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1 Jan – 30 Jun 2014

18 July 2014

Suominen Corporation Interim Report 18 July 2014 at 8:30am (EEST)

SUOMINEN CORPORATION'S INTERIM REPORT FOR JANUARY 1 – JUNE 30, 2014:  
 SUOMINEN SETS FOCUS ON NONWOVENS; OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS  
 IMPROVED BY 27%

KEY FIGURES	Q2/ 2014	Q2/ 2013	Q1-Q2/ 2014	Q1-Q2/ 2013	Q1-Q4/ 2013
Net sales, EUR million	95.3	93.1	<b>193.7</b>	190.4	373.7
Operating profit before non-recurring items, EUR million	5.5	4.6	<b>11.9</b>	9.4	19.4
Operating profit, EUR million	5.2	4.6	<b>11.4</b>	9.4	18.9
Profit/loss for the period, EUR million, continuing operations	2.2	1.0	<b>4.8</b>	2.5	5.7
Profit/loss for the period, EUR million, discontinued operations	-4.0	-17.6	<b>-3.7</b>	-17.9	-21.8
Profit/loss for the period, EUR million, total	-1.8	-16.6	<b>1.1</b>	-15.5	-16.1
Earnings/share, EUR, continuing operations	0.01	0.00	<b>0.02</b>	0.01	0.02
Earnings/share, EUR, discontinued operations	-0.02	-0.07	<b>-0.02</b>	-0.07	-0.09
Earnings/share, EUR, Group	-0.01	-0.07	<b>0.00</b>	-0.06	-0.07
Cash flow from operations/share, EUR*	0.05	0.01	<b>0.04</b>	0.00	0.09
Return on invested capital (ROI), % *	8.4	-4.4	<b>8.4</b>	-4.4	-0.7
Return on invested capital (ROI), %, continuing operations	13.2	9.3	<b>13.2</b>	9.3	12.4
Gearing, % **	71.4	121.4	<b>71.4</b>	121.4	96.2

\* Including discontinued operations.

All figures in this interim report refer to continuing operations of the Group unless otherwise stated. The figures are compared with those of the corresponding period in 2013 unless otherwise stated. In accordance with IFRS 5, the comparison data of the balance sheets have not been revised and, consequently, include discontinued operations.

#### Highlights in April – June 2014:

- Net sales increased by 2.4% and amounted to EUR 95.3 million (93.1).
- Operating profit excluding non-recurring items increased by 19.1% to EUR 5.5 million (4.6).
- The investment in the production capacity expansion of flushable nonwovens at Windsor Locks plant in the US was completed as planned.
- After the review period, Suominen divested its Flexibles business area. The deal was closed on 14 July 2014. The enterprise value amounted to EUR 20 million and Suominen recognized a non-recurring loss of approximately EUR 4.5 million in the result of its discontinued operations.
- Suominen repeats its estimate, announced on 11 July 2014, according to which Suominen expects that for the full year 2014, its net sales and operating profit excluding non-recurring items from continuing operations will improve from year 2013. Suominen's net sales of the continuing operations (Nonwovens segment and unallocated items) in 2013 amounted to MEUR 373.7 and operating profit excluding non-recurring items was MEUR 19.4 (revised). Earlier, the comparison figures used in the outlook statement were, respectively, MEUR 433.1 and MEUR 18.3, as reported in the Financial Statements of 2013.

President & CEO **Nina Kopola** comments on Suominen's second quarter of 2014:

"The consumer confidence index in the euro zone strengthened in the second quarter. The positive momentum in the U.S. economy also continued, which led to a rise in consumer confidence. Suominen's main market areas are North America and Europe.

The company's positive financial development continued into the second quarter. Net sales from Suominen's continuing operations (not including the divested Flexibles) improved from the comparison period, and operating profit excluding non-recurring items increased by nearly a fifth to EUR 5.5 million, accounting for 5.8% of Suominen's net sales. Cash flow from operations also grew considerably from the comparison period, amounting to EUR 11.3 million.

In this strategy period – from the start of 2012 – Suominen's reported operating profit has, with one exception, consistently improved, quarter on quarter. This is a clear indication of the success of our strategy. Additional proof of the successful implementation of the strategy is the achievement of our medium-term financial targets: two out of three of these targets are reviewed on quarterly basis and just like in the first quarter of the year, in the April–June period Suominen reached the target level in these two. Our gearing declined further and was 71.4% (target 40–80%) at the end of June. The ROI from Suominen's continuing operations was 13.2% (target >10%).

After the review period, we sold our Flexibles business area to a UK-based private equity firm and the business area's management. The transaction is a continuation of our efforts to clarify our group structure, the first step of which was the divestment of Codi Wipes in July 2013. The purchase of the Brazilian unit in February 2014 expanded our core business operations to emerging markets. The sale of Flexibles was the final step in Suominen's transformation into a purely nonwovens company with operations on three continents. Our group structure is now clear: we are solely focused on nonwovens. This will allow us to focus all of our resources on developing and globally growing this business.

With the divestment of Flexibles, Suominen's financial reporting will also be simplified. Beginning with this interim report, Suominen will no longer report on segments.

In connection with the sale of our Flexibles business unit, on 11 July 2014, we also revised our outlook for 2014. We essentially restated our comparison figures to reflect Suominen's continuing business, which is now focused solely on developing and manufacturing nonwovens. Our estimate on the outlook for our continuing business remained unchanged: we expect that both our net sales and operating profit, excluding non-recurring items, will be better in 2014 than in 2013 when compared to Suominen's continuing operations.

The organizational restructuring that took effect at the turn of the year was completed. In May, Lynda A. Kelly was appointed Senior Vice President of the Care business area. Kelly brings her strong background in the nonwovens industry to Suominen's Executive Team. Sourcing is a key function at Suominen, and in July, Dan Dunbar was named Vice President of Sourcing.

Following these crucial decisions, we are now preparing Suominen's action plan for the 2015–2017 strategy period. The strategy for the approaching years will highlight the active development of a highly focused Suominen into a nonwovens company, In The Lead. In future, we will focus even more strongly on growth."

## **GROUP NET SALES AND FINANCIAL RESULT (CONTINUING OPERATIONS)**

### **April – June 2014**

Suominen has two business areas, Convenience and Care. Convenience business area supplies nonwovens

as roll goods for wiping products and travel & catering applications. Care business area manufactures nonwovens for hygiene products and medical applications. Until the end of the financial year 2013, both business areas were reported in the Wiping segment. In the interim report for January-March 2014, the business areas were reported in Nonwovens segment. As from this interim report, Suominen does not report any segments.

