

Suominen Corporation Interim Report October 22, 2019 at 1:00 p.m. (EEST)

Suominen Corporation's Interim Report for January 1– September 30, 2019:

## Strong cash flow and improved operating profit

### KEY FIGURES

	<b>7-9/ 2019</b>	7-9/ 2018	<b>1-9/ 2019</b>	1-9/ 2018	1-12/ 2018
Net sales, EUR million	<b>103.4</b>	104.8	<b>317.0</b>	321.3	431.1
Comparable operating profit, EUR million	<b>1.1</b>	0.5	<b>6.7</b>	5.0	4.6
Operating profit, EUR million	<b>1.1</b>	0.5	<b>6.7</b>	5.0	4.6
Profit for the period, EUR million	<b>-0.1</b>	-1.1	<b>1.4</b>	0.3	-1.7
Earnings per share, basic, EUR	<b>0.00</b>	-0.02	<b>0.02</b>	0.01	-0.03
Earnings per share, diluted, EUR	<b>0.00</b>	-0.02	<b>0.02</b>	0.01	-0.03
Cash flow from operations per share, EUR	<b>0.30</b>	0.13	<b>0.42</b>	0.41	0.56
Return on invested capital, rolling 12 months, %	–	–	<b>3.0</b>	2.3	2.3
Gearing, % *	–	–	<b>52.1</b>	58.1	65.9 *

\*restated

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

### July–September 2019 in brief:

- Net sales remained on the same level as last year and amounted to EUR 103.4 million (104.8).
- Operating profit improved to EUR 1.1 million (0.5).
- Cash flow from operations strengthened to EUR 17.4 million (7.7).

### January–September 2019 in brief:

- Net sales were on the same level as in the comparison period and amounted to EUR 317.0 million (321.3).
- Operating profit increased by 36% and was EUR 6.7 million (5.0).
- Cash flow from operations was EUR 24.2 million (23.7).

### Outlook for 2019 unchanged

Suominen reiterates the outlook presented on January 31, 2019, in which Suominen expects that in 2019, its net sales will be at the level of 2018 (EUR 431.1 million) and comparable operating profit, excluding the positive effect of applying IFRS 16 Leases, will improve from 2018 (EUR 4.6 million).

**Petri Helsky, President & CEO:**

“Suominen’s net sales were EUR 103.4 million in the third quarter, remaining on the same level as last year. Our sales volumes decreased slightly from the comparison period, and sales prices were on the same level. The strengthening of the USD compared to EUR increased the net sales by EUR 2.7 million.

Operating profit improved from the comparison period and amounted to EUR 1.1 million (0.5), mainly due to improvement in gross profit from raw material prices and raw material efficiency. Foreign exchange rates impacted the result negatively by approximately EUR 0.6 million. We succeeded in reducing inventories significantly during the quarter, which improved our cash flow but had a negative impact on the result. Following the inventory and other net working capital reduction the cash flow from operations was strong in the third quarter, amounting to EUR 17.4 million (7.7).

I am confident that with our new business areas, Europe and Americas, we now have clear responsibilities and accountabilities and I strongly believe that this will result in improved performance in the future. We can also already see results from our variable cost optimization program launched in early 2019.

At our new manufacturing line in Bethune, SC, US, the systematic improvement plan that we put in place earlier this year has resulted in a clear improvement in operational performance. We have conducted several customer qualification runs during the quarter, and we will continue broadening the product and customer portfolio of this line. Our investment project at our plant in Green Bay, WI, US, has proceeded smoothly and is nearing completion. The customer feedback on the enhancement of the line has been positive.

We can see that customers are more and more interested in our sustainable product portfolio. We are preparing for the growing demand of sustainable alternatives by continuously developing new products into our portfolio consisting of products made of renewable, recycled, compostable and plastic-free raw materials.

I can see improvement on many fronts of Suominen’s performance. The main focus for us now is to grow our sales volumes.”

**NET SALES****July–September 2019**

In July–September 2019, Suominen’s net sales were on the same level as in the comparison period, decreasing by 1% to EUR 103.4 million (104.8). The strengthening of the USD compared to EUR increased the net sales by EUR 2.7 million.

Since July 1, Suominen has two new business areas, Americas and Europe. Net sales of the Americas business area amounted to EUR 66.2 million (63.9) and net sales of the Europe business area EUR 37.2 million (40.9).

**January–September 2019**

In January–September 2019, Suominen’s net sales were on the same level as in the comparison period and amounted to EUR 317.0 million (321.3). The strengthening of the US dollar compared with euro increased the net sales by EUR 10.8 million.

Net sales of the Americas business area amounted to EUR 199.5 million (194.0) and net sales of the Europe business area to EUR 117.5 million (127.4).

In January–September, the share of nonwovens for baby wipes was 40% (38%), for household wipes 23% (20%), for personal care wipes 18% (23%), for workplace wipes 9% (9%) and for medical & hygiene applications 8% (9%).

## **OPERATING PROFIT AND RESULT**

### **July–September 2019**

Operating profit improved from the comparison period and amounted to EUR 1.1 million (0.5), mainly due to improvement in gross profit from raw material prices and raw material efficiency. The negative impact of foreign exchange rates was approximately EUR -0.6 million. Due to the reorganization the third quarter operating profit included EUR 0.2 million restructuring costs.

Profit before income taxes was EUR 0.0 million (-1.1), and profit for the reporting period was EUR -0.1 million (-1.1).

### **January–September 2019**

Operating profit increased by 36% and was EUR 6.7 million (5.0) mainly due to positive development in sales and raw material prices, offsetting lower volumes. The negative impact of foreign exchange rates was approximately EUR -1.8 million.

Profit before income taxes was EUR 2.7 million (0.9), and profit for the reporting period was EUR 1.4 million (0.3).

## **FINANCING**

The Group's net interest-bearing liabilities at nominal value amounted to EUR 71.3 million (76.1) at the end of the review period. The gearing ratio was 52.1% (58.1%) and the equity ratio 42.4% (42.3%).

In January–September, net financial expenses were EUR -4.1 million (-4.0), or -1.3% (-1.2%) of net sales. Fluctuations in exchange rates decreased the net financial expenses by EUR 0.5 million (in 2018, decreased by EUR 0.1 million).

Cash flow from operations in July-September was EUR 17.4 million (7.7) and in January–September EUR 24.2 million (23.7), representing a cash flow per share of EUR 0.42 (0.41).

