Annual Report 2015

Suominen

The start of a new era

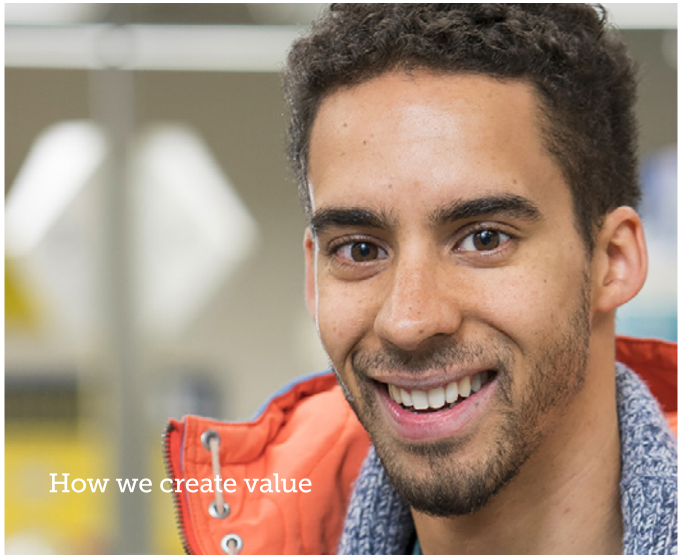
Thanks to determined work carried out across the organization in recent years, we now have a solid foundation to build our future success on. We are targeting growth through product leadership and aim to take Suominen to a whole new level.

Growth investments

We are executing a EUR 60 million growth investment program, which further improves our ability to supply products with higher added value to our customers.

Market Driven Product Leader

Our journey towards our vision to be a Market Driven Product Leader is coming along steadily.



How we create value

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Suominen in brief

Suominen manufactures nonwovens as roll goods for wipes and for hygiene products and medical applications. Suominen is the global market leader in nonwovens for wipes. The company employs over 600 people in Europe and in the Americas. The Suominen share (SUY1V) is listed on the Nasdaq Helsinki Stock Exchange.

Every year, Suominen produces enough nonwovens to cover more than 11 million tennis courts.

Wiping products made of Suominen's nonwovens include, for instance, wet wipes for personal hygiene and baby care, as well as for household and workplace wiping. The company's hygiene product applications include, for example, sanitary pads, diapers and adult incontinence products. Surgical drapes and swabs are examples of the medical applications.

Suominen's locations

Suominen as a company

- The global market leader in nonwovens for wipes, 9th largest of all nonwovens suppliers
- Two business areas: Convenience and Care
- The Convenience business area offers high value-added nonwovens for a range of wiping applications.
- The Care business area provides high-performance nonwovens for use in hygiene and medical products.

93 %

Convenience accounted for 93% of Suominen's net sales.

7 %

Care accounted for 7% of Suominen's net sales.

Five reasons to invest in Suominen

1. Our production plants are located on three continents, in key market areas close to our customers.
2. We operate in growing markets.
3. Our customer relationships are often global and long-term – more than 10 years on average.
4. We have a clear vision and an ambitious strategy to achieve it – with a promising track record.
5. Our dividend policy is to distribute approximately 30% of our profit for the period in annual dividends.

~30 %

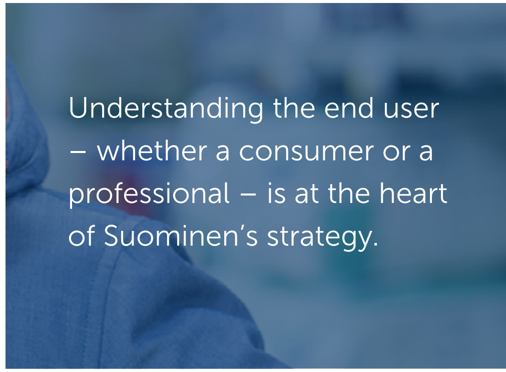
Our dividend policy is to distribute approximately 30% of our profit for the period in annual dividends.

Read more
> Business section

Read more at suominen.fi
> About us
> Investors

End user

The end user of Suominen's nonwovens can be either a consumer or a professional.



Understanding the end user – whether a consumer or a professional – is at the heart of Suominen's strategy.

How we create value

Our purpose is to make nonwovens continuously better for people. At the same time, Suominen creates value through its operations for all its stakeholders – e.g., customers, employees and shareholders.

15.9 % Return on invested capital (ROI) in 2015

Value chain

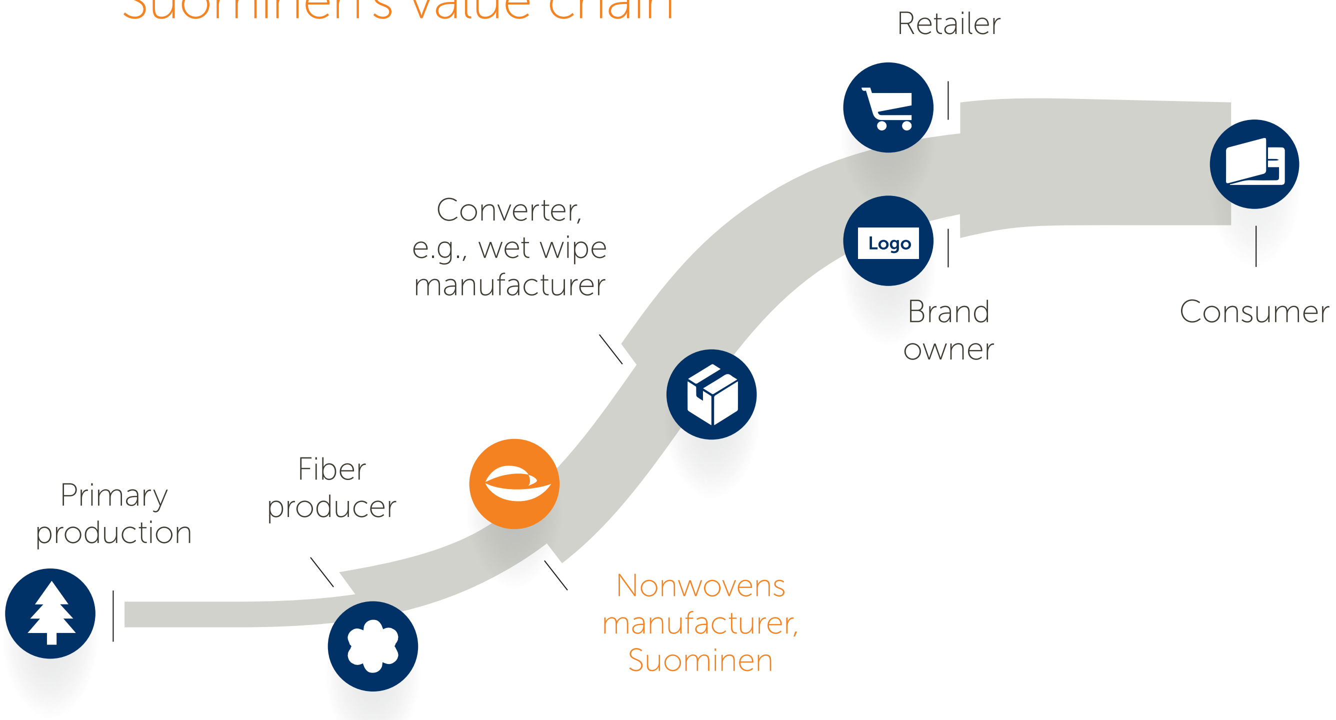
The divestments executed in the last few years have clarified Suominen's position in the value chain. Today, Suominen is a 100% nonwovens manufacturer and is located midway in the value chain, between fiber producers and end-product manufacturers (converters) and brand owners.

100 %

Suominen is a 100% nonwovens manufacturer

Although Suominen operates business-to-business, understanding the end user – whether a consumer or a professional using a product made of nonwovens – is at the heart of our strategy. We cannot achieve our vision to be a Market Driven Product Leader without being able to proactively forecast what our customers and end users will need in the future.

Suominen's value chain



Case

Valuable information through We Love Wipes

We Love Wipes, Suominen's digital consumer dialogue program launched back in 2013, continued in 2015. Nowadays, the We Love Wipes community consists of nearly 25,000 followers who are not afraid to share their thoughts on and experiences with nonwovens products.

We Love Wipes aims to increase consumer awareness of disposable nonwoven products by providing brand-free information on the wide range of products, their different end-use applications and various features – all in a fun and entertaining way. And since the dialogue is two-way, We Love Wipes provides Suominen with valuable information about consumer needs and, in turn, enables us to develop new nonwoven products with higher added value.

In 2015, Suominen boosted its utilization of consumer data in product development and customer cooperation. Focused, in-depth information collected through We Love Wipes is a valuable asset for us and, therefore, we will continue deepening our consumer understanding in order to find opportunities, support product development projects and, ultimately, bring more value to our customers.

Follow We Love Wipes
on Twitter @welovewipes and on Facebook
or see www.welovewipes.com

Value Creation Model

Information concerning year 2015 in brackets.

Resources

Funding
- Cash flow from operations (EUR 27.3 million)
- Total liabilities (EUR 166.0 million)
- Hybrid bond and equity (EUR 125.7 million)

Natural resources
- Water (5,542,291 m^3)
- Raw materials (138,215 tons)
  - Wood-based
  - Oil-based
- Energy (1,683,166 GJ)
  - Natural gas
  - Grid electricity
  - Steam

People
- Over 600 employees
- Employee training (EUR 122,902)

Intellectual capabilities
- Suominen brand
- The Suominen Way
- R&D
- Patents
- Professional & leadership capabilities
- ICT systems

Social relationships
- Customer relations
- R&D cooperation with stakeholders
- Consumer dialogue
- Suppliers
- Manufacturing partners
- Local communities
- Professional networks

Manufacturing platform
- Eight production plants
- Geographically and technically broad manufacturing base

Strategy and operating environment

Vision:
Market Driven Product Leader

↑

Strategy:

1. Deliver superior value in thoughtfully selected market applications
2. Drive proactive key account management for mutual value creation
3. Execute demand-driven supply chain
4. Evolve culture and capabilities to build a strong product company

↑

Our purpose is to make nonwovens continuously better for people.

Emerging global middle class
Aging population
Population growth
Rising healthcare expenditure
Growing consciousness of health
Legislation

Outputs

Products & solutions
- Nonwovens for wipes, hygiene products and medical applications
- Product development (Six new branded products in 2015)

Brands
- We Love Wipes
- Product brands

Waste & emissions
- Direct and indirect greenhouse gas emissions (140,774 tons)
- Waste to landfill (916 tons)
- Treated water from operations

Impacts

Customers
- Accelerated business
- Improved product performance
- Suominen brand value
- Customer satisfaction

Employees
- Wages and salaries (EUR 34.8 million)
- Professional development
- Striving for non-discrimination and equal opportunities
- Safe workplace (AFR 8.29)

Partners
- Payments (EUR 322.3 million)
- Business growth
- Ethical business

Shareholders
- Funds paid (EUR 0.01 per share)
- Market value increase (53% in 2015)

Environment
- Waste and emissions load from operations and end-products
- Compostable and dispersible end-products
- No untreated water

Society
- More convenient lifestyle
- Improved hygiene
- Contribution to reducing the number of infections
- Corporate income taxes paid (EUR 8.3 million)
- Employment

How does the Model work?

Suominen's Value Creation Model depicts our whole value creation process: what kind of resources we utilize in executing our strategy, what are the outputs and, ultimately, the impacts of our business activities. The Model reflects Suominen's intent to gradually progress towards so-called integrated reporting scheme.

The Value Creation Model is basically our business model in a nutshell, which means that only the most essential matters are listed. Still, not all listed matters bear equal importance, nor is their respective relevance presented in the model. That's why the model should be considered primarily as a whole.

In the Value Creation Model, Resources are what we utilize in our business activities.

The Strategy section describes the heart of Suominen's business together with some of the external drivers, such as megatrends, that may have an impact on our operating environment.

Outputs are what comes out of our business activities. Impacts describe how our business activities and our outputs affect the world around us.

Strategy 2015–2017

Vision – where?

Market Driven Product Leader

Financial targets

- Organic net sales growth at a rate that exceeds the industry average (approx. 3%)
- A return on investment of more than 12%
- A gearing ratio between 40% and 80%

Strategy – how?

- Deliver superior value in thoughtfully selected market applications
- Drive proactive key account management for mutual value creation
- Execute demand-driven supply chain
- Evolve culture and capabilities to build a strong product company

Purpose – why?

Our purpose is to make nonwovens continuously better for people

Vision – where?

Our vision, to be a Market Driven Product Leader, reflects where Suominen is headed and what we want to be at the end of this strategy period.

Strategy – how?

Our strategy defines how Suominen will achieve its vision and the targets set for this strategy period. In the execution of the strategy, we will focus on developing four key areas.

If we succeed in the execution of our strategy, Suominen's net sales will amount to approximately EUR 500 million by the end of 2017.

Purpose – why?

Suominen's purpose is to make nonwovens continuously better for people. It is the reason for our existence and the foundation of everything we do at Suominen. It tells us what we actually work for. Therefore, it is also a fundamental part of our strategies – the previous, current and next one as well.

Read more

> Business section

> From the President & CEO

Read more at suominen.fi

> About Us / Strategy

Darryl Fournier
Plant Manager, Bethune, SC, USA

The Bethune investment is the most significant project in Suominen's growth investment program.

Year 2015

After a successful turnaround, Suominen is moving forward and aiming for growth. The positive trend in Suominen's financial development continued in 2015 and, as our investments in production technology and improvements in product development capability and capacity demonstrate, the implementation of our strategy is progressing as scheduled.

60 EUR million

Estimated value of Suominen's growth investment program

From the President & CEO

Becoming a Market Driven Product Leader

Year 2015 marked the start of a new era at Suominen. Thanks to determined work carried out across the organization in recent years, we have turned the business around and now have a solid foundation to build our future success on. As stated in our strategy for 2015–2017, we are targeting growth through product leadership and, indeed, aim to take Suominen to a whole new level.

