Strategy execution – Financial view

Capital Markets Day, 11 November 2015
Tapio Engström, CFO
Mid-term financial targets
Our purpose is to make nonwovens continuously better for people.

Solid financial development
Progress on mid-term financial targets

Net sales growth, %

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>Q3/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>n/a</td>
<td>4.7%</td>
<td>7.5%</td>
<td>14.4%</td>
</tr>
</tbody>
</table>

ROI, %

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>Q3/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROI</td>
<td>n/a</td>
<td>12.4%</td>
<td>15.7%</td>
<td>17.4%</td>
</tr>
</tbody>
</table>

Gearing, %

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>Q3/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gearing</td>
<td>101.0</td>
<td>96.2</td>
<td>34.7</td>
<td>30.5</td>
</tr>
</tbody>
</table>

- Net sales growth compared with previous year or the Q3 of previous year.
- Target level marked with dashed line.
- Figures are of continuing operations.
Profitability transformation
Our purpose is to make nonwovens continuously better for people.

Portfolio change drives top line growth

- Portfolio change is increasing the share of higher value added products in our portfolio
- Envisioned healthy volume growth supports the profitability development
Positive development in gross profit, SGA costs and operating profit

Gross profit, % of net sales

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>Q3/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross profit, %</td>
<td>9.0%</td>
<td>10.7%</td>
<td>12.4%</td>
<td>13.8%</td>
</tr>
</tbody>
</table>

SGA, % of net sales

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>Q3/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGA, %</td>
<td>6.6%</td>
<td>6.0%</td>
<td>5.8%</td>
<td>6.1%</td>
</tr>
</tbody>
</table>

Operating profit*, % of net sales

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>Q3/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit*</td>
<td>4.2%</td>
<td>5.2%</td>
<td>6.7%</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

*Excluding non-recurring items
Our purpose is to make nonwovens continuously better for people.

Raw materials – The logic

- Roughly 60–70% of costs are raw materials.
- We are the 9th largest nonwovens producer in the world with long relationships with key suppliers.
- Contracts covering ca. 50% of our net sales include a pass-through clause.
- Between raw materials for fibers and the final fiber, there are intermediate steps and in that value chain market dynamics are in play.
- Raw materials are not hedged as correlations are not predictable.

![Pie chart showing raw material composition: 30% Viscose, 23% Pulp, 23% Polypropene*, 21% Polyester, 3% Other.]

* Including sourced PP Spunbond.
EUR/USD – A factor to pay attention to

• We have estimated that 10% change in EUR/USD exchange rate should have, based on the current business structure, on a full year basis, approximately 2.5 MEUR effect on operating profit.
Cash flow – always in focus

- In 2015, cash flow accumulation between quarters has been steadier than before.
Our purpose is to make nonwovens continuously better for people.
To implement the strategy, we have a focused ~60 M€ growth investment program

- **Sustain & improve**
- **Retrofit**
- **Expand**
- **Extend geographical reach**
- **Acquisitions**

Some 1-2% of net sales

Projected growth investments approx. 60 M€ until 2017

Not in focus in the strategy period 2015–2017
Our purpose is to make nonwovens continuously better for people.

~60 M€ growth investment program – Timing

Projected growth investments approx. 60 M€ until 2017

Retrofit
Paulínia, Alicante Q4/2015

Expand
Bethune H2/2016

To be decided

~54 M€ spending in progress

~6 M€

2015 | 2016 | 2017
### Funding of the growth investment program secured
Extrapolated from Q3/2015

<table>
<thead>
<tr>
<th>Source of funding</th>
<th>EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash (Q3/2015)</td>
<td>36</td>
</tr>
<tr>
<td>Cash flow from operations</td>
<td></td>
</tr>
<tr>
<td>In 2015, 20+M€ (annualized Q3/2015)</td>
<td></td>
</tr>
<tr>
<td>Assume Cash Flow level repeated in 2016</td>
<td>~20+</td>
</tr>
<tr>
<td>Term loan availability</td>
<td>15</td>
</tr>
<tr>
<td><strong>Funding in total</strong></td>
<td>~70</td>
</tr>
<tr>
<td><strong>Growth investments program in total</strong></td>
<td>~60</td>
</tr>
</tbody>
</table>
Dividend policy
Dividend policy

- Suominen’s policy is to distribute approximately 30% of its profit for the period as annual dividend.
- However, as the Board of Directors of the company assesses the dividend payout proposal, it will also consider Suominen’s future investment needs and the solidity of the company’s financial position.
- Of the FY 2014, Suominen distributed funds 0.01 € per share, in total some EUR 2.5 million.
Summary:
Strategy execution from financial perspective

- **500 M€**
  - Ambitious growth scenario

- **~60 M€**
  - Growth investment plan: Financial position secures the execution

- **~30%**
  - Dividends form an important element in the creation of shareholder value

- **Strong track record, solid financial position**
Thank you!