In the third quarter the change in net working capital was positive by EUR 10.4 million (+4.1), coming mainly from inventory reduction, which was the main driver for improved cash flow from operations during the quarter.

The change in net working capital was EUR 0.6 million positive in January–September 2019 when in the corresponding period last year the change in net working capital was EUR 0.6 million negative. The corporate income tax refunds of EUR 7.0 million received in the second quarter of 2018 improved the cash flow from operations of the comparison period.

In September the remaining part, EUR 15.7 million, of the debenture bond issued in 2014 was repaid in accordance with the terms of the bond.

## **CAPITAL EXPENDITURE**

In January-September, the gross capital expenditure totaled EUR 8.6 million (9.8) and was mainly related to the growth investment initiative at Suominen's plant in Green Bay, WI, US as well as to the investment in the group-wide renewal of ICT systems.

Other investments were mainly for maintenance. Depreciation and amortization for the review period amounted to EUR 19.5 million (15.4).

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

### **Share capital**

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

### **Share trading and price**

The number of Suominen Corporation shares traded on Nasdaq Helsinki from January 1 to September 30, 2019 was 2,992,411 shares, accounting for 5.2% of the average number of shares (excluding treasury shares). The highest price was EUR 2.70, the lowest EUR 2.04 and the volume-weighted average price EUR 2.41. The closing price at the end of review period was EUR 2.44. The market capitalization (excluding treasury shares) was EUR 140.4 million on September 30, 2019.

### **Treasury shares**

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

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

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

The Annual General Meeting held on March 19, 2019 decided that the remuneration payable to the members of the Board remains unchanged. 60% of the annual remuneration is paid in cash and 40% in Suominen Corporation's shares.

The number of shares forming the remuneration portion which is payable in shares was determined based on the share value in the stock exchange trading maintained by Nasdaq Helsinki Ltd, calculated as the trade volume weighted average quotation of the share during the one month period immediately following the date on which the Interim Report of January–March 2019 of the company was published. The shares were given out of the treasury shares held by the company by the decision of the Board of Directors on May 31, 2019.

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

The Group management and key employees participate in the company's share-based incentive plan. The earlier plans are described in detail in the Financial Statements 2018 and in the Remuneration Statement 2018 of Suominen Corporation, available on the company's website [www.suominen.fi](http://www.suominen.fi)

Share-based Incentive Plan 2019-2021

The Board of Directors of Suominen Corporation approved on January 30, 2019 a new share-based incentive plan for the Group management and Group key employees. The aim of the new plan is to combine the objectives of the shareholders and the persons participating in the plan in order to increase the value of the company in the long-term, to bind the participants to the company, and to offer them competitive reward plans based on earning and accumulating the company's shares. The new plan is continuation of the share-based incentive plan, resolved by the Board of Directors in December 2017.

The new three-year earnings period of the plan includes calendar years 2019–2021. The Board of Directors decides on the plan's performance criteria and required performance levels for each criterion at the beginning of an earnings period. The plan is directed to approximately 20 people.

The potential reward of the plan from the performance period 2019–2021 will be based on the relative Total Shareholder Return (TSR). The rewards to be paid on the basis of the performance period 2019–2021 correspond to the value of an approximate maximum total of 729,000 Suominen Corporation shares (including also the proportion to be settled in cash). The Board of Directors will be entitled to reduce the rewards agreed in the Performance Share Plan if the limits set by the Board of Directors for the share price are reached.

The potential rewards from the performance periods 2019–2021 will be settled partly in the company's shares and partly in cash in 2022. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. As a rule, no reward will be paid, if a participant's employment or service ends before the reward payment.

A member of the Corporate Executive Team must hold 50% of the net number of shares given on the basis of the plan, as long as his or her shareholding in total corresponds to the value of half of his or her annual gross salary. The President & CEO of the Company must hold 50% of the net number of shares given on the basis of the plan, as long as his or her shareholding in total corresponds to the value of his or her annual gross salary. Such number of shares must be held as long as the participant's employment or service in a group company continues.

#### Matching Restricted Share Plan 2019-2021

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

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

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

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

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

## **ANNUAL GENERAL MEETING**

The Annual General Meeting (AGM) of Suominen Corporation was held on March 19, 2019.

The AGM adopted the Financial Statements and the Consolidated Financial Statements for the financial year 2018 and discharged the members of the Board of Directors and the President & CEO from liability for the financial year 2018.

The AGM decided that no dividend will be distributed and no capital will be returned from the reserve for invested unrestricted equity for the financial year 2018, and the profit shall be transferred to retained earnings.

The AGM decided that the remuneration payable to the members of the Board remains unchanged. The Chair will be paid an annual fee of EUR 60,000, Deputy Chair of the Board an annual fee of EUR 37,500 and other Board members an annual fee of EUR 28,000. Further, the members of the Board will receive a fee of EUR 500 for each meeting of the Board of Directors held in the home country of the respective member and a fee of EUR 1,000 per each meeting of the Board of Directors held elsewhere than in the home country of the respective member. 60% of the remuneration is paid in cash and 40% in Suominen Corporation's shares. Compensation for expenses is paid in accordance with the company's valid travel policy.

The AGM decided that the number of Board members remains unchanged at six (6). Jan Johansson was re-elected as Chair of the Board of Directors and Andreas Ahlström, Risto Anttonen, Hannu Kasurinen and Laura Raitio were re-elected as members of the Board of Directors. Sari Pajari was elected as a new member of the Board.

Ernst & Young Oy, Authorised Public Accountant firm, was re-elected as the auditor of the company for the next term of office in accordance with the Articles of Association. Ernst & Young Oy appointed Toni Halonen, Authorised Public Accountant, as the principally responsible auditor of the company.

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

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

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

The Annual General Meeting (AGM) held on March 19, 2019 authorized the Board of Directors to decide on the repurchase a maximum of 400,000 of the company's own shares. The company's own shares shall be repurchased otherwise than in proportion to the holdings of the shareholders by using the non-restricted equity through trading on regulated market organized by Nasdaq Helsinki Ltd at the market price prevailing at the time of acquisition. The shares shall be repurchased and paid in accordance with the rules of Nasdaq Helsinki Ltd and Euroclear Finland Ltd. The shares shall be repurchased to be used in company's share-based incentive programs, in order to disburse the remuneration of the members of the Board of Directors, for use as consideration in acquisitions related to the company's business, or to be held by the company, to be conveyed by other means or to be cancelled. The Board of Directors shall decide on other terms and conditions related to the repurchase of the company's own shares. The

repurchase authorization shall be valid until June 30, 2020 and it revokes all earlier authorizations to repurchase company's own shares.

