



Suominen to acquire Ahlstrom's Paulínia plant in Brazil

**The deal to be financed through
a convertible hybrid bond**

**Extraordinary General Meeting 31 Jan 2014
Nina Kopola, President & CEO**

Agenda

- Transaction in brief
- Background
- The strategic rationale of the deal for Suominen
- Growing markets of South America
- Information about the Paulínia plant
- Financing arrangement and its impact on Suominen's balance sheet
- Schedule

Transaction in brief

- On 10 January 2014, Suominen and Ahlstrom Corporation entered into agreement on the sales of the Brazilian unit, formerly part of the Home and Personal business area deal made with Ahlstrom, to Suominen.
- The deal provides Suominen a foothold in a new, growing market region. Suominen becomes a truly global player in nonwovens.
- The enterprise value is 17.5 MEUR. Suominen aims to finance the deal through a convertible hybrid bond, treated as equity.
- A prerequisite for the issuance of a convertible hybrid bond is an authorization by Suominen's Extraordinary General Meeting.
- Ahlstrom Corporation has committed to subscribing for the bond for the parts other investors do not subscribe for.

Background

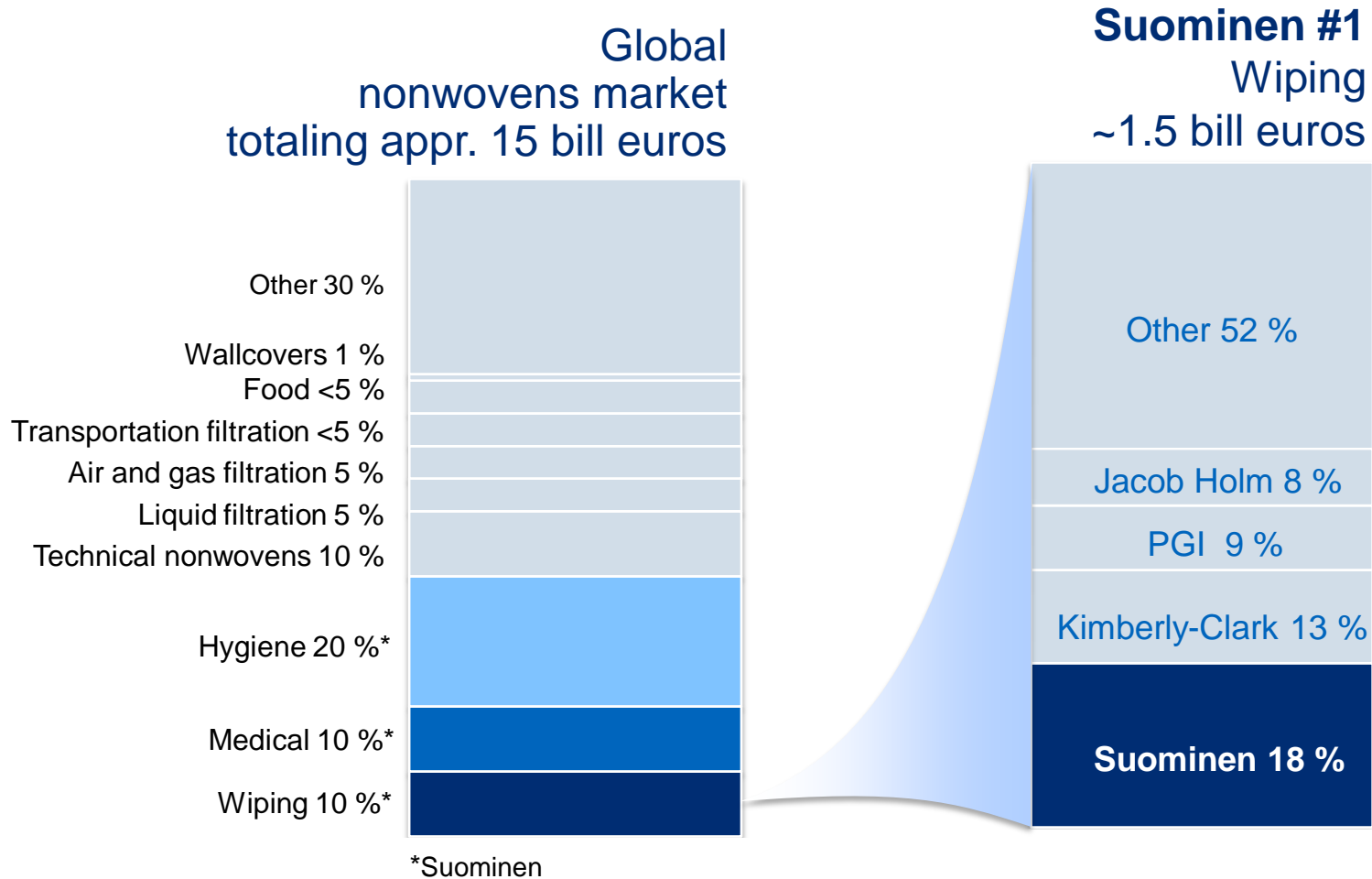
- Suominen acquired Ahlstrom's Home and Personal business area in November 2011.
- The Brazilian unit of the business area, located in Paulínia, was originally part of the deal.
- The transfer of the Brazilian unit to Suominen was prolonged due to delay in receiving approval from the authorities. Consequently, the original transaction agreement concerning the Brazilian unit expired.
- The terms and conditions of the deal were renegotiated by Suominen, Ahlstrom Corporation and the financiers. The agreement was signed on 10 January 2014.

