

Suominen Corporation Annual General Meeting Review by the President & CEO

16 March 2016

Nina Kopola, President & CEO



Corporate Executive Team and Corporate Leadership Team



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President & CEO



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Contents

- Suominen today
- Market review
- Financial review 2015
- Outlook for 2016
- Strategy
- Strategy implementation in 2015
- Summary: Suominen's year 2015

Suominen today

3/16/2016

Our purpose is to make nonwovens continuously better for people.



Our customers convert nonwovens into products for consumers and professionals



Two business areas

Convenience

- Main end use areas:
 - **Wiping** (baby, household, personal care, industrial wipes)
 - **Travel & catering** applications
- Net sales of the business area (2015): 411.5 M€

Care

- Main end use areas:
 - **Hygiene** products (femcare, incontinence, diapers)
 - **Medical** nonwovens (e.g. swabs, undercast pads, surgical drapes and masks)
- Net sales of the business area (2015) 32.4 M€

Eight nonwovens plants in three continents serving both business areas

93% of Suominen's net sales

7% of Suominen's net sales

Leading market position in Convenience, still a challenger Care

#9

Ninth-largest
of all nonwovens
suppliers globally

#1

Global market leader
in nonwovens
for wipes
(Convenience
business area)

Challenger

in nonwovens for
medical & hygiene
products
(Care business area)