The Annual General Meeting (AGM) held on March 19, 2019 authorized the Board of Directors to decide on issuing new shares and/or conveying the company's own shares held by the company and/or granting options and other special rights referred to in Chapter 10, Section 1 of the Finnish Companies Act. New shares may be issued, and the company's own shares may be conveyed to the company's shareholders in proportion to their current shareholdings in the company; or by waiving the shareholder's pre-emption right, through a directed share issue if the company has a weighty financial reason to do so, such as, for example, using the shares as consideration in possible acquisitions or other arrangements related to the company's business, as financing for investments, using shares as part of the company's incentive program or using the shares for disbursing the portion of the Board members' remuneration that is to be paid in shares. The new shares may also be issued without payment to the company itself. New shares may be issued and/or company's own shares held by the company or its group company may be conveyed at the maximum amount of 5,000,000 shares in aggregate.

The Board of Directors may grant options and other special rights referred to in Chapter 10, Section 1 of the Finnish Companies Act, which carry the right to receive against payment new shares or own shares held by the company. The right may also be granted to the company's creditor in such a manner that the right is granted on condition that the creditor's receivable is used to set off the subscription price ("Convertible Bond"). However, options and other special rights referred to in Chapter 10, Section 1 of the Companies Act cannot be granted as part of the company's remuneration plan.

The maximum number of new shares that may be subscribed and own shares held by the company that may be conveyed by virtue of the options and other special rights granted by the company is 5,000,000 shares in total which number is included in the maximum number stated above.

The authorizations shall revoke all earlier authorizations regarding share issue and issuance of special rights entitling to shares. The Board of Directors shall decide on all other terms and conditions related to the authorizations. The authorizations shall be valid until June 30, 2020.

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

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

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

#### **CHANGES IN MANAGEMENT**

Toni Tamminen, D.Sc. (Tech.) M.Sc. (Econ.) started as Senior Vice President, CFO and member of Suominen Executive Team on July 30, 2019. Klaus Korhonen (LL.M) started as Senior Vice President, Human Resources and Legal Affairs and member of Suominen's Executive Team on August 19, 2019.

#### **BUSINESS RISKS AND UNCERTAINTIES**

Global political developments and changes in consumer preferences could have an adverse effect on Suominen. For instance, a political decision that constrains the global free trade may significantly impact the availability and price of certain raw materials, which would in turn affect Suominen's business and profitability. Suominen's geographical and customer-industry diversity provides partial protection against this risk.



The demand for Suominen's products depends on the development of consumer preferences. Historically, changes in global consumer preferences have had mainly positive impact on Suominen, as they have resulted in the growing demand for products made of nonwovens. However, certain factors, including consumers' attitude towards the use of products made even partially of oil-based raw materials, or their perception on the sustainability of disposable products in general, might rapidly change the consumers' preferences and buying habits. Suominen monitors the consumer trends proactively and develops its product offering accordingly. The company has had biodegradable, 100% plant-based nonwovens in its portfolio for over 10 years. Suominen also interacts with policymakers regarding the so-called Single-Use Plastic Directive proposal in the European Union.

The estimate on the development of Suominen's net sales is partially based on forecasts and delivery plans received from the company's customers. Changes in these forecasts and plans, resulting from changes in the market conditions or in customers' inventory levels, may affect Suominen's net sales.

Suominen's customer base is fairly concentrated, which adds to the customer-specific risk. This may affect Suominen's financial result if customers' purchasing habits become more cautious as a result of a changes in consumption, or as a result of sales losses. In 2018, the Group's ten largest customers accounted for 65% (63%) of the Group net sales. Long-term contracts are preferred with the largest customers. In practice the customer relationships are long-term and last for several years. Customer-related credit risks are managed in accordance with a risk policy approved by the Board of Directors. Credit limits are confirmed for customers on the basis of credit ratings and customer history.

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

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

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

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

Suominen has numerous regional, national and international competitors in its different product groups. There is currently oversupply in some product groups in Suominen's both principal market regions. Products based on new technologies and imports from countries of lower production costs may reduce Suominen's competitive edge. If Suominen is not able to compete with an attractive product offering, it may lose some of its market share. Competition may lead to increased pricing pressure on the company's products.

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



## **BUSINESS ENVIRONMENT**

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

The consumer confidence index decreased both in the euro area and in the United States in the third quarter, however the consumer confidence index is still strong in both geographical areas. Suominen assesses the trend in the demand for its products on the bases of both the general market situation and, above all, on the basis of the framework agreements drawn up with its customers. There is currently overcapacity on the market, mainly in nonwovens for baby wipes and flushables.

At large, the growth in the demand in Suominen's target markets is expected to continue in 2019, on average, at the pace of 2018.

## **OUTLOOK FOR 2019**

Suominen repeats its estimate, disclosed on January 31, 2019, that Suominen expects that in 2019, its net sales will be at the level of 2018 and comparable operating profit, excluding the positive effect of applying IFRS 16 Leases, will improve from 2018. In 2018, Suominen's net sales amounted to EUR 431.1 million and operating profit to EUR 4.6 million. In 2018 Suominen had no items affecting the comparability of the operating profit. The calculation of comparable operating profit is explained in the disclosures of this release.

## **ANALYST AND PRESS CONFERENCE**

Petri Helsky, President & CEO, and Toni Tamminen, CFO, will present the Q3 financial result in Finnish at an analyst and press conference in Helsinki on Tuesday, October 22 at 3:00 p.m. (EEST). The conference will take place at Suominen's Head Office, Ultimes Business Garden, Karvaamokuja 2 B, Helsinki. The presentation material will be available after the analyst and press conference at [www.suominen.fi](http://www.suominen.fi).

## **NEXT FINANCIAL REPORT**

Suominen Corporation will publish its Financial Statement Release 2019 on Wednesday January 29, 2020.

**SUOMINEN GROUP 1 JANUARY–30 SEPTEMBER 2019**

The figures in this interim report 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.

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 2018, with the exception of the effect of the new accounting standards and interpretations which came into force on January 1, 2019.