The strategic rationale of the deal for Suominen

- The deal makes an important milestone in the implementation of our In the Lead strategy.
- The transaction provides Suominen a foothold in a new market region offering opportunities for profitable growth:
 - The demand for nonwovens still in strong growth in South America
 - The deal enables Suominen to increase market share not only in Brazil but also in the other countries in the continent.
 - In South America, the nonwovens market enjoys healthy profitability levels → the transaction increases the share of products with higher value add in Suominen's portfolio.
- Through the acquisition, Suominen becomes a truly global player, enabling us to serve our global customers even better than before as we have locations in several continents.



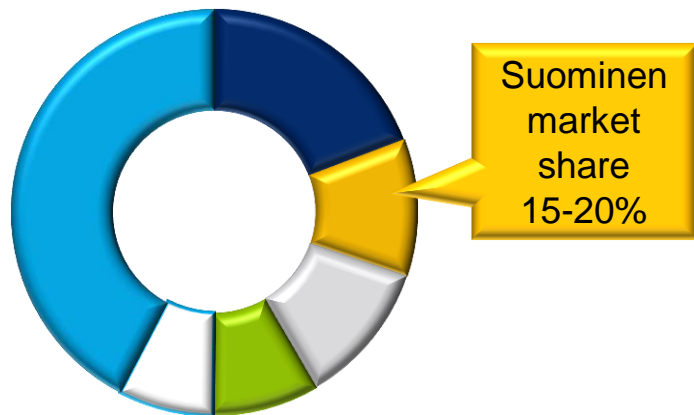
Before the closing of the deal, Suominen already holds the leading position in nonwovens for wipes



