Suominen Corporation
Financial result Q4 and 2013

Helsinki, 30 January 2014
Nina Kopola, President & CEO
Tapio Engström, CFO
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• Expansion to Brazil
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Q4 and FY 2013 at a glance

• Net sales* were MEUR 105.2 (+7%) in Q4 and MEUR 433.1 (+6%) in FY 2013.
• Operating profit excl. non-recurring items* was MEUR 3.7 (+123%) in Q4 and MEUR 18.3 (+42%) in FY 2013.
• Profit for the period after taxes* was MEUR 2.5 (-5.2)
• Wiping:
  - The demand continued to develop positively in North America, in Europe the competition remained tough
  - Operating profit from continuing operations excl. non-recurring items grew 44% from the comparison period.
• Flexibles:
  - In Q4, net sales grew by 15% despite the tight competitive environment, result remained negative
  - Suominen intensified the business recovery program of the segment and invested in the automatization of the Tampere plant.
• With the current group structure, Suominen expects its group net sales for the full year 2014 to remain at the level of 2013. Operating profit excluding non-recurring items is expected to improve from year 2013.

* from continuing operations
Financial review
Q4 and FY 2013
Net sales grew from the comparison period

- FY 2013 net sales from continuing operations were M€ 433.1 (410.4 M€), growing slightly stronger than market average, +6%.

- In Q4, net sales from continuing operations amounted to 105.2 M€ (98.1 M€), +7%.

- Favorable demand for nonwovens continued in North American market.

- In Europe, the competitive environment remained tough in Europe, putting pressure on the sales prices.

Continuing operations. Also the comparable figures have been adjusted.
Operating profit excluding non-recurring items more than doubled from the comparison period

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

- In FY 2013, operating profit from continuing operations excl. non-recurring items was 18.3 M€ (12.9), +41%.
- In Q4, operating profit from continuing operations excl. non-recurring items was 3.7 M€ (1.7), +123%.
- Non-recurring items of -0.9 M€ were reported in the continuing operations during Q4.
- Structural cost savings achieved in 2012 have a clear impact on the financial indicators of 2013.

Continuing operations. Also the comparable figures have been adjusted.
Cash flow from operations strengthened

Cash flow from operations, M€

- In Q4, cash flow from operations was M€ 16.3 (11.7) and in FY 2013 M€ 21.3 (24.9).
- M€ 6.5 (5.0) of working capital has been released since 1 January 2013.

Continuing operations. Also the comparable figures have been adjusted.
Financial position improved

Gearing ratio, %

<table>
<thead>
<tr>
<th></th>
<th>Q4/12</th>
<th>Q1/13</th>
<th>Q2/13</th>
<th>Q3/13</th>
<th>Q4/13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>101.0</td>
<td>102.0</td>
<td>121.4</td>
<td>112.5</td>
<td>96.2</td>
</tr>
</tbody>
</table>

Equity ratio, %

<table>
<thead>
<tr>
<th></th>
<th>Q4/12</th>
<th>Q1/13</th>
<th>Q2/13</th>
<th>Q3/13</th>
<th>Q4/13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>34.4</td>
<td>34.7</td>
<td>31.0</td>
<td>33.1</td>
<td>32.9</td>
</tr>
</tbody>
</table>

- Interest-bearing net liabilities decreased to EUR 75.5 million (96.0).
- Leverage was 2.2 in the end of the reporting period.
Wiping: Positive development in net sales and profitability in Q4

**Net sales, M€**

<table>
<thead>
<tr>
<th></th>
<th>Q4/12</th>
<th>Q1/13</th>
<th>Q2/13</th>
<th>Q3/13</th>
<th>Q4/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>84.9</td>
<td>97.2</td>
<td>93.1</td>
<td>93.5</td>
<td>89.9</td>
</tr>
</tbody>
</table>

1-12/2013: 373.8 M€

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

<table>
<thead>
<tr>
<th></th>
<th>Q4/12</th>
<th>Q1/12</th>
<th>Q2/13</th>
<th>Q3/13</th>
<th>Q4/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>2.7</td>
<td>4.4</td>
<td>5.8</td>
<td>3.7</td>
<td>3.9</td>
</tr>
</tbody>
</table>

1-12/2013: 17.8 M€

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

Q1-Q4/2013: 373.8 M€ (357.9)