Favorable development on three continents

In light of the consumer confidence indices, the operating environment remained quite healthy in our main market areas of Europe and North America. In South America, in Brazil in particular, the brisk economic growth seen in recent years took a downward turn. This has not damaged our business in the area, however, since demand for nonwoven products is not very cyclical. As of the acquisition of the Paulínia plant in Brazil in early 2014, we have progressed in the South American markets as planned.

Profitability improved, dividend proposal EUR 0.02 per share

Suominen's financial development in 2015 corresponded with our positive outlook statement issued on October 2015, even though the last quarter of the year fell short of expectations. In 2015, our net sales grew by 10.5% to EUR 444.0 million, supported by the strengthening of the US dollar. Our operating profit margin increased to 7.0%. Our cash flow from operations remained strong, as we expected, at EUR 27.3 million. Suominen's net profit for 2015 amounted to EUR 17.0 million, corresponding to earnings per share of EUR 0.06.

The Board of Directors of Suominen proposes to the Annual General Meeting a dividend of EUR 0.02 per share to be paid for the financial year 2015.

The proposal is in line with the dividend policy issued by the Board of Directors in the fall of 2014.

As the financial figures demonstrate, Suominen's turnaround has been successful. It has also been recognized by the investor community: At the end of 2015, Suominen's market capitalization amounted to EUR 312 million and Nasdaq Helsinki transferred Suominen from the Small Cap segment to Mid Cap as of 4 January 2016.

Strategy execution: solid progress on all fronts

I am very delighted with Suominen team's ability to take significant steps to implement the growth strategy during 2015. Our strategy includes four focus areas – superior product offering, proactive key account management, demand-driven supply chain, and strong corporate culture and capabilities – and we have executed important activities within each of them.

If I were to select a few highlights from the past year, I would naturally bring forth the determined progress in our EUR 60 million growth investment program and the persistent work done to enhance the product development process.

Largest organic investment in Suominen's history to be implemented in Bethune

Our growth investment program was, in fact, launched already in late 2014 with the announcement of three initiatives at our plants in Paulínia, Brazil; Alicante, Spain, and Nakkila, Finland, with a total value of some EUR 4 million. At Paulínia and Alicante, we made improvements to existing lines, allowing us to broaden our product offering to nonwovens with higher added value, such as nonwovens for medical applications. At the Nakkila plant, we restarted a production line that was closed down in 2012, thus enabling us to meet the improved demand in the European market.

And the good news continued into January 2015, when we disclosed the single largest initiative in the entire growth investment program: a plan to build a new production line in North America.

The decision was made to install the new production line, with a total value of close to EUR 50 million, at our Bethune plant in South Carolina, USA.

With this investment, Suominen will take wetlaid technology to a whole new level in the nonwovens industry. The new manufacturing line will be tailor-made, based on our unique technological expertise, enabling us to supply our customers with exclusive, best-in-class nonwoven products. This is perfectly in line with our strategic intent to achieve product leadership.

In September 2015, we decided to raise the total value of the growth investment program to EUR 60 million from the original range of EUR 30–50 million, thanks to the promising growth prospects identified in nonwovens with higher added value.

Suominen Innovation Machine up and running

During 2015, we made numerous efforts to improve our product development process. We enhanced our product development capabilities by building the Suominen Innovation Machine – a full product development process with a strong focus on front-end innovations and a formal Stage-and-Gate procedure to ensure that ideas are transformed into commercial products as efficiently as possible. On the other hand, the fairly strict Stage-and-Gate procedure allows us also to "fail fast" in product development – that is, to terminate development projects early enough if set criteria are not met. Having a firm process for terminating projects with an uncertain outlook enables us to allocate resources to those initiatives that have more promising opportunities for success.

In addition to enhancing our capabilities, we improved our product development capacity by making several important recruitments to the Product Development team.

We estimate that our strong focus on R&D will be reflected also in R&D spending, which is forecasted to increase above 1% of our net sales (0.8% in 2015).

The efforts made in Suominen's product development started to bear fruit already in 2015. Suominen launched a total of six new branded products in the market: five in our emerging Care business area and one in Convenience. The launches reflect our determination to grow the business and make our product leadership vision a reality.

Suominen implements blind hiring process as a forerunner in the industry

As stated in our sustainability strategy, we are focusing our sustainability activities on three areas: product leadership, sustainable operations and responsible value chain. We have initiated activities under all three themes, and this work continues in 2016.

In 2015, Suominen launched an important initiative to promote diversity and equal opportunities in the company.

We have clearly expressed in our Code of Conduct that at Suominen, we will not discriminate against anyone for any reason and have committed to act as a fair employer in all circumstances.

As a concrete measure, we wanted to find ways to ensure that – often unconscious – biases do not affect the hiring process at Suominen.

We decided to pilot so-called blind hiring in fall of 2015.

In blind hiring, the applicant's name and other personal data are hidden, and the recruiter can focus on the relevant factors, such as the candidate's experience and expertise; not, for example, on their gender or ethnic origin. The pilot recruitment was successful and we aim to have blind hiring as the default approach in recruiting across Suominen in 2016. I see this as a prime example of our pragmatic, results-oriented approach to sustainability.

To those behind our success

The end of 2015 also wraps up the first leg of our three-year strategy period. Suominen made great progress and we continue to climb towards our vision of being a Market Driven Product Leader. Making this ambitious vision come true will definitely challenge us at Suominen in many ways in the years to come, but I am confident that with our determined and talented team of experts, it is well within our reach.

I send my sincere thanks to the entire Suominen team for your great commitment and can-do attitude. I would also like to warmly thank our customers, business partners and shareholders for their sustained confidence in us and our endeavors.

We at Suominen are continuing towards our vision and we warmly welcome you to join us on this journey.

Nina Kopola
President & CEO

Year of steadfast strategy execution

In 2015, Suominen focused on executing its EUR 60 million growth investment program and introducing new nonwoven products with higher added value in its portfolio.

16 January Suominen launched FIBRELLA® Lite on the global hygiene market. It combines traditionally incompatible nonwoven features – such as softness, strength and light weight – in one material.

28 January As the forerunner in the nonwovens industry, Suominen introduced HYDRASPUN® Dispersible Plus, the next-generation nonwoven for the growing market of flushable applications.

30 January As a key step in its growth investment program, Suominen started a planning process for an investment in a new wetlaid production line. The investment will be the single largest initiative in Suominen's growth investment program.

3 March Suominen introduced FIBRELLA® Perf to the emerging South American market of medical nonwovens. The product is suitable for both traditional and advanced wound care as well as for surgical applications.

19 March The Annual General Meeting of Suominen decided, among other things, to distribute a total of EUR 2.5 million in funds to Suominen's shareholders. This was the first time Suominen's shareholders were paid funds since 2010.

27 May Suominen confirmed the plan to invest in a new production line at its Bethune plant in South Carolina, USA. In the first phase, the new line will focus on nonwovens for household, workplace and flushable wipes.

1 September Suominen decided to extend its growth investment program to EUR 60 million. Originally, the total value of the program was estimated to be in the range of EUR 30–50 million. The value of the investment in the USA was specified to be close to EUR 50 million.

6 October Ernesto Levy was appointed Senior Vice President, Convenience business area and a member of Suominen's Corporate Executive Team. Thanks to his background in leading consumer brand companies, Mr. Levy brings complementary competencies to Suominen's leadership team.

26 October Suominen specified its guidance regarding the growth of operating profit. Suominen stated that its operating profit from continuing operations excluding non-recurring items for 2015 would improve markedly from the level of 2014.

27 October Suominen launched the FIBRELLA® Move nonwoven, a statement product raising the bar of expectations for materials used in feminine care and other absorbent hygiene applications.

16 November Suominen launched FIBRELLA® Zorb and FIBRELLA® Zorb+ nonwoven products for use in critical surgical care applications in operating rooms and hospitals, bringing high value-added benefits to both Suominen's customers and patients.

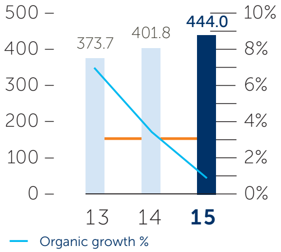
All Suominen's releases published in 2015 can be found at www.suominen.fi.

Key figures

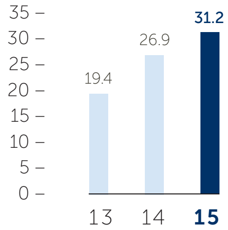
	2015	2014	2013
Net sales, EUR million	**444.0**	401.8	373.7
Operating profit excl. non-recurring items, EUR million	**31.2**	26.9	19.4
Profit for the period, EUR million	**17.0**	10.2	5.7
Earnings per share, EUR	**0.06**	0.04	0.02
Cash flow from operations, EUR million	**27.3**	37.1	21.3
Cash flow per share, EUR	**0.11**	0.15	0.09

	2015	2014	2013
Gross capital expenditure, EUR million	**23.7**	7.1	4.4
Equity ratio, %	**43.2**	41.2	32.9
Equity per share, EUR	**0.50**	0.44	0.32
Gearing, %	**25.9**	34.7	96.2
Return on invested capital (ROI), %	**15.9**	15.7	12.4
Average personnel	**614**	591	550

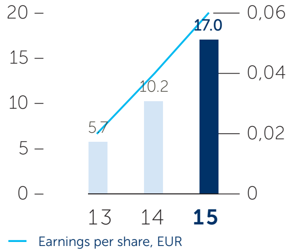
Net sales, EUR million



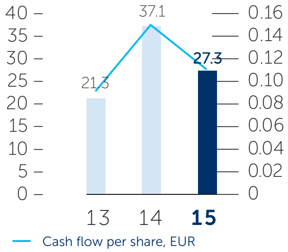
Operating profit excl. non-recurring items, EUR million



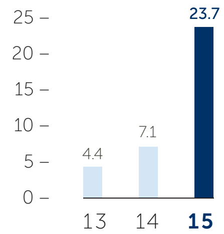
Profit for the period and earnings per share, EUR million EUR



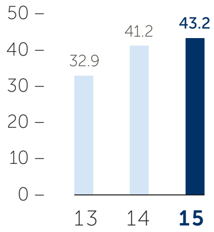
Cash flow from operations and cash flow per share, EUR million



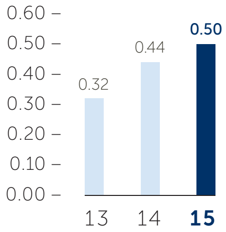
Gross capital expenditure, EUR million



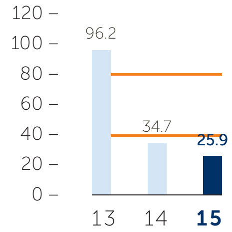
Equity ratio, %



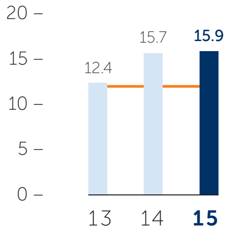
Equity per share, EUR



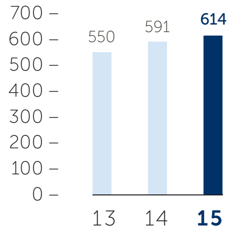
Gearing, %



Return on invested capital (ROI), %



Average personnel



Financial targets

Growth
Suominen aims to increase its net sales organically at a rate that exceeds the average growth rate of the industry (approximately 3%).

Profitability
Suominen aims to improve its relative profitability. The target level of the company's return on investment (ROI) is to be above 12%.

Capital structure
Suominen aims to have a solid capital structure with a gearing ratio principally between 40% and 80%.

Orange lines indicate the target level.

Figures refer to continuing operations unless otherwise stated.

In nonwovens for wipes, we are the global market leader, while in the medical and hygiene markets, Suominen is a challenger.

Marjo Kuisma
Product Manager, Hygiene

Business

Suominen has two business areas: Convenience and Care. Although the scope of their operations might be different today, they nevertheless share many megatrends, raw materials, technologies and employee capabilities. Moreover, the product features may often be similar – after all, nearly all our products eventually touch human skin.

444.0 EUR million

Net sales in 2015

Operating environment

The global nonwovens market totals approximately 26 billion euros. It is a huge market but, on the other hand, a very fragmented one, since nonwovens are used in a vast number of applications.

Suominen has chosen three market segments where it operates:

1. Wiping 2. Medical 3. Hygiene

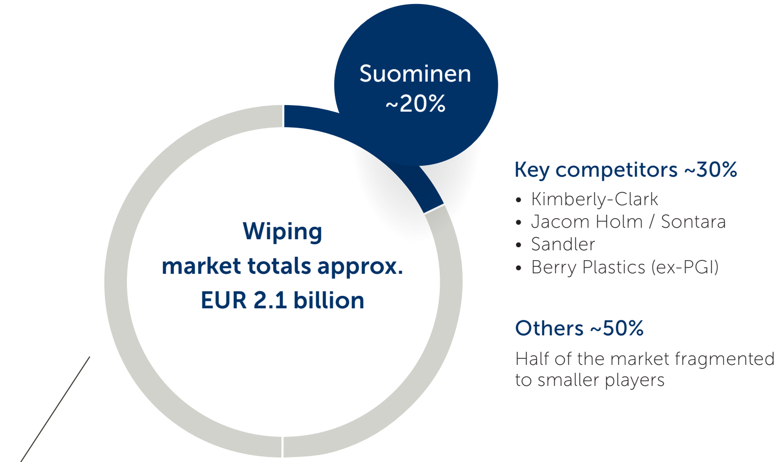
Suominen is the ninth-largest of all nonwovens suppliers. In nonwovens for wipes, we are the global market leader, while in the medical and hygiene markets, Suominen is a challenger.

