

SUOMINEN CORPORATION INTERIM REPORT JANUARY 1 – MARCH 31, 2003

SUOMINEN'S NET SALES AND FINANCIAL RESULTS IN THE FIRST QUARTER ON THE LEVEL OF THE PREVIOUS YEAR

- Net sales: EUR 41.7 million (EUR 41.4 million January 1 - March 31, 2002)
- Operating profit: EUR 3.8 million (EUR 4.3 million)
- Earnings/share: EUR 0.16 (EUR 0.16)
- Cash flow from operations/share: EUR 0.10 (0.36)
- Return on invested capital (ROI): 14.0 % (15.4 %)
- Prospects for the remainder of the year: The results for the full year are estimated to fall short of the 2002 figure.

FINANCIAL RESULTS

Suominen Corporation's profit before taxes was EUR 3.3 million (3.6) in the first quarter of 2003.

The Nonwovens business area recorded an operating profit of EUR 2.5 million (2.7), Flexible Packaging an operating profit of EUR 1.1 million (1.8) and Webbing Products an operating profit of EUR 0.0 million (-0.2).

The financial results and profitability of Nonwovens declined on the previous year. After an extremely quiet January, deliveries picked up and net sales for the period rose to the level of 2002. The uneven load on production also reduced the cost effectiveness of operations. Sales of hydroentangled wiping product materials increased on the previous year while those of health care product materials decreased. Prices for oil-based raw materials rose rapidly during the period.

Net sales recorded by Flexible Packaging were on the level of the previous year although financial results clearly declined because of a rapid increase in raw material costs. Due to the nature of contracts, the rise in these costs could not be passed on to sales prices immediately. Sales of hygiene product and food packaging increased year-on-year while those of retail packaging and special product packaging decreased. Deliveries to Russia and Poland continued to increase significantly. The cost savings programme initiated in the business area proceeded according to plan. The goal is a reduction in operating costs of approximately 1 million euros. The effect for the current year is expected to be 0.5 million euros compared with 2002.

Webbing Products continued to show a loss, although a substantially smaller one than in 2002. Net sales declined slightly due to a drop in sales of narrow fabrics. Sales of materials handling products stayed on the level of the previous year, as demand remained slack. Efforts to further improve the cost structure of production and other operations continued.

FINANCING

Interest-bearing liabilities totalled EUR 53.7 million or EUR 1.0 million less than the previous year. Net

financial costs were EUR 0.5 million (EUR 0.7 million). They were 1.3 per cent (1.6 %) of net sales and 14.4 per cent (15.4 %) of operating profit. EUR 4.5 million in working capital were tied up in the cash flow statement. The timing of sales deliveries by Nonwovens at the end of the period under review increased trade receivables. The equity ratio was 40.9 per cent (40.9 %). The ratio of interest-bearing net liabilities to shareholders' equity (the gearing rate) was 96.1 per cent as opposed to 91.9 per cent a year earlier. Cash flow per share from operations was EUR 0.10 (0.36).

INVESTMENTS

The Company's gross investments in production totalled EUR 1.0 million (EUR 1.5 million). Planned depreciation was EUR 3.6 million (4.0). Of the total investments Nonwovens represented EUR 0.4 million and Flexible Packaging EUR 0.6 million. The Nonwovens business area decided to modernise one of the hydroentanglement lines; this will improve the product quality of the line in question and the efficiency of production. Modernisation will be carried out during the second quarter and on its completion, all four hydroentanglement lines will have been modernised in 2002-2003. Flexible Packaging decided to expand the plant in Poland, thereby doubling the printing and converting capacity. The total investment amounts to a good 7 million euros. It is scheduled for completion in May 2004.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders was held on March 12, 2003. The Annual General Meeting decided to pay a dividend of EUR 0.70 per share for 2002, totalling EUR 11,051,610.50.

The Annual General Meeting approved the financial statements for 2002 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 Matti Kavetvuo and Heikki Bergholm were re-elected for the 2003-2005 term. The Board of Directors comprises the following persons: Matti Kavetvuo, Kari Haavisto, Pekka Laaksonen, Heikki Mairinoja and Heikki Bergholm.

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

The Annual General Meeting authorised the Board of Directors to decide on the acquisition of the Company's own shares within one year from the Annual General Meeting of Shareholders using assets available for distribution of profits, provided that the par value of the shares of the Company and its subsidiaries thus acquired, combined with the par value of own shares acquired previously by the Company and its subsidiaries,

does not exceed 5 per cent of the Company's total share capital at the moment of acquisition.

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

COMPANY SHARES

The volume of Suominen Corporation's shares traded on Helsinki Exchanges from January through March was 819,850 shares or 5.2 per cent of the total. The trading price of the shares varied between EUR 5.35 and 6.99. The final trading price was EUR 5.60. The market capitalisation was EUR 88.4 million on March 31, 2003.

