



Suominen Corporation's Half-Year Financial Report on August 7, 2019 at 1:00 pm (EEST)

Suominen Corporation's Half-Year Financial Report for 1 January–30 June 2019:

Operating profit improved in the first half of the year despite a slight decrease in net sales

## KEY FIGURES

	<b>4-6/ 2019</b>	4-6/ 2018	<b>1-6/ 2019</b>	1-6/ 2018	1-12/ 2018
Net sales, EUR million	<b>103.8</b>	110.0	<b>213.6</b>	216.6	431.1
Comparable operating profit, EUR million	<b>2.7</b>	2.9	<b>5.6</b>	4.5	4.6
Operating profit, EUR million	<b>2.7</b>	2.9	<b>5.6</b>	4.5	4.6
Profit for the period, EUR million	<b>0.4</b>	1.8	<b>1.5</b>	1.4	-1.7
Earnings per share, basic, EUR	<b>0.01</b>	0.03	<b>0.03</b>	0.03	-0.03
Earnings per share, diluted, EUR	<b>0.01</b>	0.03	<b>0.03</b>	0.03	-0.03
Cash flow from operations per share, EUR	<b>0.16</b>	0.19	<b>0.12</b>	0.28	0.56
Return on invested capital, rolling 12 months, %	–	–	<b>2.7</b>	4.1	2.3
Gearing, % *	–	–	<b>65.0</b>	59.6	65.9*

\*restated

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

### April–June 2019 in brief:

- Net sales decreased by 6% and amounted to EUR 103.8 million (110.0). The impact of EUR/USD exchange rate changes increased the net sales by EUR 3.4 million.
- Operating profit decreased by 9% to EUR 2.7 million (2.9).
- Cash flow from operations was EUR 9.1 million (10.8). In the comparison period the cash flow was impacted by tax refunds of EUR 7.0 million in the US.

### January–June 2019 in brief:

- Net sales decreased by 1% and amounted to EUR 213.6 million (216.6). The impact of EUR/USD exchange rate changes increased the net sales by EUR 8.1 million.
- Operating profit increased by 26% to EUR 5.6 million (4.5).
- Cash flow from operations was EUR 6.7 million (16.0). The decline was mainly due to tax refunds in the comparison period and 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:**

“Suominen’s net sales were EUR 103.8 million in the second quarter. Sales volumes decreased from the comparison period but sales prices improved as a result of our focus on value generation over volume. The strengthening of the USD compared to EUR increased our net sales by EUR 3.4 million in the second quarter. Our operating profit declined to EUR 2.7 (2.9) million.

The second quarter continued on the same level as the first quarter of the year. When looking at the first half of the year our net sales decreased slightly but our operating profit increased.

We continued our systematic development work on our new manufacturing line in Bethune, SC, US during the second quarter. We conducted several trials and customer qualification runs, which caused some additional costs. We continue to develop the new line in Bethune as part of our regular business operations.

From the beginning of July our new business areas are Europe and Americas. I am sure that this new organization enables us to be more efficient, focused and agile, which will support our work to improve Suominen’s profitability going forward. Due to the reorganizing of the business areas the second quarter includes EUR 0.4 million restructuring costs.

The Group-wide renewal of ICT systems was concluded with successful implementations at the Paulínia, Brazil and Bethune, USA, plants during the second quarter. All our eight plants are now operating with the renewed systems, allowing us to further increase our efficiency, productivity and transparency.”

**NET SALES****April–June 2019**

In April–June 2019, Suominen’s net sales decreased by 6% from the comparison period to EUR 103.8 million (110.0). The strengthening of the USD compared to EUR increased the net sales by EUR 3.4 million.

Until June 30, Suominen’s business areas were Convenience and Care. Convenience business area supplied nonwovens as roll goods for a wide range of wiping applications. Care business area supplied nonwovens for hygiene products and medical applications. Net sales of the Convenience business area amounted to EUR 96.1 million (99.9) and net sales of the Care business area to EUR 7.7 million (10.0).

Since July 1, 2019 Suominen’s business areas are Americas and Europe. The net sales of the Americas business area were EUR 65.0 million (66.9) and of the Europe business area EUR 38.8 million (43.1).

**January–June 2019**

In January–June 2019, Suominen’s net sales decreased by 1% from the comparison period to EUR 213.6 million (216.6). The strengthening of the USD compared to EUR increased the net sales by EUR 8.1 million.

Net sales of the Convenience business area amounted to EUR 197.3 million (197.4) and net sales of the Care business area EUR 16.2 million (19.1).

The net sales of the Americas business area were EUR 133.3 million (130.1) and of the Europe business area EUR 80.3 million (86.5).

In January–June, the share of nonwovens for baby wipes increased to 41% (38%) and household wipes increased to 23% (20%) while the share of nonwovens for personal care wipes declined to 18% (23%). Other key applications remained nearly flat compared with the corresponding period last year with the share of workplace wipes at 9% and medical & hygiene applications at 9%.

## **OPERATING PROFIT AND RESULT**

### **April–June 2019**

Operating profit decreased by 9% from the comparison period and amounted to EUR 2.7 million (2.9). The operating profit was burdened by unusually high bad debt provisions. The impact of US dollar exchange rate fluctuation to the operating profit was minor. Due to the reorganizing of the business areas the second quarter operating profit includes EUR 0.4 million restructuring costs.

Profit before income taxes was EUR 1.0 million (2.4), and profit for the reporting period was EUR 0.4 million (1.8).

