Suominen highlights
Q1 – red figures

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>40.6</td>
<td>46.9</td>
<td>179.4</td>
</tr>
<tr>
<td>Operating profit</td>
<td>-0.3</td>
<td>3.6</td>
<td>6.7</td>
</tr>
<tr>
<td>Net result</td>
<td>-1.1</td>
<td>1.5</td>
<td>0.9</td>
</tr>
<tr>
<td>EPS, EUR</td>
<td>-0.05</td>
<td>0.06</td>
<td>0.04</td>
</tr>
<tr>
<td>Cash flow from operations/</td>
<td>-0.04</td>
<td>0.61</td>
<td>1.13</td>
</tr>
</tbody>
</table>

- Net sales down by 14% on the previous year.
- Drop in sales attributable to decline in prices of wet wipes and low volumes of nonwovens.
- Raw material and electricity costs increased. Q1/2009 raw material prices were on a low level. Sales price escalators work with 3 to 6-month delay.
- Production was higher than sales as deliveries are expected to increase later in the spring.
- Cost savings and efficiency enhancement measures contributed to EUR 0.7 million.
Suominen performance
Difficult market

- Net sales EUR 40.6 million (46.9) in difficult market condition.
  - Weak demand at Wiping.
  - Hectic pursuit to run idle capacity presses market prices down.
  - Consumer prices do not show elasticity although costs are increasing.
- Operating profit EUR -0.3 million (3.6).
  - Equation of falling sales prices, lower volumes and higher raw material and energy costs had an adverse effect on result.

Suominen financials
Production took cash flow

- Cash flow from operations EUR -1.1 million (14.4).
- Stock of ready made products increased. Other working capital stable. Net change EUR -1.5 million (9.6).
- Investments were EUR 2.0 million (0.6), slightly less than depreciation.
- Net debt slightly up from 1 January.
- Equity ratio 32.1% (31.2) and net gearing 134.4% (136.4) when capital loans are included in equity.
- Amendments agreed to loan covenants for Q1 and Q2.
Break down of net sales
Q1/2010
EUR 40.6 million

- Codi Wipes: 34%
- Wiping: EUR 24.5 million (34%)
- Nonwovens: 26%
- Flexibles: EUR 16.4 million (40%)

Business area: Wiping
Volumes and prices under pressure

- Net sales EUR 24.5 million, down by 19%.
  - Volume reduction and falling prices caused heavy top line drop.
- Operating profit EUR -0.1 million (1.4).
  - Efficiency enhancements and cost savings were not able to save result.
Business area: Wiping

Codi Wipes

• Net sales down by 13%.
• Sales of baby wipes dropped clearly whereas sales of personal care wipes were on the level of the previous year.
• Prices were gliding based on contracts and aggressive spot prices.
• Efficiency enhancement progressed through rationalization of operations.

Net sales, €M

Q1 | LY
---|---
13.9 | -13%

Business area: Wiping

Nonwovens

• Net sales down by 27%.
• Sales of thermobonded hygiene nonwoven only one-fifth of the last year as a result of a shift in product technology that took place in 2009.
• Main product area, wiping substrate, also substantially down. Similar situation with health care nonwoven.
• Deliveries to US market dropped noticeably.
• Raw material prices affected negatively.
• Stocks were increased in preparation for temporary lay-offs in April and increase of deliveries in spring.

Net sales, €M

Q1 | LY
---|---
12.2 | -27%
Business area: Flexibles
Sales stable

- Net sales EUR 16.4 million, close to that of the previous year.
- Sales of food and hygiene packaging were on the level of 2009.
- Deliveries of retail and security and system packaging declined somewhat.
- Sales to Russia and Poland advanced.

Plastic prices surged

- Operating profit EUR -0.1 million (2.2)
- Prices of oil based raw materials continued to rise and had a negative effect on the Q1 result. The previous year’s picture was totally opposite.
- Production plant in Sweden was closed down and the modern printing press was transferred to Poland. Start-up ahead of schedule.
Outlook for the rest of the year

• In the beginning of 2010, demand for Suomenen’s products and deliveries to customers have been lower than expected and lower than in the corresponding period of the previous year.
• Due to the drop of deliveries in the beginning of the year, sales volumes for the whole year are expected to fall on the previous year.
• Suomenen’s raw material and energy costs have risen clearly in the beginning of the year.
• Due to the drop of sales and increased raw material and energy costs, operating profit for 2010 is expected to decline on 2009.

Management focus in short term future

• Price management
  • Transfer increasing costs more effectively to sales prices
• Cost control and structural optimization
  • Identification and quick implementation of new cost saving initiatives
  • Continuous cost efficiency improvement through the Stairs to Top programme
• Turn top line development upwards
  • Filling up free capacity
  • Increasing sales of existing and new products
  • Winning new customers on target markets
• Working capital management and cash flow
  • Strict investment discipline
  • Careful inventory management