Suominen Corporation
Financial result Q3 2013

Helsinki, 23 October 2013
Nina Kopola, President and CEO
Tapio Engström, CFO
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• Actions taken to implement the strategy in Q3 2013
• Summary and discussion
Q3 2013 at a glance

• Net sales from continuing operations MEUR 108.6, -2%.
• Operating profit from continuing operations excl. non-recurring items MEUR 5.3, -15%.
• Divestment of Codi Wipes clarified Suominen’s position in the wipes value chain and simplified the corporate structure
  - A non-recurring loss totaling MEUR 18.5 was recognized in the Q1-Q3 result of the discontinued operations due to the deal.

• Wiping:
  - The demand continued favorable in North American market, in Europe the competition remained fierce
  - Exceptional costs recognized during the Q3 weakened the operating profit of the segment.

• Flexibles:
  - Net sales grew by 19% despite the tight competitive environment, result remained negative
  - Suominen is looking into the possibilities of intensifying the business recovery program of the segment.

• The outlook for the rest of 2013 remains unchanged.
Financial review
Q3 2013
Steady development in net sales

Net sales, M€

- In Q3, net sales from continuing operations amounted to 108.6 M€ (110.5 M€), -2%.
- Favorable demand for nonwovens continued in North American market.
- The competitive environment remained fierce in Europe, putting pressure on the sales prices.

Continuing operations. Also the comparable figures have been adjusted.
Operating profit excluding non-recurring items highest in 2013 but fell short of the strong comparison period

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

- In Q3, operating profit from continuing operations excl. non-recurring items was 5.3 M€ (6.7), -15%.
- No non-recurring items were reported in the continuing operations during Q3.
- Operating profit of the comparison period was boosted by an exceptionally favorable product mix.

Continuing operations. Also the comparable figures have been adjusted.
Cash flow from operations towards normal level

Continuing operations. Also the comparable figures have been adjusted.

- In January-September, cash flow from operations was M€ 5.0 (13.2)
- M€ 7.1 (3.2) of working capital has been tied up.
Stable financial position

Gearing ratio, %

- Q3/12: 99.4%
- Q4/12: 101.0%
- Q1/2013: 102.0%
- Q2/13: 121.4%
- Q3/13: 112.5%

Equity ratio, %

- Q3/12: 35.8%
- Q4/12: 34.4%
- Q1/2013: 34.7%
- Q2/13: 31.0%
- Q3/13: 33.1%

- Non-recurring loss, recognized due to the divestment, affected the gearing ratio.
- Interest-bearing net liabilities decreased to EUR 89.8 million (107.5).
- Leverage was 2.6 in the end of the reporting period.
Wiping: Exceptional cost items burdened the financial result

Net sales, M€

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net sales, M€</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3/12</td>
<td>97.9</td>
</tr>
<tr>
<td>Q4/12</td>
<td>84.9</td>
</tr>
<tr>
<td>Q1/2013</td>
<td>97.2</td>
</tr>
<tr>
<td>Q2/13</td>
<td>93.1</td>
</tr>
<tr>
<td>Q3/13</td>
<td>93.5</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Operating profit excl. non-recurring items, M€ and %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2/12</td>
<td>8.1</td>
</tr>
<tr>
<td>Q3/12</td>
<td>7</td>
</tr>
<tr>
<td>Q4/12</td>
<td>4.4</td>
</tr>
<tr>
<td>Q1/13</td>
<td>5.8</td>
</tr>
<tr>
<td>Q2/13</td>
<td>3.7</td>
</tr>
</tbody>
</table>

1-9/2013: 283.9 M€

1-9/2013: 13.9 M€

Continuing operations. Also the comparable figures have been adjusted.
Wiping: The share of baby wipes further declined in the portfolio

Q1-Q3/2013: 283.9 M€ (273.0)

- Share of baby wipes declined further.
- Particularly the share of nonwovens for personal care wipes grew.
Flexibles: Net sales grew in tight competitive environment

**Net sales, M€**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>12/12</th>
<th>13/12</th>
<th>14/13</th>
<th>15/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3/12</td>
<td>12.7</td>
<td>13.4</td>
<td>14.4</td>
<td>14.6</td>
</tr>
<tr>
<td>Q4/12</td>
<td>14.4</td>
<td>14.6</td>
<td></td>
<td>15.1</td>
</tr>
</tbody>
</table>

1-9/2013: 44.1 M€

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>12/12</th>
<th>13/12</th>
<th>14/13</th>
<th>15/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2/12</td>
<td>-0.6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3/12</td>
<td>-0.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4/12</td>
<td>0.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1/13</td>
<td></td>
<td>-0.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2/13</td>
<td></td>
<td>-0.9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1-9/2013: -1.5 M€
Flexibles: The share of hygiene and food packaging continued to increase

Q1-Q3/2013: 44.1 M€ (39.3)

- Net sales continued to grow: Q1-Q3 by +12%, and in Q3 by +19% 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.
Outlook for 2013 remains unchanged

• 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.
Actions taken to implement strategy in Q3 2013
The three cornerstones of the strategy

Suominen Way

Step Change in Profitability

In the Lead

How we work

How we operate

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
Strategic actions taken in Q3

• The renewal of corporate structure, management system, and operating model will build company culture and create new common ways of working.

• Continuous improvement of efficiency and productivity.