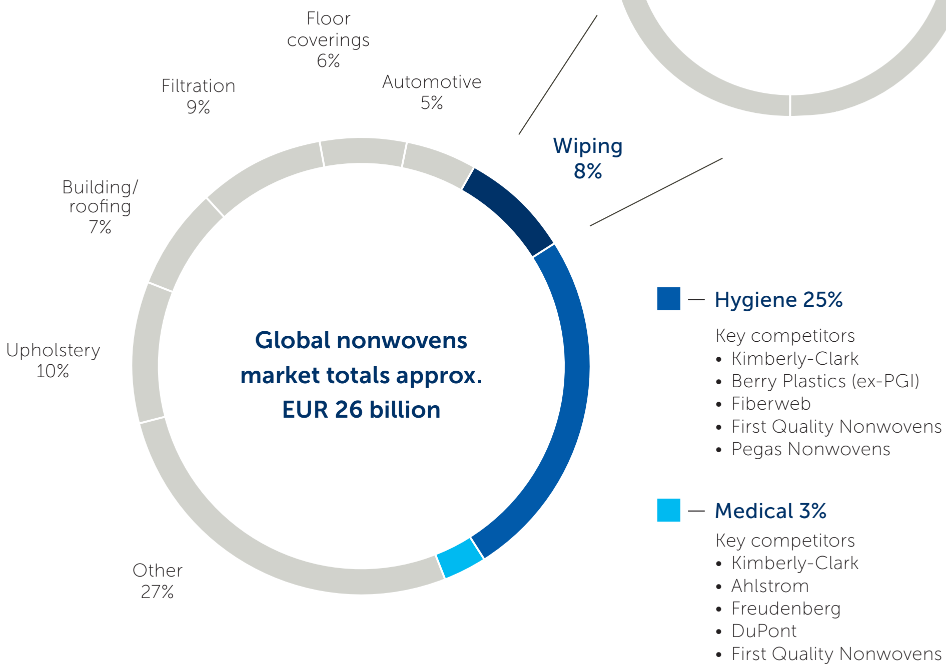
These three market segments are not very cyclical in nature, which separates them from, for example, the automotive and building segments of the nonwovens market.

Of the large hygiene market, it is worth noting that approximately one fifth of it is within our reach. Suominen concentrates only on producing carefully selected nonwoven components with higher added value for hygiene products.

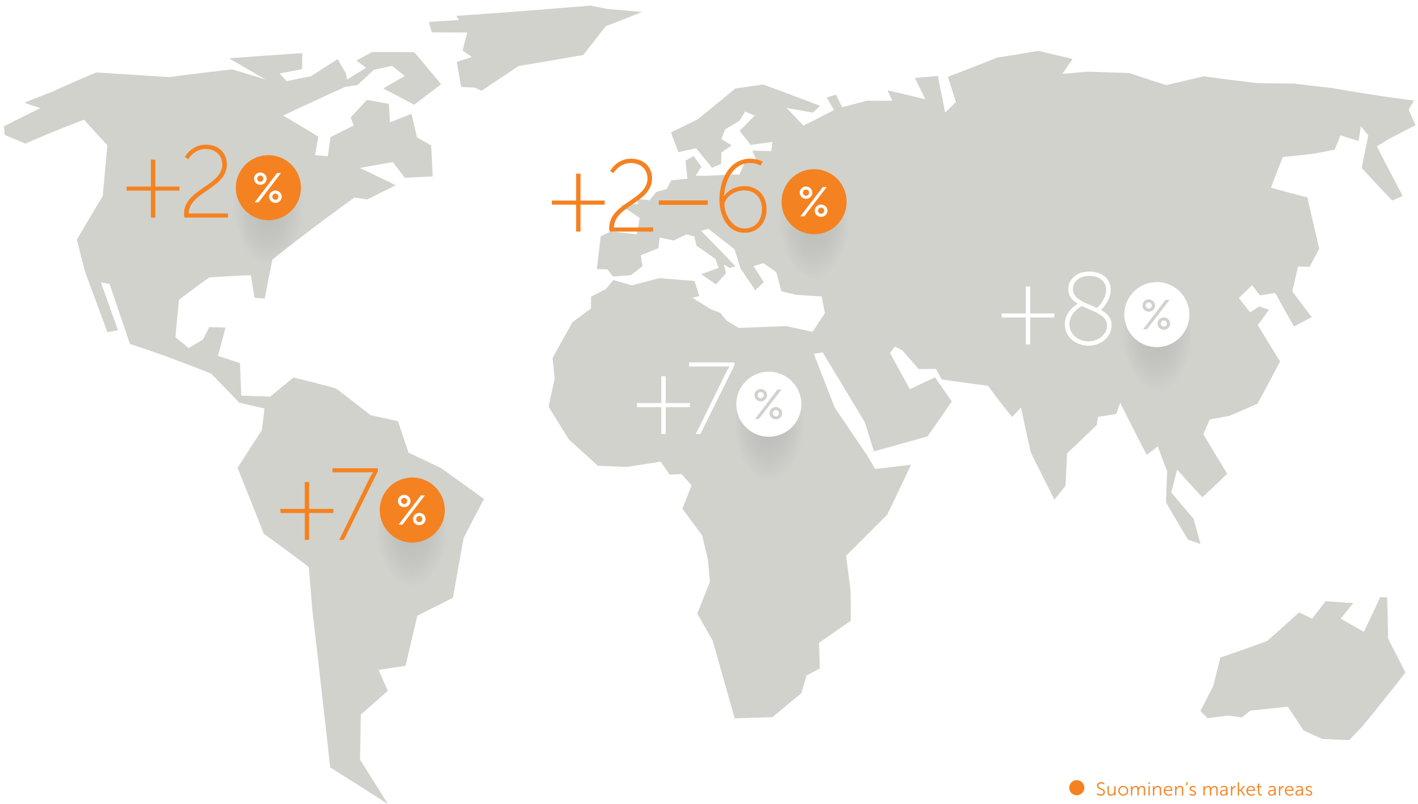
Demand for nonwovens for wiping, medical and hygiene applications is driven by the same megatrends, which are discussed in more detail below. The same raw materials, technologies and employee capabilities are utilized in all three market segments, and the features required of the products in these segments are often quite similar. Nearly all Suominen's products eventually touch human skin.

Suominen's main market areas are Europe and North America. We also have a foothold in the growing South American markets. In these areas, demand for nonwovens used in wipes and in hygiene and medical products is increasing at an annual rate of some 3% in Suominen's selected segments. Exceeding this average growth rate organically is one of the financial targets of our strategy for 2015–2017.





Annual forecasted growth rates of demand for nonwovens used in wipes and in hygiene and medical products



In Asia and Africa, annual growth in the nonwovens markets averages 7 to 8%. One might ask, why is Suominen not operating on those market areas as well? The answer is: Because extending our geographical reach to new areas is not in our focus during this strategy period. We know that successful business in those areas requires both a local footprint and focus. Our focus is currently on our existing geographical markets and on organic growth, i.e. growth achieved without acquisitions.

Growth in demand for nonwovens depends mostly on consumer demand.

Consumer demand is a combination of the general economic situation and consumers' confidence in the development of their personal finances. However, demand for fast-moving consumer goods – that is, end-products for which most of Suominen's products are used – is not very cyclical in nature.

Case

Favorable development in Brazil

Suominen has operated on the Brazilian market since the acquisition of the Paulínia plant in Brazil in early 2014. The development of our business there has been favorable all along.

Brazil – and South America in general – is still an emerging market for nonwovens. While baby care is the principal end-use category for wiping nonwovens today, other wiping applications as well as medical nonwovens are expected to gain market share in the near future.

In general, even though the Brazilian economy was on a downward trajectory through 2015, we did not see this in our local business. This makes Brazil a good example illustrating that the general economic situation doesn't always tell the whole story about the demand for nonwovens. Once consumers adopt a nonwoven convenience product, a baby wipe for example, they will not easily abandon it. All in all, having a modern production plant in Brazil serving the entire South American continent is an essential asset for Suominen.

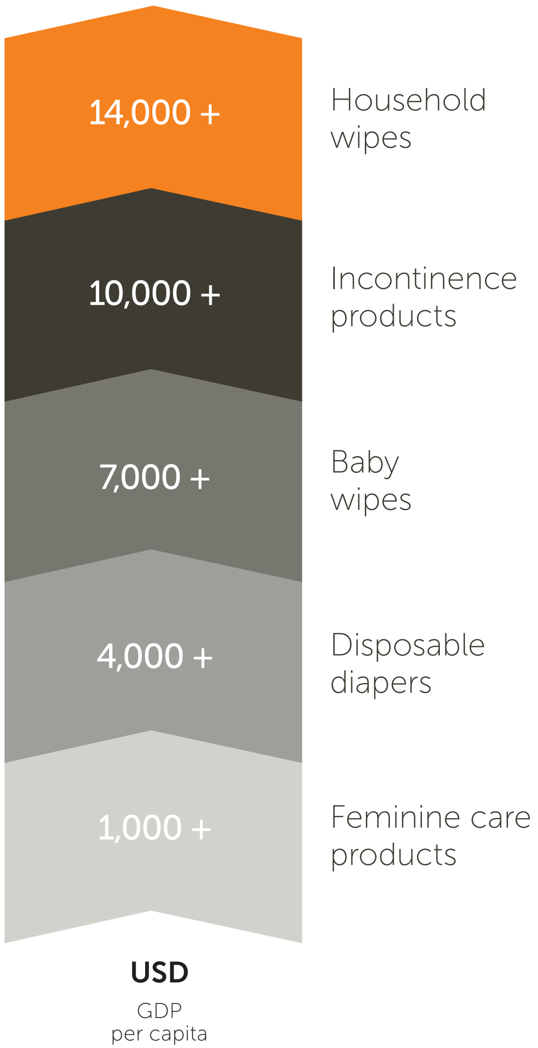
Megatrends change the world – and the business

Megatrends are global changes that profoundly transform societies over a long period of time. Many of them are bolstering our business and consequently boosting our growth forecasts, thanks to their impact on consumer behavior.
They include:

- Population growth
- Growing global middle class
- Aging population
- Rising healthcare expenditure
- Increasing consciousness of health and well-being

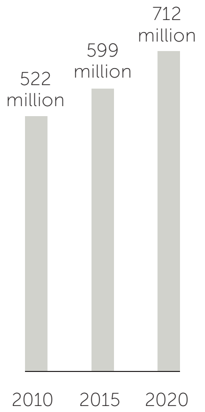
There is a direct correlation between the rise in the standard of living and, for example, demand for hygiene products. According to various industry sources, an increase in gross domestic product (GDP) to only approximately USD 1,000 per capita could spark demand for disposable sanitary napkins. When the GDP rises to roughly USD 4,000 per capita, demand extends to disposable diapers and, with further increases, to other daily hygiene and convenience products.

Demand for nonwovens increases as the standard of living climbs higher



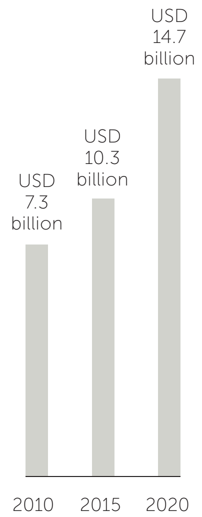
People over 65 years

+113 million



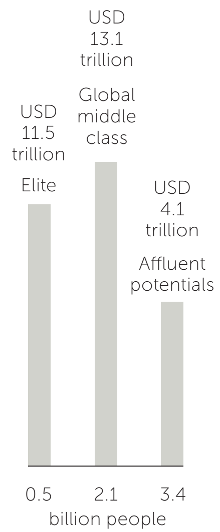
Global expenditure on health

+4.4 USD billion



Estimated aggregate demand in 2020

28.7 USD trillion



The global middle class, the segment of the population with an annual income of between USD 3,000–20,000, is set to become the consumer group with the highest purchasing power in the world in the near future. It has been estimated that by 2020, 2.1 billion people will make up the global middle class.

The rise in the standard of living combined with evolving lifestyles will be reflected in the consumer behavior of the prospering middle class. In addition to essential commodities, the consumption of this demographic will center around solutions that make daily routines easier and less time-consuming. The use of disposable household wipes and beauty care wipes are examples of this phenomenon.

With the aging of the population and changing healthcare models, new needs are emerging and demand for nonwovens used in, for example, medical applications and incontinence products is increasing.

By 2050, people over the age of 60 will make up slightly more than 20% of the global population.*

In 2000, this demographic accounted for only 10% of the population.

The average age of the population is increasing especially in industrialized countries. At the same time, the aging population is staying active for longer, which increases the need for, for example, incontinence products. On the other hand, the need to find cost-effective solutions to combat hospital-acquired infections and various pandemics is also contributing to the increase in demand for nonwovens.

Aging, pandemics and changing healthcare models are reflected in the rising healthcare expenditure. On the other hand, cash flows related to healthcare are increasing as a result of consumers' interest in enhancing their well-being and health. The overall expenditure in healthcare is expected to double between 2010 and 2020.

* UN report: World Population Ageing 1950–2050.

Convenience business area

The Convenience business area offers high value-added nonwovens for a range of wiping applications and for travel and catering products. In 2015, the business area accounted for 93% of Suominen's total net sales.

411.5 EUR million

Net sales in 2015, Convenience

Suominen is the global market leader in nonwovens for wipes. The applications for our nonwovens for wipes are:

- Baby care (40% of Suominen's total net sales in 2015)
- Personal care, including flushable products (22%)
- Household care (17%)
- Workplace applications, e.g., in healthcare and food service (11%).

The customers of Convenience include global consumer brands, manufacturers of private labels and regional nonwoven converters. Our customer relationships are typically very long, on average more than ten years.

Convenience in 2015

The net sales of the Convenience business area totaled EUR 411.5 million in 2015 (EUR 369.4 million in 2014). The 11% net sales growth was mostly due to the strengthening of the US dollar compared to the euro.

2015 was a year of growth investments for Suominen as we had initiatives underway at several production plants. The investment will benefit both business areas.

