



# 2010

Annual Report



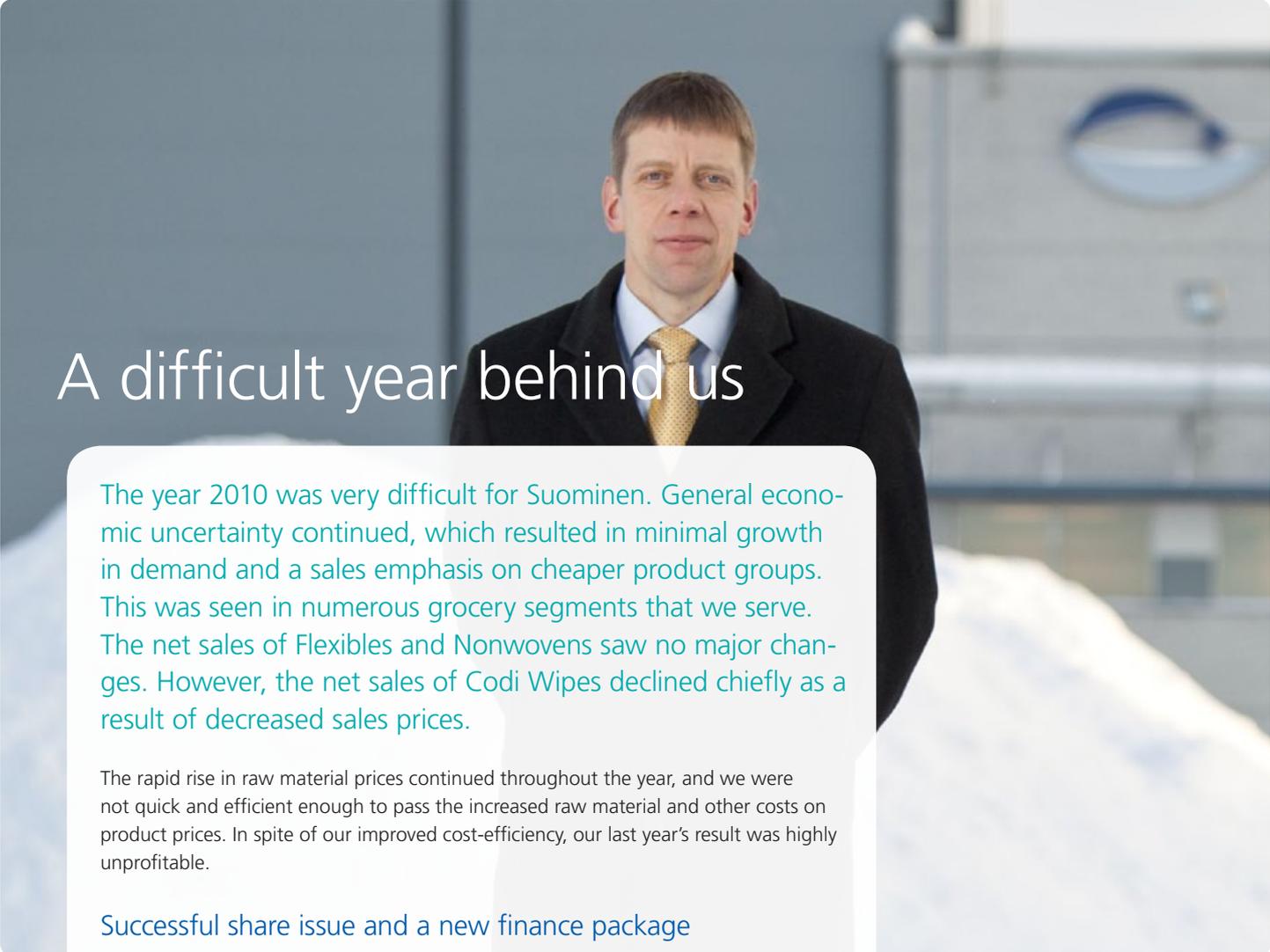
## Strong player in selected segments

Suominen manufactures high-quality flexible packaging, wet wipes, and nonwovens for industry and retailers. Our products are used as consumer packaging for daily consumer goods, in wiping and hygiene products, and as ready-made wet wipes.

The business operations of Suominen are divided into two business areas: Flexibles and Wiping. Suominen Flexibles manufactures plastic film products for consumer packaging with flexographic printing. The business area has production facilities in Finland and Poland together with sales offices in Sweden and Russia.

The Wiping business area is divided into two business units: Suominen Codi Wipes in the Netherlands manufactures wet wipes and Suominen Nonwovens in Finland manufactures nonwovens.

Suominen is a major player in Europe in each business area. We also export our products to North America and Russia. In 2010, the company's net sales were EUR 173.4 million, out of which 84 per cent came from the operations outside of Finland. We employed, on average, 901 people in 2010. Suominen is listed on the NASDAQ OMX Helsinki.



## A difficult year behind us

The year 2010 was very difficult for Suominen. General economic uncertainty continued, which resulted in minimal growth in demand and a sales emphasis on cheaper product groups. This was seen in numerous grocery segments that we serve. The net sales of Flexibles and Nonwovens saw no major changes. However, the net sales of Codi Wipes declined chiefly as a result of decreased sales prices.

The rapid rise in raw material prices continued throughout the year, and we were not quick and efficient enough to pass the increased raw material and other costs on product prices. In spite of our improved cost-efficiency, our last year's result was highly unprofitable.

### Successful share issue and a new finance package

The development of our result in the wrong direction put pressure on our financing. The share issue we implemented in summer on 2010 was successful, and the proceeds strengthened our balance sheet. By the end of the year, we negotiated a new finance package with our investors, with which we will continue developing our business operations.

### Significant price pressure on the market

Suominen serves customers that produce daily consumer goods. In 2010, the market was dominated by consumer price awareness, which created significant price pressure and focused demand on even cheaper products. Private labels strengthened their position, challenging the brands to a price competition.

Our product development investments and those of our customers are mainly directed at finding solutions that bring cost savings. Developing solutions with added value was increasingly put on hold for improved economic confidence and better market demand.

However, the development of environmentally friendly products that reduce the use of raw materials continued. Together with our key customers, we launched, among other things, completely renewed natural wet wipe solutions, lighter packaging materials with enhanced protection properties, and a retail carrier bag made almost entirely of recycled material.

### Skyrocketing raw material prices hurt our profits

In spite of the continued economic uncertainty, raw material prices increased rapidly in the course of the year. The increase in prices was furthered by the volume need on Asian

markets and the capacity cuts on Western markets resulting from the recession.

The price pressure on the market together with rapidly rising costs decreased Suominen's profits. We were not quick enough to reflect these rising costs in our sales prices. This year, we will pay special attention to improving this area.

## Cost efficiency through continuous improvement and reorganisation

The Stairs to Top – productivity enhancement programme once again remarkably supported cost savings and cost-efficiency improvement. Many production lines broke records and our productivity improved in nearly all areas.

Flexibles unit continued significant reorganisation measures. In early 2010, the plant in Sweden was closed and production transferred to the unit in Poland. At the end of 2010, the Polish unit introduced a printing press that utilises the latest technology. In the autumn, we made the decision to close the Nastola plant and to transfer the machine lines to Tampere and Poland. At the same time, we reorganised both production and office duties in Tampere. All in all, these on-going measures will reduce the personnel at Flexibles by approximately fifty people.

Codi Wipes unit in Holland reorganised their production, and also further reduced their personnel when fixed-term contracts expired. Towards the end of the year, the unit started employee negotiations regarding the reorganisation of duties. These negotiations could lead to lay-offs of less than twenty people.

Nonwovens mainly concentrated on improving their efficiency by implementing machinery investments that enhance cost-efficiency and increase output on main production lines.

## Improving profitability is our main goal

There has been a lot of positive development in our operations. Our cost efficiency has improved, our product offering renewed, and our structural changes will further our future success. We are determined to continue developing our operations with the help of the Stairs to Top programme.

Our most important short-term goal is to reverse our negative profitability development. In sales, we will pay special attention to reflecting the increased costs in our sales prices. We will also more carefully select the areas of business in which we wish to be involved. Utilising these future focus areas, we want to grow with our customers and create new solutions that will bring success both for our customers and for Suominen.

I would like to thank our customers and partners for continuing our seamless collaboration and mutual business operation development even in last year's difficult operational environment. Our personnel have met the challenges remarkably well, with the principles of continuous improvement constantly in mind. I would like to thank everybody for all our numerous great accomplishments and improvements that we had even during this difficult year.

Special thanks go to our shareholders, who showed great trust in the better future of Suominen during our highly successful share issue.

We are determined to take Suominen towards more profitable operations.



Petri Rolig

# Year 2010 in brief

Suominen's net sales in 2010 declined by 3 per cent compared with the previous year and totalled EUR 173.4 million (179.4). Operating profit before non-recurring costs and a write-down of goodwill was EUR -3.8 million (7.3) and after these deductions EUR -10.8 million (6.7). The result after taxes was a loss of EUR 14.4 million (+0.9).

In the face of an extremely tight competitive situation gross margins fell. The result also deteriorated as a consequence of lower production volumes and a rise in raw material prices. The rise in raw material prices, which constitute Suominen's most significant costs, continued until the end of summer, but levelled off temporarily thereafter. However, some raw material prices resumed their upward trend at year end. During the year, the prices of plastic-based raw materials rose by 27–35 per cent. The rise in raw material prices had a considerable negative impact on the Group's result, the costs of materials and supplies increasing by 10 per cent on the comparison year. In the majority of current sales contracts sales prices are adjusted in line with rises in raw material costs, but to a significant extent the adjustments only take effect several months after the costs have risen. Operating expenses decreased.

In 2010, net sales of the Wiping business area totalled EUR 108.2 million (113.5), a decline of 5 per cent on the previous year. The business area's operating profit before non-recurring costs and a write-down of goodwill was EUR 2.7 million and after the deductions EUR -8.6 million. In the Netherlands, employee negotiations were started with a view to rationalising the organisation and reducing personnel. In the financial statements, a provision of EUR 1.0 million was recorded for lay-off and other costs due to the rationalisation measures.

Net sales of the Flexibles business area totalled EUR 66.1 million (66.9), and operating profit was EUR -2.1 million (2.8), including non-recurring costs of EUR 1.2 million from operational reorganisation. Net sales declined by 1 per cent, mainly due to a fall-off in sales of retail carrier bags. The production of fruit and vegetable bags on the roll was terminated at the beginning of 2010 and in the autumn, a decision was made to end production at the Nastola plant.

During the year, Suominen issued a share offering of EUR 10 million and made an agreement on a credit facility in the amount of EUR 44 million.

## Balance sheet 31 December

| € million  | 2010         | 2009         |
|--|--------------|--------------|
| <b>Assets</b>                                      |              |              |
| Goodwill   | 18.5         | 23.4         |
| Tangible non-current assets                        | 53.9         | 57.0         |
| Other non-current assets                           | 2.7          | 2.2          |
| Non-current assets, total                          | 75.1         | 82.6         |
| Inventories  | 24.4         | 22.6         |
| Trade receivables                                  | 10.8         | 11.5         |
| Other current assets                               | 9.1          | 6.1          |
| Current assets, total                              | 44.3         | 40.2         |
| <b>Assets total</b>                                | <b>119.4</b> | <b>122.8</b> |
| <b>Shareholders' equity and liabilities</b>        |              |              |
| Shareholders' equity                               | 33.3         | 36.7         |
| Deferred tax liabilities                           | 2.9          | 3.0          |
| Provisions   | 0.3          | 0.3          |
| Capital loans                                      | 4.0          | 6.0          |
| Interest-bearing liabilities                       | 35.8         | 43.3         |
| Non-current liabilities, total                     | 43.0         | 52.7         |
| Interest bearing liabilities                       | 19.5         | 9.5          |
| Capital loans                                      | 2.0          | 2.0          |
| Trade payables and other current liabilities       | 21.6         | 21.9         |
| Current liabilities, total                         | 43.1         | 33.4         |
| Liabilities, total                                 | 86.1         | 86.1         |
| <b>Shareholders' equity and liabilities, total</b> | <b>119.4</b> | <b>122.8</b> |

## Statement of income 1 January – 31 December

| € million  | 2010         | 2009   |
|--|--------------|--------|
| <b>Net sales</b>                                 | <b>173.4</b> | 179.4  |
| Cost of goods sold                               | -165.2       | -159.0 |
| <b>Gross profit</b>                              | <b>8.2</b>   | 20.4   |
| Other operative income and expenses              | -13.9        | -13.7  |
| <b>Operating profit before impairment losses</b> | <b>-5.7</b>  | 6.7    |
| Impairment losses                                | -5.1         |        |
| <b>Operating profit/loss</b>                     | <b>-10.8</b> | 6.7    |
| Financial income and expenses                    | -4.9         | -5.7   |
| <b>Profit/loss before income taxes</b>           | <b>-15.7</b> | 1.0    |
| Income taxes                                     | 1.3          | -0.1   |
| <b>Profit/loss for the period</b>                | <b>-14.4</b> | 0.9    |

