

Suominen

Interim Review

January-March 2019

April 24, 2019

Petri Helsky, President and CEO

Tapio Engström, CFO

Agenda

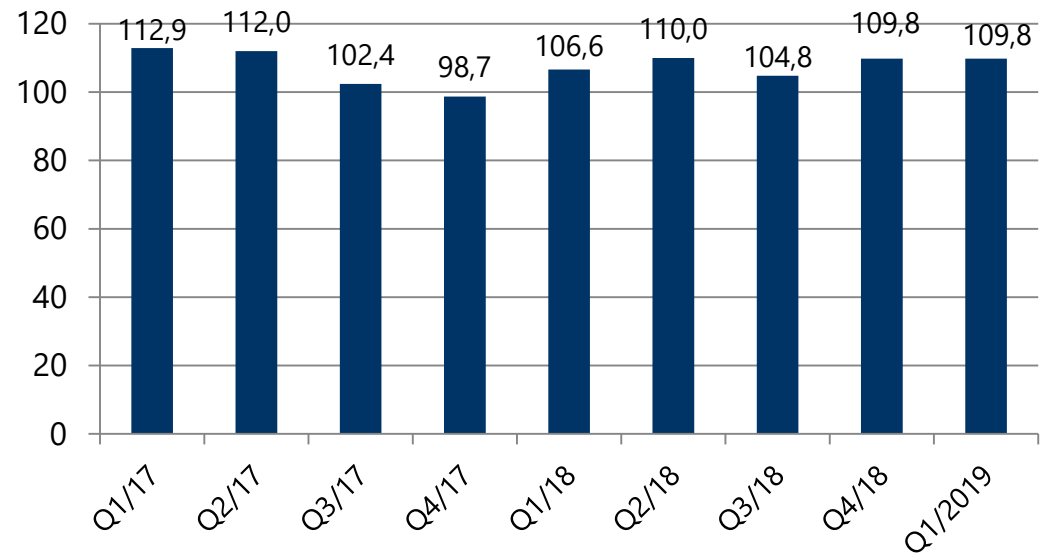
- Q1/2019 in brief
- Financial review Q1/2019
- New organization
- Innovative Suominen
- Outlook for 2019
- Q&A

Q1 in brief

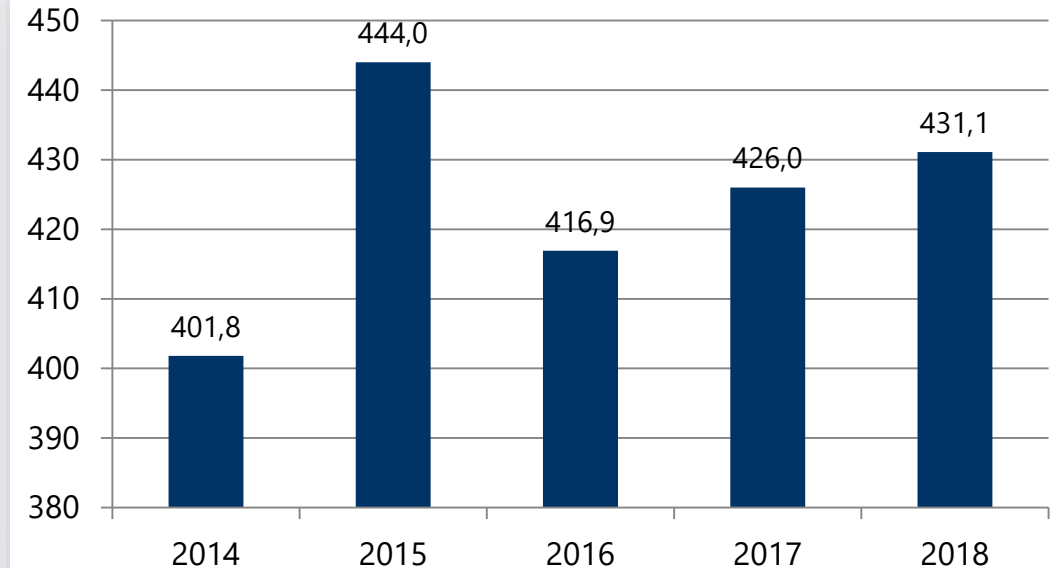
- Net sales increased by 3% to EUR 109.8 million
- Operating profit improved and amounted EUR 3.0 million
- Q1 was the best production quarter for our new manufacturing line in Bethune
 - During the quarter we conducted FAC's and other test runs, and we continue to run some test runs also in Q2
 - Test runs impacted negatively on the result, but the line's contribution to company's gross profit was however slightly positive
- The Group-wide ICT systems renewal continued as planned as the new system was taken into use at our Paulinia site in Brazil in April. The last remaining implementation will take place in Bethune plant, US in May.