- We added capacity in Nakkila by restarting a production line that was shut down in 2012.
- We invested in new capabilities in our production lines in Alicante and Paulínia in order to expand our product offering.
- The major investment in a new wetlaid production line in Bethune was kicked off in fall of 2015.

These investments demonstrate our commitment to continued consumer-driven innovation in order to become a Market Driven Product Leader. For more information on the investments, please take a look at the Growth investment program section.

We also stepped up our pace in driving proactive key account management, just like Suominen's strategy suggests. For example, we organized the first ever Suominen Symposium for our European customers. This product-oriented event focused on innovation and leadership in nonwovens and was only the first in our series of similar initiatives worldwide.

In 2015, we launched HYDRASPUN® Dispersible Plus in the global wipes market, taking flushable nonwovens to a whole new level. This is a good example of Suominen's market-driven innovation, which, for its part, is crucial as we leverage the growing markets. As the best flushable nonwoven product available today, HYDRASPUN® Dispersible Plus responds to worldwide regulatory changes calling for products that will not clog waste-water systems. It is yet another product in our portfolio of flushable substrates that we have been developing as pioneers in the industry.

In fact, it was our people who invented flushable nonwovens and introduced them to the wiping world already in the 1990s.

Convenience outlook

The main market areas for Convenience are North America and Europe, and we also have a foothold in the promising South American market, thanks to the acquisition of the Paulínia plant in Brazil in early 2014.

The outlook for the Convenience business area is auspicious, as demand for nonwovens used in wiping products is projected to increase in all market areas.

The forecasted growth varies, however, across applications. For instance, the growth rate in nonwovens for baby wipes is around 2% in our main market areas, reflecting the relative maturity of these markets. On the other hand, the forecasted growth rates in nonwovens for flushable wipes, for example, are as high as 9% in the same geographical areas.

Growth rates may vary widely also across market areas. This is visibly illustrated in nonwovens for household wipes, as the growth rate for the application is projected to be 2% in Europe, but 7% in North America. The variation in estimated growth rates indicates, among other things, that the market for disposable household wipes is still emerging in Europe.

The conditions for growth are favorable, as the appreciation of a healthy lifestyle, well-being and a high level of personal hygiene, as well as efforts to achieve everyday comfort and convenience are global megatrends that are gaining momentum.

For the Convenience business area, the name of the game is higher added value for customers.

In line with Suominen's strategy, Convenience will continue to seek growth especially in applications where our product leadership is established and where we have the opportunity to create higher added value. We trust in our capabilities of profound consumer understanding, value-adding key account management and innovation, which, combined with our global manufacturing footprint and supply chain, will help us bring even better products and knowledge to the market. In the near future, our focus will be on boosting our product development as well as enhancing and harmonizing our services and internal processes.

The growth rates for the applications of Suominen's products in the main market areas

	North America	Europe	South America
Baby wiping	2%	2%	5%
Personal care wiping	6%	6%	*
Household wiping	7%	2%	*
Workplace wiping	5%	3%	*
Flushable wiping	7%	9%	*
Travel & catering products	5%	5%	*

*** Commercially small amounts supplied**

Care business area

The Care business area provides high-performance nonwovens for use in hygiene and medical products. In 2015, the business area accounted for 7% of Suominen's net sales.

32.4 EUR million

Net sales in 2015, Care

The main end-use applications for Suominen's nonwovens for hygiene products are:

- Baby diapers
- Feminine hygiene products
- Adult incontinence products

The main end-use applications for medical products include:

- Wound care applications
- Orthopedic care applications
- Surgical drape components
- Drug delivery components

In hygiene and medical products, nonwovens most often act as components of end products.

For example, feminine care products can consist of several layers of different materials, with nonwovens being just one of them.

Customers of the Care business area include global consumer brands, manufacturers of medical and hygiene products and regional nonwoven converters.

Care in 2015

The net sales of the Care business area totaled EUR 32.4 million in 2015 (EUR 32.3 million in 2014). In 2015, Care's sales suffered due to a large customer having non-Suominen-related operational issues. This is the main reason behind the flat sales growth in 2015.

However, there was more good news than bad news in 2015: Care significantly expanded its global customer base during 2015, launched five new branded products and leveraged our global platform through investments at our plants in Alicante, Spain and Paulínia, Brazil. What is more, market growth in hygiene and medical markets remained positive. We are confident that these aspects will give us positive momentum in years to come.

Care outlook

The main market areas for Care are North America and Europe. The investment made at Suominen's plant in Brazil in 2015 also enables the business area to supply medical and hygiene products in South America.

Solid growth in demand is forecasted to continue at Care's target markets.

In North America, demand for nonwovens for medical products is projected to grow roughly 5%, while in Europe the estimated annual growth rate is around 3%. These growth forecasts are supported by the current global health and well-being megatrends: an increase in the number of pandemics and hospital-acquired infections, as well as the challenges and changing operating models faced by the healthcare sector.

The growth prospects for hygiene applications are driven by demographic factors such as population growth, the increase in income in developing countries and the ageing of the population in developed countries. In nonwovens for hygiene products, annual market growth in North America and Europe is close to 4%.

The goal for the Care business area is to achieve substantial growth. This will be sought by concentrating on two areas: firstly, on expanding our product portfolio and, secondly, on nurturing our customers, because developing business relationships can take time in medical and hygiene markets.

Case

Five new branded products launched in 2015

During 2015, the Care business area launched five new branded products within the FIBRELLA® product family. Three of them are for medical and two for hygiene applications. All these new products support Suominen's strategic goal of developing and introducing high value-added nonwovens with unique features, which make them particularly interesting for very specific applications.

For example, FIBRELLA® Move is a major step forward in fluid acquisition and fluid management and it raises the bar for materials in the construction of feminine care products as well as for other absorbent hygiene applications. It enhances wearer comfort and body fit, and at the same time gives convertors a new nonwoven that easily runs on high-speed converting lines and is highly compatible with other components.

FIBRELLA® Perf is another good example, as it represents everything required of a best-in-class wound-care product: it is breathable, skin-friendly, low-linting and very absorbent. These features make it equally applicable to surgical laminates and apparel. There is also another interesting aspect of FIBRELLA® Perf: since it is the first nonwoven product Suominen manufactures for Care business area in Paulínia, Brazil, it opens up the South American medical markets to us.

Growth investment program

Suominen's investments in a nutshell

Plant	Estimated value	Installed during
Bethune	approx. EUR 50 million	estimated H2/2016
Alicante	approx. EUR 4 million	2015
Nakkila		
Paulínia		
To be confirmed	approx. EUR 6 million	

In December 2014, Suominen launched a growth investment program to execute its strategy for 2015–2017. At the time of the launch, the value of the program was estimated at EUR 30–50 million in total, but was later raised to approximately EUR 60 million due to the promising growth prospects in high value-adding nonwovens applications.

Intensifying the growth investment program supports our strategic target of achieving above-industry-average growth in net sales.

The investment program is helping Suominen to transform its product portfolio; in other words, to increase the share of products with higher added value. This will enhance our ability to supply superior products to our customers and, ultimately, to end users.

The program benefits both the Convenience and Care business areas: it will further strengthen Suominen's leading position in wiping markets and provide us with a clearly improved opportunity to grow the Care business area.

At the end of 2015, the investment program covered four of Suominen's production plants.

Clear rationale for choosing the Bethune plant

In early 2015, we announced our plans to invest in a new wetlaid production line in order to implement our growth strategy. As the planning advanced, Suominen's existing plant in Bethune, SC, USA, was chosen as the location of the new production line.

We selected the Bethune plant for several strategic and financial reasons:

1. Bethune is located in North America, where demand for high value-adding nonwovens has both developed favorably historically and has attractive growth forecasts.
2. The Bethune plant is ideally located in the Carolinas, the nonwovens hub of North America, and is favorably located from the logistical standpoint of serving our customers and managing our raw materials.
3. The plant already has ongoing operations, highly skilled staff and considerable infrastructure already in place for expansion.

The Bethune investment is the most significant project in Suominen's growth investment program.

The new production line is essential for the execution of Suominen's growth strategy, for it will serve several high value-adding end-use applications. It will be tailor-made, based on our unique nonwovens technology expertise, and will take wetlaid technology to a whole new level in the nonwovens industry.

The total value of the Bethune investment, including both equipment and facilities, will be close to EUR 50 million. The investment is significant for Suominen both financially and strategically, but, since it is expected to create at least 25 jobs in Bethune, it is also vital to the local community.

The new production line is expected to be installed during the second half of 2016.

Three investment projects in Europe and South America

In Alicante, Spain, we executed a production line modification. The modification further improves production reliability at the Alicante plant and expands its product offering to nonwovens for household and workplace wipes and also for medical products.

The Alicante investment is expected to open up new opportunities for Suominen in the European market.

In Nakkila, Finland, a production line that was shut down in 2012 was restarted in March 2015. The improved demand in the European market and Suominen's strategic objective to grow encouraged us to re-evaluate the situation.

The line restart at Nakkila also had an effect on Suominen's personnel, with 13 new employees being recruited.

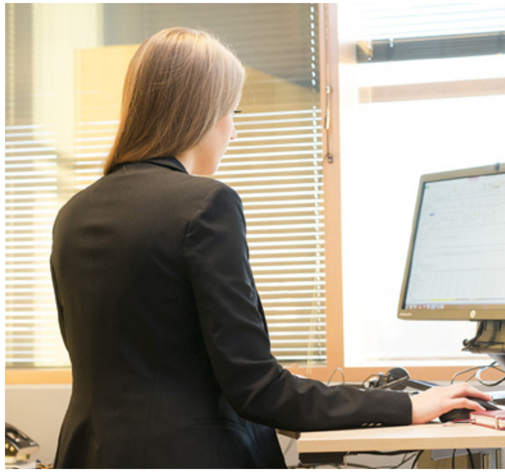
In Paulínia, Brazil, we invested in production technology that makes it easier for us to supply nonwovens for, e.g., medical applications in South America. The upgraded technology additionally enables us to manufacture more differentiated nonwovens, which is vital in the growing South American wipes market.

Installations of all three investments were completed on schedule in 2015.

Read more
> How we create value

Read more at suominen.fi
> Investors

Pinja Taittonen
Assistant Business Controller



Our purpose is to make nonwovens continuously better for people. That is the basis of sustainability at Suominen.

Sustainability

Sustainability stems from the business and ultimately supports the business. It cannot be reduced to reporting or charity activities. Instead, it involves, e.g., developing more responsible products, which our customers and end users crave. That is the way we see it.

5 %

Reduction in GHG emissions in 2015

Sustainability strategy

At Suominen, sustainability means that we take also environmental and social matters into account in our decision-making. Our sustainability strategy – the first of its kind at Suominen – was composed at the end of 2014 to support our business targets. It defines precisely where we should target our efforts and resources. Sustainability was not, however, a new concept for us. Still, this was the first time we clearly laid down its strategic importance and specified which themes are the most crucial to us and our stakeholders.

In practice, the sustainability strategy crystallizes our focus areas in promoting sustainable development, as well as our key projects for the strategy period 2015–2017.

The focus areas of sustainability for Suominen, determined through a materiality analysis, are:

1. Reaching product leadership
2. Operating sustainably across the company
3. Fostering responsibility through the value chain

During 2015, we kicked off three key projects to implement the sustainability strategy:

1. Product Sustainability Review
2. Non-Discrimination and Equal Opportunities Program
3. Supplier Code of Conduct

However, as Suominen's purpose is to make nonwovens continuously better for people, it is worth keeping in mind that sustainability is not present only in specific projects or programs. In fact, almost the opposite is true: sustainability is a day-to-day matter that is concretized, for example, in the development of more responsible products and in all interaction with our stakeholders.

Stepping up the sustainability of nonwovens

Having a sustainable product offering is one of the core elements of Suominen's sustainability strategy, since all three focus areas of the strategy are directly or indirectly related to products. This means that Suominen's products are always safe and fit for the purpose, renewable raw materials are used more often, and we strive to meet all sustainability requirements set by our customers and end users.

In 2015, we launched a distinct product sustainability project, which was based on a holistic, three-part concept of sustainability.

This involved reviewing selected case products in our offering, based on all the dimensions of sustainability. The first phase of the project, examining the sustainability of the case products, was completed at the end of 2015. As a result, we now have a better-than-ever understanding of what our customers, end users and legislators may require from Suominen's products in terms of sustainability and how our product portfolio currently meets expectations. The next step is to plan and prioritize the identified cross-functional development measures and put the plan into action.

Sustainability reporting at Suominen

Suominen's Annual Report 2015 examines sustainability from the social, environmental and financial perspectives of responsibility. We report on our sustainability work every year in the Annual Report.

Health, safety and environmental data is collected from Suominen's production units. In accordance with the materiality principle, locations that do not have production operations are not included in the data.

The graphics in the Sustainability section present historical data as of 2013. All of the graphs reflect Suominen's continuing business.

The Windsor Locks plant in CT, USA, is utilized by both Suominen and Ahlstrom Corporation. Where the Windsor Locks plant is concerned, only the resources used by Suominen are taken into account in the environmental figures. In the safety indicators, personnel who have worked on Suominen's production lines but are not on Suominen's payroll are excluded.

We continuously develop our sustainability reporting with the goal of open, meaningful and equal stakeholder communication.

Social responsibility

In 2015, the significance of the social dimension of sustainability rose higher on Suominen's agenda as a result of the chosen strategic emphasis and, thanks to the materiality analysis, the increased understanding of which themes of social responsibility are essential to us.

Suominen is committed to offering its employees a fair, safe and healthy work environment. This is the bread and butter of our social responsibility, but, of course, there's more to it than that. To boost our social responsibility efforts, we launched a Non-Discrimination and Equal Opportunities Program as part of our strategic target to further promote sustainable operations across the company.

Developing our employees' capabilities and promoting motivation and a commitment to our common goals is a prerequisite for successful strategy execution. In 2015, Suominen spent EUR 122,902 (EUR 250,607 in 2014) in personnel training.