In April-June 2014, Suominen's net sales from continuing operations grew by 2.4% from the comparison period to EUR 95.3 million (93.1). Net sales of Convenience business area were EUR 87.6 million and net sales of Care business area EUR 7.7 million.

Operating profit before non-recurring items increased by 19% and amounted to EUR 5.5 million (4.6). Operating profit after non-recurring items was EUR 5.2 million (4.6). The non-recurring items reported in the review period amounted to EUR -0.3 million (0.0) and were attributable to restructuring costs as well as costs related to the acquisition of the Brazilian unit. Profit before taxes was EUR 4.0 million (3.1). Profit for the period from continuing operations was EUR 2.2 million (1.0) and from discontinued operations EUR -4.0 million (-17.6). The Group profit for the period was EUR -1.8 million (-16.6).

If calculated with the average USD exchange rate of January-June 2013, the operating profit before non-recurring items would have been EUR 5.8 million (5.7) and after them 5.5 (5.7).

Healthy demand for nonwovens materials continued in North American market. In Europe, continued tight competition put pressure on the sales prices. The growth in net sales can largely be attributed to the acquisition of the Brazilian unit in February. The increase in the share of products with higher added value in sales was mirrored in gross profit and, consequently, in improved operating profit.

The investment in capacity expansion of flushable nonwovens at the Windsor Locks plant in the United States was completed in planned schedule and budget. The installation shutdown for the new machinery ended in late April, and the expanded capacity was operational in the end of May. The total value of the investment is approximately EUR 2.5 million.

Cash flow from operations was EUR 11.3 million (2.9) in April - June. During the reporting period EUR 4.0 million (2.7) in working capital was released.

### **January – June 2014**

In January-June 2014, Suominen's net sales from continuing operations grew by 2% from the comparison period to EUR 193.7 million (190.4).

Net sales of Convenience business area were EUR 178.5 million and net sales of Care business area EUR 15.2 million. The main application areas for nonwoven materials supplied by Suominen were baby wipes (accounting for 40% of the sales), personal care wipes (22%), household wipes (17%), industrial wipes (12%), and hygiene and medical products (8%). All wiping products belong to the Convenience business area and all medical and hygiene products belong to the Care business area. The share of products with higher added value grew in the portfolio. The share of nonwovens for baby wipes continued to decline.

Operating profit before non-recurring items from continuing operations increased by 27% and amounted to EUR 11.9 million (9.4). Operating profit after non-recurring items was EUR 11.4 million (9.4). The non-recurring items reported in the review period amounted to EUR -0.5 million (0.0), of which EUR -0.7 million were costs related to restructuring and acquisition of the Brazilian unit; and EUR 0.2 million were items related to the closing down of the fiber production in Nakkila in 2012. Profit before taxes was EUR 8.7 million (6.0). Profit for the period from continuing operations was EUR 4.8 million (2.5) and from discontinued operations EUR -3.7 million (-17.9). The Group profit for the period was EUR 1.1 million (-15.5).

Cash flow from operations was EUR 10.8 million (0.8) in January - June. As of the beginning of the year, EUR 4.8 million (5.7) in working capital was tied up.

## **BUSINESS COMBINATIONS AND DISCONTINUED OPERATIONS**

### **Business combinations**

Suominen completed the acquisition of Paulínia plant in Brazil from Ahlstrom Corporation on 10 February 2014. The Paulínia plant was part of Ahlstrom's former Home and Personal business operations, acquired by Suominen in 2011, but the acquisition of the Brazilian unit was prolonged due to delay in receiving approval from the authorities and consequent renegotiations. The transaction was implemented through acquisition of the shares of the local company. The enterprise value of the transaction was EUR 17.5 million and the final consideration EUR 19.6 million.

Due to the transaction Suominen's nonwovens business has now a foothold in the growing South American market region. The acquired plant is the only nonwovens manufacturing facility utilizing modern spunlace technology in production of wiping products in Brazil. The site employs some 40 people and its annual net sales have amounted approximately to EUR 20 million.

### **Discontinued operations**

Suominen reports in the discontinued operations Codi Wipes business unit, divested in summer 2013 and the Flexibles business area sold in July 2014. Prior to June 2013, Codi Wipes was reported as part of Suominen's Wiping segment and prior to June 2014 Flexibles business as an individual segment.

Suominen reported a non-recurring loss of EUR 4.0 million in the review period in its discontinued operations.

The profit after taxes from discontinued operations was EUR -21.8 million in January-December 2013.

## **GROUP PROFIT FOR THE PERIOD (INCLUDING DISCONTINUED OPERATIONS)**

The Group profit for April-June 2014 including the discontinued operations was EUR -1.8 million (-16.6).

The Group profit for January-June 2014 including the discontinued operations was EUR 1.1 million (-15.5).

## **FINANCING**

The Group's interest-bearing net liabilities amounted to EUR 67.6 million (102.0) at the end of the review period. In accordance with the company's financing agreements, the net debt to EBITDA ratio was not to exceed 3.1 and the gearing ratio not to exceed 115% in the end of the second quarter. At the end of the second quarter, on 30 June 2014, the net debt to EBITDA was 2.1 and the gearing ratio 71.4%.

In January-June, net financial expenses were EUR 2.7 million (3.4), or 1.4% (1.8%) of net sales. A total of EUR 4.8 million of working capital was tied up (tied up 5.7). Trade receivables amounting to EUR 7.4 million (13.9) were sold to the bank. The equity ratio was 38.7% (31.0%). Cash flow from operations was EUR 10.8 million (0.8), representing a cash flow of EUR 0.04 per share (0.00).

## **CAPITAL EXPENDITURE**

The gross investments of the continued operations totaled EUR 3.5 million (0.7). Planned depreciation of the continuing operations amounted to EUR 7.5 million (7.0). Suominen invested EUR 1.5 million in

capacity expansion of high value added nonwovens at the Windsor Locks plant in the United States and EUR 1.0 million in intangible assets. Other investments were in maintenance. The investments of the discontinued operations were EUR 0.6 (0.9) million.

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

### **Share capital**

The registered number of Suominen's issued shares totals 247,934,122 shares, equaling to a share capital of EUR 11,860,056.00.

### **Share trading and price**

The number of Suominen Corporation shares traded on NASDAQ OMX Helsinki from 1 January to 30 June 2014 was 18,329,390 shares, accounting for 7.5% of the share capital and votes. The trading price varied between EUR 0.47 and EUR 0.62. The closing trading price was EUR 0.55, giving the company a market capitalization of EUR 135,371,832 on 30 June 2014.