### **January–June 2019**

Operating profit increased by 26% and was EUR 5.6 million (4.5). The impact of US dollar exchange rate fluctuation to the operating profit was minor. Profit before income taxes was EUR 2.6 million (2.1), and profit for the reporting period was EUR 1.5 million (1.4).

## **FINANCING**

The Group's net interest-bearing liabilities at nominal value amounted to EUR 86.5 million (79.1) at the end of the review period. The gearing ratio was 65.0% (59.6%) and the equity ratio 40.3% (41.7%).

In January–June, net financial expenses were EUR -3.0 million (-2.4), or -1.4% (-1.1%) of net sales. Fluctuations in exchange rates decreased the net financial expenses by EUR 0.1 million (0.2). The interest expenses arising from the lease liabilities increased the net financial expenses by EUR 0.5 million.

Cash flow from operations in April–June was EUR 9.1 million (10.8) and in January–June EUR 6.7 million (16.0), representing a cash flow per share of EUR 0.12 (0.28) and EUR 0.16 (0.19) for the quarter. In the second quarter the change in working capital was EUR 0.7 million (-4.0).

The decline in the cash flow from operations in the first half of the year was mainly due to change in working capital (EUR -9.8 million, EUR -4.7 million in corresponding period last year). Cash flow before change in net working capital, financial items and income taxes improved by EUR 3.8 million compared with the corresponding period in 2018. The cash flow from operations in 2018 was positively affected by the US federal corporate income tax refunds.

## **CAPITAL EXPENDITURE**

In January–June, the gross capital expenditure totaled EUR 6.3 million (6.7) and was mainly related to the growth investment initiative at Suominen's plant in Green Bay, WI, USA as well as to the investment in the group-wide renewal of ICT systems.

All Suominen's eight plants are now operating with the renewed ICT systems as the implementation of the new systems was conducted successfully during the second quarter at the Paulínia, Brazil and Bethune, USA, plants.

Other investments were mainly for maintenance. Depreciation and amortization for the review period amounted to EUR 12.8 million (10.1).

## **INFORMATION ON SHARES AND SHARE CAPITAL**

### **Share capital**

The number of Suominen's registered shares was 58,259,219 shares on June 30, 2019, equaling to a share capital of EUR 11,860,056.00.

### **Share trading and price**

The number of Suominen shares traded on Nasdaq Helsinki from January 1 to June 30, 2019 was 2,775,156 shares, accounting for 4.8% of the average number of shares (excluding treasury shares). The highest price was EUR 2.70, the lowest EUR 2.04 and the volume-weighted average price EUR 2.41. The closing price at the end of review period was EUR 2.36. The market capitalization (excluding treasury shares) was EUR 135.8 million on June 30, 2019.

### **Treasury shares**

On June 30, 2019, Suominen Corporation held 729,351 treasury shares.

In accordance with the resolution by the Annual General Meeting, in total 33,619 shares were transferred to the members of the Board of Directors as their remuneration payable in shares during the reporting period.

### **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 March 19, 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 was 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 were given out of the treasury shares held by the company by the decision of the Board of Directors on May 31, 2019.

### **Share-based incentive plans for the management and key employees**

The Group management and key employees participate in the company's share-based incentive plan. The earlier 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](http://www.suominen.fi)

[Share-based Incentive Plan 2019-2021](#)

The Board of Directors of Suominen Corporation approved on January 30, 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.

#### Matching Restricted Share Plan 2019-2021

The Board of Directors of Suominen Corporation approved on June 4, 2019 a new share-based incentive plan for selected Group key employees. The aim is to align the objectives of the shareholders and key employees in order to increase the value of the company in the long-term, to retain key employees at the company, and to offer them a competitive reward plan that is based on acquiring, receiving and accumulating the company's shares.

The Matching Restricted Share Plan is directed to selected key employees in the Suominen Group. The prerequisite for receiving a reward from the plan is that a participant acquires the company's shares, amounting to the number resolved by the Board.

If the prerequisites set for a participant have been fulfilled and his or her employment or service in a company belonging to the Suominen Group is in force at the time of the reward payment, he or she will receive matching shares as a reward.

The plan includes vesting periods, the duration of which is resolved by the Board. The potential reward will be paid partly in shares and partly in cash after a vesting period. The cash proportion is intended to cover taxes and tax-related costs arising from the rewards to the plan participants.

The prerequisite for reward payment is that a participant's employment or service is in force upon reward payment. The plan rewards to be allocated in 2019–2021 will amount to a maximum total of 200,000 Suominen Corporation shares including also the proportion to be paid in cash.

## **ANNUAL GENERAL MEETING**

The Annual General Meeting (AGM) of Suominen Corporation was held on March 19, 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 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 AGM decided that the number of Board members remains unchanged at six (6). Jan Johansson was re-elected as Chair of the Board of Directors and Andreas Ahlström, Risto Anttonen, Hannu Kasurinen and Laura Raitio were re-elected as members of the Board of Directors. Sari Pajari was elected as a new member of the 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 appointed Toni Halonen, Authorised Public Accountant, as the principally responsible auditor of the company.

The AGM authorized the Board of Directors to decide on the repurchase of the company's own shares and to resolve the issuance of shares and granting of options and the issuance of special rights entitling to shares. The terms and conditions of the authorization are explained later in this half-year financial report.

Suominen published a stock exchange release on March 19, 2019 concerning the resolutions of the Annual General Meeting and the organizing meeting of the Board of Directors. The stock exchange release and an introduction of the Board members can be viewed on Suominen's website at [www.suominen.fi](http://www.suominen.fi).