## Cash flow statement 1 January – 31 December

| € million                                  | 2010        | 2009  |
|--|-------------|-------|
| Profit for the period                      | -14.4       | 0.9   |
| Adjustments on profit/loss for the period  | 17.6        | 16.2  |
| Cash flow before change in working capital | 3.2         | 17.1  |
| Change in working capital                  | -1.0        | 15.2  |
| Financial items                            | -4.6        | -5.2  |
| Taxes paid                                 |             | -0.3  |
| Cash flow from operations                  | -2.4        | 26.8  |
| <b>Cash flow from investments</b>          | <b>-5.2</b> | -4.0  |
| <b>Financing</b>                           |             |       |
| Non-current loans drawn                    | 8.0         | 35.2  |
| Repayments of non-current loans            | -23.7       | -58.7 |
| Repayments of capital loans                | -2.0        | -2.0  |
| Change in commercial papers                | 1.0         |       |
| Current loans drawn                        | 17.0        |       |
| Dividends paid                             | -0.5        |       |
| Repurchase and conveyance of own shares    | -0.2        |       |
| Share issue                                | 9.7         |       |
| Cash flow from financing                   | 9.3         | -25.5 |
| <b>Change in cash and cash equivalents</b> | <b>1.7</b>  | -2.7  |

## Our key events in 2010

- › EUR 10 million share issue and EUR 44 million finance package
- › Sharp rise in raw material prices
- › The prolonged recession focused consumer demand on cheaper products
- › The cost saving procedures in retail and consumer product industry put pressure on product prices
- › In the autumn of 2010, we began the increase of sales prices
- › Flexibles unit streamlines their production by ending the production in Sweden and closing the plant in Nastola during 2011
- › New initiatives: The Nature range of wet wipes, increased sales of nonwovens in the USA and Russia, new customers and products for Flexibles

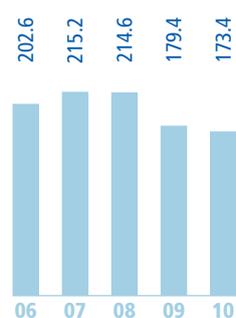


# Our key figures

|  | 2008  | 2009  | 2010  |
|--|-------|-------|-------|
| Net sales, € million                                 | 214.6 | 179.4 | 173.4 |
| Operating profit before impairment losses, € million | -1.6  | 6.7   | -5.7  |
| Operating profit, € million                          | -4.0  | 6.7   | -10.8 |
| Profit before income taxes, € million                | -8.8  | 1.0   | -15.7 |
| Cash flow from operations, € million                 | 18.9  | 26.8  | -2.5  |
| Investments, € million                               | 3.9   | 4.5   | 6.2   |
| Equity ratio, %                                      | 24.6  | 29.9  | 27.9  |
| Equity per share, € *                                | 0.98  | 1.01  | 0.70  |
| Earnings per share, € *                              | -0.20 | 0.02  | -0.34 |
| Cash flow per share, € *                             | 0.52  | 0.74  | -0.06 |
| Average personnel                                    | 1 019 | 944   | 901   |

\* figures in comparison years 2008 – 2009 adjusted to share issue

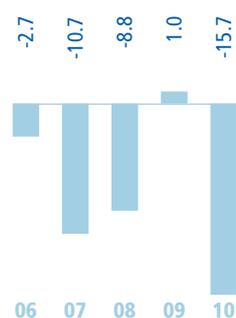
Net sales,  
€ million



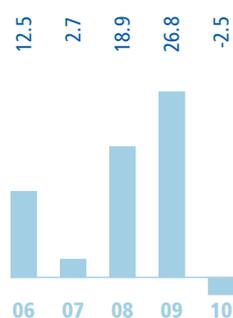
Operating profit before  
impairment losses, € million



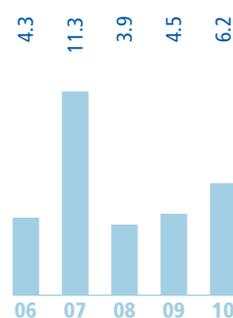
Profit before income  
taxes, € million



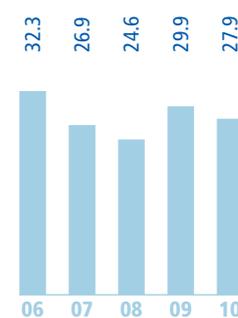
Cash flow from  
operations, € million



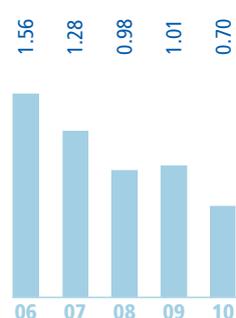
Investments,  
€ million



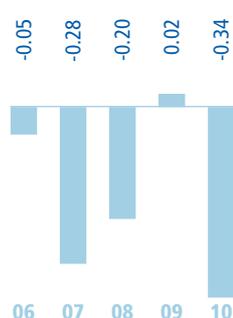
Equity ratio,  
%



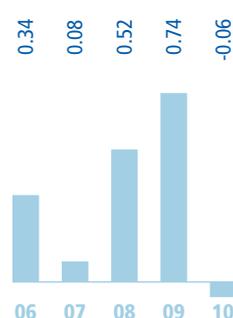
Equity/share,  
€



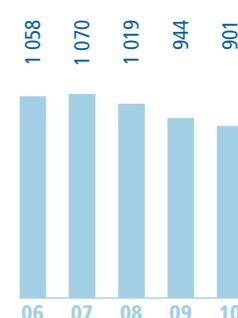
Earnings/share,  
€



Cash flow from  
operations/share, €



Average  
personnel



# Improving profitability is our main goal



Suominen's vision is to be the customers' preferred partner, providing innovative products and solutions, which bring convenience to consumers' everyday lives. Our aim is to secure a significant market share in selected packaging and wiping segments, focusing on geographical markets where we can best leverage our capabilities.

We aim at achieving our financial goals by improving our cost-efficiency and centralising and developing our business operations in business areas and customer segments with higher growth and profit potential.

We will improve our profitability by enhancing the operations of our business units and with structural rationalisation. The earnings model that emphasises the increase in cost-efficiency will be applied to the following product segments: babies' wet wipes, nonwovens, retail carrier bags, as well as hygiene, tissue, frozen food, and bakery product packaging.

Suominen has above average growth and profit potential in specific business areas. We aim at utilising this potential and develop our business operations in the areas of personal hygiene and cosmetics wipes, labels and other beverage industry packaging solutions, as well as security and system packaging.

Our strategy is to seek growth and allocate investments to expanding product segments together with expanding geographical markets in the Eastern parts of Central Europe and in Russia.

# Excellent potential to carry out our strategic measures

For several years, Suominen has systematically concentrated on increasing the efficiency of their operations and on measures aiming at renewing the product offering and increasing the sales both to existing and new customers. We call this the Stairs to Top programme.

Within the framework of this programme, we have, on the average, saved approximately 3 per cent of our net sales in 2006–2010. These efficiency measures have included, for example, savings in the purchasing and logistics operations, increasing the production yield, reducing the personnel, moving some of the production to Poland, and centralising the production in the Flexibles business area. For several years, investments have been allocated to areas that increase efficiency.

We have strengthened sales measures especially in strategically important business areas. We have focused our product offering ever increasingly to products with a higher yield value, and geographically we have increased sales especially on the Polish and Russian markets.

In the Flexibles business area, the sales has been focused on multilayer and laminated film packaging of frozen and dry products, labels used by the beverage industry as well as security bags used for transporting money and valuables.

In Wiping, Suominen has endeavoured to increase the net sales especially in personal hygiene wipes delivered to brand manufacturers. The significance of product development is emphasised especially when trying to create new solutions for consumers. This business area also aims at reducing the unit costs of products to be able to ensure the competitiveness of traditional volume products, such as baby care wipes.



# Keys to success in our operations

## Customer relationships

Suominen has numerous long-term customer relationships with leading players in their fields. Our customers include companies that manufacture and sell major international brands together with leading retail chains.

We help our customers prosper on the market by producing services for them and by developing products that meet their needs and the consumer expectations. With the help of our customer relationships, we have been able to create flexible and efficient operations models that help us maintain the existing customer relationships and acquire new customers in different business areas.

## Controlling the total quality of operations

The quality criteria set by the customers on products and operations are high, and regular supplier audits are used to assess whether the criteria are reached. The quality criteria are emphasised in products supplied to hygiene and food industries where the health- and hygiene-related characteristics must fulfil the requirements of the legislation and consumers.

Especially with brand products, consumers have certain expectations on functionality and quality that the supplier must be able to meet. The Flexibles' plants that manufacture the food and hygiene packaging have the British Retail Consortium (BRC) product safety certification. The production processes of Codi Wipes and Nonwovens are certified to the 9001 standard. These standards serve as a proof of quality and safety of the operations when seeking new customers for Suominen.

## Research and product development

Suominen is a significant development partner for their customers and suppliers. We aim at providing more and more added value for our clients with new products and processes. Most of our product development work is done together with our key customers to be able to meet the changing needs of consumers and the market situation as quickly as possible.

## Carefully selected production processes

The units of Suominen utilise carefully selected technologies in their production. With these production technologies, we can manufacture unique products by varying their properties regarding, for example, the product look and feel.

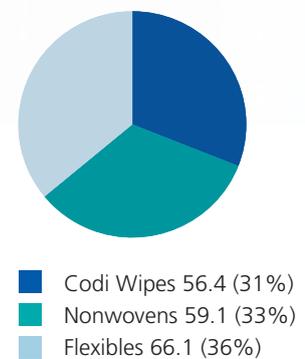
## Supply chain management

The ability to manage the supply chain well is one of our most important keys to success. Thanks to our long-term customer relationships, we know and can anticipate our customers' needs, which enables us to have flexible operations both with our customers and material suppliers. Suominen's supply chain management covers procurement, own production and conversion, warehousing, and distribution to customers. Successful supply chain management has a positive effect on our ability to produce high total quality and to operate cost-efficiently.





Net sales by business unit, € million



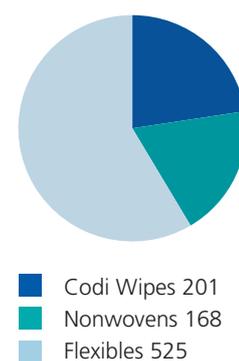
## International supplier of packaging and wiping solutions

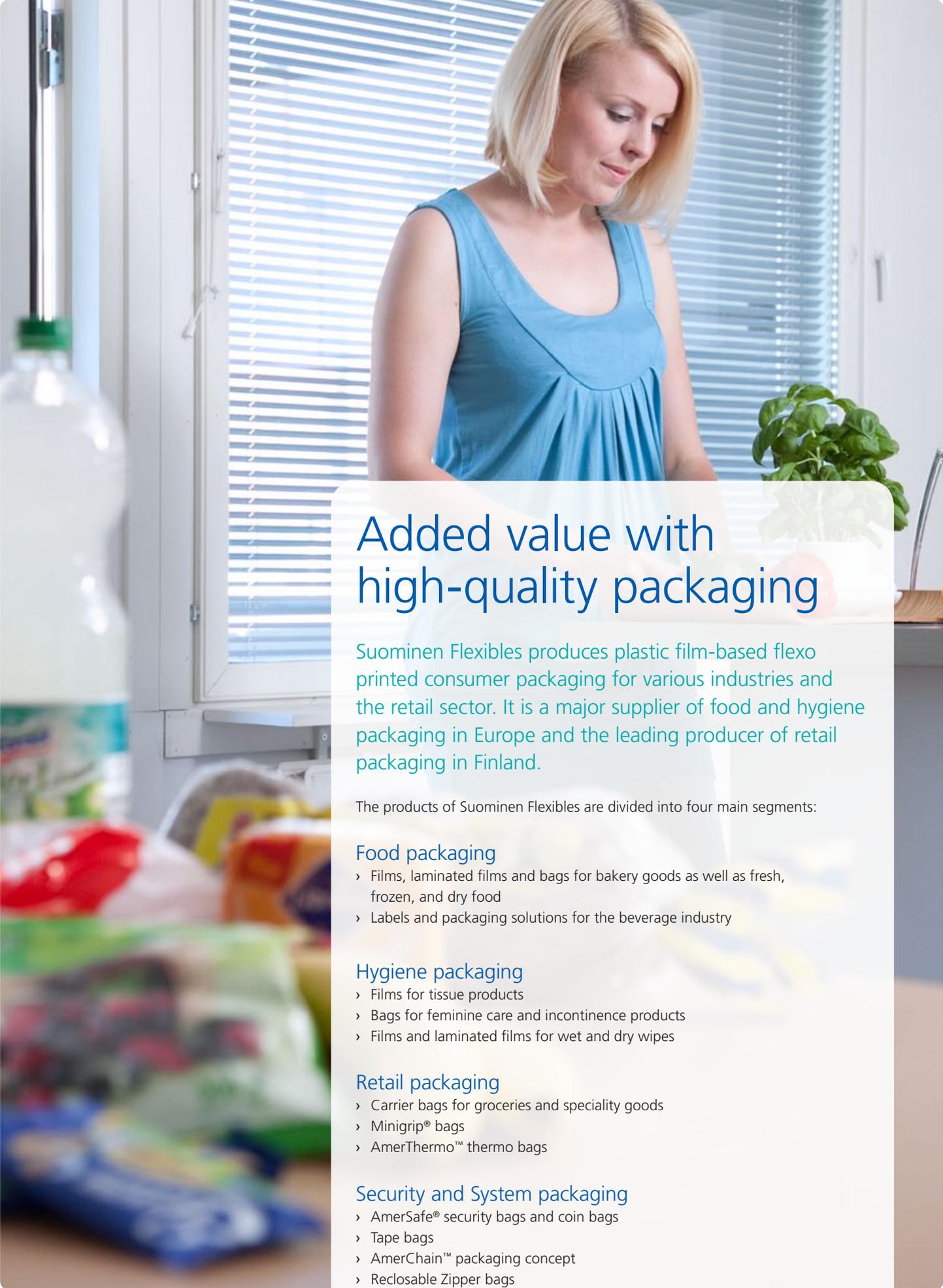
Suominen's packaging and wiping products make people's lives easier and bring comfort and well-being in their everyday life. Consumers are using our packaging solutions in a wide geographical area from the Central Europe to the Nordic countries and Russia. Our wet wipes are also sold across the Europe, and our nonwovens are used in wiping and hygiene products even on the North American market.