### **Own shares**

On 1 January 2014 Suominen Corporation held 1,924,367 of its own shares. On 5 June 2014, the portion of the remuneration of the Board of Directors to be paid in shares, in total 120,848 shares, was delivered in accordance with the decision by the Annual General Meeting. On June 30 Suominen held 1,803,519 own shares, accounting for 0.7% of the share capital and votes.

### **Share-based incentive plan**

On 30 June 2014, the target group for Suominen's share-based incentive plan included seven employees. One employee left the program during the review period. At the end of the financial period, the rewards to be paid on the basis of the plan corresponded to a maximum value of roughly 2,383,333 Suominen Corporation shares in total, including the portion to be paid in cash. The aim of the plan is to align the objectives of shareholders and key employees in order to increase the value of the company, to commit the key employees to the company, and to offer them a competitive reward plan based on long-term shareholding in the company. The plan covers one performance period: the calendar years 2012–2014. The potential reward from the performance period will be based on Suominen Group's cumulative Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and cumulative cash flow, and it will be paid in 2015 partly in company shares and partly in cash.

### **Extraordinary General Meeting and hybrid bond**

Suominen issued on 10 February 2014 a convertible hybrid bond of EUR 17,500,000, treated as equity, to finance the acquisition of the nonwovens business operations in Brazil. The bond was oversubscribed. The bond consists of 175 bond notes, each having the nominal value of EUR 100,000. The bond does not have a guarantee or other collateral. The principal of the bond has a fixed annual interest of 5.95% until 10 February 2018. After that date, the principal of the bond will have a fixed annual interest of 6.95% until 10 February 2019. After that date, the principal of the bond will have a fixed annual interest of 7.95%. The interest accrued for the bond by 10 February 2018 will be capitalized to the principal of the bond annually on 10 February. Thereafter and commencing on 10 May 2018, the interest is payable in the discretion of the Board of Directors quarterly on 10 February, 10 May, 10 August and 10 November. No interest shall be paid on the capitalized interest until 10 February 2018. After that date, the capitalized interest shall be a part of the actual principal of the bond and annual interest shall be paid to the whole amount of the principal according to the interest terms of the bond.

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.

A bond note entitles the bondholder to convert the bond note and the potential capitalized interest for shares in Suominen at the conversion rate of EUR 0.50 per share. The period for converting starts on 11 February 2014 and ends on 10 February 2018. The number of shares to be received through the conversion must always be at least 200,000. If the total value of the bond including interest accrued were converted through an issue of new shares, the number of shares in Suominen might increase by no more than 43,330,000 on the basis of the conversion.

The conversion rate shall be recorded under the invested non-restricted equity fund.

A precondition for issuing the hybrid bond was a resolution made by the Extraordinary General Meeting (EGM) held on 31 January 2014, according to which the Board of Directors of the company was authorized to decide on the granting of stock options and other special rights entitling to shares referred to in Chapter 10, Section 1 of the Companies Act. The special rights carry the right to receive against payment new shares in the company or own shares held by the company. A special right may also be granted to a creditor of the company on the condition that the creditor's receivables are used to set off against the subscription price of shares. The maximum number of new shares that may be subscribed and/or own shares held by the company that may be conveyed by virtue of the special rights granted by the company is 43,333,000 shares in total.

The EGM authorized the Board of Directors of Suominen to decide on all terms and conditions related to granting the special rights. The authorization is valid until further notice, however no longer than five years from the date of the authorization given by the general meeting. The authorizations did not revoke any earlier decisions regarding granting of stock options and other special rights entitling to shares.

### **Annual General Meeting**

The Annual General Meeting (AGM) of Suominen Corporation was held on 26 March, 2014. The AGM decided that no dividend will be paid for the financial year 2013.

The AGM adopted the financial statements and the consolidated financial statements for the financial year 2013 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 five (5). The AGM re-elected Mr Risto Anttonen, Mr Jorma Eloranta, Ms Suvi Hintsanen and Mr Hannu Kasurinen as members of the Board of Directors, and elected Ms Jaana Tuominen as a new member 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 maintain unchanged. The resolutions were in accordance with the proposals submitted by the Nomination Board of Suominen's shareholders. In its constitutive meeting, the Board of Directors elected Jorma Eloranta as its Chair and Risto Anttonen as Deputy Chair.

PricewaterhouseCoopers Oy, Authorized Public Accountants, was re-elected as auditor, with Heikki Lassila, Authorized Public Accountant, as the principal auditor of Suominen Corporation.

The AGM authorized the Board of Directors to decide on the repurchase of the company's own shares and to decide on a share issue and issuance of special rights entitling to shares referred to in Chapter 10, Section 1 of the Companies Act.

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

The Annual General Meeting (AGM) held on 26 March 2014 authorized the Board of Directors to repurchase a maximum of 3,000,000 of the company's own shares. The authorization shall be valid until 30 June 2015.

The Board of Directors is also authorized, by the AGM held on 26 March 2014, 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 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 25,000,000 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 25,000,000 shares in total which number is included in the maximum number stated earlier. The authorizations revoke the authorizations decided by the AGM on 26 March 2013 regarding share issue and issuance of special rights entitling to shares, but do not revoke the authorization decided by the Extraordinary General Meeting on 31 January 2014 regarding granting of stock options and other special rights entitling to shares. The authorizations shall be valid until 30 June 2017.

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

The Annual General Meeting (AGM) of Suominen Corporation held on 26 March 2014 resolved to keep the remuneration to the members of the Board of Directors unchanged. In 2014, the Chair will be paid an annual fee of EUR 50,000, Vice 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 portion of the above remuneration to be paid in shares was delivered on 5 June 2014 by transferring own shares held by Suominen Corporation without consideration, in accordance with the authorization by the AGM. The transferred shares are of the same class as the company's other shares. The number of shares transferred was determined based on the share value in the stock exchange trading maintained by NASDAQ OMX Helsinki Ltd, and 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 2014 of the company was published. In total 120,848 shares were given out of the own shares held by the company by the decision of the Board of Directors on 5 June 2014. Since the decision taken by the Board of Directors was essentially an execution of a detailed resolution taken by the AGM, the Board did not exercise independent discretion when it decided on the transfer of the shares.

### **Permanent committees**

After the Annual General Meeting held on 26 March 2014, Suominen Corporation's Board of Directors decided in its constitutive meeting that the earlier Remuneration Committee will be altered to Personnel and Remuneration Committee. Jorma Eloranta was elected as Chair and Risto Anttonen as a member of the committee.

Hannu Kasurinen was elected as Chair and Suvi Hintsanen and Jaana Tuominen as members of the Audit Committee.