### **Authorizations of the Board of Directors**

The Annual General Meeting (AGM) held on March 19, 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 non-restricted 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 June 30, 2020 and it revokes all earlier authorizations to repurchase company's own shares.

The Annual General Meeting (AGM) held on March 19, 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 June 30, 2020.

On May 29, 2019 Suominen announced about the portion of the annual remuneration of the members of the Board of Directors which was paid in shares. The aggregate number of the shares that were granted out of the Company's treasury shares was 33,619 shares. After this, the maximum amount of authorization is 4,966,381 shares in aggregate.

#### **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.

#### **CHANGES IN MANAGEMENT**

On April 24, 2019 Suominen announced its new business areas and changes in the Executive Team. Toni Tamminen (D.Sc. Technology, M.Sc. Economics) was appointed as CFO and member of the Suominen's Executive Team from July 30, 2019 onwards. As it was announced earlier, Suominen's former CFO Tapio Engström's last day at Suominen was May 3 and Sirpa Koskinen, VP, Group Controller acted as interim CFO until Toni Tamminen started.

Various changes in the Executive Team responsibilities were announced simultaneously: Ernesto Levy was appointed Senior Vice President, Americas business area, previously SVP, Convenience business area. Markku Koivisto was appointed interim Senior Vice President, Europe business area, he continues also in his role as CTO. Lynda Kelly was appointed Senior Vice President, Business Development, previously SVP,

Care business area. Larry Kinn, SVP Operational Excellence, retired in July. At the same time Suominen announced that the Corporate Leadership Team was discontinued.

On May 20, 2019 Suominen announced that Hannu Sivula, Senior Vice President, Human Resources will leave the company.

On May 22, 2019 Suominen announced that Klaus Korhonen (LL.M) was appointed as Senior Vice President, Human Resources and Legal Affairs and member of Suominen's Executive Team. He will join the company on August 19, 2019.

## **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 foreign 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 has identified also other business risks and uncertainties, for example risks related to production technologies, product liability, investments and financial risks. These risks are described in more detail in the Interim Report January–March 2019 and Financial Statements 2018.

## **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 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 decreased slightly in the second quarter. In the United States the consumer confidence index instead increased slightly. The consumer confidence index is still strong in both geographical areas.

Suominen assesses the trend in the demand for its products on the bases 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 January 31, 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 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 Toni Tamminen, CFO, will present the Q2 financial result in Finnish at an analyst and press conference in Helsinki on Wednesday, August 7 at 3:00 pm (EEST). The conference will take place at Suominen's Head Office, Ultimes Business Garden, Karvaamokuja 2 B, Helsinki. The presentation material will be available after the analyst and press conference at [www.suominen.fi](http://www.suominen.fi)

**NEXT FINANCIAL REPORT**

Suominen Corporation will publish its Interim Report for January–September 2019 on Tuesday October 22, 2019 approximately at 3:00 pm (EEST).

**SUOMINEN GROUP JANUARY 1 – JUNE 30, 2019**

The figures in these half-year 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 half-year report has not been audited.

This half-year 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 came into force on January 1, 2019.

The new standards, amendments and interpretations, which have been applied from January 1, 2019 and which have a material effect on Suominen have been disclosed in Suominen's January–March 2019 Interim Report. Other new or amended standards or interpretations applicable from January 1, 2019 are not material for Suominen Group. Also the effects of the changes in accounting principles on Suominen's opening balances in the statement of financial position are presented separately in Suominen's January–March 2019 Interim Report.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EUR thousand	<b>30.6.2019</b>	30.6.2018	Restated 31.12.2018
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	<b>15,496</b>	15,496	15,496
Intangible assets	<b>21,572</b>	20,111	21,231
Property, plant and equipment	<b>124,956</b>	132,590	129,391
Right-of-use assets	<b>15,891</b>	–	16,797
Loan receivables	<b>3,348</b>	3,072	3,348
Equity instruments	<b>777</b>	777	777
Other non-current receivables	<b>43</b>	1,317	1,393
Deferred tax assets	<b>2,374</b>	4,681	2,540
<b>Total non-current assets</b>	<b>184,456</b>	178,043	190,972
<b>Current assets</b>			
Inventories	<b>47,294</b>	47,290	51,583
Trade receivables	<b>61,282</b>	59,575	58,097
Loan receivables	<b>4,017</b>	4,337	4,017
Other current receivables	<b>5,864</b>	3,630	4,118
Assets for current tax	<b>965</b>	672	974
Cash and cash equivalents	<b>26,530</b>	24,480	27,757
<b>Total current assets</b>	<b>145,952</b>	139,984	146,545
<b>Total assets</b>	<b>330,408</b>	318,027	337,517
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	<b>11,860</b>	11,860	11,860
Share premium account	<b>24,681</b>	24,681	24,681
Reserve for invested unrestricted equity	<b>81,269</b>	81,185	81,185
Treasury shares	<b>-44</b>	-44	-44
Fair value and other reserves	<b>264</b>	264	264
Exchange differences	<b>284</b>	-2,555	-669
Retained earnings	<b>14,865</b>	17,241	13,237
<b>Total equity attributable to owners of the parent</b>	<b>133,178</b>	132,631	130,513

**Liabilities**
**Non-current liabilities**

Deferred tax liabilities	<b>12,411</b>	14,841	12,373
Liabilities from defined benefit plans	<b>815</b>	908	847
Provisions	<b>1,557</b>	–	1,511
Non-current lease liabilities	<b>11,827</b>	116	12,706
Other non-current liabilities	<b>17</b>	17	17
Debentures	<b>81,154</b>	95,736	80,615
<b>Total non-current liabilities</b>	<b>107,780</b>	111,617	108,067

