Suominen today

Suominen Nonwovens

- The global market leader in nonwovens for wipes
- Main applications: baby, household, personal care and industrial
- Six plants in main market regions: three in the US, two in Italy, one in Spain and one in Finland
- Net sales in 2012 M€ 357.9

Suominen Flexibles

- A strong player in North European packaging market
- Two plants in Finland and one in Poland
- Net sales in 2012 M€ 52.7

87 % of Group net sales

Wiping segment

13 % of net sales

Flexibles segment
How did we grow into what we are today…

Suominen Nonwovens

- NAK
- WL
- MOZ, ALI, BET
- CRE
- GB

Part of Suominen since 2011

- Part of Lassila & Tikanoja since 1982
- J.W. Suominen 1898
- C.H. Dexter & Sons 1767
- Tecnofibra/Fiberweb 1971
- Orlandi 1933
- Green Bay Nonwovens 1997

Suominen Flexibles

- TRE, IKA, G-M

Part of Suominen since 2001

- Grodzisk Mazowiecki plant opened in 1999

Part of Lassila & Tikanoja since 1982

- Amerplast 1952
Suomen as an investment
Four reasons to invest in Suominen

We have locations in the main market regions, close to customers

We operate at growing markets

We partner with global long-term customers – average customership over 10 years

We have a clear focus and renewed strategy – with promising track record
Locations in the main market areas
The global demand for wiping nonwovens is growing

Source: Freedonia, world wipes market for nonwoven fabrics, market growth (CAGR) by region from 2010 to 2020 in thousand tons.
Megatrends drive the demand for Suominen’s products

1. Demographics: *Growing, aging and urbanizing population*

![Population and Female Population Chart](chart1.png)

Global Middle Class will be the most important consumer group

<table>
<thead>
<tr>
<th>Segment</th>
<th>Population 2020</th>
<th>Aggr. demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elite</td>
<td>500 million</td>
<td>$11.5 trillion</td>
</tr>
<tr>
<td>GMC</td>
<td>2.1 billion</td>
<td>$13.1 trillion</td>
</tr>
<tr>
<td>Affluent potentials</td>
<td>3.4 billion</td>
<td>$4.1 trillion</td>
</tr>
<tr>
<td>Rural poor</td>
<td>1.5 billion</td>
<td>$1.3 trillion</td>
</tr>
</tbody>
</table>

2. Lifestyles: *Growing consciousness of health and sustainability*

![Global Expenditure on Health Chart](chart2.png)

3. Convenience: *Leisure time seen as a scarce, highly valued commodity*

- Consumers seek products and solutions that bring convenience in their lives
- Convenience trend has already impacted a vast number of industries, including retail, food, banking…

Sources: Freedonia, The Office of Consumer Affairs, Industry Canada, NMI, Nonwovens Vision 2020
We have a clear focus and strategy

• We focus on Nonwovens, which is the largest business unit of Suominen, generating approximately 87% of the Group net sales.
  • The divestment of Codi Wipes business unit strongly supported this strategic focus.
• Our strategy is clear and it is linked with ambitious mid-term financial targets.
• Even though our strategy is fairly recently revised, we already have proved it brings the desired results
  • The first strategic program (“Summit”) aimed at integration of the acquired business and cost reductions, and resulted to a more than EUR 10 million permanent improvement in cost structure.
The three cornerstones of the strategy

Suominen Way

How we work

Step Change in Profitability

How we operate

In the Lead

How we win
We aim at increasing the share of products with higher added value

Today

Value for Money

In the future

Products with higher added value
- In wiping particularly industrial, household and personal care
- Beyond wiping
Understanding the end user is in the heart of our strategy

Fiber producer

Suominen

Nonwoven producer

Retailer

Brand owner

Converter

Suominen Corporation Q2 2013
We are building common ways of working

- **Common culture**: Empowerment, Accountability, Passion

- **Creation of common management systems**
  - Ensuring the tight linkage between the strategy and compensation.
  - Behavior-based element included in the performance review process and compensation.

- **Sustainability to be a systematic part of the culture**
  - Initiation of Sustainability reporting (part of the Annual report 2012).
We have taken significant actions to improve our profitability

- **Suominen Summit program** was completed in March 2013
  - The program even slightly exceeded its target, structural cost savings amounted to appr. 10 M€.

- **Continuous improvement of efficiency and productivity.**

- **A strategic program** initiated to streamline and standardize Suominen’s supply chain processes.
Increasing the share of value added products is in the heart of our strategy

• Strategic targets: 1) to accelerate our customers’ business and 2) to increase the share of products with higher added value.
  • Two new value added nonwoven products launched in April
  • Decision to invest in capacity increase of value added nonwovens in the USA.

