

Suominen Corporation Annual General Meeting 2013

Nina Kopola, President and CEO
26 March 2013



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Corporate Executive Team of Suominen



Nina Kopola



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Market review 2012

Megatrends in nonwovens for wiping

Demographics

- Growing middle class with stronger purchasing power
- Increase in life expectancy, aging population

Health

- The importance of health and hygiene is rising
- Consumers are willing to invest more money in health care



Convenience

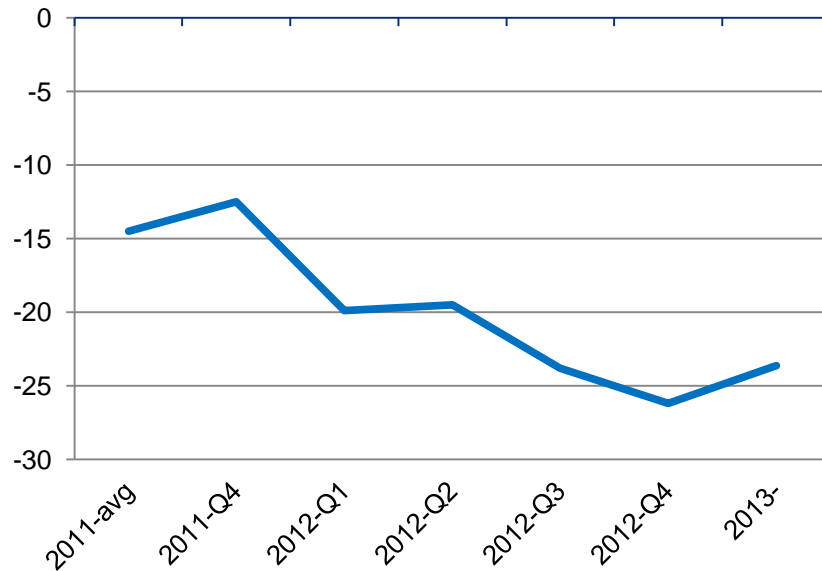
- People seek products and solutions that bring convenience in their lives
- Stronger emphasis on lifestyles and health

Environment

- Heightened environmental awareness opens up new possibilities for product development
- Application areas for wiping products expand

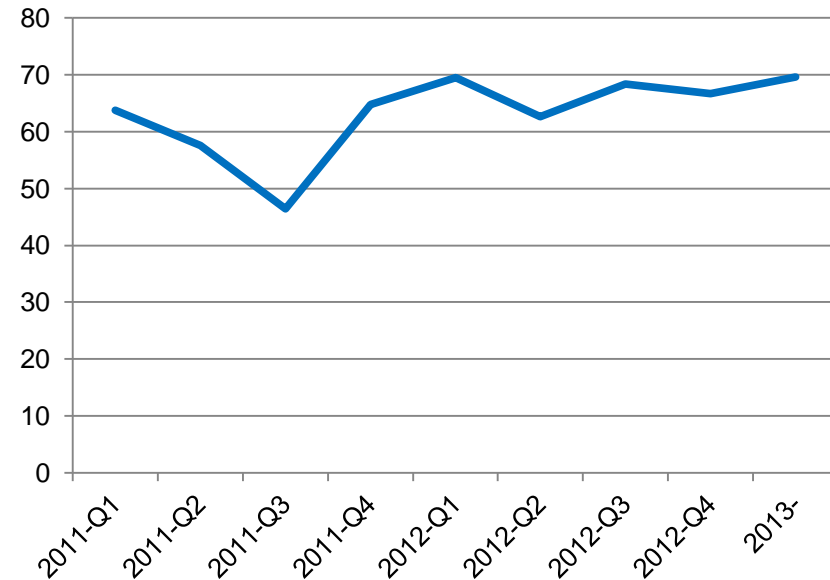
Consumer Confidence Indicators in Euro Area and the US

Euro Area



In Euro area CCI has increased to -23.6 in February of 2013 from -26.2 in December of 2012.
Long term average of CCI in the Euro area is -12,5.

