



## Suominen Corporation

Annual General Meeting  
20 March 2009

### Daily consumer goods market trends

**Consumers:**

- ✓ convenience drives consumption
- ✓ need for options has grown
- ✓ private labels have strengthened their position

**Customers:**

- ✓ need to stand out has increased
- ✓ low prices have often taken priority over product development

**Competitors:**

- ✓ overcapacity especially in wiping

## Suominen's answer is the Stairs to Top programme

- ✘ Strategic programmes
  - ✘ decrease costs
  - ✘ generate new sales
  - ✘ create more value-added products.
- ✘ Cost saving and continuous improvement measures have yielded over EUR 15 million during 2006 – 2008.
- ✘ The product offering has been renewed and the volume of new sales has been increased.



## Net sales and operating profit, 2004 - 2008

Net sales, €M



Operating profit before impairment losses, €M



## Suominen in 2008

### Demand and business environment

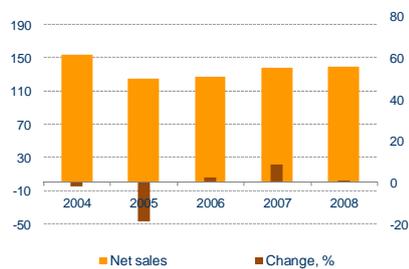
- ✓ During the spring, the demand for Suominen's products was strong and sales increased.
- ✓ The financial crisis caused uncertainty in the markets in the autumn and the total sales volume for the year decreased slightly.
- ✓ Volatility in raw material prices was at a record high; a sharp increase occurred at the start of the year and a decline took place towards the end of the year.
- ✓ Energy prices and personnel costs continued to grow.

### Measures

- ✗ Capacity adjusted to lower demand.
- ✗ Cost savings and operational efficiency measures contributed EUR 6 million.
- ✗ Reduction of EUR 12.3 million in working capital - net repayments of loans totalled EUR 12.5 million
- ✗ Capital loan issued in March.
- ✗ EUR 66 million syndicated loan agreement completed made in December.

## Wiping, 2004 - 2008

Net sales, €M



Operating profit before impairment losses, €M



## Wiping in 2008

### Demand and business environment

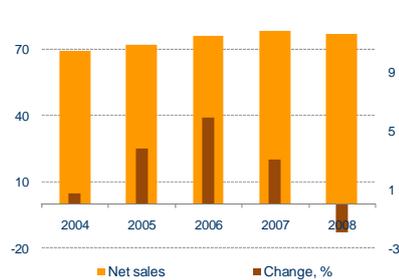
- ✓ The demand for wet wipes and nonwovens remained on the level of the previous year.
- ✓ The increase in sales of personal care wipes continued, while sales of baby wipes stabilised.
- ✓ The delivery focus of nonwovens shifted to Europe.
- ✓ Demand showed clear signs of slowing down at the end of the year.
- ✓ Price erosion occurred in wet wipes, the average sales prices of nonwovens increased due to higher raw material prices.

### Measures

- ✗ Codi Wipes will focus on more profitable product areas.
- ✗ Number of Codi Wipes personnel to be decreased, resulting in non-recurring costs of EUR 1.6 million in Q4.
- ✗ At Nonwovens, one production line was stopped and temporary lay-offs were implemented.
- ✗ At Nonwovens, a write down of EUR 2.5 million in current assets was implemented.
- ✗ The business area's management practices were renewed by the new General Manager.
- ✗ The improvement in the units' efficiency manifested itself in improved yield.

## Flexibles, 2004 - 2008

Net sales, €M



Operating profit, €M



## Flexibles in 2008

### Demand and business environment

- ✓ Demand for food packaging continued to grow.
- ✓ Deliveries of hygiene packaging were down.
- ✓ Volumes of carrier bags and security and system packaging remained stable.
- ✓ Raw material prices increased at the beginning of the year and peaked during the summer. At the end of the year the prices decreased sharply.
- ✓ Demand for flexible packaging softened at the end of the year, with the clearest slowdown in security and system packaging.

### Measures

- ✗ The average sales prices of some products were increased due to cost increases.
- ✗ New products were launched in Amer product family especially to meet the needs of the food packaging market.
- ✗ Production was increased at the Polish plant.
- ✗ The number of employees decreased by 40.

## The effect of the economic situation on Suominen

- Consumption of daily consumer goods is more stable than the general consumer demand. Despite this, also Suominen's delivery volumes have fallen.
- Suominen has adjusted its operations to the lower demand through capacity and personnel curtailments, some of which have already been completed, while others are still in the implementation phase. Suominen is also prepared to implement temporary lay-offs, if necessary.
- Demand for daily consumer goods is expected to shift towards private labels during the economic recession, however, brand producers are vigorously defending their market positions.
- Suominen's customers include leading manufacturers of international brands as well as the retail sector. Suominen's market position will be strengthened through close cooperation with both customer groups.
- Changes are expected to occur in the competitor field, which may lead to aggressive market behaviour.
- The global market situation has decreased the consumption of raw materials and caused raw material prices to fall. Due to Suominen's price formation mechanisms, this will cause a temporary improvement in the result as well as a decrease in our net sales.

## Outlook for 2009

- Demand for Suominen's products is evaluated on the basis of customer contracts and use forecasts provided by the customers. While our short-term use forecasts indicate lower volumes, it is currently difficult to determine whether this is caused by lower consumer demand, or a short-term decline in customers' stocks. Consumption of Suominen's main product groups is expected to remain more stable than the general consumer demand.
- Suominen's net sales are expected to fall compared to the year before, not only due to the general economic uncertainty, but also due to the rationalisation measures taken in the business units.
- The focus of the Company's operations is on improving profitability, and strengthening its cash flow and capital structure. Stairs to Top enhancement programme will be continued throughout the Group, and it is expected to improve Suominen's competitiveness.
- Plastic raw material prices fell at the end of 2008, which is expected to improve the result, particularly for the first quarter of 2009.
- Suominen estimates that the financial performance and profit after taxes will improve in 2009 compared to the year before.

**Thank you!**