The business operations of Suominen are divided into two business areas: Flexibles and Wiping. Suominen Flexibles manufactures consumer packaging in Finland and Poland. Furthermore, it has sales offices in Sweden and Russia. In 2010, Flexibles employed, on average, 525 people.

Wiping business area is divided into two business units: Suominen Codi Wipes in the Netherlands manufactures wet wipes, and Suominen Nonwovens in Finland manufactures nonwovens. In 2010, this business area employed, on average, 369 people.

Average personnel





## Added value with high-quality packaging

Suominen Flexibles produces plastic film-based flexo printed consumer packaging for various industries and the retail sector. It is a major supplier of food and hygiene packaging in Europe and the leading producer of retail packaging in Finland.

The products of Suominen Flexibles are divided into four main segments:

### Food packaging

- › Films, laminated films and bags for bakery goods as well as fresh, frozen, and dry food
- › Labels and packaging solutions for the beverage industry

### Hygiene packaging

- › Films for tissue products
- › Bags for feminine care and incontinence products
- › Films and laminated films for wet and dry wipes

### Retail packaging

- › Carrier bags for groceries and speciality goods
- › Minigrip® bags
- › AmerThermo™ thermo bags

### Security and System packaging

- › AmerSafe® security bags and coin bags
- › Tape bags
- › AmerChain™ packaging concept
- › Reclosable Zipper bags

# Versatile business environment

Flexibles' market shows once again moderate growth after the decline in demand in 2009. The growth is still expected to be strongest in Central Europe and Russia.

The customers of Suominen Flexibles include major international brands, leading regional and local manufacturers of food and hygiene products, and retail chains, which operate in the Nordic countries, Central Europe, and Russia. Finland is the main market for retail packaging. Security bags are supplied to organisations that handle money and valuables all over Europe. The AmerChain™ packaging concept, which combines system packaging with a tailored packaging line, is sold in the Nordic countries and the Eastern Central Europe.

The consolidation of the customer base and the competitors together with production transfers to low-cost countries increase the centralisation of the customers' procurement processes and price competition. Consumer market changes are faster than before because specific campaigns are becoming more popular. This calls for even more flexible production and shorter delivery times from suppliers.

## Sales development

The net sales of Suominen Flexibles declined by 1.1 per cent; from EUR 66.9 million in the previous year to EUR 66.1 million. Net sales declined in the area of retail packaging. The decline in retail packaging sales resulted from the discontinued production of fruit and vegetable bags on the roll at the beginning of 2010. The sales of hygiene packaging remained at the same level as in 2009, but regional sales to the tissue customers in Russia increased.

The sales of food packaging remained unchanged. The sales of frozen and dry food packaging declined slightly but the bakery packaging deliveries increased especially to Central European bakeries. The sales of labels to the beverage industry continued growing. The security and system packaging sales remained at the same level as in 2009.

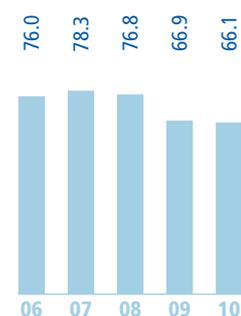
## The year of structural changes

In 2010, the operating loss of Suominen Flexibles was EUR 2.1 million (+2.8). This was influenced especially by the dramatic increase in the prices of oil-based plastic raw materials, which increased the costs dramatically. In the previous year, the unit benefitted from the decrease in raw material prices. This operating loss included approximately EUR 1.2 million worth of non-recurring costs resulting from the closing of the Nastola plant and the write-offs of assets.

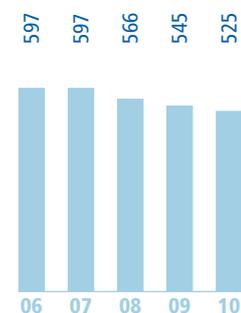
Operational efficiency continued to be improved by structural rationalisations. The operations at the Norrköping plant were terminated during the first quarter, and the production moved to Poland. In the autumn, a decision was made to close down the Nastola plant and transfer its production to other units by the end of 2011. Additionally, the production at the Tampere plant was reorganised and partially transferred to other plants.

As a result of these decisions, the personnel will be reduced by 102 people in Finland. The Polish plant will see an increase of approximately 35 people. The personnel reductions, machinery relocations, and other actions related to these decisions will bring

Net sales,  
€ million



Average  
personnel



approximately EUR 1.2 million worth of non-recurring costs, nearly half of which were booked in 2010.

Suominen Flexibles' gross investments were EUR 3.8 million (2.0). These included a narrow web flexographic printing press with automatic set-up system for the plant in Poland.

### Targeting profitable operations and finding balance amidst change

Suominen Flexibles concentrates on stabilising their operations during the period of structural changes and machinery relocations. The primary goal is to improve the sales margins and to make production more effective especially by improving yield.

The aim is to increase sales especially in the beverage industry and the security and system packaging segment. The plan is to secure the already strong position of Suominen Flexibles on the Russian market by strengthening the customer relationships. Furthermore, the commercialisation of the Amer product family will continue on new markets.



## Extensive product range for wiping

The Suominen Codi Wipes unit is one of the largest manufacturers of wet wipes in Europe. Codi Wipes supplies wet wipes in consumer packaging, ready for retail store shelves.

- › Baby care wipes
- › Wipes for beauty care and cosmetics
- › Personal care wipes
- › Household wiping products

The unit develops wet wipes for children of different ages. Beauty care and cosmetics wipes are used for facial cleansing, make-up removal, and exfoliation. The range of personal care wipes includes, among others, deodorant wipes, intimate wipes, and adult incontinent wipes. Household wet wipes are ever increasingly used for cleaning bathrooms, floors, glass, as well as worktops and other surfaces. The unit's product offering is complemented by environmentally friendly solutions manufactured from natural fibres and renewable raw materials.

# Specialisation and cooperation make growth possible

The growth of the wet wipe markets in Western and Central Europe is predicted to decline compared to the previous years. However, the demand is growing rapidly on the East European market and the volume growth is expected to move to cosmetic and make-up removal wipes.

Codi Wipes supplies their products to brands and retail chains. The unit's main markets are in Central and Northern Europe. Their products are also sold to customers in Southern Europe and outside Europe.

Codi Wipes aims at strengthening the cooperation with customers who value partnership, good service, and collaborative product development. The Codi Connect service combines the unit's own expertise with the offering of its partners, with the aim of developing new product concepts. Wet wipe development concentrates on differentiation, emphasising specific properties, as well as cost optimisation, yet maintaining the excellent product quality.

The number of competitors on the European wet wipe market has increased, which has led to excess capacity and lower costs, particularly in high-volume products, such as baby care wipes. Retail chains still focus on developing private labels, whereas premium brands expand their operations on markets outside Europe, which offer them significant growth possibilities. The common trends on the market – convenience, care, naturalness, and price drive the launch of new products.

## Sales development

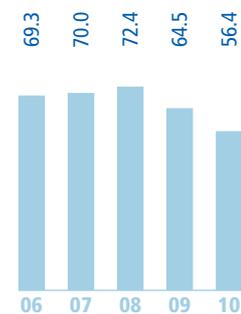
The net sales of Suominen Codi Wipes, at EUR 56.4 million, were 12.6 per cent down on the previous figure of EUR 64.5 million. This decline in net sales was mainly caused by the decrease in sales prices at the beginning of the year but also by the slight decrease in delivery quantities. Within the product segments, the sales of personal care wipes increased, but baby care and moist toilet wipes sales decreased. The unit was able to maintain its customer relationships on the competitive market with active product pricing as well as excellent supply chain management and service.

## Cost savings

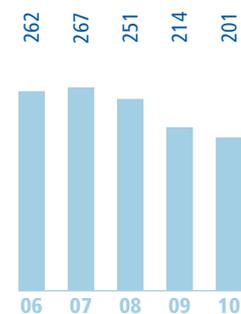
The unit's operating expenses declined due to a decrease in personnel costs as well as material and supply purchases. Moreover, the production efficiency per employee improved when automation was further increased. The manufacture of multipacks for wet wipes was reorganised in production to respond to the increased demand of multipack solutions.

In December, Codi Wipes started employee negotiations on the subject of reducing the personnel by 20 people at most. Due to the rationalisation measures, the unit booked EUR 1.0 million worth of non-recurring costs for 2010.

Net sales,  
€ million



Average  
personnel



The unit's gross investments were EUR 0.6 million (1.0), the majority of which was targeted at measures that improve efficiency.

### Focus on new innovations

Codi Wipes will concentrate its product range development on value-added properties, such as emulsions that are good for the skin. The launch of various natural and soothing product families will increase. Industrial and institutional wiping brings new opportunities for Suominen to expand its operations, because the market offers new possibilities for wet wipe applications through new distribution channels.

Codi Wipes will continue the systematic rationalisation of their operations, simplify the organisational structure of production, and concentrate on improving cost-efficiency.



## Wide product range for wiping and hygiene products

Suominen Nonwovens supplies nonwovens as roll goods for:

- › Wet wipes
- › Wet and dry industrial wipes
- › Feminine hygiene products
- › Adult incontinence products
- › Wound care products

The nonwovens are manufactured using both spunlacing and thermobonding. The products offer a customised mix of raw materials and properties, such as embossing and perforation. The unit's in-house polypropylene fibre manufacturing makes it possible to develop product functionality and properties.

Fibrella® range of binder-free, spunlaced nonwovens are suitable for baby care and personal care products, household and industrial wipes, and wound care.

Thermobonded Novelin® and Karelin™ nonwovens are excellent coverstock choices for absorbent hygiene products, such as nappies, sanitary towels, and incontinence products. Furthermore, the Karelin™ nonwoven can be made with caring and soothing ingredients, such as Aloe Vera to offer unique solutions for customers.

The product range also includes the Biolace® nonwoven that is produced from natural fibres and fibres from renewable raw materials. Biolace® products are 100 per cent biodegradable and compostable.

# Cost-efficiency as a market driver

The markets for nonwovens grow globally. However, the growth is rather modest at Suominen's neighbouring markets, excluding Russia.

Suominen Nonwovens is one of Europe's leading producers of nonwovens used in wiping applications. The unit also supplies nonwovens to the markets in Russia and North America. The majority of customers are world's leading names in consumer goods that use nonwovens in baby care, cosmetics, hygiene, and healthcare products.

There is still overcapacity in the market for nonwovens. The competitors have invested in new spunlace technologies, which makes competition more intense. The customers favour nonwovens that are available from numerous suppliers, which they can further diversify in their own production.

Suominen has responded to tightened market conditions by developing a more affordable nonwoven. Thanks to innovative raw materials, it is very soft and light in weight, making it very competitive.

## Sales development

The net sales of Suominen Nonwovens increased by 4 per cent from EUR 56.9 million in the previous year to EUR 59.1 million. The sales of thermobonded nonwovens used in hygiene products declined substantially. The sales of the largest segment of the unit, spunlaced nonwovens used in wiping applications, grew slightly. The sales of nonwovens used in healthcare products also grew compared to the previous year.

The demand recovered clearly in the latter part of the year from a slow start. Sales procedures were increased, for example, on the Russian market, which led to increased deliveries. During the course of the year, we implemented a significant product renewal for a customer in the so-called prime category, and the sales started according to expectations.