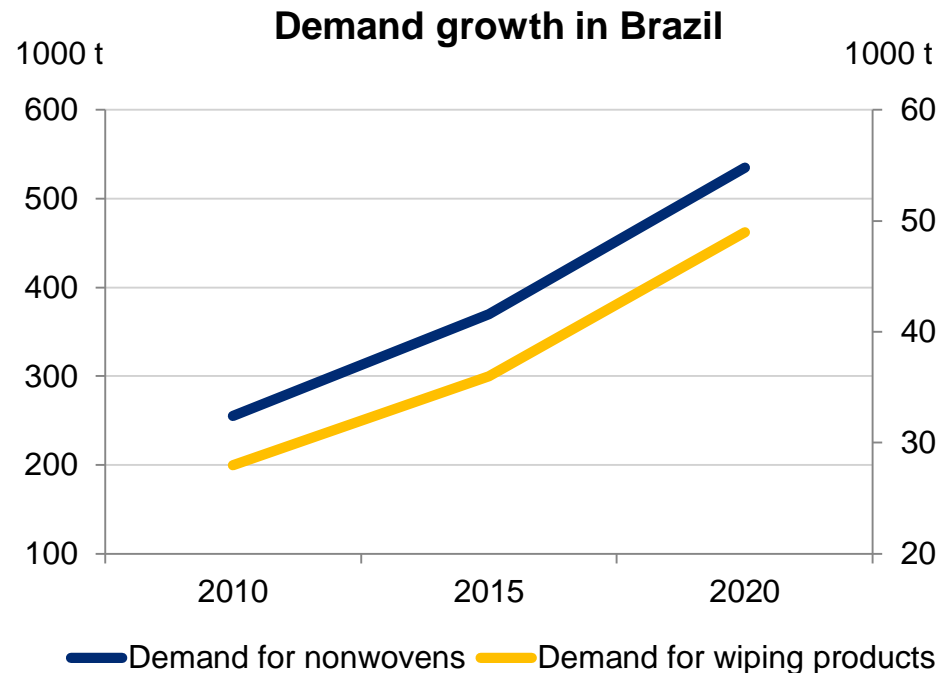
Source: Suominen 2011

A new, dynamic and growing market region for Suominen after the closing of the deal

Nonwovens demand in Brazil



- Personal Hygiene*
- Wiping*
- Construction
- Filtration
- Medical
- Other



- Demographic factors (including the growth of middle class) increase the demand for nonwovens products, such as baby wipes and hygiene products.

*) Suominen markets.
Figures refer to 2010. Sources: Freedonia, Suominen.

