Interim Report

January 1 – March 31, 2019

Q1

Suominen

Suominen

Suominen Corporation's Interim Report on April 24, 2019 at 15:00 p.m. (EEST)

Suominen Corporation's Interim Report for 1 January – 31 March 2019:

Net sales and operating profit improved

KEY FIGURES

	1-3 / 2019	1- 3 / 2018	1-12 / 2018
Net sales, EUR million	**109.8**	106.6	431.1
Comparable operating profit, EUR million	**3.0**	1.5	4.6
Operating profit, EUR million	**3.0**	1.5	4.6
Profit for the period, EUR million	**1.1**	-0.4	-1.7
Earnings per share, basic, EUR	**0.02**	-0.01	-0.03
Earnings per share, diluted, EUR	**0.02**	-0.01	-0.03
Cash flow from operations per share, EUR	**-0.04**	0.09	0.56
Return on invested capital, rolling 12 months, %	**2.9**	4.6	2.3
Gearing, %	**68.3**	68.2	65.9*

*restated

In this financial report, figures shown in brackets refer to the comparison period last year if not otherwise stated.

Highlights in January–March 2019:

- Net sales increased by 3% and amounted to EUR 109.8 million (106.6). The positive impact of EUR/USD exchange rate changes on net sales was EUR 4.7 million.
- Operating profit improved to EUR 3.0 million (1.5) mainly due to improved sales prices as well as change in product and customer mix.
- Cash flow from operations declined to EUR -2.4 million (5.2) mainly due to the change in net working capital.

Outlook for 2019 unchanged

Suominen reiterates the outlook presented on January 31, 2019, in which Suominen expects that in 2019, its net sales will be at the level of 2018 (EUR 431.1 million) and comparable operating profit, excluding the positive effect of applying IFRS 16 Leases, will improve from 2018 (EUR 4.6 million).

Petri Helsky, President & CEO, comments on Suominen's first quarter of 2019:

"Suominen's net sales and profitability both improved in the first quarter. Our net sales increased by 3% from the comparison period and amounted EUR 109.8 (106.6) million. The improved sales prices as well as stronger USD compared to EUR improved our net sales, even though the sales volumes decreased. Our operating profit increased to EUR 3.0 (1.5) million, mainly due to improved sales prices as well as change in product and customer mix.

This is a positive start for the year, however we still have a lot to do to improve our result and performance. We need to continue to take necessary actions to improve Suominen's profitability. We will concentrate on further improving our production performance and continue to develop our commercial capabilities.

This first quarter was the best production quarter for our new manufacturing line in Bethune, SC, USA. During the quarter we conducted Final Acceptance Certifications (FAC) and other test runs. These FAC's and other test runs impacted negatively on the result, but the line's contribution to company's gross profit was however slightly positive. The other growth investment initiative at our plant in Green Bay, WI, USA proceeded as planned and we anticipate the new capabilities to be in full utilization by the end of 2019.

Our Group-wide renewal of ICT systems continued as planned as the new systems were taken into use at our Paulinia, Brazil plant on 1 April. The last remaining implementation of the new systems will take place at the Bethune, SC, plant in the US in May. I am certain that with this renewal we will increase our efficiency, productivity and transparency in the future."

NET SALES

In January–March 2019, Suominen's net sales increased by 3% from the comparison period to EUR 109.8 million (106.6). Sales volumes decreased, but the improved sales prices as well as stronger USD compared to EUR improved net sales. The strengthening of the USD compared to EUR increased the net sales by EUR 4.7 million.

Suominen has two business areas, Convenience and Care. Convenience business area supplies nonwovens as roll goods for a wide range of wiping applications. Care business area manufactures nonwovens for hygiene products and medical applications. Net sales of the Convenience business area were EUR 101.2 million (97.5) and net sales of the Care business area EUR 8.5 million (9.2).

The main application areas for nonwoven materials supplied by Suominen in January–March were baby wipes (accounting for 41% of the sales), home care wipes (23%), personal care wipes (18%), wipes for workplace use (9%), and hygiene and medical products (8%). All nonwovens for wiping products belong to the Convenience business area and nonwovens for hygiene and medical products to the Care business area. The proportions of nonwovens for baby wipes and home care wipes increased from the comparison period, while the share of nonwovens for personal care, and hygiene and medical decreased.

OPERATING PROFIT AND RESULT

Operating profit improved and amounted to EUR 3.0 million (1.5) mainly due to improved sales prices as well as change in product and customer mix. The effect of US dollar exchange rate fluctuation improved operating profit by EUR 0.1 million. The effect of application of IFRS 16 Leases standard on the operating profit was approximately EUR 60 thousand positive. The comparison period has not been restated.

Profit before income taxes was EUR 1.7 million (-0.3), and profit for the reporting period was EUR 1.1 million (-0.4).

FINANCING

The Group's net interest-bearing liabilities at nominal value amounted to EUR 91.4 million (86.5) at the end of the review period. The gearing ratio was 68.3% (68.2%) and the equity ratio 39.9% (41.2%).

In January–March, net financial expenses were EUR -1.3 million (-1.9), or 1.2% (1.8%) of net sales. The effect of application of IFRS 16 increased the financial expenses by EUR 0.3 million.. Fluctuations in exchange rates decreased the financial items by EUR 0.3 million. In the comparison period the fluctuations in exchange rates increased the financial items by EUR 0.7 million.

Cash flow from operations was EUR -2.4 million (5.2), representing a cash flow per share of EUR -0.04 (0.09). The decline in the cash flow from operations was mainly due to the change in net working capital. The financial items in the cash flow from operations, in total EUR -0.9 million (-0.8), were principally impacted by the interests of the debenture bond paid during the reporting period. EUR 10.4 million was tied up in working capital (in Q1 2018: tied up EUR 0.7 million).

CAPITAL EXPENDITURE

The gross capital expenditure totaled EUR 3.8 million (2.2) and was mainly related to the growth investment initiative at the Green Bay plant, WI, USA as well as to the Group-wide renewal of ICT systems. The implementation of the ICT renewal program was continued at the Paulinia plant in Brazil in April. At the end of Q2 2019 all our plants will be running with the new ICT system. Other investments were mainly for maintenance.

Depreciation and amortization for the review period amounted to EUR 6.3 million (5.0). The majority of the increase in depreciation and amortization compared to the previous year is due to application of IFRS 16 Leases standard.

INFORMATION ON SHARES AND SHARE CAPITAL

Share capital

The number of Suominen's registered shares was 58,259,219 shares on 31 March 2019, equaling to a share capital of EUR 11,860,056.00.

Share trading and price

The number of Suominen Corporation shares traded on Nasdaq Helsinki from 1 January to 31 March 2019 was 2,444,510 shares, accounting for 4.3% of the average number of shares (excluding treasury shares). The highest price was EUR 2.69, the lowest EUR 2.04 and the volume-weighted average price EUR 2.40. The closing price at the end of review period was EUR 2.24. The market capitalization (excluding treasury shares) was EUR 128.8 million on 31 March 2019.

Treasury shares

On 31 March 2019, Suominen Corporation held 762,970 treasury shares.

