



Interim Report 1 Jan–31 Mar 2016

28 Apr 2016



Suominen Corporation Interim Report 28 April 2016 at 8:00 am (EEST)

Suominen Corporation's Interim Report for January 1 - March 31, 2016: Cash flow from operations improved markedly, net sales and operating profit declined, guidance for full year remains unchanged

KEY FIGURES	1-3/2016	1-3/2015	1-12/2015
Net sales, EUR million	103.9	111.9	444.0
Operating profit excluding non-recurring items, EUR million	5.5	7.3	31.2
Operating profit, EUR million	5.5	7.3	31.8
Profit for the period, EUR million	3.4	3.5	17.0
Earnings per share, basic, EUR*	0.06	0.06	0.32
Earnings per share, diluted, EUR*	0.06	0.06	0.29
Cash flow from operations per share, EUR*	0.18	0.09	0.54
Return on invested capital, rolling 12 months, %	14.7	14.8	15.9
Gearing, %	28.6	33.2	25.9

*Adjusted due to the reverse share split.

Highlights in January–March 2016:

- Net sales decreased by 7.2% and amounted to EUR 103.9 million (111.9).
- Operating profit decreased by 24.0% to EUR 5.5 million (7.3).
- Cash flow from operations increased to EUR 9.1 million (4.5).
- Both financial targets monitored on a quarterly basis, return on invested capital and gearing ratio, surpassed their target levels.
- The execution of the growth investment program focused on the new production line to be built at the Bethune plant.
- Suominen carried out a reverse share split with 5:1 ratio.
- The Annual General Meeting decided to distribute in total EUR 5.0 million as dividends.
- Suominen repeats its previous estimate, disclosed on 29 January 2016, that for the full year 2016 the company expects its net sales and operating profit excluding non-recurring items to improve from year 2015. In 2015, Suominen's net sales amounted to EUR 444.0 million and operating profit excluding non-recurring items to EUR 31.2 million. The non-recurring items are explained in the disclosures of this Interim Report.

Nina Kopola, President & CEO, comments on Suominen's first quarter of 2016:

"In the first quarter of 2016, the consumer confidence index in the euro zone fell short of its level of the first quarter of 2015, but remained above the long-term average. In the United States, the consumer

confidence index showed relatively stable development, but remained slightly below the level of the comparison period. Europe and North America are Suominen's largest market areas.

Suominen's first-quarter net sales decreased from the comparison period to EUR 103.9 million. As we reported earlier, demand was not at the same level as in the comparison period. This also affected the competitive situation in the markets. However, the situation is believed to be temporary and to have mostly resulted from new capacity that has recently been built in our main market areas. We saw signs of improvement in demand already towards the end of the review period. Overall, we expect demand growth in our target markets to continue in 2016 at the same level as in 2015 on average.

Suominen's operating profit decreased from the comparison period to EUR 5.5 million. However, the profit for the reporting period remained more or less unchanged, thanks mainly to lower financial expenses. Suominen's cash flow from operations doubled from the comparison period to EUR 9.1 million.

There's three financial targets set for Suominen: organic net sales growth, return on invested capital and gearing ratio. The last two are monitored quarterly and organic growth on an annual basis. Of the financial targets monitored on a quarterly basis, return on invested capital was 14.7%, exceeding the target level of over 12%. Our gearing ratio remained below the target range of 40–80%, at 28.6%.

During the reporting period, Suominen's Annual General Meeting decided to merge Suominen's shares in a reverse share split using a split ratio of 5 to 1. The purpose of merging the shares is to raise interest in the company's shares, to facilitate trade in the shares and to increase flexibility in defining the amount of dividend.

The Annual General Meeting also decided that a dividend of EUR 0.02 per share (prior to the reverse share split) was to be paid for the financial year 2015, which means that the shareholders were distributed double the amount of funds compared to the previous financial year.

Suominen continues to consistently implement its strategy. Our product portfolio developed in line with our targets, as the proportion of sales of products with higher added value grew by 3 percentage points. During the reporting period, we also strengthened our R&D team further with three new hires and continued our 60-million-euro growth investment program. Our modernized plants in Alicante and Paulinia have delivered their first orders and now we are focusing on the new production line being built at our plant in Bethune, SC, United States. The goal is for the equipment installations for the investment in Bethune to be completed during the second half of this year, according to the schedule announced earlier."

NET SALES

In January–March 2016, Suominen's net sales fell by 7.2% from the comparison period to EUR 103.9 million (111.9). Net sales were affected by both decreased sales volumes and lower sales prices, in approximately equal proportions. The demand was not at the level of the comparison period which also affected the competitive situation. Suominen expects the situation to be temporary and saw signs of improvement in demand already towards the end of the review period. Overall, the growth in the demand in Suominen's target markets in 2016 is expected to continue, on average, at the pace of 2015. The changes in US dollar exchange rate had no material effect on the net sales during the first quarter.

Suominen has two business areas, Convenience and Care. Convenience business area supplies nonwovens as roll goods for wiping products. Care business area manufactures nonwovens for hygiene products and medical applications. Net sales of the Convenience business area were EUR 95.5 million (102.6) and net

sales of the Care business area EUR 8.3 million (8.8).

The main application areas for nonwoven materials supplied by Suominen in January–March were baby wipes (accounting for 38% of the sales), personal care wipes (25%), household wipes (18%), wipes for workplace use (10%), and hygiene and medical products (8%). All nonwovens for wiping products belong to the Convenience business area and nonwovens for hygiene and medical products to the Care business area.