Year 2015 in a nutshell

Net sales
EUR 444,0 million
+10%

Operating profit
EUR 31,2 million
+ 16%

**Strong
cash flow**
EUR 27,3 million

Dividend proposal
0,02€/osake

**Investment
program in
implementation**

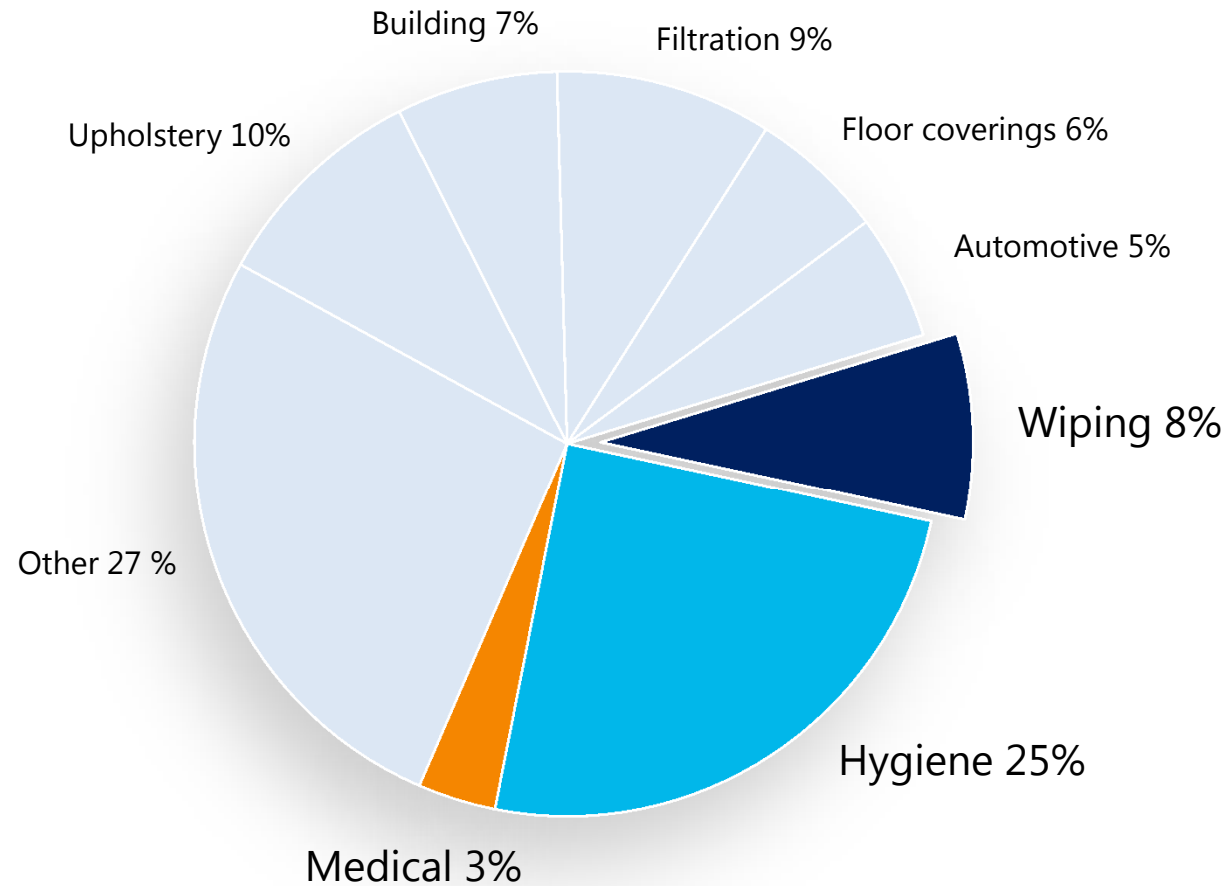
**6 new branded
products**



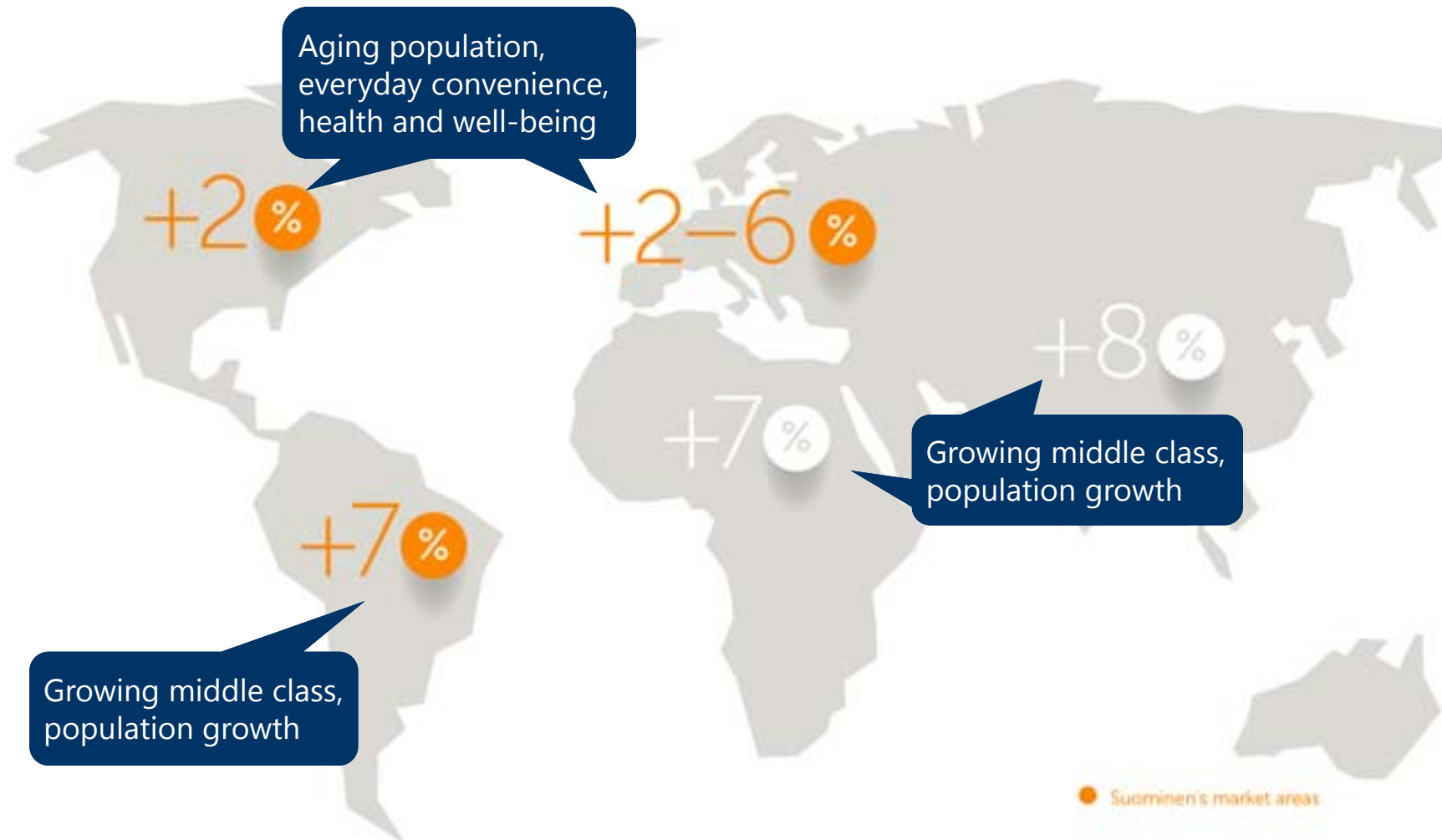
Market review

In medical and hygiene, our targeted market is over EUR 2 billion

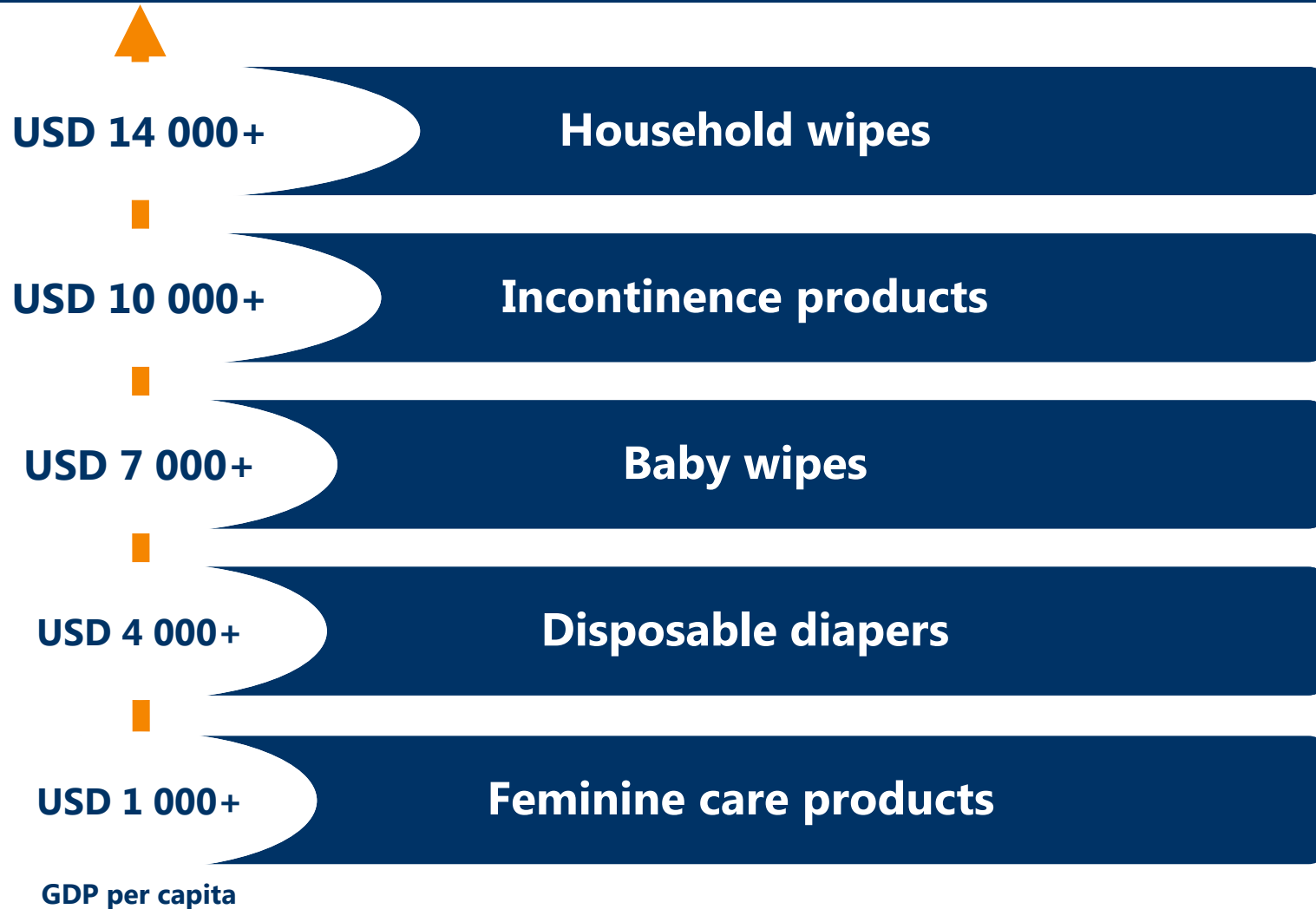
Global nonwovens market totals approx. EUR 26 billion