**Current liabilities**

Debentures	<b>15,716</b>	–	15,687
Current lease liabilities	<b>2,877</b>	106	2,742
Other current interest-bearing liabilities	<b>5,000</b>	10,000	5,000
Liabilities for current tax	<b>317</b>	321	121
Trade payables and other current liabilities	<b>65,540</b>	63,352	75,386
<b>Total current liabilities</b>	<b>89,450</b>	73,780	98,936

<b>Total liabilities</b>	<b>197,230</b>	185,397	207,003
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<b>Total equity and liabilities</b>	<b>330,408</b>	318,027	337,517
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

EUR thousand	<b>4-6/2019</b>	4-6/2018	<b>1-6/2019</b>	1-6/2018	1-12/2018
<b>Net sales</b>	<b>103,824</b>	109,961	<b>213,590</b>	216,577	431,109
Cost of goods sold	<b>-94,099</b>	-99,905	<b>-194,920</b>	-198,674	-399,826
<b>Gross profit</b>	<b>9,725</b>	10,056	<b>18,670</b>	17,903	31,283
Other operating income	<b>684</b>	571	<b>1,603</b>	1,195	2,528
Sales and marketing expenses	<b>-2,011</b>	-1,830	<b>-3,788</b>	-3,610	-7,048
Research and development	<b>-914</b>	-1,001	<b>-1,722</b>	-1,809	-3,515
Administration expenses	<b>-4,437</b>	-4,684	<b>-8,643</b>	-9,021	-17,599
Other operating expenses	<b>-392</b>	-193	<b>-504</b>	-191	-1,055
<b>Operating profit</b>	<b>2,655</b>	2,919	<b>5,616</b>	4,466	4,594
Net financial expenses	<b>-1,695</b>	-507	<b>-2,992</b>	-2,383	-5,557
<b>Profit before income taxes</b>	<b>960</b>	2,411	<b>2,625</b>	2,083	-963
Income taxes	<b>-585</b>	-598	<b>-1,124</b>	-642	-757
<b>Profit / loss for the period</b>	<b>375</b>	1,813	<b>1,500</b>	1,441	-1,720

**Earnings per share, EUR**

Basic	<b>0.01</b>	0.03	<b>0.03</b>	0.03	-0.03
Diluted	<b>0.01</b>	0.03	<b>0.03</b>	0.03	-0.03

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

EUR thousand	<b>4-6/ 2019</b>	4-6/ 2018	<b>1-6/ 2019</b>	1-6/ 2018	1-12/ 2018
<b>Profit for the period</b>	<b>375</b>	1,813	<b>1,500</b>	1,441	-1,720
<b>Other comprehensive income:</b>					
<b>Other comprehensive income that will be subsequently reclassified to profit or loss</b>					
Exchange differences	<b>-1,223</b>	4,210	<b>1,015</b>	871	2,936
Income taxes related to other comprehensive income	<b>130</b>	-530	<b>-62</b>	-275	-454
<b>Total</b>	<b>-1,093</b>	3,680	<b>953</b>	595	2,482
<b>Other comprehensive income that will not be subsequently reclassified to profit or loss</b>					
Remeasurements of defined benefit plans	-	-	-	-	-41
Income taxes related to other comprehensive income	-	-	-	-	11
<b>Total</b>	-	-	-	-	-29
<b>Total other comprehensive income</b>	<b>-1,093</b>	3,680	<b>953</b>	595	2,452
<b>Total comprehensive income for the period</b>	<b>-718</b>	5,493	<b>2,453</b>	2,036	732

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares
<b>Equity 1 January 2019</b>	<b>11,860</b>	<b>24,681</b>	<b>81,185</b>	<b>-44</b>
Profit / loss for the period	-	-	-	-
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-

Share-based payments	-	-	-	-
Conveyance of treasury shares	-	-	84	-
<b>Equity 30 June 2019</b>	<b>11,860</b>	<b>24,681</b>	<b>81,269</b>	<b>-44</b>

EUR thousand	Exchange differences	Fair value and other reserves	Retained earnings	Total equity attributable to owners of the parent
<b>Equity 1 January 2019</b>	<b>-669</b>	<b>264</b>	<b>13,237</b>	<b>130,513</b>
Profit / loss for the period	-	-	1,500	1,500
Other comprehensive income	953	-	-	953
<b>Total comprehensive income</b>	<b>953</b>	<b>-</b>	<b>1,500</b>	<b>2,453</b>
Share-based payments	-	-	128	128
Conveyance of treasury shares	-	-	-	84
<b>Equity 30 June 2019</b>	<b>284</b>	<b>264</b>	<b>14,865</b>	<b>133,178</b>

EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares
<b>Equity 1 January 2018</b>	<b>11,860</b>	<b>24,681</b>	<b>87,423</b>	<b>-44</b>
Profit / loss for the period	-	-	-	-
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Share-based payments	-	-	-	-
Return of capital	-	-	-6,322	-
Conveyance of treasury shares	-	-	84	-
<b>Equity 30 June 2018</b>	<b>11,860</b>	<b>24,681</b>	<b>81,185</b>	<b>-44</b>

