Suominen Corporation

Interim Report, 1 January - 30 June 2012

Presentation 17 July 2012

Suominen's Q2/2012 in brief

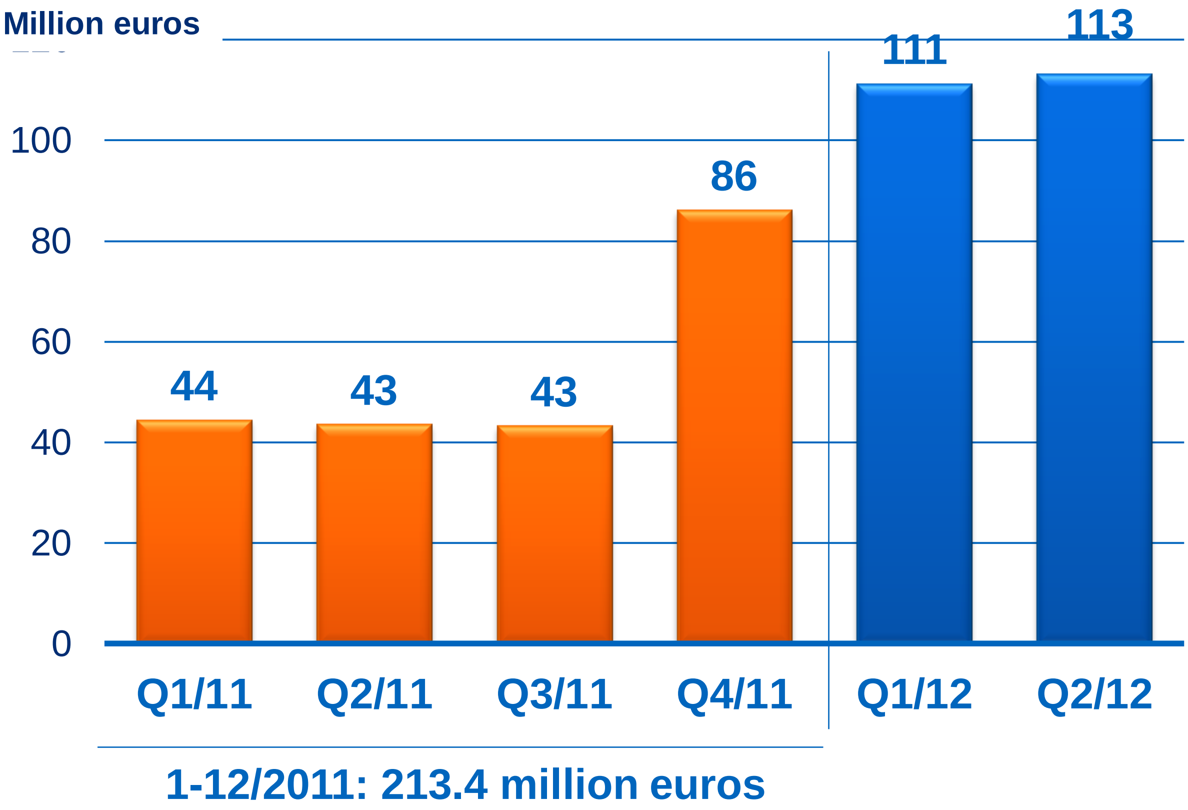
Key financials and highlights

EUR million	**Q2/2012**	Q2/2011	**Q1-Q2/2012**	Q1-Q2/2011	2011
Net sales	**113.1**	42.6	**224.2**	86.2	213.4
Operating profit before non-recurring items	**2.4**	0.3	**5.1**	-0.1	-1.1
Operating profit	**-0.3**	0.0	**2.9**	-0.6	-4.8
Net result	**-2.6**	-1.1	**-2.9**	-2.9	-9.5
EPS, EUR	**-0.01**	-0.02	**-0.01**	-0.06	-0.11
Cash flow from operations/share, EUR	**0.05**	0.05	**0.02**	0.06	-0.03

- Trading level of business comparable to Q1. Sales H1 on proforma basis down by 10 %. Profitability improved, however, when the operating profit before write downs was EUR 5.1 million (2.1 proforma figures).
- Demand continued strong in US, Europe still waiting to mount. The stopped line in Italy started production.
- Codetermination negotiations in Nakkila concluded with a decision to cut unprofitable production. Number of employees affected is 76 at maximum. A non-cash write-down of EUR 2.7 million was recorded.
- Compared to proforma 2011 figures costs declined. The cost savings Summit-program is running with the intent to exploit the synergies of H&P acquisition.
- Brazilian acquisition postponed, the transfer and financing to be reviewed in Q3