Demand is growing in all market areas



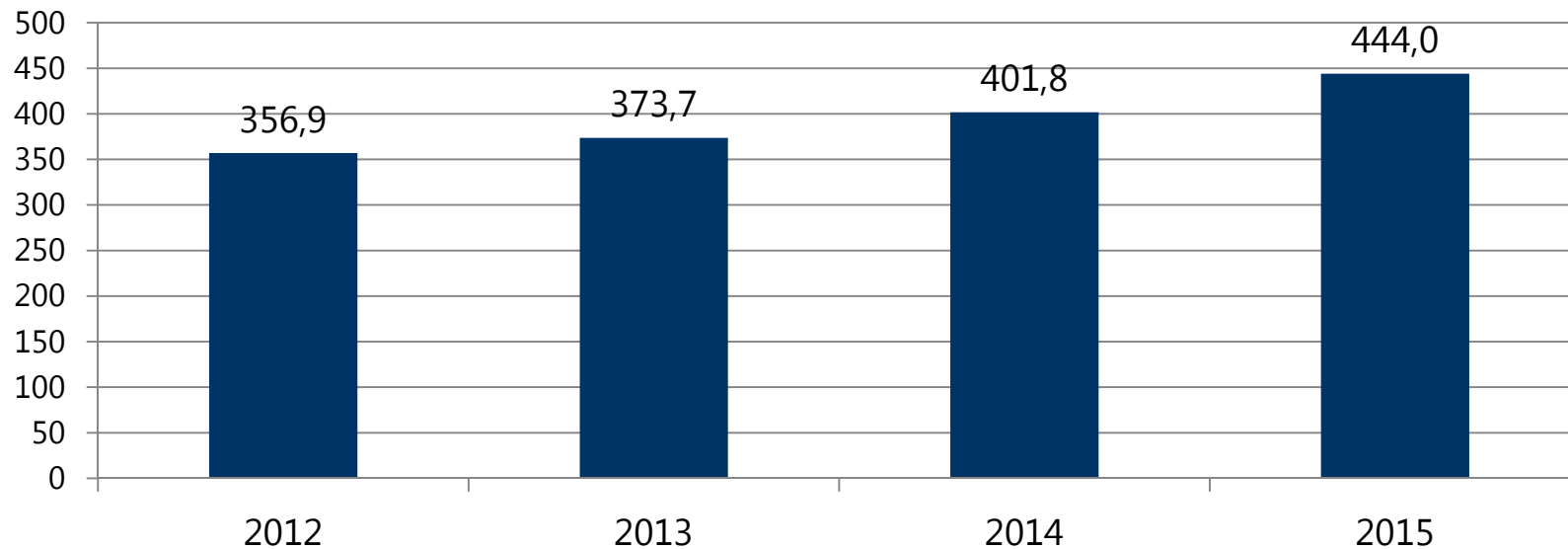
There's demand for Suominen's products in both developing and developed markets



Financial review 2015

Net sales grew by 10.5%

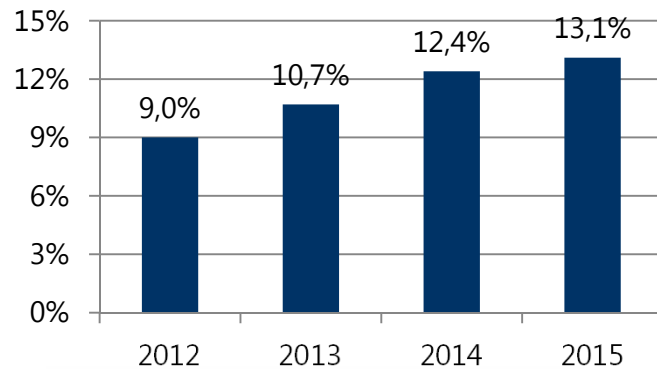
Net sales, EUR million



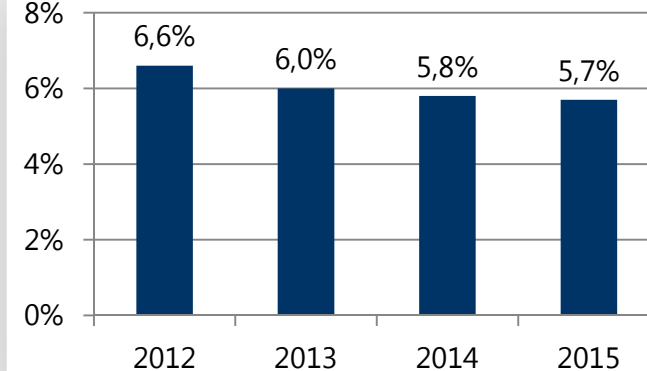
In FY2015, net sales grew 10.5% due to the strengthening of the USD compared to EUR. Suominen's net sales grew organically and excluding the effect of exchange rates by roughly 1%.

Positive development of gross profit, expenses and operating profit continued in 2015

