



## Suominen Corporation

**Financial Statements**  
**1 January – 31 December 2009**

**Presentation 11 February 2010**

### Suominen highlights

**Black figures and healthy cash flow**

EUR, million	Q4/2009	Q4/2008	2009	2008
Net sales	44.9	49.8	<b>179.4</b>	214.6
Operating profit	0.6	-3.8	<b>6.7</b>	-4.0
Net result	-0.3	-4.4	<b>0.9</b>	-7.2
EPS, EUR	-0.01	-0.19	<b>0.04</b>	-0.31
Cash flow from operations/share, EUR	0.08	0.29	<b>1.13</b>	0.80

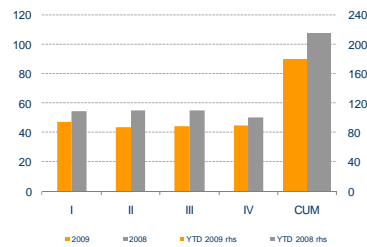
- Net sales down by 16 % on the previous year.
- Profit before taxes EUR 1.0 million includes EUR 1.2 million one-time costs.
- Sales margins improved on the last year despite difficult market environment.
- Raw material prices were lower than in 2008. During the year the trend was upwards.
- Cost savings and efficiency enhancement measures contributed to over EUR 7 million.
- Strong cash flow from operations thanks to strict control in working capital and investments.
- Dividend proposal EUR 0.02/share.

## Suominen performance

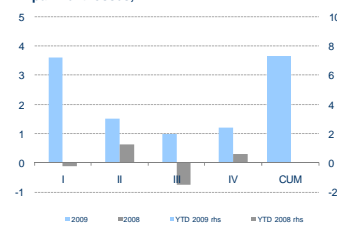
### Profitability up

- Net sales EUR 179.4 million (214.6).
  - One third of the drop was a result of lower raw material prices.
  - Other reasons for the drop were foreseen changes in sales by geographical areas, slack consumer demand and own measures to improve profitability of the offering portfolio.
- Operating profit EUR 6.7 million (-4.0).
  - Includes one-offs EUR 0.6 million (4.1) in Q4 from discontinuation of production in Sweden
  - Reduction of costs thanks to Stairs to Top programme.
  - Margins better than in the previous year.

Net sales, €M



Operating profit before non-recurring costs and impairment losses, €M

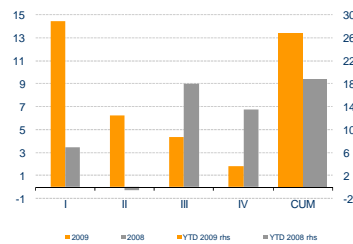


## Suominen financials

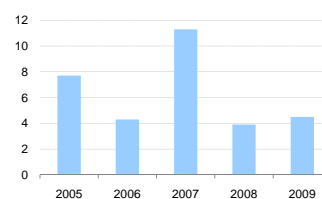
### Strong cash flow

- Cash flow from operations EUR 26.8 million (18.9).
- Working capital down by EUR 15.2 million (12.3). Sale of receivables contributed to EUR 8.7 million.
- Inventory turnover figures improved.
- Gross investments were EUR 4.5 million (3.9).

Cash flow from operations, €M



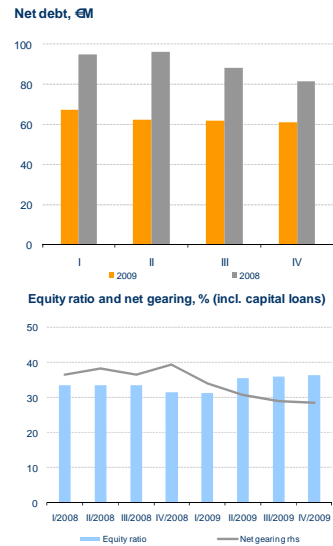
Investments



## Suominen funding

### Debt level down

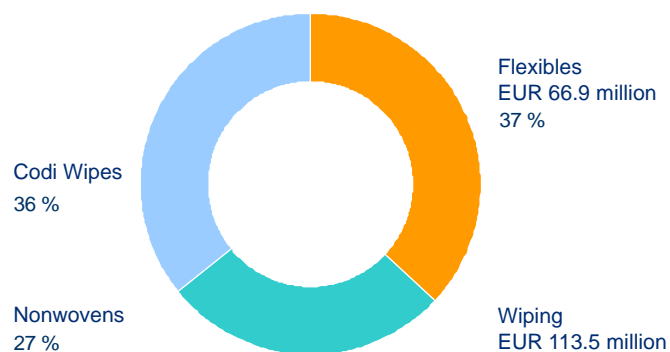
- Net debt EUR 59.1 million, reduction EUR 22.2 million.
- Equity ratio 36.4% (31.6) and net gearing 114.4% (157.2) when capital loans are included in equity.
- Roll-over facility (unutilised) of the loan agreement 12/2008 covers near-term obligations concerning loan maturities.
- Financial costs included impairment charges of EUR 0.6 million of loan receivables from discontinued operations.



## Break down of net sales

### Q1 – Q4/2009

EUR 179.4 million



## Suominen development

### Performance improvement by strategic Stairs to Top programme

- Systematic process with programmes to improve cost base, enhance efficiency, initiate new business and boost profitability.
- Supported by development of corporate culture.
- Over a 4-year period, the EUR value of cost savings and efficiency enhancement actions has amounted to EUR 5 million every year; in 2009 the value was EUR 7 million.
- Commercial initiatives progressing positively e.g. sales of Amer product family in Flexibles, sales of new Nonwovens substrate and increasing sales to Russia.