Net sales for quarters levelled

Net sales



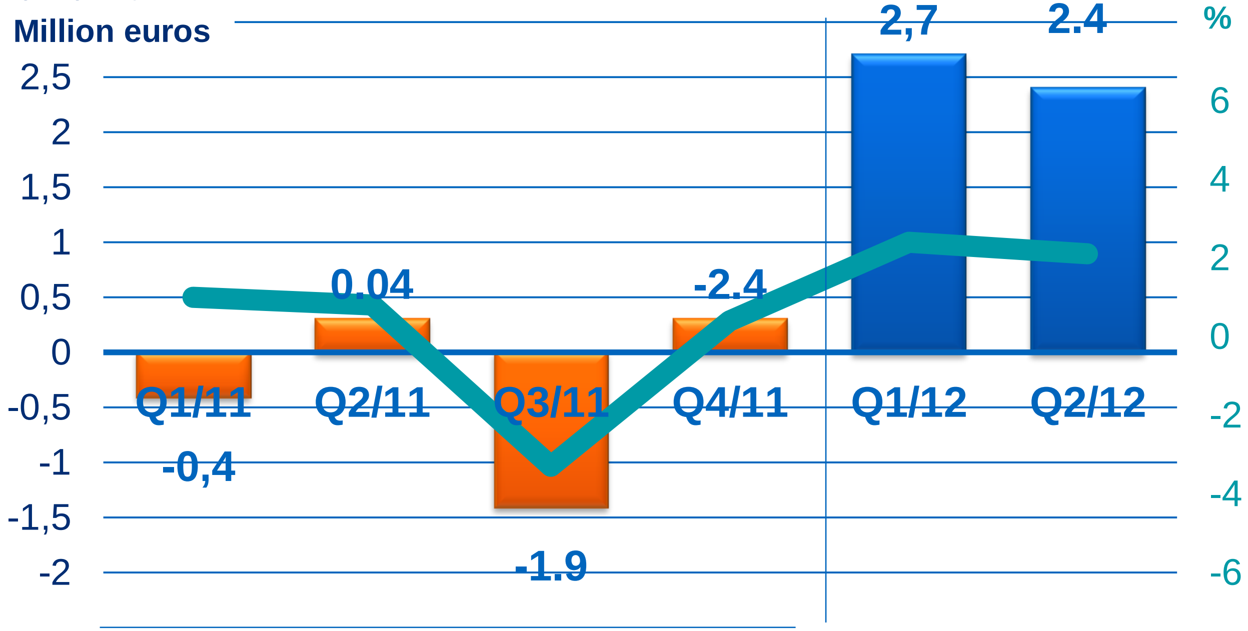
Comments

- Net sales in the first half of the year EUR 224.2 million (EUR 86.2 million in 2011)
- Comparable sales value declined 10 % from 2011 proforma
- Volumes declined compared to last year proforma. Prices were under pressure in Europe. Dollar appreciation increased the US part of sales.
- Demand continued stronger in the US market than in Europe.

Suominen acquired the Home and Personal buseness from Ahlstrom Corporation on 4 August 2011. Pro forma net sales of the operations was 321 million euros in 2011. The combination of the businesses came into effect from 1 November 2011, so the net sales of the acquired business is included in the figures for two months in 2011.