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EUR thousand	<b>30.9.2019</b>	30.9.2018	Restated 31.12.2018
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	<b>15,496</b>	15,496	15,496
Intangible assets	<b>20,780</b>	20,439	21,231
Property, plant and equipment	<b>126,352</b>	130,539	129,391
Right-of-use assets	<b>15,384</b>	–	16,797
Loan receivables	<b>3,348</b>	3,072	3,348
Equity instruments	<b>777</b>	777	777
Other non-current receivables	<b>43</b>	1,291	1,393
Deferred tax assets	<b>2,097</b>	4,933	2,540
<b>Total non-current assets</b>	<b>184,277</b>	176,547	190,972
<b>Current assets</b>			
Inventories	<b>41,561</b>	50,601	51,583
Trade receivables	<b>52,905</b>	56,051	58,097
Loan receivables	<b>4,017</b>	4,105	4,017
Other current receivables	<b>4,747</b>	3,902	4,118
Assets for current tax	<b>996</b>	913	974
Cash and cash equivalents	<b>34,717</b>	17,639	27,757
<b>Total current assets</b>	<b>138,943</b>	133,210	146,545
<b>Total assets</b>	<b>323,220</b>	309,757	337,517
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	<b>11,860</b>	11,860	11,860
Share premium account	<b>24,681</b>	24,681	24,681
Reserve for invested unrestricted equity	<b>81,269</b>	81,185	81,185
Treasury shares	<b>-44</b>	-44	-44
Fair value and other reserves	<b>264</b>	264	264
Exchange differences	<b>3,944</b>	-2,457	-669
Retained earnings	<b>14,897</b>	15,492	13,237
<b>Total equity attributable to owners of the parent</b>	<b>136,871</b>	130,981	130,513

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

Deferred tax liabilities	<b>12,928</b>	15,002	12,373
Liabilities from defined benefit plans	<b>769</b>	898	847
Provisions	<b>1,595</b>	–	1,511
Non-current lease liabilities	<b>11,371</b>	100	12,706
Other non-current liabilities	<b>17</b>	17	17
Debentures	<b>81,428</b>	80,341	80,615
<b>Total non-current liabilities</b>	<b>108,107</b>	96,358	108,067

**Current liabilities**

Debentures	–	15,672	15,687
Current lease liabilities	<b>2,990</b>	92	2,742
Other current interest-bearing liabilities	<b>14,000</b>	–	5,000
Liabilities for current tax	<b>362</b>	141	121
Trade payables and other current liabilities	<b>60,890</b>	66,513	75,386
<b>Total current liabilities</b>	<b>78,242</b>	82,418	98,936

<b>Total liabilities</b>	<b>186,349</b>	178,776	207,003
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<b>Total equity and liabilities</b>	<b>323,220</b>	309,757	337,517
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

EUR thousand	<b>7-9/ 2019</b>	7-9/ 2018	<b>1-9/ 2019</b>	1-9/ 2018	1-12/ 2018
<b>Net sales</b>	<b>103,363</b>	104,768	<b>316,953</b>	321,344	431,109
Cost of goods sold	<b>-95,677</b>	-98,178	<b>-290,597</b>	-296,852	-399,826
<b>Gross profit</b>	<b>7,687</b>	6,589	<b>26,356</b>	24,493	31,283
Other operating income	<b>694</b>	936	<b>2,297</b>	2,131	2,528
Sales and marketing expenses	<b>-1,885</b>	-1,599	<b>-5,673</b>	-5,210	-7,048
Research and development	<b>-860</b>	-883	<b>-2,582</b>	-2,692	-3,515
Administration expenses	<b>-4,397</b>	-4,207	<b>-13,040</b>	-13,228	-17,599
Other operating expenses	<b>-130</b>	-348	<b>-633</b>	-539	-1,055
<b>Operating profit</b>	<b>1,108</b>	488	<b>6,724</b>	4,955	4,594
Net financial expenses	<b>-1,080</b>	-1,626	<b>-4,072</b>	-4,010	-5,557
<b>Profit before income taxes</b>	<b>28</b>	-1,138	<b>2,652</b>	945	-963
Income taxes	<b>-108</b>	-7	<b>-1,232</b>	-649	-757
<b>Profit / loss for the period</b>	<b>-80</b>	-1,145	<b>1,420</b>	296	-1,720

**Earnings per share, EUR**

Basic	<b>0.00</b>	-0.02	<b>0.02</b>	0.01	-0.03
Diluted	<b>0.00</b>	-0.02	<b>0.02</b>	0.01	-0.03

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

EUR thousand	<b>7-9/ 2019</b>	7-9/ 2018	<b>1-9/ 2019</b>	1-9/ 2018	1-12/ 2018
<b>Profit for the period</b>	<b>-80</b>	-1,145	<b>1,420</b>	296	-1,720
<b>Other comprehensive income:</b>					
<b>Other comprehensive income that will be subsequently reclassified to profit or loss</b>					
Exchange differences	<b>4,116</b>	169	<b>5,130</b>	1,039	2,936
Income taxes related to other comprehensive income	<b>-455</b>	-70	<b>-517</b>	-345	-454
<b>Total</b>	<b>3,661</b>	99	<b>4,614</b>	694	2,482
<b>Other comprehensive income that will not be subsequently reclassified to profit or loss</b>					
Remeasurements of defined benefit plans	-	-	-	-	-41
Income taxes related to other comprehensive income	-	-	-	-	11
<b>Total</b>	<b>-</b>	-	<b>-</b>	-	-29
<b>Total other comprehensive income</b>	<b>3,661</b>	99	<b>4,614</b>	694	2,452
<b>Total comprehensive income for the period</b>	<b>3,581</b>	-1,046	<b>6,034</b>	990	732

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares
<b>Equity 1 January 2019</b>	<b>11,860</b>	<b>24,681</b>	<b>81,185</b>	<b>-44</b>
Profit / loss for the period	-	-	-	-
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Share-based payments	-	-	-	-
Conveyance of treasury shares	-	-	84	-
<b>Equity 30 September 2019</b>	<b>11,860</b>	<b>24,681</b>	<b>81,269</b>	<b>-44</b>

