

## **SUOMINEN CORPORATION**

### **INTERIM REPORT JANUARY 1 – MARCH 31, 2002**

#### **PROFIT OF SUOMINEN IMPROVED**

- Net sales: EUR 41.4 million (EUR 45.0 million January 1 - March 31, 2001)
- Operating profit: EUR 4.3 million (EUR 3.3 million)
- Earnings/share: EUR 0.16 (EUR 0.10)
- Return on invested capital (ROI): 15.4 per cent (11.3 per cent)
- Profit after taxes for the entire year is estimated to increase on that of the previous year.

In this interim report the comparison figures of Suominen Corporation for 2001 are pro forma figures for the period preceding the demerger of the former Lassila & Tikanoja plc.

#### **FINANCIAL RESULTS**

Suominen Corporation's profit before taxes was EUR 3.6 million (2.7) in the first quarter of 2002.

Nonwovens recorded an operating profit of EUR 2.7 million (1.6) and Flexible Packaging EUR 1.8 million (1.7). Webbing Products recorded an operating loss of EUR -0.2 million (0.0).

For Nonwovens, the financial results and profitability rose thanks to improved cost efficiency and lower raw material prices. Net sales were down by 7 per cent on the previous year as sales of hygiene product materials decreased. The first quarter of 2001 included sales of thermal bonding materials that were cut out from the production capacity later in the year. Sales of hydroentangled wiping product materials increased substantially. Demand was stable throughout the review period. The decline in prices for oil-based raw materials levelled off during the review period.

For Flexible Packaging, the financial results and profitability improved on the previous year thanks to a more favourable trend in raw material prices. Net sales decreased by 3 per cent mainly due to reductions in the product range. Net sales from packaging for hygiene and food products were on the level of the previous year.

For Webbing Products, the financial results continued to be negative. Net sales declined on the previous year by 30 per cent. Sales decreased from the previous year partly as a result of restructuring measures and partly due to the weakening of demand. Production has been adjusted in accordance with demand.

#### **FINANCING**

Interest-bearing liabilities totalled EUR 54.8 million or EUR 17.0 million less than the previous year. Net financial costs were EUR 0.7 million (EUR 0.7 million). They were 1.6 per cent (1.5 %) of net sales and 15.4 per cent (19.7 %) of operating profit. EUR 1.0 million in working capital were tied up in the cash flow statement. The equity ratio was 40.9 per cent (35.6 %). The ratio of interest-bearing net liabilities to shareholders' equity (the gearing rate) was 91.9 per cent as opposed to 115.6 per cent a year earlier. Cash flow per share from operations was EUR 0.36 (0.32).

#### **INVESTMENTS**

The Company's gross investments totalled EUR 1.5 million (EUR 3.9 million). Planned depreciation was EUR 4.0 million (3.8). Of the total gross investments Nonwovens represented EUR 1.0 million and Flexible Packaging EUR 0.5 million. Nonwovens finalised the upgrading of one of its production lines based on hydroentanglement. Flexible Packaging invested in increasing the printing and welding capacity of the plant in Poland.

## **ANNUAL GENERAL MEETING OF SHAREHOLDERS**

The Annual General Meeting of Shareholders was held on March 13, 2002. The Annual General Meeting decided to pay a dividend of EUR 0.40 per share for 2001, totalling EUR 6,330,523.20.

The Annual General Meeting approved the financial statements for 2001 and released the members of the Board of Directors and the President and CEO from liability for the financial period.

Members of the Board of Directors Kari Haavisto, Pekka Laaksonen and Heikki Mairinoja were re-elected for the 2002-2003 term. The Board of Directors comprises the following persons: Heikki Bergholm, Matti Kavetvuo, Kari Haavisto, Pekka Laaksonen and Heikki Mairinoja.

Pricewaterhouse Coopers Oy, Authorised Public Accountants, with Heikki Lassila as the principal auditor, were elected as auditors.

## **CHANGE OF THE COMPANY NAME**

The Annual General Meeting approved the proposal of the Board of Directors for amendment of Article 1 of the Articles of Association so that the name of the company is Suominen Yhtymä Oyj, in English Suominen Corporation.

The changed company name was registered on March 27, 2002.

## **AUTHORISATION FOR THE BOARD OF DIRECTORS TO ACQUIRE AND TO CONVEY THE COMPANY'S OWN SHARES**

The Annual General Meeting authorised the Board of Directors to decide on the acquisition of the company's own shares within one year of the Annual General Meeting of Shareholders using assets available for distribution of profits, provided that the combined par value of the shares of the Company and its subsidiaries thus acquired does not exceed 5 per cent of the Company's total share capital at the moment of acquisition. The authorisation can be used in possible business acquisitions, to finance investments, to carry out incentive programmes and for other purposes.

The Annual General Meeting also authorised the Board of Directors to decide on the conveyance of the Company's own shares.

The Board of Directors has not exercised its authorisation.