The share of baby wipes in the net sales decreased from the corresponding period by three percentage points. Of the products with higher added value, nonwovens for personal care and for household wipes increased their shares in the portfolio. The changes in the portfolio were in line with Suominen’s strategy.

OPERATING PROFIT AND RESULT

Operating profit decreased by 24.0% and amounted to EUR 5.5 million (7.3). Lower sales volumes and decrease in gross profit affected operating profit. There was no material effect of US dollar exchange rate fluctuation on operating profit during the first quarter.

Profit before income taxes was EUR 5.3 million (5.7), and profit for the reporting period was EUR 3.4 million (3.5). Decrease in financial expenses improved the profit for the period.

FINANCING

The Group’s net interest-bearing liabilities amounted to EUR 34.5 million (38.2) at the end of the review period. The gearing ratio was 28.6% (33.2%) and the equity ratio 42.6% (42.1%).

In January–March, net financial expenses were EUR -0.2 million (-1.6), or 0.2% (1.4%) of net sales. Fluctuations in exchange rates decreased the financial items by EUR 0.5 million, while in the comparison period they increased the financial expenses by EUR 0.7 million.

Cash flow from operations was EUR 9.1 million (4.5), representing a cash flow per share of EUR 0.18 (0.09). The improvement in the cash flow from operations was mainly affected by decrease in paid financial items as well as positive change in working capital. The financial items in the cash flow from operations, in total EUR -1.8 million (-5.3), were principally impacted by the interests of the debenture bond paid during the reporting period, while in the corresponding period in the previous year the paid financial items were burdened not only by the paid interests of the debenture bond but also by payments related to currency forward contracts hedging equity. EUR 1.4 million was freed in working capital (in Q1 2015: tied up 0.1).

In accordance with the decision of the Annual General Meeting held on 16 March 2016, a distribution of dividends (EUR 0.02 per share), in total EUR 5.0 million, was paid on 31 March 2016.

In February 2016, in total EUR 0.9 million of accrued interests of the convertible hybrid bond issued by Suominen in February 2014 were capitalized to the bond capital in accordance with the terms of the hybrid bond.

If Suominen distributes dividend before 10 February 2018, the bondholders are entitled to a compensation equaling to the dividend. The compensation will be paid the same date as the dividend, and the paid compensation will be deducted from the interests accrued or to be accrued. The compensation deducted from interests accrued or to be accrued will decrease the amount of interests capitalized as principal of the bond and thus the number of shares to be converted with the bond. In total

EUR 0.6 million of interests on hybrid bond were paid in March 2016 in connection with the payment of dividend.

Bondholders of the convertible hybrid bond issued by Suominen are entitled to convert the bond notes and the potential accrued capitalized interest related to the notes into Suominen shares. The conversion rate is EUR 2.50 per share (after the reverse split of the shares), and the conversion period started on 11 February 2014 and will end on 10 February 2018. The number of shares to be converted must be at least 40,000 shares. The number of shares in Suominen may increase in total by maximum of 7,600,320 shares on the basis of the conversion of the remaining bond notes and the potential capitalized interest, if the conversion is carried out by issuing new shares in Suominen.

The hybrid bond capital was EUR 15.6 million on 31 March 2016. Suominen has the right to redeem the bond in whole or in part on 10 February 2018 or thereafter, on each interest payment date, at the nominal value of the bond together with the accrued interest.

CAPITAL EXPENDITURE

The gross capital expenditure totaled EUR 3.5 million (1.5) and was mainly related to the investment in a new production line at the Bethune, SC, USA plant and to the renewal of ICT systems. Other investments were mainly for maintenance. Depreciation and amortization for the review period amounted to EUR 4.6 million (4.4).

INFORMATION ON SHARES AND SHARE CAPITAL

Share capital

After the reverse share split, the number of Suominen's registered shares was 51,216,232 shares on 31 March 2016, equaling to a share capital of EUR 11,860,056.00.

Reverse share split

The Annual General Meeting of Suominen Corporation held on 16 March 2016 decided to reduce the number of shares in the company without reducing share capital in a reverse share split procedure pursuant to the Chapter 15, Section 9 of the Limited Liability Companies Act (624/2005) so that each five (5) shares shall be merged as one (1) share.

Before the reverse share split, Suominen Corporation had in total 252,425,616 shares. After the reverse share split, the total number of shares in Suominen Corporation is 51,216,232. The new number of shares was registered with the Trade Register on 22 March 2016 and trading with the merged shares commenced on the same day. The reverse split did not have an impact on the treasury shares held by Suominen (913,886 shares). In accordance with the Limited Liability Companies Act, treasury shares do not entitle to shareholder rights, such as right to receive dividend or other distribution of funds or right to attend General Meeting.

The purpose of merging the shares is to increase the interest for the company's shares, facilitate the trade in the shares and to increase flexibility in defining the amount of dividend.

Share trading and price

The number of Suominen Corporation shares traded on Nasdaq Helsinki from 1 January to 31 March 2016

was 3,576,585 shares, accounting for 7.1% of the average number of shares (excluding treasury shares). The highest price was EUR 6.20, the lowest EUR 4.00 and the volume-weighted average price EUR 4.90. The closing price at the end of review period was EUR 4.04. The market capitalization (excluding treasury shares) was EUR 203.2 million on 31 March 2016.