EUR thousand	Exchange differences	Fair value and other reserves	Retained earnings	Total equity attributable to owners of the parent
<b>Equity 1 January 2018</b>	<b>-3,151</b>	<b>264</b>	<b>15,761</b>	<b>136,794</b>
Profit / loss for the period	-	-	1,441	1,441
Other comprehensive income	595	-	-	595
<b>Total comprehensive income</b>	<b>595</b>	<b>-</b>	<b>1,441</b>	<b>2,036</b>
Share-based payments	-	-	39	39
Return of capital	-	-	-	-6,322
Conveyance of treasury shares	-	-	-	84
<b>Equity 30 June 2018</b>	<b>-2,555</b>	<b>264</b>	<b>17,241</b>	<b>132,631</b>

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

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	1-6/2019	1-6/2018	1-12/2018
<b>Cash flow from operations</b>			
Profit for the period	<b>1,500</b>	1,441	-1,720
Total adjustments to profit for the period	<b>17,468</b>	13,767	27,210
Cash flow before changes in net working capital	<b>18,969</b>	15,208	25,490
Change in net working capital	<b>-9,780</b>	-4,707	5,621
Financial items	<b>-1,620</b>	-1,429	-4,677
Income taxes	<b>-829</b>	6,881	5,715

<b>Cash flow from operations</b>	<b>6,739</b>	15,952	32,148
<b>Cash flow from investments</b>			
Investments in property, plant and equipment and intangible assets	<b>-6,581</b>	-7,146	-15,039
Cash flow from disposed businesses	-	198	198
Sales proceeds from property, plant and equipment and intangible assets	<b>0</b>	-	4
<b>Cash flow from investments</b>	<b>-6,581</b>	-6,948	-14,837
<b>Cash flow from financing</b>			
Drawdown of current interest-bearing liabilities	<b>5,000</b>	-	5,000
Repayment of current interest-bearing liabilities	<b>-6,394</b>	-5,058	-15,118
Repayment in loan receivables	-	-	-
Return of capital	-	-6,322	-6,322
<b>Cash flow from financing</b>	<b>-1,394</b>	-11,380	-16,440
<b>Change in cash and cash equivalents</b>	<b>-1,235</b>	-2,376	871
Cash and cash equivalents at the beginning of the period	<b>27,757</b>	27,240	27,240
Effect of changes in exchange rates	<b>9</b>	-384	-355
Change in cash and cash equivalents	<b>-1,224</b>	-2,376	871
<b>Cash and cash equivalents at the end of the period</b>	<b>26,530</b>	24,480	27,757



**KEY RATIOS**

	<b>4-6/ 2019</b>	4-6/ 2018	<b>1-6/ 2019</b>	1-6/ 2018	Restated 1-12/ 2018
Change in net sales, % *	<b>-5.6</b>	-1.8	<b>-1.4</b>	-3.7	1.2
Gross profit, as percentage of net sales, %	<b>9.4</b>	9.1	<b>8.7</b>	8.3	7.3
Comparable gross profit, as percentage of net sales, %	<b>9.4</b>	9.1	<b>8.7</b>	8.3	7.3
Operating profit, as percentage of net sales, %	<b>2.6</b>	2.7	<b>2.6</b>	2.1	1.1
Comparable operating profit, as percentage of net sales, %	<b>2.6</b>	2.7	<b>2.6</b>	2.1	1.1
Net financial items, as percentage of net sales, %	<b>-1.6</b>	-0.5	<b>-1.4</b>	-1.1	-1.3
Profit before income taxes, as percentage of net sales, %	<b>0.9</b>	2.2	<b>1.2</b>	1.0	-0.2
Profit for the period, as percentage of net sales, %	<b>0.4</b>	1.6	<b>0.7</b>	0.7	-0.4
Gross capital expenditure, EUR thousand	<b>2,495</b>	4,441	<b>6,289</b>	6,677	13,580
Depreciation and amortization, EUR thousand	<b>6,434</b>	5,124	<b>12,781</b>	10,123	21,018
Return on equity, rolling 12 months, %	-	-	<b>-1.3</b>	7.2	-1.3
Return on invested capital, rolling 12 months, %	-	-	<b>2.7</b>	4.1	2.3
Equity ratio, %	-	-	<b>40.3</b>	41.7	38.7
Gearing, %	-	-	<b>65.0</b>	59.6	65.9
Average number of personnel	-	-	<b>691</b>	670	676
Earnings per share, EUR, basic	<b>0.01</b>	0.03	<b>0.03</b>	0.03	-0.03
Earnings per share, EUR, diluted	<b>0.01</b>	0.03	<b>0.03</b>	0.03	-0.03
Cash flow from operations per share, EUR	<b>0.16</b>	0.19	<b>0.12</b>	0.28	0.56
Equity per share, EUR	-	-	<b>2.31</b>	2.31	2.27
Number of shares, end of period, excluding treasury shares	-	-	<b>57,529,868</b>	57,496,249	57,496,249
Share price, end of period, EUR	-	-	<b>2.36</b>	3.40	2.05
Share price, period low, EUR	-	-	<b>2.04</b>	3.22	1.80
Share price, period high, EUR	-	-	<b>2.70</b>	4.60	4.60
Volume weighted average price during the period, EUR	-	-	<b>2.41</b>	3.82	3.10
Market capitalization, EUR million	-	-	<b>135.8</b>	195.5	117.9
Number of traded shares during the period	-	-	<b>2,775,156</b>	1,688,315	3,643,880
Number of traded shares during the period, % of average number of shares	-	-	<b>4.8</b>	2.9	6.3

\* Compared with the corresponding period in the previous year.