EUR thousand	Exchange differences	Fair value and other reserves	Retained earnings	Total equity attributable to owners of the parent
<b>Equity 1 January 2019</b>	<b>-669</b>	<b>264</b>	<b>13,237</b>	<b>130,513</b>
Profit / loss for the period	-	-	1,420	1,420
Other comprehensive income	4,614	-	-	4,614
<b>Total comprehensive income</b>	<b>4,614</b>	<b>-</b>	<b>1,420</b>	<b>6,034</b>
Share-based payments	-	-	240	240
Conveyance of treasury shares	-	-	-	84
<b>Equity 30 September 2019</b>	<b>3,944</b>	<b>264</b>	<b>14,897</b>	<b>136,871</b>

EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares
<b>Equity 1 January 2018</b>	<b>11,860</b>	<b>24,681</b>	<b>87,423</b>	<b>-44</b>
Profit / loss for the period	-	-	-	-
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Share-based payments	-	-	-	-
Return of capital	-	-	-6,322	-
Unpaid return of capital, booking back to equity	-	-	0	-
Conveyance of treasury shares	-	-	84	-
<b>Equity 30 September 2018</b>	<b>11,860</b>	<b>24,681</b>	<b>81,185</b>	<b>-44</b>

EUR thousand	Exchange differences	Fair value and other reserves	Retained earnings	Total equity
<b>Equity 1 January 2018</b>	<b>-3,151</b>	<b>264</b>	<b>15,761</b>	<b>136,794</b>
Profit / loss for the period	-	-	296	296
Other comprehensive income	694	-	-	694
<b>Total comprehensive income</b>	<b>694</b>	<b>-</b>	<b>296</b>	<b>990</b>
Share-based payments	-	-	-564	-564
Return of capital	-	-	-	-6,322
Unpaid return of capital, booking back to equity	-	-	-	0
Conveyance of treasury shares	-	-	-	84
<b>Equity 30 September 2018</b>	<b>-2,457</b>	<b>264</b>	<b>15,492</b>	<b>130,981</b>

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

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	1-9/2019	1-9/2018	1-12/2018
<b>Cash flow from operations</b>			
Profit for the period	<b>1,420</b>	296	-1,720
Total adjustments to profit for the period	<b>25,861</b>	20,014	27,210
Cash flow before changes in net working capital	<b>27,281</b>	20,310	25,490



Change in net working capital	<b>611</b>	-614	5,621
Financial items	<b>-2,613</b>	-2,241	-4,677
Income taxes	<b>-1,120</b>	6,228	5,715
<b>Cash flow from operations</b>	<b>24,160</b>	23,682	32,148
<b>Cash flow from investments</b>			
Investments in property, plant and equipment and intangible assets	<b>-9,410</b>	-11,105	-15,039
Cash flow from disposed businesses	-	198	198
Sales proceeds from property, plant and equipment and intangible assets	<b>0</b>	1	4
<b>Cash flow from investments</b>	<b>-9,410</b>	-10,906	-14,837
<b>Cash flow from financing</b>			
Drawdown of current interest-bearing liabilities	<b>19,000</b>	-	5,000
Repayment of current interest-bearing liabilities	<b>-27,876</b>	-15,088	-15,118
Return of capital	-	-6,322	-6,322
<b>Cash flow from financing</b>	<b>-8,876</b>	-21,410	-16,440
<b>Change in cash and cash equivalents</b>	<b>5,874</b>	-8,634	871
Cash and cash equivalents at the beginning of the period	<b>27,757</b>	27,240	27,240
Effect of changes in exchange rates	<b>1,086</b>	-967	-355
Change in cash and cash equivalents	<b>5,874</b>	-8,634	871
<b>Cash and cash equivalents at the end of the period</b>	<b>34,717</b>	17,639	27,757

## KEY RATIOS

	<b>7-9/ 2019</b>	7-9/ 2018	<b>1-9/ 2019</b>	1-9/ 2018	Restated 1-12/ 2018
Change in net sales, % *	<b>-1.3</b>	2.3	<b>-1.4</b>	-1.8	1.2
Gross profit, as percentage of net sales, %	<b>7.4</b>	6.3	<b>8.3</b>	7.6	7.3
Operating profit, as percentage of net sales, %	<b>1.1</b>	0.5	<b>2.1</b>	1.5	1.1
Comparable operating profit, as percentage of net sales, %	<b>1.1</b>	0.5	<b>2.1</b>	1.5	1.1
Net financial items, as percentage of net sales, %	<b>-1.0</b>	-1.6	<b>-1.3</b>	-1.2	-1.3
Profit before income taxes, as percentage of net sales, %	<b>0.0</b>	-1.1	<b>0.8</b>	0.3	-0.2
Profit for the period, as percentage of net sales, %	<b>-0.1</b>	-1.1	<b>0.4</b>	0.1	-0.4
Gross capital expenditure, EUR thousand	<b>2,277</b>	3,081	<b>8,566</b>	9,758	13,580

Depreciation and amortization, EUR thousand	<b>6,726</b>	5,302	<b>19,507</b>	15,425	21,018
Return on equity, rolling 12 months, %	-	-	<b>-0.4</b>	5.0	-1.3
Return on invested capital, rolling 12 months, %	-	-	<b>3.0</b>	2.3	2.3
Equity ratio, %	-	-	<b>42.4</b>	42.3	38.7
Gearing, %	-	-	<b>52.1</b>	58.1	65.9
Average number of personnel	-	-	<b>689</b>	673	676
Earnings per share, EUR, basic	<b>0.00</b>	-0.02	<b>0.02</b>	0.01	-0.03
Earnings per share, EUR, diluted	<b>0.00</b>	-0.02	<b>0.02</b>	0.01	-0.03
Cash flow from operations per share, EUR	<b>0.30</b>	0.13	<b>0.42</b>	0.41	0.56
Equity per share, EUR	-	-	<b>2.38</b>	2.28	2.27
Number of shares, end of period, excluding treasury shares	-	-	<b>57,529,868</b>	57,496,249	57,496,249
Share price, end of period, EUR	-	-	<b>2.44</b>	2.56	2.05
Share price, period low, EUR	-	-	<b>2.04</b>	2.54	1.80
Share price, period high, EUR	-	-	<b>2.70</b>	4.60	4.60
Volume weighted average price during the period, EUR	-	-	<b>2.41</b>	3.52	3.10
Market capitalization, EUR million	-	-	<b>140.4</b>	147.2	117.9
Number of traded shares during the period	-	-	<b>2,992,411</b>	2,547,703	3,643,880
Number of traded shares during the period, % of average number of shares	-	-	<b>5.2</b>	4.4	6.3

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

	<b>30.9.2019</b>	30.9.2018	31.12.2018
<b>Interest-bearing net debt, EUR thousands</b>			
Non-current interest-bearing liabilities, nominal value	<b>96,371</b>	85,100	97,706
Current interest-bearing liabilities, nominal value	<b>16,990</b>	15,822	23,472
Interest-bearing receivables and cash and cash equivalents	<b>-42,083</b>	-24,815	-35,122
<b>Interest-bearing net debt</b>	<b>71,279</b>	76,107	86,055

## CALCULATION OF KEY RATIOS AND ALTERNATIVE PERFORMANCE MEASURES

Key ratios per share are either IFRS key ratios (earnings per share) or required by Ordinance of the Ministry of Finance in Finland or alternative performance measures (cash flow from operations per share).