The portion of the remuneration of the members of the Board of Directors which shall be paid in shares

The Annual General Meeting held on 19 March 2019 decided that the remuneration payable to the members of the Board remains unchanged. 60% of the annual remuneration is paid in cash and 40% in Suominen Corporation's shares.

The number of shares forming the remuneration portion which is payable in shares will be determined based on the share value in the stock exchange trading maintained by Nasdaq Helsinki Ltd, calculated as the trade volume weighted average quotation of the share during the one month period immediately following the date on which the Interim Report of January–March 2019 of the company is published. The shares will be given out of the own shares held by the company by the decision of the Board of Directors by 31 May 2019 at the latest.

Share-based incentive plans for the management and key employees

The Group management and key employees participate to the company's share-based incentive plan. The plans are described in detail in the Financial Statements 2018 and in the Remuneration Statement 2018 of Suominen Corporation, available on the company's website, www.suominen.fi > Investors > Corporate Governance.

The Board of Directors of Suominen Corporation approved on 30 January 2019 a new share-based incentive plan for the Group management and Group key employees. The aim of the new plan is to combine the objectives of the shareholders and the persons participating in the plan in order to increase the value of the company in the long-term, to bind the participants to the company, and to offer them competitive reward plans based on earning and accumulating the company´s shares. The new plan is continuation of the share-based incentive plan, resolved by the Board of Directors in December 2017.

The new three-year earnings period of the plan includes calendar years 2019–2021. The Board of Directors decides on the plan's performance criteria and required performance levels for each criterion at the beginning of an earnings period. The plan is directed to approximately 20 people.

The potential reward of the plan from the performance period 2019–2021 will be based on the Relative Total Shareholder Return (TSR). The rewards to be paid on the basis of the performance period 2019–2021 correspond to the value of an approximate maximum total of 729,000 Suominen Corporation shares (including also the proportion to be settled in cash). The Board of Directors will be entitled to reduce the rewards agreed in the Performance Share Plan if the limits set by the Board of Directors for the share price are reached.

The potential rewards from the performance periods 2019–2021 will be settled partly in the company's shares and partly in cash in 2022. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. As a rule, no reward will be paid, if a participant´s employment or service ends before the reward payment.

A member of the Corporate Executive Team must hold 50% of the net number of shares given on the basis of the plan, as long as his or her shareholding in total corresponds to the value of half of his or her annual gross salary. The President & CEO of the Company must hold 50% of the net number of shares given on the basis of the plan, as long as his or her shareholding in total corresponds to the value of his or her annual gross salary. Such number of shares must be held as long as the participant's employment or service in a group company continues.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of Suominen Corporation was held on 19 March 2019.

The AGM adopted the Financial Statements and the Consolidated Financial Statements for the financial year 2018 and discharged the members of the Board of Directors and the President & CEO from liability for the financial year 2018.

The AGM decided, in accordance with the proposal by the Board of Directors, that no dividend will be distributed and no capital will be returned from the reserve for invested unrestricted equity for the financial year 2018, and the profit shall be transferred to retained earnings.

The AGM decided that the remuneration payable to the members of the Board remains unchanged. The Chair will be paid an annual fee of EUR 60,000, Deputy Chair of the Board an annual fee of EUR 37,500 and other Board members an annual fee of EUR 28,000. Further, the members of the Board will receive a fee of EUR 500 for each meeting of the Board of Directors held in the home country of the respective member and a fee of EUR 1,000 per each meeting of the Board of Directors held elsewhere than in the home country of the respective member. 60% of the remuneration is paid in cash and 40% in Suominen Corporation’s shares. Compensation for expenses is paid in accordance with the company's valid travel policy. The decision was in accordance with the proposal by the Shareholders’ Nomination Board.

The AGM decided that the number of Board members remains unchanged at six (6). Mr. Jan Johansson was re-elected as Chair of the Board of Directors and Mr. Andreas Ahlström, Mr. Risto Anttonen, Mr. Hannu Kasurinen, Ms. Laura Raitio were re-elected as members of the Board of Directors. Ms. Sari Pajari was elected as a new member of the Board. The decisions were in accordance with the proposal by the Shareholders’ Nomination Board.

Ernst & Young Oy, Authorised Public Accountant firm, was re-elected as the auditor of the company for the next term of office in accordance with the Articles of Association. Ernst & Young Oy has announced that it will appoint Mr. Toni Halonen, Authorised Public Accountant, as the principally responsible auditor of the company. The AGM decided that the auditor's fee would be paid according to the invoice accepted by the company. The decisions were in accordance with the proposal of the Board of Directors and the recommendation by the Audit Committee.

The AGM authorized the Board of Directors to decide on the repurchase of the company’s own shares and to resolve on the issuance of shares and granting of options and the issuance of special rights entitling to shares. The decision was in accordance with the proposal by the Board of Directors. The terms and conditions of the authorization are explained later in this interim report.

Constitutive meeting and permanent committees of the Board of Directors

In its organizing meeting held after the AGM, the Board of Directors re-elected Risto Anttonen as Deputy Chair of the Board.

The Board of Directors elected from among its members the members for the Audit Committee and Personnel and Remuneration Committee. Hannu Kasurinen was re-elected as the Chair of the Audit Committee and Andreas Ahlström and Laura Raitio were re-elected as members. Jan Johansson was re-elected as the Chair of the Personnel and Remuneration Committee and Risto Anttonen was re-elected as a member. Sari Pajari was elected as a new member to the Personnel and Remuneration Committee.

Authorizations of the Board of Directors

The Annual General Meeting (AGM) held on 19 March 2019 authorized the Board of Directors to decide on the repurchase a maximum of 400,000 of the company’s own shares. The company’s own shares shall be repurchased otherwise than in proportion to the holdings of the shareholders by using the nonrestricted equity through trading on regulated market organized by Nasdaq Helsinki Ltd at the market price prevailing at the time of acquisition. The shares shall be repurchased and paid in accordance with the rules of Nasdaq Helsinki Ltd and Euroclear Finland Ltd. The shares shall be repurchased to be used in company's share-based incentive programs, in order to disburse the remuneration of the members of the Board of Directors, for use as consideration in acquisitions related to the company's business, or to be held by the company, to be conveyed by other means or to be cancelled. The Board of Directors shall decide on other terms and conditions related to the repurchase of the company's own shares. The repurchase authorization shall be valid until 30 June 2020 and it revokes all earlier authorizations to repurchase company's own shares.

The Annual General Meeting (AGM) held on 19 March 2019 authorized the Board of Directors to decide on issuing new shares and/or conveying the company's own shares held by the company and/or granting options and other special rights referred to in Chapter 10, Section 1 of the Finnish Companies Act. New shares may be issued, and the company's own shares may be conveyed to the company's shareholders in proportion to their current shareholdings in the company; or by waiving the shareholder's pre-emption right, through a directed share issue if the company has a weighty financial reason to do so, such as, for example, using the shares as consideration in possible acquisitions or other arrangements related to the company's business, as financing for investments, using shares as part of the company's incentive program or using the shares for disbursing the portion of the Board members' remuneration that is to be paid in shares. The new shares may also be issued without payment to the company itself. New shares may be issued and/or company's own shares held by the company or its group company may be conveyed at the maximum amount of 5,000,000 shares in aggregate.