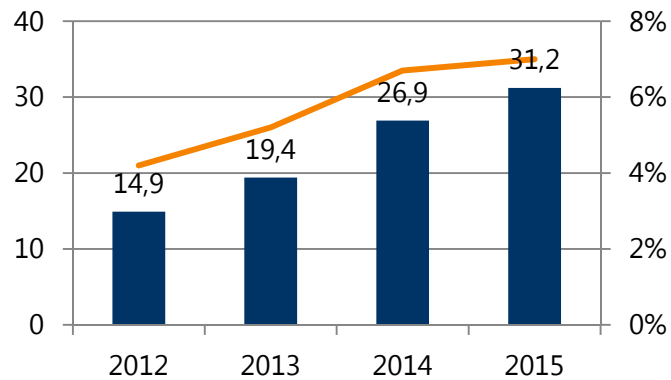
Gross profit, % of net sales



Sales, operating and administration expenses, % of net sales

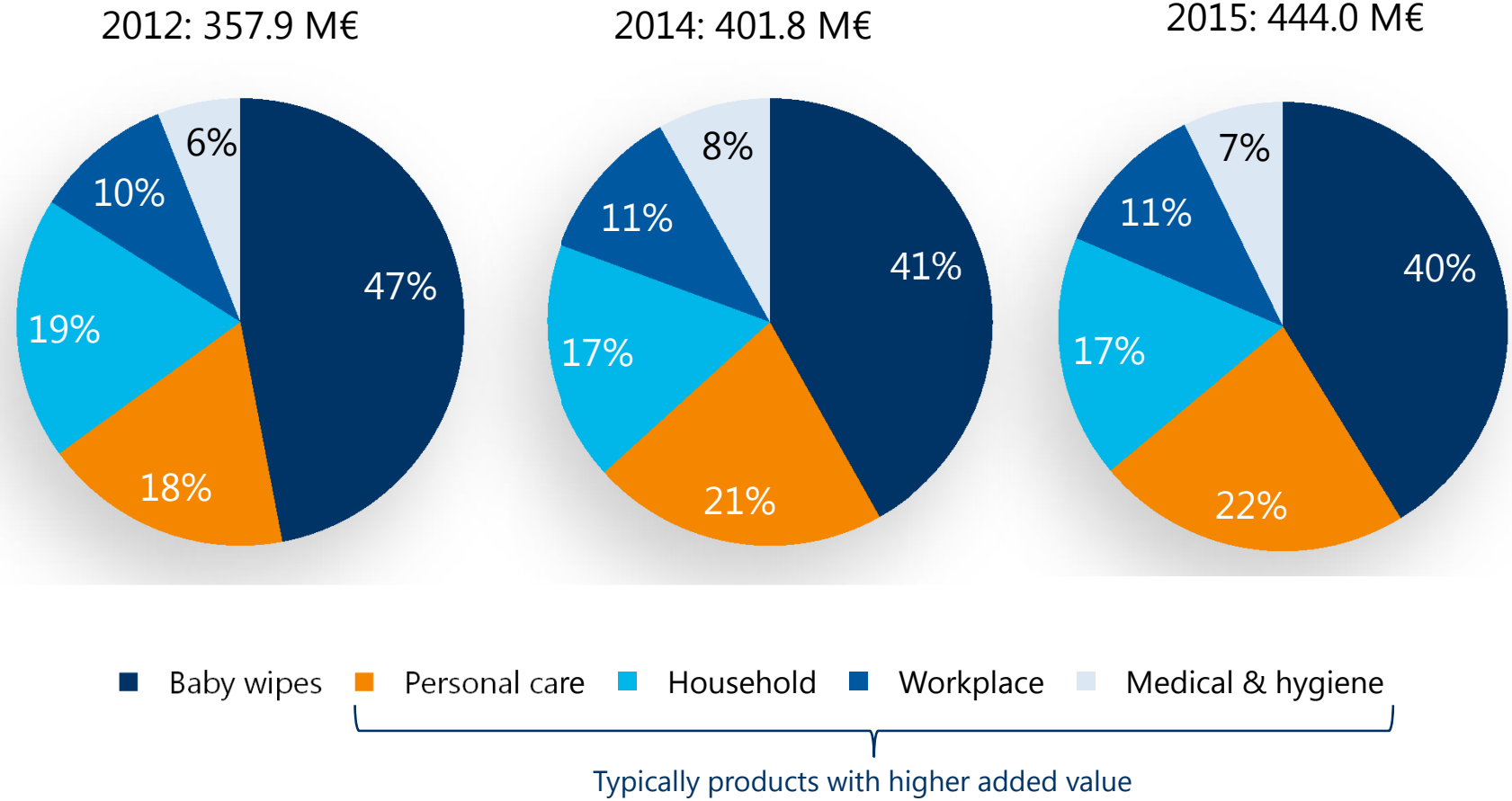


Operating profit*, EUR million and %



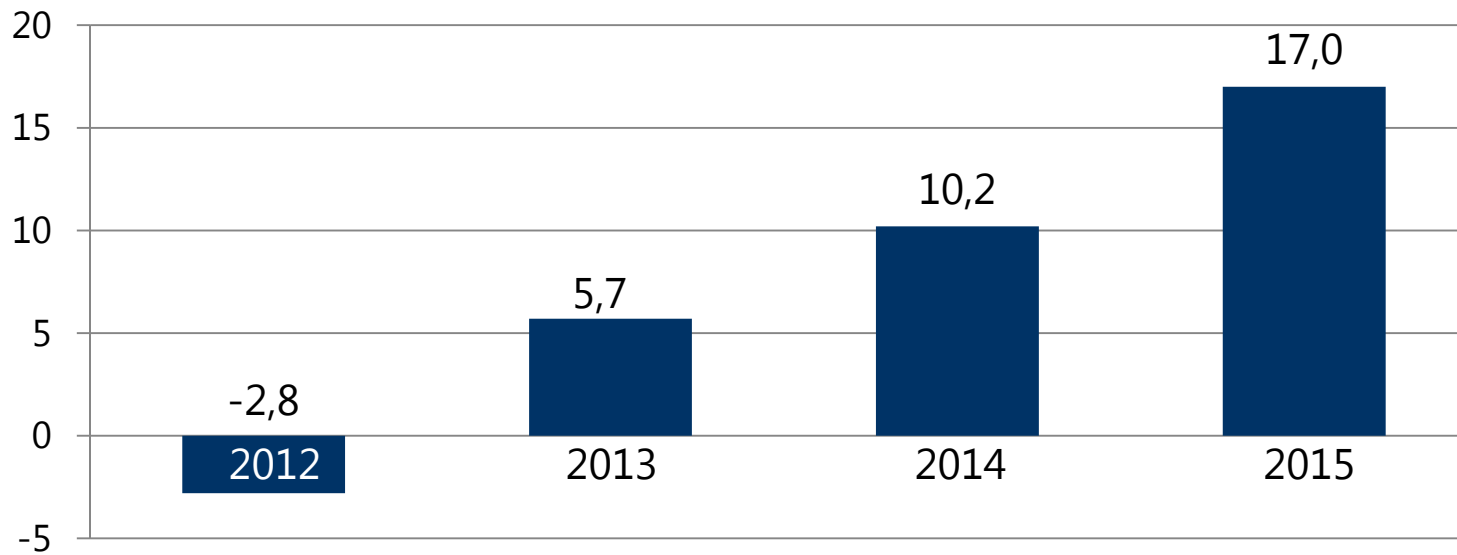
* excluding non-recurring items.

