

Suominen

Interim Report

January-September 2019

October 22, 2019

Petri Helsky, President and CEO

Toni Tamminen, CFO



Agenda

- Q3/2019 in brief
- Financial review Q3/2019
- Innovative Suominen
- Outlook for 2019
- Q&A

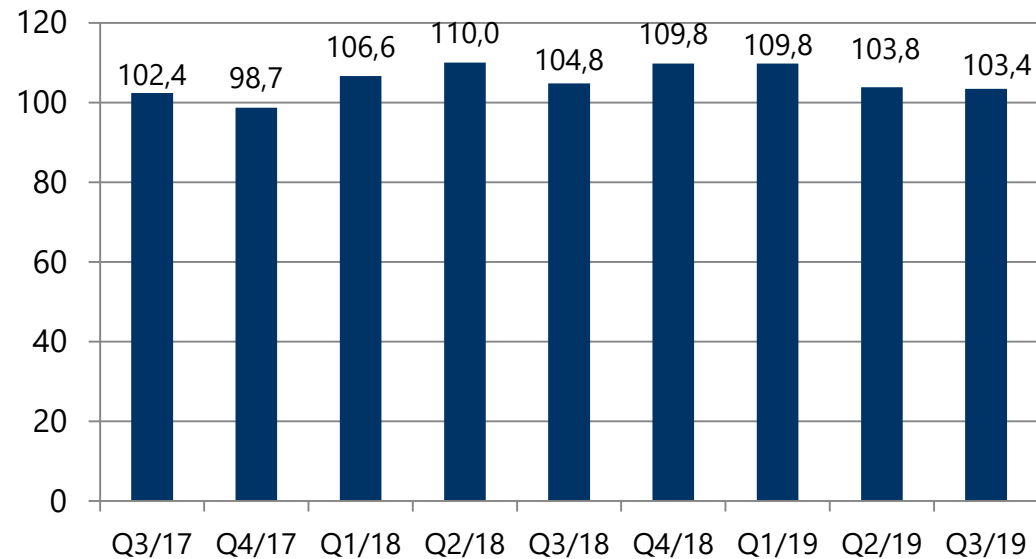
Q3 in brief

- Operating profit improved to EUR 1.1 million (0.5)
- Net sales remained on the same level as in the comparison period and amounted to EUR 103.4 million (104.8)
- Cash flow from operations strengthened to EUR 17.4 million (7.7)

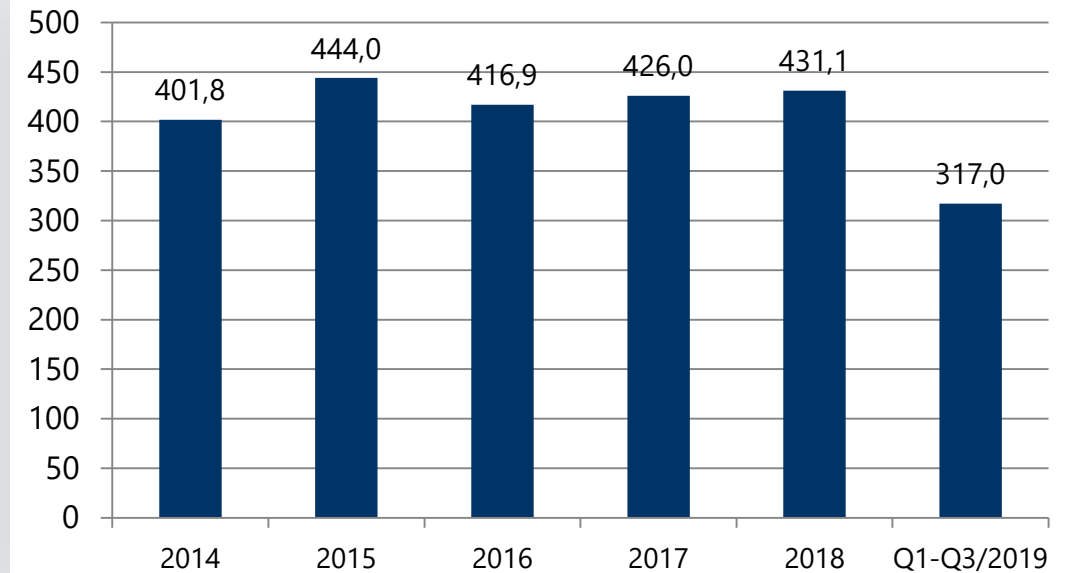
- In Bethune our systematic improvement plan has resulted in a clear improvement in operational performance
- Investment project in Green Bay has proceeded smoothly and is nearing completion
- New business areas are Europe and Americas