### **Notifications under Chapter 9, Section 10 of the Securities Market Act**

During the review period, 1 January – 30 June 2014, Suominen received the following notifications referred to in Chapter 9, Section 5 of the Securities Market Act:

Oy Etra Invest Ab, business identity code 0672234-6 notified on 5 February 2014 about an agreement or other arrangement that, if realized, would result in the crossing of the 5% notification threshold as referred to in the Chapter 9 Section 5 of the Securities Market Act and calculated from the total number of shares and voting rights. The notification was made for Erkki Etola, Oy Etra Invest Ab and Tiiviste-Group Oy (business identity code 0115121-4) together. Erkki Etola has a controlling interest on Oy Etra Invest Ab and Tiiviste-Group Oy.

Share of all shares and voting rights after crossing of the notification threshold would be:

Oy Etra Invest Ab: number of shares 15,823,320 and share of all shares and voting rights 5.43%

Erkki Etola: number of shares 4,016 and share of all shares and voting rights 0.00%

Tiiviste-Group Oy: number of shares 3,000,000 and share of all shares and voting rights 1.03%

Oy Etra Invest Ab, Erkki Etola and Tiiviste-Group Oy in total: number of shares 18,827,336 and share of all shares and voting rights 6.46%

Ahlstrom Corporation (business identity code 1670043-1) notified on 5 February 2014 about an agreement or other arrangement that, if realized, would result in the acquisition or disposal of shares or voting rights. According to the notification, the ownership and the voting rights of Ahlstrom Corporation may decrease so that the following thresholds will be crossed: 5%, 10%, 15%, 20% or 25%.

Ahlström Capital Oy (business identity code 1670034-3) and AC Invest Two B.V. (registration code 51490943) notified on 5 February about an agreement or other arrangement that, if realized, would result in the acquisition or disposal of shares or voting rights. According to the notification, the ownership and the voting rights may increase so that the following thresholds will be reached or crossed: 5%, 10%, 15%, 20% or 25%.

Ahlstrom Corporation (business identity code 1670043-1) notified on 10 January 2014 about an agreement or other arrangement that, if realized, would result in the acquisition or disposal of shares or voting rights. According to the notification the ownership and the voting rights may increase or decrease so that the following thresholds will be reached or crossed: 5%, 10%, 15%, 20%, 25% or 30%.

Ahlström Capital Oy (business identity code 1670034-3) and AC Invest Two B.V. (registration code 51490943) notified on 10 January 2014 about an agreement or other arrangement that, if realized, would result in the acquisition or disposal of shares or voting rights. According to the notification the ownership and the voting rights may increase so that the following thresholds will be reached or crossed: 5%, 10%, 15%, 20%, 25% or 30%.

## **CHANGES IN MANAGEMENT**

Ms Lynda A. Kelly joined Suominen as Senior Vice President, Care business area and a member of the Corporate Executive Team on 12 May 2014. Lynda A. Kelly has a long and wide-ranging experience in nonwovens business, especially in hygiene, medical and wiping products. Lynda A. Kelly, a US citizen, will report to Ms Nina Kopola, President & CEO of Suominen Corporation.

Mr Dan Dunbar joined Suominen as Vice President, Sourcing and a member of the Corporate Leadership Team on 14 July 2014. Dan Dunbar is an experienced sourcing professional with a versatile background in globally operating organizations. Dan Dunbar, a US citizen, will report to Ms Nina Kopola, President & CEO of Suominen Corporation.

## **EVENTS AFTER THE REVIEW PERIOD**

Suominen Corporation announced on 11 July 2014 that it had reached an agreement to divest its flexible packaging business, comprising of Suominen Joustopakkaus Oy and its subsidiaries as well as Suominen Polska Sp. z.o.o, to a UK-based private equity firm Lonsdale Capital Partners LLP and the management of the business. The transaction was closed on 14 July 2014. The deal transformed Suominen into a company concentrated on nonwovens, in line with its strategic focus.

The enterprise value of the Flexibles business area amounted to EUR 20 million, on top of which there is a customary earn-out component amounting to around EUR 1 million. Suominen retains a minority shareholding of 19.9 % in the business by converting parts of the currently outstanding intra-group loans into equity, while parts of the above intra-group loans remain as vendor loan. The cash component of the purchase price amounted to EUR 5.7 million.

Due to the divestment, Suominen recognized, in accordance with the IFRS 5 standard, a non-recurring loss of approximately EUR 4.5 million in the second quarter result of 2014 in its discontinued operations.

## **BUSINESS RISKS AND UNCERTAINTIES**

Due to the acquisition of the manufacturing plant in Brazil, the risks that are characteristic to any developing region, including significant changes in business environment or exchange rates, could have an impact on Suominen's operations in Brazil.

The estimate on the development of Suominen's net sales is in part based on forecasts and delivery plans received from 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 continued positive development of Suominen's business operations in the United States increases the relevance 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.

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 affect the company's profitability. 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's credit arrangements include covenants that the company must meet. At the end of 2014, Suominen's net debt to EBITDA ratio may not exceed 2.4 and the company's gearing ratio must be less than 95%. In this financial statement release, these key figures are 2.1 and 71.4%.

The sensitivity of Suominen's goodwill to changes in business conditions is described in the notes to the financial statements 2013. Actual cash flows may deviate from the forecasted future discounted cash flows, as the long economic lifetime of the company's non-current assets, and changes in the estimated product prices, production costs, and interest rates used in discounting may result in write-downs. The fair value based on the value in use of assets or businesses in total or in part does not necessarily correspond to the price that a third party would pay for them.

General risks related to business operations are described in the Report of the Board of Directors 2013.

## **BUSINESS ENVIRONMENT**

Suominen's products are used in daily consumer goods, such as wet wipes, hygiene product and medical nonwovens. The general economic situation determines the development of consumer demand, even though the demand for consumer goods is not very cyclical in nature. Europe and North America are the main market regions for Suominen.

In the euro area, the consumer confidence index strengthened in the second quarter. However, the outlook of the general economic situation in Europe is still uncertain and the competitive environment of the European nonwovens market remains tight. The positive momentum in the U.S. economy continued, which led to a rise in consumer confidence.

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. Suominen estimates that in 2014, the demand for its products will continue to grow at the pace of 2013.

## **OUTLOOK FOR 2014**

Suominen repeats its estimate, announced on 11 July 2014, according to which Suominen expects that for the full year 2014, its net sales and operating profit excluding non-recurring items from continuing operations will improve from year 2013. Suominen's net sales of the continuing operations (Nonwovens segment and unallocated items) in 2013 amounted to MEUR 373.7 and operating profit excluding non-recurring items was MEUR 19.4.

Earlier, the comparison figures used in the outlook statement were, respectively, MEUR 433.1 and MEUR 18.3, as reported in the Financial Statements of 2013.