- Clear transformation in the portfolio compared with 2012:
  - Share of baby wipes declined to 41% vs 47% in 2012.
  - Share of nonwovens for personal care wipes grew (22% vs 18%)
  - Share of products for industrial wiping increased (13% vs 10%)
Flexibles: Net sales continued to grow while financial result remained negative

Net sales, M€

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

1-12/2013: 59.4 M€

1-12/2013: -2.2 M€
Flexibles: The share of hygiene and food packaging continued to increase

Q1-Q4/2013: 59.4 M€ (52.7)

- The share of food packaging in net sales continued to increase and was 50% (46% in 2012)
- The share of retail and S&S declined slightly from 2012.
Outlook for 2014

- With the current group structure, Suominen expects its group net sales for the full year 2014 to remain at the level of 2013. Operating profit excluding non-recurring items is expected to improve from year 2013.

- In 2013, Suominen’s net sales were EUR 433.1 million and operating profit excluding non-recurring items was EUR 18.3 million (continuing operations).
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

Suominen Corporation
30 Jan 2014
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 Q4

Suominen Way

How we work

• Preparations for the renewed corporate structure, management system, and operating model > Suominen creates new common ways of working and builds its company culture.

Suominen Way

Step Change
In Profitability

How we operate

• A strategic program to streamline and harmonize supply chain processes advanced as planned. The 1st phase of the program will be completed in the beginning of 2014.

• The business recovery program at Flexibles was intensified. The number of employees of Tampere plant will reduce by 26 full-time work years.

• 0.5 M€ will be invested in the automatization of Tampere plant.

Suominen Way

In the Lead

How we win

• The investment in the production capacity expansion of higher added value products at Windsor Locks plant continued as planned.

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

• The changes in Group structure, management system and operating model is aimed in particular to reinforce the In the Lead cornerstone.
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% (-0.6% in 2013).

• Have a solid capital structure with a gearing ratio principally between 40% and 80% (96.2% in 2013).

• Increase its net sales at a rate that exceeds the average growth rate of the industry. (In FY 2013, Suominen’s net sales from continuing operations grew 6%).
Suominen to acquire Ahlstrom’s Paulínia plant in Brazil
Transaction in brief

• Suominen and Ahlstrom agreed on 10 January 2014 on the sales of the entire stock of Ahlstrom’s Paulínia unit in Brazil to Suominen. Formerly the plant was part of Ahlstrom’s Home and Personal business area.
• The deal provides Suominen a foothold in a new, growing market region. Suominen becomes a truly global player in nonwovens.
• The enterprise value is 17.5 MEUR. Suominen aims to finance the deal through a convertible hybrid bond, treated as equity.
• A prerequisite for the issuance of a convertible hybrid bond is an authorization by Suominen’s Extraordinary General Meeting.
• Ahlstrom Corporation has committed to subscribing for the bond for the parts other investors do not subscribe for.
The strategic rationale of the deal for Suominen

• The deal makes an important milestone in the implementation of our In the Lead strategy.

• The transaction provides Suominen a foothold in a new market region offering opportunities for profitable growth:
  • The demand for nonwovens still in strong growth in South America
  • The deal enables Suominen to increase market share not only in Brazil but also in the other countries in the continent.
  • In South America, the nonwovens market enjoys healthy profitability levels → the transaction increases the share of products with higher value add in Suominen’s portfolio.

• Through the acquisition, Suominen becomes a truly global player, enabling us to serve our global customers even better than before as we have locations in several continents.
A new, dynamic and growing market region for Suominen

Demand for nonwovens in Brazil

- Personal Hygiene*
- Wiping*
- Construction
- Filtration
- Medical
- Other

Suominen market share 15-20%


Demand growth in Brazil

- Demand for nonwovens
- Demand for wiping products

- Demographic factors (including the growth of middle class) increase the demand for nonwovens products, such as baby wipes and hygiene products.