Net sales were on the same level as in the comparison period

Net sales, EUR million



Net sales, EUR million

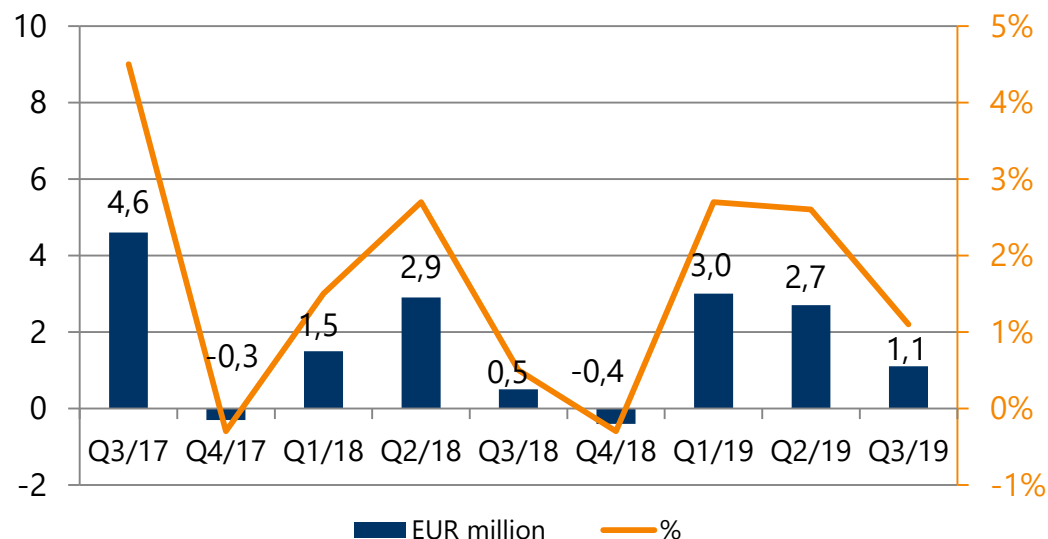


Continuing operations in 2014.

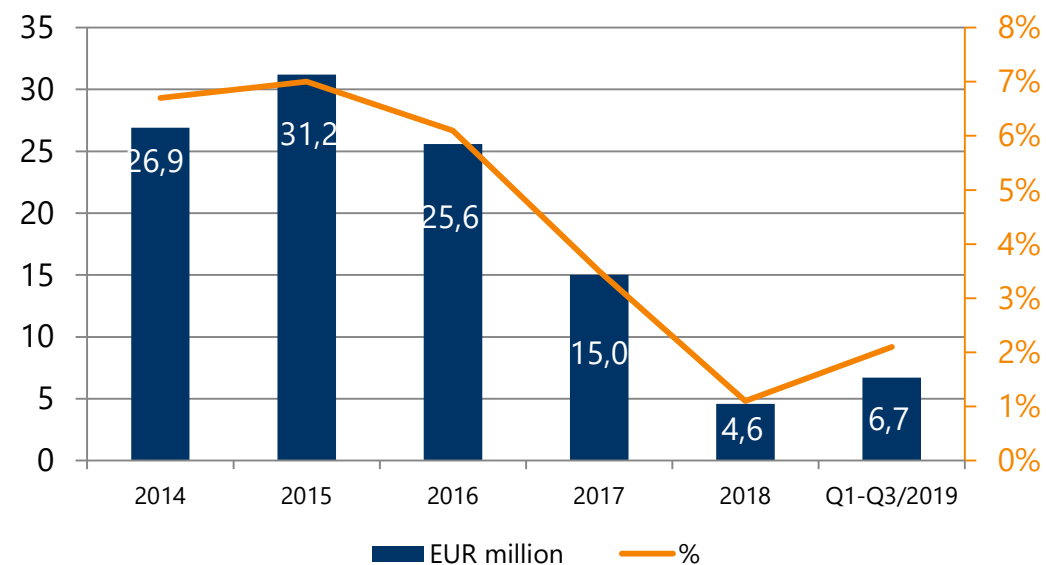
- Sales volumes decreased slightly and sales prices were on the same level as in the comparison period
- In Q3 the strengthening of the USD compared to EUR increased the net sales by EUR 2.7 million

