>
<tr>
<td>Cash flow from disposed businesses</td>
<td>287</td>
<td>313</td>
<td>313</td>
</tr>
<tr>
<td>Adjustments of purchase consideration</td>
<td>–</td>
<td>161</td>
<td>161</td>
</tr>
<tr>
<td>Sales proceeds from property, plant and equipment and intangible assets</td>
<td>–</td>
<td>–</td>
<td>8</td>
</tr>
<tr>
<td><strong>Cash flow from investments</strong></td>
<td>-24,848</td>
<td>-10,188</td>
<td>-49,072</td>
</tr>
</tbody>
</table>

Cash flow from operations continued at healthy level
## Statement of cash flows (2/2)

<table>
<thead>
<tr>
<th>EUR thousand</th>
<th>1-6/2017</th>
<th>1-6/2016</th>
<th>1-12/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from financing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayment of current interest-bearing liabilities</td>
<td>-2,220</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Drawdown of current interest-bearing liabilities</td>
<td>10,000</td>
<td>-26</td>
<td>-3,359</td>
</tr>
<tr>
<td>Repayment in loan receivables</td>
<td>–</td>
<td>450</td>
<td>1,000</td>
</tr>
<tr>
<td>Payment of hybrid bond interest</td>
<td>-642</td>
<td>-624</td>
<td>-624</td>
</tr>
<tr>
<td>Dividend distribution</td>
<td>-5,585</td>
<td>-5,030</td>
<td>-5,030</td>
</tr>
<tr>
<td><strong>Cash flow from financing</strong></td>
<td>1,552</td>
<td>-5,230</td>
<td>-8,013</td>
</tr>
<tr>
<td><strong>Change in cash and cash equivalents</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-6,974</td>
<td>1,263</td>
<td>-28,588</td>
<td></td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the beginning of the period</strong></td>
<td>29,522</td>
<td>55,570</td>
<td>55,570</td>
</tr>
<tr>
<td>Effect of changes in exchange rates</td>
<td>-2,169</td>
<td>-287</td>
<td>2,540</td>
</tr>
<tr>
<td>Change in cash and cash equivalents</td>
<td>-6,974</td>
<td>1,263</td>
<td>-28,588</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the period</strong></td>
<td>20,379</td>
<td>56,545</td>
<td>29,522</td>
</tr>
</tbody>
</table>
Outlook for 2017 was revised on 20 July 2017

- Suominen expects that for the full year 2017, its net sales will improve from year 2016 but its comparable operating profit will fall short of the 2016 level.
  - The start up progress has been technically more challenging than we anticipated.
  - In January-June, the share of high added value products in our net sales declined from the comparison period. Once the new manufacturing line is in Bethune fully in production mode, it will have an positive impact on the product mix.

- In 2016, Suominen’s net sales amounted to EUR 416.9 million and comparable operating profit to EUR 25.6 million.
Hybrid bond: update for January–June 2017

• Suominen issued a convertible hybrid bond of EUR 17.5 million in February 2014.
• The holders of the bond notes are entitled to convert the notes and the potential accrued capitalized interest related to the notes into Suominen shares. The conversion period started on 11 February 2014 and will end on 10 February 2018.
• In February, in total EUR 0.3 million of accrued interests were capitalized.
• In March, in total EUR 0.6 million of interests on hybrid bond were paid in connection with the payment of the dividend.
• In June 2017, bond notes and the accrued capitalized interest related to the notes were converted to total of 2,129,293 new shares.
• The number of shares in Suominen may increase in total by maximum of 4,547,680 shares on the basis of the conversion of the remaining bond notes and the potential capitalized interest.