Source: Freedonia

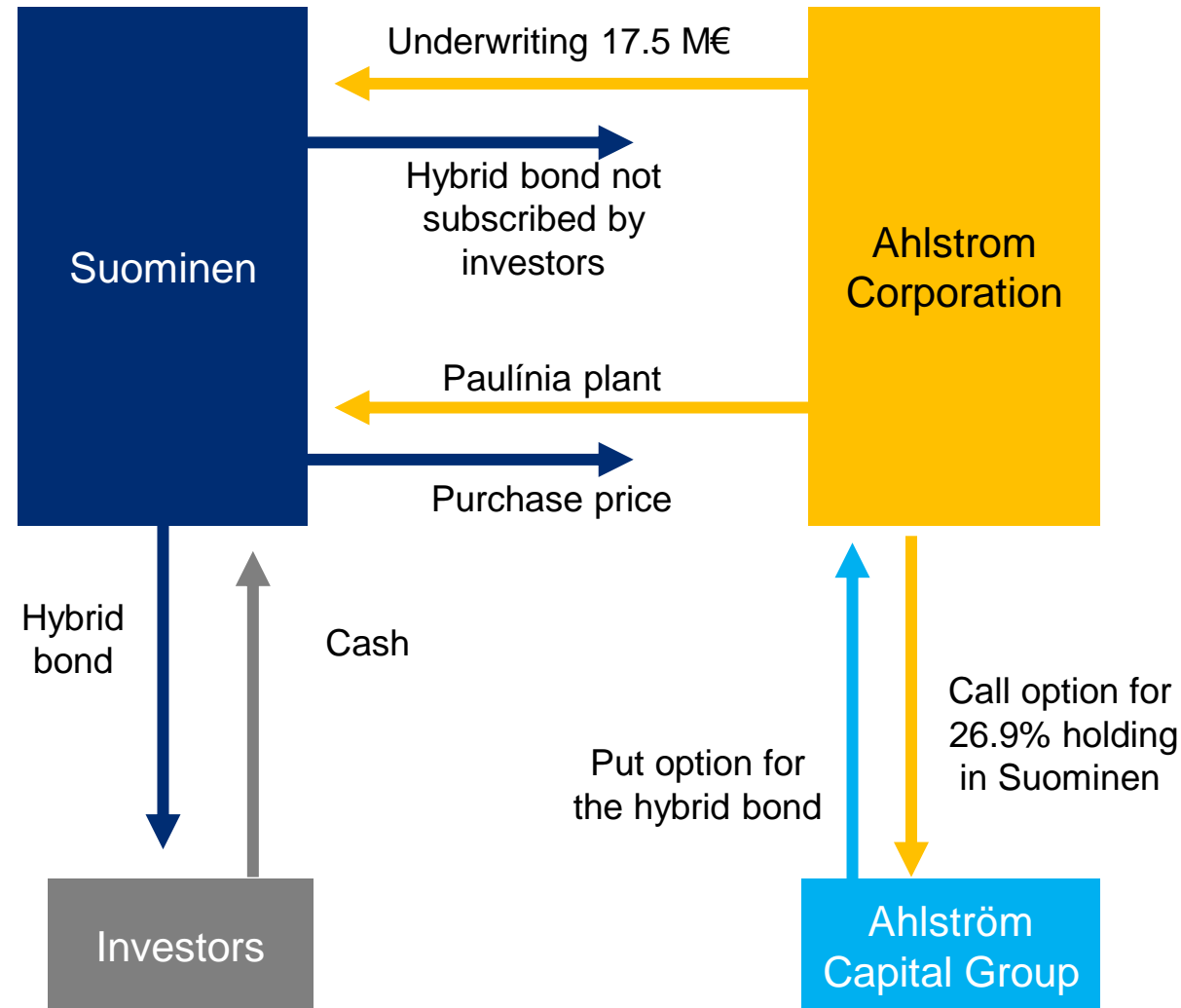
Paulínia plant in brief

- The plant manufactures nonwovens principally for wipes → growth for Suominen's Convenience business area
 - Additionally, there is an opportunity to expand the production capability to hygiene and medical products → to serve Suominen's Care business area.
- Paulínia plant is the only nonwovens facility utilizing modern spunlace technology in manufacturing wiping products in the country.
- The annual sales of the plant currently appr. 20 MEUR, free capacity available for future growth.
- The profitability of the plant is above the average profitability of other Suominen's plants → the deal increases the share of products with higher value add in our portfolio.
- The plant is built in 2008 and it employes appr. 40 people.

Financing of the deal

The transaction steps:

1. Suominen acquires the Paulínia plant from Ahlstrom Corporation with a EUR 17.5 million purchase price
2. To finance the acquisition, Suominen issues a convertible hybrid bond of EUR 17.5 million
3. Ahlstrom Corporation underwrites the whole convertible hybrid bond
4. Suominen markets the hybrid bond to other investors
5. The part of the hybrid bond not subscribed by other investors is subscribed by Ahlstrom Corporation



The impact of the financing arrangement on the balance sheet of Suominen

Suominen Corporation	31/12/2013	Hybrid bond	End result
Shareholders' equity	78,5	17,5	96,0
Non-current liabilities			
Interest-bearing liabilities	70,4		70,4
Non-interest-bearing liabilities	8,4		8,4
Non-current liabilities, total	78,8		78,8
Current liabilities			
Interest-bearing liabilities	24,1		24,1
Non-interest-bearing liabilities	57,5		57,5
Current liabilities, total	81,6		81,6
Liabilities, total	160,4		160,4
Shareholders' equity and liabilities, total	238,9		256,4
Cash at bank and in hand	19,0		19,0
Equity ratio	32,9 %		37,4 %
Gearing ratio	96,2 %		78,6 %

- The arrangement is feasible for Suominen.
- A prerequisite for the issue of a convertible hybrid bond is an authorization by Suominen's Extraordinary General Meeting.