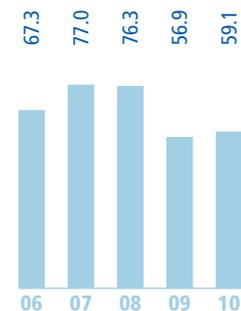
## Raw material price development led to a negative result

During the first three quarters, we saw an all-time rise in raw material prices. With most customers, it takes some time before this rise is seen in the sales prices. This resulted in approximately EUR 2.0 million worth of extra costs for the unit. The decline in the delivery volumes of thermobonded nonwovens decreased also the unit's result.

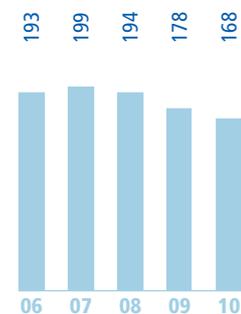
The cost savings entered in the books consisted mainly of personnel costs. Higher energy prices had an unfavourable effect on production and transportation costs compared to the year 2009.

The unit's gross investments were EUR 1.7 million (1.5). A significant portion of this was directed to increasing the efficiency of the main production lines as well as modernising two lines into a new production line. This modernised line can be used to manufacture products using more versatile raw materials.

Net sales,  
€ million



Average  
personnel



## Gaining competitive advantage by diversifying

Suominen Nonwovens aims at making full use of their production capacity regarding nonwovens and fibres, as well as continuously improving their production efficiency.

The unit aims at capitalising the new business creation process started in 2010, which seeks new applications for its products. Thermobonded nonwovens offer new possibilities for diversification because they can be manufactured, for example, with caring ingredients and anti-bacterial agents. These products can also be produced from biobased or natural thermobonded fibres.

With brand customers, the emphasis is still on higher added-value products. However, other clients are also offered nonwovens that are cost-efficient in their weight and properties.

# Everything starts with excellent quality



Quality definitions and quality control are pivotal to Suominen's production processes because customers set their own detailed quality criteria for the products. These criteria are especially emphasised in food, hygiene, and cosmetics products where cleanliness and hygiene are very important. Quality expectations can, for example, be associated with production hygiene and product safety, as well as print quality and appearance of the packaging.

All Suominen units follow the latest GMP (Good Manufacturing Practice) guidelines. The Flexibles' plants that manufacture food and hygiene packaging have the British Retail Consortium (BRC) product safety certification. Production at Codi Wipes and Nonwovens has also been certified to the ISO 9001 standard. Furthermore, Nonwovens has had their products certified to the Oeko-Tex Standard. Meeting the customers' quality criteria for products and operations is assessed regularly using customer audits.

During the production processes, our units carry out quality control tests to ensure that all products meet the high quality criteria set for them. Quality control is carried out by each unit's quality control team. They test and inspect the products regularly. In their work, the teams can utilise laboratory facilities and equipment specially designed for quality control.

We expect similar tests from our most important raw material and part suppliers in regards to raw material and part quality, properties, and the uniformity of quality. The quality of our suppliers is assured by regular audits. All the products and operations need to qualify for our strict specifications before we accept a company as our supplier.

## Partnership is based on close cooperation



Our units have their own sales organisations that collaborate closely with our customers' procurement, marketing, and product development organisations. With certain product groups, we also use sales agents and retailers.

Flexibles' sales is divided into regions, and day-to-day sales operations are led by regional sales directors. Sales and key customer managers, and customer service personnel work at the same premises with the Finnish and Polish plants and at the sales offices in Norrköping and St. Petersburg. The Wiping business area's sales and marketing is handled at the units' offices in Veenendaal and Nakkila.

Suominen's customer relationships are often long, and we constantly develop our product range to meet the customers' needs. Long-term general agreements are used in a large number of customer relationships. They define the pricing and other terms of sale. The company's sales organisation employed 52 people by the end of 2010.

# Efficient value chain

Suominen's procurement processes are divided among different business units. The corporate procurement policy instructs the business units to utilise long-term suppliers. However, several suppliers must be used in more important purchases.

Supplier quality and price competitiveness are tested with invitations to tender. In the most important purchases, we mainly use annual or other long-term contracts. The raw material purchase contracts are the most important of our procurement contracts. The raw material purchases account for over half of our net sales. Plastic film and plastic granulates are our biggest purchase group. Viscose and polyester staple fibres are also used in the production of nonwovens. The main ingredients in the wet wipe production are nonwovens, lotions, and packaging materials. Monitoring the world market prices of oil-based raw materials and the factors affecting them, timing the purchases correctly, and stock level management have a significant effect on the result.

The production at Suominen is mainly based on orders and the goods are handed over to an independent transport company immediately after completion. Some of the products are taken to a warehouse to wait for a customer order or a delivery.

Suominen has major warehousing operations at the Codi Wipes' plant in Veenendaal, Netherlands and Nonwovens' plant in Nakkila, Finland. Flexibles' warehousing takes place at the plants in Finland and Poland as well as at the unit in Norrköping, Sweden. Furthermore, a few of our major customers have external consignment stocks.

Suominen Codi Wipes and Flexibles deliver their products mainly by road. Nonwovens' products are usually transported by sea freight in shipping containers. Suominen has taken measures to lower the transportation costs and to reduce the environmental effect of transportation.



# Innovative partnership brings added value to customers

Research and development play a pivotal role in the realisation of Suominen's strategy when the business operations are concentrated on higher added-value products. Our product development concentrates on improving functionality and usability, offering new material options, enhancing our own and our customers' manufacturing processes, and improving the cost-efficiency of the supply chain.

The number of new and renewed products varies from unit to unit. A major part of development work is done in collaboration with customers and their product development units. However, our product development also collaborates with raw material and packaging machine suppliers to improve the functionality of raw materials and packaging, and to commercialise new products.

Nonwovens has its own research laboratory in connection with the plant in Nakkila. For testing new product ideas, we utilise test production lines and other laboratory equipment. The test production equipment can also provide useful development data regarding manufacture and conversion before full-scale production. The equipment can also be used for solving customers' production-related problems. Flexibles' pilot line for film extrusion is located at the plant in Ikaalinen, Finland.

## Solutions for versatile needs

Product development at Flexibles concentrates on easy-to-use, reclosable packaging solutions, differentiation of materials, and optimisation of packaging properties that keep food products fresh. We optimise material usage through downgauging and utilising recycled materials to reduce the environmental footprint of Suominen's operations as well as our retail packaging.

Product development at Codi Wipes concentrates on developing lotion and packaging solutions, leveraging the expertise offered by its in-house liquid mixing plant. When developing nonwovens, Suominen emphasises differentiation with regard to look and properties. In 2010, Nonwovens launched a new, lighter nonwoven whose competitiveness was guaranteed by a cost-efficient mix of raw-materials.

In 2010, the R&D expenses were EUR 2.0 million, in other words 1.1 per cent of net sales. In 2010, product development at Flexibles focused on, for example: The Amer-Promo™ campaign coding for food and tissue packaging, and the Pirikka recycled carrier bag that contains over 90 per cent of recycled materials. Codi Wipes concentrated on enhancing the properties of wet wipes, and Nonwovens on developing their own polypropylene fibre together with a new, light and cost-efficient nonwoven.



# Recycling, reusing, and optimising the operations



Our operations and products affect the society and the environment. We continuously develop our operations to reduce our environmental impacts and minimise our products' ecological footprint during their life cycle.

Our environmental impact results mainly from wastewater, unsorted solid waste, as well as printing inks and solvents. Our production uses various chemicals that can be harmful to the environment. Therefore their use, handling, and warehousing require special care. Suominen's units require environmental permits in their operations, which cover, among other things, wastewater treatment, airborne emissions from printing, noise emissions, and chemical and waste treatment.

VOC emissions from printing operations at Flexibles' sites are treated in advanced incinerator units. Landfill waste volumes are reduced by improving recycling and making greater use of recycled material in retail packaging manufacture.

Operations at the Nonwovens unit have been certified to the ISO 14001 standard since 2000. The unit's water treatment system cleans our recycled water, which has reduced the amount of wastewater substantially. Since the autumn 2010, the wastewater is led through a wastewater line, built together with the neighbouring municipalities, to the wastewater treatment plant in the city of Pori.

The Nakkila plant burns the non-reusable production waste together with wood chips at a boiler plant located at the plant site. This generates heat for production lines and local homes.

Codi Wipes has an environmental permit for the wastewater emitted during liquid production. The unit has a fully automatic warehouse where lighting and energy consumption have been reduced with a temperature control system.

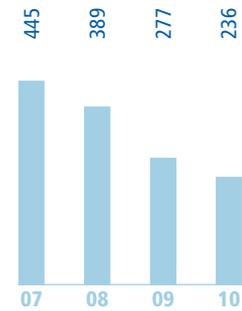
### Thinking sustainably in terms of product range

Suominen is committed to sustainable development and minimising the environmental impact associated with its materials, processes, and way of working, in line with the International Chamber of Commerce's (ICC) sustainable development principles. We have implemented several sustainability programmes, for example, for reducing raw material usage, cutting waste volumes and emissions, recycling production rejects, and increasing the number of biodegradable and renewable alternatives in our product range.

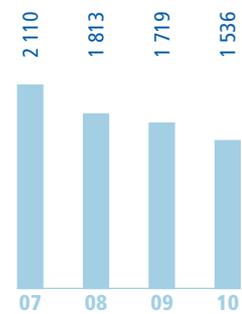
Nonwovens manufactures some of their products exclusively from natural fibres or fibres produced from renewable resources, such as viscose and cotton. Codi Wipes has developed environmentally friendly lotions that contain ingredients produced from renewable raw materials and comply, for example, with BDIH, ECOCERT, and Soil Association standards. Some of the products of the Wiping business area meet the requirements for Swan label certification and compliance with Oeko-Tex standards.

The Pirkka recycled plastic carrier bag developed jointly by Suominen Flexibles and Kesko Food received the recovery award of the year in November, 2010. The award was granted in acknowledgement of an outstanding, innovative environmental management solution for the reuse of waste or secondary raw materials. The Pirkka recycled carrier bag is made of over 90 per cent of recycled plastic. 30 per cent of this material comes from protective plastic wrappings used in Kesko Food's goods transport. The rest of the bag's recycled material comes from Suominen Flexibles' plants production rejects that are generated when manufacturing food, hygiene, and retail packaging.

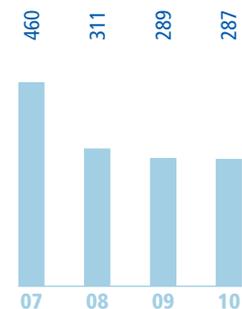
### VOC-annealing, tn



### Dump waste, tn



### Treated waste-water, tm<sup>3</sup>



# Common goals and the same direction

The aim of Suominen’s personnel strategy is to support business development. For this reason, we consider the employees’ training and motivation, and their commitment to the company’s goals extremely important. In recent years, Suominen has concentrated on developing its business culture more target-orientated and improving the know-how of their personnel. We utilise a system for personal performance assessment that includes, among other things, development discussions with the superior.

In the course of the year, the Corporate Executive Team and the management group of the Wiping business area saw some changes. In December, Juha Jokinen was appointed as the General Manager of Suominen Nonwovens and member of the Corporate Executive Team. Previously he worked as the Sales Director of the unit. In July, Erik van Deursen was appointed as the General Manager of Codi Wipes and in December also as a member of the Corporate Executive Team. Previously he worked as the Sales Director of the unit. Petri Rolig, the President and CEO of Suominen, is responsible for the Wiping business area in addition to his other duties.

The year 2010 was a time of major structural changes. In January, Flexibles’ plant in Norrköping was closed and production transferred to the plant in Poland. In early 2010, unprofitable manufacturing of fruit and vegetable bags on the roll ended and 14 employment contracts were terminated. In the autumn, Flexibles decided to terminate the Nastola plant and transfer production to their other units by the end of 2011. Additionally, the production at the Tampere plant was reorganised and partially transferred to the plants in Ikaalinen and Poland.

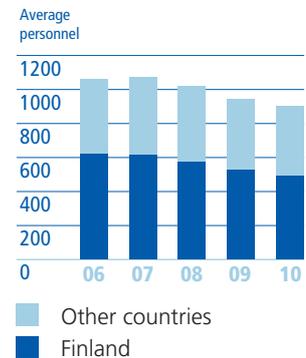
By the end of 2010, Codi Wipes started planning the measures to rationalise their operations and at the same time they started the employee negotiations in accordance with local practices. The employee negotiations concluded in 17 January 2011.