Balancing the product portfolio continues



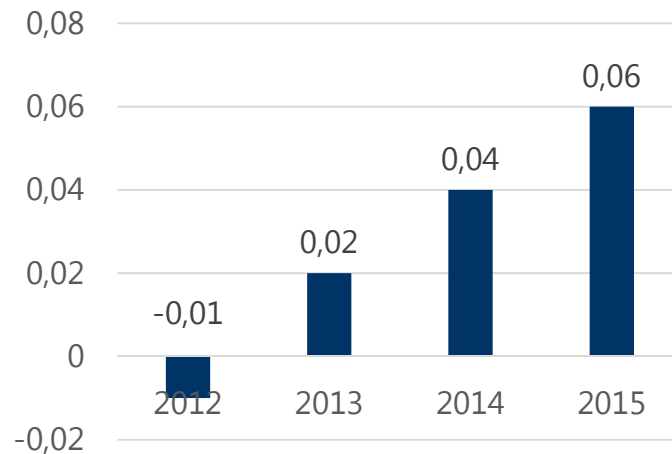
Profit for the period grew by 67% from the comparison period

Profit for the period, EUR million

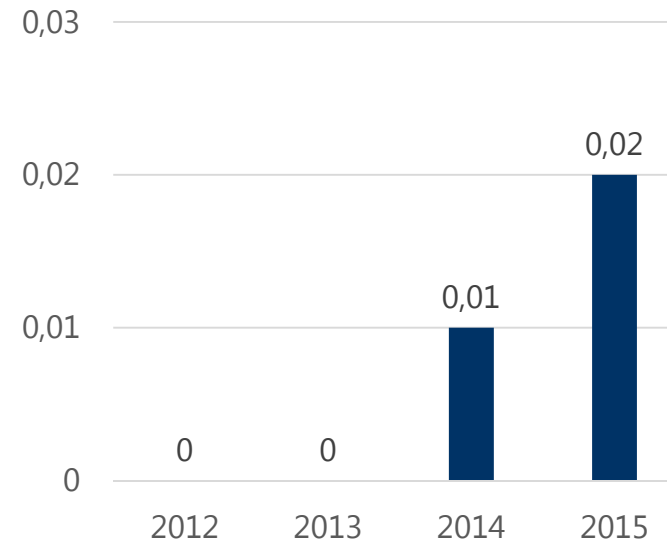


Dividend proposal doubled from the last year

Earnings per share, EUR



Dividend per share, EUR

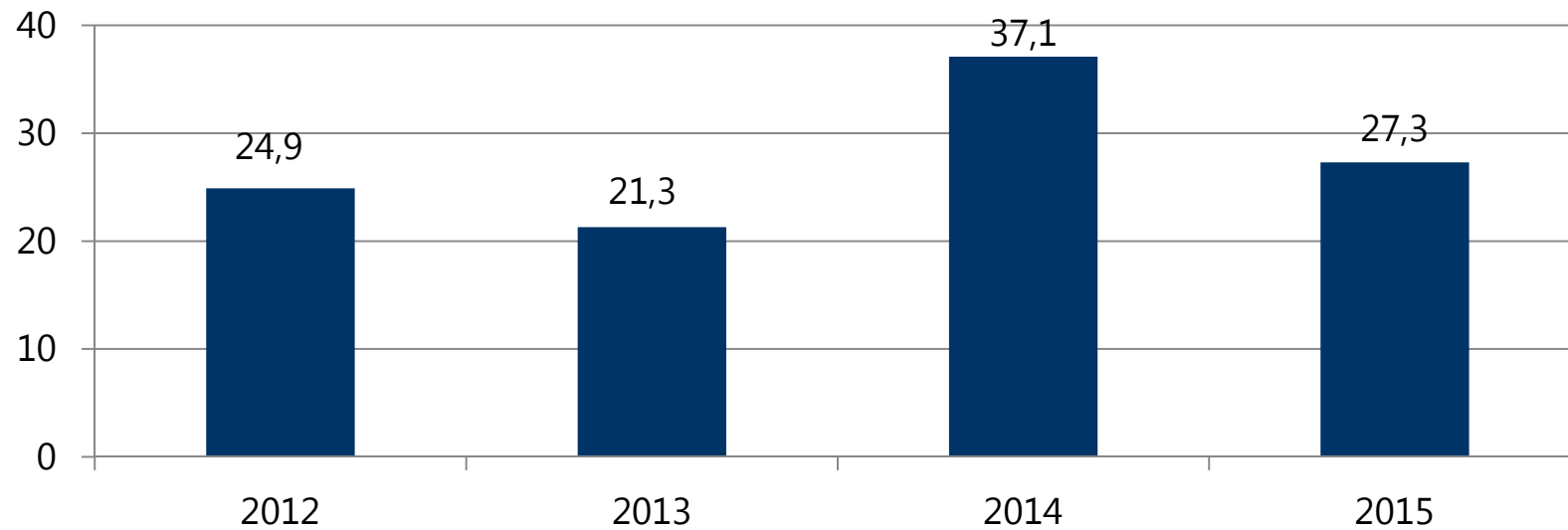


2014: Distribution of funds.

2015: Dividend proposal for the AGM.

Cash flow strong as expected in FY2015

Cash flow from operations, EUR million





Outlook for 2016

The first months of 2016

- Some customers postponed their orders in the last quarter of 2015 until after the turn of the year. We have received these postponed orders.
- However, during the first months of the year, the demand has not been at last year's level.
- We anticipate the change in demand to be temporary, deriving from the new manufacturing capacity just recently launched in Europe and North America, our main market areas.
- In longer term, the demand forecasts have not changed. Suominen anticipates its target markets to grow annually by some 2–9%, depending on the product segment and geographical region.

Outlook for FY2016 remains unchanged

- Suominen expects that for the full year 2016, its net sales and operating profit excluding non-recurring items will improve from year 2015.
- In 2015, Suominen's net sales amounted to EUR 444.0 million and operating profit excluding non-recurring items to EUR 31.2 million.

Strategy 2015–2017

Suominen's strategy 2015–2017

Vision – where?

Market Driven Product Leader

Strategy – how?

1. Deliver superior value in thoughtfully selected market applications.
2. Drive proactive key account management for mutual value creation.
3. Execute demand driven supply chain.
4. Evolve culture and capabilities to build strong product company.