Preliminary terms of convertible hybrid bond

Amount / Status	EUR 17.5m / Hybrid bond
Subscription period	Preliminarily February 3–4
Issue date	Preliminarily February 10, 2014
Maturity	Perpetual
First call date/step up date	4 years
Coupon rate	Fixed coupon of 5.95% (PIK before first call date, thereafter cash interest)
Conversion right	American; conversion right expires on the first call date
Conversion price	EUR 0.50 per share
Dividend protection	No. If dividends will be paid, same proportion will be paid as a cash interest
Listing	No
Coupon step-up	If not called on First Call Date +100bp (i.e. 6.95%), after 5 th year additional +100bp (i.e. 7.95%)
Underwriting	Fully underwritten by Ahlstrom

Schedule

January

- Signing on January 10
- Notice to an Extraordinary General Meeting on 10 January
- Extraordinary General Meeting of Suominen on 31 January

February

- Subscription period
- Subscriptions and business transfer from Ahlstrom to Suominen
- Integration of the business to Suominen begins

March

- Integration of the business to Suominen continues



Financial result 2013

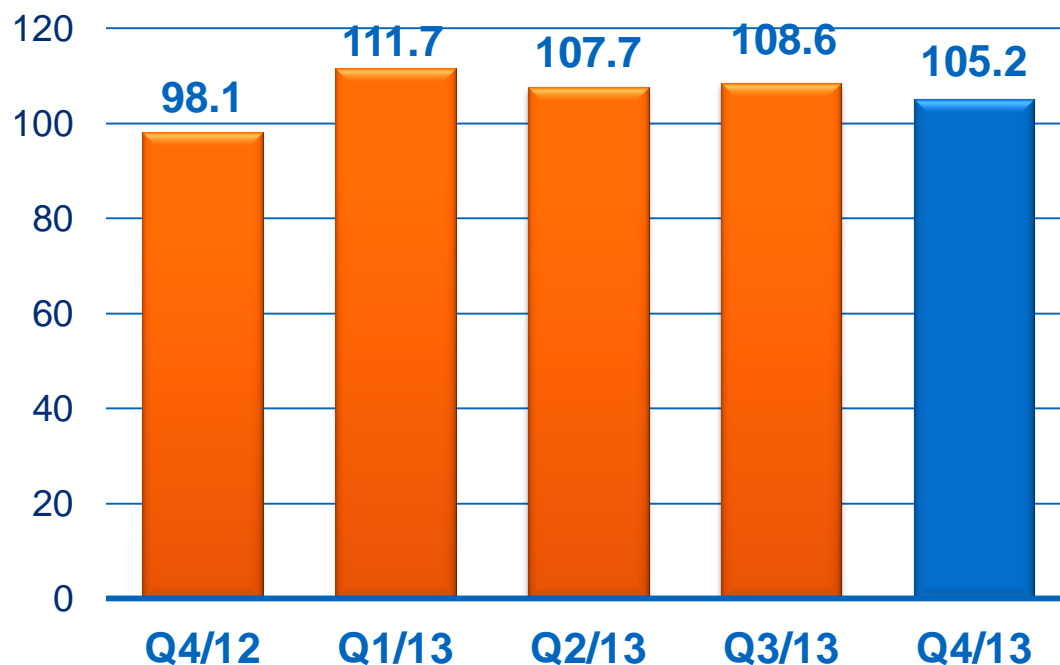
Q4 and FY 2013 at a glance

- Net sales* were MEUR 105.2 (+7%) in Q4 and MEUR 433.1 (+6%) in FY 2013.
- Operating profit excl. non-recurring items* was MEUR 3.7 (+123%) in Q4 and MEUR 18.3 (+42%) in FY 2013.
- Profit for the period after taxes* was MEUR 2.5 (-5.2)
- Wiping:
 - The demand continued to develop positively in North America, in Europe the competition remained tough
 - Operating profit from continuing operations excl. non-recurring items grew 44% from the comparison period.
- Flexibles:
 - In Q4, net sales grew by 15% despite the tight competitive environment, result remained negative
 - Suominen intensified the business recovery program of the segment and invested in the automatization of the Tampere plant.
- With the current group structure, Suominen expects its group net sales for the full year 2014 to remain at the level of 2013. Operating profit excluding non-recurring items is expected to improve from year 2013.