Treasury shares

On 31 March 2016, Suominen Corporation held 913,866 treasury shares.

Hybrid bond

In February 2014, Suominen Corporation issued a convertible hybrid bond of EUR 17.5 million. The holders of the bond notes are entitled to convert the notes and the potential accrued capitalized interest related to the notes into Suominen shares. The conversion period started on 11 February 2014 and will end on 10 February 2018.

The number of shares in Suominen may increase in total by maximum of 7,600,320 shares on the basis of the conversion of the remaining bond notes and the potential capitalized interest, if the conversion is carried out by issuing new shares in Suominen.

The portion of the remuneration of the members of the Board of Directors which shall be paid in shares

The Annual General Meeting held on 16 March 2016 resolved to maintain the remuneration of the members of the Board of Directors unchanged. In 2016, the Chair of the Board of Directors will be paid an annual fee of EUR 50,000, Deputy Chair of the Board an annual fee of EUR 37,500 and other Board members an annual fee of EUR 28,000. Further, the members of the Board will receive a fee of EUR 500 for each meeting held in the home country of respective member and a fee of EUR 1,000 per each meeting held elsewhere than in the home country of respective member. 60% of the annual remuneration is paid in cash and 40% in Suominen Corporation's shares.

The number of shares forming the above-mentioned remuneration portion payable in shares will be determined based on the share value in the stock exchange trading maintained by Nasdaq Helsinki Ltd, calculated as the trade volume-weighted average quotation of the share during the one month period immediately following the date on which the interim report of January–March 2016 of the company is published. The shares will be given out of the treasury shares held by the company by the decision of the Board of Directors by 3 June 2016 at the latest.

Share-based incentive plans for the management and key employees

The Group management and key employees participate the company's share-based incentive plan. The share-based incentive plan is divided into Performance Share Plan and Matching Share Plan. The plans are described in detail in the Financial Statements 2015 and in the Remuneration Statement 2015 of Suominen Corporation, available on the company's website, www.suominen.fi > Investors > Corporate Governance.

Due to the reverse share split carried out in the review period, the terms and conditions of the share-based incentive plans have been technically adjusted.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of Suominen Corporation was held on 16 March 2016. The AGM decided that a dividend of EUR 0.02 per share will be paid for the financial year 2015.

The AGM adopted the financial statements and the consolidated financial statements for the financial year 2015 and discharged the members of the Board of Directors and the President & CEO from liability.

The AGM confirmed the number of members of the Board of Directors to be six (6). The AGM re-elected Mr. Andreas Ahlström, Mr. Risto Anttonen, Mr. Jorma Eloranta, Mr. Hannu Kasurinen, Ms. Laura Raitio and Ms. Jaana Tuominen as members of the Board of Directors for the next term of office, expiring at the end of the first Annual General Meeting following their election. The remuneration of the members of the Board of Directors was resolved to remain unchanged. The resolutions were in accordance with the proposals submitted by the Nomination Board of shareholders of Suominen.

Ernst & Young Oy, accountant firm, was elected as auditor of Suominen Corporation, with Ms. Kristina Sandin, Authorized Public Accountant, as the principal auditor.

Constitutive meeting and permanent committees of the Board of Directors

In its constitutive meeting held after the Annual General Meeting on 16 March 2016, the Board of Directors elected from among its members a Chair and Deputy Chair as well as members for the Audit Committee and Personnel and Remuneration Committee.

The Board of Directors re-elected Jorma Eloranta as Chair and Risto Anttonen as Deputy Chair of the Board of Directors, in accordance with the recommendation by the Nomination Board of Suominen's shareholders.

Hannu Kasurinen was re-elected as Chair of the Audit Committee. Andreas Ahlström was re-elected and Jaana Tuominen elected as members of the Audit Committee. Jorma Eloranta was re-elected as Chair of the Personnel and Remuneration Committee. Risto Anttonen was re-elected and Laura Raitio elected as members.

Authorizations of the Board of Directors

The Annual General Meeting (AGM) held on 16 March 2016 authorized the Board of Directors to repurchase a maximum of 400,000 of the company's own shares. The shares shall be repurchased to be used in company's share-based incentive programs, in order to disburse the remuneration of the members of the Board of Directors, for use as consideration in acquisitions related to the company's business, or to be held by the company, to be conveyed by other means or to be cancelled. The company's own shares shall be repurchased otherwise than in proportion to the holdings of the shareholders by using the non-restricted equity through trading on regulated market organized by Nasdaq Helsinki Ltd at the market price prevailing at the time of acquisition. The repurchase authorization is valid until 30 June 2017.

The AGM held on 16 March 2016 authorized the Board of Directors to decide on issuing new shares and/or conveying the company's own shares held by the company and/or granting special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act. New shares may be issued and/or company's own shares held by the company or its group company may be conveyed at the maximum amount of 5,000,000 shares in aggregate. The maximum number of new shares

that may be subscribed and own shares held by the company that may be conveyed by virtue of the options and other special rights granted by the company is 5,000,000 shares in total which number is included in the maximum number stated earlier. The authorization is valid until 30 June 2019.

NOTIFICATIONS UNDER CHAPTER 9, SECTION 5 OF THE SECURITIES MARKET ACT

During the review period Suominen received no notifications under Chapter 9, Section 5 of the Securities Market Act.