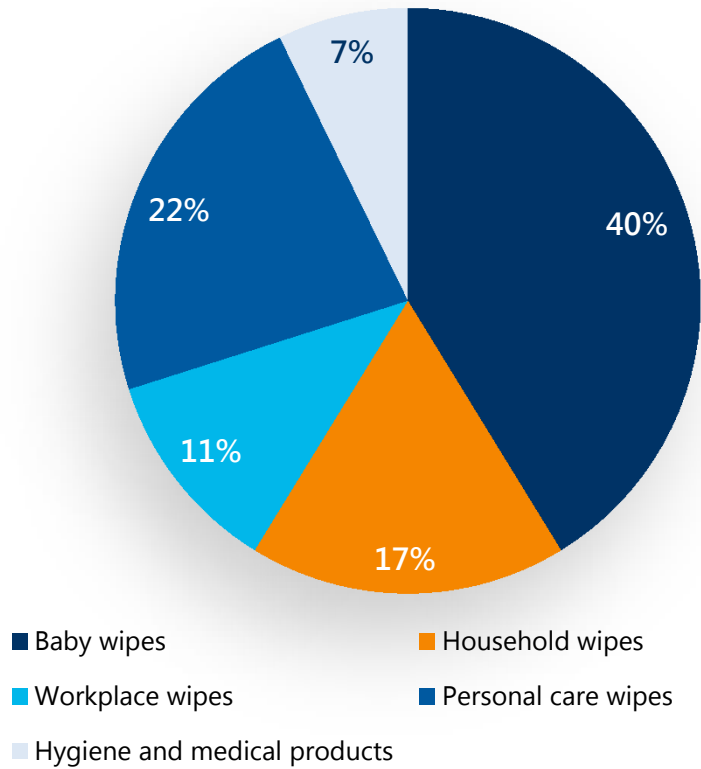


Purpose – why?

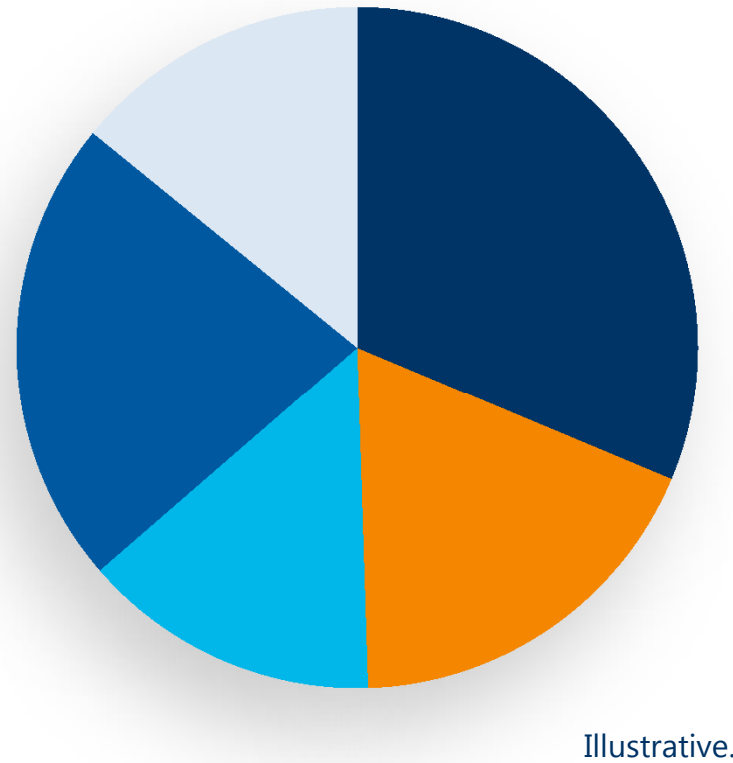
Our purpose is to make nonwovens continuously better for people.

We aim at major shift in product portfolio

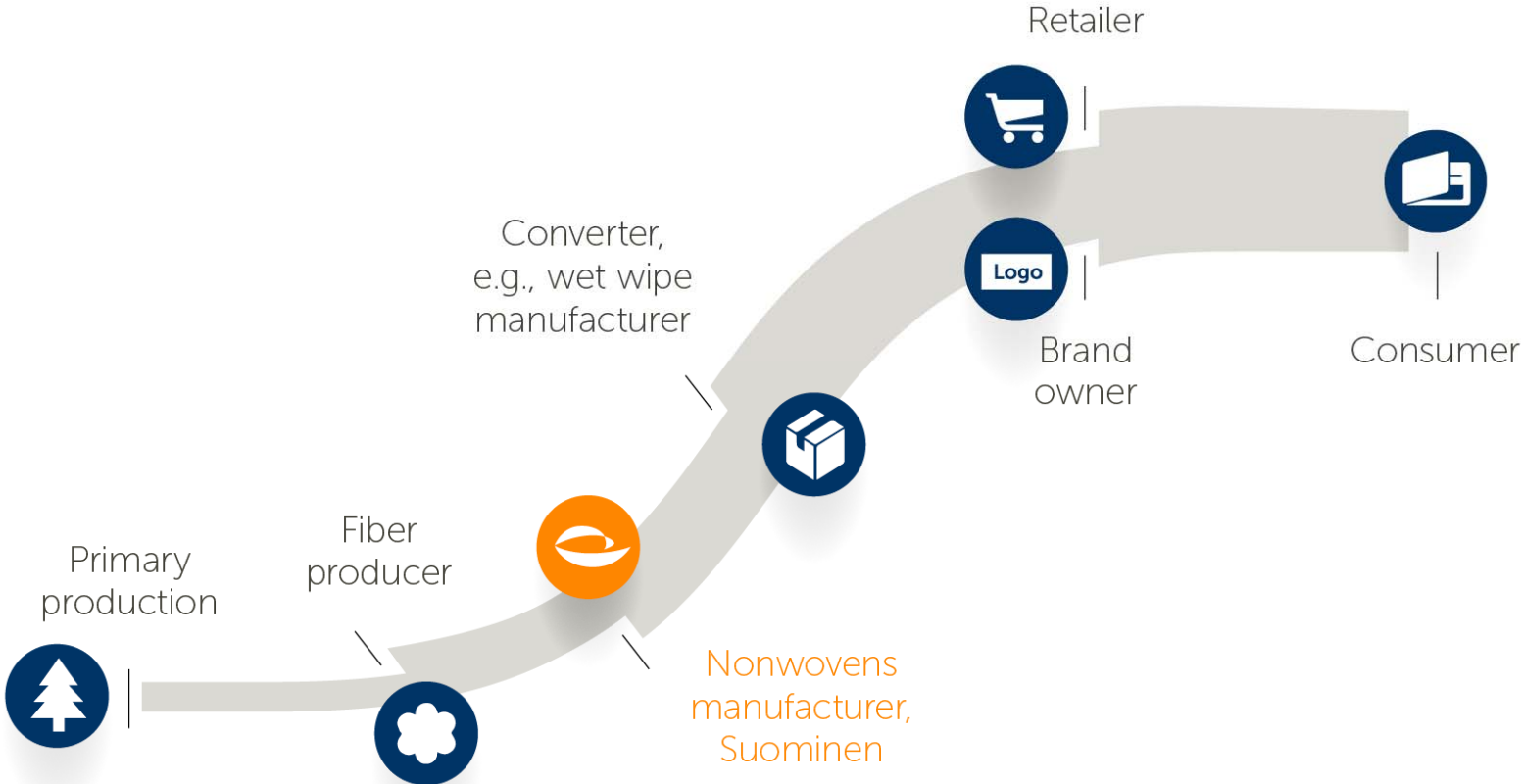
2015 (EUR 444.0 million)