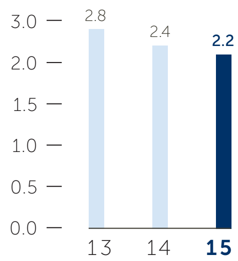
Personnel training costs are investments in the company's future success

Only healthy employees are capable employees. That is why Suominen strives to improve employees' working ability and well-being. Last year, absences due to illness amounted to 2.2% of total working hours (2.4% in 2014).

Eyes on equal pay

As part of the strategic Non-Discrimination and Equal Opportunities Program, Suominen conducted internal research on pay equity between men and women in 2015. The research involved all salaried employees globally, i.e. 277 people in total. Employees with hourly wages were excluded from the research because of the comparability issues between employees.

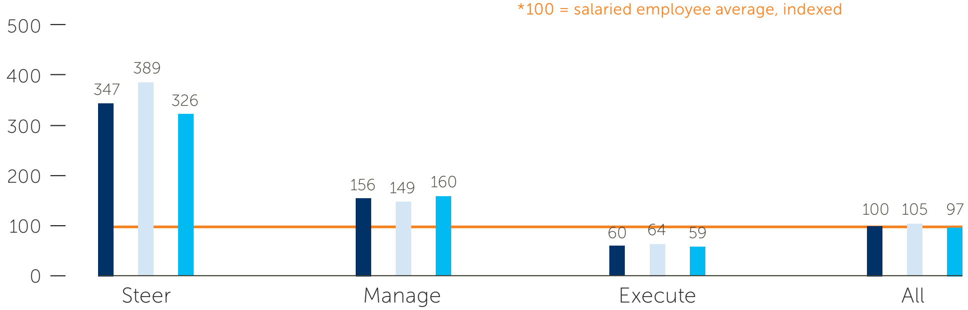
Sick absences, % of total working hours



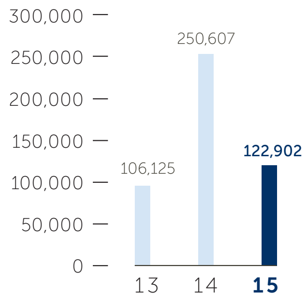
Salaries at Suominen, indexed*

All Female Male

*100 = salaried employee average, indexed



Personnel training costs, EUR



We are committed to the "equal pay for equal contribution" principle.

We gained valuable information on the current situation through the research and, much to our delight, we discovered that the overall situation is fairly good. We found out that the gender pay gap varied somewhat from country to country due to structural reasons. For example, at certain plants women and men are not equally represented in all functions and on all organizational levels, which makes valid comparison difficult. Our conclusion was that the root cause of gender pay gaps at Suominen is structural imbalance, rather than men and women being paid unequally for the same work. We will monitor the gender pay gaps and are committed to taking corrective measures whenever necessary.

Disappointments in safety rates

In 2015, we continued to target zero lost-time accidents but, unfortunately, our safety rates weakened from the record-low level of the previous year.

Case

Sustainability strategy put into practice in blind hiring

As part of the Non-Discrimination and Equal Opportunities Program, we kicked-off a so-called Blind Hiring Pilot Project in 2015 to see if this could serve as a method of promoting diversity and ensuring equal opportunities when applying for a job at Suominen. Although we knew that most of the personal data of the applicants, e.g., full name, gender and ethnicity, is irrelevant to Suominen, we were aware that such data could unconsciously bias the recruitment process. This led Suominen to test out blind hiring – that is, leaving the personal data of the applicants hidden in the process as fully as possible.

Blind hiring was piloted in late 2015 in the recruitment of an Assistant Business Controller in our Helsinki office. First, we defined a few pivotal selection criteria that were objective, quantifiable and based on the job description. An external recruitment consultant assessed all applications using these criteria and selected the first group of candidates. The hiring manager at Suominen then narrowed the group down to six candidates based on their applications and résumés, with any personal data hidden. This ensured that the applicants were assessed only on their merits, and their identities were revealed to the hiring manager only in the interview phase.

The pilot was successful, and the blind hiring process also brought efficiency, clarity and structure to the hiring process. Suominen aims to have blind hiring as the default approach in recruiting across the company. The principle is meant to be utilized in all new recruitment, including top management.

Read more at suominen.fi

> What's new / Hiring manager's blind date

Suominen's eight plants recorded a total of nine lost-time accidents. That is nine too many.

We develop occupational safety according to the principle of continuous improvement. In improving safety, Suominen places particular emphasis on influencing attitudes, behavior, and operating models and on building a culture of work safety. Safety monitoring is part of the daily activities of our production plants.

Our Accident Frequency Rate (AFR) increased to 8.29 in 2015 (1.83 in 2014). We did not identify one single reason why the rate went up and, therefore, Suominen maintains its focus on people's safety behavior, as in most of the cases the root cause of an accident is unsafe behavior. In addition, we are paying more and more attention to being proactive when it comes to preventing accidents. This has led us to, among other things, introduce and monitor some new indicators, such as days without professional medical intervention (PMI).

Behavior-Based Safety program

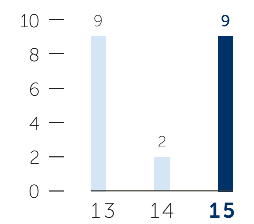
The Behavior-Based Safety (BBS) program kept rolling for the second year in 2015 and, during the year, the program was implemented at all remaining Suominen plants. BBS emphasizes the individual's responsibility in occupational safety, takes the human factor into account, and focuses on influencing the attitude and motivation of individuals.

The Behavior-Based Safety program is our way to achieve a new level in safety.

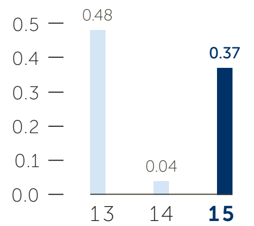
BBS is implemented through Safety Walks. In a Safety Walk, a trained employee walks through the plant premises, identifying both safe and unsafe behaviors and conditions, and then engages in an open conversation with the employees. Safety Walks are based on the notion that safety is everyone's responsibility. They create a safety partnership between the observer and the observed individual, focus people's attention and actions on their own daily safety behavior as well as on the safety behavior of those around them.

By the end of 2015, a total of 196 Suominen employees had participated in Safety Walk training. A total of 8,611 Safety Walks were performed and altogether 3,508 safe acts and conditions, and 3,524 unsafe behaviors and conditions were identified during the walks.

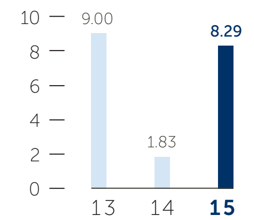
Lost time accidents (LTA)



Accident severity rate (ASR)



Accident frequency rate (AFR)



Environmental responsibility

Suominen strives to reduce the environmental load of its operations and minimize the environmental impacts of its products throughout their life cycle. In 2015, we especially sought to improve our energy and water efficiency.

Suominen's environmental responsibility stems from our purpose "to make nonwovens continuously better for people".

Suominen is committed to considering the environmental impacts of its operations in accordance with the International Chamber of Commerce's (ICC) principles of sustainable development. We have identified that our environmental impacts are primarily related to the raw materials, energy and water used in production, and to the waste generated during the production process. We prioritize the continuous improvement and streamlining of our operations, and foster the principle of reusing and recycling materials.

Raw materials as important as ever

Since roughly 60–70% of Suominen's expenses consist of raw materials, they play a prominent role in our business. In 2015, Suominen purchased 138,215 tons of fiber raw material (138,519 tons in 2014), most of it being viscose, pulp, polypropylene and polyester. 48.2% of Suominen's raw materials originated from renewable resources.

Energy and water efficiency in focus

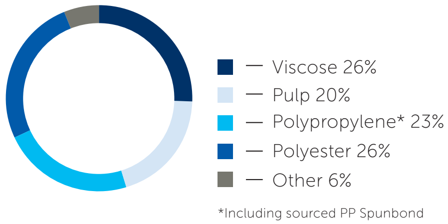
Improving our energy and water efficiency is something we especially focused on during 2015. In energy efficiency, the target was to achieve a 2% reduction in consumption, while in water efficiency the goal was set at a 12% consumption decrease in 2015.

Suominen's energy consumption, 12.78 GJ/t, decreased from the level of 2014 (13.02 GJ/t). The targeted reduction of 2% was nearly met, as we managed to achieve a reduction of 1.9%. Our work towards energy efficiency does not, however, end here, for we will continue our efforts to reduce our energy consumption also in the future.

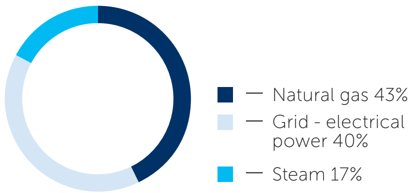
21.9% of the energy Suominen consumed in 2015 came from renewable sources.

Our water efficiency improved in 2015, as consumption fell to 42.08 m^3/t from 43.01 m^3/t in 2014. However, the decrease fell short of our target. One of the identified reasons for this is that the water consumption measurement system at our plant in Windsor Locks, CT, USA, is based on estimates, as the facility is also utilized by Ahlstrom Corporation. We are working on improving the measurement accuracy of our specific water consumption at that plant and, hence, will have flow meters installed during 2016 in

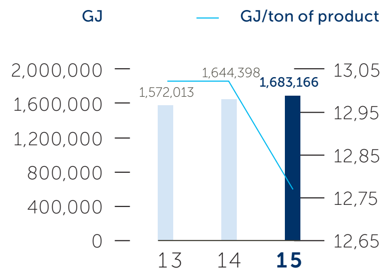
Raw material usage in 2015 (in total 138,215 tons)



Energy consumption by source in 2015 (in total 1,683,166 GJ)



Energy consumption and energy efficiency



order to show factual consumption and improvements. The Windsor Locks plant alone represents around 70% of Suominen's water consumption, due to the wetlaid production technology utilized at the plant.

Suominen's production plants do not discharge a single drop of untreated water.

Thanks to our continuous efforts to improve our water-treatment systems, all the water used in Suominen's operations is as clean or cleaner than it was when taken into our process. That's why we can say that we don't have any untreated water among our outputs – only treated water.

A proud moment in 2015 was when Suominen's plant in Green Bay, WI, USA, achieved the Gold Award in recognition of full compliance with Federal, State and local waste-water operations and discharge standards and requirements for four years in a row.

Choices for lower emissions

Last year, Suominen focused efforts on enhancing the measurement of its greenhouse gas emissions. This was our planned first step in reducing emissions as effectively as possible in the future, because it is only by knowing where emissions stem from that we can take corrective actions.

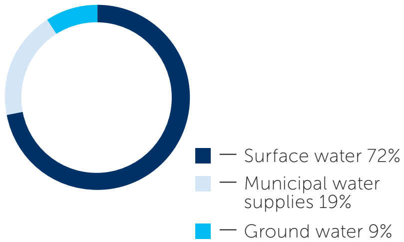
In 2015, Suominen's total greenhouse gas emissions (direct, scope 1, and indirect, scope 2) fell to 1.07 t/t of CO_2 equivalent, down from 1.12 t/t in 2014.

Suominen has purposely chosen to purchase energy from lower-carbon-emission sources and, as a result, the total indirect CO_2 emissions (scope 2) were 10.4% lower in 2015 than the average in the countries where we operate.

Waste volumes kept going down

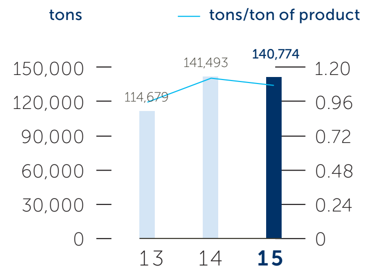
After the massive 60% reduction in 2014, we managed to further decrease the amount of landfill waste to 6.96 kg/t (7.03 kg/t in 2014).

Water intake by source in 2015 (in total 5,542,291 m³)

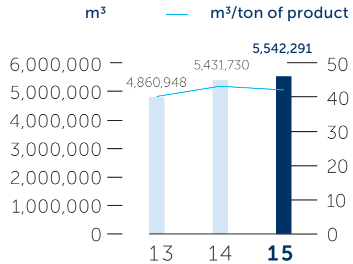


Greenhouse gas emissions*

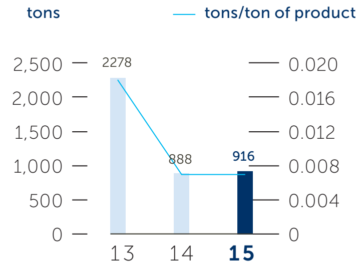
*including direct and indirect emissions



Water consumption and water efficiency



Waste to landfill



Economic responsibility

Suominen wants to be a good corporate citizen. We comply with local laws and regulations and follow good corporate governance and other generally accepted business practices. We strive to carry out our business activities according to the expectations of society and our stakeholders wherever we operate.

Suominen's turnaround into a company aiming for growth has been successful.