BUSINESS RISKS AND UNCERTAINTIES

The estimate on the development of Suominen's net sales is partially based on forecasts and delivery plans received from the company's customers. Changes in these forecasts and plans, resulting from changes in the market conditions or in customers' inventory levels, may affect Suominen's net sales. Due to the continued uncertainty in the general economic situation and the cautious consumer purchasing habits, the forecasts include uncertainty.

Suominen's customer base is fairly concentrated, which adds to the customer-specific risk. Long-term contracts are preferred in the case of the largest customers. In practice, the customer relationships are long-term and last for several years.

The relevance of the United States in Suominen's business operations increases the significance of the exchange rate risk related to USD in the Group's total exchange risk position. Suominen hedges this foreign exchange position in accordance with its hedging policy.

The risks that are characteristic to South American region, including significant changes in business environment or exchange rates, could have an impact on Suominen's operations in Brazil.

Suominen purchases significant amounts of pulp- and oil-based raw materials annually. Raw materials are the largest cost item for operations. Rapid changes in the global market prices of raw materials have an impact on the company's profitability. The price fluctuations affect Suominen's financial result quickly, as the company's stocks equal to two to four weeks' consumption and passing the price changes on to the prices Suominen charges its contract customers takes between two to five months.

Extended interruptions in the supply of Suominen's main raw materials could disrupt production and have a negative impact on the Group's overall business operations. As Suominen sources its raw materials from a number of major international suppliers, significant interruptions are unlikely.

Suominen has numerous regional, national and international competitors in its different product groups. There is currently oversupply in several product groups, particularly in Europe. If Suominen is not able to compete through an attractive product offering, it may lose some of its market share, and the competition may lead to increased pricing pressure on the company's products.

The Group's damage risks are insured in order to guarantee the continuity of operations. Suominen has valid damage and business interruption insurance according to which it is estimated that the damages can be covered and the financial losses caused by an interruption compensated.

Suominen performs goodwill impairment testing annually. In impairment testing the recoverable amounts are determined as the value in use, which comprises of the discounted projected future cash flows. Actual cash flows can differ from the discounted projected future cash flows. Uncertainties related to the

projected future cash flows include, among others, the long economic useful life of the assets as well as the changes in the forecasted sales prices of Suominen's products, production costs as well as discount rates used in testing. Due to the uncertainty inherent in the future, it is possible that Suominen's recoverable amounts will be insufficient to cover the carrying amounts of assets, particularly goodwill. If this happens, it will be necessary to recognize an impairment loss, which, when implemented, will weaken the result and equity.

The Group's financial risks consist of foreign exchange, interest rate, credit, counterparty, liquidity and commodity risks. Due to the international scope of the business, the Group has risks arising from fluctuations in foreign exchange rates. The effect of changes in interest rate levels on Group result represent an interest rate risk. Credit and counterparty risks arise mainly from risks associated with the payment period granted to customers and, in the case of loan receivables, from the ability of the counterparty to repay the loans. Liquidity risk is the risk that the Group's negotiated credit facilities are insufficient to cover the financial needs of the business or that obtaining new funding for these needs will cause a significant increase in financing costs.

General risks related to business operations are described in the Report of the Board of Directors 2015.

BUSINESS ENVIRONMENT

Suominen's nonwovens are, for the most part, used in daily consumer goods, such as wet wipes as well as hygiene and medical products. In these target markets of Suominen, the general economic situation determines the development of consumer demand, even though the demand for consumer goods is not very cyclical in nature. North America and Europe are the largest market areas for Suominen. At these market areas, the growth in the demand for nonwovens has typically exceeded the growth of gross domestic product by a couple of percentage points. Moreover, Suominen has operated in the growing South American markets since 2014.

In the first quarter of 2016, the consumer confidence index in the euro zone fell short of its level of the first quarter of 2015, but remained above the long-term average. In the United States, the consumer confidence index showed relatively stable development, but remained slightly below the level of the comparison period.

Suominen assesses the trend in the demand for its products on the basis of both the general market situation and, above all, on the basis of the framework agreements drawn up with its customers. As Suominen disclosed earlier, the demand was not at the level of the comparison period which also affected the competitive situation. However, the company expects the situation to be temporary and saw signs of improvement in demand already towards the end of the review period. At large, the growth in the demand in Suominen's target markets in 2016 is expected to continue, on average, at the pace of 2015.

OUTLOOK FOR 2016

Suominen repeats its previous estimate, disclosed on 29 January 2016, that for the full year 2016 the company expects its net sales and operating profit excluding non-recurring items to improve from year 2015.

In 2015, Suominen's net sales amounted to EUR 444.0 million and operating profit excluding non-recurring items to EUR 31.2 million. The non-recurring items are explained in the disclosures of this Interim Report.

ANALYST AND PRESS CONFERENCE

Nina Kopola, President & CEO, and Tapio Engström, CFO, will present Suominen's financial result for Q1 2016 in Finnish at an analyst and press conference in Helsinki today on 28 April at 11:00 am (EEST). The conference will take place at Suominen's Helsinki office, address Itämerentori 2. The presentation material will be available after the analyst and press conference at www.suominen.fi.

A teleconference and a webcast on the Q1 2016 financial result will be held today on 28 April at 3:00 pm (EEST). The conference can be attended by phone at +44 20 3059 8125 (password: Suominen) and it is held in English. The conference can be accessed also at www.suominen.fi (Investors > Materials > Webcasts).

