Suominen Corporation
Interim Report
1 January – 30 September 2010
Presentation 22 October 2010

Suominen highlights
Unprofitable quarter

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<tbody>
<tr>
<td>Net sales</td>
<td>43.4</td>
<td>44.2</td>
<td>128.1</td>
<td>134.5</td>
<td>179.4</td>
</tr>
<tr>
<td>Operating profit</td>
<td>-1.8</td>
<td>1.0</td>
<td>-2.2</td>
<td>6.1</td>
<td>6.7</td>
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<tr>
<td>Net result</td>
<td>-2.1</td>
<td>-0.4</td>
<td>-4.0</td>
<td>1.2</td>
<td>0.9</td>
</tr>
<tr>
<td>EPS, EUR</td>
<td>-0.05</td>
<td>-0.01</td>
<td>-0.10</td>
<td>0.03</td>
<td>0.02</td>
</tr>
<tr>
<td>Cash flow from operations/share, EUR</td>
<td>0.09</td>
<td>0.12</td>
<td>0.00</td>
<td>0.69</td>
<td>0.74</td>
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• Production was lower than sales during the summer period. Low production and squeezed margins did not cover the costs in Q3 and a clear loss was recorded for the period.
• Q1-Q3 net sales down by 5% on the previous year due to decline in volumes and sales prices.
• Efficiency enhancement measures in the 9-month period contributed to EUR 2.5 million compared to the previous year’s cost level.
• Top line reduction together with rising raw material prices resulted in red figures.
Suominen performance
Net sales down by 5%
• Flexibles’ portion of total sales is increasing.
• Flexibles’ sales was on the last year’s level.
• Lower sales prices reduced Codi Wipes’ sales vs. 2009.
• Nonwovens’ sales volumes have been low in the early part of the year but have remarkably increased after summer.

Suominen performance
Operating profit on red
• Operating profit for Q3 was on loss because of low volumes especially in production.
• Cumulative loss was EUR 2.2 million, last year’s operating profit was EUR 6.1 million.
• Main negative effects were lower margins and declined volumes. Margin deterioration was mainly caused by rising raw material prices.
**Suominen financials**

**Cash flow EUR 4.1 million in Q3**

- Cash flow from operations was EUR -0.1 million (25.0) for the nine months.
- Working capital up by EUR 2.2 million (down by 15.7).
- Investments were EUR 4.6 million (3.0).
- Net debt down to EUR 54.5 million (59.5).
- Equity ratio 38.8% (36.0) and net gearing 99.7% (115.9) when capital loans are included in equity.
- Waiver concerning loan covenants in Q3 was received from financiers.

**Business area: Wiping**

**Volumes and prices under pressure**

- Net sales EUR 79.1 million, down by 8%.
- Operating profit EUR -2.1 million (3.4).
- Loss continued in Q3 because of low production volumes in the summer period.
Business area: Wiping

Codi Wipes

- Net sales down by 10%.
- Sales of personal care wipes rose on the previous year.
- Sales of baby wipes and moist toilet wipes declined.
- Average sales prices were lower than in 2009. After the decline in the beginning of the year prices have stabilized.
- Operating costs declined thanks to cost saving measures.

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Business area: Wiping

Nonwovens

- Net sales down by 8%.
- Sales of thermobonded hygiene products declined substantially.
- Sales of substrate for wiping also down due to the drop in US deliveries.
- Sales of materials used in health care products were on the level of 2009.
- New deliveries to Russian and US customers in Q3.
- Increase in oil-based raw material prices slowed down during the quarter.
Business area: Flexibles

Stable sales

- Net sales on the level of the previous year.
- Sales of food and hygiene packaging as well as sales of security and system packaging were on the level of 2009.
- Sales of retail packaging declined.
- Sales to Russia and eastern Central Europe enjoyed double digit growth.

Q3 net sales: 16.1 €M (-2%)
Q1-Q3 net sales: 49.6 €M (+0%)

Sales split

- Hygiene
- Food
- Retail
- S&S

Business area: Flexibles

Plastic prices hit the result

- Operating profit EUR 0.0 million (3.1).
- Prices of oil based raw materials have had a negative effect on the result. Compared to the beginning of the year the cost increase has been roughly EUR 2.5 million. In 2009 Flexibles benefited from different price trend.
- Employee negotiations concerning personnel at Nastola and Tampere are expected to be finished on 25 October 2010.
Outlook for the rest of the year

- In 2010, demand for Suominen’s products and deliveries to customers have been below the level of the corresponding period in 2009.
- Demand is expected to remain at a current level and net sales for 2010 is expected to be lower than in 2009. However, net sales in H2 is expected to be higher than in H1.
- Suominen’s raw material costs have clearly risen during the beginning of the year. Prices for oil-based raw materials have levelled off after summer.
- The company has recorded savings in operating costs and they are expected to remain at a lower level than in 2009.
- Flexibles’ employee negotiations in Finland are expected to end on 25 October 2010. In case the decision follows the employer’s proposal, Suominen will write down a big part of the estimated non-recurring costs of approximately EUR 2.5 million in 2010.
- Operating profit for 2010 is expected to be negative due to decrease in delivery volumes, decline in margins, and possible non-recurring costs.

Management focus on profitability turnaround

- Value added up by price increases.
- Implementation of cost savings and rationalization measures.
- Working capital and cash flow management.