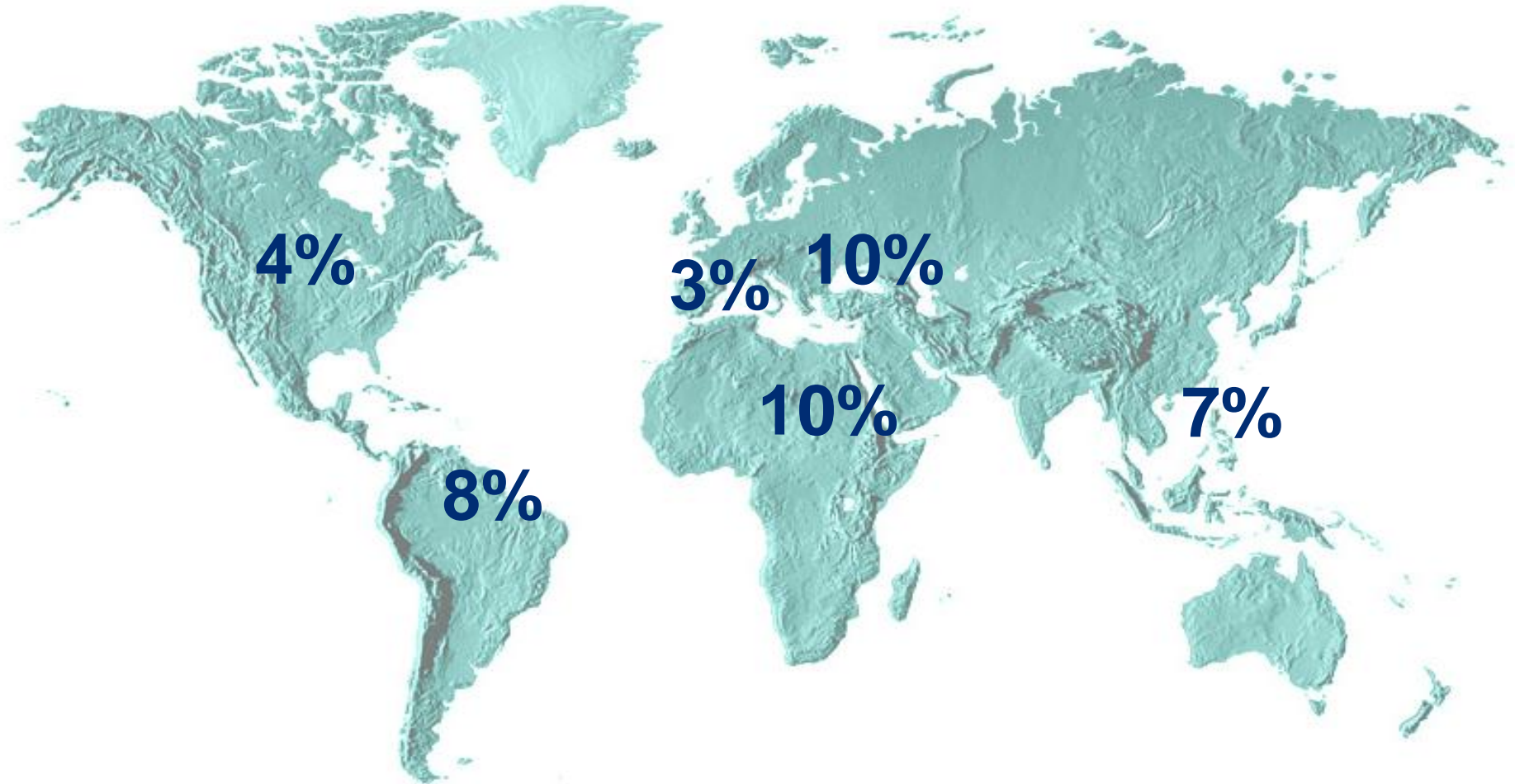
USA



In the US CCI has increased to 69.6 in February of 2013 from 66.7 in December 2012.
Long term average of CCI in the US is 92.86.

Sources: Euro Area - European commission, economic & financial affairs. USA - The Conference Board

