Suominen in a nutshell

Nonwovens

• The global market leader in nonwovens for wipes
• Main applications for Suominen’s nonwovens: wet wipes, hygiene and medical
• Seven plants in main market regions: three in the US, two in Italy, one in Spain and one in Finland, technologies include spunlace and thermal bond
• Net sales in 2012 M€ 357.9

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
Our history spans to year 1767

Suominen Nonwovens

Part of Suominen since 2011

J.W. Suominen 1898

C.H. Dexter & Sons 1767

Tecnofibra/Fiberweb 1971

Orlandi 1933

Green Bay Nonwovens 1997

Suominen Flexibles

Part of Suominen since 2001

Grodzisk Mazowiecki plant opened in 1999

Part of Lassila & Tikanoja since 1988

Amerplast 1952

Part of Suominen since 2011

Part of Ahlstrom since 2007

Part of Ahlstrom since 2004

Part of Ahlstrom since 2007

Part of Ahlstrom since 2000

Part of Lassila & Tikanoja since 1982

Part of Suominen since 2001

NAK

WL

MOZ, ALI, BET

CRE

GB

Suominen Corporation

18 Sep 2013

3
Suominen is the global market leader in nonwovens for wipes

Global nonwovens market appr. EUR 15 billion

- Other 30%
- Wallpapers 1%
- Groceries <5%
- Transportation filtration <5%
- Air and gas filtration 5%
- Liquid filtration 5%
- Technical nonwovens 10%
- Hygiene 20%*
- Healthcare 10%*
- Wiping 10%*

Suominen # 1
Wiping market appr. EUR 1,5 billion

- Others 52%
- Jacob Holm 8%
- PGI 9%
- Kimberly-Clark 13%
- Suominen 18%

*Suominen

Source: Suominen, management estimate
Net sales by region and by product segment

Wiping segment H1/2013

- Baby wipes: 42%
- Personal care: 18%
- Household: 23%
- Industrial: 11%
- Other: 6%

Suominen Group H1/2013

- Europe: 51%
- Americas: 47%
- Other: 2%
Divestment of Codi Wipes in brief

• Suominen divested its Codi Wipes business unit in July.
• Codi Wipes converts nonwovens into wet wipes and supplies them in consumer packages to its customers.
• The deal is in line with Suominen’s strategy to focus on nonwovens and further strengthen its leading position in that business. From the Group perspective, the strategic role of an own converting unit had diminished.
• Suominen’s intention was to clarify and reinforce its position in the value chain, particularly in relation to the nonwovens customers.
• Further, Suominen aimed to clarify its corporate structure – the company continues with two clear-cut business units, reported in two segments.
• Due to the divestment, Suominen recognized a loss of approximately MEUR 16 in the Q2 result of 2013 of its discontinued operations (IFRS 5).
Suomenen 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

- Production plant
- Sales office
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

2. Lifestyles: Growing consciousness of health and sustainability

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...

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>

Sources: Freedonia, The Office of Consumer Affairs, Industry Canada. NMI, Nonwovens Vision 2020

We have locations in the main market regions, close to customers.
We operate at growing markets.
We partner with demanding, long-term, global customers.
We have a clear focus and strategy.
We have a clear focus and strategy

- We focus on Nonwovens, which is the largest business unit of Suominen, generating approximately 85% of the Group net sales.
  - The divestment of Codi Wipes business unit in July 2013 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 business acquired from Ahlstrom and cost reductions. The program 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
Understanding the end user is in the heart of our strategy.
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
We are building common ways of working

- Common culture: Empowerment, Accountability, Passion

- Actions taken in 2013 to build common management systems:
  - “Suominen Way” behavior was included in the performance review process.
  - The linkage between the achievement of strategic targets and compensation was strengthened.

- Suominen was awarded for its entrepreneurial spirit in April in IDEA 2013 trade fair.
We take significant actions to improve our profitability

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

- Suominen aims to continuously improve our efficiency and productivity.

- A strategic program to streamline and standardize Suominen’s supply chain processes was initiated in spring and it has advanced as planned.

- As the demand for the products manufactured at Nakkila plant remains lower than expected, Suominen adjusts the production of the plant through temporary lay offs.
We want to be In the Lead

• Strategic targets: 1) to accelerate our customers’ business and 2) to increase the share of products with higher added value.