Operating Profit level reaffirmed

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

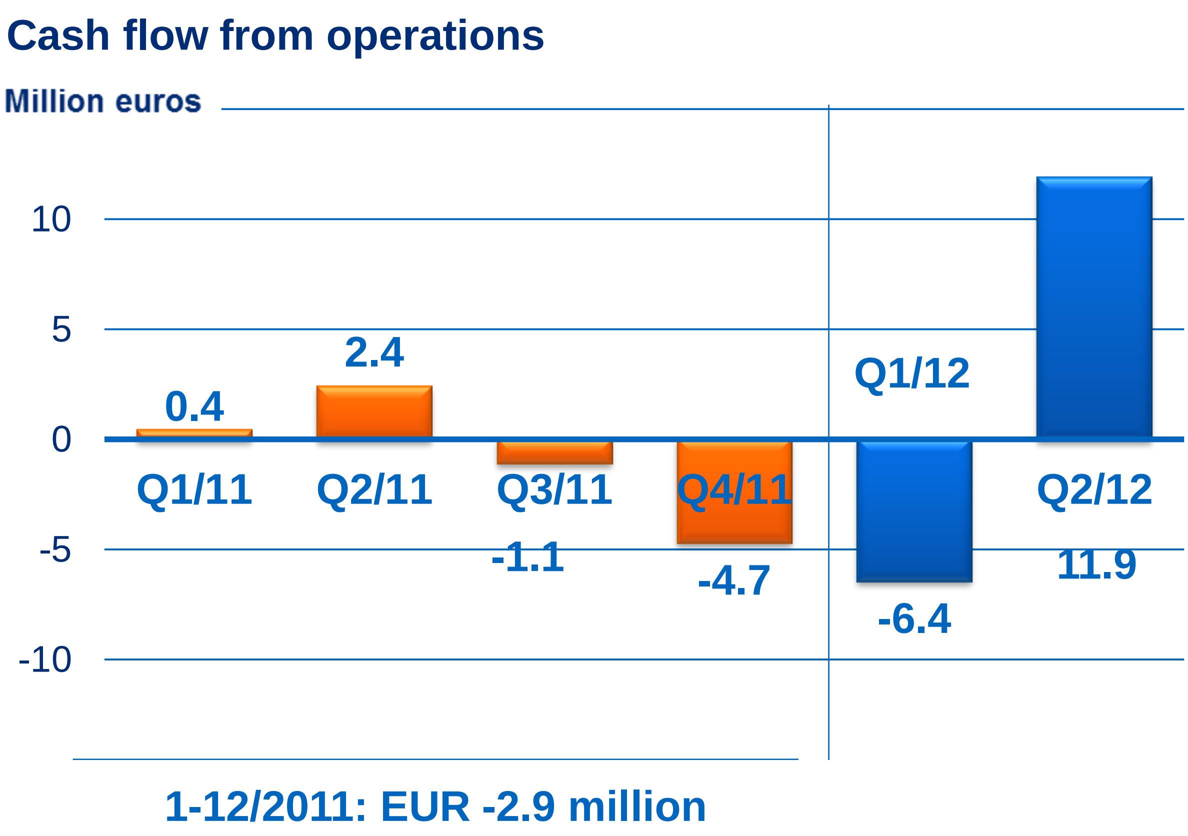


1-12/2011: -4.8 million euros

Comments

- Operating profit excl. one-offs was EUR 5.1 million (-0.1) for the first half of the year
- Reported figure EUR 2.9 million (-0.6) includes sale profit of Nastola EUR 0.5 million and write downs in Nakkila EUR -2.7 million
- Positive contribution from the acquired business especially in the US markets, and reduced cost level in the Group on proforma basis
- Negative effects from volume declines in Europe in most sectors as well as from the raw-material price cycle

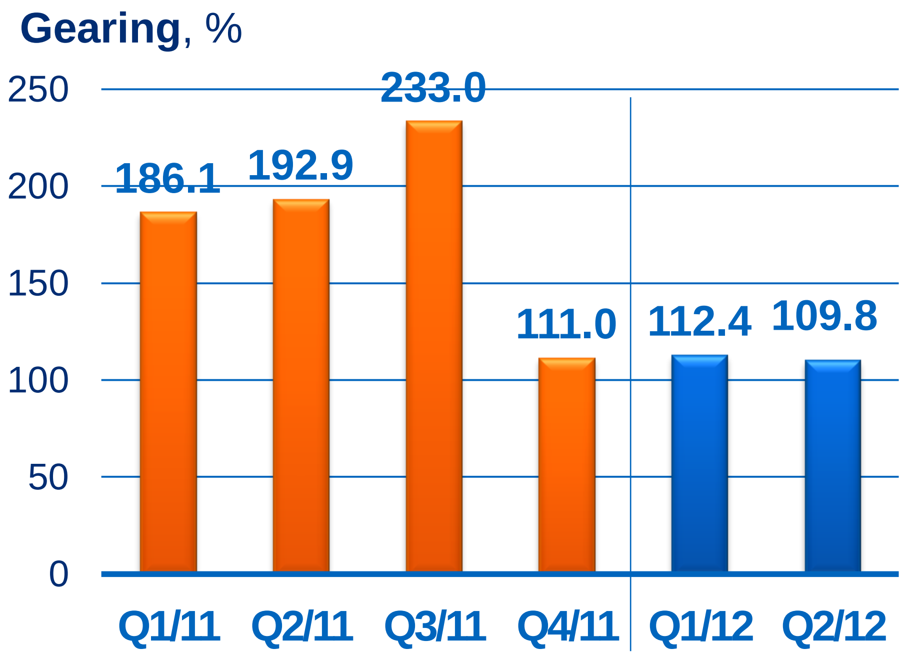
Cash flow from operations in Q2 turned positive