## **SUOMINEN GROUP CONSOLIDATED 1 JANUARY – 30 JUNE 2014**

This interim report has been prepared according to 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 financial statements for 2013, and this interim report should be read parallel to the financial statements for 2013. Changes to published accounting standards and interpretations, together with the new accounting standards that came into force on 1 January 2014, are presented in the financial statements for 2013.

The figures in this interim report have not been audited.

<b>BALANCE SHEET</b> EUR 1,000	<b>30 Jun 2014</b>	30 Jun 2013	31 Dec 2013
<b>Assets</b>			
Non-current assets			
Goodwill	<b>15,496</b>	15,496	15,496
Intangible assets	<b>12,508</b>	11,647	12,025
Tangible assets	<b>87,467</b>	106,009	98,640
Available-for-sale financial assets	<b>922</b>	19	939
Held-to-maturity investments	<b>455</b>	441	451
Other non-current receivables			511
Deferred tax assets	<b>5,634</b>	6,241	5,778
Non-current assets, total	<b>122,482</b>	139,853	133,838
Current assets			
Inventories	<b>28,878</b>	36,494	31,908
Trade receivables	<b>48,657</b>	52,428	46,908
Loan receivables	<b>59</b>		131
Other current receivables	<b>6,480</b>	9,708	6,359
Income tax receivables	<b>695</b>	730	1,182
Cash at bank and in hand	<b>17,331</b>	7,318	18,585
Current assets, total	<b>102,100</b>	106,678	105,073
Assets held for sale	<b>32,243</b>	13,525	
<b>Assets, total</b>	<b>256,825</b>	260,056	238,911
<b>Shareholders' equity and liabilities</b>			
Equity attributable to owners of the parent company			
Share capital	<b>11,860</b>	11,860	11,860
Share premium account	<b>24,681</b>	24,681	24,681
Invested non-restricted equity fund	<b>97,192</b>	97,054	97,123
Fair value and other reserves	<b>-928</b>	-731	-1,042
Translation differences	<b>-821</b>	-613	3,022
Other shareholders' equity *	<b>-50,410</b>	-51,555	-51,094
Shareholders' equity	<b>81,574</b>	80,696	78,506
Hybrid bond	<b>17,899</b>		
Shareholders' equity, total	<b>99,473</b>	80,696	78,506
Liabilities			
Non-current liabilities			
Deferred tax liabilities	<b>6,841</b>	5,165	7,183
Provisions		605	132
Other non-current liabilities *	<b>1,872</b>	1,325	1,125
Interest-bearing liabilities	<b>62,104</b>	85,742	70,399
Non-current liabilities, total	<b>70,817</b>	92,837	78,839
Current liabilities			
Interest-bearing liabilities	<b>22,940</b>	23,570	24,071
Income tax liabilities	<b>376</b>	1,611	144
Trade payables and other current liabilities	<b>49,666</b>	55,892	57,351
Current liabilities, total	<b>72,982</b>	81,073	81,567
Liabilities, total	<b>143,799</b>	173,910	160,405
Liabilities related to assets held for sale	<b>13,553</b>	5,450	
<b>Shareholders' equity and liabilities, total</b>	<b>256,825</b>	260,056	238,911

**STATEMENT OF INCOME**

EUR 1,000	Q2/2014	Q2/2013	Q1- Q2/2014	Q1- Q2/2013	Q1- Q4/2013
<b>Net sales</b>	95,340	93,120	<b>193,693</b>	190,363	373,684
Cost of goods sold	-84,399	-82,857	<b>-171,438</b>	-169,782	-333,580
<b>Gross profit</b>	10,941	10,263	<b>22,255</b>	20,581	40,104
Other operating income	539	503	<b>1,307</b>	1,234	2,485
Sales and marketing expenses	-1,712	-1,255	<b>-3,157</b>	-2,672	-5,583
Research and development	-784	-774	<b>-1,397</b>	-1,687	-3,139
Administration expenses	-3,440	-3,616	<b>-6,899</b>	-7,518	-13,659
Other operating expenses	-20	-481	<b>-201</b>	-544	-810
<b>Operating profit before non-recurring items</b>	5,524	4,640	<b>11,908</b>	9,394	19,398
Non-recurring items	-278		<b>-511</b>		-482
<b>Operating profit</b>	5,246	4,640	<b>11,397</b>	9,394	18,916
Financial income and expenses	-1,276	-1,526	<b>-2,743</b>	-3,366	-5,781
<b>Profit before income taxes</b>	3,970	3,114	<b>8,654</b>	6,028	13,135
Income taxes	-1,786	-2,091	<b>-3,886</b>	-3,573	-7,419
<b>Profit/loss for the period, continuing operations</b>	2,184	1,024	<b>4,768</b>	2,455	5,716
<b>Discontinued operations</b>					
Profit/loss for the period	484	-832	<b>793</b>	-1,161	-3,518
Impairment loss recognized on the remeasurement to fair value and cost to sell	-4,499	-16,760	<b>-4,499</b>	-16,760	-18,314
<b>Profit/loss for the period, discontinued operations</b>	-4,015	-17,592	<b>-3,706</b>	-17,921	-21,832
<b>Profit/loss for the period</b>	-1,831	-16,568	<b>1,062</b>	-15,466	-16,119
Earnings/share, EUR					
Continuing operations	0.01	0.00	<b>0.02</b>	0.01	0.02
Discontinued operations	-0.02	-0.07	<b>-0.02</b>	-0.07	-0.09
Total	-0.01	-0.07	<b>0.00</b>	-0.06	-0.07
Diluted, total	-0.01	-0.07	<b>0.00</b>	-0.06	-0.07

**STATEMENT OF COMPREHENSIVE INCOME**

EUR 1,000	Q2/2014	Q2/2013	Q1- Q2/2014	Q1- Q2/2013	Q1- Q4/2013
<b>Profit/loss for the period</b>	-1,831	-16,568	<b>1,062</b>	-15,466	-16,119
<b>Other comprehensive income:</b>					
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Currency translation differences on foreign operations	1,385	-1,643	<b>2,233</b>	-169	-2,664
Fair value changes of cash flow hedges	200	388	<b>142</b>	691	353
Items related to discontinuing operations					355
Other reclassifications	-72	-160	<b>-58</b>	-328	325
<b>Total</b>	1,513	-1,415	<b>2,317</b>	194	-1,631
<b>Items that will not be reclassified subsequently to profit or loss:</b>					
Actuarial gains and losses					18
<b>Total</b>	0	0	<b>0</b>	0	18
Income tax on other comprehensive income	-78	83	<b>-60</b>	-64	120
<b>Total other comprehensive income</b>	1,435	-1,332	<b>2,257</b>	130	-1,493
<b>Total comprehensive income for the period</b>	-396	-17,900	<b>3,319</b>	-15,336	-17,612
<b>Total comprehensive income arises from:</b>					
Continuing operations	3,311	-308	<b>7,025</b>	2,585	4,220
Discontinued operations	-3,706	-17,592	<b>-3,706</b>	-17,921	-21,832
<b>Total comprehensive income for the period</b>	-396	-17,900	<b>3,319</b>	-15,336	-17,612