• Suominen launched two new nonwoven products with higher value added in April.

• Suominen decided to invest in capacity increase of value added nonwovens in the Windsor Locks plant in the US.

• The company launched a strategic program to ensure ability to renew, for instance through enhanced R&D process, in spring. The program has advanced as planned.
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 and consistent quality, continuity, proximity (logistics, flexibility).
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.
Brief financial review
Q2 2013
Net sales continued to grow also in Q2

Net sales, M€

- 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.
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.
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.
Summary

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!
Appendix: Financial review Q2
Share information
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.

Continuing operations. Also the comparable figures have been adjusted.
Stable financial position

Gearing ratio, %

- Q2/12: 109.8%
- Q3/12: 99.4%
- Q4/2012: 101.0%
- Q1/13: 102.0%
- Q2/13: 121.4%

Equity ratio, %

- Q2/12: 31.5%
- Q3/12: 35.8%
- Q4/2012: 34.4%
- Q1/13: 34.7%
- Q2/13: 31.0%

- 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€**

Q2/12: 89.4
Q3/12: 97.9
Q4/2012: 84.9
Q1/13: 97.2
Q2/13: 93.1

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

Q2/12: 3.6
Q3/12: 8.1
Q4/12: 2.7
Q1/13: 4.4
Q2/13: 5.8

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.

Q1-Q2/2013: 190.4 M€ (175.1)

- Baby: 42%
- Household: 23%
- Industrial: 11%
- Personal care: 18%
- Other: 6%
Flexibles: Net sales increased despite the tight competitive environment

**Net sales, M€**

<table>
<thead>
<tr>
<th></th>
<th>Q2/12</th>
<th>Q3/12</th>
<th>Q4/12</th>
<th>Q1/13</th>
<th>Q2/13</th>
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<tr>
<td>2012</td>
<td>12.8</td>
<td>12.7</td>
<td>13.4</td>
<td>14.4</td>
<td>14.6</td>
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<tr>
<td>2013 H1</td>
<td>13.4</td>
<td>14.4</td>
<td>14.6</td>
<td>14.4</td>
<td>14.6</td>
</tr>
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</table>

**H1/2013: 29.0 M€**

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

<table>
<thead>
<tr>
<th></th>
<th>Q2/12</th>
<th>Q3/12</th>
<th>Q4/12</th>
<th>Q1/13</th>
<th>Q2/13</th>
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<td>2012</td>
<td>-0.8</td>
<td>-0.8</td>
<td>-0.6</td>
<td>-0.6</td>
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<td>2013 H1</td>
<td>-0.6</td>
<td>-0.6</td>
<td>-0.6</td>
<td>-0.6</td>
<td>-0.6</td>
</tr>
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</table>

**H1/2013: -0.6 M€**
Flexibles: The business recovery program continued

Q1-Q2/2013: 29.0 M€ (26.7)

- 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.
## Share information

### Major shareholders (Aug 31)

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<thead>
<tr>
<th>Rank</th>
<th>Shareholder</th>
<th>Shares</th>
<th>%</th>
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<tbody>
<tr>
<td>1</td>
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<td>2</td>
<td>Ilmarinen Mutual Pension Insurance Company</td>
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<td>3</td>
<td>Varma Mutual Pension Insurance Company</td>
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<td>4</td>
<td>Finnish Industry Investment Ltd</td>
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<td>5</td>
<td>Mandatum Life Insurance Company Limited</td>
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<td>6</td>
<td>Tapiola Mutual Pension Insurance Company</td>
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<td>7</td>
<td>Oy Etra Invest Ab</td>
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<td>8</td>
<td>Evald and Hilda Nissi’s Foundation</td>
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<td>9</td>
<td>Bergholm Heikki</td>
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<td>10</td>
<td>The Finnish National Fund for Research and Development Sitra</td>
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### Basic data

- **Trading code:** SUY1V
- **ISIN:** FI0009010862
- **Sector:** Consumer Goods (Small Cap)
- **Listed on:** 1 October 2001
- **Number of shares:** 247 934 122
- **Share capital:** EUR 11 860 056