A replay of the conference can be accessed shortly after the conference has ended at www.suominen.fi or by phone at +44 121 260 4861, using access code 3070045#.

NEXT INTERIM REPORT

Suominen Corporation will publish its Interim report for January–June 2016 on Tuesday, 9 August 2016 approximately at 12:00 noon (EEST).

SUOMINEN GROUP 1 JANUARY–31 MARCH 2016

This interim report has been prepared in accordance with the principles defined in IAS 34 Interim Financial Reporting. The principles for preparing the interim report are the same as those used for preparing the consolidated financial statements for 2015. Changes to published accounting standards and interpretations, together with the new accounting standards that came into force on 1 January 2016, are presented in the consolidated financial statements for 2015.

The figures in these interim financial statements are mainly presented in EUR thousands. As a result of rounding differences, the figures presented in the tables do not necessarily add up to total.

This interim report has not been audited.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousands	31.3.2016	31.3.2015	31.12.2015
Assets			
Non-current assets			
Goodwill	15,496	15,496	15,496
Intangible assets	13,411	12,598	13,275
Property, plant and equipment	94,173	92,197	97,931
Loan receivables	7,793	8,202	7,793
Available-for-sale assets	777	1,113	777
Held-to-maturity investments	–	433	–
Other non-current receivables	2,442	2,518	2,402
Deferred tax assets	4,529	5,276	4,491
Total non-current assets	138,621	137,833	142,165
Current assets			
Inventories	31,816	30,914	32,557
Trade receivables	52,151	60,599	51,547
Loan receivables	1,000	600	1,000
Other current receivables	5,183	4,108	7,038
Assets for current tax	1,892	1,381	1,874
Cash and cash equivalents	53,065	38,036	55,570
Total current assets	145,107	135,639	149,585
Total assets	283,728	273,472	291,750
Equity and liabilities			
Share capital	11,860	11,860	11,860
Share premium account	24,681	24,681	24,681
Reserve for invested unrestricted equity	69,652	69,572	69,652
Treasury shares	-44	-44	-44
Fair value and other reserves	500	14	-118
Exchange differences	1,660	8,216	5,097
Other equity	-4,775	-15,901	-3,076
Total equity attributable to owners of the parent	103,534	98,398	108,052
Hybrid bond	17,272	16,653	17,664
Total equity	120,806	115,051	125,716
Liabilities			
Non-current liabilities			
Deferred tax liabilities	10,411	9,832	10,890
Liabilities from defined benefit plans	1,105	1,151	1,105
Other non-current liabilities	258	1,303	651

Debentures	75,000	75,000	75,000
Other non-current interest-bearing liabilities	18,058	6,667	18,498
Total non-current liabilities	104,831	93,953	106,144
Current liabilities			
Current interest-bearing liabilities	3,318	3,333	3,363
Liabilities for current tax	764	941	47
Trade payables and other current liabilities	54,010	60,194	56,479
Total current liabilities	58,092	64,468	59,889
Total liabilities	162,923	158,421	166,034
Total equity and liabilities	283,728	273,472	291,750

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

EUR thousands	1-3/2016	1-3/2015	1-12/2015
Net sales	103,869	111,934	444,042
Cost of goods sold	-92,077	-97,547	-386,042
Gross profit	11,792	14,387	58,000
Other operating income	629	950	2,637
Sales and marketing expenses	-1,758	-1,902	-7,760
Research and development	-837	-851	-3,527
Administration expenses	-4,339	-4,681	-16,709
Other operating expenses	55	-611	-862
Operating profit	5,543	7,292	31,778
Net financial expenses	-244	-1,621	-5,302
Profit before income taxes	5,299	5,671	26,476
Income taxes	-1,858	-2,188	-9,456
Profit for the period	3,441	3,482	17,020
Earnings per share, EUR			
Basic	0.06	0.06	0.32
Diluted	0.06	0.06	0.29

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousands	1-3/2016	1-3/2015	1-12/2015
Profit for the period	3,441	3,482	17,020
Other comprehensive income:			
Other comprehensive income that will be subsequently reclassified to profit or loss			
Exchange differences	-3,933	5,301	2,356
Fair value changes of cash flow hedges and available-for-sale assets	618	-127	-970
Reclassified to profit or loss	-17	25	669
Reclassified to property, plant and equipment	-	-	91
Income taxes related to other comprehensive income	514	-431	-632
Total	-2,819	4,768	1,514
Other comprehensive income that will not be subsequently reclassified to profit or loss			
Remeasurements of defined benefit plans	-	-	-26
Income taxes related to other comprehensive income	-	-	8
Total	-	-	-18
Total comprehensive income for the period	622	8,250	18,516

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousands	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares	Exchange differences
Equity 1 January 2016	11,860	24,681	69,652	-44	5,097
Profit / loss for the period	-	-	-	-	-
Other comprehensive income	-	-	-	-	-3,437
Total comprehensive income	-	-	-	-	-3,437
Share-based payments	-	-	-	-	-
Dividend distribution	-	-	-	-	-
Hybrid bond	-	-	-	-	-
Equity 31 March 2016	11,860	24,681	69,652	-44	1,660

EUR thousands	Fair value and other reserves	Other equity	Total	Hybrid bond	Total equity
Equity 1 January 2016	-118	-3,076	108,052	17,664	125,716
Profit / loss for the period	–	3,441	3,441	–	3,441
Other comprehensive income	618	–	-2,819	–	-2,819
Total comprehensive income	618	3,441	622	–	622
Share-based payments	–	75	75	–	75
Dividend distribution	–	-5,030	-5,030	–	-5,030
Hybrid bond	–	-185	-185	-393	-578
Equity 31 March 2016	500	-4,775	103,534	17,272	120,806