## **COMPANY SHARES**

The volume of Suominen Corporation's shares traded on Helsinki Exchanges from January through March was 1 100 498 shares or 7.0 per cent of the total. The trading price of the shares varied between EUR 6.01 and 4.81. The final trading price was EUR 5.05. The market value of the company shares on March 31, 2002 was EUR 79.9 million.

On March 27, 2002 the company announced that Heikki Bergholm's holding of the shares and of voting power in Suominen Corporation exceeded 5 per cent.

## **OTHER AUTHORISATION FOR THE BOARD OF DIRECTORS**

The Board of Directors is not currently authorised to issue shares or to launch a convertible bond or a bond with warrants.

## PROSPECTS FOR THE REMAINDER OF THE YEAR

Suominen's customers operate mainly in the consumer products industry, and the demand for their products is not particularly sensitive to cyclic fluctuations.

Demand for nonwovens and flexible packaging looks stable. Demand for webbing products is expected to remain at a low level, at least during the first half of the year. The prices of raw material have turned upwards after the review period. The Company will concentrate on sales and on increasing operating efficiency. Financial results are expected to improve on the previous year.

## SUOMINEN CORPORATION CONSOLIDATED JANUARY 1 - MARCH 31, 2002

### STATEMENT OF INCOME

EUR 1000	1.1. - 31.3.2002	%	1.1. - 31.3.2001 Pro forma	%	Change %	1.1.-31.12.2001 Pro forma	%
<b>Net sales</b>	<b>41 442</b>	<b>100.0</b>	45 000	100.0	-7.9	174 115	100.0
Cost of goods sold	<b>-34 904</b>	<b>-84.2</b>	-39 166	-87.0	-10.9	-152 111	-87.4
<b>Gross profit</b>	<b>6 538</b>	<b>15.8</b>	5 834	13.0	12.1	22 004	12.6
Sales and marketing expenses	<b>-1 134</b>	<b>-2.7</b>	-1 058	-2.4		-4 194	-2.4
Administration expenses	<b>-1 378</b>	<b>-3.3</b>	-1 756	-3.9		-6 642	-3.8
Other operating income and expenses	<b>272</b>	<b>0.7</b>	307	0.7		1 018	0.6
Depreciation on goodwill	<b>-7</b>	<b>0.0</b>	-7	0.0		-28	0.0
<b>Operating profit</b>	<b>4 291</b>	<b>10.4</b>	3 320	7.4	29.2	12 158	7.0
Financial income and expenses	<b>-660</b>	<b>-1.6</b>	-655	-1.5	0.8	-2 886	-1.7
<b>Profit before income taxes</b>	<b>3 631</b>	<b>8.8</b>	2 665	5.9	36.2	9 272	5.3
Income taxes *	<b>-1 097</b>	<b>-2.6</b>	-1 028	-2.3		-2 801	-1.6
<b>Profit for the period</b>	<b>2 534</b>	<b>6.1</b>	1 637	3.6	54.8	6 471	3.7

\* Taxes on the profit for the period under review

**BALANCE SHEET**

EUR 1000	31.3.2002	31.3.2001 Pro forma	31.12.2001
<b>Assets</b>			
Fixed assets			
Intangible assets	567	711	636
Tangible assets	95 116	101 916	97 613
Financial assets	425	536	425
Fixed assets, total	96 108	103 163	98 674
Current assets			
Inventories	18 230	20 824	17 565
Non-current receivables	93	94	94
Current receivables	23 261	26 254	22 025
Cash at bank and in hand	2 231	7 114	2 090
Assets, total	139 923	157 449	140 448
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity			
Share capital	7 913	7 913	7 913
Other restricted equity	10 648	10 648	10 648
Equity in untaxed reserves	22 830	25 132	23 867
Other unrestricted equity	15 768	12 289	18 610
Shareholders' equity, total	57 159	55 982	61 038
Liabilities			
Deferred tax liability	11 405	12 345	11 829
Non-current liabilities	31 613	36 419	33 668
Current liabilities	39 746	52 703	33 913
Shareholders' equity and liabilities, total	139 923	157 449	140 448

**KEY FIGURES**

	3/2002	3/2001 Pro forma	12/2001 Pro forma
Earnings/share, EUR	0.16	0.10	0.41
Equity/share, EUR	3.61	3.54	3.86
Cash flow from operations/share, EUR	0.36	0.32	1.66
Return on equity, % (ROE)	17.2	11.1	10.5
Return on invested capital, % (ROI)	15.4	11.3	10.7
Equity ratio, %	40.9	35.6	43.5
Gearing, %	91.9	115.6	81.5
Gross investments, EUR 1000	1 540	3 869	10 704
Depreciation, EUR 1000	4 000	3 815	15 235