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

- a. Share capital
- b. Share premium account
- c. Invested non-restricted equity fund
- d. Own shares
- e. Translation differences
- f. Fair value reserves
- g. Other shareholders' equity
- h. Shareholders' equity
- i. Hybrid bond
- j. Shareholders' equity total

EUR 1,000	a.	b.	c.	d.	e.	f.	g.	h.	i.	j.
<b>Total equity at 1 Jan 2014</b>	<b>11,860</b>	<b>24,681</b>	<b>97,123</b>	<b>-43</b>	<b>-3,022</b>	<b>-999</b>	<b>-51,094</b>	<b>78,506</b>		<b>78,506</b>
Profit/loss for the period							1,062	1,062		1,062
Other comprehensive income					2,201	114	-74	2,241		2,241
Share-based payments							16	16		16
Conveyance of own shares			69					69		69
Hybrid bond							-320	-320	17,899	17,579
<b>Total equity at 30 Jun 2014</b>	<b>11,860</b>	<b>24,681</b>	<b>97,192</b>	<b>-43</b>	<b>-821</b>	<b>-885</b>	<b>-50,410</b>	<b>81,574</b>	<b>17,899</b>	<b>99,473</b>
EUR 1,000	a.	b.	c.	d.	e.	f.	g.	h.	i.	j.
Total equity at 1 Jan 2013	11,860	24,681	97,054	-43	-549	-1,209	-35,783	96,011		96,011
Profit/loss for the period							-15,466	-15,466		-15,466
Other comprehensive income *					-64	522	-328	130		130
Share-based payments							21	21		21
Total equity at 30 Jun 2013	11,860	24,681	97,054	-43	-613	-687	-51,556	80,696		80,696

EUR 1,000	a.	b.	c.	d.	e.	f.	g.	h.	i.	j.
Total equity at 1 Jan 2013	11,860	24,681	97,054	-43	-549	-1,209	-35,783	96,011		96,011
Profit/loss for the period							-16,119	-16,119		-16,119
Other comprehensive income					-2,472	210	770	-1,493		-1,493
Share-based payments							38	38		38
Conveyance of own shares			69					69		69
Total equity at 31 Dec 2013	11,860	24,681	97,123	-43	-3,021	-999	-51,094	78,506		78,506

### CASH FLOW STATEMENT

EUR 1,000	Q1-Q2/2014	Q1-Q2/2013	Q1-Q4/2013
<b>Operations</b>			
Operating profit	<b>11,397</b>	9,394	18,916
Total adjustments	<b>10,150</b>	3,606	7,704
Cash flow before change in working capital	<b>21,547</b>	13,000	26,620
Change in working capital	<b>-4,845</b>	-5,658	6,482
Financial items	<b>-2,792</b>	-3,884	-6,216
Taxes paid	<b>-3,065</b>	-2,693	-5,556
Cash flow from operations	<b>10,845</b>	764	21,330
<b>Investment payments</b>			
Investments in tangible and intangible assets	<b>-4,016</b>	-1,823	-5,598
Business combinations	<b>-19,261</b>		
Proceeds from disposed business operations			3,441
Proceeds from disposal of fixed assets and other proceeds	<b>31</b>	48	785
Cash flow from investing activities	<b>-23,246</b>	-1,775	-1,372
<b>Financing</b>			
Repayments of non-current loans	<b>-4,304</b>	-7,625	-21,042
Repayments of capital loans		-920	-920
Hybrid bond	<b>17,500</b>		
Change in current loans	<b>-632</b>	6,300	6,300
Cash flow from financing	<b>12,564</b>	-2,245	-15,662
<b>Change in cash and cash equivalents *</b>	<b>163</b>	-3,255	4,296
<b>Cash and cash equivalents</b>	<b>18,585</b>	14,301	14,301
Unrealized exchange rate differences	<b>-103</b>	312	-13
Change in cash and cash equivalents	<b>163</b>	-3,255	4,296
<b>Cash and cash equivalents</b>	<b>18,646</b>	11,358	18,585
Assets held for sale, cash and cash equivalents	<b>-1,315</b>	-4,040	
<b>Cash and cash equivalents, continuing operations</b>	<b>17,331</b>	7,318	18,585

Cash flow statement includes discontinued operations.

<b>KEY FIGURES</b>	Q2/2014	Q2/2013	<b>Q1- Q2/2014</b>	Q1- Q2/2013	Q1-Q4/2013
Net sales, change, % *	2.4	4.4	<b>1.7</b>	9.0	4.7
Gross profit, % **	11.5	11.0	<b>11.5</b>	10.8	10.7
Operating profit, % **	5.5	5.0	<b>5.9</b>	4.9	5.1
Financial income and expenses, % **	-1.3	-1.6	<b>-1.4</b>	-1.8	-1.5
Profit before income taxes, % **	4.2	3.3	<b>4.5</b>	3.2	3.5
Profit for the period, %, continuing operations	2.3	1.1	<b>2.5</b>	1.3	1.5
Profit for the period, %, discontinued operations **	-4.2	-18.9	<b>-1.9</b>	-9.4	-5.8
Profit for the period, % **	-1.9	-17.8	<b>0.5</b>	-8.1	-4.3
Earnings/share, EUR, continuing operations	0.01	0.00	<b>0.02</b>	0.01	0.02
Earnings/share, EUR, discontinued operations	-0.02	-0.07	<b>-0.02</b>	-0.07	-0.09
Earnings/share, EUR, Group	-0.01	-0.07	<b>0.00</b>	-0.06	-0.07
Diluted earnings/share, EUR, total	-0.01	-0.07	<b>0.00</b>	-0.06	-0.07
Equity/share, EUR	0.40	0.33	<b>0.40</b>	0.33	0.32
Cash flow from operations/share, EUR	0.05	0.01	<b>0.04</b>	0.00	0.09
Return on equity (ROE), %	0.5	-24.9	<b>0.5</b>	-24.9	-18.6
Return on invested capital (ROI), %	8.4	-4.4	<b>8.4</b>	-4.4	-0.7
Return on invested capital (ROI), %, continuing operations	13.2	9.3	<b>13.2</b>	9.3	12.4
Equity ratio, %	38.7	31.0	<b>38.7</b>	31.0	32.9
Gearing, %	71.4	121.4	<b>71.4</b>	121.4	96.2
Gross investments, EUR 1,000, continuing operations	1,621	486	<b>3,490</b>	720	4,413
Depreciation, EUR 1,000, continuing operations	3,778	3,492	<b>7,481</b>	6,965	13,892
Average personnel, continuing operations			<b>588</b>	546	550
*Compared with the same period last year.					
** Share of net sales.					
Non-current interest-bearing liabilities	62,104	85,742	<b>62,104</b>	85,742	70,399
Current interest-bearing liabilities	22,940	23,570	<b>22,940</b>	23,570	24,071
Interest-bearing receivables including	-17,491	-7,318	<b>-17,491</b>	-7,318	-18,985
Interest-bearing net liabilities	67,553	101,994	<b>67,553</b>	101,994	75,485