Net sales increased thanks to increases in sales prices

Net sales, EUR million



Net sales, EUR million

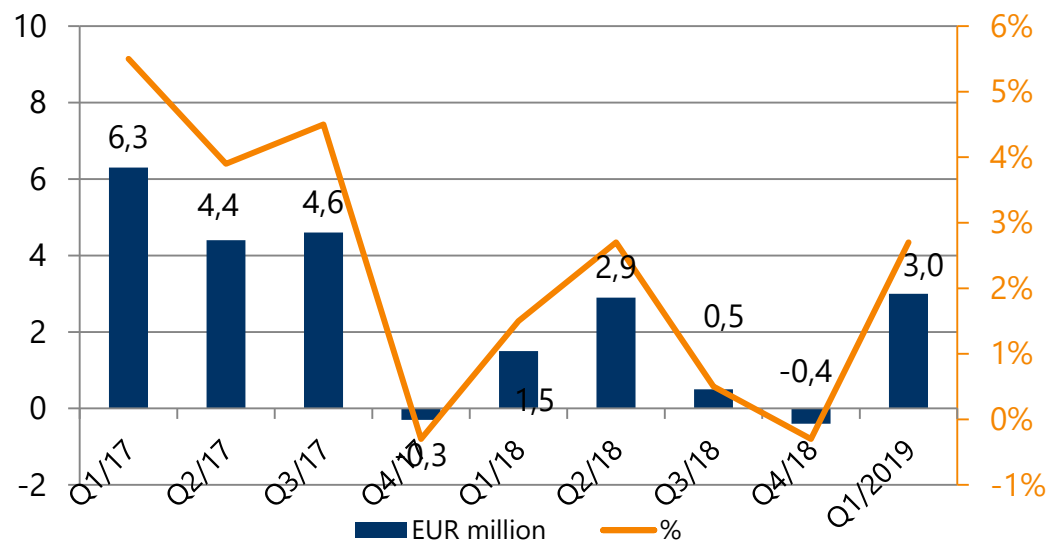


Continuing operations in 2014.

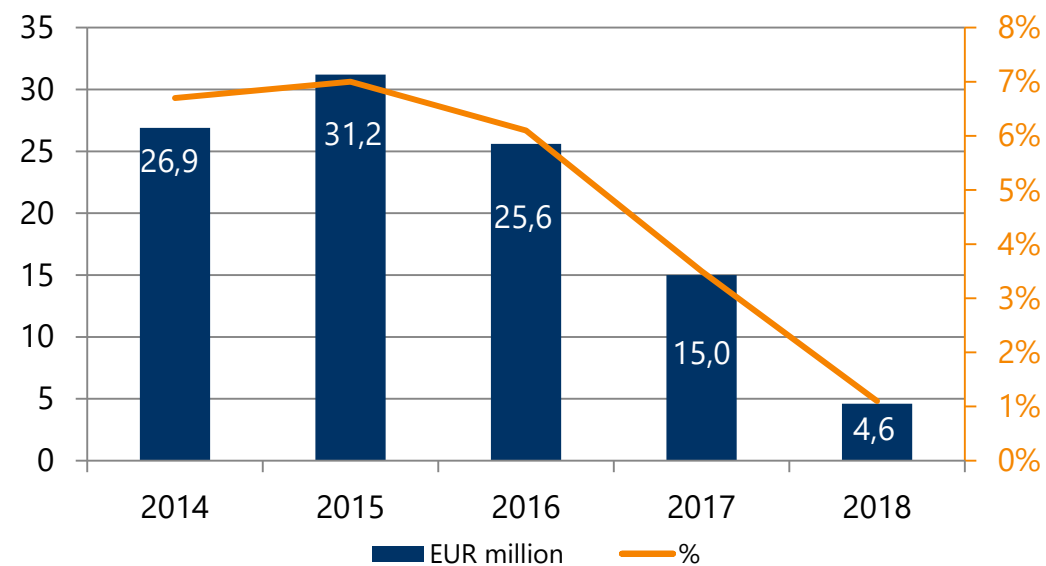
- Improved sales prices increased net sales. Sales volumes decreased.
- In Q1 the strengthening of the USD compared to EUR increased the net sales by EUR 4.7 million.