	<b>30.6.2019</b>	30.6.2018	31.12.2018
<b>Interest-bearing net debt, EUR thousands</b>			
Non-current interest-bearing liabilities, nominal value	<b>96,827</b>	100,846	97,706
Current interest-bearing liabilities, nominal value	<b>23,607</b>	10,106	23,472
Interest-bearing receivables and cash and cash equivalents	<b>-33,895</b>	-31,889	-35,122
<b>Interest-bearing net debt</b>	<b>86,539</b>	79,062	86,055

### **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

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

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	<b>30.6.2019</b>	<b>30.6.2018</b>	<b>31.12.2018</b>
Profit for the period	1,500	1,441	-1,720

Average share-issue adjusted number of shares	57,501,821	57,441,177	57,468,939
Average diluted share-issue adjusted number of shares excluding treasury shares	57,540,782	57,523,022	57,508,720

Earnings per share

#### **EUR**

Basic	0.03	0.03	-0.03
Diluted	0.03	0.03	-0.03

#### **Cash flow from operations per share**

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

	<b>30.6.2019</b>	<b>30.6.2018</b>	<b>31.12.2018</b>
Cash flow from operations, EUR thousand	6,739	15,952	32,148
Share-issue adjusted number of shares excluding treasury shares, end of reporting period	57,529,868	57,496,249	57,496,249
Cash flow from operations per share, EUR	0.12	0.28	0.56

### Equity per share

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

	<b>30.6.2019</b>	30.6.2018	31.12.2018
Total equity attributable to owners of the parent, EUR thousand	133,178	132,631	130,513
Share-issue adjusted number of shares excluding treasury shares, end of reporting period	57,529,868	57,496,249	57,496,249
Equity per share, EUR	2.31	2.31	2.27

### Market capitalization

$$\text{Market capitalization} = \text{Number of shares at the end of reporting period excluding treasury shares} \times \text{share price at the end of period}$$

	<b>30.6.2019</b>	30.6.2018	31.12.2018
Number of shares at the end of reporting period excluding treasury shares	57,529,868	57,496,249	57,496,249
Share price at end of the period, EUR	2.36	3.40	2.05
Market capitalization, EUR million	135.8	195.5	117.9

### Share turnover

$$\text{Share turnover} = \frac{\text{The proportion of number of shares traded during the period}}{\text{weighted average number of shares excluding treasury shares}}$$

	<b>30.6.2019</b>	30.6.2018	31.12.2018
Number of shares traded during the period	2,775,156	1,688,315	3,643,880
Average number of shares excluding treasury shares	57,501,821	57,441,177	57,468,939
Share turnover, %	4.8	2.9	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	<b>30.6.2019</b>	30.6.2018	31.12.2018
Operating profit	5,616	4,466	4,594
+ Depreciation and amortization	12,781	10,123	21,018
EBITDA	18,397	14,589	25,613

#### Gross capital expenditure

EUR thousand	<b>30.6.2019</b>	30.6.2018	31.12.2018
Increases in intangible assets	1,883	3,664	6,157
Increases in property, plant and equipment	4,406	3,013	7,423
Gross capital expenditure	6,289	6,677	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	<b>30.6.2019</b>	30.6.2018	Restated 31.12.2018
Interest-bearing liabilities	116,573	105,958	116,749
Tender and issuance costs of the debentures	3,860	4,994	4,429
Interest bearing receivables	-7,365	-7,409	-7,365
Cash and cash equivalents	-26,530	-24,480	-27,757
Interest-bearing net debt	86,539	79,062	86,056
Interest-bearing liabilities	116,573	105,958	116,749
Tender and issuance costs of the debentures	3,860	4,994	4,429
Nominal value of interest-bearing liabilities	120,434	110,952	121,178

### Return on equity (ROE), %

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

EUR thousand	<b>30.6.2019</b>	30.6.2018	31.12.2018
Profit for the reporting period (rolling 12 months)	-1,660	9,562	-1,720
Total equity attributable to owners of the parent 30 June 2018 / 30 June 2017 / 31 December 2017	132,631	134,074	136,794
Total equity attributable to owners of the parent 30 September 2018 / 30 September 2017 / 31 March 2018	130,981	132,564	126,866
Total equity attributable to owners of the parent 31 December 2018 / 31 December 2017 / 30 June 2018	130,513	136,794	132,631
Total equity attributable to owners of the parent 31 March 2019 / 31 March 2018 / 30 September 2018	133,776	126,866	130,981
Total equity attributable to owners of the parent 30 June 2019 / 30 June 2018 / 31 December 2018	133,178	132,631	130,513
Average	132,216	132,586	131,557
Return on equity (ROE), %	-1.3	7.2	-1.3

### Invested capital

Invested capital = Total equity attributable to owners of the parent + interest-bearing liabilities

EUR thousand	<b>30.6.2019</b>	30.6.2018	Restated 31.12.2018
Total equity attributable to owners of the parent	133,178	132,631	130,513
Interest-bearing liabilities	116,573	105,958	116,749
Invested capital	249,752	238,589	247,263