The global market for wiping products is growing annually by 8%



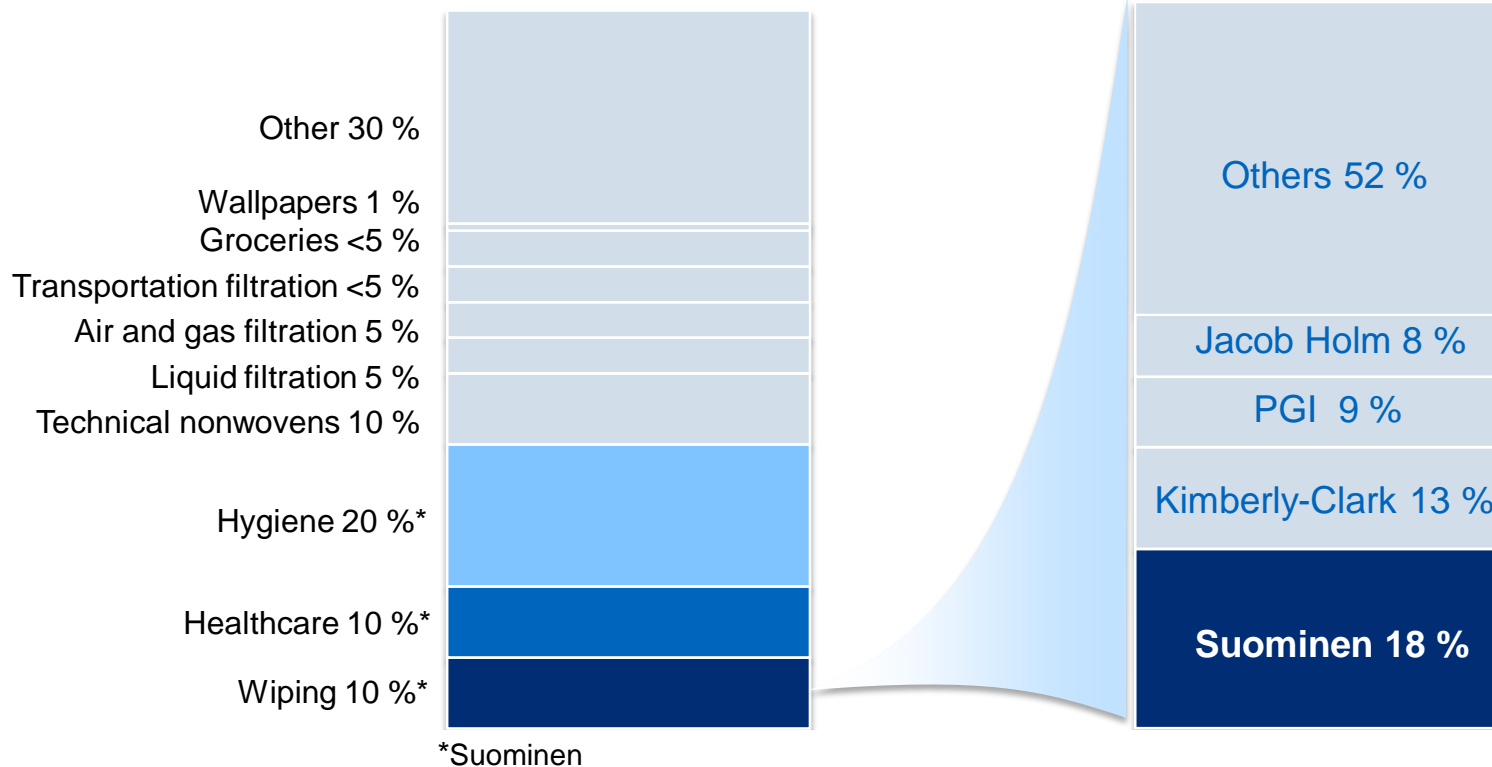
Source: Suominen management estimate

Suominen is the global market leader in nonwovens for wipes

Global nonwovens market by segment, appr. EUR 15 billion

Suominen # 1

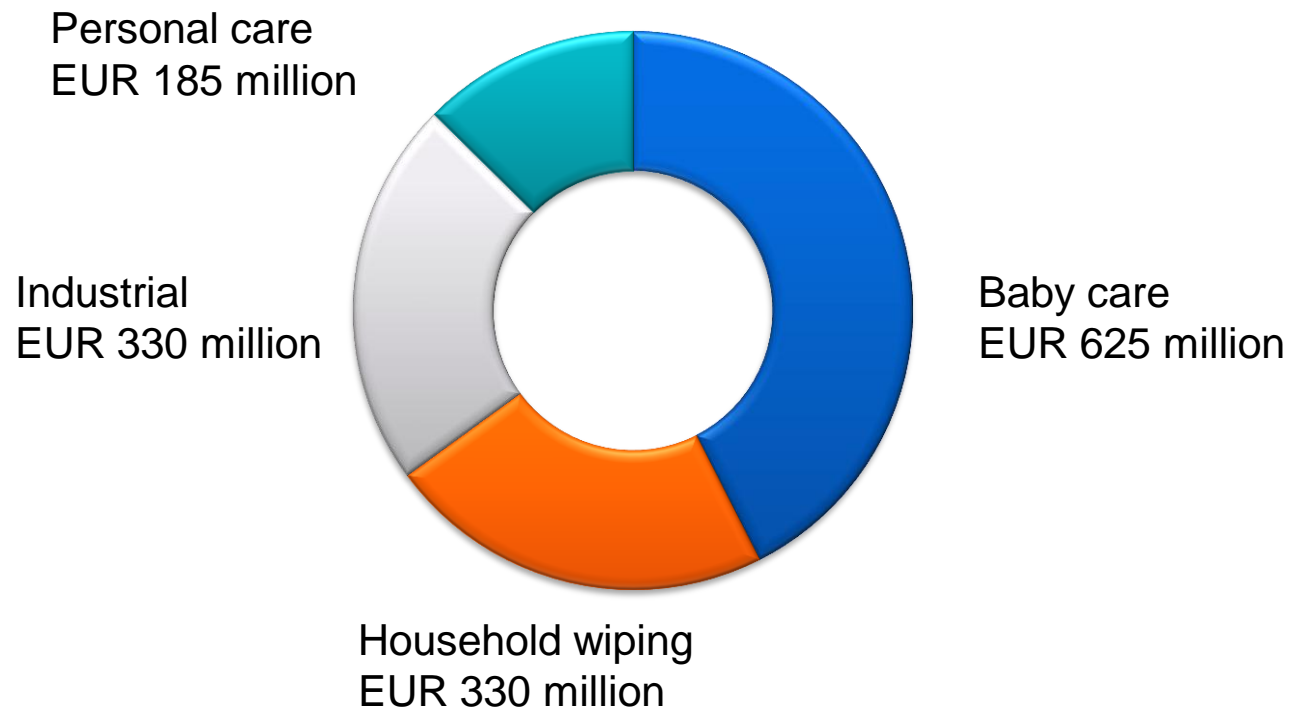
Wiping market ~ EUR 1,5 billion



Source: Suominen management estimate

Baby care is the largest application for wipes

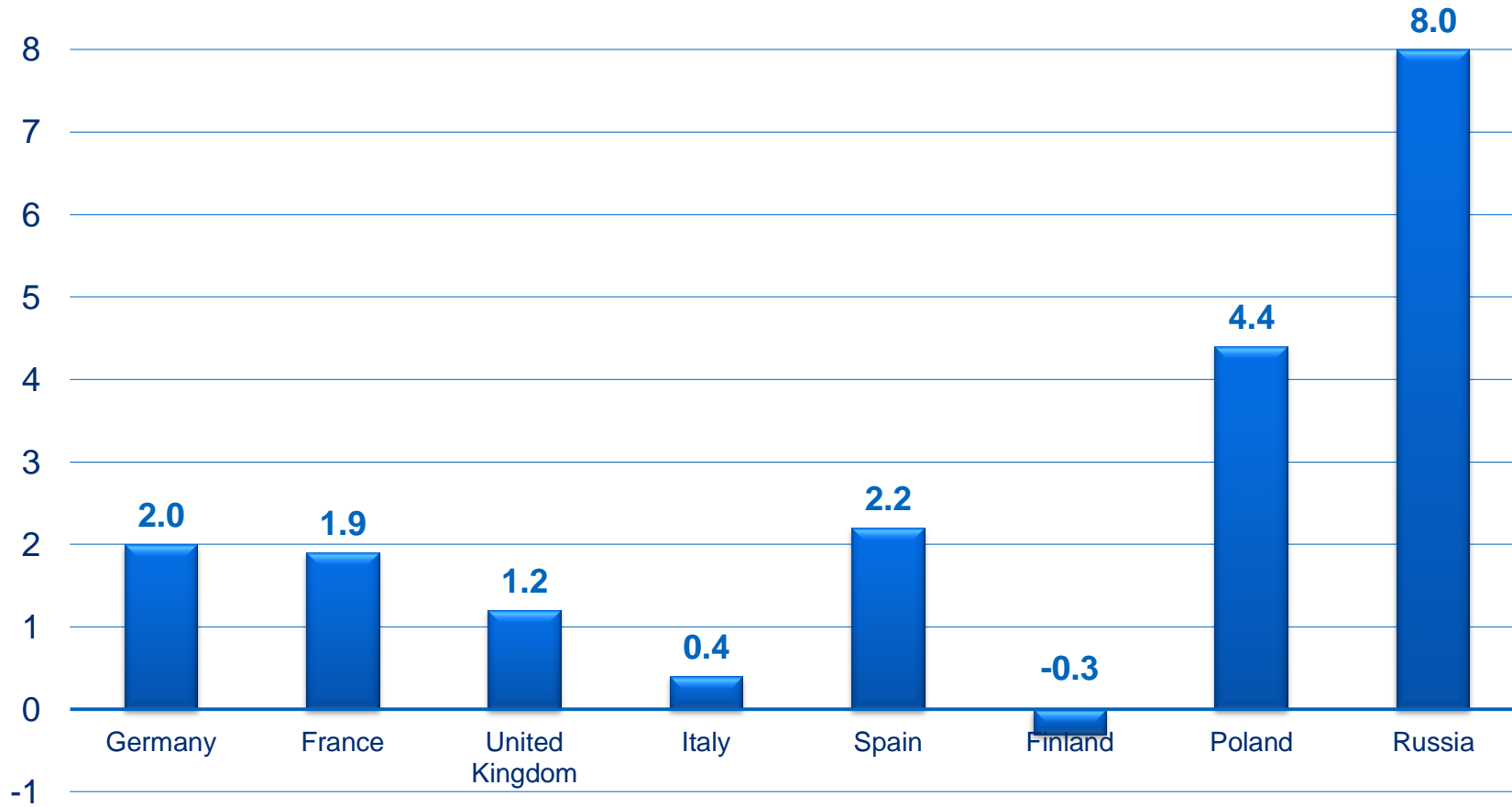
Suominen #1
Wiping market ~ EUR 1.5 billion