Some of the other key ratios Suominen publishes are alternative performance measures. An alternative performance measure is a key ratio which has not been defined in IFRS standards. Suominen believes that

the use of alternative performance measures provides useful information for example to investors regarding the Group's financial and operating performance and makes it easier to make comparisons between the reporting periods.

The link between the components of the key ratios per share and the consolidated financial statements is presented in the consolidated financial statements of 2018. The link between the components of the alternative performance measures and the consolidated financial statements is presented in Suominen's Annual Report for 2018.

### **Calculation of key ratios per share**

#### **Earnings per share**

Basic earnings per share (EPS) = 
$$\frac{\text{Profit for the period adjusted with interest on hybrid bond, net of tax}}{\text{Share-issue adjusted average number of shares excluding treasury shares}}$$

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

EUR thousand	<b>30.9.2019</b>	30.9.2018	31.12.2018
Profit for the period	1,420	296	-1,720

Average share-issue adjusted number of shares	57,511,273	57,459,736	57,468,939
Average diluted share-issue adjusted number of shares excluding treasury shares	57,576,963	57,492,454	57,508,720

#### **Earnings per share**

<b>EUR</b>			
Basic	0.02	0.01	-0.03
Diluted	0.02	0.01	-0.03

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

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

	<b>30.9.2019</b>	30.9.2018	31.12.2018
Cash flow from operations, EUR thousand	24,160	23,682	32,148
Share-issue adjusted number of shares excluding treasury shares, end of reporting period	57,529,868	57,496,249	57,496,249
Cash flow from operations per share, EUR	0.42	0.41	0.56

### Equity per share

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

	<b>30.9.2019</b>	30.9.2018	31.12.2018
Total equity attributable to owners of the parent, EUR thousand	136,871	130,981	130,513
Share-issue adjusted number of shares excluding treasury shares, end of reporting period	57,529,868	57,496,249	57,496,249
Equity per share, EUR	2.38	2.28	2.27

### Market capitalization

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

	<b>30.9.2019</b>	30.9.2018	31.12.2018
Number of shares at the end of reporting period excluding treasury shares	57,529,868	57,496,249	57,496,249
Share price at end of the period, EUR	2.44	2.56	2.05
Market capitalization, EUR million	140.4	147.2	117.9

### Share turnover

Share turnover = The proportion of number of shares traded during the period to weighted average number of shares excluding treasury shares

	<b>30.9.2019</b>	30.9.2018	31.12.2018
Number of shares traded during the period	2,992,411	2,547,703	3,643,880
Average number of shares excluding treasury shares	57,511,273	57,459,736	57,468,939
Share turnover, %	5.2	4.4	6.3

### Calculation of key ratios and alternative performance measures

#### Operating profit and comparable operating profit

Operating profit (EBIT) = Profit before income taxes + net financial expenses

Comparable operating profit (EBIT) = Profit before income taxes + net financial expenses, adjusted with items affecting comparability

In order to improve the comparability of result between reporting periods, Suominen presents comparable operating profit as an alternative performance measure. Operating profit is adjusted with material items that are considered to affect comparability between reporting periods. These items include, among others, impairment losses or reversals of impairment losses, gains or losses from the sales of property, plant and equipment or intangible assets or other assets and restructuring costs. Suominen did not have any items affecting comparability in 2019 or 2018

#### EBITDA

EBITDA = EBIT + depreciation, amortization and impairment losses

EUR thousand	<b>30.9.2019</b>	30.9.2018	31.12.2018
Operating profit	6,724	4,955	4,594
+ Depreciation, amortization and impairment losses	19,507	15,425	21,018
EBITDA	26,231	20,380	25,613

**Gross capital expenditure**

EUR thousand	<b>30.9.2019</b>	30.9.2018	31.12.2018
Increases in intangible assets	2,003	4,636	6,157
Increases in property, plant and equipment	6,563	5,122	7,423
Gross capital expenditure	8,566	9,758	13,580

**Interest-bearing net debt**

It is the opinion of Suominen that presenting interest-bearing liabilities not only at amortized cost but also at nominal value gives relevant additional information to the investors.

$$\text{Interest-bearing net debt} = \text{Interest-bearing liabilities at nominal value} - \text{interest-bearing receivables} - \text{cash and cash equivalents}$$

EUR thousand	<b>30.9.2019</b>	30.9.2018	Restated 31.12.2018
Interest-bearing liabilities	109,789	96,205	116,749
Tender and issuance costs of the debentures	3,572	4,717	4,429
Interest bearing receivables	-7,365	-7,176	-7,365
Cash and cash equivalents	-34,717	-17,639	-27,757
Interest-bearing net debt	71,279	76,107	86,056
Interest-bearing liabilities	109,789	96,205	116,749
Tender and issuance costs of the debentures	3,572	4,717	4,429
Nominal value of interest-bearing liabilities	113,361	100,922	121,178

**Return on equity (ROE), %**

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

EUR thousand	<b>30.9.2019</b>	30.9.2018	31.12.2018
Profit for the reporting period (rolling 12 months)	-595	6,610	-1,720
Total equity attributable to owners of the parent 30 September 2018 / 30 September 2017 / 31 December 2017	130,981	132,564	136,794