### Return on invested capital (ROI), %

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

EUR thousand	<b>30.6.2019</b>	30.6.2018	Restated 31.12.2018
Operating profit (rolling 12 months)	5,744	8,817	4,594
Financial income (rolling 12 months)	829	780	801
Total	6,573	9,597	5,395
Invested capital 30 June 2018 / 30 June 2017 / 31 December 2017	238,589	234,892	247,266
Invested capital 30 September 2018 / 30 September 2017 / 31 March 2018	227,186	229,735	232,580
Invested capital 31 December 2018 / 31 December 2017 / 30 June 2018	247,263	247,266	238,589
Invested capital 31 March 2019 / 31 March 2018 / 30 September 2018	250,259	232,580	227,186
Invested capital 30 June 2019 / 30 June 2018 / 31 December 2018	249,752	238,589	247,263
Average	242,610	236,613	238,577
Return on invested capital (ROI), %	2.7	4.1	2.3

### Equity ratio, %

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

EUR thousand	<b>30.6.2019</b>	30.6.2018	Restated 31.12.2018
Total equity attributable to owners of the parent	133,178	132,631	130,513
Total assets	330,408	318,027	337,517
Advances received	-179	-51	-27
	330,229	317,977	337,490
Equity ratio, %	40.3	41.7	38.7

**Gearing, %**

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

EUR thousand	<b>30.6.2019</b>	30.6.2018	Restated 31.12.2018
Interest-bearing net debt	86,539	79,062	86,056
Total equity attributable to owners of the parent	133,178	132,631	130,513
Gearing, %	65.0	59.6	65.9

**NET SALES BY GEOGRAPHICAL MARKET AREA**

EUR thousand	<b>1-6/2019</b>	1-6/2018	1-12/2018
Finland	<b>1,338</b>	1,349	2,415
Rest of Europe	<b>76,251</b>	80,177	153,133
North and South America	<b>133,833</b>	130,531	268,188
Rest of the world	<b>2,168</b>	4,521	7,372
Total	<b>213,590</b>	216,577	431,109

**QUARTERLY SALES DEVELOPMENT BY BUSINESS AREA**
**Convenience and Care**

EUR thousand	<b>2019</b>		<b>2018</b>			
	<b>4-6</b>	<b>1-3</b>	<b>10-12</b>	<b>7-9</b>	<b>4-6</b>	<b>1-3</b>
Convenience	96,086	101,229	102,915	95,634	99,947	97,481
Care	7,704	8,545	6,848	9,145	9,962	9,152
Unallocated exchange differences	33	-7	2	-12	52	-17
Total	103,824	109,766	109,764	104,768	109,961	106,616

**Americas and Europe**

EUR thousand	<b>2019</b>		<b>2018</b>			
	<b>4-6</b>	<b>1-3</b>	<b>10-12</b>	<b>7-9</b>	<b>4-6</b>	<b>1-3</b>
Americas	65,011	68,326	65,916	63,896	66,855	63,210
Europe	38,798	41,466	43,857	40,908	43,086	43,441
Unallocated exchange differences and group eliminations	14	-25	-9	-36	21	-35
Total	103,824	109,766	109,764	104,768	109,961	106,616



## QUARTERLY DEVELOPMENT

EUR thousand	2019		2018			
	4-6	1-3	10-12	7-9	4-6	1-3
Net sales	103,824	109,766	109,764	104,768	109,961	106,616
Comparable operating profit	2,655	2,961	-361	488	2,919	1,548
as % of net sales	2.6	2.7	-0.3	0.5	2.7	1.5
Items affecting comparability	-363	-	-	-	-	-
Operating profit	2,655	2,961	-361	488	2,919	1,548
as % of net sales	2.6	2.7	-0.3	0.5	2.7	1.5
Net financial items	-1,695	-1,297	-1,547	-1,626	-507	-1,876
Profit before income taxes	960	1,665	-1,908	-1,138	2,411	-328
as % of net sales	0.9	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.

The Annual General Meeting held on March 19, 2019 resolved that 40% of the annual remuneration for the Board of Directors is paid in Suominen Corporation's shares. The number of shares transferred to the members of the Board of Directors as their remuneration payable in shares for 2019 was 33,619 shares. The shares were transferred on May 31, 2019 and the value of the transferred shares totaled EUR 83,796, or approximately EUR 2.49 per share.

Other salaries paid to the related parties during the first half of 2019 amounted to EUR 1,167 thousand, obligatory pension payments to EUR 142 thousand, voluntary pension payments to EUR 20 thousand and accruals based on the non-vested share-based incentive plans were EUR 85 thousand.

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

EUR thousand	30.6.2019		30.6.2018		31.12.2018	
	Property, plant and equipment	Intangible assets	Property, plant and equipment	Intangible assets	Property, plant and equipment	Intangible assets
Carrying amount at the beginning of the period	129,391	21,231	136,649	17,470	136,649	17,470
Capital expenditure	4,406	1,883	3,013	3,664	7,423	6,157
Disposals and decreases	-1	-	-	-	0	-

Depreciation and amortization	<b>-9,523</b>	<b>-1,546</b>	-9,135	-988	-18,648	-2,371
Exchange differences and other changes	<b>683</b>	<b>4</b>	2,063	-35	3,967	-25
Carrying amount at the end of the period	<b>124,956</b>	<b>21,572</b>	132,591	20,111	129,391	21,231

EUR thousand	<b>30.6.2019</b>	31.12.2018
	<b>Right-of-use assets</b>	Right-of-use assets
Carrying amount at the beginning of the period	<b>16,797</b>	-
Capital expenditure and increases	<b>717</b>	-
Application of IFRS 16	-	16,797
Disposals and decreases	<b>-103</b>	-
Depreciation and amortization	<b>-1,712</b>	-
Exchange differences and other changes	<b>193</b>	-
Carrying amount at the end of the period	<b>15,891</b>	16,797

Goodwill is not included in intangible assets.