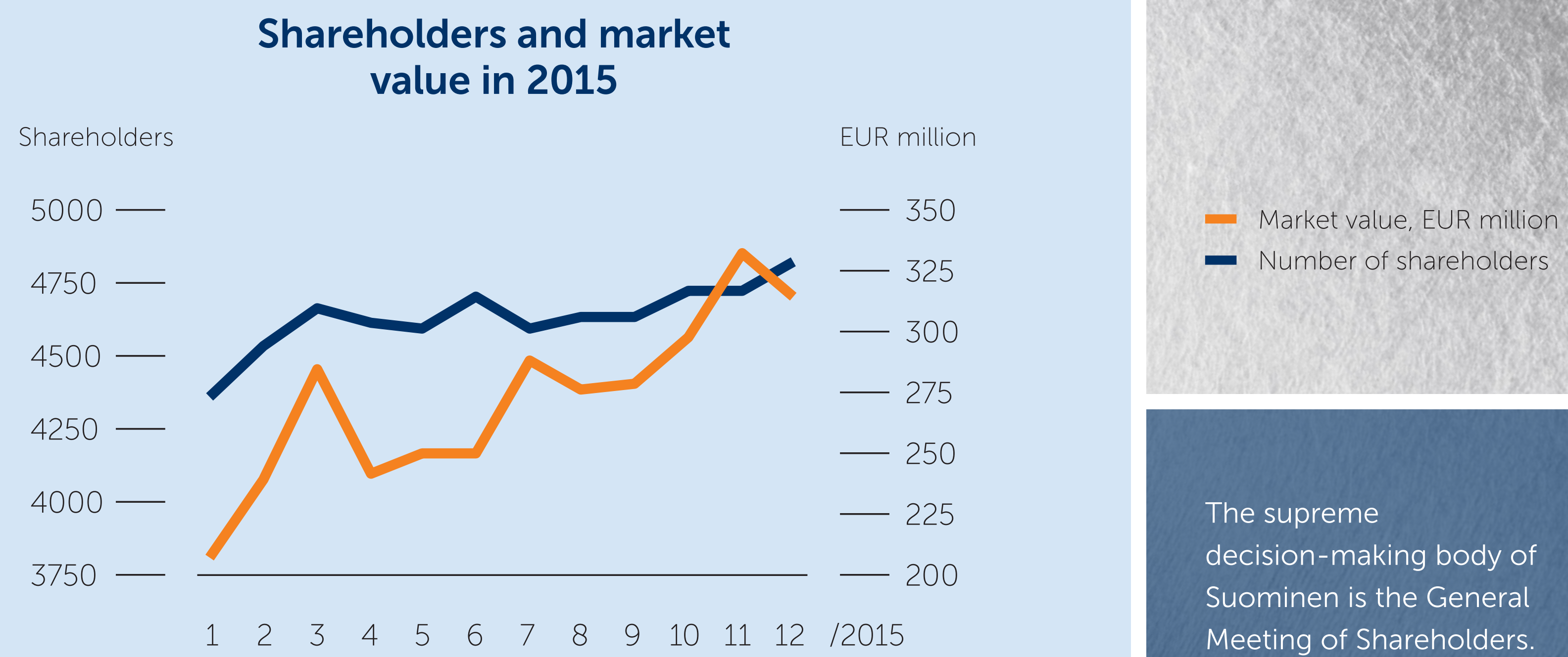
We are economically vital and we intend to keep it that way. As the development of our operating profit – from EUR 25.9 million in 2014 to EUR 31.8 million in 2015 – suggests, progress has been made in profitability. Last year, our profitability was impacted by both internal work, such as maintaining cost-consciousness, and by external effects, such as exchange rates. Our internal work on profitability will continue also in the future. Good profitability and a strong financial position are prerequisites for meeting our financial obligations to our various stakeholders and contributing to increasing general economic well-being.

From a financial perspective, the EUR 60 million growth investment program was probably the biggest piece of news from Suominen in 2015. The most significant initiative in the program – the investment in a new state-of-the art production line at the Bethune plant in SC, USA – is also the largest investment in organic growth in Suominen's history, with an approximate value of EUR 50 million. The growth investment program is significant not only for Suominen, but also for the local communities, since the investments create jobs. In Bethune, we will create at least 25 new jobs by the end of 2016 and in Nakkila, Finland, 13 new employees were recruited in 2015, thanks to the re-opening of a production line.

Read more
> Business section

Read more at suominen.fi
> Sustainability
> Sustainability / Code of Conduct

Stakeholder	Direct financial impact in 2015	
Customers	Net sales EUR 444.0 million	Suominen's major customers include, e.g., global consumer brands and private label manufacturers.
Employees	Wages and salaries EUR 34.8 million	Suominen employed over 600 people in Europe and in North and South America in 2015.
Partners	Materials and services EUR 322.3 million	Suominen purchases raw materials and other products and services from local and international business partners.
Society	Corporate income taxes paid EUR 8.3 million	Suominen is a significant employer in the communities where we operate, which makes us a promoter of general well-being.
Financiers	Net financial expenses EUR 5.3 million	
Shareholders	EUR 0.01 per share fund distribution, approx. EUR 2.5 million in total, from the financial year 2014.	On 31 December 2015, Suominen had 4,818 shareholders.



In 2015, the Board of Directors convened 18 times.

The supreme decision-making body of Suominen is the General Meeting of Shareholders.

Corporate Governance

The Corporate Governance section of the Annual Report provides a comprehensive review on Suominen's governance and remuneration. As a new feature in our reporting, a letter from the Chair of the Personnel and Remuneration Committee has been included.

4,818 Number of Suominen shareholders at the end of 2015.

Corporate Governance Statement of Suominen Corporation for 2015

In financial year 2015, Suominen Corporation (hereinafter "Suominen") complied with the Finnish Corporate Governance Code 2010 (hereinafter "Code") issued by the Securities Market Association. Suominen complies with the Finnish Corporate Governance Code 2015, effective as of 1 January 2016, for the first time in the financial year starting 1 January 2016.

The Corporate Governance Statement (hereinafter Statement), required by the Code, Chapter 7, Section 7 of the Securities Markets Act, and Section 7 of the Ministry of Finance's Decree on the Regular Duty of Disclosure of an Issuer of a Security, is published as a separate statement in connection with the Report by the Board of Directors. The Statement is in accordance with the Code's Recommendation 54. In addition, selected requirements set in the Corporate Governance Code 2015 have been taken into account in this Statement, even though they will be effective only in financial year 2016.

The Statement can also be viewed on Suominen's website, www.suominen.fi.

The Audit Committee and the Board of Directors of Suominen Corporation have reviewed the Statement. The Statement will not be updated during the financial year, but up-to-date information on its various topics is available on Suominen's website.

The Finnish Corporate Governance Code 2010 for listed companies as well as the new Finnish Corporate Governance Code 2015 are available on the website of the Securities Market Association, www.cgfinland.fi.

Suominen Group

Responsibility for Suominen Group's business operations is held by the constitutional bodies required by the Finnish Companies Act: the General Meeting of Shareholders, which elects the members of the Board of Directors; and the President and CEO, who is appointed by the Board of Directors.

The Group's supreme decision-making body is the General Meeting of Shareholders, where shareholders exercise their decision-making power. The Board of Directors is responsible for the company's management and its appropriate organization. As the Group's parent company, Suominen Corporation is responsible for the Group's management, accounting and financing, product development and management of intellectual property, human resources, ICT, as well as communications and investor relations.

While Suominen has two business areas, Convenience and Care, the company has only one operating segment.

Shareholder's Nomination Board of Suominen Corporation

Suominen's Annual General Meeting of 26 March 2013 resolved to establish a permanent Shareholders' Nomination Board according to a proposal by the Board of Directors. The task of the Nomination Board is to prepare and present to the Annual General Meeting and, if necessary, to an Extraordinary General Meeting, a proposal on the remuneration of the members of the Board of Directors, a proposal on the number of members of the Board of Directors and a proposal on the members of the Board of Directors. In addition, the task of the Nomination Board is to seek candidates as potential board members.

The Nomination Board shall consist of four (4) members, three of which shall be appointed by the company's three largest shareholders, who shall appoint one member each. The Chair of the company's Board of Directors shall serve as the fourth member.

The Nomination Board is established to exist and serve until the General Meeting of the company decides otherwise. The members shall be nominated annually and their term of office shall end when new members are nominated to replace them. The members of the Nomination Board shall be independent of the company, and a person belonging to the company's operative management cannot be a member of the Nomination Board.

The representatives appointed by the company's three largest shareholders form Suominen's permanent Nomination Board. The shareholders entitled to appoint members to the Nomination Board during financial year 2015 were determined on the basis of the registered holdings in the company's shareholder register on 1 September 2014, on 7 October 2014 and on 1 September 2015.

From 1 January to 1 September 2015, the members of the Nomination Board were:

- Thomas Ahlström, Managing Director of Antti Ahlström Perilliset Oy and member of the Board of Directors of Ahlström Capital
- Timo Ritakallio, President and CEO of Ilmarinen Mutual Pension Insurance Company
- Reima Rytsölä, Executive Vice-President, Investments of Varma Mutual Pension Insurance Company
- Jorma Eloranta, Chair of Suominen's Board of Directors.

As of 2 September 2015, the members of the Nomination Board were:

- Thomas Ahlström, Managing Director of Antti Ahlström Perilliset Oy and member of the Board of Directors of Ahlström Capital
- Mikko Mursula, Chief Investment Officer of Ilmarinen Mutual Pension Insurance Company
- Reima Rytsölä, Executive Vice-President, Investments of Varma Mutual Pension Insurance Company
- Jorma Eloranta, Chair of Suominen's Board of Directors.

In 2015, the Nomination Board convened two times. The attendance rate at the meetings was 100%.

Board of Directors Composition in 2015

Until the Annual General Meeting of 2015, Mr. Jorma Eloranta (Chair), Mr. Risto Anttonen (Deputy Chair), Ms. Suvi Hintsanen, Mr. Hannu Kasurinen and Ms. Jaana Tuominen formed the Board of Directors of Suominen.

The Annual General Meeting held on 19 March 2015 re-elected Mr. Risto Anttonen, Mr. Jorma Eloranta, Mr. Hannu Kasurinen and Ms. Jaana Tuominen as members of the Board of Directors. Additionally, Mr. Andreas Ahlström and Ms. Laura Raitio were elected as new members. The term of office of the members of the Board of Directors ends at the close of the Annual General Meeting 2016.

Biographical details of the members are as follows:

Jorma Eloranta, b. 1951, M. Sc. (Tech.), Dr. Sc. (Tech.) h.c., Chair of the Board

Risto Anttonen, b. 1949, B. Sc. (Econ.), Deputy Chair of the Board

Andreas Ahlström, b. 1976, M. Sc. (Econ. and Business Adm.), Investment Manager, Ahlström Capital Oy

Suvi Hintsanen, b. 1967, M. Sc. (Econ.), Head of Cash Management and Trade Finance, Pohjola Bank plc (member of the Board of Directors until 19 March 2015)

Hannu Kasurinen, b. 1963, M. Sc. (Econ.), Senior Vice President, Head of Carton Board Business Unit, Stora Enso Corporation

Laura Raitio, b. 1962, Licentiate of Technology (Forest Products), CEO, Diacor terveyspalvelut Oy

Jaana Tuominen, b. 1960, M. Sc. (Chem. Eng.), CEO, Paulig Group

Tasks and responsibilities

The Board of Directors is responsible for the administration and appropriate organization of Suominen's operations. The Board is responsible for making decisions on matters that are likely to have a major impact on the company's operations. The Board convenes according to an annual meeting plan. The main duties of the Board include:

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

The Board of Directors is elected by the General Meeting of Shareholders. It consists of at least three and at most seven members.

Meeting practice

The Board of Directors convenes under the direction of the Chair or, if the Chair is unable to attend, the Deputy Chair. Principally, the matters are presented by the President & CEO.

In 2015, the Board of Directors convened 18 times, of which 9 times per capsulam. The average attendance rate at meetings was 99%. The participation of each individual member is presented in the table below.

Name		Participation
Jorma Eloranta	Chair	18/18
Risto Anttonen	Deputy Chair	18/18
Andreas Ahlström	Member as of 19 March 2015	14/14
Suvi Hintsanen	Member until 19 March 2015	4/4
Hannu Kasurinen	Member	18/18
Laura Raitio	Member as of 19 March 2015	13/14
Jaana Tuominen	Member	18/18

Evaluation of independence

The Board of Directors has evaluated the independence of its members. All members are independent of the company and its significant shareholders, with the exception of Andreas Ahlström, who is dependent on a significant shareholder. In financial year 2015, Andreas Ahlström acted as Investment Manager at Ahlström Capital Oy. The largest shareholder of Suominen, AC Invest Two B.V., is a group company of Ahlström Capital.

Self-evaluation

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

Board committees

Audit Committee

The main tasks of the Audit Committee relate to ensuring the company's good governance, accounting and financial reporting, internal control systems and monitoring of third-party auditing. The Audit Committee prepares for the Board matters that fall under its areas of responsibilities, but it does not have independent decision-making powers unless the Board resolves otherwise on certain matters.

The Chair and members of the committee are elected annually at the Board's constitutive meeting. At least three members are elected to the committee. The members of the Audit Committee must be independent of the company, and at least one member must be independent of the company's significant shareholders.

From 1 January 2015 until 19 March 2015, until the constitutive meeting of the Board, the Audit Committee consisted of Hannu Kasurinen as Chair and Suvi Hintsanen and Jaana Tuominen as members. In its constitutive meeting on 19 March 2015, the Board of Directors elected Hannu Kasurinen as Chair and Andreas Ahlström and Laura Raitio as members of the Audit Committee.

In 2015, the Audit Committee convened four times. The attendance rate at the meetings was 100%. The participation of each individual member is presented in the table below.

Name		Participation
Hannu Kasurinen	Chair	4/4
Andreas Ahlström	Member as of 19 March 2015	3/3
Suvi Hintsanen	Member until 19 March 2015	1/1
Laura Raitio	Member as of 19 March 2015	3/3
Jaana Tuominen	Member until 19 March 2015	1/1

Personnel and Remuneration Committee

The Personnel and Remuneration Committee will prepare the remuneration and appointment matters concerning the company's President & CEO and other members of senior management, as well as principles and procedures related to the remuneration of the company's employees. The Committee will prepare for the Board matters that fall under its areas of responsibilities, but it does not have independent decision-making powers unless the Board resolves otherwise on individual matters.

The Chair and members of the committee will be elected annually at the Board's constitutive meeting. Until 19 March 2015, the minimum number of committee members was two, which deviated from recommendation 22 of the Code 2010, which states that Board committees must have at least three members. Suominen's Board of Directors states that, taking into consideration the number of members of the Board and the scope and nature of the company's business operations, the Personnel and Remuneration Committee was able to effectively handle the matters assigned to it even with only two members. As of 19 March 2015, the Committee has consisted of three members. The majority of the members of the Personnel and Remuneration Committee must be independent of the company. The President & CEO or a member of the company's or Group's management may not be a member of the Personnel and Remuneration Committee.