Total equity attributable to owners of the parent 31 December 2018 / 31 December 2017 / 31 March 2018	130,513	136,794	126,866
Total equity attributable to owners of the parent 31 March 2019 / 31 March 2018 / 30 June 2018	133,776	126,866	132,631
Total equity attributable to owners of the parent 30 June 2019 / 30 June 2018 / 30 September 2018	133,178	132,631	130,981
Total equity attributable to owners of the parent 30 September 2019 / 30 September 2018 / 31 December 2018	136,871	130,981	130,513
Average	133,064	131,967	131,557
Return on equity (ROE), %	-0.4	5.0	-1.3

### Invested capital

Invested capital = Total equity + interest-bearing liabilities

EUR thousand	<b>30.9.2019</b>	30.9.2018	Restated 31.12.2018
Total equity attributable to owners of the parent	136,871	130,981	130,513
Interest-bearing liabilities	109,789	96,205	116,749
Invested capital	246,660	227,186	247,263

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

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

EUR thousand	<b>30.9.2019</b>	30.9.2018	Restated 31.12.2018
Operating profit (rolling 12 months)	6,363	4,688	4,594
Financial income (rolling 12 months)	884	786	801
Total	7,247	5,473	5,395

Invested capital 30 September 2018 / 30 September 2017 / 31 December 2017	227,186	229,735	247,266
Invested capital 31 December 2018 / 31 December 2017 / 31 March 2018	247,263	247,266	232,580
Invested capital 31 March 2019 / 31 March 2018 / 30 June 2018	250,259	232,580	238,589



Invested capital 30 June 2019 / 30 June 2018 / 30 September 2018	249,752	238,589	227,186
Invested capital 30 September 2019 / 30 September 2018 / 31 December 2018	246,660	227,186	247,263
Average	244,224	235,071	238,577
Return on invested capital (ROI), %	3.0	2.3	2.3

### Equity ratio, %

$$\text{Equity ratio, \%} = \frac{\text{Total equity} \times 100}{\text{Total assets} - \text{advances received}}$$

EUR thousand	<b>30.9.2019</b>	30.9.2018	Restated 31.12.2018
Total equity attributable to owners of the parent	136,871	130,981	130,513
Total assets	323,220	309,757	337,517
Advances received	-113	-48	-27
	323,107	309,709	337,490
Equity ratio, %	42.4	42.3	38.7

### Gearing, %

$$\text{Gearing, \%} = \frac{\text{Interest-bearing net debt} \times 100}{\text{Total equity}}$$

EUR thousand	<b>30.9.2019</b>	30.9.2018	Restated 31.12.2018
Interest-bearing net debt	71,279	76,107	86,056
Total equity attributable to owners of the parent	136,871	130,981	130,513
Gearing, %	52.1	58.1	65.9

### NET SALES BY GEOGRAPHICAL MARKET AREA

EUR thousand	<b>1-9/2019</b>	1-9/2018	1-12/2018
Finland	<b>1,977</b>	1,891	2,415
Rest of Europe	<b>113,322</b>	116,758	153,133
North and South America	<b>198,355</b>	196,799	268,188
Rest of the world	<b>3,299</b>	5,896	7,372
Total	<b>316,953</b>	321,344	431,109

**QUARTERLY SALES DEVELOPMENT BY BUSINESS AREA**

EUR thousand	2019			2018			
	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Americas	66,161	65,011	68,326	65,916	63,896	66,855	63,210
Europe	37,233	38,798	41,466	43,857	40,908	43,086	43,441
Unallocated exchange differences and group eliminations	-30	14	-25	-9	-36	21	-35
<b>Total</b>	<b>103,363</b>	<b>103,824</b>	<b>109,766</b>	<b>109,764</b>	<b>104,768</b>	<b>109,961</b>	<b>106,616</b>

**QUARTERLY DEVELOPMENT**

EUR thousand	2019			2018			
	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Net sales	103,363	103,824	109,766	109,764	104,768	109,961	106,616
Comparable operating profit as % of net sales	1.1	2.6	2.7	-0.3	0.5	2.7	1.5
Items affecting comparability	-	-	-	-	-	-	-
Operating profit as % of net sales	1.1	2.6	2.7	-0.3	0.5	2.7	1.5
Net financial items	-1,080	-1,695	-1,297	-1,547	-1,626	-507	-1,876
Profit before income taxes as % of net sales	0.0	0.9	1.5	-1.7	-1.1	2.2	-0.3

**RELATED PARTY INFORMATION**

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

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

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

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

EUR thousand	30.9.2019		30.9.2018		31.12.2018	
	Property, plant and equipment	Intangible assets	Property, plant and equipment	Intangible assets	Property, plant and equipment	Intangible assets
Carrying amount at the beginning of the period	<b>129,391</b>	<b>21,231</b>	136,649	17,470	136,649	17,470
Capital expenditure and increases	<b>6,563</b>	<b>2,003</b>	5,122	4,636	7,423	6,157
Disposals and decreases	<b>-1</b>	<b>0</b>	-	-	0	0
Depreciation, amortization and impairment losses	<b>-14,430</b>	<b>-2,477</b>	-13,790	-1,635	-18,648	-2,371
Exchange differences and other changes	<b>4,829</b>	<b>23</b>	2,559	-32	3,967	-25
Carrying amount at the end of the period	<b>126,352</b>	<b>20,780</b>	130,540	20,439	129,391	21,231

Goodwill is not included in intangible assets.

EUR thousand	30.9.2019	31.12.2018
	Right-of-use assets	Right-of-use assets
Carrying amount at the beginning of the period	<b>16,797</b>	-
Capital expenditure and increases	<b>868</b>	-
Application of IFRS 16	-	16,797
Disposals and decreases	<b>-112</b>	-
Depreciation, amortization and impairment losses	<b>-2,600</b>	-
Exchange differences and other changes	<b>432</b>	-
Carrying amount at the end of the period	<b>15,384</b>	16,797

**CHANGES IN INTEREST-BEARING LIABILITIES**

EUR thousand	1-9/2019	1-9/2018	Restated
			1-12/2018
<b>Total interest-bearing liabilities at the beginning of the period</b>	<b>116,749</b>	110,472	110,472
Current liabilities at the beginning of the period	<b>23,429</b>	15,118	15,118
Repayment of current liabilities, cash flow items	<b>-27,876</b>	-15,088	-15,118
Drawdown of current liabilities, cash flow items	<b>19,000</b>	-	5,000
Increases in current liabilities, non-cash flow items (*)	<b>189</b>	-	2,664