## Acknowledged for safety work

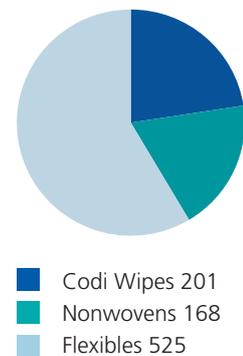
For several years, Flexibles and Nonwovens have been members of the Finnish Zero Accidents forum. In May 2010, the forum awarded the classification Grade II “Towards the world’s forefront in safety” for Flexibles’ Ikaalinen plant and Grade III “Aiming at the world’s forefront in safety” for Nonwovens’ Nakkila plant. When planning to award the classification, they reviewed, among other things, the occupational accident frequency development and severity of all accidents. Furthermore, they required that occupational accidents are properly examined and the notification procedure regarding hazardous situations is in order.

Because of the emphasis on safety, accidents have decreased at Suominen. The accident frequency rate of Suominen’s units was on the average 6.33 pieces per million working hours, which reduced by 53 per cent compared to the previous year. The personnel is rewarded based on accident-free days. The unit that distinguished itself as Suominen’s best was Flexibles’ Ikaalinen plant, which reached over 860 accident-free days by the end of 2010. All Suominen’s units will continue their active safety work, with the emphasis on preventive measures and risk assessment.

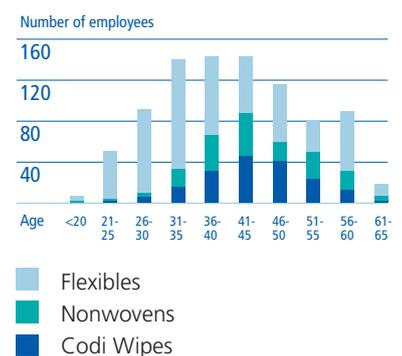
## Personnel 2006–2010



## Average personnel



## Age structure on 31 December 2010



## Lost time injuries (> 1 day)



# Corporate Governance

Suominen Corporation is a Finnish listed company and observes in its decision-making and administration the Finnish Limited Liability Companies Act, other regulations covering listed companies, and the requirements of its own Articles of Association.

The company complies with the Finnish Corporate Governance Code 2010 issued by the Securities Market Association. The Code is available on the Securities Market Association's website at [www.cgfinland.fi](http://www.cgfinland.fi).

## General Meetings of Shareholders

Suominen Corporation's highest decision-making authority is exercised by the company's shareholders at General Meetings of Shareholders. These meetings decide on matters specified in the Limited Liability Companies Act, such as the acceptance of the company's financial statements and the payment of dividends, releasing the members of the Board of Directors and the President and CEO from liability, the election of members of the Board of Directors and Auditors and the compensation they are paid, as well as amendments to the Articles of Association. An Annual General Meeting is held annually on a date determined by the Board of Directors before the end of April. Annual General Meetings address matters specified in the Articles of Association as falling within their authority, and other proposals put before them. Extraordinary General Meetings are convened when necessary to consider specific proposals put before them for consideration. General Meetings of Shareholders are convened by the Board of Directors.

Each Suominen Corporation share entitles its holder to one vote. Under the Articles of Association, no shareholder may cast more than one fifth of the total number of votes represented at the General Meeting of Shareholders. The company is not aware of any shareholder agreements concerning the use of voting rights nor of any restrictions relating to the conveyance of its shares.

The members of the Board of Directors, the President and CEO, and the candidates nominated for Board membership shall attend General Meetings, unless they can provide good reason for their absence.

### Advance information

Shareholders shall be invited to General Meetings through a notice published in a daily newspaper in the company's domicile, as specified by the Board of Directors. The notice shall give at least the following information:

- › the time and place of the General Meeting
- › the proposed agenda for the General Meeting
- › a description of the procedures that shareholders must comply with in order to be able to attend and cast their vote at the General Meeting
- › the date on which a shareholder entered in the shareholder register has the right to attend and cast his or her vote at the General Meeting (record date)
- › the place where the documents and proposals for resolutions of the General Meeting are available
- › the address of the company website

The following information shall be available on the company website at [www.suominen.fi](http://www.suominen.fi) at least 21 days before the General Meeting:

- › the notice of the General Meeting
- › the total number of shares and voting rights according to classes of shares at the date of the notice
- › the documents to be submitted to the General Meeting
- › a proposal for a resolution by the Board of Directors or another competent body
- › any item on the agenda of the General Meeting for which no proposal for a resolution has been made

The Board of Directors' proposals to a General Meeting and the notice shall also be announced in a stock exchange release.

### Minutes of the General Meeting

The minutes of a General Meeting are available to shareholders on the company website within two weeks from the date of the General Meeting. Appendices to the minutes are available only to the extent that they describe the actual content of the decision.

## Board of Directors

### Composition of the Board of Directors

In accordance with the Articles of Association, Suominen Corporation's Board of Directors shall comprise a minimum of three members and a maximum of seven members. Members are elected by the Annual General Meeting. Their term of office shall expire at the conclusion of the first Annual General Meeting following their election. No person aged 70 years or older can be elected to the Board of Directors. The Board elects a Chairman and a Deputy Chairman from among its members.

Suominen Corporation's Annual General Meeting, held on 23 March 2010, elected Heikki Bergholm, Kai Hannus, Suvi Hintsanen, Juhani Lassila, Mikko Maijala, and Heikki Mairinoja to the Board of Directors. The biographical details and information on the holdings of the Board members can be found in the *Board of Directors* section of the Annual Report.

### Charter of the Board of Directors

The Board of Directors is responsible for the administration and appropriate organisation of Suominen's operations. The Board is responsible for taking decisions on matters that are likely to have a major impact on the company's operations; and convenes according to an annual meeting plan.

The main duties of the Board include:

- › deciding on the company's corporate structure and organisation
- › nominating and dismissing the President and CEO
- › deciding on the salaries, bonuses, and other benefits paid to the President and CEO and his immediate subordinates
- › deciding on the company's salary and incentive system
- › considering and approving annual accounts, annual reports, financial statement releases, and interim reports
- › monitoring and supervising the Group's performance and ensuring the effectiveness of its management
- › approving the company's operating policies (financing policy, insurance and risk management policy, and principles for corporate governance)
- › deciding on the acquisition and assignment of fixed assets
- › deciding on strategically and financially significant investments, acquisitions, divestments, or other arrangements
- › deciding on financial borrowings and the pledging of securities
- › considering and approving strategies and action plans
- › establishing a dividend policy and confirming the company's targets.

### Meeting practice

In accordance with its advance schedule, the Board of Directors meets at least eight times a year. Where appropriate, meetings can be held in the form of teleconferences. The Board of Directors convenes under the direction of the Chairman or, if the Chairman is unable to attend, the Deputy Chairman. Items of business are generally presented by the President and CEO. Minutes of the Board meeting are taken by the CFO.

The Board convened 25 times in 2010, one meeting being held in the Group's business unit. The average attendance rate at meetings was 97 per cent.

#### Self-evaluation

The Board of Directors reviews its operations and procedures through an annual self-assessment.

#### Evaluation of independence

The Board of Directors has on 21 April 2010 evaluated the independence of its members in accordance with recommendation 15 of the Finnish Corporate Governance Code and established that all its members are independent both of the company and of significant shareholders.

#### Board committees

Suominen Corporation has not established any committees to prepare matters for consideration by the Board, as the size of the company and the extent of its business are not seen as sufficient to warrant splitting up the Board's work in this way. The Board of Directors discharges the duties of an audit committee (recommendation 27 of the Finnish Corporate Governance Code).

## President and CEO

The President and CEO of Suominen Corporation is appointed by the Board of Directors, and is responsible for day-to-day operations in accordance with the Limited Liability Companies Act and the guidelines and instructions provided by the Board of Directors. The President and CEO is responsible for ensuring that the company accounting practices comply with the law and that financial matters are handled in a reliable manner. The President and CEO acts as Chairman of the Corporate Executive Team and as the direct superior of the Team's members.

Petri Rolig has had the position of the President and CEO. The biographical details and information on the holdings of the President and CEO can be found in the [Corporate Executive Team](#) section of the Annual Report.

## Corporate Executive Team

Suominen Corporation's Executive Team, appointed by the Board of Directors, supports the President and CEO in developing the company's strategy, considering major operational matters or matters of principle, and ensuring an adequate flow of information across the Group. The Corporate Executive Team comprises: the President and CEO as Chairman, the General Managers of the Wiping business area's business units, the Vice President and General Manager of the Flexibles business area, and the Vice President and CFO. The biographical details and information on the holdings of the members of the Corporate Executive Team can be found in the [Corporate Executive Team](#) section of the Annual Report.

## Remuneration

#### Board of Directors

The Annual General Meeting determines the emoluments paid to the members of Suominen Corporation's Board of Directors in advance, for one year at a time. In 2010, the Chairman of the Board was paid EUR 30,000, the Deputy Chairman EUR 22,500, and the members EUR 18,750. A total of 40 per cent of these sums were paid in the form of company shares.

Emoluments paid in Suominen shares:

| Recipient                                      | Number of shares |
|--|------------------|
| Mikko Majjala, Chairman of the Board           | 7 500            |
| Heikki Mairinoja, Deputy Chairman of the Board | 5 625            |
| Heikki Bergholm, Member of the Board           | 4 688            |
| Kai Hannus, Member of the Board                | 4 688            |
| Suvi Hintsanen, Member of the Board            | 4 688            |
| Juhani Lassila, Member of the Board            | 4 688            |

The members of the Board are not covered by the company's stock option or incentive schemes, and are not provided with a pension by the company.

### President and CEO and other executives

The Board of Directors determines the salary, bonuses, and other benefits paid to the President and CEO, and the members of the Corporate Executive Team serving under the President and CEO. The President and CEO, and the members of the Corporate Executive Team are covered by the company's stock option schemes. The company provides key personnel with an incentive scheme based on the performance of the company's units and its consolidated performance and the achievement of personal targets. The Board of Directors approves the basic principles of the incentive scheme. Separate emoluments are not paid to the members of the Boards of Directors of the company's subsidiaries.

In 2010, the President and CEO's salary and other remuneration and benefits totalled EUR 376,000, including a bonus of EUR 90,000 paid on the basis of the 2009 result. A total of 100,000 stock options were granted to the President and CEO in 2010. Each stock option entitles its holder to subscribe for an equivalent number of company shares according to the stock option plan.

In 2010, the salaries and emoluments paid to the members of the Corporate Executive Team totalled EUR 598,000, including a bonus of EUR 133,000 paid on the basis of the 2009 result. In 2010, a total of 200,000 stock options were granted to the members of the Corporate Executive Team.

A written contract has been made with the President and CEO, under which he shall have a six-month period of notice. Should the company terminate the President and CEO's contract of employment, an additional compensation corresponding to 12 months' salary shall also be paid. The retirement age of the President and CEO is in compliance with the Finnish Employment Pension Scheme (TyEL).

## Internal control and risk management in the financial reporting process

### Control environment

Control is embedded in Suominen's organisation and it is carried out through check-ups on the various business processes and comprehensive reporting, which help to monitor and manage the business.

There is no separate control or internal audit organisation. Suominen's control environment is based on given instructions, the corporate culture and mode of operating adhered to by managers and employees alike. Suominen has established its values, or Guiding Principles, which enforce an active and ethical way of working with various stakeholders and within the Group. By cascading the working principles within the organisation, honesty, transparency and teamwork are emphasised as playing an integral role in establishing a high standard of moral conduct throughout the company.

The foundation of the internal control process relating to financial reporting is built up around the Group's policies approved by the Board of Directors and other directives and

instructions. The Group's responsibility structure is based on the authority inherent in the positions and work descriptions, the segregation of duties and the four-eyes and one-over principles. Effective internal control requires that duties are properly segregated to different employees and that potential conflicts of interests are identified and eliminated. A satisfactory control environment is ensured through internal analyses and evaluations of key processes and reviews conducted by external auditors.

Group Finance supports the business units in analysing their performance and in decision-making concerning various business choices. Business Controllers at unit level have the task of ensuring that the control procedures are in place in the various units. IT's role is to ensure that the security procedures are maintained throughout the Group companies.

### **Risk assessment**

Risk management is considered an integral part of running the business, and identification and assessment of risk is an essential element of internal control. The aim is to give attention to the material risks that are significant from the business perspective. Risk is divided into business risks caused by changes in the business environment and operational risks, which may be a result of shortcomings in the way that the organisation manages its processes.

Business risks are evaluated and, to the extent possible, quantified in conjunction with the acceptance of plans and budgets for the forthcoming year. In 2010, risk assessment focused on customer risks, changes in sales prices, fluctuations in raw material prices, the availability of financing and the implementation of the operational enhancement programme. Business risks are also discussed annually in the Report by the Board of Directors in Suominen's Annual Report.

Operational risks are considered to have a potential material value in transactions with external parties. However, Group instructions, process check-ups, segregation of tasks and standards set up by total quality operating systems help to establish a prudent environment, in which exposure to material risks can be mitigated.

Risks relating to financial reporting are evaluated and monitored by the Board to make sure that the financial reporting of the corporation is reliable, supports decision making and serves the needs of external stakeholders. Valuation of assets and liabilities according to various evaluation assumptions and criteria may constitute a risk.