From 1 January 2015 until 19 March 2015, until the constitutive meeting of the Board of Directors, the members of the Personnel and Remuneration Committee were Jorma Eloranta (Chair) and Risto Anttonen. In its constitutive meeting held on 19 March 2015, the Board of Directors elected Jorma Eloranta as the Chair of the Personnel and Remuneration Committee and Risto Anttonen and Jaana Tuominen as members.

In 2015, the Personnel and Remuneration Committee convened three times. The attendance rate at the meetings was 100%. The participation of each individual member is presented in the table below.

Name		Participation
Jorma Eloranta	Chair	3/3
Risto Anttonen	Member	3/3
Jaana Tuominen	Member as of 19 March 2015	2/2

President & CEO and the Group management

The President & CEO of Suominen Corporation is appointed by the Board of Directors. The President & CEO is responsible for day-to-day operations in accordance with the Companies Act and guidelines and instructions provided by the Board of Directors. The President & CEO is responsible for ensuring that the company's accounting practices comply with the law and that its assets are reliably managed. The President & CEO acts as the Chair of the Corporate Executive Team and as the immediate supervisor of the Team's members.

Ms. Nina Kopola, b. 1960, M.Sc. (Chemical Eng.), Technology Licentiate acts as the President & CEO of Suominen Corporation.

The President & CEO is supported by the Corporate Executive Team and Corporate Leadership Team. In 2015, the Corporate Executive Team comprised, in addition to the President & CEO who acts as its Chair, the Senior Vice Presidents of the business areas, the Senior Vice Presidents of Operations, the Senior Vice President, CFO, and the Senior Vice President of Human Resources.

The Corporate Leadership Team comprises, in addition to the members of the Corporate Executive Team, the Vice President of R&D, the Vice President of Investments & Technology, the CIO, the Vice President of Marketing & Product Management, the Vice President of Sourcing, and the Vice President of Corporate Communications & Investor Relations.

Insider management

From 1 January to 30 November 2015 Suominen Group observed the guidelines for insiders issued by the NASDAQ OMX Helsinki Ltd on 1 July 2013, and as of 1 December 2015, the new Nasdaq Helsinki Guidelines for Insiders.

The members of the Board of Directors, the President & CEO and the Principal Auditor are included in the company's public insider register. The public register is available at Suominen's website via the online service provided by Euroclear Finland Ltd.

The company also maintains a company-specific register of non-public insiders. Permanent insiders listed here include the members of the Corporate Executive Team and certain other employees of the company, who by virtue of their position or responsibilities regularly receive insider information. A project-specific insider register is maintained to cover persons that are involved with the planning and preparation of significant projects dealing with insider information.

The Senior Vice President, CFO, is responsible for Suominen's insider management.

Insiders are not allowed to trade in securities issued by the company for a period beginning at the end of a financial period or a financial year and ending with the publication of the interim report or financial statement release for the period or financial year in question (closed window). In case an insider aims to trade with the company's shares, a trading scheme concerning the acquisition or transfer of the company's shares must be employed. Trading scheme must be submitted to the person responsible for insider issues for his/her approval and for storage prior to initiating trading with the company's shares.

Auditing

Until 19 March 2015, PricewaterhouseCoopers Oy, Authorised Public Accountants, acted as auditor of the company, with Heikki Lassila, Authorised Public Accountant, as the principal auditor.

The Annual General Meeting held on 19 March 2015 elected Ernst & Young Oy, Authorised Public Accountants, as auditor of the company, with Kristina Sandin, Authorised Public Accountant, as the principal auditor.

The auditors and the Audit Committee of Suominen agree annually on an audit plan that takes into account that Suominen does not have an internal auditing organization of its own. Internal audit findings are reported to the President & CEO and the relevant management concerned.

In 2015, the fees paid to Pricewaterhouse-Coopers for the statutory auditing of the Group companies totaled EUR 96 thousand.

In 2015, the fees paid to Ernst & Young for the statutory auditing of the Group companies totaled EUR 329 thousand. The fees paid to the auditing company Ernst & Young, and companies belonging to the same group for non-audit services such as tax, IFRS and due diligence services, totaled EUR 29 thousand.

Description of the main features of the internal control and risk management systems in relation to the financial reporting process

Control environment

Control operations are embedded in the organization of Suominen. Controlling is executed in connection with the steering of business processes and in wide-ranging reporting processes.

Suominen has no separate organization for its internal audit. Suominen's control environment is based on given instructions, the business culture and on the way of working adopted by the company's managers and employees. Suominen has established its values or principles, which encourage everyone at Suominen to adopt an active and ethical way of working both with various stakeholders and within the Group. In cascading the working principles in the organization, honesty, transparency and working in teams are integral elements of establishing high ethical standards throughout the company.

The foundation of the internal control process relating to financial reporting is built up around the Group's policies approved by the Board of Directors and other directives and instructions. The responsibility structure of the Group is based on authority inherent in the positions and work descriptions, segregation of duties and the "four-eyes" and "one-over" principles. Effective internal control requires that duties are properly allocated to employees and potential conflicts of interests are identified and eliminated. A satisfactory control environment is ensured through internal analyses and evaluations of key processes as well as through revisions made by external auditors.

Group Finance supports the business units in analyzing their performance and in the decision-making concerning various business choices. Controllers at the unit level are responsible for ensuring that control procedures are in place at various units. The ICT function's role is to maintain the security checks of ICT systems throughout the Group companies.

Risk assessment

Risk management is considered an integral part of running the business, and the identification and assessment of risks is an essential element of internal control. The aim is to focus on the material risks that are significant from a business perspective. Risks are categorized into business risks caused by changes in the business environment and operational risks, which may be the result of deficiencies in the way that the organization manages its processes.

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

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

Estimates and assumptions involving a significant risk of causing material changes in the carrying amounts of assets and liabilities are continuously evaluated and benchmarked against other similar entities. Complex and/or changing business circumstances may present a challenge when assessing the carrying amounts of assets. To avoid errors in stating the fair values of assets or liabilities, regular check-ups are made, e.g. by comparing material flows, values, and quantity and quality data with the information given in the accounts. The risk of errors caused by irregularities and discontinuities in information is reduced by using established and automated system-based audit trails.

Control activities

The control activities include general as well as detailed controls that aim to prevent, reveal and correct errors and deviations. In addition to Group-level instructions, control activities are also conducted at unit and plant levels.

Several control activities are applied in the ongoing business processes to ensure that potential errors or deviations in financial reporting are prevented, discovered and corrected. Suominen divides control activities into three categories. Documented instructions help the organization to standardize the monitoring of tasks. Continuous and regular reporting conveying feedback on the performance of Group functions and entities ensures that instructions and defined processes are followed. In critical processes, specific authorizations are needed in the work flow, either for security or verification needs.

In practice, control activities are conducted in management group meetings, where the results of the activities are reviewed. More focused control is exercised when specific reconciliation of accounts or analyses of the processes for financial reporting are conducted. The need for separate evaluations, as well as their scope and frequency, will be defined by assessing risks and the effectiveness of ongoing monitoring procedures. It is the responsibility of the Controllers to ensure that control activities in the financial processes are appropriate and in accordance with the Group's policies and instructions. Information security and related control activities play a key role when the features of ICT systems are being defined and applied.

Information and communication

The Group accounting manual, policies approved by the Board and other directives and instructions relating to financial reporting are updated and communicated on a regular basis from management to all affected employees and are also available in the intranet systems of Group companies. In addition, a standard reporting package is used by the units. Group management and business unit management conduct monthly reviews that include an analysis of performance metrics and indicators assisting management to better understand the underlying business performance.

Follow-up

Ongoing responsibility for follow-up rests with the business units' management groups and controller functions.

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

The Group's Finance function monitors the operations and processes of the Group units and the accuracy of external and internal financial reporting.

Letter from the Chair of the Personnel and Remuneration Committee

Dear Shareholder,

2015 was characterized by consistent actions to execute Suominen's chosen strategy. A new organizational structure, consisting of the Convenience and Care business areas, was introduced at the beginning of 2014. The division into two dedicated businesses creates focus and clarity in managing the businesses and allocating resources. The Senior Vice President of the Convenience business area, Mr. Timo Hiekkaranta, left Suominen at the end of August 2015. His contribution during the years of integration following the acquisition of Ahlstrom's Home & Personal business represented continuity thanks to his extensive experience in nonwovens and related industries. I want to thank Timo Hiekkaranta for the work in leading our Convenience business area. His contribution has been essential as we have transformed Suominen into what it is today – a dynamic, global company fully focused on nonwovens.

After Hiekkaranta's departure, the profile of the Senior Vice President of Convenience was carefully re-considered. In keeping with the vision of becoming a Market Driven Product Leader, we decided to shift to a more market- and outside-oriented profile. Mr. Ernesto Levy was appointed Senior Vice President of Convenience on 6 October 2015. His background in successfully leading global, fast-moving consumer goods businesses brings Suominen a tremendous amount of consumer and market knowledge that will help Suominen serve its customers better.

The decision to locate the position of SVP, Convenience, in the United States balances Suominen's management structure. Four members of the Corporate Executive Team (CET), including the President & CEO, are located in Europe and three in North America. The geographical structure of the top management is a good reflection of Suominen's business and main markets.

Aligned with the focus on strengthening Suominen's capabilities to execute the growth strategy, the Personnel and Remuneration Committee paid extra attention on securing the required management resources. A continuous review of roles and profiles to ensure they match with business requirements, succession planning and proactive management of talent ensure that Suominen is prepared to face the future.

In terms of remuneration issues, the Personnel and Remuneration Committee's main focus has been on ensuring that short-term and long-term incentive plans, including their targets, are fully aligned with shareholders' interests. Suominen initiated two new share-based incentive plans for top management in 2015. The performance share plan is based on long-term business targets measuring growth, profitability and return on investment. The matching share plan requires management's own investment in Suominen shares. Thanks to the long-term incentive plans, a significant part of management's future remuneration is fully variable. Future potential and current share ownership with ownership obligations make management's and shareholders' interests congruent.

In financial year 2015, Suominen complied with the Finnish Corporate Governance Code 2010, and for the financial year starting 1 January 2016, Suominen complies with the Finnish Corporate Governance Code 2015, which entered into effect on 1 January 2016. In addition, selected requirements set in Corporate Governance Code 2015 have been taken into account in the Corporate Governance Statement and Remuneration Report, even though they will be effective only in financial year 2016.

Suominen's objective is to be transparent and clear in communicating its remuneration issues. We want to provide our shareholders and other interest groups with a comprehensive view of our remuneration philosophy and principles guiding how remuneration programs are engineered. Remuneration reporting will offer an opportunity to assess how the principles materialize and how performance and remuneration are linked. This Chair's letter represents one step on our way towards new reporting standards.

Our objective is to make Suominen's remuneration reporting timely, open and transparent. If you wish to influence the development of Suominen's remuneration reporting, Mr. Hannu Sivula, Senior Vice President of Human Resources, will be happy to hear your suggestions: hannu.sivula@suominencorp.com.

Jorma Eloranta

Chair of the Personnel and Remuneration Committee

Remuneration Statement 2015 of Suominen Corporation

Suominen Corporation (Suominen) complies with the Finnish Corporate Governance Code issued by the Securities Market Association on 15 June 2010. The code is available on the Association's website at www.cgfinland.fi. This Remuneration Statement has been prepared in accordance with Section 7 (Remuneration), Recommendation 47 of the Code.

Suominen complies with the Finnish Corporate Governance Code 2015, effective as of 1 January 2016, for the first time in the financial year starting 1 January 2016.

1) Reward principles

The goals set for Suominen's rewards are consistency, goal-orientedness, and incentive. The consistency and competitiveness of the rewards are ensured through systematic internal and external comparisons that also take into consideration local market conditions. Suominen's reward system aims to ensure that a fixed proportion of the total reward is individually targeted and actively examined. The goal of a active reward system is to ensure that the company has a good employer brand, in the eyes of both current and new key employees. Clear indicators that reflect performance, as well as a focus on the results that have been achieved ensure that the reward is well-founded, goal-oriented and offers incentive. By selecting goals for the variable rewards, the aim is to steer management towards implementing Suominen's strategy and achieving the financial targets. Short- and long-term performance-based remuneration is used to reward good performance and to contribute to the company's financial success and the favorable development of its shareholder value.

2) Remuneration of the Board of Directors in 2015

The Annual General Meeting determines the remuneration paid to the members of the Board of Directors in advance, for one year at a time. The Nomination Board prepares a proposal on the remuneration of the Board of Directors for the Annual General Meeting.

Suominen's Annual General Meeting held 19 March 2015 resolved to keep the remuneration of the members of the Board of Directors unchanged. The annual remuneration of the Chair of the Board of Directors is EUR 50,000, of the Deputy Chair EUR 37,500 and of the members, EUR 28,000. Further, the members of the Board of Directors are paid a fee for attending meetings, such that each member of the Board will receive EUR 500 for each meeting attended in the home country of the respective member and EUR 1,000 for each meeting attended elsewhere than in the home country of the respective member. 60% of the annual remuneration is paid in cash and 40% in Suominen Corporation shares. Compensation for expenses is paid in accordance with the company's travel rules that are in force at the time. The decisions were in accordance with the proposal of the Nomination Board.

Of the remuneration payable in shares as described above, the number of shares transferred was determined based on the share value in the stock exchange trading maintained by Nasdaq Helsinki, 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 2015 of the company was published. Shares were given out of the own shares held by the company by the decision of the Board of Directors on 5 June 2015.

Members of Suominen's Board of Directors do not have an employment relationship with the company. They are not included in the company's stock option programs or share-based incentive plans and they do not have any pension contracts with the company.