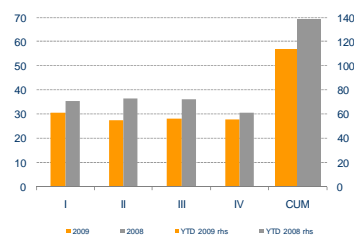


## Business area: Wiping

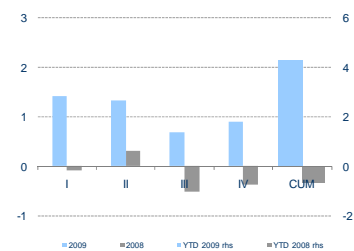
### Operating profit reversal

- Net sales EUR 113.5 million, down by 18%.
- Volume of deliveries declined in both units and in most business segments.
- Operating profit EUR 4.3 million (-4.8).
- Cost base improved clearly in both units.

Net sales, €M



Operating profit before non-recurring costs and impairment losses, €M



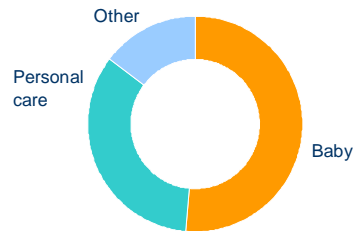
## Business area: Wiping

### Codi Wipes

- Net sales down by 11%.
- Sales was soft both in baby and personal care wipes.
- Sales portfolio was restructured and unprofitable products were discontinued. This lowered sales but improved sales margins.
- In fall, a sudden opportunity in the market was tapped through combining own offering with complementary product sourcing (Codi Connect).
- The rationalisation plan announced at the end of 2008 was carried out successfully and resulted in lower costs.
- Production was started with the new fully-automatic production line in Q4.

	Q4	LY	Q1-Q4	LY
Net sales, €M	16.8	-1%	64.5	-11%

Sales split



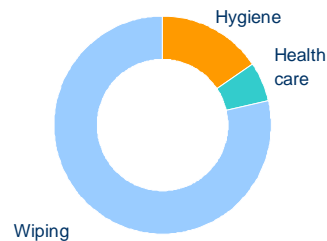
## Business area: Wiping

### Nonwovens

- Net sales down by 25%.
- Sales of nonwovens for wiping both to US and EU markets declined. Volumes of hygiene materials lost in line with expectations. Health care volumes on the level of the previous year.
- Temporary lay-offs to balance demand and capacity.
- New substrates with less material launched successfully.
- Sales to Russia increased.
- Average prices declined following drop of raw material prices. However, sales margins were improved.
- Operating costs down, production yield and efficiency improved.

	Q4	LY	Q1-Q4	LY
Net sales, €M	12.5	-19%	56.9	-25%

Sales split

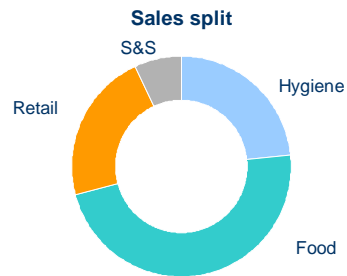


## Business area: Flexibles

### Sales declined

- Net sales EUR 66.9 million, down by 13%.
- Sales in the biggest segment, food packaging, were close to the level of the previous year.
- Deliveries of hygiene, retail and security & system packaging declined.
- Sales prices followed the decline of average raw material prices from the previous year.
- Russian sales remained on the level of 2008 thanks to success in hygiene packaging.

	Q4	LY	Q1-Q4	LY
Net sales, €M	17.4	-12%	66.9	-13%

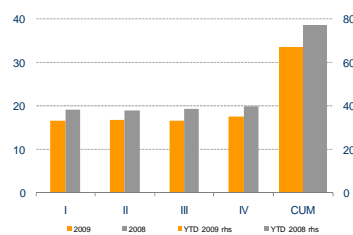


## Business area: Flexibles

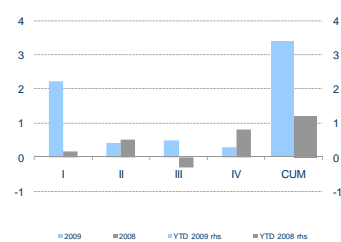
### Operating profit improved

- Operating profit EUR 2.8 million (1.2).
- Improvement in sales margins.
- Cost savings in personnel, purchases and fixed costs.
- New, high output carrier bag machine commissioned in Q3.
- Production was discontinued in Sweden, causing extra costs of EUR 0.6 million for Q4 and lower production compared to sales.
- Temporary lay-offs in System & Security Packaging in the autumn.
- Production of fruit and vegetable bags on the roll discontinued by the year end.

Net sales, €M



Operating profit before non-recurring costs, €M



## Outlook

- Demand for Suominen's products is evaluated on the basis of customer contracts and use forecasts provided by the customers. The general economic situation in Suominen's main market areas is still soft and no signs of demand recovery is visible for the company's products. For this reason, no major changes can be seen in sales volumes from the 2009 level.
- Raw material prices stabilised at the end of 2009, however, prices are expected to rise in 2010. The risk of strong fluctuations in prices is larger than usual due to the economic uncertainty.
- Suominen will focus on improving profitability and promoting sales, while continuously strengthening its capital structure.
- The Stairs to Top enhancement programme will be continued throughout the Group, and is expected to improve Suominen's competitiveness.
- Suominen's operating result is estimated to be equal to the 2009 level.

## Management focus in short term future

### Persistent work will continue

- Cost control and structural optimization
  - Continuous cost efficiency improvement through the Stairs to Top programme
  - Production ramp up in Poland due to shut down of Flexibles' Norrköping unit
- Working capital management and cash flow
  - Maintain great inventory turnover level
- Hunting of new profitable business
  - Investment in sales capabilities and new business creation process
  - Increasing sales of existing and new products
  - Winning new customers on target markets