Source: Suominen management estimate

European market for converted flexible packaging

Average annual growth rate 2010–2014: 2.1%

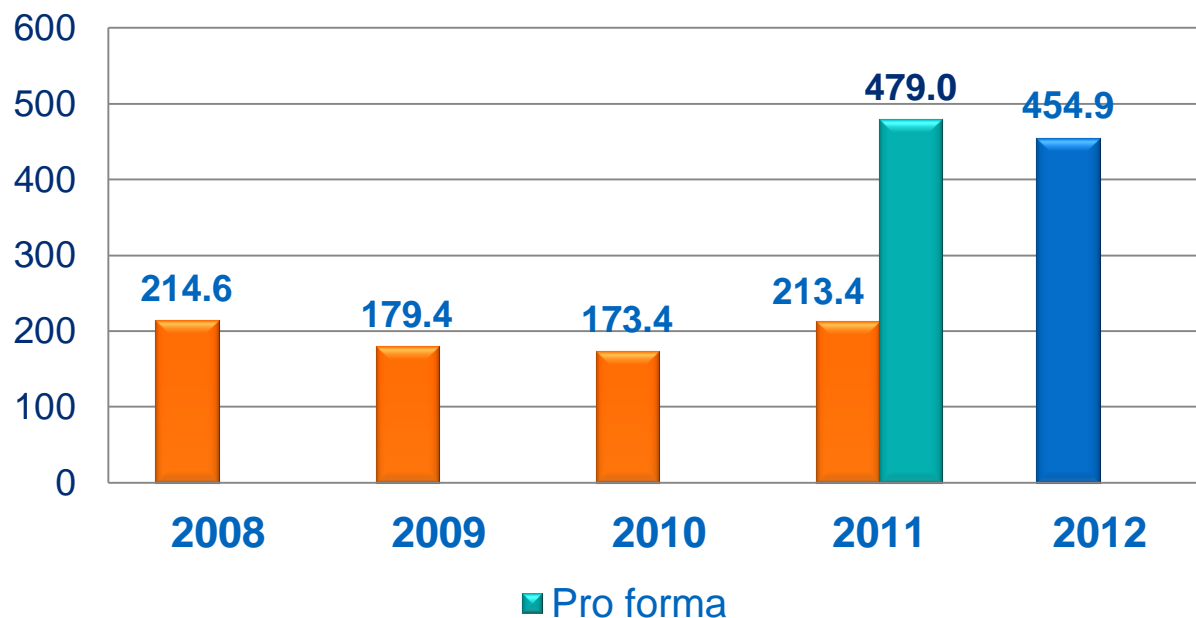


A close-up photograph of two women smiling warmly at the camera. The woman on the left has long, dark hair and is wearing a light blue collared shirt. The woman on the right has dark, curly hair and is also wearing a light blue collared shirt. The background is a soft, out-of-focus indoor setting with light-colored walls and a hint of a blue object.

Financial result 2012

Net sales more than doubled thanks to the acquisition made

Net sales, M€

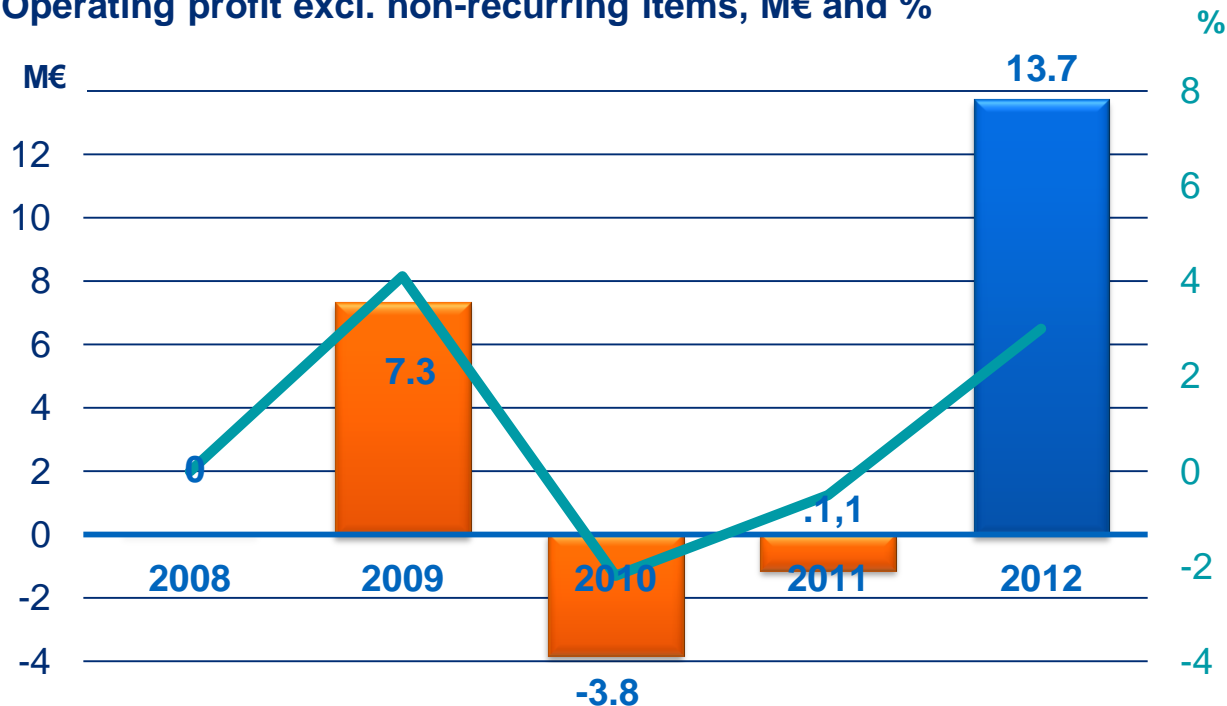


- Net sales in 2012 was EUR 454.9 million (EUR 213.4 million in 2011).
- Comparable sales value declined 5% from 2011 pro forma figures.
- Demand continued stronger in the US market than in Europe.
- Prices were under pressure in Europe.
- All production lines in Milan on stream from May 2012 onwards.