#### CHANGES IN INTEREST-BEARING LIABILITIES

EUR thousand	<b>1-6/2019</b>	1-6/2018	Restated 1-12/2018
<b>Total interest-bearing liabilities at the beginning of the period</b>	<b>116,749</b>	110,472	110,472
Current liabilities at the beginning of the period	<b>23,429</b>	15,118	15,118
Repayment of current liabilities, cash flow items	<b>-6,394</b>	-5,058	-15,118
Drawdown of current liabilities, cash flow items	<b>5,000</b>	-	5,000
Increases in current liabilities, non-cash flow items <sup>(*)</sup>	<b>148</b>	-	2,664
Decreases of current liabilities, non-cash flow items	<b>-20</b>	-	-
Reclassification from non-current liabilities	<b>1,393</b>	46	15,749
Periodization of debenture to amortized cost, non-cash flow items	<b>29</b>	-	16
Exchange rate difference, non-cash flow item	<b>8</b>	-	-
Current liabilities at the end of the period	<b>23,592</b>	10,106	23,429
Non-current liabilities at the beginning of the period	<b>12,706</b>	162	162
Increases in non-current liabilities, non-cash flow items <sup>(*)</sup>	<b>570</b>	-	12,622
Decreases of non-current liabilities, non-cash flow items	<b>-84</b>	-	-
Reclassification to current liabilities	<b>-1,393</b>	-46	-78
Exchange rate difference, non-cash flow item	<b>28</b>	-	-
Current liabilities at the end of the period	<b>11,827</b>	116	12,706

Non-current debentures at the beginning of the period	<b>80,615</b>	95,192	95,192
Periodization of debenture to amortized cost, non-cash flow items	<b>539</b>	544	1,093
Reclassification to current liabilities	–	–	-15,671
Non-current debentures at the end of the period	<b>81,154</b>	95,736	80,615
<b>Total interest-bearing liabilities at the end of the period</b>	<b>116,573</b>	105,958	116,749

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

### CONTINGENT LIABILITIES

EUR thousands	<b>30.6.2019</b>	30.6.2018	Restated 31.12.2018
<b>Other commitments</b>			
Operating leases	<b>298</b>	15,876	525
Contractual commitments to acquire property, plant and equipment	<b>892</b>	2,255	1,128
<b>Guarantees</b>			
On own behalf	<b>10,472</b>	10,880	10,516
Other own commitments	<b>2,538</b>	3,178	2,863
	<b>13,010</b>	14,058	13,378

### NOMINAL AND FAIR VALUES OF DERIVATIVE INSTRUMENTS

EUR thousand	<b>30.6.2019</b>		30.6.2018		31.12.2018	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Currency forward contracts						
Hedge accounting not applied	2,891	-6	12,524	-37	1,397	9

### FINANCIAL ASSETS BY CATEGORY

- Fair value through profit or loss
- Financial assets at amortized cost
- Financial assets at fair value through other comprehensive income
- Carrying amount
- Fair value

EUR thousand	<b>a.</b>	<b>b.</b>	<b>c.</b>	<b>d.</b>	<b>e.</b>
Equity instruments	347	–	429	777	777
Loan receivables	4,017	3,348	–	7,365	7,365
Trade receivables	–	61,282	–	61,282	61,282

Derivatives	7	-	-	7	7
Interest and other financial receivables	-	723	-	723	723
Cash and cash equivalents	-	26,530	-	26,530	26,530
<b>Total 30 June 2019</b>	<b>4,371</b>	<b>91,883</b>	<b>429</b>	<b>96,683</b>	<b>96,683</b>

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
<b>Total 31 December 2018</b>	<b>4,373</b>	<b>89,693</b>	<b>429</b>	<b>94,496</b>	<b>94,496</b>

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

EUR thousand	30.6.2019			31.12.2018		
	Carrying amount	Fair value	Nominal value	Carrying amount	Fair value	Nominal value
<b>Non-current financial liabilities</b>						
Debentures	81,154	83,513	85,000	80,615	80,750	85,000
Lease liabilities	11,827	11,827	11,827	12,706	12,706	12,706
Total non-current financial liabilities	92,980	95,339	96,827	93,320	93,456	97,706
<b>Current financial liabilities</b>						
Debentures	15,716	15,905	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	2,877	2,877	2,877	2,742	2,742	2,742
Derivatives, hedge accounting not applied	12	12	12	-	-	-
Interest accruals	1,810	1,810	1,810	725	725	725
Other current liabilities	333	333	333	308	308	308
Trade payables	54,212	54,212	54,212	66,677	66,677	66,677

Total current financial liabilities	79,960	80,149	79,974	91,139	91,609	91,182
<b>Total</b>	<b>172,941</b>	<b>175,488</b>	<b>176,801</b>	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
<b>Financial assets and liabilities at fair value</b>			
Loan receivables	–	–	4,017
Currency forward contracts, receivables	–	7	–
Equity instruments	–	–	777
<b>Total</b>	<b>–</b>	<b>7</b>	<b>4,794</b>
<b>Derivatives at fair value</b>			
Currency forward contracts, liabilities	–	-12	–
<b>Total</b>	<b>–</b>	<b>-12</b>	<b>–</b>

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.

There were no transfers in the fair value measurement hierarchy levels during the reporting period.

#### RESTATEMENT OF PREVIOUSLY PUBLISHED FIGURES

Restatement of previously published figures is presented in the Interim report for January–March 2019.

SUOMINEN CORPORATION  
Board of Directors

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**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](http://www.suominen.fi).

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