Operating profit improved

Operating profit



Comparable operating profit



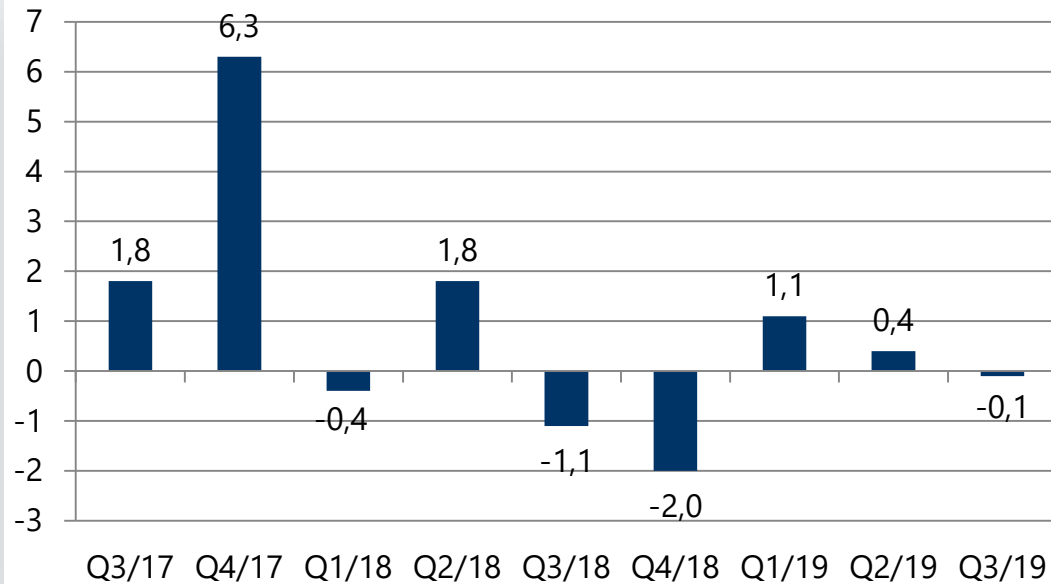
Continuing operations in 2014

- Operating profit improved mainly due to improvements in gross profit from raw material prices and raw material efficiency
- The negative impact of foreign exchange rates was approx. EUR 0.6 million