Business acquired from Ahlstrom is included in the figures as of Nov 1, 2011. Pro forma net sales of the operations was 479 MEUR in 2011.

Full year operating profit excl. non-recurring items improved significantly

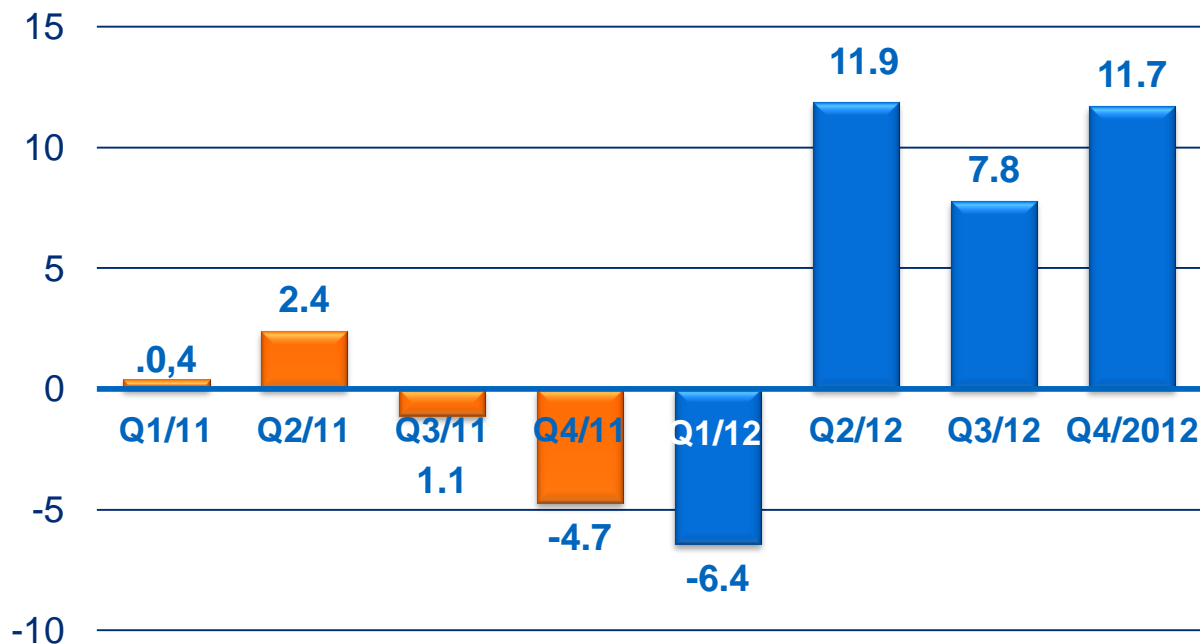
Operating profit excl. non-recurring items, M€ and %



- Full-year operating profit EUR 0.9 million (-4.8) includes non-recurring items equaling EUR 12.8 million in net value.
- Strong contribution from the acquired business.
- Summit program streamlined the cost structure as planned.
- US demand showed a move towards a more attractive product mix.

Strong cash flow from operations

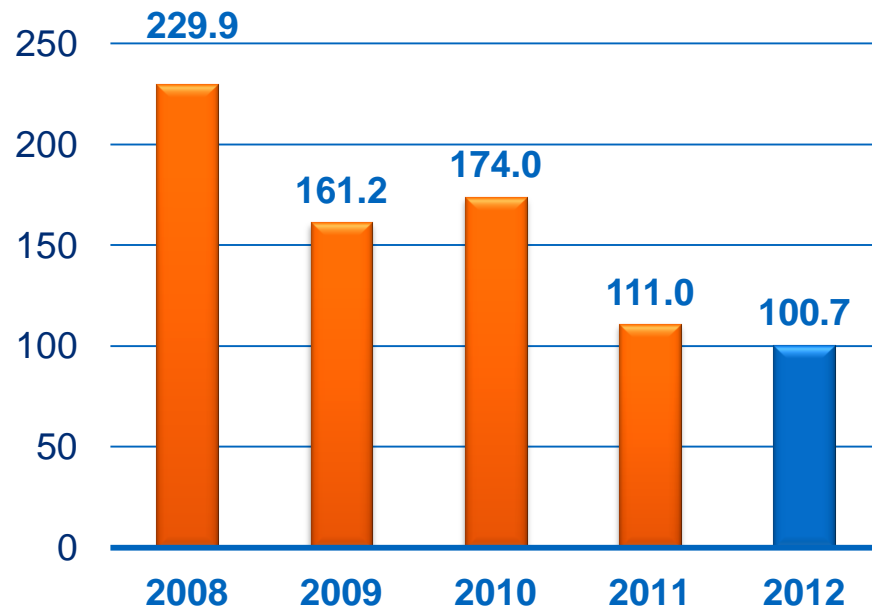
Cash flow from operations, M€



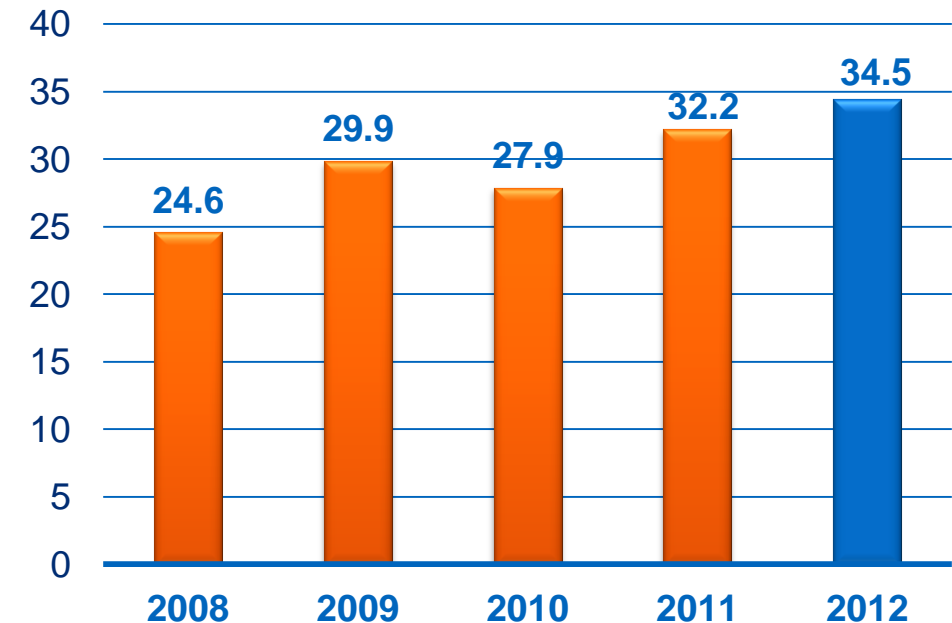
- In 2012, cash flow from operations was EUR 24.9 million (-2.9).
- EUR 5.0 million of working capital has been released in 2012.