2017 (approx. EUR 500 million)



Understanding the end user needs is at the heart of our strategy



Strategy implementation in 2015

Suominen's strategy 2015–2017

Vision

Market Driven Product Leader

Business strategy

1. Deliver superior value in thoughtfully selected market applications.
2. Drive proactive key account management.
3. Execute demand driven supply chain.
4. Evolve culture and capabilities to build strong product company.



Purpose

Our purpose is to make nonwovens continuously better for people

Key activities by focus area

1

Deliver superior value
in selected market
applications

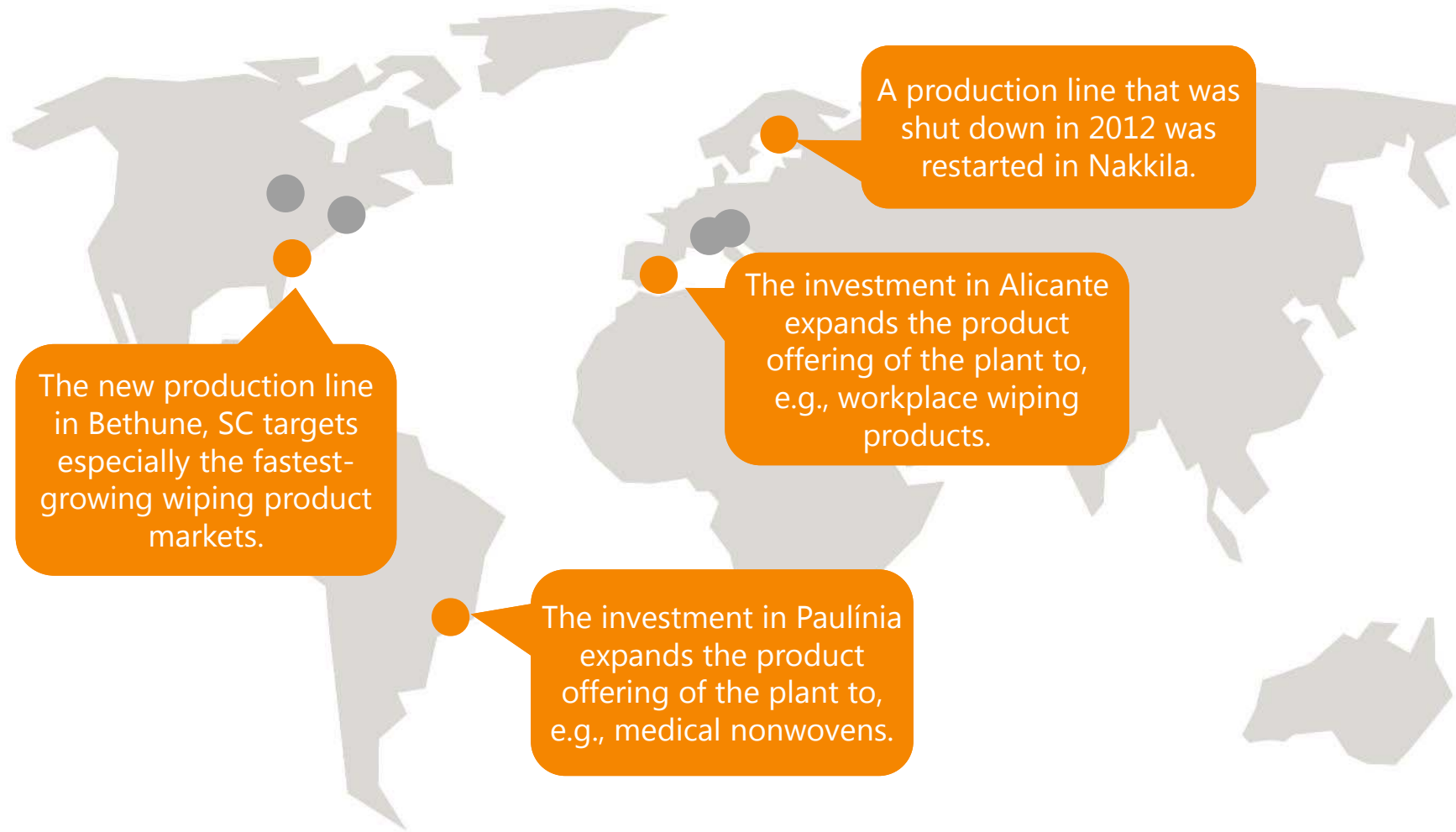
Approx. EUR 60 million growth
investment program progressed

Product development process was
enhanced

Six new branded products launched

1

Suominen responds to demand, especially in the fastest-growing market segments, with its growth investments



1

Examples of fast-growing market segments with higher added value

Flushable nonwovens

- Market growth 7–9% per year
- Growing number of applications
- Suominen has patented technology

Household wipes

- Market growth 2–7% per year
- Growing number of applications
- Convenience, making daily routines faster

Workplace wiping

- Market growth 5–7% per year
- Main end use environments include, e.g., hospitals, restaurants, manufacturing

Medical nonwovens

- Market growth 3–5% per year
- Aging population and challenges in healthcare, for example, boost the growth