* from continuing operations

Net sales grew from the comparison period

Net sales, M€

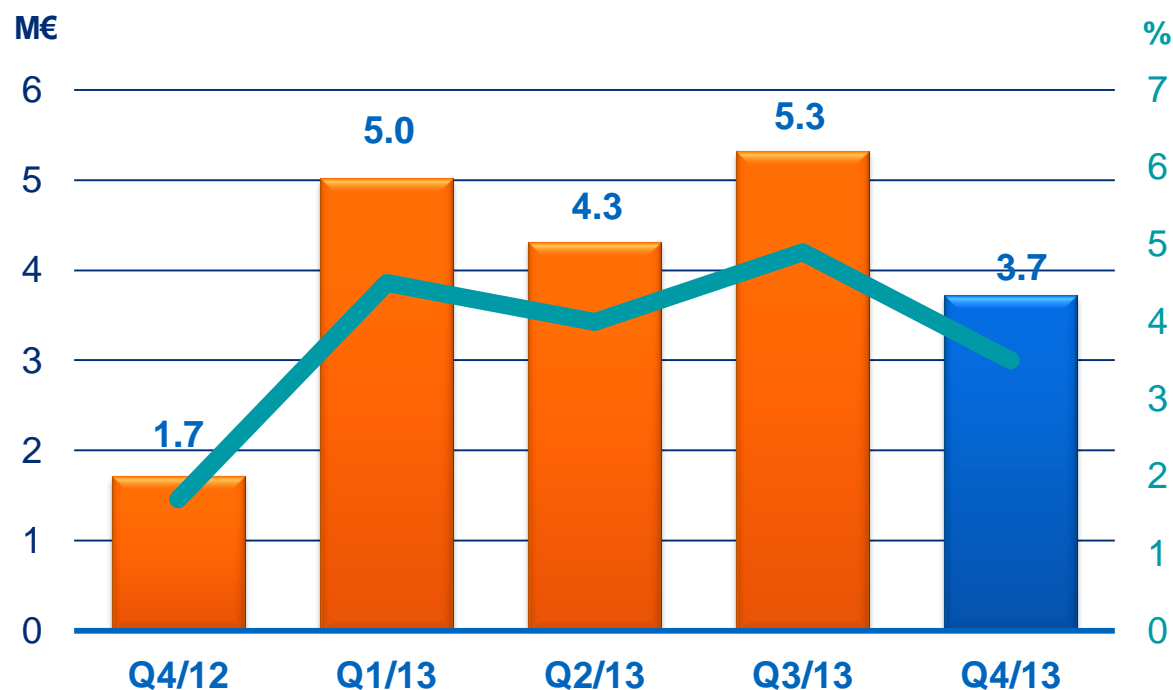


Continuing operations. Also the comparable figures have been adjusted.

- FY 2013 net sales from continuing operations were M€ 433.1 (410.4 M€), growing slightly stronger than market average, +6%.
- In Q4, net sales from continuing operations amounted to 105.2 M€ (98.1 M€), +7 %.
- Favorable demand for nonwovens continued in North American market.
- In Europe, the competitive environment remained tough in Europe, putting pressure on the sales prices.