**CASH FLOW STATEMENT**

EUR 1000	1.1. - 31.3.2002	1.1. - 31.3.2001 Pro forma	1.1. - 31.12.2001 Pro forma
Cash flow before change in working capital	8 173	6 878	26 748
Change in working capital	-968	578	6 737
Financial items and taxes	-1 552	-2 369	-7 273
<b>Cash flow from operations</b>	<b>5 653</b>	<b>5 087</b>	<b>26 212</b>
Investments	-1 536	-4 235	-11 405
Proceeds from sale of fixed assets	10	21	925
<b>Cash flow from investing activities</b>	<b>-1 526</b>	<b>-4 214</b>	<b>-10 480</b>
Dividends paid	-6 289	-7 822	-7 892
Change in interest-bearing liabilities	2 912	9 551	-10 408
Effect of exchange rate changes	-609	229	376
<b>Change in cash and cash equivalents</b>	<b>141</b>	<b>2 831</b>	<b>-2 192</b>

**FIGURES BY BUSINESS AREA**

<b>NET SALES</b> EUR 1000	<b>1.1. - 31.3.2002</b>	1.1. - 31.3.2001 Pro forma	Change %	1.1. - 31.12.2001 Pro forma
Nonwovens	<b>20 460</b>	21 972	-6.9	85 264
Flexible Packaging	<b>17 614</b>	18 214	-3.3	72 370
Webbing Products	<b>3 338</b>	4 774	-30.1	16 328
Other *	<b>30</b>	40		153
<b>Total</b>	<b>41 442</b>	45 000	-7.9	174 115

<b>OPERATING PROFIT</b> EUR 1000	<b>1.1. - 31.3.2002</b>	% of net sales	1.1. - 31.3.2001 Pro forma	% of net sales	1.1.-31.12.2001 Pro forma	% of net sales
Nonwovens	<b>2 666</b>	<b>13.0</b>	1 623	7.4	7 811	9.2
Flexible Packaging	<b>1 836</b>	<b>10.4</b>	1 710	9.4	5 682	7.9
Webbing Products	<b>-175</b>	<b>-5.2</b>	-33	-0.7	-986	-6.0
Other *	<b>-36</b>		20		-349	
<b>Total</b>	<b>4 291</b>	<b>10.4</b>	3 320	7.4	12 158	7.0

\* Includes the parent company and consolidation items.

**FINANCIAL RESULTS DURING THE PAST YEAR**

EUR 1000	1.4. - 30.6. 2001 Pro forma	1.7. - 30.9. 2001 Pro forma	1.10. - 31.12. 2001	1.1. - 31.3. 2002	1.4.2001 - 31.3.2002 Pro forma
<b>Net sales</b>					
Nonwovens	20 261	21 930	21 101	20 460	83 752
Flexible Packaging	18 243	17 445	18 468	17 614	71 770
Webbing Products	4 546	3 541	3 467	3 338	14 892
Other *	36	28	48	30	142
<b>Net sales, total</b>	<b>43 086</b>	<b>42 944</b>	<b>43 084</b>	<b>41 442</b>	<b>170 556</b>
<b>Operating profit</b>					
Nonwovens	1 523	2 817	1 848	2 666	8 854
% of net sales	7.5	12.9	8.8	13.0	10.6
Flexible Packaging	1 310	1 157	1 505	1 836	5 808
% of net sales	7.2	6.6	8.1	10.4	8.1
Webbing Products	-117	-206	-631	-175	-1 129
% of net sales	-2.6	-5.8	-18.2	-5.2	-7.6
Other *	-206	152	-314	-36	-404
<b>Operating profit, total</b>	<b>2 510</b>	<b>3 920</b>	<b>2 408</b>	<b>4 291</b>	<b>13 129</b>
% of net sales	5.8	9.1	5.6	10.4	7.7
<b>Net financial expenses</b>	<b>-732</b>	<b>-844</b>	<b>-655</b>	<b>-660</b>	<b>-2 891</b>
<b>Profit before extraordinary items</b>	<b>1 778</b>	<b>3 076</b>	<b>1 753</b>	<b>3 631</b>	<b>10 238</b>

\* Includes the parent company and consolidation items.

<b>AVERAGE PERSONNEL</b>	<b>3 months/2002</b>	3 months/2001 Pro forma	12 months/2001 Pro forma
Nonwovens	<b>281</b>	329	309
Flexible Packaging	<b>635</b>	628	640
Webbing Products	<b>156</b>	183	178
Other	<b>8</b>	6	8
Total	<b>1 080</b>	1 146	1 135

**CONTINGENT LIABILITIES**

EUR 1000	<b>31.3.2002</b>	31.12.2001
<b>For own debts</b>		
Real estate mortgages	<b>20 944</b>	20 944
General charges	<b>6 055</b>	11 257
<b>Other own commitments</b>		
Leasing payments and commitments	<b>115</b>	31

**DERIVATIVE CONTRACTS**

EUR 1000	<b>31.3.2002</b>	<b>31.12.2001</b>
<b>Currency derivatives</b>		
Nominal value	<b>7 061</b>	5 995
Current value	<b>-159</b>	-122
<b>Interest rate derivatives</b>		
Nominal value	<b>15 200</b>	15 200
Current value	<b>-260</b>	-331

The figures have not been audited.

Helsinki on April 23, 2002

SUOMINEN CORPORATION  
Board of Directors