The Board of Directors may grant options and other special rights referred to in Chapter 10, Section 1 of the Finnish Companies Act, which carry the right to receive against payment new shares or own shares held by the company. The right may also be granted to the company's creditor in such a manner that the right is granted on condition that the creditor's receivable is used to set off the subscription price ("Convertible Bond"). However, options and other special rights referred to in Chapter 10, Section 1 of the Companies Act cannot be granted as part of the company's remuneration plan.

The maximum number of new shares that may be subscribed and own shares held by the company that may be conveyed by virtue of the options and other special rights granted by the company is 5,000,000 shares in total which number is included in the maximum number stated above.

The authorizations shall revoke all earlier authorizations regarding share issue and issuance of special rights entitling to shares. The Board of Directors shall decide on all other terms and conditions related to the authorizations. The authorizations shall be valid until 30 June 2020.

CHANGES IN THE CORPORATE EXECUTIVE TEAM

Petri Helsky started as the President & CEO of Suominen on 7 January 2019. Tapio Engström, Senior Vice President & CFO acted as Suominen's interim President & CEO from 3 August 2018 until 7 January 2019.

Suominen announced on 9 January 2019, that the CFO of Suominen Corporation and member of Suominen Executive Team Tapio Engström will leave Suominen on 8 July 2019 at the latest.

NOTIFICATIONS UNDER CHAPTER 9, SECTION 5 OF THE SECURITIES MARKET ACT

During the review period Suominen received no notifications under Chapter 9, Section 5 of the Securities Market Act.

BUSINESS RISKS AND UNCERTAINTIES

Global political developments and changes in consumer preferences could have an adverse effect on Suominen. For instance, a political decision that constrains the global free trade may significantly impact the availability and price of certain raw materials, which would in turn affect Suominen's business and profitability. Suominen's geographical and customer-industry diversity provides partial protection against this risk.

The demand for Suominen's products depends on the development of consumer preferences. Historically, changes in global consumer preferences have had mainly positive impact on Suominen, as they have resulted in the growing demand for products made of nonwovens. However, certain factors, including consumers' attitude towards the use of products made even partially of oil-based raw materials, or their perception on the sustainability of disposable products in general, might rapidly change the consumers' preferences and buying habits. Suominen monitors the consumer trends proactively and develops its product offering accordingly. The company has had biodegradable, 100% plant-based nonwovens in its portfolio for over 10 years. Suominen also interacts with policymakers regarding the so-called Single-Use Plastic Directive proposal in the European Union.

The estimate on the development of Suominen's net sales is partially based on forecasts and delivery plans received from the company's customers. Changes in these forecasts and plans, resulting from changes in the market conditions or in customers' inventory levels, may affect Suominen's net sales.

Suominen's customer base is fairly concentrated, which adds to the customer-specific risk. This may affect Suominen's financial result if customers' purchasing habits become more cautious as a result of a changes in consumption, or as a result of sales losses. In 2018, the Group's ten largest customers accounted for 65% (63%) of the Group net sales. Long-term contracts are preferred with the largest customers. In practice the customer relationships are long-term and last for several years. Customer-related credit risks are managed in accordance with a risk policy approved by the Board of Directors. Credit limits are confirmed for customers on the basis of credit ratings and customer history.

The relevance of the United States in Suominen's business operations increases the significance of the exchange rate risk related to USD in the Group's total exchange risk position. Suominen hedges this foreign exchange position in accordance with its hedging policy.

The risks that are characteristic to South American region, including significant changes in business environment or exchange rates, could have an impact on Suominen's operations in Brazil.

Suominen purchases significant amounts of pulp- and oil-based raw materials annually. Raw materials are the largest cost item for operations. Rapid changes in the global market prices of raw materials have an impact on the company's profitability. Suominen's stocks equal to two to four weeks' consumption and passing on the price changes of these raw materials to the prices Suominen charges its contract customers takes two to five months.

Extended interruptions in the supply of Suominen's main raw materials could disrupt production and have a negative impact on the Group's overall business operations. As Suominen sources most of its raw materials from a number of major international suppliers, significant interruptions in the production of the majority of Suominen's products are unlikely.

Suominen has numerous regional, national and international competitors in its different product groups. There is currently oversupply in some product groups in Suominen's both principal market regions. Products based on new technologies and imports from countries of lower production costs may reduce Suominen's competitive edge. If Suominen is not able to compete with an attractive product offering, it may lose some of its market share. Competition may lead to increased pricing pressure on the company's products.

Suominen continuously invests in its manufacturing facilities. The deployment of the investments may delay from what was planned, the costs of the investments may increase from what has been expected or the investments may create less business benefits than anticipated. The deployment phase of investments may cause temporary interruptions in operations.

Suominen's operations are dependent on the integrity, security and stable operation of its ICT systems and software as well as on the successful management of cyber risks. If Suominen's ICT systems and software were to become unusable or significantly impaired for an extended period of time, or the cyber risks are realized, Suominen's reputation as well as ability to deliver products at the appointed time, order raw materials and handle inventory could be adversely impacted.

There could be a risk of Suominen's business operations being interrupted due to abrupt and unforeseen events, such as power outages or fire and water damage. Suominen may not be able to control these events through predictive actions, which could lead to interruptions in business. Risks of this type are insured in order to guarantee the continuity of operations. As Suominen has valid damage and business interruption insurance, it is expected that the damage would be compensated, and the financial losses caused by the interruption of business would be covered.

Suominen uses certain technologies in its production. In the management's view, the chosen technologies are competitive and there is no need to make major investments in new technologies. However, it cannot be excluded that the company's technology choices could prove wrong, and the development of new or substitute technologies would then require investments.

Suominen aims to protect its business against product liability risks through the use of systematic quality assurance processes and products liability insurance. Technology function of the company is responsible for ensuring the underlying safety of the group´s products during their development. Continuous quality control is designed to guarantee product quality during production. Management considers it unlikely that the Group will face significant product liability-related claims and is unaware of any such claims.

Suominen is subject to corporate income taxes in numerous jurisdictions. Significant judgment is required to determine the total amount of corporate income tax at Group level. There are many transactions and calculations that leave room for uncertainty as to the final amount of the income tax. Tax risks relate also to changes in tax rates or tax legislation or misinterpretations, and materialization of the risks could result in increased payments or sanctions by the tax authorities, which in turn could lead to financial loss. Deferred tax assets included in the statement of financial position require that the deferred tax assets can be recovered against the future taxable income.

The Group is exposed to several financial risks, such as foreign exchange, interest rate, counterparty, liquidity and credit risks. The Group's financial risks are managed in line with a policy confirmed by the Board of Directors. The financial risks are described in the note 3 of the Financial Statements.

Suominen performs goodwill impairment testing annually. In impairment testing the recoverable amounts are determined as the value in use, which comprises of the discounted projected future cash flows. Actual cash flows can differ from the discounted projected future cash flows. Uncertainties related to the projected future cash flows include, among others, the long economic useful life of the assets and changes in the forecast sales prices of Suominen's products, production costs as well as discount rates used in testing. Due to the uncertainty inherent in the future, it is possible that Suominen's recoverable amounts will be insufficient to cover the carrying amounts of assets, particularly goodwill. If this happens, it will be necessary to recognize an impairment loss, which, when implemented, will weaken the result and equity. Goodwill impairment testing has been described in the consolidated financial statements.