Source: Freedonia
Paulínia plant in brief

- The plant manufactures nonwovens principally for wipes ➔ growth for Suominen’s Convenience business area
  - Additionally, there is an opportunity to expand the production capability to hygiene and medical products ➔ to serve Suominen’s Care business area.
- Paulínia plant is the only nonwovens facility utilizing modern spunlace technology in manufacturing wiping products in the country.
- The annual sales of the plant currently appr. 20 MEUR, free capacity available for future growth.
- The profitability of the plant is above the average profitability of other Suominen’s plants ➔ the deal increases the share of products with higher value add in our portfolio.
- The plant is built in 2008 and it employes some 40 people.
Financing of the deal

The transaction steps:

1. Suominen acquires the Paulinia plant from Ahlstrom Corporation with a EUR 17.5 million purchase price
2. To finance the acquisition, Suominen issues a convertible hybrid bond of EUR 17.5 million
3. Ahlstrom Corporation underwrites the whole convertible hybrid bond
4. Suominen markets the hybrid bond to other investors
5. The part of the hybrid bond not subscribed by other investors is subscribed by Ahlstrom Corporation
The impact of the financing arrangement on the balance sheet of Suomenen

<table>
<thead>
<tr>
<th>Suominen Corporation</th>
<th>31/12/2013 Hybrid bond</th>
<th>End result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders’ equity</td>
<td>78,5</td>
<td>17,5</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest-bearing liabilities</td>
<td>70,4</td>
<td></td>
</tr>
<tr>
<td>Non-interest-bearing liabilities</td>
<td>8,4</td>
<td></td>
</tr>
<tr>
<td>Non-current liabilities, total</td>
<td>78,8</td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest-bearing liabilities</td>
<td>24,1</td>
<td></td>
</tr>
<tr>
<td>Non-interest-bearing liabilities</td>
<td>57,5</td>
<td></td>
</tr>
<tr>
<td>Current liabilities, total</td>
<td>81,6</td>
<td></td>
</tr>
<tr>
<td>Liabilities, total</td>
<td>160,4</td>
<td>160,4</td>
</tr>
<tr>
<td>Shareholders’ equity and liabilities, total</td>
<td>238,9</td>
<td></td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>19,0</td>
<td></td>
</tr>
<tr>
<td>Equity ratio</td>
<td>32,9 %</td>
<td>37,4 %</td>
</tr>
<tr>
<td>Gearing ratio</td>
<td>96,2 %</td>
<td>78,6 %</td>
</tr>
</tbody>
</table>

- The arrangement is feasible for Suomenen.
- A prerequisite for the issue of a convertible hybrid bond is an authorization by Suomenen’s Extraordinary General Meeting (to be held on 31 January 2014).
Suominen’s overall development in 2013 was in accordance with our plans.

Net sales and operating profit excluding non-recurring items grew (continuing operations).

Renewed operating model, clarified position in value chain and expansion to South America - an exciting start for 2014 for Suominen.
Thank you!
Suominen locations after the closing

Paulínia, Brazil

- Production plant
- Sales office
Before the closing, Suominen already holds the leading position in nonwovens for wipes

Global nonwovens market totaling appr. 15 bill euros

- Other 30%
- Wallcovers 1%
- Food <5%
- Transportation filtration <5%
- Air and gas filtration 5%
- Liquid filtration 5%
- Technical nonwovens 10%
- Hygiene 20%*
- Medical 10%*
- Wiping 10%*

Suominen #1

Wiping ~1.5 bill euros

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

*Suominen

Source: Suominen 2011
Main terms and conditions of the convertible hybrid bond

<table>
<thead>
<tr>
<th>Amount / Status</th>
<th>EUR 17.5m / Hybrid bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscription period</td>
<td>3 Feb 2014 – 4 Feb 2014 (tentative)</td>
</tr>
<tr>
<td>Date of issue</td>
<td>10 Feb 2014 (tentative)</td>
</tr>
<tr>
<td>Maturity</td>
<td>Perpetual</td>
</tr>
<tr>
<td>Step up / Call-date</td>
<td>4 years</td>
</tr>
<tr>
<td>Indicative coupon</td>
<td>Fixed coupon of 5.95% (PIK before first call date, thereafter cash interest)</td>
</tr>
<tr>
<td>Conversion right</td>
<td>American; conversion right expires on the first call date</td>
</tr>
<tr>
<td>Conversion price</td>
<td>EUR 0.50 per share</td>
</tr>
<tr>
<td>Dividend protection</td>
<td>No. If dividends will be paid, same proportion will be paid as cash interest.</td>
</tr>
<tr>
<td>Listing</td>
<td>No</td>
</tr>
<tr>
<td>Coupon step-up</td>
<td>After 4 years 6.95%, after 5th year 7.95%</td>
</tr>
<tr>
<td>Underwriting</td>
<td>Ahlstrom Corporation has committed to subscribing for the bond</td>
</tr>
</tbody>
</table>