1

Product Development was improved determinedly

Enhancing capabilities

- Suominen Innovation Machine process
 - Front End innovation
 - Creating a prioritized project portfolio
 - Introduction of formal gate process for running projects

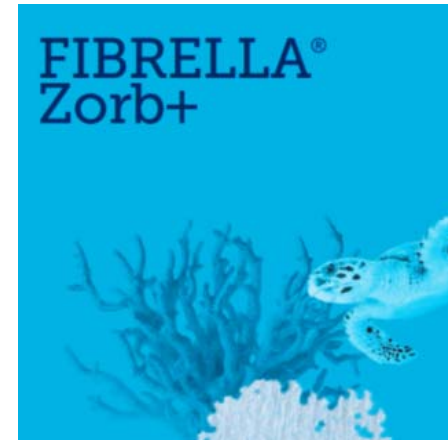
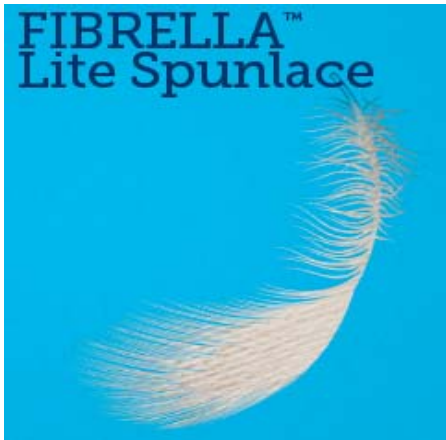
Enhancing capacity

- Creating critical mass
 - R&D expenditure to increase to above 1% of net sales (0.8% in 2015)
 - Four new people employed in 2015, two of them PhDs
 - Centralizing resources

1

Six new branded products in 2015

Five for Care, one for Convenience



Key activities by focus area

2

Drive proactive key account management for mutual value creation

Listening to the customer: Utilizing the Customer Perception Survey results

Creating value together with customer by, for example, organizing events

Key activities by focus area

3

Execute demand driven supply chain

Defining and implementing standardized global processes

Comprehensive ICT systems renewal – aim at an efficient, global supply chain

Key activities by focus area

4

Evolve culture and capabilities to build strong product company

Pivotal recruitments building new and enhanced capabilities in several areas



Strategic sustainability initiatives in progress, e.g., blind recruiting

4

Progress in strategic sustainability initiatives

Achieving product leadership

Product sustainability review

Operating sustainably throughout the organization

Non-Discrimination and Equal Opportunities Program: Blind hiring and salary study

Material and resource efficiency: Among other things, water and energy efficiency improved

Fostering responsibility throughout the value chain

Finishing the Supplier Code of Conduct

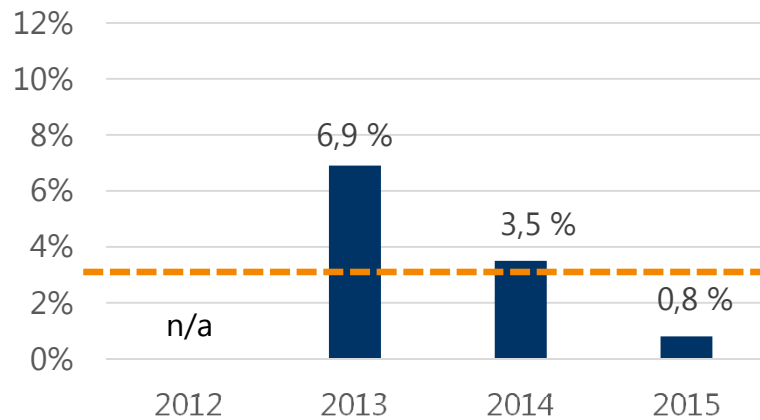
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Award for FIBRELLA® Lite in Research, Innovation & Science for Engineered Fabrics conference

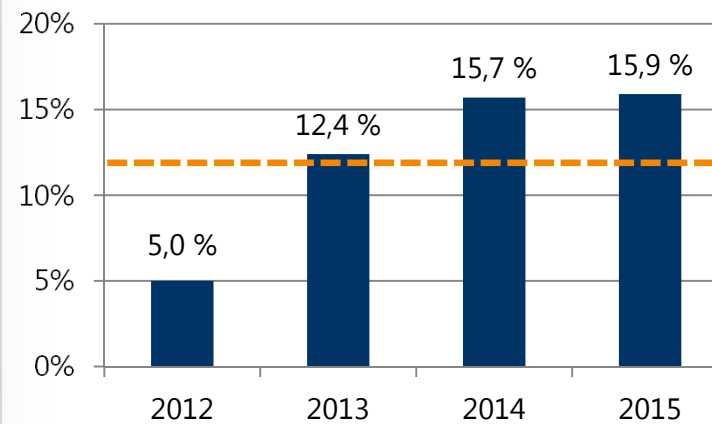


Progress on mid-term financial targets

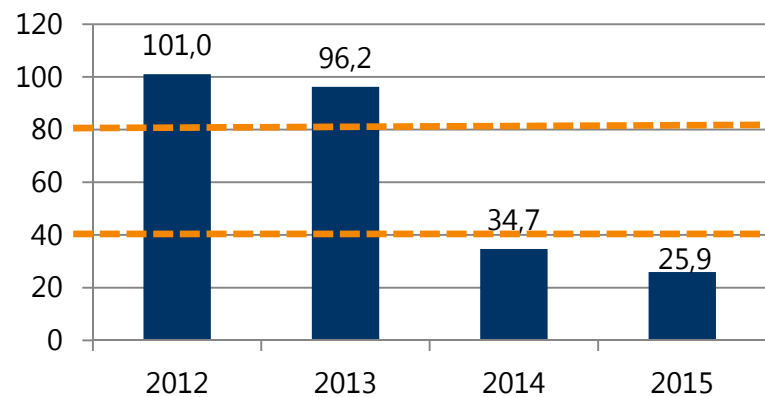
Organic net sales growth, %



ROI, %



Gearing, %



- Organic net sales growth, excluding the effect of exchange rates, compared with previous year.
- Target level marked with dashed line.
- Figures are for continuing operations.

Summary

Summary

Our profitability improved markedly but we fell short of the target set for organic growth

Dividend proposal doubled from the last year

In line with our strategy, we built foundations for growth by focusing on:

- Product development
- Investments
- Corporate culture

In 2016, Suominen continues to implement its strategy, aiming at product leadership and profitable organic growth

Thank you!