There are estimates and assumptions that involve a significant risk of causing material changes in the carrying amounts of assets and liabilities, and these estimates and assumptions are continually evaluated and benchmarked against other similar entities. On the basis of the risk assessment process described above, a decision was made to write down the goodwill of the Nonwovens cash-generating unit in the 2010 financial statements. Complex and/or changing business circumstances may present a challenge when assessing the carrying amounts of assets. To avoid errors in stating the fair values of assets or liabilities, regular check-ups are made, e.g. by comparing material flows, values, and quantity and quality data with the information given in the accounts. The risk of errors caused by irregularities and discontinuities in information is reduced by using established and automated system-based audit trails.

### **Control activities**

The control activities include both general and detailed controls, which aim at preventing, disclosing and correcting errors and deviations. In addition to following Group level instructions, control activities are also conducted at unit and plant levels.

Several control activities are applied in the ongoing business processes to ensure that potential errors or deviations in the financial reporting are prevented, discovered and corrected. Suominen divides control activities into the following three categories. Documented instructions help the organisation to standardise the monitoring of tasks. Continuous and regular reporting conveying feedback on the performance of Group

functions and entities ensures that instructions and defined processes are observed. In processes considered critical, specific authorisations are needed in the work-flow, either for security or for verification purposes.

In the context of Suominen's share issue in spring 2010, a fairly extensive legal due diligence assessment and a business audit covering the various units were conducted by lawyers with a view to verifying the facts and information included in the prospectus.

Control activities range from a review of realised outcome results in management group meetings to specific reconciliation of accounts and analyses of the ongoing processes for financial reporting. Whether separate evaluations are needed, as well as their scope and frequency, will depend primarily on an assessment of risks and on the effectiveness of ongoing monitoring procedures. It is the role of Business Controllers to ensure that control activities in the financial processes are appropriate and in accordance with the Group's policies and instructions. Information technology security and related control activities are a vital part of IT system features.

### Information and communication

The Group Accounting Manual, policies approved by the Board and other directives and instructions relating to financial reporting are updated and communicated by management to all affected employees on a regular basis, and they are also available on the intranets of Group companies.

In addition, a standard reporting package is used by the units. The Group management and the business unit management conduct monthly reviews including analysis of performance metrics and indicators, which assist the management to better understand the underlying business performance.

### Follow-up

Ongoing responsibility for follow-up rests with the business unit's management groups and controller functions. In addition, separate internal control reviews on key financial processes are conducted by external auditors on a rolling basis.

In 2010, the control reviews carried out by auditors included definitions and reviews relating to the content of IFRS, reporting on material flows, and reviews of the prospectus, the values of stocks and other assets, the payroll system and financial risks.

Regular inspections by quality auditors or client audit personnel also cover the internal controls of delivery chain processes.

The Group's Finance function carries out a self-assessment of the implementation of control in the Group's units, which provides the basis for a yearly report on the general level of control submitted to the Board of Directors. The Finance function also carries out case-by-case controls of unit functions or processes. Within this framework, definitions and reviews of the units' stock and working capital management processes were started in autumn 2010. In addition, a validation of business control processes was conducted in one unit by an external expert. The Finance function also monitors the correctness of external and internal financial reporting.

## Guidelines for insiders

Suominen Group observes the guidelines for insiders issued by the NASDAQ OMX Helsinki Ltd on 2 June 2008 and the company's own insider guidelines approved by the Board of Directors.

The members of the Board of Directors, the President and CEO and the Principal Auditor are included in the company's public insider register maintained as part of the SIRE service by Euroclear Finland Ltd.

The company also maintains a company-specific register of non-public insiders. Permanent insiders listed here include the members of the Corporate Executive Team and certain financial administration personnel. A project-specific insider register is maintained, covering major or otherwise important projects. The Vice President and CFO is responsible for insider issues.

Insiders are not allowed to trade in securities issued by the company for a period beginning at the end of a financial period or a financial year and ending with the publication of the interim report or financial statement release for the period or financial year in question (closed window). Insiders must consult the person responsible for insider issues for advice on the legal and procedural implications of any trading in securities that they might plan.

The shareholdings of the company's public insiders are presented in the *Board of Directors* and *Corporate Executive Team* sections of the Annual Report and are also available via the *NetSire* service provided by Euroclear Finland Ltd.

## Auditing

PricewaterhouseCoopers Oy, Authorised Public Accountants, with Heikki Lassila, APA, as Principal Auditor, act as Suominen Corporation's auditors.

The auditors and the President and CEO agree an audit plan annually that takes account of the fact that Suominen does not have an internal audit organisation of its own. Internal audit findings are reported to the President and CEO and the relevant management concerned.

In 2010, the fees paid to PricewaterhouseCoopers for the statutory auditing of the Group companies totalled EUR 87,000. The fees paid to the auditing company and companies belonging to the same group for non-audit services totalled EUR 81,000.

## Communications

The goal of Suominen's investor relations (IR) communications is to provide reliable, sufficient, and up-to-date information to enable the market to set a value on the company's share. Suominen follows the principle of equitability in its IR communications. The company has a disclosure policy approved by the Board of Directors, and the policy defines the responsibilities for communications as well as the matters to be disclosed.

The description of the company's corporate governance, the Corporate governance statement for 2010, and other information that form part of the company's regular reporting responsibilities are available on the company website at [www.suominen.fi](http://www.suominen.fi).

# Board of Directors

## Mikko Maijala, b. 1945

Licentiate of Technology

Member of the Board since 2005, Deputy Chairman 2005, Chairman since 2006

Holds 2,263,335 Suominen Corporation shares

Has a controlling power in Maijala Investment Oy, which holds 158,990 Suominen Corporation shares

### Principal positions of trust:

Chairman of the Board, Chemec Ltd

Chairman of the Board, Ch-Polymers Oy

Chairman of the Board, FP-Pigments Oy

Chairman of the Board, Tracker Security Oy

Member of the Board, Roquette Nordica Ltd

### Career history:

Managing Director, Roquette Nordica Ltd 2004 – 2009

## Heikki Mairinoja, b. 1947

M.Sc. (Eng.), B.Sc. (Econ.)

Member of the Board since 2001, Deputy Chairman since 2009

Holds 88,192 Suominen Corporation shares

Has a controlling power in Monaccio Oy, which holds 9,900 Suominen Corporation shares

### Principal positions of trust:

Member of the Board, Exel Composites Plc

Member of the Board, EM Group Oy

Member of the Board, Ensto Ltd

Member of the Board, Komax Oy

Member of the Board, Lindström Invest Oy

### Career history:

ECO, Oy G.W. Sohlberg Ab 2001 – 2007

CEO, Uponor Group 1989 – 1999

Executive Vice President, Uponor Group 1985 – 1989

## Heikki Bergholm, b. 1956

M.Sc. (Eng.)

Member of the Board since 2001, Chairman 2001 – 2002

Holds 3,603,448 Suominen Corporation shares

### Principal positions of trust:

Chairman of the Board, Componenta Corporation

Chairman of the Board, Lakan Betoni Oy

Member of the Board, Lassila & Tikanoja plc

Member of the Board, MB Funds Ltd

### Career history:

President and CEO, Suominen Corporation 2002 – 2006

Various positions at Lassila & Tikanoja Group: President and COO 1998 – 2001,

Vice President 1997 - 1998, President of business units 1986 – 1997 and CFO 1985 – 1986

Researcher and development manager, Industrialisation Fund of Finland Ltd 1980 – 1985

**Kai Hannus, b. 1945**

Licentiate of Technology

Member of the Board since 2006

Holds 46,194 Suominen Corporation shares

**Career history:**

Head Industry Relations, Ciba Speciality Chemicals 2006 – 2007

Head Bus. Strat. &amp; Development, Ciba Speciality Chemicals 2005 – 2006

Head Global Accounts, Ciba Speciality Chemicals 2004 – 2005

President and CEO, Raisio Chemicals Oy 1999 – 2004

Executive Vice President, Raisio Chemicals Oy 1992 – 1999

**Suvi Hintsanen, b. 1967**

M.Sc. (Econ.), Senior Vice President, Head of Business Development, Pohjola Bank plc

Member of the Board since 2010

Holds 9,376 Suominen Corporation shares

**Career history:**

Senior Vice President, Head of Business Development, Pohjola Bank plc 2010 –

Senior Vice President, Head of Customer Relations and Marketing, Pohjola Group 2007 – 2010

Senior Vice President, Head of Customer Relations and Marketing, Pohjola Bank plc 2004 – 2007

Vice President, Customer Relationship Management, Pohjola Bank plc 2001 – 2004

Different tasks regarding business development, consultancy and management, Research International Sweden AB 1998 – 2001

**Juhani Lassila, b. 1962**

M.Sc. (Econ.), Managing Director of Agros Corporation

Member of the Board since 2005

Holds 89,920 Suominen Corporation shares

Has a controlling power in Evald and Hilda Nissi Foundation, which holds 4,276,980 Suominen Corporation shares

**Principal positions of trust:**

Chairman of the Board, Evald and Hilda Nissi Foundation

Vice Chairman of the Board, Lassila &amp; Tikanoja plc

Member of the Board, Comptel Corporation

**Career history:**

Managing Director, Agros Oy 2005 –

Finance integration leader for Instrumentarium Corporation and GEMS/IT, GE Healthcare 2003 – 2004

Group Treasurer, Instrumentarium Corporation 1996 – 1999

Director of Group Finance and Group Treasury, Instrumentarium Corporation 1999 – 2004

Financial Analyst, Postipankki Oy 1988 – 1996

Investment Analyst, Instrumentarium Corporation 1987 – 1988

## President and CEO Auditors

**Petri Rolig, b. 1963**

M.Sc. (Eng.)

President and CEO of Suominen Corporation since 2008

Holds 75,000 Suominen Corporation shares

**PricewaterhouseCoopers Oy**

Authorised Public Accountants

Principal Auditor Heikki Lassila, APA

# Corporate Executive Team

## Petri Rolig, b. 1963

President and CEO

M.Sc. (Eng.)

Joined Suominen Group in 2006

Holds 75,000 Suominen Corporation shares

### Principal positions of trust:

Deputy Chairman of the Board, Chemical Industry Federation of Finland

Chairman of the Board, Finnish Plastics Industries Federation

Member of the Board, The Finnish Plastics Recycling Ltd.



### Career history:

President and CEO, Suominen Corporation 2008 –

General Manager, Suominen Group 2006 – 2008

R&D Director, Huhtamäki Group 2001 – 2006

Operative positions in plastic coating and processing at Stora Enso 1995 – 2001

## Arto Kiiskinen, b. 1953

Vice President and CFO

M.Sc. (Econ.)

Joined Suominen Corporation in 2001

Holds 26,338 Suominen Corporation shares

### Career history:

Vice President and CFO, Suominen Corporation 2001 –

Senior Vice President, CFO, Componenta Corporation 1997 – 2001

Leading positions in Finance and Treasury at

UPM-Kymmene 1985 – 1997



## Mikko Pellinen, b. 1968

Vice President

General Manager of the Flexible Packaging business area

M.Sc. (Eng.)

Joined Suominen Group in 2008

Holds no Suominen Corporation shares

### Career history:

General Manager, Suominen Group 2008 –

Senior management positions at Amcor Flexibles Finland Oy 2000 – 2008

Senior management positions at Åkerlund & Rausing Oy 1995 – 2000



**Erik van Deursen, b. 1968**

General Manager of the Codi Wipes business unit  
MBA  
Joined Suominen Group in 2009

Holds no Suominen Corporation shares

**Career history:**

General Manager, Suominen Group 2010 –  
Sales Director, Suominen Codi Wipes 2009 – 2010  
Director On Trade, AB-InBev Nederland N.V. 2005 – 2008  
Senior management positions at InBev Belgium and Interbrew Nederland N.V. 2002 – 2004  
Senior management positions at Coty Benelux B.V. 1998 – 2001  
Several management positions at Henkel Nederland N.V. and Henkel Austria 1991 – 1998

**Juha Jokinen, b. 1969**

General Manager of the Nonwovens business unit  
M.Sc. (Eng.), eMBA  
Joined Suominen Group in 2010

Holds no Suominen Corporation shares

**Principal positions of trust:**

Member of the Board, Tekstiili- ja vaatealusteollisuus ry Finatex  
Member of the Board, Jokilaakson Ympäristö Oy

**Career history:**

General Manager, Suominen Group 2010 –  
Sales Director, Suominen Nonwovens Ltd 2010  
Director - Business Development & Projects, Yara Industrial ASA 2008 – 2010  
Business Development Director, Kemira GrowHow Oyj, Industrial Solutions 2005 – 2007  
Various manager-level positions at Kemira GrowHow Oyj, Industrial Solutions 2002 – 2005  
Various manager-level positions at Akzo Nobel 1998 – 2001



# Share capital and shareholders

## Share capital

The registered share capital of Suominen Corporation totals EUR 11,860,056 and the number of issued shares is 47,395,014. Shares have no nominal value. Suominen Corporation shares are quoted on NASDAQ OMX Helsinki in the Small Cap segment under 'Consumer Staples'. The trading code is SUY1V and the ISIN code is FI0009010862.