BUSINESS ENVIRONMENT

Suominen's nonwovens are, for the most part, used in daily consumer goods, such as wet wipes as well as in hygiene and medical products. In these target markets of Suominen, the general economic situation and consumer confidence determines the development of consumer demand, even though the demand for consumer goods is not very cyclical in nature. North America and Europe are the largest market areas for Suominen. In addition, the company operates in South American markets. The growth in the demand for nonwovens has typically exceeded the growth of gross domestic product by a couple of percentage points.

In the euro area, the consumer confidence index increased slightly in the beginning of the year. In the United States the consumer confidence index instead declined slightly. The consumer confidence index is still strong in both geographical areas.

Suominen assesses the trend in the demand for its products on the basis of both the general market situation and, above all, on the basis of the framework agreements drawn up with its customers. There is currently overcapacity in the market, mainly in nonwovens for baby wipes and flushables.

At large, the growth in the demand in Suominen's target markets is expected to continue in 2019, on average, at the pace of 2018.

OUTLOOK FOR 2019

Suominen repeats its estimate, disclosed on 31 January 2019, that 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. In 2019 and 2018 Suominen had no items affecting the comparability of the operating profit. The calculation of comparable operating profit is explained in the disclosures of this release.

ANALYST AND PRESS CONFERENCE

Petri Helsky, President & CEO, and Tapio Engström, CFO, will present the Q1 financial result in Finnish at an analyst and press conference in Helsinki on Wednesday, April 24 at 3:30 pm (EEST). The conference will take place at Suominen's Helsinki office, address Itämerentori 2. The presentation material will be available after the analyst and press conference at www.suominen.fi

NEXT FINANCIAL REPORT

Suominen Corporation will publish its Half Year Report 2019 on Wednesday, August 7, 2019 approximately at 1:00 pm (EEST).

SUOMINEN GROUP 1 JANUARY–31 MARCH 2019

The figures in these interim financial statements are mainly presented in EUR thousands. As a result of rounding differences, the figures presented in the tables do not necessarily add up to total.

This interim report has not been audited.

This interim report has been prepared in accordance with the principles defined in IAS 34 Interim Financial Reporting. The principles for preparing the interim report are the same as those used for preparing the consolidated financial statements for 2018, with the exception of the effect of the new accounting standards and interpretations which have been applied from 1 January 2019.

Below are disclosed separately those new standards, amendments and interpretations, which have been applied from 1 January 2019 and which have a material effect on Suominen. Other new or amended standards or interpretations applicable from 1 January 2019 are not material for Suominen Group. The effects of the changes in accounting principles on Suominen's opening balances in the statement of financial position are presented in separate tables at the end of this interim report.

IFRS 16 Leases

IFRS 16 Leases is effective for the reporting periods beginning on 1 January 2019 or later. In accordance with the new standard, the lessee recognizes assets and liabilities for the rights and obligations created by leases. The new standard increased interest-bearing liabilities and property, plant and equipment (right-of-use assets) in the consolidated financial statements of Suominen. In addition, the rental expenses recognized in profit or loss have decreased and depreciation as well as interest expenses have increased. This has affected operating profit.

Suominen owns the majority of its production facilities (ie. buildings and land) as well as all of its production lines. The most significant leasing agreements Suominen has consist of the leased production facilities in Italy and Windsor Locks, USA. Other leasing agreements are mainly leasing agreements on offices and smaller machinery and equipment.

The carrying amounts of the lease liabilities and right-of-use assets depend on, among other things, the length of the leasing contracts as well as the potential options and possibilities to lengthen or shorten the lease term. The carrying amounts are especially affected with the estimates made of the lease terms and possible renewals of the lease agreements of the production facilities. Suominen has restated its statement of financial position as of 31 December 2018. The carrying amounts of lease liabilities were at the end of 2018 EUR 15.3 million and right-of-use assets arising from application of IFRS 16 were EUR 16.8 million. In addition, Suominen has recognized provisions related to the leased property.

Suominen has applied the modified retrospective approach in application of IFRS 16. With this approach the comparative information is not restated and the lease liabilities at transition date equaled the present value of remaining lease payments. In addition, IFRS 16 was not applied to leases ending within 12 months from the transition date of 1 January 2019 nor to low value leases. At transition, IFRS 16 has also been applied only to contracts which have been previously identified as leases. The discount rates used in calculation of the lease liabilities were the discount rates at transition date.

After transition Suominen has applied the recognition exemptions allowed by IFRS 16. This means that low value leases or leases, where the lease term is initially 12 months or less, are recognized as rental expenses in the statement of profit or loss. In addition, the lease and non-lease components are not separated for all asset classes.

IFRIC Interpretation 23: Uncertainty over Income Tax Treatments

IFRIC 23 Interpretation clarifies the accounting of uncertainty in accounting for income taxes. Under IFRIC 23 the key test is whether it is probable that the tax authority will accept the company's chosen tax treatment. If it is probable that the tax authority accepts the company's chosen tax treatment in the tax return, there is no uncertainty which would have to be recognized in the financial statements. If it is not probable, then the uncertainty is reflected in the measurement of current or deferred tax. The uncertainty is reflected in the measurement by using either the most likely amount or the expected value, which ever predicts the outcome better.

The judgements and estimates applied in estimating the uncertainty over an income tax treatment are reassessed if facts and circumstances change.

In accordance with the interpretation, the company has to determine, whether to consider each tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty in tax treatments has to be followed.

Suominen has applied the interpretation from 1 January 2019 without restating comparative information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	**31.3.2019**	31.3.2018	Restated 31.12.2018
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

Equity and liabilities

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	**1-3/2019**	1-3/2018	1-12/2018
Profit for the period	**1,126**	-372	-1,720
Other comprehensive income:			
Other comprehensive income that will be subsequently reclassified to profit or loss			
Exchange differences	**2,238**	-3,339	2,936
Income taxes related to other comprehensive income	**-192**	255	-454
Total	**2,046**	-3,084	2,482
Other comprehensive income that will not be subsequently reclassified to profit or loss			
Remeasurements of defined benefit plans	–	–	-41
Income taxes related to other comprehensive income	–	–	11
Total	**–**	–	-29
Total other comprehensive income	**2,046**	-3,084	2,452
Total comprehensive income for the period	**3,172**	-3,457	732

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares
Equity 1 January 2019	**11,860**	**24,681**	**81,185**	**-44**
Profit / loss for the period	–	–	–	–
Other comprehensive income	–	–	–	–
Total comprehensive income	**–**	**–**	**–**	**–**
Share-based payments	–	–	–	–
Equity 31 March 2019	**11,860**	**24,681**	**81,185**	**-44**