Operating profit improved

Operating profit



Comparable operating profit



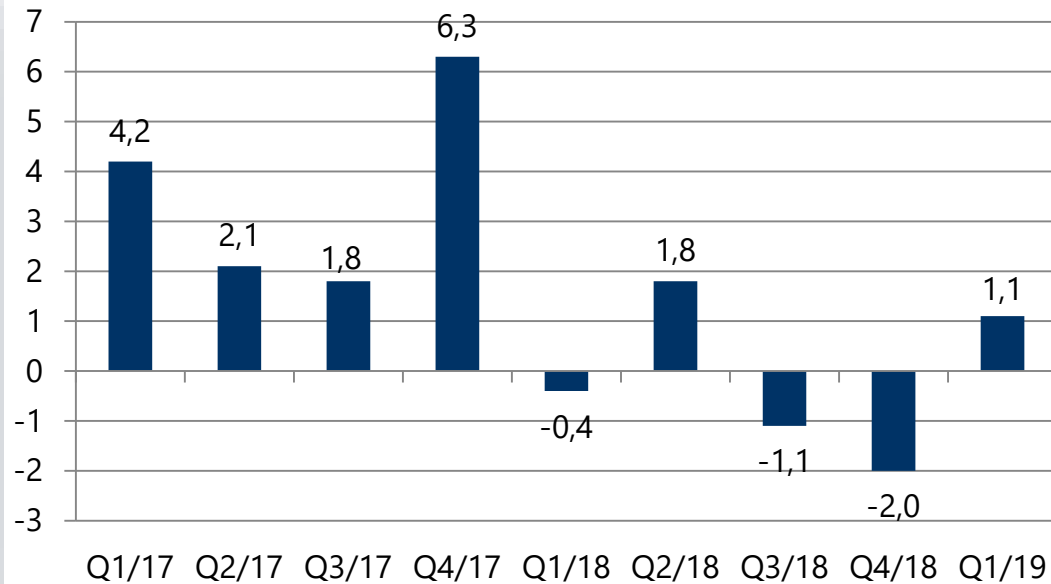
Continuing operations in 2014

- Operating profit improved mainly due to improved sales prices and change in the product and customer mix