ACQUISITION AND CONVEYANCE OF THE COMPANY'S OWN SHARES

On January 1, 2003, the Company held 44,200 of its own shares, with an acquisition value of 5.22 euros per share. According to the authorisation received by the Board of Directors in 2002, the Company conveyed 5,907 of its own shares between January 1 and March 31, 2003. The average price of the conveyed shares was EUR 6.71. On March 31, 2003 Suominen Corporation held a total of 38,293 of its own shares, accounting for 0.2 per cent of the share capital and votes.

The Board of Directors did not exercise its authority to buy the Company's own shares during the period under review.

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.

ORGANISATION

Suominen has three business areas: Nonwovens,

Flexible Packaging, and Webbing Products. The Vice Presidents responsible for each business area report to the President and CEO of Suominen Corporation. The Senior Vice President bears responsibility for key customers and business development. Product and Process Development, Purchasing and Logistics, and Financial Management support the functions of the entire Corporation.

PROSPECTS FOR THE REMAINDER OF THE YEAR

The uncertainty of the world economy has affected overall consumer demand and hence sales of Suominen's products. Growth this year will be slower than that to which Suominen's business areas are accustomed.

Suominen's net sales are expected to be on the same level or slightly below those of 2002. On the basis of contracts concluded with key Nonwovens customers and estimates of needs revised by customers during the spring, total sales for the year by Nonwovens will fall somewhat short of those for 2002. Sales by Flexible Packaging for the entire year 2003 are estimated to be on the level of 2002. Sales are expected to increase especially in Russia and East Central Europe, and to decrease slightly in Finland. Webbing Products will continue to concentrate on improving profitability and retaking lost market shares.

Special attention will be focused on the cost effectiveness of Suominen's operations and measures to improve the cost structure will continue. Due to the timing of deliveries and to the increase in prices for oil-based raw materials caused by the war in Iraq, financial results for the second quarter are estimated to be clearly lower than a year ago. Suominen's financial results for the entire year are expected to fall short of the 2002 figure. General uncertainty concerning the state of the world economy will increase the risks related to estimates.

SUOMINEN CORPORATION CONSOLIDATED JANUARY 1 - MARCH 31, 2003

STATEMENT OF INCOME

EUR 1 000	1 - 3/2003	%	1 - 3/2002	%	Change %	1 - 12/2002	%
Net sales	41 672	100.0	41 442	100.0	+0.6	174 810	100.0
Cost of goods sold	-35 822	-86.0	-34 904	-84.2	+2.6	-147 752	-84.5
Gross profit	5 850	14.0	6 538	15.8	-10.5	27 058	15.5
Sales and marketing expenses	-1 226	-2.9	-1 134	-2.7	+8.1	-4 432	-2.5
Administration expenses	-1 099	-2.6	-1 378	-3.3	-20.2	-5 982	-3.4
Other operating income and expenses	275	0.7	272	0.7	+1.1	765	0.4
Depreciation on goodwill	-2	0.0	-7	0.0		-13	0.0
Operating profit	3 798	9.1	4 291	10.4	-11.5	17 396	10.0
Financial income and expenses	-545	-1.3	-660	-1.6	-17.4	-2 335	-1.3
Profit before income taxes	3 253	7.8	3 631	8.8	-10.4	15 061	8.6
Income taxes *	-783	-1.9	-1 097	-2.6		-4 242	-2.4
Profit for the period	2 470	5.9	2 534	6.1	-2.5	10 819	6.2

* Taxes for the review period include 131 000 euros in tax refunds to the subsidiaries in Sweden.

BALANCE SHEET

EUR 1 000	3/2003	3/2002	12/2002
Assets			
Fixed assets			
Intangible assets	406	567	443
Tangible assets	86 067	95 116	89 311
Financial assets	682	425	555
Fixed assets, total	87 155	96 108	90 309
Current assets			
Inventories	18 668	18 230	18 600
Non-current receivables	0	93	0
Current receivables	28 608	23 261	24 469
Cash at bank and in hand	715	2 231	3 629
Current assets, total	47 991	43 815	46 698
Assets, total	135 146	139 923	137 007
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	7 913	7 913	7 913
Own shares	200	0	231
Other restricted equity	10 648	10 648	10 648
Equity in untaxed reserves	19 294	22 830	20 003
Other unrestricted equity	17 323	15 768	25 735
Shareholders' equity, total	55 378	57 159	64 530
Liabilities			
Deferred tax liability	9 961	11 405	10 153
Non-current liabilities	25 247	31 613	30 734
Current liabilities	44 560	39 746	31 590
Liabilities, total	79 768	82 764	72 477
Shareholders' equity and liabilities, total	135 146	139 923	137 007