EUR thousand	Exchange differences	Fair value and other reserves	Retained earnings	Total equity attributable to owners of the parent
Equity 1 January 2019	**-669**	**264**	**13,237**	**130,513**
Profit / loss for the period	–	–	1,126	1,126
Other comprehensive income	2,046	–	–	2,046
Total comprehensive income	**2,046**	**–**	**1,126**	**3,172**
Share-based payments	–	–	91	91
Equity 31 March 2019	**1,377**	**264**	**14,453**	**133,776**

EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares
Equity 1 January 2018	**11,860**	**24,681**	**87,423**	**-44**
Profit / loss for the period	–	–	–	–
Other comprehensive income	–	–	–	–
Total comprehensive income	**–**	**–**	**–**	**–**
Share-based payments	–	–	–	–
Return of capital	–	–	-6,322	–
Conveyance of treasury shares	–	–	–	–
Equity 31 March 2018	**11,860**	**24,681**	**81,101**	**-44**

EUR thousand	Exchange differences	Fair value and other reserves	Retained earnings	Total equity attributable to owners of the parent

Equity 1 January 2018	**-3,151**	**264**	**15,761**	**136,794**
Profit / loss for the period	–	–	-372	-372
Other comprehensive income	-3,084	–	–	-3,084
Total comprehensive income	**-3,084**	**–**	**-372**	**-3,457**
Share-based payments	–	–	-149	-149
Return of capital	–	–	–	-6,322
Conveyance of treasury shares	–	–	–	–
Equity 31 March 2018	**-6,235**	**264**	**15,239**	**126,866**

EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares
Equity 1 January 2018	**11,860**	**24,681**	**87,423**	**-44**
Profit / loss for the period	–	–	–	–
Other comprehensive income	–	–	–	–
Total comprehensive income	**–**	**–**	**–**	**–**
Share-based payments	–	–	–	–
Return of capital	–	–	-6,322	–
Unpaid return of capital, booking back to equity	–	–	0	–
Conveyance of treasury shares	–	–	84	–
Equity 31 December 2018	**11,860**	**24,681**	**81,185**	**-44**

EUR thousand	Exchange differences	Fair value and other reserves	Retained earnings	Total equity attributable to owners of the parent
Equity 1 January 2018	**-3,151**	**264**	**15,761**	**136,794**
Profit / loss for the period	–	–	-1,720	-1,720
Other comprehensive income	2,482	–	-29	2,452
Total comprehensive income	**2,482**	**–**	**-1,749**	**732**
Share-based payments	–	–	-775	-775
Return of capital	–	–	–	-6,322
Unpaid return of capital, booking back to equity	–	–	–	0
Conveyance of treasury shares	–	–	–	84
Equity 31 December 2018	**-669**	**264**	**13,237**	**130,513**

CONSOLIDATED STATEMENT OF CASH FLOWS

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
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

KEY RATIOS

	1-3/2019	1-3/2018	Restated 1-12/2018
Change in net sales, % *	**3.0**	-5.6	1.2
Gross profit, as percentage of net sales, %	**8.1**	7.4	7.3
Comparable gross profit, as percentage of net sales, %	**8.1**	7.4	7.3

Operating profit, as percentage of net sales, %	**2.7**	1.5	1.1
Comparable operating profit, as percentage of net sales, %	**2.7**	1.5	1.1
Net financial items, as percentage of net sales, %	**-1.2**	-1.8	-1.3
Profit before income taxes, as percentage of net sales, %	**1.5**	-0.3	-0.2
Profit for the period, as percentage of net sales, %	**1.0**	-0.3	-0.4
Gross capital expenditure, EUR thousand	**3,794**	2,236	13,580
Depreciation and amortization, EUR thousand	**6,347**	4,999	21,018
Return on equity, rolling 12 months, %	**-0.2**	7.4	-1.3
Return on invested capital, rolling 12 months, %	**2.9**	4.6	2.3
Equity ratio, %	**39.9**	41.2	38.7
Gearing, %	**68.3**	68.2	65.9
Average number of personnel	**690**	664	676
Earnings per share, EUR, basic	**0.02**	-0.01	-0.03
Earnings per share, EUR, diluted	**0.02**	-0.01	-0.03
Cash flow from operations per share, EUR	**-0.04**	0.09	0.56
Equity per share, EUR	**2.33**	2.21	2.27
Number of shares, end of period, excluding treasury shares	**57,496,249**	57,472,507	57,496,249
Share price, end of period, EUR	**2.24**	3.74	2.05
Share price, period low, EUR	**2.04**	3.66	1.80
Share price, period high, EUR	**2.69**	4.60	4.60
Volume weighted average price during the period, EUR	**2.40**	4.16	3.10
Market capitalization, EUR million	**128.8**	214.9	117.9
Number of traded shares during the period	**2,444,510**	793,480	3,643,880
Number of traded shares during the period, % of average number of shares	**4.3**	1.4	6.3

* Compared with the corresponding period in the previous year.

	31.3.2019	31.3.2018	31.12.2018
Interest-bearing net debt, EUR thousands			
Non-current interest-bearing liabilities, nominal value	**97,109**	100,861	97,706
Current interest-bearing liabilities, nominal value	**23,521**	10,120	23,472
Interest-bearing receivables and cash and cash equivalents	**-29,247**	-24,457	-35,122
Interest-bearing net debt	**91,383**	86,525	86,056

CALCULATION OF KEY RATIOS AND ALTERNATIVE PERFORMANCE MEASURES

Key ratios per share are either IFRS key ratios (earnings per share) or required by Ordinance of the Ministry of Finance in Finland or alternative performance measures (cash flow from operations per share).

Some of the other key ratios Suominen publishes are alternative performance measures. An alternative performance measure is a key ratio which has not been defined in IFRS standards. Suominen believes that the use of alternative performance measures provides useful information for example to investors regarding the Group's financial and operating performance and makes it easier to make comparisons between the reporting periods.

The link between the components of the key ratios per share and the consolidated financial statements is presented in the consolidated financial statements of 2018. The link between the components of the alternative performance measures and the consolidated financial statements is presented in Suominen's Annual Report for 2018.

Calculation of key ratios per share

Earnings per share

$$\text{Basic earnings per share (EPS)} = \frac{\text{Profit for the period, net of tax}}{\text{Share-issue adjusted average number of shares excluding treasury shares}}$$

$$\text{Diluted earnings per share (EPS)} = \frac{\text{Profit for the period}}{\text{Average diluted share-issue adjusted number of shares excluding treasury shares}}$$

EUR thousand	**31.3.2019**	**31.3.2018**	**31.12.2018**
Profit for the period	1,126	-372	-1,720
Average share-issue adjusted number of shares	57,496,249	57,401,848	57,468,939
Average diluted share-issue adjusted number of shares excluding treasury shares	57,518,997	57,442,076	57,508,720

Earnings per share

EUR			
Basic	0.02	-0.01	-0.03
Diluted	0.02	-0.01	-0.03

Cash flow from operations per share

$$\text{Cash flow from operations per share} = \frac{\text{Cash flow from operations}}{\text{Share-issue adjusted number of shares excluding treasury shares, end of reporting period}}$$

	31.3.2019	31.3.2018	31.12.2018
Cash flow from operations, EUR thousand	-2,351	5,172	32,148
Share-issue adjusted number of shares excluding treasury shares, end of reporting period	57,496,249	57,472,507	57,496,249
Cash flow from operations per share, EUR	-0.04	0.09	0.56