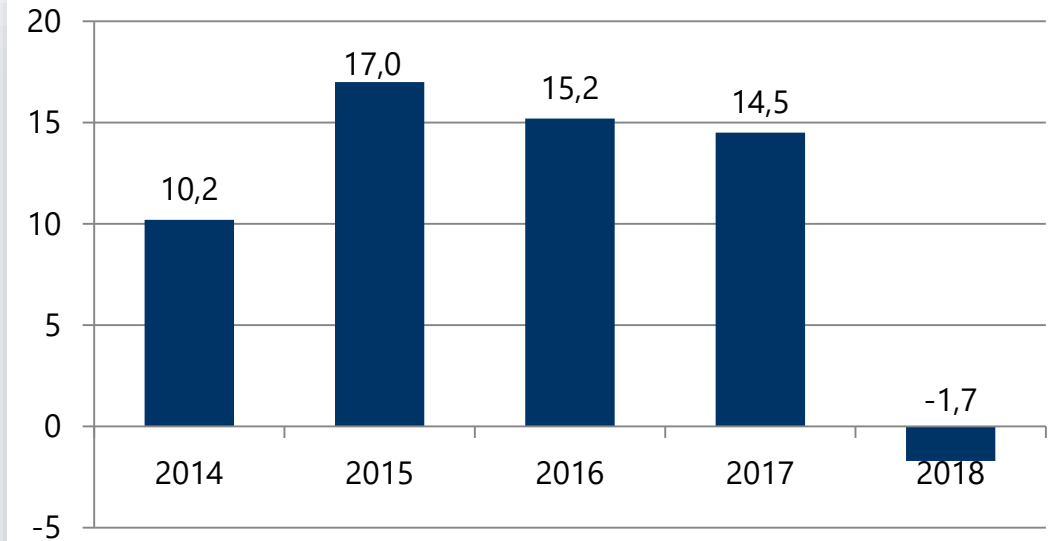
Financial review Q1

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	1-3/2019	1-3/2018	1-12/2018
Net sales	109,766	106,616	431,109
Cost of goods sold	-100,822	-98,769	-399,826
Gross profit	8,944	7,847	31,283
Other operating income	919	624	2,528
Sales and marketing expenses	-1,777	-1,780	-7,048
Research and development	-809	-808	-3,515
Administration expenses	-4,205	-4,337	-17,599
Other operating expenses	-111	2	-1,055
Operating profit	2,961	1,548	4,594
Net financial expenses	-1,297	-1,876	-5,557
Profit before income taxes	1,665	-328	-963
Income taxes	-539	-44	-757
Profit / loss for the period	1,126	-372	-1,720
Earnings per share, EUR			
Basic	0.02	-0.01	-0.03
Diluted	0.02	-0.01	-0.03

◀ Net sales increased

◀ Operating profit improved

Consolidated statement of financial position, assets

EUR thousand	31.3.2019	31.3.2018	31.12.2018 (restated)
Assets			
Non-current assets			
Goodwill	15,496	15,496	15,496
Intangible assets	21,478	18,346	21,231
Property, plant and equipment	129,366	129,907	129,391
Right-of-use assets	16,257	–	16,797
Loan receivables	3,348	3,072	3,348
Equity instruments	777	777	777
Other non-current receivables	1,040	1,618	1,393
Deferred tax assets	2,298	5,479	2,540
Total non-current assets	190,060	174,694	190,972
Current assets			
Inventories	50,699	42,999	51,583
Trade receivables	63,255	58,065	58,097
Loan receivables	4,017	4,337	4,017
Other current receivables	4,184	3,190	4,118
Assets for current tax	1,038	7,496	974
Cash and cash equivalents	21,881	17,047	27,757
Total current assets	145,074	133,134	146,545
Total assets	335,135	307,828	337,517

◀ Application of new lease standard

Consolidated statement of financial position, equity and liabilities

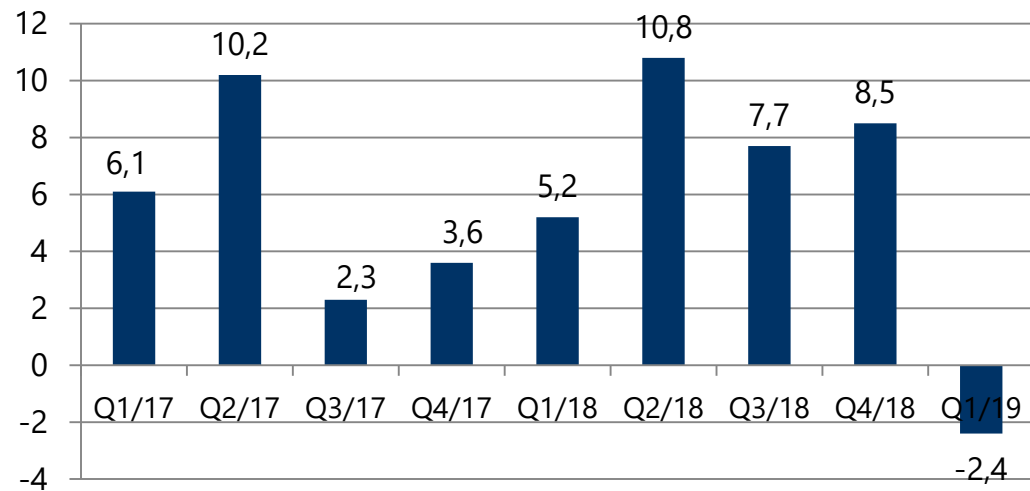
Equity and liabilities (EUR thousand)	31.3.2019	31.3.2018	31.12.2018 (restated)
Equity			
Share capital	11,860	11,860	11,860
Share premium account	24,681	24,681	24,681
Reserve for invested unrestricted equity	81,185	81,101	81,185
Treasury shares	-44	-44	-44
Fair value and other reserves	264	264	264
Exchange differences	1,377	-6,235	-669
Retained earnings	14,453	15,239	13,237
Total equity attributable to owners of the parent	133,776	126,866	130,513
Liabilities			
Non-current liabilities			
Deferred tax liabilities	12,495	14,147	12,373
Liabilities from defined benefit plans	841	914	847
Provisions	1,539	-	1,511
Non-current lease liabilities	12,109	131	12,706
Other non-current liabilities	17	17	17
Debentures	80,883	95,463	80,615
Total non-current liabilities	107,883	110,671	108,067
Current liabilities			
Debentures	15,701	-	15,687
Current lease liabilities	2,791	120	2,742
Other current interest-bearing liabilities	5,000	10,000	5,000
Liabilities for current tax	196	78	121
Trade payables and other current liabilities	69,788	60,092	75,386
Total current liabilities	93,476	70,290	98,936
Total liabilities	201,359	180,962	207,003
Total equity and liabilities	335,135	307,828	337,517