EUR thousands	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares	Exchange differences
Equity 1 January 2015	11,860	24,681	97,192	-44	3,419
Profit / loss for the period	–	–	–	–	–
Other comprehensive income	–	–	–	–	4,849
Total comprehensive income	–	–	–	–	4,849
Share-based payments	–	–	–	–	–
Share issue	–	–	340	–	–
Distribution of funds	–	–	-2,504	–	–
Reclassifications	–	–	-27,448	–	-51
Conversion of hybrid bond	–	–	1,992	–	–
Hybrid bond	–	–	–	–	–
Equity 31 March 2015	11,860	24,681	69,572	-44	8,216

EUR thousands	Fair value and other reserves	Other equity	Total	Hybrid bond	Total equity
Equity 1 January 2015	96	-46,890	90,314	18,424	108,737
Profit / loss for the period	–	3,482	3,482	–	3,482
Other comprehensive income	-81	–	4,768	–	4,768
Total comprehensive income	-81	3,482	8,250	–	8,250
Share-based payments	–	183	183	–	183
Share issue	–	–	340	–	340
Distribution of funds	–	–	-2,504	–	-2,504
Reclassifications	–	27,499	–	–	–
Conversion of hybrid bond	–	–	1,992	-1,992	–
Hybrid bond	–	-177	-177	221	44
Equity 31 March 2015	14	-15,901	98,398	16,653	115,051

EUR thousands	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares	Exchange differences
Equity 1 January 2015	11,860	24,681	97,192	-44	3,419
Profit / loss for the period	-	-	-	-	-
Other comprehensive income	-	-	-	-	1,730
Total comprehensive income	-	-	-	-	1,730
Share-based payments	-	-	-	-	-
Share issue	-	-	340	-	-
Distribution of funds	-	-	-2,504	-	-
Reversal of undistributed dividends	-	-	-	-	-
Conveyance of treasury shares	-	-	80	-	-
Reclassifications	-	-	-27,448	-	-751
Conversion of hybrid bond	-	-	1,992	-	-
Hybrid bond	-	-	-	-	-
Equity 31 December 2015	11,860	24,681	69,652	-44	5,097

EUR thousands	Fair value and other reserves	Other equity	Total	Hybrid bond	Total equity
Equity 1 January 2015	96	-46,890	90,313	18,424	108,737
Profit / loss for the period	-	17,020	17,020	-	17,020
Other comprehensive income	-216	-18	1,496	-	1,496
Total comprehensive income	-216	17,002	18,516	-	18,516
Share-based payments	-	316	316	-	316
Share issue	-	-	340	-	340
Distribution of funds	-	-	-2,504	-	-2,504
Reversal of undistributed dividends	-	2	2	-	2
Conveyance of treasury shares	-	-	80	-	80
Reclassifications	-	27,499	-	-	-
Conversion of hybrid bond	-	-	1,992	-1,992	-
Hybrid bond	-	-1,004	-1,004	1,232	228
Equity 31 December 2015	-118	-3,076	108,052	17,664	125,716

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousands	1-3/2016	1-3/2015	1-12/2015
Cash flow from operations			
Profit / loss for the period	3,441	3,482	17,020
Total adjustments to profit / loss for the period	6,852	8,319	32,870
Cash flow before changes in net working capital	10,292	11,802	49,890
Change in net working capital	1,368	-107	-7,921
Financial items	-1,828	-5,317	-6,425
Income taxes	-714	-1,886	-8,269
Cash flow from operations	9,118	4,493	27,274
Cash flow from investments			
Investments in property, plant and equipment and intangible assets	-3,849	-1,664	-22,369
Cash flow from disposed businesses	-	-	167
Sales proceeds from property, plant and equipment and intangible assets	-	10	10
Cash flow from investments	-3,849	-1,654	-22,192
Cash flow from financing			
Drawdown of other non-current interest-bearing liabilities	-	-	15,000
Repayment of other non-current interest-bearing liabilities	-	-	-3,333
Changes in current interest-bearing liabilities	-	-14	-14
Changes in loan receivables	-	-	600
Share issue	-	340	340
Paid interest on hybrid bond	-624	-	-
Dividend distribution / distribution of funds	-5,030	-2,504	-2,504
Cash flow from financing	-5,654	-2,177	10,089
Change in cash and cash equivalents	-385	662	15,171
Cash and cash equivalents at the beginning of the period	55,570	38,430	38,430
Effect of changes in exchange rates	-2,120	-1,056	1,968
Change in cash and cash equivalents	-385	662	15,171
Cash and cash equivalents at the end of the period	53,065	38,036	55,570