KEY FIGURES

	3/2003	3/2002	12/2002
Earnings/share, EUR	0.16	0.16	0.68
Equity/share, EUR	3.49	3.61	4.07
Cash flow from operations/share, EUR	0.10	0.36	1.38
Return on equity, % (ROE)	16.5	17.2	17.9
Return on invested capital, % (ROI)	14.0	15.4	15.6
Equity ratio, %	40.9	40.9	47.1
Gearing, %	96.1	91.9	66.5
Gross investments, EUR 1 000	1 036	1 540	8 043
Depreciation, EUR 1 000	3 609	4 000	15 618

CASH FLOW STATEMENT

EUR 1 000	1 - 3/2003	1 - 3/2002	1 - 12/2002
Cash flow before change in working capital	7 408	8 173	32 885
Change in working capital	-4 515	-968	-3 057
Financial items and taxes	-1 350	-1 552	-8 072
Cash flow from operations	1 543	5 653	21 756
Investments	-818	-1 536	-8 169
Proceeds from sale of fixed assets	11	10	182
Cash flow from investing activities	-807	-1 526	-7 987
Dividends paid	-10 994	-6 289	-6 332
Change in interest-bearing liabilities	7 331	2 912	-5 461
Effect of exchange rate changes	12	-609	-437
Change in cash and cash equivalents	-2 915	141	1 539

FIGURES BY BUSINESS AREA**NET SALES**

EUR 1 000	1 - 3/2003	1 - 3/2002	Change %	1 - 12/2002
Nonwovens	20 953	20 460	+2.4	89 416
Flexible Packaging	17 384	17 614	-1.3	72 118
Webbing Products	3 307	3 338	-0.9	13 158
Other *	28	30		118
Total	41 672	41 442	+0.6	174 810

OPERATING PROFIT

EUR 1 000	1 - 3 /2003	% of net sales	1 - 3/2002	% of net sales	1 - 12/2002	% of net sales
Nonwovens	2 468	11.8	2 666	13.0	13 022	14.6
Flexible Packaging	1 118	6.4	1 836	10.4	5 616	7.8
Webbing Products	-9	-0.3	-175	-5.2	-683	-5.2
Other *	221		-36		-559	
Total	3 798	9.1	4 291	10.4	17 396	10.0

* Includes the parent company and consolidation items.

QUARTERLY RESULTS

EUR 1 000	II / 2002	III / 2002	IV / 2002	I / 2003	II / 2002 - I / 2003
Net sales					
Nonwovens	21 991	23 356	23 609	20 953	89 909
Flexible Packaging	18 285	17 352	18 867	17 384	71 888
Webbing Products	3 570	2 923	3 327	3 307	13 127
Other *	26	29	33	28	116
Net sales, total	43 872	43 660	45 836	41 672	175 040
Operating profit					
Nonwovens	3 476	3 204	3 676	2 468	12 824
% of net sales	15.8	13.7	15.6	11.8	14.3
Flexible Packaging	1 370	675	1 735	1 118	4 898
% of net sales	7.5	3.9	9.2	6.4	6.8
Webbing Products	-299	-126	-83	-9	-517
% of net sales	-8.4	-4.3	-2.5	-0.3	-3.9
Other *	-195	-129	-199	221	-302
Operating profit, total	4 352	3 624	5 129	3 798	16 903
% of net sales	9.9	8.3	11.2	9.1	9.7
Net financial expenses	-646	-577	-452	-545	-2 220
Profit before extraordinary items	3 706	3 047	4 677	3 253	14 683

* Includes the parent company and consolidation items.

AVERAGE PERSONNEL

	3 months/2003	3 months/2002	12 months/2002
Nonwovens	227	242	248
Flexible Packaging	621	635	652
Webbing Products	150	156	155
Product and Process Development	40	35	36
Group Management and Administration	13	12	13
Total	1 051	1 080	1 104

CONTINGENT LIABILITIES

EUR 1 000	3/2003	12/2002
For own debts		
Real estate mortgages	20 944	20 944
Business mortgages	7 388	7 388
Other own commitments		
Leasing payments and commitments	138	154

DERIVATIVE CONTRACTS

EUR 1 000	3/2003	12/2002
Currency derivatives		
Nominal value	7 416	8 506
Current value	19	154
Interest rate derivatives		
Nominal value	20 200	20 200
Current value	-842	-706
Electricity derivatives		
Nominal value	3 501	2 926
Current value	44	1 093

The figures have not been audited.

Helsinki on April 22, 2003

SUOMINEN CORPORATION
Board of Directors