Decreases of current liabilities, non-cash flow items	<b>-94</b>	–	–
Reclassification from non-current liabilities	<b>2,231</b>	15,733	15,749
Periodization of debenture to amortized cost, non-cash flow items	<b>43</b>	1	16
Exchange rate difference, non-cash flow item	<b>68</b>	–	–
<b>Current liabilities at the end of the period</b>	<b>16,990</b>	15,764	23,429
<b>Non-current liabilities at the beginning of the period</b>	<b>12,706</b>	162	162
Increases in non-current liabilities, non-cash flow items *	<b>680</b>	–	12,622
Decreases of non-current liabilities, non-cash flow items	<b>-19</b>	–	–
Reclassification to current liabilities	<b>-2,231</b>	-62	-78
Exchange rate difference, non-cash flow item	<b>236</b>	–	–
<b>Non-current liabilities at the end of the period</b>	<b>11,371</b>	100	12,706
<b>Non-current debentures at the beginning of the period</b>	<b>80,615</b>	95,192	95,192
Periodization of debenture to amortized cost, non-cash flow items	<b>813</b>	819	1,093
Reclassification to current liabilities	–	-15,671	-15,671
<b>Non-current debentures at the end of the period</b>	<b>81,428</b>	80,341	80,615
<b>Total interest-bearing liabilities at the end of the period</b>	<b>109,789</b>	96,205	116,749

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

## CONTINGENT LIABILITIES

EUR thousands	<b>30.9.2019</b>	30.9.2018	Restated 31.12.2018
<b>Other commitments</b>			
Operating leases	<b>233</b>	15,363	525
Contractual commitments to acquire property, plant and equipment	<b>774</b>	1,659	1,128
<b>Guarantees</b>			
On own behalf	<b>10,683</b>	10,888	10,516
Other own commitments	<b>2,371</b>	3,021	2,863
	<b>13,054</b>	13,910	13,378

**NOMINAL AND FAIR VALUES OF DERIVATIVE INSTRUMENTS**

	30.9.2019		30.9.2018		31.12.2018	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
EUR thousand						
Currency forward contracts						
Hedge accounting not applied	2,783	-19	2,617	-12	1,397	9

**FINANCIAL ASSETS BY CATEGORY**

- a. Fair value through profit or loss
- b. Financial assets at amortized cost
- c. Financial assets at fair value through other comprehensive income
- d. Carrying amount
- e. Fair value

EUR thousand	Classification				
	a.	b.	c.	d.	e.
Equity instruments	347	-	429	777	777
Loan receivables	4,017	3,348	-	7,365	7,365
Trade receivables	-	52,905	-	52,905	52,905
Derivatives	20	-	-	20	20
Interest and other financial receivables	-	841	-	841	841
Cash and cash equivalents	-	34,717	-	34,717	34,717
<b>Total 30 September 2019</b>	<b>4,384</b>	<b>91,812</b>	<b>429</b>	<b>96,626</b>	<b>96,626</b>

EUR thousand	Classification				
	a.	b.	c.	d.	e.
Equity instruments	347	-	429	777	777
Loan receivables	4,017	3,348	-	7,365	7,365
Trade receivables	-	58,097	-	58,097	58,097
Derivatives	9	-	-	9	9
Interest and other financial receivables	-	491	-	491	491
Cash and cash equivalents	-	27,757	-	27,757	27,757
<b>Total 31 December 2018</b>	<b>4,373</b>	<b>89,693</b>	<b>429</b>	<b>94,496</b>	<b>94,496</b>

Principles in estimating fair value of financial assets for 2019 are the same as those used for preparing the consolidated financial statements for 2018.

**FINANCIAL LIABILITIES**

EUR thousand	30.9.2019			31.12.2018		
	Carrying amount	Fair value	Nominal value	Carrying amount	Fair value	Nominal value
<b>Non-current financial liabilities</b>						
Debentures	81,428	84,898	85,000	80,615	80,750	85,000
Finance lease liabilities	11,371	11,371	11,371	12,706	12,706	12,706
Total non-current financial liabilities	92,799	96,269	96,371	93,320	93,456	97,706
<b>Current financial liabilities</b>						
Debentures	–	–	–	15,687	16,156	15,730
Current part of non-current loans from financial institutions and current loans from financial institutions	14,000	14,000	14,000	5,000	5,000	5,000
Finance lease liabilities	2,990	2,990	2,990	2,742	2,742	2,742
Derivatives, hedge accounting not applied	39	39	39	–	–	–
Interest accruals	2,147	2,147	2,147	725	725	725
Other current liabilities	308	308	308	308	308	308
Trade payables	48,856	48,856	48,856	66,677	66,677	66,677
Total current financial liabilities	68,340	68,340	68,340	91,139	91,609	91,182
<b>Total</b>	<b>161,139</b>	<b>164,609</b>	<b>164,711</b>	184,459	185,064	188,888

Principles in estimating fair value for financial liabilities for 2019 are the same as those used for preparing the consolidated financial statements for 2018.

**FAIR VALUE MEASUREMENT HIERARCHY**

EUR thousands	Level 1	Level 2	Level 3
<b>Financial assets and liabilities at fair value</b>			
Currency forward contracts, receivables	–	20	–
Loan receivables	–	–	4,337
Equity instruments	–	–	777
<b>Total</b>	–	<b>20</b>	<b>5,114</b>
<b>Derivatives at fair value</b>			
Currency forward contracts, liabilities	–	-39	–
<b>Total</b>	–	<b>-39</b>	–

Principles in estimating fair value of financial assets and their hierarchies for 2019 are the same as those used for preparing the consolidated financial statements for 2018.

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

### **RESTATEMENT OF PREVIOUSLY PUBLISHED FIGURES**

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

SUOMINEN CORPORATION  
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### **Suominen in brief**

Suominen manufactures nonwovens as roll goods for wipes as well as for medical and hygiene products. The end products made of Suominen's nonwovens – wet wipes, feminine care products and swabs, for instance – bring added value to the daily life of consumers worldwide. Suominen is the global market leader in nonwovens for wipes and employs nearly 700 people in Europe and in the Americas. Suominen's net sales in 2018 amounted to EUR 431.1 million. The Suominen share (SUY1V) is listed in Nasdaq Helsinki Stock Exchange (Mid Cap). Read more at [www.suominen.fi](http://www.suominen.fi).

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Nasdaq Helsinki  
Main media  
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