KEY RATIOS

	1-3/2016	1-3/2015	1-12/2015
Change in net sales, % *	-7.2	13.8	10.5
Gross profit, as percentage of net sales, %	11.4	12.9	13.1
Gross profit excluding non-recurring items, as percentage of net sales, %	11.4	12.9	12.9
Operating profit, as percentage of net sales, %	5.3	6.5	7.2
Operating profit excluding non-recurring items, as percentage of net sales, %	5.3	6.5	7.0
Net financial items, as percentage of net sales, %	-0.2	-1.4	-1.2
Profit before income taxes, as percentage of net sales, %	5.1	5.1	6.0
Profit for the period, as percentage of net sales, %	3.3	3.1	3.8
Gross capital expenditure, EUR thousands	3,527	1,459	23,660
Depreciation, amortization, impairment losses and reversal of impairment losses, EUR thousands	4,602	4,386	17,684
Return on equity, %	14.1	5.3	14.4
Return on invested capital, rolling 12 months, %	14.7	14.8	15.9
Equity ratio, %	42.6	42.1	43.2
Gearing, %	28.6	33.2	25.9
Earnings per share, EUR, basic **	0.06	0.06	0.32
Earnings per share, EUR, diluted **	0.06	0.06	0.29
Cash flow from operations per share, EUR **	0.18	0.09	0.54
Equity per share, EUR **	2.40	2.29	2.50
Number of shares, end of period, excluding treasury shares **	50,302,346	50,072,955	50,302,346
Share price, end of period, EUR **	4.04	5.60	6.20
Share price, period low, EUR **	4.00	3.75	3.75
Share price, period high, EUR **	6.20	5.75	6.65
Volume weighted average price during the period, EUR **	4.90	4.55	5.05
Market capitalization, EUR million	203.2	280.4	311.9
Number of traded shares during the period **	3,576,585	11,096,285	19,502,550
Number of traded shares during the period, % of average number of shares	7.1	22.4	38.9

* Compared with the corresponding period in the previous year.

** Comparative information adjusted with the effects of the reverse share split

	31.3.2016	31.3.2015	31.12.2015
Interest-bearing net debt, EUR thousands			
Non-current interest-bearing liabilities	93,058	81,667	93,498
Current interest-bearing liabilities	3,318	3,333	3,363
Interest-bearing receivables and cash and cash equivalents	-61,858	-46,838	-64,363
Interest-bearing net debt	34,517	38,162	32,499

DEFINITION OF KEY RATIOS

Definitions of key ratios are presented in the consolidated financial statements for 2015.

NET SALES BY GEOGRAPHICAL MARKET AREA

EUR thousands	1-3/2016	1-3/2015	1-12/2015
Finland	545	746	2,724
Rest of Europe	38,950	42,067	159,854
North and South America	62,174	66,726	271,634
Rest of the world	2,199	2,396	9,830
Total	103,869	111,934	444,042

QUARTERLY DEVELOPMENT

EUR thousands	2016		2015		
	1-3	10-12	7-9	4-6	1-3
Net sales	103,869	104,244	114,919	112,944	111,934
Operating profit excluding non-recurring items	5,543	4,262	9,763	9,932	7,292
as % of net sales	5.3	4.1	8.5	8.8	6.5
Non-recurring items	-	-	-	530	-
Operating profit	5,543	4,262	9,763	10,462	7,292
as % of net sales	5.3	4.1	8.5	9.3	6.5
Net financial items	-244	-1,358	-1,247	-1,076	-1,621
Profit before income taxes	5,299	2,903	8,517	9,386	5,670
as % of net sales	5.1	2.8	7.4	8.3	5.1

RELATED PARTY INFORMATION

The related parties of Suominen include the members of the Board of Directors, President & CEO and the members of the Corporate Executive Team as well as their family members and their controlled companies. In addition, shareholders who have a significant influence in Suominen through share ownership are included in related parties. Suominen has no associated companies.

In its transactions with related parties Suominen follows the same commercial terms as in transactions with third parties.

Salaries paid to the related parties during the first quarter of 2016 amounted to EUR 661 thousands, obligatory pension payments EUR 113 thousands, voluntary pension payments EUR 46 thousands, and accruals based on share-based incentive plans EUR 41 thousands.

CHANGES IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

EUR thousands	31.3.2016		31.3.2015		31.12.2015	
	Property, plant and equipment	Intangible assets	Property, plant and equipment	Intangible assets	Property, plant and equipment	Intangible assets
Carrying amount at the beginning of the period	97,931	13,275	88,721	12,510	88,721	12,510
Capital expenditure	2,741	785	977	482	20,733	2,927
Disposals	-	-	-	-10	-	-10
Depreciation, amortization and impairment losses	-4,026	-572	-3,879	-507	-15,957	-2,257
Reversal of impairment losses	-	-	-	-	530	-
Exchange differences and other changes	-2,474	-77	6,378	122	3,904	104
Carrying amount at the end of the period	94,172	13,411	92,197	12,598	97,931	13,275

Goodwill is not included in intangible assets.

CHANGES IN INTEREST-BEARING LIABILITIES

1 000 euroa	1-3/2016	1-3/2015	1-12/2015
Total interest-bearing liabilities at the beginning of the period	96,862	85,014	85,014
Current liabilities at the beginning of the period	3,363	3,347	3,347
Repayment of current liabilities	-	-14	-3,347
Draw-down of current liabilities	102	-	3,363
Exchange rate difference	-147	-	-
Current liabilities at the end of the period	3,318	3,333	3,363
Non-current liabilities at the beginning of the period	18,498	6,667	6,667
Repayment of non-current liabilities	-	-	-6,667
Draw-down of non-current liabilities	368	-	18,498
Exchange rate difference	-808	-	-
Non-current liabilities at the end of the period	18,058	6,667	18,498
Debentures at the beginning of the period	75,000	75,000	75,000
Debentures at the end of the period	75,000	75,000	75,000
Total interest-bearing liabilities at the end of the period	96,376	85,000	96,862

In accordance with IAS 32, the hybrid bond is included in equity.