Steady financial position

Gearing ratio, %



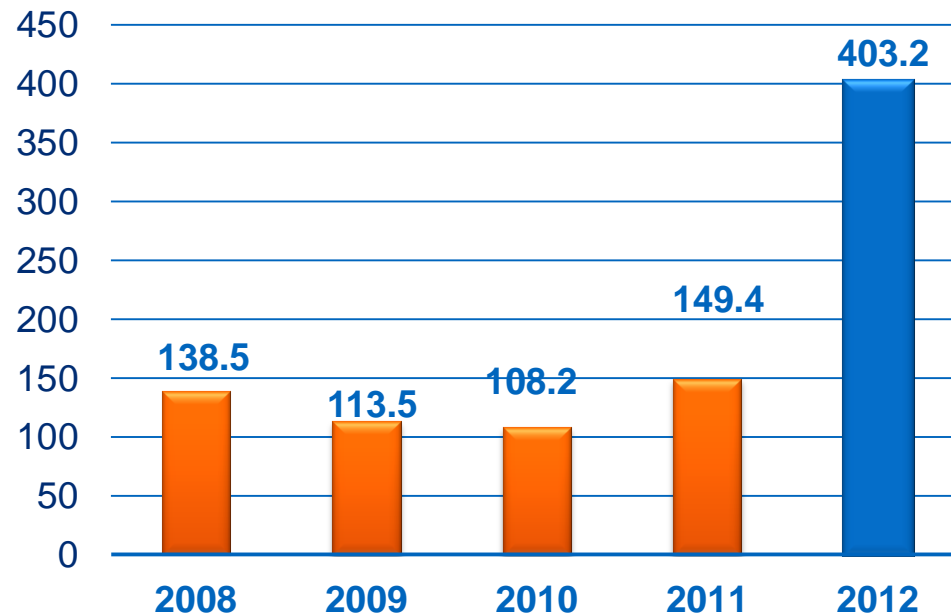
Equity ratio, %



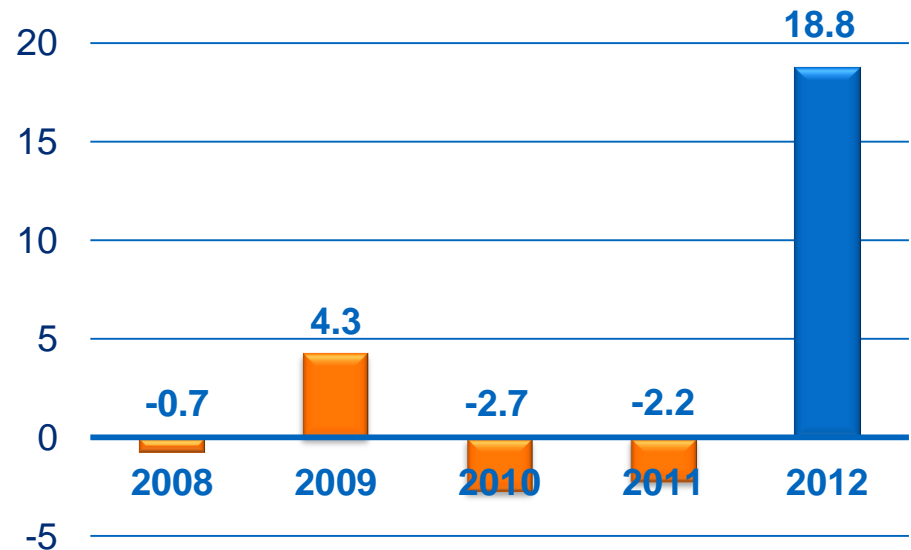
- Financing package with banks was updated in October 2012.
- Leverage was 2.9.

