Suomenen Corporation
Financial result 2012
Helsinki February 15, 2013
Nina Kopola, President and CEO
Tapio Engström, CFO
Contents

• Year 2012 and Q4 2012 at a glance
• Financial review Q4 and full year 2012
• Strategy: Suominen In The Lead
• Summary
Year 2012 and Q4 at a glance

• Full year net sales EUR 454.9 million, operating profit excluding non-recurring items EUR 13.7 million, operating profit EUR 0.9 million.

• Q4 net sales EUR 109.0 million, operating profit excluding non-recurring items EUR 1.9 million, operating profit EUR -8.2 million.

• Suominen achieved structural cost savings totaling approximately EUR 10 million through Summit program.

• Wiping:
  - rationalization of nonwovens production at Nakkila plant
  - impairment losses of EUR 7.3 million recognized.

• Flexibles:
  - temporary layoffs at Tampere unit
  - a business recovery program launched at the end of the year.
Global market leader in nonwovens for wipes

Global nonwovens market by segment about 15 billion euros

Suominen Nr 1
total market about
1.5 billion euros

Source: Management estimates.
Financial review: Q4 and full year 2012
Net sales for Q4 did not quite reach the level of previous quarters

Net sales, million euros

- Net sales in 2012 was EUR 454.9 million (EUR 213.4 million in 2011)
- Comparable sales value declined 5% from 2011 pro forma figures
- Demand continued stronger in the US market than in Europe.
- Prices were under pressure in Europe.
- All production lines in Milan on stream from May onwards

Business acquired from Ahlstrom is included in the figures as of Nov 1, 2011. Pro forma net sales of the operations was 479 MEUR in 2011.
Full year operating profit excl. non-recurring items improved significantly

Operating profit excl. non-recurring items, M€ and %

- 2012 operating profit excl. non-recurring items was EUR 13.7 million (-1.1)
- 2012 operating profit EUR 0.9 million (-4.8) includes non-recurring items of EUR 12.8 million in net value
- Strong contribution from the acquired business.
- Summit program streamlined the cost structure as planned.
- US demand showed a move towards a more attractive product mix.
Cash flow from operations was strong in Q4

Cash flow from operations

 Million euros

-10 -5 0 5 10

Q1/11 Q2/11 Q3/11 Q4/11 Q1/12 Q2/12 Q3/12 Q4/12

-6.4 -4.7 -1.1 2.4 11.9 7.8 11.7

• 2012 cash flow from operations was EUR 24.9 million (-2.9)
• EUR 5.0 million of working capital has been released in 2012
Financial position steady

- Financing package with banks was updated in October 2012.
- Leverage was 2.9
Wiping: Stronger segment on a totally new performance level

Net sales

Operating profit, M€ and %, excl. non-recurring items

Suominen Corporation
Nonwovens sales

Q1-Q4/2012: M€ 357.9 (99.2)

- Share of baby wipes slightly down, personal care and household wipes grew.
- Demand continued to be stronger in the US.
- Margins under pressure in Europe due to intensive competition.
- Synergies and cost savings are being captured from the Summit program.
- Reshaping European production platform: all lines in Italy are working and production in Finland streamlined.
Codi Wipes portfolio moving towards personal care

Q1-Q4/2012: M€ 49.4 (55.6)

- Net sales down from previous year by 11%.
- Consumer demand more price conscious, meaning that retail chains gain market share especially in commodity type of baby wipes
- Sales of personal care wipes developed relatively better.
- Savings in operating costs helped to compensate losses in volume
Flexibles on red figures

**Net sales, M€**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2011/12</th>
<th>2012/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1/11</td>
<td>16.6</td>
<td>13.9</td>
</tr>
<tr>
<td>Q2/11</td>
<td>17.0</td>
<td>12.8</td>
</tr>
<tr>
<td>Q3/11</td>
<td>16.2</td>
<td>12.7</td>
</tr>
<tr>
<td>Q4/11</td>
<td>15.1</td>
<td>13.4</td>
</tr>
<tr>
<td>Q1/12</td>
<td>13.9</td>
<td>0.5</td>
</tr>
<tr>
<td>Q2/12</td>
<td>12.8</td>
<td>0.3</td>
</tr>
<tr>
<td>Q3/12</td>
<td>12.7</td>
<td>-0.06</td>
</tr>
<tr>
<td>Q4/12</td>
<td>13.4</td>
<td>-0.07</td>
</tr>
</tbody>
</table>

1-12/2012: M€ 52.7

**Operating profit, M€ and %, excl. non-recurring items**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>% of Net sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1/12</td>
<td>-0.8</td>
</tr>
<tr>
<td>Q2/12</td>
<td>-0.6</td>
</tr>
<tr>
<td>Q3/12</td>
<td>-0.6</td>
</tr>
<tr>
<td>Q4/12</td>
<td>-0.8</td>
</tr>
</tbody>
</table>

1-12/2012: M€ -2.8
Flexibles heading for a turnaround

Q1-Q4/2012: M€ 52.7 (64.8)

- Net sales down by 19% from 2011, the only segment showing growth was S&S
- Impact of lost sales end of 2011 was still visible in the figures. New sales acquired accumulate to increased sales slowly.
- Slow demand leads to more price driven market. Temporary lay-offs started as a counter-measure.
- Raw material prices in Q3 turned up again following the general trends in commodities and oil.
- Operating costs were down from previous year thanks to the restructuring of manufacturing platform in 2011.
Outlook for 2013

• The company estimates that its net sales for the full year 2013 will remain at the level of 2012.