CONTINGENT LIABILITIES

EUR thousands	31.3.2016	31.3.2015	31.12. 2015
Other commitments			
Operating leases	16,679	23,157	17,116
Contractual commitments to acquire property, plant and equipment	15,720	–	16,083
Guarantees			
On own behalf	21,220	15,378	18,487
On behalf of others	4,133	4,017	4,134

NOMINAL AND FAIR VALUES OF DERIVATIVE INSTRUMENTS

EUR thousands	31.3.2016		31.3.2015		31.12.2015	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Currency forward contracts						
Hedge accounting applied	15,409	390	35,620	-919	16,114	-267
Hedge accounting not applied	2,589	24	4,500	-145	3,196	-30
Electricity forward contracts						
Hedge accounting applied	1,071	-291	1,782	-171	1,229	-242

FINANCIAL ASSETS BY CATEGORY

- a. Financial assets at fair value through profit or loss
- b. Loans and receivables
- c. Available-for-sale assets
- d. Derivatives, hedge accounting applied
- e. Carrying amount
- f. Fair value

EUR thousands	Classification					
	a.	b.	c.	d.	e.	f.
Available-for-sale assets	–	–	777	–	777	777
Other non-current receivables	813	1,621	–	–	2,434	2,434
Loan receivables	–	8,793	–	–	8,793	8,793
Trade receivables	–	52,151	–	–	52,151	52,151
Derivatives	34	–	–	390	424	424
Interest and other financial receivables	–	1,341	–	–	1,341	1,341
Cash and cash equivalents	–	53,065	–	–	53,065	53,065
Total 31.3.2016	848	116,971	777	390	118,985	118,985

EUR thousands	a.	b.	c.	d.	e.	f.
Available-for-sale assets	–	–	777	–	777	777
Other non-current receivables	813	1,512	–	–	2,326	2,326
Loan receivables	–	8,793	–	–	8,793	8,793
Trade receivables	–	51,547	–	–	51,547	51,547
Interest and other financial receivables	–	1,297	–	–	1,297	1,297
Cash and cash equivalents	–	55,570	–	–	55,570	55,570
Total 31.12.2015	813	118,719	777	–	120,309	120,309

Principles in estimating fair value for financial assets for 2016 are the same as those used for preparing the consolidated financial statements for 2015.

FINANCIAL LIABILITIES

EUR thousands	31.3.2016		31.12.2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial liabilities				
Loans from financial institutions	17,689	17,689	18,498	18,498
Debentures	75,000	77,588	75,000	77,175
Finance lease liabilities	368	368	–	–
Other non-current liabilities	–	–	368	368
Total non-current financial liabilities	93,058	95,645	93,866	96,041
Current financial liabilities				
Current part of non-current loans from financial institutions	3,216	3,216	3,363	3,363
Finance lease liabilities	102	102	–	–
Derivatives, no hedge accounting applied	10	10	30	30
Derivatives, hedge accounting applied	291	291	509	509
Interest accruals	96	96	914	914
Other current liabilities	217	217	262	262
Trade payables	44,140	44,140	44,682	44,682
Total current financial liabilities	48,072	48,072	49,761	49,761
Total	141,130	143,717	143,627	145,802

Principles in estimating fair value for financial liabilities for 2016 are the same as those used for preparing the consolidated financial statements for 2015.

FAIR VALUE MEASUREMENT HIERARCHY

EUR thousands	Level 1	Level 2	Level 3
Financial assets and liabilities at fair value			
Other non-current receivables	-	-	813
Available-for-sale assets	-	-	777
Liabilities at fair value through profit or loss	-	-	-217
Total	-	-	1,373
Derivatives at fair value			
Currency forward contracts, receivables	-	424	-
Currency forward contracts, liabilities	-	-10	-
Electricity forward contracts, liabilities	-	-291	-
Total	-	133	-

Principles in estimating fair value for financial assets and their hierarchies for 2016 are the same as those used for preparing the consolidated financial statements for 2015. There were no transfers in the fair value measurement hierarchy levels during the reporting period.

NON-RECURRING ITEMS

Non-recurring items are significant transactions which are unusual or infrequent in nature, like impairment losses or reversals of impairment losses, gains or losses from the sales of property, plant and equipment or intangible assets or other assets and restructuring costs.

EUR thousand	1-3/2016	1-3/2015	1-12/2015
By function			
Cost of goods sold	-	-	530
Total	-	-	530
By cost category			
Reversal of impairment losses	-	-	530
Total	-	-	530

Non-recurring items in 2015, EUR +0.5 million, consisted of reversal of previously made impairment losses of the re-opened production line in Nakkila plant in Finland.

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Suominen in brief

Suominen manufactures nonwovens as roll goods for wipes as well as for medical and hygiene products. The end products made of Suominen's nonwovens – wet wipes, feminine care products and swabs, for instance – bring added value to the daily life of consumers worldwide. Suominen is the global market leader in nonwovens for wipes and employs over 600 people in Europe and in the Americas. Suominen's net sales in 2015 amounted to EUR 444.0 million and operating profit excluding non-recurring items to EUR 31.2 million. The Suominen share (SUY1V) is listed in Nasdaq Helsinki Stock Exchange (Mid Cap). Read more at www.suominen.fi.