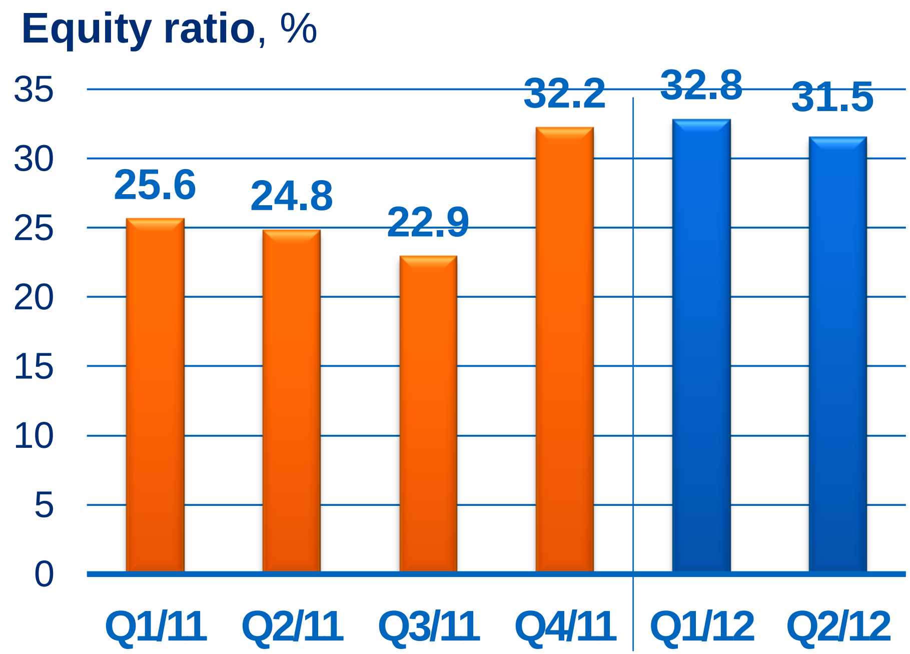


Comments

- Cash flow from operations was EUR +5.4 million (2,8)
- Cash was tied up in working capital in the beginning of the year when working capital came back to pre-acquisition pro forma levels.
- Working capital stabilized to EUR 46.6 million representing current trading