Application of new lease standard

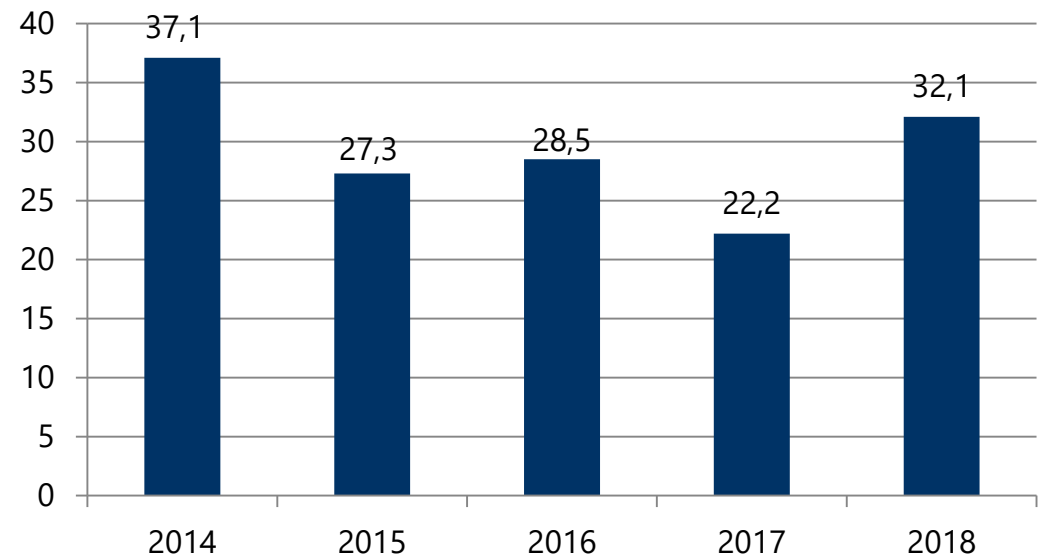
Application of new lease standard

Cash flow from operations

Cash flow from operations, EUR million



Cash flow from operations, EUR million



- Cash flow from operations declined mainly due to the change in net working capital

Statement of cash flows (1/2)

EUR thousand	1-3/2019	1-3/2018	1-12/2018
Cash flow from operations			
Profit for the period	1,126	-372	-1,720
Total adjustments to profit the period	8,467	7,237	27,210
Cash flow before changes in net working capital	9,592	6,865	25,490
Change in net working capital	-10,443	-732	5,621
Financial items	-944	-769	-4,677
Income taxes	-557	-192	5,715
Cash flow from operations	-2,352	5,172	32,148
Cash flow from investments			
Investments in property, plant and equipment and intangible assets	-3,160	-3,622	-15,039
Cash flow from disposed businesses	-	-	198
Sales proceeds from property, plant and equipment and intangible assets	0	-	4
Cash flow from investments	-3,160	-3,622	-14,837