**BUSINESS COMBINATIONS**

Suominen acquired the Brazilian unit of the Ahlstrom Home and Personal nonwovens business on 10 February 2014. The main parts of the Home and Personal nonwovens business were acquired in 2011, but due to the delays for some licenses and authorizations the acquisition of the Brazilian business was prolonged. Thanks to the acquisition, Suominen's nonwovens business has a better coverage on the South American markets.

The balance sheet and the income statement of the Brazilian company were consolidated to Suominen as from 1 February 2014.

The shares of the local company were acquired. The enterprise value was EUR 17.5 million. The final consideration was EUR 19.6 million.

<b>Consideration</b>	<b>Fair value</b>
Cash	19,558

Recognized amounts of identifiable assets acquired and liabilities assumed according to the initial calculations:

1 000 e	Fair values
Property, plant and equipment	10,463
Intangible assets	20
Other non-current receivables	1,392
Inventories	3,195
Trade and other receivables	5,084
Cash	297
<b>Total assets</b>	<b>20,452</b>
Financial liabilities	416
Other liabilities	478
<b>Total liabilities</b>	<b>894</b>
<b>The identifiable net assets</b>	<b>19,558</b>

The transaction costs of EUR 0.2 million are reported in the non-recurring items.

The Group's net sales would have been EUR 195.2 million and operating profit EUR 11.6 million, if the transaction had been realized at the start of 2014 and the costs in the end of 2013.

**DISCONTINUED OPERATIONS**

EUR 1,000	Q1-Q2/2014	Q1-Q2/2013	Q1-Q4/2013
Net sales	<b>30,881</b>	28,998	59,438
Costs	<b>-29,890</b>	-29,832	-62,601
Profit before income taxes from discontinued operations	<b>991</b>	-834	-3,163
Income taxes	<b>-198</b>	28	-231
Profit after income taxes from discontinued operations	<b>793</b>	-806	-3,394
Impairment loss recognized on the remeasurement to fair value and cost to sell	<b>-4,499</b>		
Profit/loss for the period from discontinued operations	<b>-3,706</b>	-806	-3,394

**Assets held for sale**

Tangible and intangible assets	<b>13,457</b>
Non-current receivables	<b>1,509</b>
Inventories	<b>7,209</b>
Trade receivables and other current receivables	<b>8,753</b>
Cash at bank and in hand	<b>1,315</b>
Total	<b>32,243</b>

**Liabilities related to assets held for sale**

Non-current liabilities	<b>4,692</b>
Trade payables and other current liabilities	<b>8,862</b>
Total	<b>13,554</b>

**Cash flow from discontinued operations**

Cash flow from operations	<b>375</b>
Cash flow from investing activities	<b>-341</b>
Cash flow from financing	<b>-989</b>
Change in cash and cash equivalents	<b>-955</b>

**NET SALES BY MARKET AREA**

EUR 1,000	Q1-Q2/2014	Q1-Q2/2013	Q1-Q4/2013
Finland	<b>1,326</b>	1,141	2,292
Europe, other	<b>65,110</b>	72,090	138,020
North and South America	<b>122,326</b>	112,428	224,132
Other countries	<b>4,931</b>	4,704	9,240
<b>Net sales, total</b>	<b>193,693</b>	190,363	373,684

**QUARTERLY FIGURES**

EUR 1,000	Q3/2013	Q4/2013	Q1/2014	Q2/2014	Q3/2013- Q2/2014
Net sales	93,484	89,837	98,353	95,340	377,014
Operating profit before non-recurring items	5,828	4,176	6,384	5,524	21,912
% of net sales	6.2	4.6	6.5	5.8	5.8
Non-recurring items		-482	-233	-278	-993
Operating profit, total	5,828	3,694	6,151	5,246	20,919
% of net sales	6.2	4.1	6.3	5.5	5.5
Net financial expenses	-1,319	-1,096	-1,467	-1,276	-5,158
Profit before income taxes	4,509	2,598	4,684	3,970	15,761

**TAXES FOR THE PERIOD UNDER REVIEW**

Income tax expense is calculated by country, on the basis of taxable results and income tax rates.

**INFORMATION ON RELATED PARTIES**

Suominen has related party relationships with the members of the Board of Directors, and the members of the Corporate Executive Team, and Ahlstrom Corporation, including its subsidiaries and associated companies. The company has no associated companies. Salaries paid to the related parties amounted to EUR 954 thousand, obligatory pension payments EUR 97 thousand, voluntary pension payments EUR 56 thousand and share-based payments EUR 64 thousand.

**Other related-party transactions**

EUR 1,000	1-6/2014	1-6/2013	1-12/2013
Sales of goods and services	<b>3,021</b>	9,140	16,439
Purchases of goods and services	<b>38,817</b>	31,134	62,342
Trade and other receivables	<b>979</b>	1,551	1,396
Trade and other payables	<b>9,035</b>	1,416	2,073

Other related-party transactions are transactions with Ahlstrom Corporation and its subsidiaries and associated companies.