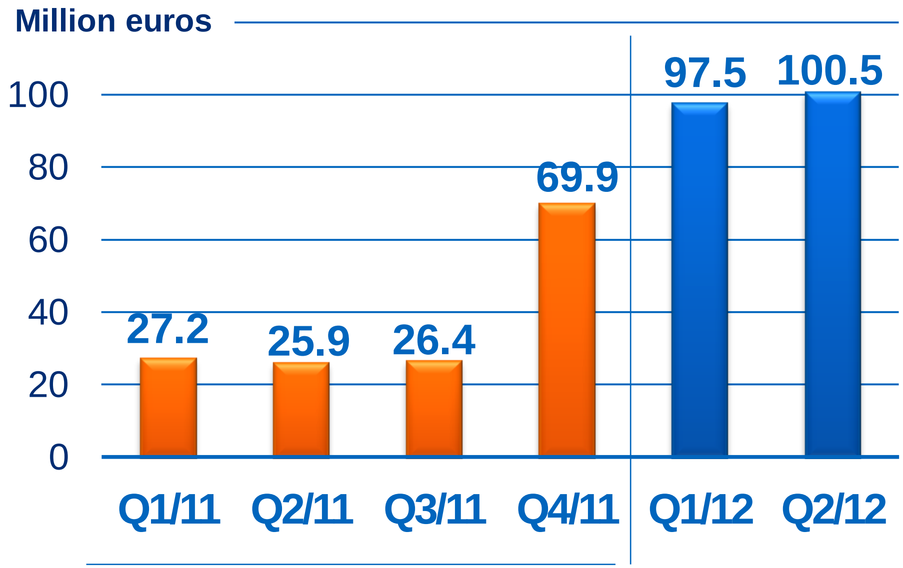
Financial position steady





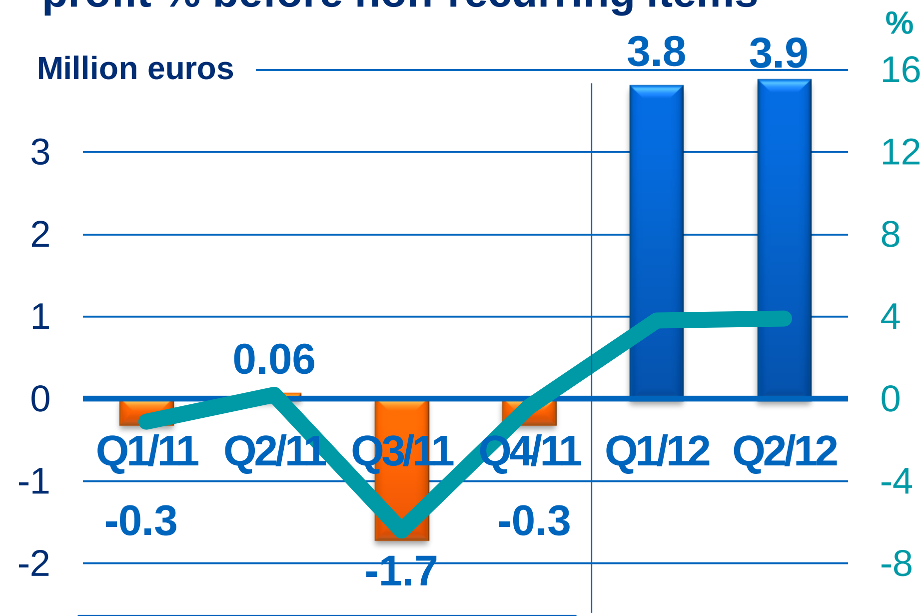
Net sales and performance in Wiping continued at the level of Q1

Net sales



1-12/2011: EUR 149.4 million

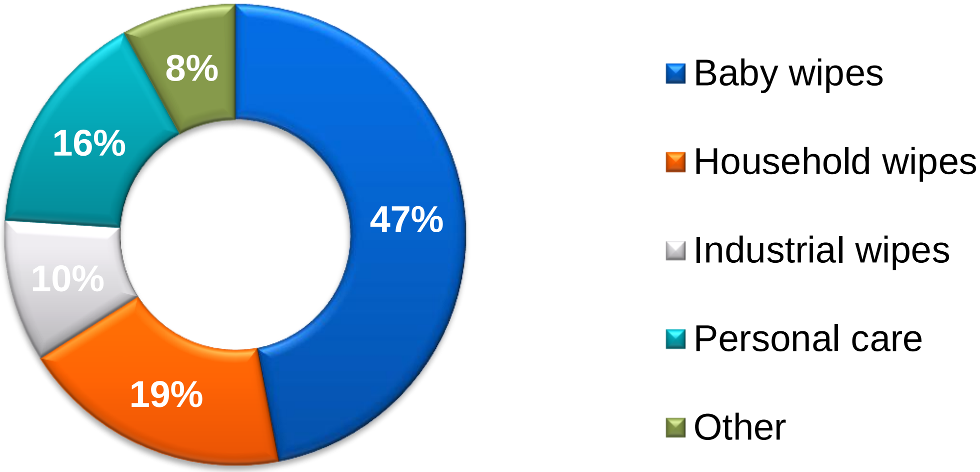
Operating profit and operating profit % before non-recurring items



1-12/2011: EUR -2.2 million

Nonwovens performance validated in real figures

Q1-Q2 /2012: EUR 175.1 million (28.6)