Equity per share

$$\text{Equity per share} = \frac{\text{Total equity attributable to owners of the parent}}{\text{Share-issue adjusted number of shares excluding treasury shares, end of reporting period}}$$

	31.3.2019	31.3.2018	31.12.2018
Total equity attributable to owners of the parent, EUR thousand	133,776	126,866	130,513
Share-issue adjusted number of shares excluding treasury shares, end of reporting period	57,496,249	57,472,507	57,496,249
Equity per share, EUR	2.33	2.21	2.27

Market capitalization

Market capitalization = Number of shares at the end of reporting period excluding treasury shares x share price at the end of period

	31.3.2019	31.3.2018	31.12.2018
Number of shares at the end of reporting period excluding treasury shares	57,496,249	57,472,507	57,496,249
Share price at end of the period, EUR	2.24	3.74	2.05
Market capitalization, EUR million	128.8	214.9	117.9

Share turnover

Share turnover = The proportion of number of shares traded during the period to weighted average number of shares excluding treasury shares

	31.3.2019	31.3.2018	31.12.2018
Number of shares traded during the period	2,444,510	793,480	3 643 880
Average number of shares excluding treasury shares	57 496 249	57,401,848	57,468,939
Share turnover, %	4.3	1.4	6.3

Calculation of key ratios and alternative performance measures

Operating profit and comparable operating profit

Operating profit (EBIT)	=	Profit before income taxes + net financial expenses
Comparable operating profit (EBIT)	=	Profit before income taxes + net financial expenses, adjusted with items affecting comparability

In order to improve the comparability of result between reporting periods, Suominen presents comparable operating profit as an alternative performance measure. Operating profit is adjusted with material items that are considered to affect comparability between reporting periods. These items include, among others, impairment losses or reversals of impairment losses, gains or losses from the sales of property, plant and equipment or intangible assets or other assets and restructuring costs. Suominen did not have any items affecting comparability in 2019 or 2018.

EBITDA

EBITDA	=	EBIT + depreciation, amortization and impairment losses

EUR thousand	31.3.2019	31.3.2018	31.12.2018
Operating profit	2,961	1,548	4,594
+ Depreciation, amortization and impairment losses	6,347	4,999	21,018
EBITDA	9,309	6,546	25,613

Gross capital expenditure

EUR thousand	31.3.2019	31.3.2018	31.12.2018
Increases in intangible assets	1,000	1,375	6,157
Increases in property, plant and equipment	2,794	862	7,423
Gross capital expenditure	3,794	2,236	13,580

Interest-bearing net debt

It is the opinion of Suominen that presenting interest-bearing liabilities not only at amortized cost but also at nominal value gives relevant additional information to the investors.

Interest-bearing net debt = Interest-bearing liabilities at nominal value - interest-bearing receivables - cash and cash equivalents

EUR thousand	31.3.2019	31.3.2018	Restated 31.12.2018
Interest-bearing liabilities	116,483	105,714	116,749
Tender and issuance costs of the debentures	4,146	5,267	4,429
Interest bearing receivables	-7,365	-7,409	-7,365
Cash and cash equivalents	-21 881	-17,047	-27,757
Interest-bearing net debt	91,383	86,525	86,056
Interest-bearing liabilities	116,483	105,714	116,749
Tender and issuance costs of the debentures	4,429	5,267	4,429
Nominal value of interest-bearing liabilities	120,912	110,981	121,178

Return on equity (ROE), %

Return on equity (ROE), % = $\frac{\text{Profit for the reporting period (rolling 12 months) x 100}}{\text{Total equity attributable to owners of the parent (quarterly average)}}$

EUR thousand	31.3.2019	31.3.2018	31.12.2018
Profit for the reporting period (rolling 12 months)	-222	9,866	-1,720
Total equity attributable to owners of the parent 31 March 2018 / 31 March 2017 / 31 December 2017	126,866	139,902	136,794
Total equity attributable to owners of the parent 30 June 2018 / 30 June 2017 / 31 March 2018	132,631	134,074	126,866
Total equity attributable to owners of the parent 30 September 2018 / 30 September 2017 / 30 June 2018	130,981	132,564	132,631
Total equity attributable to owners of the parent 31 December 2018 / 31 December 2017 / 30 September 2018	130,513	136,794	130,981
Total equity attributable to owners of the parent 31 March 2019 / 31 March 2018 / 31 December 2018	133,776	126,866	130,513
Average	130,954	134,040	131,557
Return on equity (ROE), %	-0.2	7.4	-1.3

Invested capital

Invested capital = Total equity + interest-bearing liabilities

EUR thousand	31.3.2019	31.3.2018	Restated 31.12.2018
Total equity attributable to owners of the parent	133,776	126,866	130,513
Interest-bearing liabilities	116,483	105,714	116,749
Invested capital	250,259	232,580	247,263

Return on invested capital (ROI), %

$$\text{Return on invested capital (ROI), \%} = \frac{\text{Operating profit + financial income (rolling 12 months) x 100}}{\text{Invested capital, quarterly average}}$$

EUR thousand	31.3.2019	31.3.2018	Restated 31.12.2018
Operating profit (rolling 12 months)	6,008	10,289	4,594
Financial income (rolling 12 months)	827	745	801
Total	6,834	11,034	5,395
Invested capital 31 March 2018 / 31 March 2017 / 31 December 2017	232,580	244,103	247,266
Invested capital 30 June 2018 / 30 June 2017 / 31 March 2018	238,589	234,892	232,580
Invested capital 30 September 2018 / 30 September 2017 / 30 June 2018	227,186	229,735	238,589
Invested capital 31 December 2018 / 31 December 2017 / 30 September 2018	247,263	247,266	227,186
Invested capital 31 March 2019 / 31 March 2018 / 31 December 2018	250,259	232,580	247,263
Average	239,175	237,715	238,577
Return on invested capital (ROI), %	2.9	4.6	2.3

Equity ratio, %

$$\text{Equity ratio, \%} = \frac{\text{Total equity attributable to owners of the parent x 100}}{\text{Total assets - advances received}}$$

EUR thousand	31.3.2019	31.3.2018	Restated 31.12.2018

Total equity attributable to owners of the parent	133,776	126,866	130,513
Total assets	335,135	307,828	337,517
Advances received	-48	-33	-27
	335,087	307,795	337,490
Equity ratio, %	39.9	41.2	38.7

Gearing, %

$$\text{Gearing, \%} = \frac{\text{Interest-bearing net debt x 100}}{\text{Total equity attributable to owners of the parent}}$$

EUR thousand	**31.3.2019**	**31.3.2018**	Restated **31.12.2018**
Interest-bearing net debt	91,383	86,525	86,056
Total equity attributable to owners of the parent	133,776	126,866	130,513
Gearing, %	68.3	68.2	65.9

NET SALES BY GEOGRAPHICAL MARKET AREA

EUR thousand	**1-12/2018**	**1-3/2018**	**1-12/2018**
Finland	**671**	719	2,415
Rest of Europe	**39,064**	41,331	153,133
North and South America	**69,037**	62,578	268,188
Rest of the world	**994**	1,988	7,372
Total	**109,766**	106,616	431,109