**CHANGES IN BORROWINGS**

EUR 1,000	Q1-Q2/2014	Q1-Q2/2013	Q1-Q4/2013
Total borrowings on 1 January	<b>94,471</b>	111,518	111,518
Current loans from financial institutions on 1 January	<b>24,071</b>	20,571	20,571
Discontinued operations	<b>-500</b>		
Change in current loans from financial institutions	<b>-631</b>	2,999	3,500
Current loans from financial institutions on 30 June	<b>22,940</b>	23,570	24,071
Non-current loans on 1 January	<b>70,399</b>	90,027	90,027
Discontinued operations	<b>-4,268</b>		
Change in non-current loans	<b>-4,027</b>	-4,284	-19,628
Non-current loans on 30 June	<b>62,104</b>	85,742	70,399
Capital loans on 1 January		920	920
Change in capital loans		-920	-920
Capital loans on 30 June	<b>0</b>	0	0
Total borrowings on 30 June	<b>85,044</b>	109,313	94,471

**CHANGES IN FIXED ASSETS**

EUR 1,000	Q1-Q2/2014		Q1-Q2/2013		Q1-Q4/2013	
	Tangible	Intangible	Tangible	Intangible	Tangible	Intangible
Book value at the beginning of the period	<b>98,640</b>	<b>12,025</b>	118,019	12,529	118,019	12,529
Investments	<b>1,959</b>	<b>1,532</b>	1,091	326	3,662	1,004
Decreases	<b>-6</b>		-18		-18	
Discontinued operations	<b>-18,484</b>	<b>-179</b>	-5,365	-115	-5,365	-115
Business combinations	<b>10,463</b>	<b>20</b>				
Depreciation	<b>-6,592</b>	<b>-888</b>	-7,556	-756	-15,000	-1,545
Translation differences and other changes	<b>1,472</b>	<b>-2</b>	-163	-337	-2,658	152
Book value at the end of the period	<b>87,467</b>	<b>12,508</b>	106,009	11,647	98,640	12,025

**CONTINGENT LIABILITIES**

EUR 1,000	Q1-Q2/2014	Q1-Q2/2013	Q1-Q4/2013
<b>For own debt</b>			
Secured loans	<b>86,992</b>	106,154	91,345
<b>Nominal values of pledges</b>			
Real estate mortgages	<b>27,047</b>	27,042	27,042
Floating charges	<b>161,829</b>	190,624	165,761
Pledged subsidiary shares and loans	<b>185,122</b>	209,172	189,699
<b>Other own commitments</b>			
Operating leases, real estates	<b>21,864</b>	24,700	22,672
Operating leases, machinery and equipment	<b>2,247</b>	2,798	2,373
<b>Guarantee commitments</b>		1,433	

**FINANCIAL ASSETS BY CATEGORY**

- a. Financial assets at fair value through profit or loss
- b. Held-to-maturity investments
- c. Loans and receivables
- d. Available-for-sale financial assets
- e. Book value
- f. Fair value

<b>Classes by instruments' nature</b>						
EUR 1,000	<b>a.</b>	<b>b.</b>	<b>c.</b>	<b>d.</b>	<b>e.</b>	<b>f.</b>
Available-for-sale financial assets				922	922	922
Held-to-maturity investments		455			455	455
Other non-current receivables						
Loan receivables			59		59	59
Trade receivables			48,657		48,657	48,657
Other current receivables			111		111	111
Cash and cash equivalents			17,331		17,331	17,331
<b>Total at 30 Jun 2014</b>		<b>455</b>	<b>66,158</b>	<b>922</b>	<b>67,535</b>	<b>67,535</b>

<b>Classes by instruments' nature</b>						
EUR 1,000	<b>a.</b>	<b>b.</b>	<b>c.</b>	<b>d.</b>	<b>e.</b>	<b>f.</b>
Available-for-sale financial assets				939	939	939
Held-to-maturity investments		451			451	451
Other non-current receivables	511				511	511
Loan receivables			131		131	131
Trade receivables			46,908		46,908	46,908
Other current receivables	58		371		429	429
Cash and cash equivalents			18,585		18,585	18,585
<b>Total at 31 Dec 2013</b>	<b>569</b>	<b>451</b>	<b>65,996</b>	<b>939</b>	<b>67,954</b>	<b>67,954</b>

Principles in estimating fair value for financial assets for 2014 are the same as those used for preparing the financial statements for 2013.

**FINANCIAL LIABILITIES**

EUR 1,000	30 Jun 2014		31 Dec 2013	
	Book value	Fair value	Book value	Fair value
<b>Non-current</b>				
Loans from financial institutions	61,818	61,297	69,828	69,144
Pension loans	286	285	571	577
Other non-current liabilities	710	710		
<b>Total</b>	<b>62,814</b>	<b>62,292</b>	<b>70,399</b>	<b>69,721</b>
<b>Current *)</b>				
<b>Repayment of non-current liabilities</b>				
Loans from financial institutions	22,315	22,342	23,414	23,412
Pension loans	571	585	571	594
Financial leasing	54	54	86	86
Derivatives not held for hedge accounting			94	94
Derivatives held for hedge accounting	1,199	1,199	1,354	1,354
Other current liabilities	354			
Trade payables	40,401	40,401	45,016	45,016
<b>Total</b>	<b>64,894</b>	<b>64,580</b>	<b>70,535</b>	<b>70,556</b>
<b>Total</b>	<b>127,708</b>	<b>126,872</b>	<b>140,934</b>	<b>140,277</b>

\*) In the balance sheet under current liabilities.

Principles in estimating fair value for financial liabilities for 2014 are the same as those used for preparing the financial statements for 2013.

**FAIR VALUE MEASUREMENT HIERARCHY**

EUR 1,000	Level 1	Level 2	Level 3
<b>Assets measured at fair value</b>			
Assets held for sale			922
<b>Total</b>			
<b>Derivatives measured at fair value</b>			
Interest rate derivatives		-957	
Electricity derivatives		-242	
<b>Total</b>		<b>-1,199</b>	

Principles in estimating fair value for financial assets and their hierarchies for 2014 are the same as those used for preparing the financial statements for 2013.

**ANALYST AND PRESS CONFERENCE**

Nina Kopola, President & CEO, and Tapio Engström, CFO, will present Suominen's January-June 2014 financial result in Finnish at an analyst and press conference in Helsinki today, on Friday 18 July 2014 at 10.00am (EEST). The conference will take place at Hotel Haven, Unioninkatu 17, Helsinki. The presentation material will be available after the analyst and press conference at [www.suominen.fi](http://www.suominen.fi).

**NEXT INTERIM REPORT**

Suominen Corporation will publish its Interim report for January-September 2014 on Friday, 24 October 2014.

Helsinki, 18 July 2014

SUOMINEN CORPORATION  
Board of Directors

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**Suominen in brief**

Suominen manufactures nonwovens as roll goods for wipes as well as for medical and hygiene products. The end products made of Suominen's nonwovens – wet wipes, feminine care products and swabs, for instance - bring added value to the daily life of consumers worldwide. Suominen is the global market leader in nonwovens for wipes and employs approximately 600 people in Europe and in the Americas. Suominen's net sales in 2013 amounted to MEUR 373.7 and operating profit excluding non-recurring items to MEUR 19.4 (continuing operations). The Suominen share (SUY1V) is listed in NASDAQ OMX Helsinki Stock Exchange. Read more at [www.suominen.fi](http://www.suominen.fi).