• A strategic program to streamline and standardize Suominen’s supply chain processes advanced as planned. The program will be completed in the end of 2013.

• The operations of the Nakkila plant are being adjusted to the lower than anticipated demand through temporary lay-offs.

• The investment in the production capacity expansion of higher added value products at Windsor Locks plant in the USA was started.

• Strategic program to ensure our ability to renew, e.g. by further enhancing the R&D process, continued as planned.

• The organizational renewal is aimed in particular to reinforce the In the Lead cornerstone.
The new corporate structure and operating model for Suominen

“Structure follows strategy”
Key changes

• Suominen Nonwovens business unit will be divided into two new business areas:
  • Convenience; serving customers producing wiping, travel and catering applications. Net sales appr. M€ 322 (based on 2012 sales)
  • Care; serving customers producing medical, hygiene, and other applications. Net sales appr. M€ 36 (based on 2012 sales).
  • Both business areas will be reported under Nonwovens segment, which equals to the current Wiping segment.
• The composition of the Corporate Executive Team will change.
• A new Corporate Leadership Team, acting as an extended management team, will be established.
• Operating model and management system will be redesigned.
• All changes will be effective as of 1 January 2014.
Suominen’s Corporate Executive Team (CET) as of 1 Jan 2014

Nina Kopola
President & CEO, SVP, Care (acting)

Tapio Engström
SVP, CFO

Timo Hiekkaranta
SVP, Convenience, new member

Olli E. Juvonen
SVP, Flexibles

Larry Kinn
SVP, Operations North America*, new member

Mimoun Saim
SVP, Operations Europe, Sourcing (acting)*, new member

Hannu Sivula
SVP, Human Resources

The members marked with (*) will focus on Convenience and Care businesses.
Suominen’s Corporate Leadership Team (CLT) as of 1 January 2014

The CLT will include, in addition to the CET, the following persons:

- **Anu Heinonen**
  VP, Corporate Communications & IR

- **Margareta Huldén**
  VP, R&D*

- **Roberto Pedoja,**
  VP, Technology*

- **Timo Rautakorpi**
  VP, CIO

- **Saara Söderberg**
  VP, Marketing & Product Management*

The members marked with (*) will focus on Convenience and Care business areas.
The renewed operating model improves our ability to add value for our customers

- Even stronger focus on creating new business
- Enhanced capability to introduce new value adding products
- Faster and clearer decision making → an agile organization
- Reinforce internal empowerment and improve flow of information
- Standardized processes as a starting point
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%** (-5.8% in Jan-Sep 2013).

• Have a solid capital structure with a **gearing ratio principally between 40% and 80%** (112.5% in Jan-Sep 2013).

• **Increase its net sales** at a rate that exceeds the average growth rate of the industry.
Summary Q3

Right direction

Financial period from January to September in line with our plans

In the Lead

Renewing operating model and the ongoing development programs accelerate strategy execution
Thank you!
Appendix: The divestment of Codi Wipes
**Divestment in nutshell**

- Suominen divested its Codi Wipes business unit (Codi International BV) to Value Enhancement Partners (Cogitandum BV).
- The final acquisition price will be contingent on the financial performance of Codi Wipes in 2013 and on other conventional terms and conditions of the transaction.
- Due to the divestment, Suominen recognized a non-recurring loss of MEUR 16.8 in the Q2 and a non-recurring loss of MEUR 1.5 in the Q3 in its discontinued operations (IFRS 5).
- The transaction was closed on 15 July 2013.
Divestment rationale

• The acquisition in 2011 triggered a clear shift in strategy in the Wiping arena.

• According to Suominen’s In the Lead strategy, the company focuses on nonwovens and further strengthens its globally leading position as a supplier of nonwovens for wipes.

• From 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.

• Suominen aimed also to simplify its corporate structure – the company continues with two clear-cut business units and reporting segments.
Suominen’s business units from 2004 to November 2011

<table>
<thead>
<tr>
<th>Nonwovens</th>
<th>Codi Wipes / Wet Wipes</th>
<th>Flexibles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roll good producer</td>
<td>Wet wipe producer</td>
<td>Manufacturer of packaging</td>
</tr>
<tr>
<td>One plant in Finland</td>
<td>One plant in the Netherlands</td>
<td>materials</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Three plants in Finland,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>one in Poland, one in Sweden</td>
</tr>
</tbody>
</table>

Share of net sales ~ 33%

Wiping segment

Flexibles segment
Suominen in 2012

<table>
<thead>
<tr>
<th>Nonwovens  (Net sales in 2012: M€ 357.9)</th>
<th>Codis</th>
<th>Flexibles</th>
</tr>
</thead>
<tbody>
<tr>
<td>The global market leader in nonwovens for wipes</td>
<td>Wipes</td>
<td>49.4 M€</td>
</tr>
<tr>
<td>Main applications: baby, household, personal care and industrial wipes</td>
<td></td>
<td>52.7 M€</td>
</tr>
<tr>
<td>Six plants in main market regions: three in the US, two in Italy, one in Spain and one in Finland</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

78 % of Group net sales

11%

Wiping segment

11%

Flexibles
Suominen Group today, after the divestment

<table>
<thead>
<tr>
<th>Nonwovens business unit</th>
<th>Flexibles business unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales in 2012: M€ 357.9</td>
<td>M€ 52.7</td>
</tr>
</tbody>
</table>

87% of Group net sales

Wiping

13%

Flexibles