Operating profit excluding non-recurring items more than doubled from the comparison period

Operating profit excl. non-recurring items, M€ and %

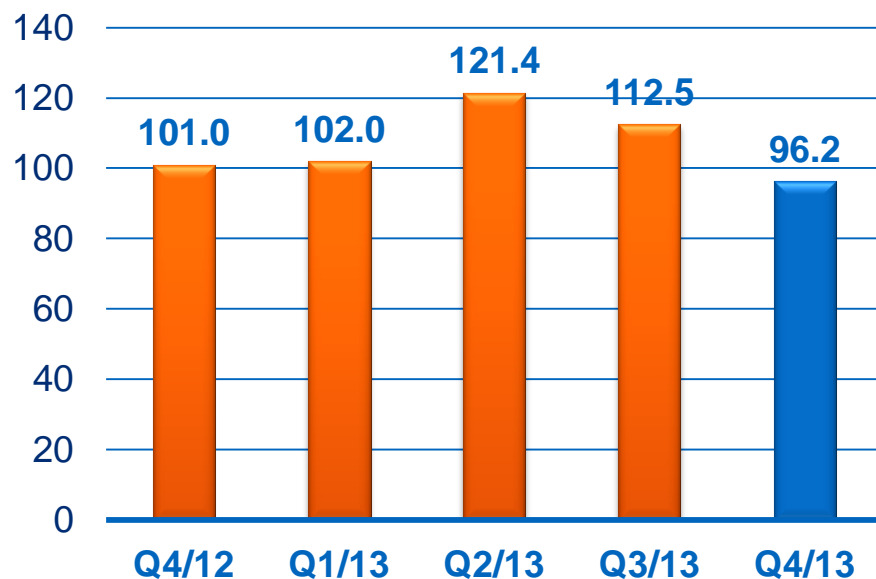


- In FY 2013, operating profit from continuing operations excl. non-recurring items was 18.3 M€ (12.9), +41%
- In Q4, operating profit from continuing operations excl. non-recurring items was 3.7 M€ (1.7), +123%.
- Non-recurring items of -0.9 M€ were reported in the continuing operations during Q4.
- Structural cost savings achieved in 2012 have a clear impact on the financial indicators of 2013.

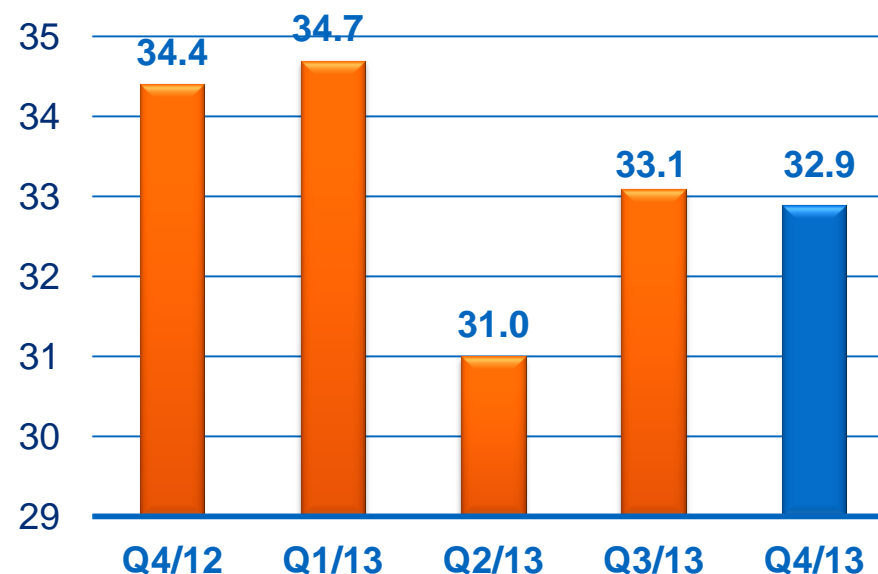
Continuing operations. Also the comparable figures have been adjusted.

Financial position improved

Gearing ratio, %



Equity ratio, %



- Interest-bearing net liabilities decreased to EUR 75.5 million (96.0).
- Leverage was 2.2 in the end of the reporting period.



Thank you!