NET SALES BY BUSINESS AREA

		2018			
EUR thousand	**1-3**	**10-12**	**7-9**	**4-6**	**1-3**
Convenience	101,229	102,915	95,634	99,947	97,481
Care	8,545	6,848	9,145	9,962	9,152
Unallocated exchange differences	-7	2	-12	52	-17
Total	109,766	109,764	104,768	109,961	106,616

QUARTERLY DEVELOPMENT

	2019	**2018**			
EUR thousand	**1-3**	**10-12**	**7-9**	**4-6**	**1-3**

Net sales	109,766	109,764	104,768	109,961	106,616
Comparable operating profit	2,961	-361	488	2,919	1,548
as % of net sales	2.7	-0.3	0.5	2.7	1.5
Items affecting comparability	–	–	–	–	–
Operating profit	2,961	-361	488	2,919	1,548
as % of net sales	2.7	-0.3	0.5	2.7	1.5
Net financial items	-1,297	-1,547	-1,626	-507	-1,876
Profit before income taxes	1,665	-1,908	-1,138	2,411	-328
as % of net sales	1.5	-1.7	-1.1	2.2	-0.3

RELATED PARTY INFORMATION

The related parties of Suominen include the members of the Board of Directors, President & CEO and the members of the Corporate Executive Team as well as their family members and their controlled companies. In addition, shareholders who have a significant influence in Suominen through share ownership are included in related parties. Suominen has no associated companies.

In its transactions with related parties Suominen follows the same commercial terms as in transactions with third parties.

Salaries paid to the related parties during the first quarter of 2019 amounted to EUR 487 thousand, obligatory pension payments EUR 87 thousand, voluntary pension payments EUR 20 thousand and accruals based on the share-based incentive plans EUR 40 thousand.

CHANGES IN PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS

	31.3.2019		31.3.2018		31.12.2018	
EUR thousand	**Property, plant and equipment**	**Intang. assets**	Property, plant and equipment	Intang. assets	Property, plant and equipment	Intang. assets
Carrying amount at the beginning of the period	**129,391**	**21,231**	136,649	17,470	136,649	17,470
Capital expenditure	**2,794**	**1,000**	862	1,375	7,423	6,157
Disposals	**-1**	**–**	–	–	0	–
Depreciation and amortization	**-4,728**	**-762**	-4,516	-483	-18,648	-2,371
Exchange differences and other changes	**1,910**	**10**	-3,088	-16	3,967	-25
Carrying amount at the end of the period	**129,366**	**21,478**	129,907	18,346	129,391	21,231

Goodwill is not included in intangible assets.

EUR thousand	**31.3.2019 Right-of-use assets**	31.12.2018 Right-of-use assets
Carrying amount at the beginning of the period	**16,797**	–

Increases	**114**	–
Application of IFRS 16	–	16,797
Decreases	**-60**	–
Depreciation	**-857**	–
Exchange differences and other changes	**264**	–
Carrying amount at the end of the period	**16,257**	16,797

CHANGES IN INTEREST-BEARING LIABILITIES

EUR thousand	**1-3/2019**	1-3/2018	Restated 1-12/2018
Total interest-bearing liabilities at the beginning of the period	**116,749**	110,472	110,472
Current liabilities at the beginning of the period	**23,429**	15,118	15,118
Repayment of current liabilities, cash flow items	**-715**	-5,029	-15,118
Drawdown of current liabilities, cash flow items	–	–	5,000
Increases in current liabilities, non-cash flow items (*	**29**	–	2,664
Decreases of current liabilities, non-cash flow items	**-1**	–	–
Reclassification from non-current liabilities	**710**	31	15,749
Periodization of debenture to amortized cost, non-cash flow items	**14**	–	16
Exchange rate difference, non-cash flow item	**25**	–	–
Current liabilities at the end of the period	**23,492**	10,120	23,429
Non-current liabilities at the beginning of the period	**12,706**	162	162
Increases in non-current liabilities, non-cash flow items (*	**84**	–	12,622
Decreases of non-current liabilities, non-cash flow items	**-59**	–	–
Reclassification to current liabilities	**-710**	-31	-78
Exchange rate difference, non-cash flow item	**88**	–	–
Current liabilities at the end of the period	**12,109**	131	12,706
Non-current debentures at the beginning of the period	**80,615**	95,192	95,192
Periodization of debenture to amortized cost, non-cash flow items	**268**	270	1,093
Reclassification to current liabilities	–	–	-15,671
Non-current debentures at the end of the period	**80,883**	95,462	80,615
Total interest-bearing liabilities at the end of the period	**116,483**	105,714	116,749

(* 2018 recognition of lease liabilities to statement of financial position in IFRS 16 application.

CONTINGENT LIABILITIES

EUR thousand	**31.3.2019**	31.3.2018	Restated 31.12.2018
Other commitments			
Leasing commitments	**901**	16,380	525
Contractual commitments to acquire property, plant and equipment	**886**	2,438	1,128
Guarantees			
On own behalf	**10,584**	10,588	10,516
Other own commitments	**2,701**	3,332	2,863
Total	**13,285**	13,920	13,378

The decrease in leasing commitments is due to the application of IFRS 16.

NOMINAL AND FAIR VALUES OF DERIVATIVE INSTRUMENTS

	31.3.2019		**31.3.2018**		**31.12.2018**	
EUR thousand	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Currency forward contracts						
Hedge accounting not applied	2,777	-24	1,907	1	1,397	9

FINANCIAL ASSETS BY CATEGORY

a. Fair value through profit or loss
b. Financial assets at amortized cost
c. Financial assets at fair value through other comprehensive income
d. Derivatives, hedge accounting applied
e. Carrying amount
f. Fair value

		Classification			
EUR thousand	**a.**	**b.**	**c.**	**d.**	**e.**
Equity instruments	347	–	429	777	777
Loan receivables	4,017	3,348	–	7,365	7,365
Trade receivables	–	63,255	–	63,255	63,255
Interest and other financial receivables	–	606	–	606	606
Cash and cash equivalents	–	21,881	–	21,881	21,881
Total 31 March 2019	**4,364**	**89,091**	**429**	**93,884**	**93,884**

EUR thousand	**a.**	**b.**	**c.**	**d.**	**e.**
Equity instruments	347	–	429	777	777

Loan receivables	4,017	3,348	–	7,365	7,365
Trade receivables	–	58,097	–	58,097	58,097
Derivatives	9	–	–	9	9
Interest and other financial receivables	–	491	–	491	491
Cash and cash equivalents	–	27,757	–	27,757	27,757
Total 31 December 2018	**4,373**	**89,693**	**429**	**94,496**	**94,496**

Principles in estimating fair value of financial assets for 2019 are the same as those used for preparing the consolidated financial statements for 2018.