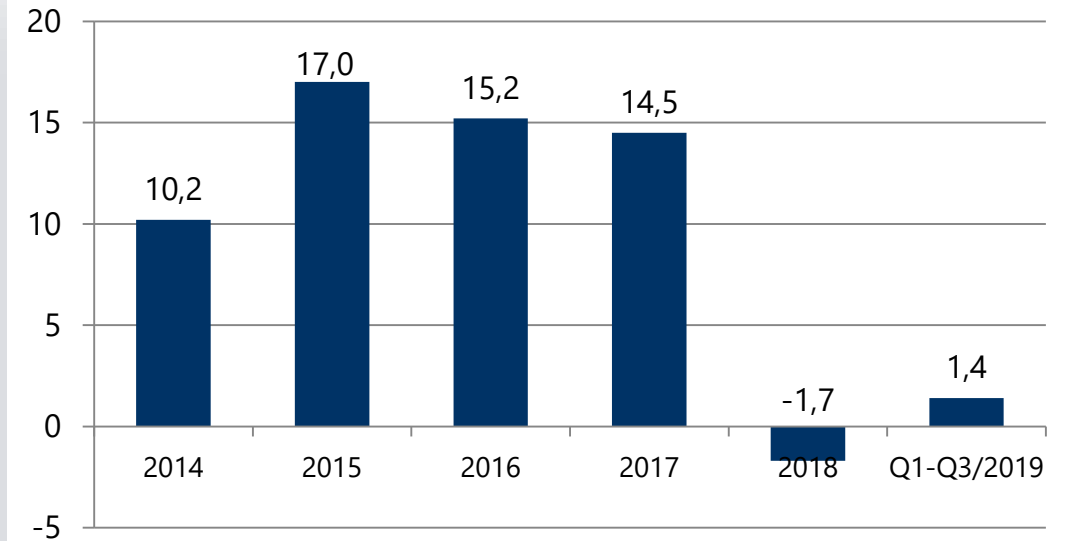
Financial review Q3/2019

Profit for the period

Profit for the period, EUR million



Profit for the period, EUR million



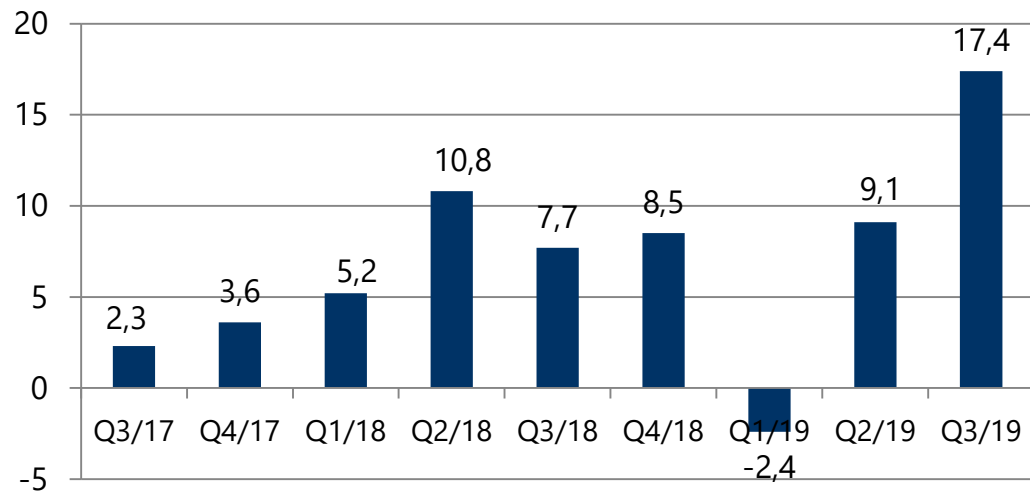
Continuing operations in 2014.