• Operating profit excluding non-recurring items is expected to improve from year 2012.

• In 2012, Suominen’s net sales were EUR 454.9 million and operating profit excluding non-recurring items EUR 13.7 million.
Strategy: Suominen In the Lead
The three cornerstones of our strategy

The Suominen Way
How we work

Step Change in Profitability
How we operate

In The Lead
How we win
Step Change in Profitability

- **Suomenen Summit program**
  - Target of the program even exceeded, savings totaling approximately EUR 10 million

- **Streamlining of operations**
  - Rationalization of nonwovens production and closing down of the in-house production of polypropylene staple fibers at the Nakkila plant

- **Demand-driven production**
  - Temporary layoffs at Tampere unit

- **Continuous improvement of efficiency and productivity**
Creation of New Suominen is a vital part of the strategy

Step Change in Profitability

The Suominen Way

In The Lead

• Creating common management systems
  - Incentive system renewed during 2012, effective as of the beginning of 2013.

• Ensuring common ways of working
  - Integration of the business acquired from Ahlstrom → beginning of the common corporate culture

• Strengthening the common corporate culture
  - Empowerment, accountability, passion
We aim to accelerate our customers’ business.

We have initiated measures to increase the share of products with greater added value.

We have introduced new, common tools and ways of operating to boost the efficiency of the product development process and project activities.

We aim to increase our end-customer understanding.
Understanding the end user is crucial
Increasing the share of products with greater added value

Today
Value for Money

In the future
Products with higher added value
Financial targets

Suominen aims to:

• Clearly improve its relative profitability. The target level of the company’s return on investment (ROI) is to be above 10% (0.4% in 2012).

• Have a solid capital structure with a gearing ratio principally between 40% and 80% (100.7% in 2012).

• Increase its net sales at a rate that exceeds the average growth rate of the industry.
Summary

Global market leader in nonwovens for wipes

Cost savings achieved

Strategy In The Lead

2012 result showing the right trend
Thank you!
Appendix: Major shareholders
## Major shareholders on Jan 31, 2013

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of shares</th>
<th>% of shares and votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ahlstrom Corporation</td>
<td>66 666 666</td>
<td>27,1</td>
</tr>
<tr>
<td>2. Ilmarinen Mutual Pension Insurance Company</td>
<td>26 422 103</td>
<td>10,7</td>
</tr>
<tr>
<td>3. Varma Mutual Pension Insurance Company</td>
<td>22 500 000</td>
<td>9,2</td>
</tr>
<tr>
<td>4. Mandatum Life Finnish Industry Investment Ltd</td>
<td>22 222 222</td>
<td>9,0</td>
</tr>
<tr>
<td>5. Finnish Industry Investment Ltd</td>
<td>22 222 222</td>
<td>9,0</td>
</tr>
<tr>
<td>6. Tapiola Pension</td>
<td>14 123 255</td>
<td>5,7</td>
</tr>
<tr>
<td>7. Oy Etra Invest Ab</td>
<td>12 223 320</td>
<td>5,0</td>
</tr>
<tr>
<td>8. Nissi Evald and Hilda Foundation</td>
<td>6 943 646</td>
<td>2,8</td>
</tr>
<tr>
<td>9. Heikki Bergholm</td>
<td>5 141 710</td>
<td>2,1</td>
</tr>
<tr>
<td>10. Sitra</td>
<td>4 444 444</td>
<td>1,8</td>
</tr>
<tr>
<td>11. Mikko Maijala</td>
<td>3 337 337</td>
<td>1,4</td>
</tr>
<tr>
<td>12. Juhani Maijala</td>
<td>3 286 743</td>
<td>1,3</td>
</tr>
<tr>
<td>13. Onninen-Sijoitus Oy</td>
<td>2 500 000</td>
<td>1,0</td>
</tr>
<tr>
<td>14. Yleisradio Pension Fund</td>
<td>2 222 222</td>
<td>0,9</td>
</tr>
<tr>
<td>15. Finnish Cultural Foundation</td>
<td>2 222 221</td>
<td>0,9</td>
</tr>
<tr>
<td>16. Pharmacy Pension Fund</td>
<td>2 014 077</td>
<td>0,8</td>
</tr>
<tr>
<td>17. Eeva Maijala</td>
<td>1 578 635</td>
<td>0,6</td>
</tr>
<tr>
<td>18. AC Invest Two B.V.</td>
<td>1 355 555</td>
<td>0,6</td>
</tr>
<tr>
<td>19. Harald Relander</td>
<td>1 280 000</td>
<td>0,5</td>
</tr>
<tr>
<td>20. Oy Chemec Ab</td>
<td>1 111 112</td>
<td>0,5</td>
</tr>
<tr>
<td>Nominee registered</td>
<td>339 233</td>
<td>0,1</td>
</tr>
</tbody>
</table>