Each Suominen Corporation share carries one (1) vote at the General Meeting of Shareholders. Under the Articles of Association, no shareholder may cast more than one fifth (1/5) of the total number of votes represented at the General Meeting of Shareholders. Shares afford equal rights to the distribution of the company's assets.

In order to participate in the General Meeting of Shareholders, a shareholder must inform the company at latest by the date mentioned in the notice.

## Redemption obligation

The Articles of Association contain a clause stating that a shareholder whose holding of all shares of the company, or the votes afforded by the shares – either alone or together with other shareholders as determined in the Articles of Association – reaches or exceeds 33 1/3 per cent or 50 per cent, has an obligation, on the request of other shareholders, to redeem their shares in accordance with the procedure stipulated in the Articles of Association.

## Share trading

The number of Suominen Corporation shares traded on NASDAQ OMX Helsinki before the share issue, from 1 January to 30 June 2010, was 2,575,585 shares, including the interim shares representing the offer shares subscribed for on the basis of the subscription rights. The trading price of the company's ordinary shares varied between EUR 1.41 and EUR 1.74 before the new rights issue (4 June 2010) and from EUR 0.74 to EUR 1.39 thereafter. The final trading price on 30 June was EUR 0.75. The trading price of the interim share varied between EUR 0.71 and EUR 0.75. The final trading price was EUR 0.73. The highest price for subscription rights on NASDAQ OMX Helsinki was EUR 0.50, and the lowest price was EUR 0.23. The final price was EUR 0.24. The total number of subscription rights tradeded was 2.1 million, with a total value of EUR 0.6 million.

The number of Suominen Corporation shares traded on NASDAQ OMX Helsinki after the share issue, from 1 July to 31 December 2010, was 3,501,425 shares. The trading price varied between EUR 0.48 and EUR 0.79. The final trading price was EUR 0.52, giving the company a market capitalisation of EUR 24,557,629 on 31 December 2010. The number of Suominen Corporation shares traded in 2010 was 15.2 per cent of the shares included in the company's share capital.

## The company's own shares

On 1 January 2010, the company held 682 of its own shares, accounting for 0.0 per cent of the share capital and votes.

The 2009 Annual General Meeting of Shareholders authorised the Board of Directors to acquire a maximum of 200,000 of the company's own shares. This authorisation was still valid and the company acquired 76,405 of its own shares during the period from 1 January to 30 June 2010. The same General Meeting also granted an authorisation to convey the company's own shares, and the Board of Directors still had authorisation to convey 200,682 of these shares. Within the authorisation, the company has conveyed

31,877 of its own shares as emoluments to the Board of Directors in the period under review. The price of the conveyed shares was EUR 1.60 per share.

The Annual General Meeting of Shareholders held on 23 March 2010 authorised the Board of Directors to decide on the acquisition of a maximum of 200,000 of the company's own shares. The authorisation will be valid for 18 months after the decision of the General Meeting. The shares are to be repurchased in order to improve the company's capital structure and/or to be used as consideration in future acquisitions or other arrangements relating to the company's business or as part of the company's incentive scheme, and/or to finance investments. Shares may be held, cancelled or conveyed by the company. The company's own shares are to be repurchased otherwise than in proportion to the holdings of the shareholders using the non-restricted equity through public trading on NASDAQ OMX Helsinki Ltd at the market price prevailing at the time of acquisition.

The General Meeting also authorised the Board of Directors to decide on the conveyance of a maximum of 200,682 of the company's own shares. During the period under review, the Board of Directors has not exercised these authorities granted by the 2010 Annual General Meeting.

On 31 December 2010, Suominen Corporation held a total of 168,805 of its own shares, accounting for 0.36 per cent of the share capital and votes.

## Stock options

Suominen has stock option plans 2006, 2007 and 2009. The Board of Directors has decided to amend the terms and conditions of the option plans so that an option holder has the right to the same proportion of shares in the company as before the rights offering. The subscription prices per share were also adjusted.

The 2006A and 2006B stock options have expired. A total of 100,000 2006C stock options has been granted at the original subscription price of EUR 1.66. The new number of shares that can be subscribed under the stock option plan is 200,000, and the new subscription price is EUR 1.05. The subscription period for the 2006C stock options is from 2 May 2010 to 30 October 2011.

The 2007A stock options have expired. A total of 90,000 2007B stock options has been granted at the original subscription price of EUR 1.66. The new number of shares that can be subscribed under the stock option plan is 180,000, and the new subscription price is EUR 1.05. A total of 60,000 have been returned to the company, i.e. the option right holders still have 120,000 shares. The subscription period for the 2007B stock options is from 2 May 2010 to 30 October 2011.

A total of 150,000 2009A stock options has been granted at the original subscription price of EUR 1.46. The new number of shares that can be subscribed under the stock option plan is 300,000, and the new subscription price is EUR 0.95. A total of 50,000 of these have been returned to the company, i.e. the option right holders still have 250,000 shares. The subscription period for the 2009A stock options is from 2 May 2011 to 30 October 2012.

A total of 300,000 2009B stock options has been granted after the share issue at a subscription price of EUR 0.96. The number of shares that can be subscribed under the stock option plan is 300,000. The subscription period for the 2009B stock options is from 2 May 2012 to 30 October 2013.

While the registered number of Suominen's issued shares totals 47,395,014, the number of shares may rise to a maximum of 48,265,014 after stock option subscriptions.

## Other authorisation for the Board of Directors

The Board of Directors still has authorisation to issue 300,000 more stock options in accordance with the 2009 stock option plan, which would entitle holders to subscribe for 300,000 Suominen shares. The validity of the authorisation to issue 6,325,098 new shares remaining from the authorisation granted by the Extraordinary General Meeting held on 1 June 2010 expired on 31 December 2010, after which the Board of Directors is not otherwise authorised to issue special rights entitling to shares, option rights and/or convertible bonds.

## Policy regarding dividend payment

On 12 February 2007, the Board of Directors established a set of new financial targets for Suominen between the years 2007 and 2009. According to these targets the dividend will be raised, while ensuring the sound growth of the company.

## Shares held by the management

The members of the company's Board of Directors and the President and CEO owned, either directly or through a company or organisation in which they held controlling power, 10,621,335 shares on 31 December 2010. These shares entitle the holders to 22.5 per cent of the voting rights.

| <b>Members of the Board of Directors</b>       | Shares on 31 Dec. 2010 | Shares on 1 Jan. 2010 |
|--|------------------------|-----------------------|
| Mikko Majjala, Chairman of the Board           | 2 263 335              | 1 075 839             |
| Majjala Investment Oy                          | 158 990                | 76 100                |
| Heikki Mairinoja, Deputy Chairman of the Board | 88 192                 | 38 471                |
| Monaccio Oy                                    | 9 900                  | 4 950                 |
| Heikki Bergholm, Member of the Board           | 3 603 448              | 1 738 286             |
| Kai Hannus, Member of the Board                | 46 194                 | 18 209                |
| Suvi Hintsanen, Member of the Board            | 9 376                  | 0                     |
| Juhani Lassila, Member of the Board            | 89 920                 | 40 272                |
| Evald and Hilda Nissi Foundation               | 4 276 980              | 2 138 490             |

| <b>Members of the Corporate Executive Team</b>     | Shares on 31 Dec. 2010 | Shares on 1 Jan. 2010 |
|--|------------------------|-----------------------|
| Petri Rolig, President and CEO                     | 75 000                 | 20 000                |
| Arto Kiiskinen, Vice President and CFO             | 26 338                 | 13 169                |
| Mikko Pellinen, Vice President and General Manager | 0                      | 0                     |
| Erik van Deursen, General Manager                  | 0                      | 0                     |
| Juha Jokinen, General Manager                      | 0                      | 0                     |

## Shareholders by category

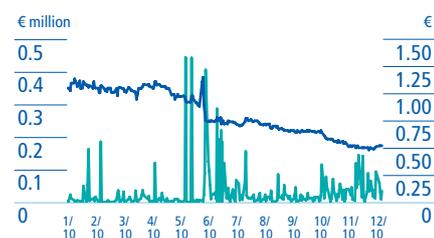
|   | Number of shareholders | Percentage | Total shares held in each category | Percentage of shares and votes |
|---|------------------------|------------|------------------------------------|--------------------------------|
| Companies                                       | 154                    | 5.9        | 13 564 428                         | 28.6                           |
| Financial institutions and insurance companies  | 1                      | 0.0        | 14 435                             | 0.0                            |
| Public institutions                             | 4                      | 0.2        | 6 416 004                          | 13.5                           |
| Non-profit organisations                        | 32                     | 1.2        | 5 094 456                          | 10.7                           |
| Individuals                                     | 2 395                  | 92.3       | 21 819 155                         | 46.0                           |
| Foreign shareholders                            | 9                      | 0.3        | 245 441                            | 0.5                            |
|   | 2 595                  | 100.0      | 47 153 919                         | 99.5                           |
| Shares registered in a nominee's name           | 4                      |            | 52 022                             | 0.1                            |
| Shares held by the company                      |                        |            | 168 805                            | 0.4                            |
| Shares not transferred to the book-entry system |                        |            | 20 268                             | 0.0                            |
| <b>Total</b>                                    | <b>2 599</b>           |            | <b>47 395 014</b>                  | <b>100.0</b>                   |

## Distribution of share ownership

| Number of shares                                | Number of shareholders | Percentage | Total shares held in each category | Percentage of shares and votes |
|---|------------------------|------------|------------------------------------|--------------------------------|
| 1-100   | 203                    | 7.8        | 11 880                             | 0.0                            |
| 101-500   | 539                    | 20.7       | 163 752                            | 0.3                            |
| 501-1 000                                       | 444                    | 17.1       | 353 944                            | 0.7                            |
| 1 001-5 000                                     | 919                    | 35.4       | 2 209 405                          | 4.7                            |
| 5 001-10 000                                    | 222                    | 8.5        | 1 674 080                          | 3.5                            |
| 10 001-50 000                                   | 210                    | 8.1        | 4 078 803                          | 8.6                            |
| 50 001-100 000                                  | 31                     | 1.2        | 2 190 669                          | 4.6                            |
| 100 001-500 000                                 | 18                     | 0.7        | 4 461 267                          | 9.4                            |
| over 500 000                                    | 13                     | 0.5        | 32 062 141                         | 67.6                           |
|   | 2 599                  | 100.0      | 47 205 941                         | 99.6                           |
| Shares held by the company                      |                        |            | 168 805                            | 0.4                            |
| Shares not transferred to the book-entry system |                        |            | 20 268                             | 0.0                            |
| <b>Total</b>                                    |                        |            | <b>47 395 014</b>                  | <b>100.0</b>                   |
| Of which registered in a nominee's name         | 4                      |            | 52 022                             | 0.1                            |

Adjusted share price development  
2006 – 2010

■ OMX Helsinki All-share index  
■ Suominen share

Trading and average share price  
monthly, 2010

■ Trading  
■ Average price

## Largest shareholders on 31 December 2010

| Shareholder   | Number of shares | Percentage of shares and votes |
|---|------------------|--------------------------------|
| 1. Oy Etra Invest Ab                                | 8 223 320        | 17.4                           |
| 2. Evald and Hilda Nissi Foundation                 | 4 276 980        | 9.1                            |
| 3. Ilmarinen Mutual Pension Insurance Company       | 3 823 104        | 8.1                            |
| 4. Heikki Bergholm                                  | 3 603 448        | 7.6                            |
| 5. Tapiola Mutual Pension Insurance Company         | 2 567 700        | 5.4                            |
| 6. Mikko Majjala                                    | 2 263 335        | 4.8                            |
| 7. Juhani Majjala                                   | 2 175 631        | 4.6                            |
| 8. Eeva Majjala                                     | 1 515 995        | 3.2                            |
| 9. Veikko Laine Oy                                  | 1 110 400        | 2.4                            |
| 10. Argonius Oy                                     | 710 100          | 1.5                            |
| 11. Harald Relander                                 | 660 000          | 1.4                            |
| 12. Sijoitusrahasto Taaleritehdas Arvo Markka Osake | 572 426          | 1.2                            |
| 13. Jorma Takanen                                   | 559 702          | 1.2                            |
| 14. Oy Fincorp Ab                                   | 411 504          | 0.9                            |
| 15. Finnfoam Oy                                     | 400 000          | 0.8                            |
| 16. Jarkko Takanen                                  | 381 080          | 0.8                            |
| 17. Markku Oksanen                                  | 317 500          | 0.7                            |
| 18. Samfundet Folkhälsan i Svenska Finland rf       | 300 000          | 0.6                            |
| 19. Matti Kavetvuo                                  | 300 000          | 0.6                            |
| 20. Liikesivistysrahaston Kannatusyhdistys ry       | 269 220          | 0.6                            |

All information concerning the company's shares is based on the book-entry securities register on 31 December 2010.