FINANCIAL LIABILITIES

		31.3.2019			31.12.2018 Restated	
EUR thousand	**Carrying amount**	**Fair value**	**Nominal value**	Carrying amount	Fair value	Nominal value
Non-current financial liabilities						
Debentures	80,883	82,025	85,000	80,615	80,750	85,000
Lease liabilities	12,109	12,109	12,109	12,706	12,706	12,706
Total non-current financial liabilities	92,991	94,134	97,109	93,320	93,456	97,706
Current financial liabilities						
Debentures	15,701	16,026	15,730	15,687	16,156	15,730
Current part of non-current loans from financial institutions and current loans from financial institutions	5,000	5,000	5,000	5,000	5,000	5,000
Lease liabilities	2,791	2,791	2,791	2,742	2,742	2,742
Derivatives, hedge accounting not applied	24	24	24	–	–	–
Interest accruals	1,107	1,107	1,107	725	725	725
Other current liabilities	364	364	364	308	308	308
Trade payables	59,970	59,970	59,970	66,677	66,677	66,677
Total current financial liabilities	84,958	85,283	84,987	91,139	91,609	91,182
Total	**177,949**	**179,416**	**182,096**	184,459	185,064	188,888

Principles in estimating fair value for financial liabilities for 2019 are the same as those used for preparing the consolidated financial statements for 2018.

FAIR VALUE MEASUREMENT HIERARCHY

EUR thousands	Level 1	Level 2	Level 3
Financial assets and liabilities at fair value			
Loan receivables	–	–	4,017
Equity instruments	–	–	777
Total	**–**	**–**	**4,794**
Derivatives at fair value			
Currency forward contracts, liabilities	–	-24	–
Total	**–**	**-24**	**–**

Principles in estimating fair value of financial assets and their hierarchies for 2019 are the same as those used for preparing the consolidated financial statements for 2018.

RESTATEMENT OF PREVIOUSLY PUBLISHED FIGURES

Consolidated statement of financial position

			31 December 2018	
EUR thousand		**Published**	Restatement	**Restated**
Assets				
Non-current assets				
Goodwill		15,496	–	15,496
Intangible assets		21,231	–	21,231
Property, plant and equipment		129,391	–	129,391
Right-of-use assets	IFRS 16	–	16,797	16,797
Loan receivables		3,348	–	3,348
Equity instruments		777	–	777
Other non-current receivables		1,393	–	1,393
Deferred tax assets		2,540	–	2,540
Total non-current assets		**174,175**	**16,797**	**190,972**
Current assets				
Inventories		51,583	–	51,583
Trade receivables		58,097	–	58,097
Loan receivables		4,017	–	4,017
Other current receivables		4,118	–	4,118
Assets for current tax		974	–	974
Cash and cash equivalents		27,757	–	27,757
Total current assets		**146,545**	**–**	**146,545**

Total assets		**320,720**	**16,797**	**337,517**
Equity and liabilities				
Equity				
Share capital		11,860	–	11,860
Share premium account		24,681	–	24,681
Reserve for invested unrestricted equity		81,185	–	81,185
Treasury shares		-44	–	-44
Fair value and other reserves		264	–	264
Exchange differences		-669	–	-669
Retained earnings		13,237	–	13,237
Total equity attributable to owners of the parent		**130,513**	**–**	**130,513**
Liabilities				
Non-current liabilities				
Deferred tax liabilities		12,373	–	12,373
Liabilities from defined benefit plans		847	–	847
Provisions	IFRS 16	–	1,511	1,511
Non-current lease liabilities	IFRS 16	84	12,622	12,706
Other non-current liabilities		17	–	17
Debentures		80,615	–	80,615
Total non-current liabilities		93,935	14,132	108,067
Current liabilities				
Debentures		15,687	–	15,687
Current lease liabilities	IFRS 16	78	2,664	2,742
Other current interest-bearing liabilities		5,000	–	5,000
Liabilities for current tax		121	–	121
Trade payables and other current liabilities		75,386	–	75,386
Total current liabilities		96,272	2,664	98,936
Total liabilities		**190,207**	**16,796**	**207,003**
Total equity and liabilities		**320,720**	**16,796**	**337,517**

Financial liabilities

EUR thousand	31 December 2018 Published	Restatement	Restated
Non-current financial liabilities			
Debentures	80,615	–	80,615
Lease liabilities	84	12,622	12,706
Total non-current financial liabilities	80,698	12,622	93,320
Current financial liabilities			
Debentures	15,687	–	15,687
Current part of non-current loans from financial institutions and current loans from financial institutions	5,000	–	5,000
Lease liabilities	78	2,664	2,742
Interest accruals	725	–	725
Other current liabilities	308	–	308
Trade payables	66,677	–	66,677
Total current financial liabilities	88,475	2,664	91,139
Total	**169,173**	**15,286**	**184,459**

Alternative performance measures

Interest-bearing net debt

EUR thousand	Published **31 December 2018**	Restated **31 December 2018**
Interest-bearing liabilities	101,463	116,749
Tender and issuance costs of the debentures	4,429	4,429
Interest bearing receivables	-7,365	-7,365
Cash and cash equivalents	-27 757	-27,757
Interest-bearing net debt	70,770	86,056
Interest-bearing liabilities	101,463	116,749
Tender and issuance costs of the debentures	4,429	4,429
Nominal value of interest-bearing liabilities	105,892	116,749

Invested capital

	Published	Restated

EUR thousand	31 December 2018	31 December 2018
Total equity attributable to owners of the parent	130,513	130,513
Interest-bearing liabilities	101,463	116,749
Invested capital	231,977	247,263

Return on invested capital (ROI), %

	Published	Restated
EUR thousand	**31 December 2018**	**31 December 2018**
Operating profit (rolling 12 months)	4,594	4,594
Financial income (rolling 12 months)	801	801
Total	5,395	5,395
Invested capital 31 December 2017	247,266	247,266
Invested capital 31 March 2018	232,580	232,580
Invested capital 30 June 2018	238,589	238,589
Invested capital 30 September 2018	227,186	227,186
Invested capital 31 December 2018	231,977	247,263
Average	235,520	238,577
Return on invested capital (ROI), %	2.3	2.3

Equity ratio, %

	Published	Restated
EUR thousand	**31 December 2018**	**31 December 2018**
Total equity attributable to owners of the parent	130,513	130,513
Total assets	320,720	337,517
Advances received	-27	-27
	320,694	337,490
Equity ratio, %	40.7	38.7

Gearing, %

	Published	Restated
EUR thousand	**31 December 2018**	**31 December 2018**
Interest-bearing net debt	70,770	86,056
Total equity attributable to owners of the parent	130,513	130,513
Gearing, %	54.2	65.9

SUOMINEN CORPORATION
Board of Directors

For additional information, please contact:
Petri Helsky, President & CEO, tel. +358 (0)10 214 3080
Tapio Engström, Senior Vice President and CFO, tel. +358 (0)10 214 300

Suominen in brief

Suominen manufactures nonwovens as roll goods for wipes as well as for medical and hygiene products. The end products made of Suominen's nonwovens – wet wipes, feminine care products and swabs, for instance – bring added value to the daily life of consumers worldwide. Suominen is the global market leader in nonwovens for wipes and employs nearly 700 people in Europe and in the Americas. Suominen's net sales in 2018 amounted to EUR 431.1 million. The Suominen share (SUY1V) is listed in Nasdaq Helsinki Stock Exchange (Mid Cap). Read more at www.suominen.fi.

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