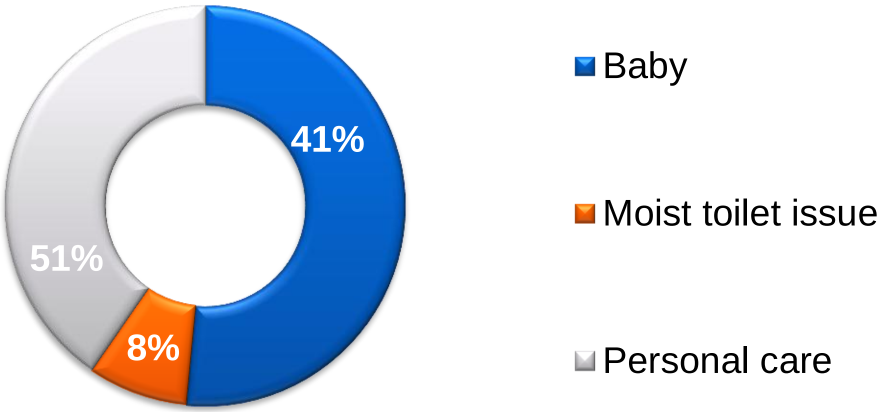


Key Notes

- Share of baby wipes slightly down, personal care and household wipes grew.
- Demand continued to be stronger in the US markets
- Margins under pressure in the European market due to the intensified competition
- The newly restarted machine in Italy began to contribute to sales figures
- Synergies are being captured from the Summit efficiency enhancement measures and from rationalization of European manufacturing platform

Codi Wipes still in a lacklustre market

Q1-Q2 /2012: EUR 25.4 million (27.6)

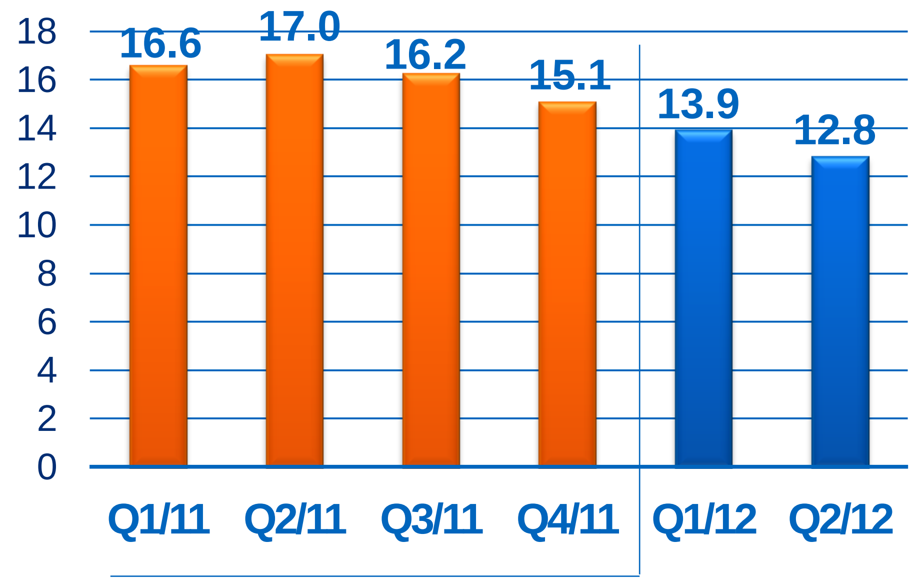


Key Notes

- Net Sales down from previous year by 8 %.
- Consumer demand stayed cautious which continued to put pressure on prices.
- Retail chains and brand houses postponed development of new applications in current dull market conditions.
- Sales of personal care wipes developed relatively better than baby wipes
- Operating costs in a planned trend