### Investor relations

Suominen Corporation's investor relations are the responsibility of Petri Rolig, President and CEO who, together with Arto Kiiskinen, Vice President and CFO, is also responsible for the company's financial and IR communications. In addition, only the Board of Directors is authorised to issue statements on Suominen's finances and performance and to comment on matters of a financial nature or relating to the company's results.

No appointments will be arranged for investors with company representatives, nor will any comments on financial performance be issued during the silent period observed between the end of a financial period and the disclosure of the results for that period.

# Key figures

## Adjusted key figures per share

|  | IFRS<br>2010 | IFRS<br>2009 | IFRS<br>2008 | IFRS<br>2007 | IFRS<br>2006 |
|--|--------------|--------------|--------------|--------------|--------------|
| Earnings/share (EPS) before impairment losses, €                                       | -0.22        | 0.02         | -0.20        | -0.07        | -0.08        |
| Earnings/share (EPS) from continuing operations, €                                     | -0.34        | 0.02         | -0.31        | -0.43        | -0.08        |
| Earnings/share (EPS) from continuing and discontinued operations, €                    | -0.34        | 0.02         | -0.20        | -0.28        | -0.05        |
| Earnings/share (EPS) from continuing and discontinued operations before share issue, € |              | 0.04         | -0.31        | -0.43        | -0.08        |
| Cash flow from operations/share, €   | -0.06        | 0.74         | 0.52         | 0.08         | 0.34         |
| Cash flow from operations/share before share issue, €                                  |              | 1.13         | 0.80         | 0.12         | 0.53         |
| Equity/share, €  | 0.70         | 1.01         | 0.98         | 1.28         | 1.56         |
| Equity/share before share issue, €   |              | 1.55         | 1.50         | 1.96         | 2.40         |
| Dividend/share, €  |              | 0.02         |              |              | 0.06         |
| Dividend/earnings, %   |              | 84.4         |              |              | -122.0       |
| Dividend/earnings before share issue, %  |              | 55.2         |              |              | -79.6        |
| Dividend/cash flow from operations, %  |              | 2.7          |              |              | 17.4         |
| Dividend/cash flow from operations before share issue, %                               |              | 1.8          |              |              | 11.4         |
| Dividend yield, %  |              | 1.3          |              |              | 2.0          |
| P/E ratio from continuing operations   | -1.52        | 67.1         | -3.3         | -7.4         | -60.4        |
| P/E ratio from continuing operations before share issue                                |              | 43.8         | -2.2         | -4.8         | -39.5        |
| Share price  |              |              |              |              |              |
| lowest, €  | 0.48         | 0.65         | 0.60         | 2.01         | 2.80         |
| highest, €   | 1.74         | 1.93         | 2.25         | 3.79         | 3.85         |
| average, €   | 0.79         | 1.27         | 1.50         | 3.21         | 3.32         |
| at year end, €   | 0.52         | 1.59         | 0.66         | 2.07         | 2.97         |
| Market capitalisation on 31 Dec., € million  |              |              |              |              |              |
|  | 24.6         | 37.7         | 15.6         | 49.0         | 70.3         |
| Number of shares *   |              |              |              |              |              |
| average during the year  | 41 865 760   | 23 707 065   | 23 699 569   | 23 679 266   | 23 709 255   |
| at year end  | 47 395 014   | 23 719 430   | 23 665 055   | 23 683 769   | 23 668 991   |
| adjusted with share issue (factor 1.53)  |              | 36 271 809   | 36 260 341   | 36 229 277   | 36 275 160   |
| Number of shares traded as   |              |              |              |              |              |
| percentage of the average during the year  | 6 639 579    | 3 306 822    | 4 251 828    | 8 765 455    | 7 000 722    |
| percentage of the average during the year, adjusted with share issue                   | 15.9         | 13.9         | 17.9         | 37.0         | 29.5         |
|  |              | 9.1          | 11.7         | 24.2         | 19.3         |

No dividends were recognised during the financial year

\* Number of shares in comparison years 2009, 2008, 2007 and 2006 is the number of shares held outside the Company.

## Key figures on financial performance

|  | IFRS<br>2010 | IFRS<br>2009 | IFRS<br>2008 | IFRS<br>2007 | IFRS<br>2006 |
|--|--------------|--------------|--------------|--------------|--------------|
| Net sales, € million                                 | 173.4        | 179.4        | 214.6        | 215.2        | 202.6        |
| Export and international operations, € million       | 146.4        | 149.5        | 179.7        | 181.1        | 169.5        |
| as % of net sales                                    | 84.4         | 83.3         | 83.7         | 84.2         | 86.9         |
| Operating profit before impairment losses, € million | -5.8         | 6.7          | -1.6         | 1.7          | 1.2          |
| as % of net sales                                    | -3.3         | 3.7          | -0.7         | 0.8          | 0.6          |
| Operating profit, € million                          | -10.8        | 6.7          | -4.0         | -6.8         | 1.2          |
| as % of net sales                                    | -6.2         | 3.7          | -1.9         | -3.1         | 0.6          |
| Profit before taxes, € million                       | -15.7        | 1.0          | -8.8         | -10.7        | -2.7         |
| as % of net sales                                    | -9.0         | 0.6          | -4.1         | -5.0         | -1.4         |
| Profit from continuing operations, € million         | -14.4        | 0.9          | -7.2         | -10.1        | -1.8         |
| as % of net sales                                    | -8.3         | 0.5          | -3.4         | -4.7         | -0.9         |
| Profit for the financial year, € million             | -14.4        | 0.9          | -7.2         | -10.1        | -1.8         |
| as % of net sales                                    | -8.3         | 0.5          | -3.4         | -4.7         | -0.9         |
| Cash flow from operations, € million                 | -2.5         | 26.8         | 18.9         | 2.7          | 12.5         |
| Balance sheet total, € million                       | 119.4        | 122.8        | 143.8        | 172.4        | 175.9        |
| Return on equity (ROE), %                            | -37.3        | 2.4          | -16.7        | -18.8        | -3.1         |
| Return on invested capital (ROI), %                  | -10.6        | 6.4          | -2.9         | -4.5         | 0.9          |
| Equity ratio, %                                      | 27.9         | 29.9         | 24.6         | 26.9         | 32.3         |
| Equity ratio, %, capital loans in equity             | 32.9         | 36.4         | 31.6         | 28.0         | 34.5         |
| Gearing, %   | 174.0        | 161.2        | 229.9        | 210.5        | 154.4        |
| Gearing, %, capital loans in equity                  | 132.1        | 114.4        | 157.2        | 197.7        | 137.7        |
| Gross investments, € million                         | 6.2          | 4.5          | 3.9          | 11.3         | 4.3          |
| as % of net sales                                    | 3.6          | 2.5          | 1.8          | 5.2          | 2.1          |
| Expenditure on R&D, € million                        | 2.0          | 2.3          | 2.2          | 2.1          | 2.0          |
| as % of net sales                                    | 1.1          | 1.3          | 1.0          | 1.0          | 1.0          |
| Average personnel                                    | 901          | 944          | 1 019        | 1 070        | 1 058        |

# Calculation of the key figures

|                                       |  |
|---------------------------------------|--|
| Earnings/share                        | $\frac{\text{Profit before income taxes - income taxes}}{\text{Adjusted number of shares of the group (average)}}$   |
| Cash flow from operations/share       | $\frac{\text{Cash flow from operations as in the cash flow statement}}{\text{Adjusted number of shares of the group (average)}}$   |
| Equity/share                          | $\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares of the group at year end}}$  |
| Dividend/share                        | $\frac{\text{Dividend/share for the financial year}}{\text{Adjustment coefficient for share issues after the financial year}}$   |
| Dividend/earnings, %                  | $\frac{\text{Dividend/share} \times 100}{\text{Earnings/share}}$   |
| Dividend/cash flow from operations, % | $\frac{\text{Dividend/share} \times 100}{\text{Cash flow from operations/share}}$  |
| Dividend yield, %                     | $\frac{\text{Dividend/share} \times 100}{\text{Adjusted share price at year end}}$   |
| P/E ratio                             | $\frac{\text{Adjusted share price at year end}}{\text{Earnings/share}}$  |
| Market capitalisation                 | Number of shares of the group at year end<br>x adjusted share price at year end  |
| Return on equity (ROE), %             | $\frac{(\text{Profit before income taxes - income taxes}) \times 100}{\text{Shareholders' equity (quarterly average)}}$  |
| Return on invested capital (ROI), %   | $\frac{(\text{Profit before income taxes} + \text{profit from discontinued operations} + \text{interest and other financial expenses}) \times 100}{(\text{Balance sheet total - non-interest bearing liabilities}) \text{ (quarterly average)}}$ |
| Equity ratio, %                       | $\frac{\text{Shareholders' equity} \times 100}{\text{Balance sheet total - advances received}}$  |
| Gearing, %                            | $\frac{(\text{Interest-bearing liabilities} - \text{interest-bearing receivables} - \text{cash at bank and in hand}) \times 100}{\text{Shareholders' equity}}$   |

# Summary of stock exchange releases in 2010

## February

- 11 February Suominen Nonwovens issues temporary lay-off warning
- 11 February Financial statement release 1 January – 31 December 2009
- 11 February Corporate governance statement
- 11 February The Board of Directors of Suominen Corporation decided on key personnel incentive plan
- 12 February Notice to Annual General Meeting of Shareholders of Suominen Corporation
- 18 February Suominen to repurchase own shares

## March

- 2 March Suominen's Annual Report and annual summary 2009 have been published
- 9 March Employee negotiations concluded at Suominen Nonwovens
- 23 March Suominen Corporation's outlook for 2010
- 23 March Resolutions passed by Suominen Corporation's Annual General Meeting

## April

- 1 April Conveyance of own shares
- 22 April Interim report 1 January – 31 March 2010

## May

- 10 May Notice to the Extraordinary General Meeting of Suominen Corporation
- 26 May Suominen prepares for approximately eur 10 million rights offering

## June

- 1 June Resolutions passed by Suominen Corporation's Extraordinary General Meeting
- 1 June The Board of Directors of Suominen Corporation has decided on a rights offering and its terms and conditions
- 4 June Suominen Corporation's prospectus for rights offering published
- 11 June Suominen Corporation's Board Member Mr. Heikki Mairinoja sentenced to pay a fine for information offences
- 14 June Supplement to Suominen Corporation's prospectus dated 4 June 2010
- 24 June Suominen Corporation's rights offering oversubscribed
- 30 June Final outcome of Suominen Corporation's rights offering

## July

- 1 July New Suominen Corporation shares registered with the Trade Register
- 1 July Notification according to chapter 2, section 10 of the Securities Markets Act
- 19 July Interim report 1 January – 30 June 2010
- 29 July Share repurchases completed

## September

- 2 September Suominen Flexibles to start employee negotiations in Finland
- 2 September Suominen's operating result is expected to be negative

## October

- 22 October Interim report 1 January – 30 September 2010
- 26 October Suominen Flexibles' employee negotiations in Finland concluded

## November

- 12 November Suominen Corporation's financial information and Annual General Meeting in 2011

## December

- 3 December Changes in Suominen's Wiping business area and Corporate Executive Team
- 9 December Suominen arranges refinancing and records goodwill and non-recurring costs

All Suominen Corporation's stock exchange releases and announcements can be consulted at [www.suominen.fi](http://www.suominen.fi).  
The information in the releases listed above might be outdated.

# Information for shareholders

## Financial Information

Interim Report 1 January – 31 March, issued 29 April 2011  
Interim Report 1 January – 30 June, issued 18 July 2011  
Interim Report 1 January – 30 September, issued 25 October 2011

The Annual Report, Financial Statements, Interim Reports, and other Stock Exchange Releases are published in Finnish and English. They are available on the company website at [www.suominen.fi](http://www.suominen.fi) immediately after publication. The internet pages also contain information on how to join the mailing list for Annual Reports, Financial Statements and Interim Reports. The English editions are translations of the Finnish originals, which will prevail in the event of any dispute.

## The Annual General Meeting

The Annual General Meeting of Suominen Corporation will be held on Wednesday 30 March 2011, at 1.00 p.m. in the Restaurant Palace, Conference Hall, Eteläranta 10, Helsinki.

Shareholders who are entered in the Company's Register of Shareholders maintained by Euroclear Finland Ltd on 18 March 2011 are entitled to attend the Annual General Meeting. Notice of attendance at the Annual General Meeting is requested by 4 p.m. on 23 March 2011, either by e-mail at [ir@suominen.fi](mailto:ir@suominen.fi), by telephone at +358 (0)10 214 3535, in writing to Suominen Corporation, P.O. Box 380, FI-33101 Tampere or by fax at +358 (0)10 214 3530.

## Payment of the dividend

The Board of Directors proposes to the Annual General Meeting of Shareholders that no dividend be paid for the financial year.

# Contact information

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