Consolidated statement of profit or loss

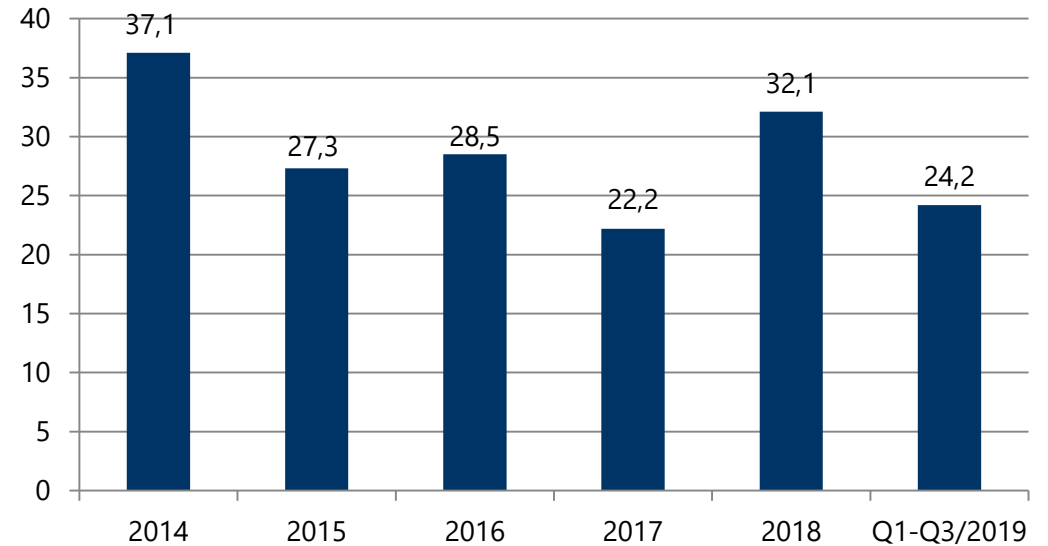
EUR thousand	7-9/ 2019	7-9/ 2018	1-9/ 2019	1-9/ 2018	1-12/ 2018
Net sales	103,363	104,768	316,953	321,344	431,109
Cost of goods sold	-95,677	-98,178	-290,597	-296,852	-399,826
Gross profit	7,687	6,589	26,356	24,493	31,283
Other operating income	694	936	2,297	2,131	2,528
Sales and marketing expenses	-1,885	-1,599	-5,673	-5,210	-7,048
Research and development	-860	-883	-2,582	-2,692	-3,515
Administration expenses	-4,397	-4,207	-13,040	-13,228	-17,599
Other operating expenses	-130	-348	-633	-539	-1,055
Operating profit	1,108	488	6,724	4,955	4,594
Net financial expenses	-1,080	-1,626	-4,072	-4,010	-5,557
Profit before income taxes	28	-1,138	2,652	945	-963
Income taxes	-108	-7	-1,232	-649	-757
Profit / loss for the period	-80	-1,145	1,420	296	-1,720
Earnings per share, EUR					
Basic	0.00	-0.02	0.02	0.01	-0.03
Diluted	0.00	-0.02	0.02	0.01	-0.03

Cash flow from operations

Cash flow from operations, EUR million



Cash flow from operations, EUR million



- We succeeded in reducing inventories significantly during the quarter, which improved our cash flow

Statement of cash flows

EUR thousand	1-9/2019	1-9/2018	1-12/2018
Cash flow from operations			
Profit for the period	1,420	296	-1,720
Total adjustments to profit for the period	25,861	20,014	27,210
Cash flow before changes in net working capital	27,281	20,310	25,490
Change in net working capital	611	-614	5,621
Financial items	-2,613	-2,241	-4,677
Income taxes	-1,120	6,228	5,715
Cash flow from operations	24,160	23,682	32,148
Cash flow from investments	-9,410	-10,906	-14,837
Cash flow from financing			
Drawdown of current interest-bearing liabilities	19,000	-	5,000
Repayment of current interest-bearing liabilities	-27,876	-15,088	-15,118
Return of capital	-	-6,322	-6,322
Cash flow from financing	-8,876	-21,410	-16,440
Cash and cash equivalents at the beginning of the period	27,757	27,240	27,240
Effect of changes in exchange rates	1,086	-967	-355
Change in cash and cash equivalents	5,874	-8,634	871
Cash and cash equivalents at the end of the period	34,717	17,639	27,757

Innovative Suominen

We create nonwovens that others cannot

- R&D is based on customer needs
- Extensive R&D network
 - 20 R&D professionals
 - Cooperation with research centers and start-ups
- R&D focus areas are
 - Sustainability
 - Customization



Suominen Intelligent Nonwovens™

Suominen Intelligent Nonwovens™ innovative Artificial Intelligence (AI) system that:

- Utilizes our unique, machine readable High-definition Design technology
- Adds traceability and safety to products
- Operates with any smart phone
- Provides a new marketing & service platform



Limitless possibilities Suominen Intelligent Nonwovens™

PRODUCT SAFETY AND TRACEABILITY

- Traceability
- Product information
- Product instructions

INTERACTION

- Customer service
- Customer feedback
- Surveys
- Chat

BRANDING

- Loyalty programs
- Re-order possibilities

COMMITMENT

- Marketing campaigns
- Games



Outlook 2019



Outlook for 2019

- Suominen expects that in 2019, its net sales will be at the level of 2018 and comparable operating profit, excluding the positive effect of applying IFRS 16 Leases, will improve from 2018.
- In 2018, Suominen's net sales amounted to EUR 431.1 million and operating profit to EUR 4.6 million.

Q&A



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