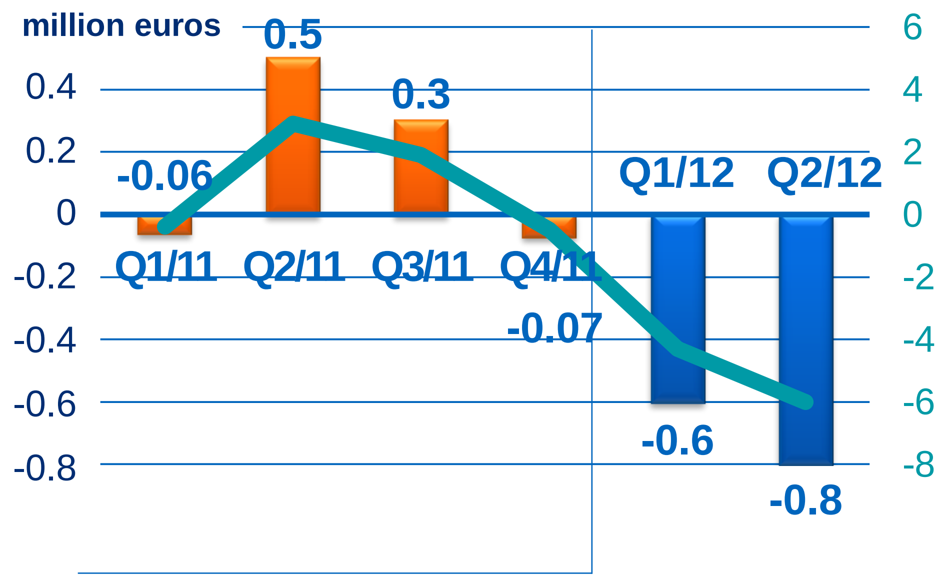
Flexibles market and performance poor

Net sales, EUR million



1-12/2011: 64.8 million euros

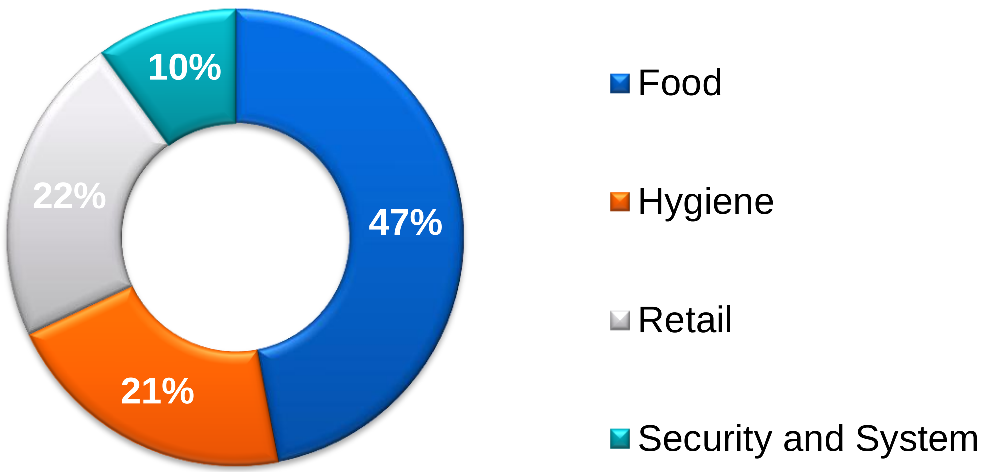
Operating profit and operating profit % before non-recurring items



1-12/2011: 0.7 million euros

Flexibles waiting for a turnaround

Q1-Q2 /2012: EUR 26.7 million (33.6)



Key Notes

- Net Sales down by 21 % from 2011, the only segment showing growth was S&S
- Impact of lost sales end of 2011 was still visible in the figures. New sales have been acquired but come to full effect with time
- Low volumes had negative effect on results.
- Raw material prices levelled off and turned moderately down after Q1 which lead to slightly improved margins towards the end of Q2
- Operating costs were down from previous year thanks to the restructuring of manufacturing platform in 2011.

Focus Areas 2012 – Creation of New Suominen

- Improve profitability
  - Suominen Summit program´s targets is to improve profitability and competitiveness
  - Target to achieve cost savings of about two percentage points of net sales during 2012
  - The codetermination negotiations in Suominen Nonwovens Ltd, in Nakkila have been completed, reduction at the most 76 persons

- Ensured development and continuous strengthening of Nonwovens to
  - Establish common operating systems
  - Create a common corporate culture

Suominen
Creating Convenience

Market outlook

- Consumers' cautious purchasing behaviour is expected to continue hand in hand with muted economic growth. Supply exceeds demand for many of Suominen's products, especially in Europe, and new production capacity is even being built in some product group

- Suominen estimates that demand for its products will remain at the level of 2011. In North and South America as well as in Eastern Europe the sales is estimated to grow whereas in Western Europe the sales is anticipated to decrease.

- It is estimated that Suominen's raw material prices will decline slightly in the near coming months.

Outlook

- Suominen will continue to streamline its operating costs and synergies linked to the acquisition continue to be exploited. The target is to achieve a couple of per cent cost benefits comparable to net sales. Suominen will focus on developing its core business.

- The target is to realize the Brazilian unit business transaction of the Home and Personal once approval from the Brazilian authorities has been obtained, this is expected to happen in the third quarter of 2012.

- Suominen's net sales will increase considerably as the Home and Personal business's figures are included in the Group's net sales. It is estimated that the result after taxes for the year will improve over that of 2011.

Thank you!