• Strategic program launched to ensure our ability to renew, for instance to further enhancing the R&D process.
We partner with long-term global customers

- Our customer base includes
  - Consumer brand houses, many with global operations
  - Global private label manufacturers
  - Regional converters
  - Retailers

- The average length of a customer relationship is over ten years.
- Customer relationships base typically on framework agreements of 2–3 years.
- Ten largest customers generate approximately half of Suominen’s net sales.
- Key buying criteria: stable, consistent quality, continuity, proximity (logistics, flexibility).
Financial review
Q2 2013
Net sales continued to grow also in Q2

- Net sales from continuing operations amounted to 107.7 M€ (102.4 M€), +5%.
- Growth in net sales was particularly attributable to the favorable demand for nonwovens in North American market.
- Continued fierce competition, especially in Europe, put pressure on the sales prices.

Continuing operations. Also the comparable figures have been adjusted.
Operating profit excluding non-recurring items doubled

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

- Operating profit from continuing operations excl. non-recurring items was 4,3 M€ (2,1), +103%.
- No non-recurring items were reported in the continuing operations during Q2.
- Streamlined cost structure had a positive impact on profitability.

Continuing operations. Also the comparable figures have been adjusted.
Increased sales affected cash flow

- In the first half of 2013, cash flow from operations was M€ 0,8 (5.4)
- M€ 5,7 (3,4) of working capital has been tied up in the first half of the year.

Cash flow from operations, M€

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Cash Flow, M€</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2/12</td>
<td>11,9</td>
</tr>
<tr>
<td>Q3/12</td>
<td>7,8</td>
</tr>
<tr>
<td>Q4/12</td>
<td>11,7</td>
</tr>
<tr>
<td>Q1/13</td>
<td>-2,1</td>
</tr>
<tr>
<td>Q2/13</td>
<td>2,9</td>
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Continuing operations. Also the comparable figures have been adjusted.
Stable financial position

- Non-recurring loss, recognized due to the divestment, affected gearing ratio.
- Interest-bearing net liabilities decreased to EUR 98.0 million (117.7).
- Leverage was 2.7 in the end of the reporting period.
Wiping: Strong development continued

**Net sales, M€**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q2/12</th>
<th>Q3/12</th>
<th>Q4/2012</th>
<th>Q1/13</th>
<th>Q2/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>89.4</td>
<td>97.9</td>
<td>84.9</td>
<td>97.2</td>
<td>93.1</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q2/12</th>
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<th>Q4/12</th>
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<th>Q2/13</th>
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<tbody>
<tr>
<td>Value</td>
<td>3.8</td>
<td>8.1</td>
<td>2.7</td>
<td>4.4</td>
<td>5.8</td>
</tr>
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</table>

**H1/2013:** 190.4 M€

**H1/2013:** 10.2 M€

Continuing operations. Also the comparable figures have been adjusted.
Wiping: Share of baby wipes further declined

- Share of baby wipes declined, while particularly the share of personal care wipes grew.
- Suominen decided to invest EUR 2.5 million in the capacity expansion of higher value add nonwovens in the US.
- Suominen launched two new higher value add nonwoven products for industrial and household wiping applications.
Flexibles: Net sales increased despite the tight competitive environment

Net sales, M€

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<tr>
<td>Q2/12</td>
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<td>12.7</td>
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<td>13.4</td>
</tr>
<tr>
<td>Q1/13</td>
<td>14.4</td>
</tr>
<tr>
<td>Q2/13</td>
<td>14.6</td>
</tr>
</tbody>
</table>

H1/2013: 29.0 M€

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

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<tr>
<td>Q2/12</td>
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<td>-0.6</td>
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<tr>
<td>Q2/13</td>
<td>-0.6</td>
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H1/2013: -0.6 M€
Flexibles: The business recovery program continued

- Net sales continued to grow: in the first half of the year by +9%, and in Q2 by +14% from the comparable period.
- The share of hygiene and food packaging in net sales increased from the comparison period. The share of retail and S&S declined.

Q1-Q2/2013: 29.0 M€ (26.7)

- Food: 50%
- Hygiene: 20%
- Retail: 22%
- Security and System: 8%
Outlook for 2013

• Suominen estimates that its net sales for the full year 2013 from continuing operations will remain at or slightly exceed the level of 2012.

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

• In 2012, Suominen’s net sales from continuing operations were EUR 410.4 million. The company’s operating profit excluding non-recurring items, as reported in the Financial statements of 2012, was EUR 13.7 million.
Mid-term 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% (-4.3% in H1 2013).

• Have a solid capital structure with a gearing ratio principally between 40% and 80% (121.4% in H1 2013).

• Increase its net sales at a rate that exceeds the average growth rate of the industry.
We have locations in the main market regions, close to customers

We operate at growing markets

We partner with global long-term customers – average customership over 10 years

We have a clear focus and renewed strategy – with promising track record
Thank you!