Strategy for 2015 – 2017: Growth through product leadership

Nina Kopola, President & CEO
Suominen in brief

- 8 plants in 3 continents
- Over 60% of sales from Americas
- 2 business areas
- Net sales 374 M€
- 600 employees
- 90 / 10
Suominen’s value chain

Raw materials
Viscose, pulp, polypropene, polyester, cotton...

Production
Eight plants in three continents serve both business areas.
Trading agreements with three non-Suominen plants in Europe.

Customers
Convenience: Global consumer brands & private label suppliers; regional converters
Care: Global consumer brands and healthcare product suppliers; regional converters

End use applications – all disposables
Convenience: Wipes for baby & personal care, household and industrial use; travel & catering
Care: Medical products, like swabs; hygiene products, like femcare
Where we are today
We have systematically implemented our strategy

Suominen Way

Step Change in Profitability

In the Lead

How we work

How we operate

How we win

Suominen is a globally leading supplier of nonwovens for wiping, hygiene and medical applications.
Several measures taken in each cornerstone

Suominen Way

How we work

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

Step Change in Profitability

How we operate

- Structural cost savings
- Enhanced supply chain and increased flexibility
- Cost-conscious way of working

In the Lead

How we win

- 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
Fast transformation into a nonwovens company with operations in three continents

2011
Three lines of business:
- Nonwovens
- Flexibles
- Codi Wipes

11/1/2011
Ahlstrom Home & Personal acquisition

7/15/2013
Divestment of Codi Wipes

2/10/2014
Acquisition of Brazilian unit

7/14/2014
Divestment of Flexibles business area

Net sales by line of business and geographical coverage from 2011 to date.

11/12/2014 Suominen is a globally leading supplier of nonwovens for wiping, hygiene and medical applications.
Successful execution of the strategy is reflected in financial performance

**Net sales, M€**

- Q1/12: 85.4
- Q2/12: 89.2
- Q3/12: 97.7
- Q4/12: 97.2
- Q1/13: 93.1
- Q2/13: 93.5
- Q3/13: 89.8
- Q4/13: 98.4
- Q1/14: 95.3
- Q2/14: 103.3

**Operating profit excl. NRI, M€ and %**

- Q1/12: 3.4%
- Q2/12: 3.0%
- Q3/12: 2.7%
- Q4/12: 4.9%
- Q1/13: 0%
- Q2/13: 4.6%
- Q3/13: 6.2%
- Q4/13: 6.5%
- Q1/14: 4.6%
- Q2/14: 5.8%
- Q3/14: 8.4%

Continuing operations. NRI = Non-recurring items.
Markets
Historically, growth in demand for nonwovens has exceeded the growth of the GDP

2014 – 2016 GDPs are forecasted.
In Europe, GDP growth is for euro area.
For nonwovens demand, the graphs illustrate the change in the value (USD) of nonwoven demand; 2006-2010 actual, 2011-2015 forecasted.
Demand for Suominen nonwovens is expected to grow globally

Global growth rate ~5%
Growth rate for Suominen regions ~3%

11/12/2014 11

Suominen is a globally leading supplier of nonwovens for wiping, hygiene and medical applications.
Global megatrends accelerate the demand for Suominen’s products

- Increasing and aging population
  - 2010: 522M
  - 2015: 599M
  - 2020: 712M

- Growing consciousness of health
  - 2010: $7.3 billion
  - 2015: $10.3 billion
  - 2020: $14.7 billion

- Global middle class will be the most important consumer group
  - 2020 Estimated:
    - Elite: 500 million
    - Global middle class: 2.1 billion
    - Affluent potentials: 3.4 billion

Suominen is a globally leading supplier of nonwovens for wiping, hygiene and medical applications.
We are a global leader in nonwovens for wipes

Global nonwovens market totaling ~26 billion euros

- Building/roofing: 7%
- Filtration*: 9%
- Floor coverings: 6%
- Automotive: 5%
- Wiping: 8%
- Other: 49%
- Upholstery: 10%
- Other**: 27%
- Medical: 3%
  - Kimberly-Clark
  - Ahlstrom
  - Freudenberg
  - DuPont
  - First Quality
- Hygiene: 25%
  - Kimberly-Clark
  - PGI
  - Fiberweb
  - First Quality
  - Pegas

**Suominen #1**
Wiping ~ 2.1 billion euros

- Suominen: 18%
- Kimberly-Clark: 11%
- Jacob Holm: 9%
- Sandler: 8%
- PGI: 5%
- Other**: 27%
- Upholstery: 10%

*Air/gas and liquid filtration
**Coating, geotextiles, interlinings, shoes/leather, garments, agriculture, packaging and other miscellaneous
In this strategy period, we aim to grow and win the game

Suominen Way

Step Change in Profitability

In the Lead

How we work

How we operate

How we win

11/12/2014
Suominen is a globally leading supplier of nonwovens for wiping, hygiene and medical applications.
We target growth, market-driven way of operating and product leadership

- Organic growth exceeding industry average
- Market-driven way of operating
- Product leadership
Projected major shift in product portfolio supports both sales and profitability development

Suominen’s nonwovens sales by major end use applications

2013

2017 Illustrative

373.7 M€

~500 M€

- Baby
- Household
- Industrial
- Personal care
- Medical & hygiene

Suominen is a globally leading supplier of nonwovens for wiping, hygiene and medical applications.
To execute the strategy and realize the ambitious scenarios, we will...

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

**Why?**
- Mindset change to live the vision and to become a truly market-driven product leader

**How?**
- Foster creativity
- Nourish passion for product
- Develop leadership for excellence

1

Suominen is a globally leading supplier of nonwovens for wiping, hygiene and medical applications.
Execute demand driven supply chain

Why?

- High efficiency throughout the value chain to enable:
  - sustainably profitable business
  - a position of a cost effective supplier for our customers

How?

- Standardized and streamlined processes and ways of working
- Utilization of efficient manufacturing co-operation to maintain agile footprint
Drive proactive key account management

Why?

• A large portion of our current business is with key account customers
• Ten largest customers generate over 60% of net sales
• The average length of our relationship is over ten years

How?

• Carefully segmented customer base served according to long term strategic plan.
• Smooth internal cooperation (product management, sales/account management and R&D) will be crucial.

11/12/2014 Suominen is a globally leading supplier of nonwovens for wiping, hygiene and medical applications.
Deliver superior value in thoughtfully selected market applications

Why?
• Create best excellence in specific, thoughtfully selected product applications
• Focus on applications where we have potential to create value
• Our materials bring specific features to customers’ products allowing them to differentiate and create competitive edge

How?
• Shift in R&D, product portfolio management and development
• Partnering
• Profound understanding of end users’ needs
Future Suominen

- Financially solid, growing beyond market
- Products of superior value forming a focused portfolio
- Respected and attractive as an employer
- Attractive investment for shareholders
- Agile operational model and supply chain
- Reputation in the market as a true game changer
Suominen vision is to become a Market Driven Product Leader.
Thank you!