Wiping: strong segment on a totally new performance level

Net sales, M€

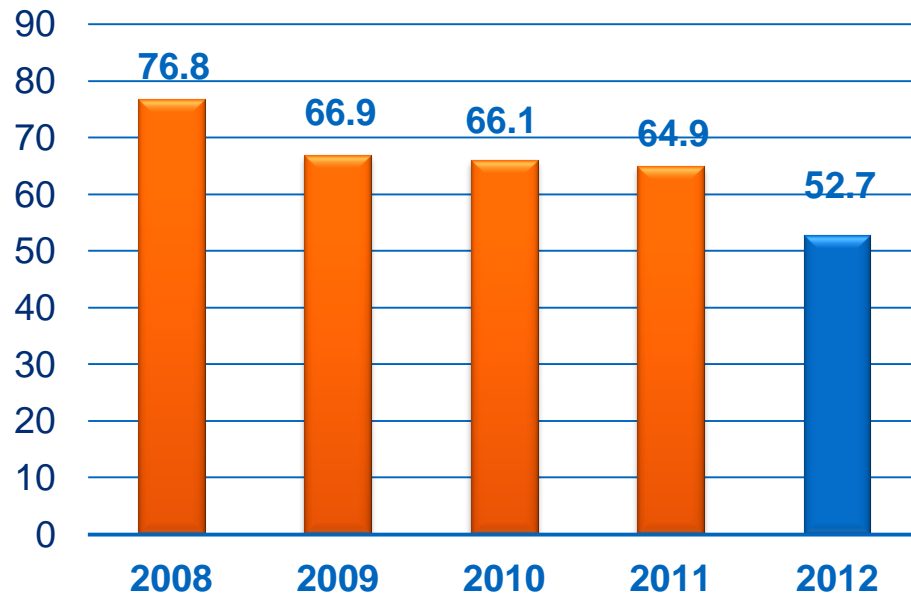


Operating profit, M€, excl. non-recurring items

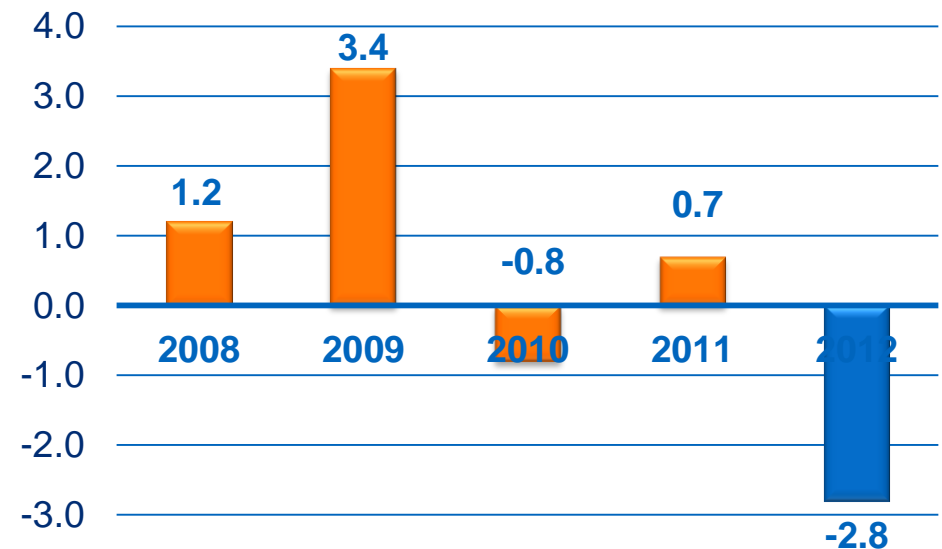


Flexibles on red figures, turnaround program initiated

Net sales, M€



Operating profit excl.
non-recurring items, M€



New Suominen – new strategic direction



Mission

We provide products and solutions
that **create convenience**
to people's everyday life.

The three cornerstones of the strategy



Suominen Way

How we work



Step Change in Profitability

How we operate



In the Lead

How we win



We are building common ways of working



**Suominen
Way**

How we work



**Step
Change
In Profitability**

How we operate



**In the
Lead**

How we win

- **Common culture:** Empowerment, Accountability, Passion
- **Creation of common management systems**
 - Incentive system renewed during 2012, effective as of the beginning of 2013.
- **Ensuring common ways of working**
 - Integration of the business acquired from Ahlstrom
 - Recruitments to strengthen the creation of common corporate culture

We have taken significant actions to improve our profitability



**Suominen
Way**

How we work



**Step
Change
In Profitability**

How we operate



**In the
Lead**

How we win

- **Suominen Summit program**
 - The program even slightly exceeded its target, cost savings appr. 10 M€
- **Streamlining of operations**
 - Rationalization of nonwovens production and closing down of the in-house production of polypropylene staple fibers at the Nakkila plant
- **Demand-driven production**
 - Temporary layoffs at Flexibles Tampere unit
- **Continuous improvement of efficiency and productivity**

Customer is in the heart of our strategy



**Suominen
Way**

How we work



**Step
Change
In Profitability**

How we operate

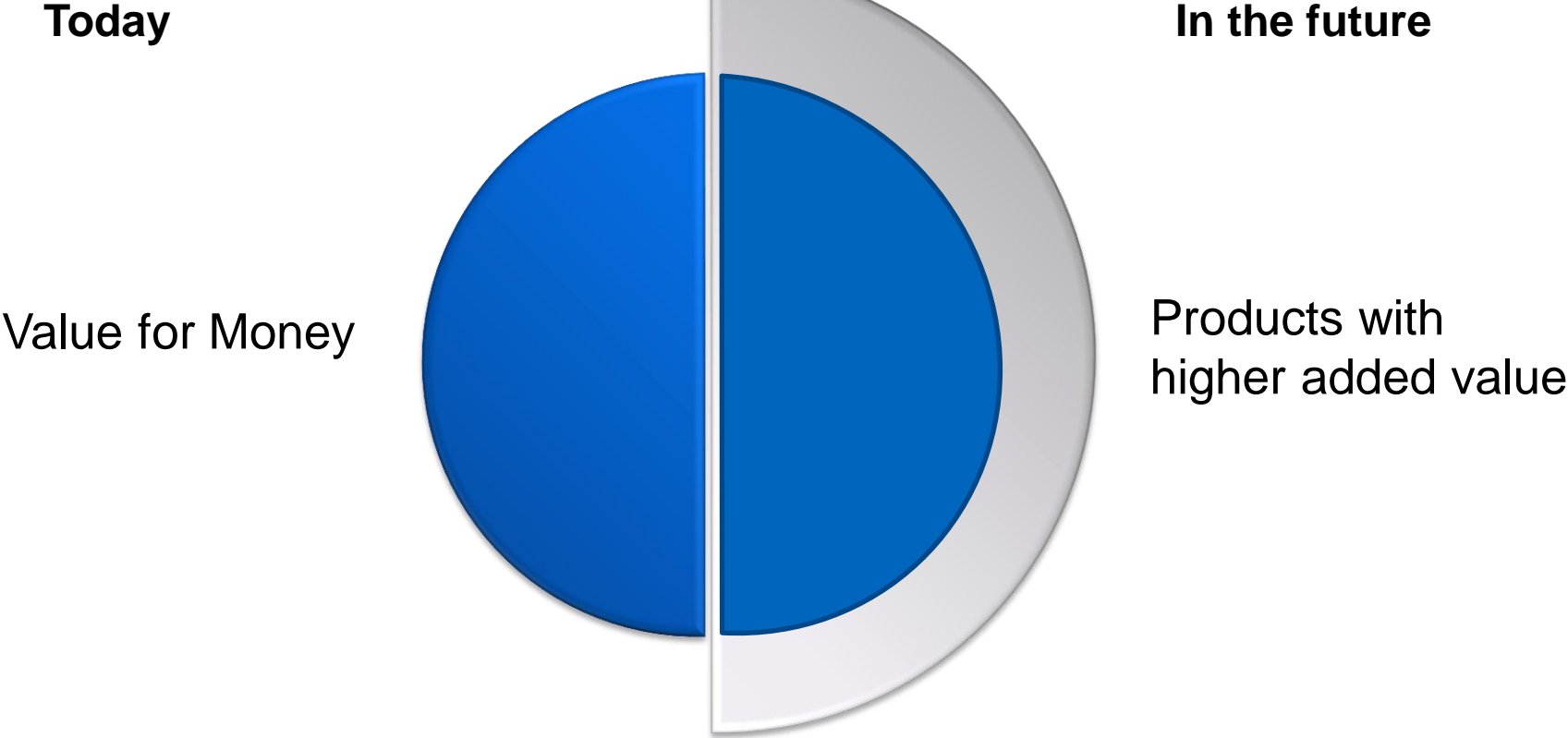


**In the
Lead**

How we win

- **Our aim is to accelerate our customers' business.**
- **We have introduced measures to increase the share of products with greater added value.**
- **We have boosted the efficiency of the product development and project activities by**
 - introducing new common tools and ways of operating
 - renewing the development organization of the Nonwovens business unit.