Statement of cash flows (2/2)

Cash flow from financing			
Drawdown of current interest-bearing liabilities	-	-	5,000
Repayment of current interest-bearing liabilities	-715	-5,029	-15,118
Return of capital	-	-6,322	-6,322
Cash flow from financing	-715	-11,351	-16,440
Change in cash and cash equivalents	-6,226	-9,801	871
Cash and cash equivalents at the beginning of the period	27,757	27,240	27,240
Effect of changes in exchange rates	351	-392	-355
Change in cash and cash equivalents	-6,226	-9,801	871
Cash and cash equivalents at the end of the period	21,881	17,047	27,757

New organization

New business areas

- Suominen's new business areas are Europe and Americas
- Suominen continues to consist of one operating segment
- New organization enables more efficient, focused and agile organization
- Effective from July 1, 2019 onwards

Changes in the Executive team

- **Toni Tamminen** has been appointed as a new CFO, he will join the company on July 30, 2019
- CFO **Tapio Engström** will leave the company on May 3, 2019
 - **Sirpa Koskinen**, VP, Group Controller will act as an interim CFO until July 30, 2019

Changes in the Executive Team responsibilities

- **Ernesto Levy** has been appointed Senior Vice President, Americas business area, he is currently SVP, Convenience business.
- **Markku Koivisto** has been appointed interim Senior Vice President, Europe business area, he will continue also in his current role as SVP, CTO.
- **Lynda Kelly** has been appointed Senior Vice President, Business Development, she is currently SVP, Care business area.
- **Larry Kinn**, SVP Operational Excellence, will retire in July 2019. Operational Excellence will be part of the Global Operations.

Executive team July 1, 2019 onwards



Petri Helsky
President and CEO



Ernesto S. Levy
Americas



Lynda A. Kelly
Business
development



Toni Tamminen
CFO (July 30, 2019)



Markku Koivisto
Technology &
Europe



Mimoun Saïm
Global Operations

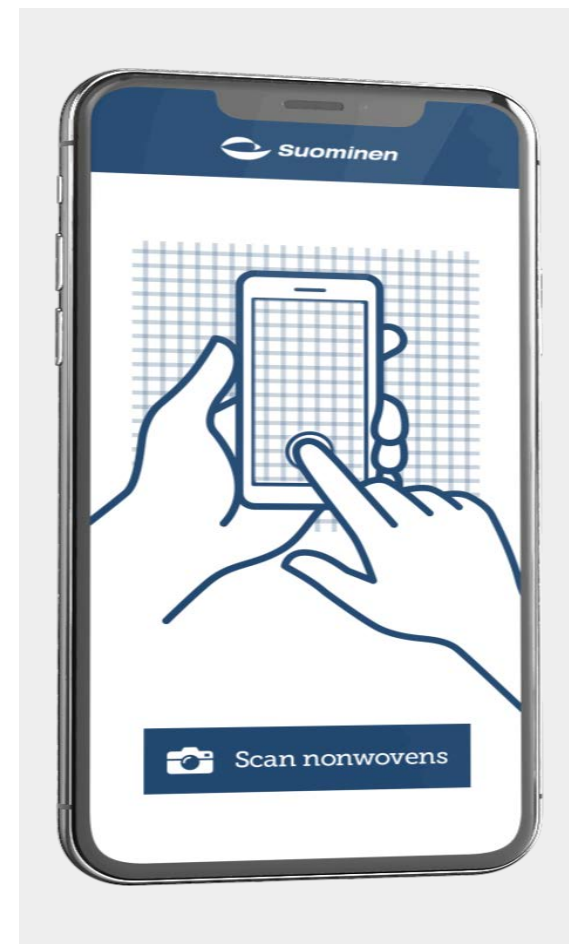


Hannu Sivula
Human Resources

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



Example of solution - Bio GENESIS®



Breakthrough plastic-free home care wipe

- 100% plastic-free material
 - Eco-friendly and biodegradable
- Superior look and feel
 - Greater aesthetic appeal
- As strong as comparable product containing plastic
 - Industrial standard strength testing
- Superior cleanability
 - Absorption capacity, dimensional stability, abrasion against existing product (Genesis)

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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Suominen