Increasing the share of products with greater added value



Customer is in the heart of our strategy



**Suominen
Way**

How we work



**Step
Change
In Profitability**

How we operate

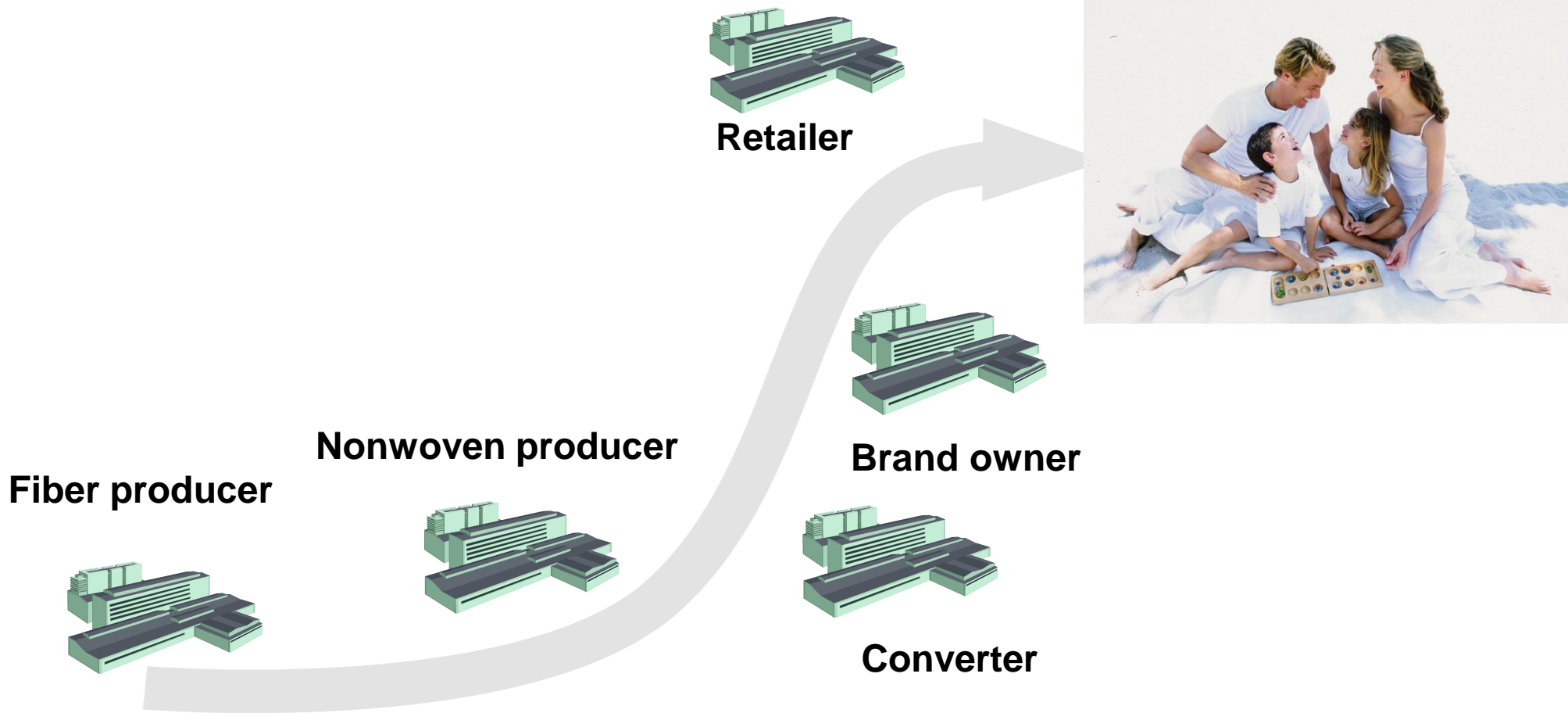


**In the
Lead**

How we win

- Our aim is to accelerate our customers' business.
- We have introduced measures to increase the share of products with greater added value.
- We have boosted the efficiency of the product development and project activities by
 - introducing new common tools and ways of operating
 - renewing the development organization of the Nonwovens business unit.
- **We strive to understand the needs of the end-users even better than earlier.**

Understanding the end-user is crucial in the strategy



Sustainability at Suominen

- We provide products and solutions that create convenience to people's everyday life, and we want to do that in a sustainable way.
- We develop our ways of working in a way that our employees are empowered to continuously improve processes for the sake of the environment and safety, for instance.
- The key environmental impacts of Suominen's operations are related with
 - use of raw materials in production
 - consumption of energy
 - consumption of water
 - treatment of the waste generated during the production process.
- The first Sustainability report of Suominen is included in the Annual report of 2012.



Our expectations for 2013 and beyond

Outlook for 2013

- The company estimates that its net sales for the full year 2013 will remain at the level of 2012.
- Operating profit excluding non-recurring items is expected to improve from year 2012.
- In 2012, Suominen's net sales were EUR 454.9 million and operating profit excluding non-recurring items EUR 13.7 million.

Ambitious medium-term financial targets

Suominen aims to :

- Clearly improve its relative profitability. The target level of the company's **return on investment (ROI) is to be above 10%** (0.4 % in 2012).
- Have a solid capital structure with a **gearing ratio principally between 40% and 80%** (100.7% in 2012).
- Increase its net sales at a rate that **exceeds the average growth** rate of the industry.



Summary

Summary

Right trend

2012 result showing
the **right trend**

In the Lead

Renewed **strategy** In The Lead

10 M€

Significant
cost savings achieved

#1

Global market leader
in nonwovens for wipes



Thank you!