Suominen Corporation shares that have been received as remuneration are not subject to restrictions or ownership obligations set by Suominen.

Remuneration of the Board of Directors in 2015

		Annual remuneration paid in cash, EUR	Annual remuneration paid in shares, EUR	Annual remuneration paid in shares, number of shares	Meeting fees, EUR	Total, EUR
Jorma Eloranta	Chair	30,000	20,000	21,802	5,500	55,500
Risto Anttonen	Deputy Chair	22,500	15,000	16,351	5,500	43,000
Andreas Ahlström	Member as of 19 March 2015	16,800	11,200	12,209		28,000
Suvi Hintsanen	Member until 19 March 2015				5,500	5,500
Hannu Kasurinen	Member	16,800	11,200	12,209	5,500	33,500
Laura Raitio	Member as of 19 March 2015	16,800	11,200	12,209		28,000
Jaana Tuominen	Member	16,800	11,200	12,209	5,500	33,500

Remuneration of the members of the Board of Directors totaled EUR 227,000 in 2015.

The shareholdings of the members of the Board of Directors are presented at www.suominen.fi > Investors > Corporate Governance and through Euroclear Finland's NetSire Service.

3) Remuneration of the President & CEO and other management in 2015

The Board of Directors of Suominen determines the salary, bonuses and other benefits paid to the President & CEO and to the members of the Corporate Executive Team and the Corporate Leadership Team serving under the President & CEO. The remuneration of the President & CEO and the Corporate Executive Team consists of a fixed monthly salary and benefits, of a performance-based bonus (short-term remuneration), and of a share-based incentive plans (long-term remuneration).

Long-term remuneration: share-based incentive plan

The Board of Directors of Suominen Corporation decided on 4 December 2014 on two new share-based incentive plans for the Group management and Group key employees. The plan is divided in two; to Performance Share Plan and Matching Share Plan. The aim of the new plans is to combine the objectives of the shareholders and the persons participating in the plans in order to increase the value of the company in the long-terms, to bind the participants to the company, and to offer them competitive reward plans based on earning and accumulating the company's shares.

Performance Share Plan

The Performance Share Plan includes currently two vesting periods, calendar years 2015–2017 and 2016–2018. The Board of Directors will decide separately on new earnings periods. In addition, the Board of Directors will decide on the Plan's performance criteria and required performance levels for each criterion as well as the participating persons at the beginning of an earnings period. The Performance Share Plan is directed to approximately 15 people.

The potential reward of the Plan from the performance period 2015–2017 will be based on the Suominen Group´s net sales growth, earnings before interest and taxes (EBIT%) and return on invested capital (ROI%). The rewards to be paid on the basis of the performance period 2015 - 2017 correspond to the value of an approximate maximum total of 2,300,000 Suominen Corporation shares (including also the proportion to be paid in cash).

The potential reward of the Plan from the performance period 2016–2018, announced by the Board of Directors of Suominen on 9 December 2015, will be based on the Suominen Group´s net sales growth, earnings before interest and taxes (EBIT%) and return on invested capital (ROI %). The rewards to be paid on the basis of the performance period 2015–2017 correspond to the value of an approximate maximum total of 1,225,000 Suominen Corporation shares (including also the proportion to be paid in cash).

The Board of Directors is 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.

Reward payment and ownership obligation for the management

The potential rewards from the earnings periods 2015–2017 and 2016–2018 will be paid partly in the company's shares and partly in cash in 2018 and 2019, respectively. 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 Share Plan 2015

The Matching Share Plan includes one three-year vesting period, calendar years 2015–2017. The prerequisite for receiving reward on the basis of this plan is that a person participating in the plan owns or acquires the company's shares up to the number determined by the Board of Directors. Furthermore, receiving of reward is tied to the continuance of participant´s employment or service upon reward payment.

The members of the Corporate Executive Team and the Corporate Leadership Team belong to the target group of the Matching Share Plan. The rewards to be paid on the basis of the Matching Share Plan correspond to the value of an approximate maximum total of 550,000 Suominen Corporation shares (including also the proportion to be paid in cash). In order to implement the Matching Share Plan, a share issue against payment was directed to the target group.

A maximum total of 550,000 new shares in the company were offered in the share issue for subscription. The share subscription price for the new shares was EUR 0.67 per share, which equals with the trade volume weighted average quotation of the share on NASDAQ OMX Helsinki Ltd during 1 November—30 November 2014 and with the fair value approved by the tax authorities. In total 507,388 new Suominen shares were subscribed. The share subscription price was credited to the company's reserve for invested unrestricted equity.

The decision on the share issue was based on the authorization by the Annual General Meeting of Shareholders held on 26 March 2014.

Share-based incentive plan 2012–2014

Based on the share-based incentive plan for 2012–2014, in total 802,644 Suominen shares were transferred as remuneration to the seven participants of the plan, all members of the company management. The shares were transferred as directed share issue without consideration from the shares held by the company on 20 March 2015.

The reward was based on Suominen Group's cumulative Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and cumulative cash flow, and it was paid partly in company shares and partly in cash. The aim was that the proportion to be paid in cash would cover taxes and tax-related costs arising from the reward to a participant. The Suominen shares transferred are not subject to restrictions or ownership obligations set by Suominen.

Short-term remuneration

In 2015, the salaries and benefits paid to the President & CEO totaled EUR 455,716, including a bonus of EUR 109,693. In total 325,861 Suominen shares were transferred to the President & CEO based on the Share-based incentive plan 2012–2014.

The salaries and benefits paid to the other members of the Corporate Executive Team totaled EUR 1,445,932 including bonuses of EUR 310,205. In total 425,332 Suominen shares were transferred to the other members of the Corporate Executive Team based on the Share-based incentive plan 2012–2014.

The figures include salaries for the period during which the persons in question held a position in the Corporate Executive Team.

Suominen applies a bonus scheme based on the principles approved by the Board of Directors in advance for one year at a time. In 2015, the reward from the period was based on Suominen Group's cumulative Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and personal performance. The reward may not exceed 50% of the annual salary. For President & CEO, the reward from the period is based on Suominen Group's profit before taxes and may not exceed 60% of the annual salary.

Separate compensation is not paid to the members of the Boards of Directors of the company's subsidiaries.

The members of the Corporate Executive Team, excluding the President & CEO, are not covered by any complementary pension scheme. Pension arrangements in countries without statutory pensions are arranged through Suominen's normal supplementary pension programs.

5) Service contract of the President & CEO

A written employment contract has been made with the President & CEO, according to which the period of notice is six months should either the company or the President & CEO terminate the contract. Should the company terminate the President & CEO's contract of employment, severance pay corresponding to 12 months' salary shall also be paid.

Suominen's President & CEO has a complementary pension arrangement granting benefits for old-age, disability and survivor's pension at the age of 63. The complementary pension is a defined-contribution pension scheme and corresponds to 11.5% of the President & CEO's annual salary (as defined in the Finnish Employees Pensions Act) for the year in question. The complementary pension premium is based on the calculated annual earnings (fixed monthly salary plus estimated bonus). Any possible difference between the actual and calculated payment is taken into account in the following year's payments.

Up-to-date information on the shareholdings of the President & CEO and the members of the Corporate Executive Team are presented on Suominen's website under Investors section.

Read more at suominen.fi
> Investors / Corporate Governance

Board of Directors

Jorma Eloranta

b. 1951

M.Sc. (Tech.), Doctor of Science in Technology h.c.

Member of the Board since 2011, Chair of the Board of Directors since 2011

Independent member

Risto Anttonen

b. 1949

M.Sc. (Econ)

Member of the Board since 2011, Deputy Chair of the Board of Directors since 2012

Independent member

Andreas Ahlström

b. 1976

M. Sc. (Economics and Business Administration)

Investment Manager, Ahlström Capital Oy

Member of the Board of Directors since 2015

Non-independent member

Hannu Kasurinen

b. 1963

M.Sc. (Econ.)

Senior Vice President, Head of Carton Board Business Unit, Stora Enso Corporation

Member of the Board since 2012

Independent member

Laura Raitio

b. 1962

Licentiate of Technology (Forest Products Technology)

CEO, Diacor terveyspalvelut Oy Member of the Board of Directors since 2015

Member of the Board of Directors since 2015

Independent member

Jaana Tuominen

b. 1960

M.Sc. (Chem. Eng.)

CEO of Paulig Group

Member of the Board since 2014

Independent member

Detailed, up-to-date information on the principal working experience and positions of trust as well as on the shareholdings of the members of the Board of Directors is available at www.suominen.fi. Information on the Board's remuneration is included in Suominen's Remuneration Statement.

Corporate Executive Team

Nina Kopola

b. 1960

M.Sc. (Chem. Eng.), Technology Licentiate

President & CEO

Joined Suominen in 2011

Tapio Engström

b. 1963

M.Sc. (Accounting)

Senior Vice President, CFO

Joined Suominen in 2012

Lynda A. Kelly

b. 1964

B.Sc. (Business Administration/Marketing)

Senior Vice President, Care

Joined Suominen in 2014

Larry L. Kinn

b. 1957

B.A. (Chemistry)

Senior Vice President, Operations Americas

Joined Suominen in 2011

Ernesto Levy

b. 1969

BIE (Industrial Engineering), MBA (Marketing)

Senior Vice President, Convenience

Joined Suominen in 2015

Mimoun Saïm

b. 1964

ENSI Engineering

Senior Vice President, Operations EMEA

Joined Suominen in 2011

Hannu Sivula

b. 1966

M.Soc.Sc

Senior Vice President, Human Resources

Joined Suominen in 2012

Detailed, up-to-date information on the principal working experience and positions of trust as well as on the shareholdings of the members of Suominen's Corporate Executive Team is available at www.suominen.fi. Information on their remuneration is included in the Suominen's Remuneration Statement.

Report by the Board of Directors 2015

Highlights of Suominen's financial year 2015

- Net sales and operating profit improved markedly
- Growth strategy was executed determinedly
- The Board's dividend proposal, EUR 0.02 per share, is in line with the company's dividend policy

Net sales and operating profit improved markedly

In 2015, Suominen's net sales grew by 10.5% to EUR 444.0 (401.8) million. Operating profit excluding non-recurring items amounted to EUR 31.2 million (26.9). Operating profit was EUR 31.8 million (25.9). Non-recurring items in the review period were EUR +0.5 million (-1.0). Profit before income taxes was EUR 26.5 (17.8) million, and profit for the period EUR 17.0 (10.2) million. Earnings per share amounted to EUR 0.06 (0.02) and cash flow from operations per share was EUR 0.11 (0.15).

North America and Europe are Suominen's main market areas. Moreover, the company gained a foothold in the growing South American markets through an acquisition in February 2014. In South America, particularly in Brazil, the accelerated economic growth of recent years reversed. Contrary to what one might think, this was not reflected in Suominen's business operations in the area. The Paulínia plant in Brazil was integrated into Suominen in early 2014, and since then the company has proceeded in the South American market as planned.

Suominen's Board of Directors has set three medium-term financial targets for the company. In 2015, the return on investments was 15.9% (target level more than 12%) and our gearing was 25.9% (target level 40–80%). We did not achieve our third target, organic net sales growth at a rate faster than the industry average (approx. 3%). Suominen's net sales grew organically, and excluding the effect of exchange rates, approximately 1% in the financial year 2015.

Growth strategy was executed determinedly

In 2015, Suominen actively implemented its strategy that aims at product leadership and at organic net sales growth at a rate faster than the industry average. The strategy includes four focus areas: superior product offering, proactive key account management, demand-driven supply chain, and strong corporate culture and capabilities. While Suominen executed important activities within each of these areas, the progress in the implementation of the EUR 60 million growth investment program and the determined work done to enhance the product development process were the most significant measures taken.

The EUR 60 million growth investment program progressed

There were in total four initiatives going on in the growth investment program during the financial year 2015. At the plants located in Paulínia, Brazil and Alicante, Spain the company modernized the existing machinery, allowing these plants to broaden their product offering to nonwovens with higher added value, such as nonwovens for medical applications. At the Nakkila plant in Finland, we restarted a production line that was shut down in 2012, thus enabling us to meet the improved demand in the European market.

Building a new production line at the Bethune plant in South Carolina, USA is the largest single initiative in the entire growth investment program. The investment has a total value of close to EUR 50 million, and with this investment, Suominen will take wetlaid technology to a whole new level in the nonwovens industry. The new manufacturing line will be tailor-made, based on the company's unique technological expertise, enabling Suominen to supply its customers with best-in-class nonwoven products. For its part, the investment enables Suominen to achieve one of its strategic intents, product leadership.

In September 2015 the company decided to increase the total value of the growth investment program to approximately EUR 60 million from the original range of EUR 30–50 million, thanks to the promising growth prospects identified in nonwovens with higher added value.

Product development process enhanced; six new products launched

In 2015, Suominen made numerous efforts to make its product development process more efficient. The process was renewed in a way that allows the company to ensure that ideas are transformed into commercial products as efficiently as possible. Moreover, Suominen recruited several new key persons to the Product Development team. It is expected that the company's strong focus on product development will be reflected also in research and development spending, which is forecasted to increase above 1% of net sales (0.8% of net sales in 2015)

The efforts made in Suominen's product development started to bear fruit already in 2015. Suominen publicly launched a total of six new products to the market: five in the emerging Care business area and one in Convenience business area.

The Board's dividend proposal, EUR 0.02 per share, in line with the company's dividend policy

Suominen's policy is to distribute approximately 30% of its profit for the period in annual dividends. In assessing its proposal for the payment of dividends, the company's Board of Directors will also consider Suominen's future investment needs and the solidity of its financial position.

Suominen's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.02 per share will be paid for the financial year 2015.

Net sales

In 2015, Suominen's net sales grew by 10.5% from the comparison period to EUR 444.0 (401.8) million. The strengthening of the USD compared to EUR, Suominen's reporting currency, increased the net sales of 2015 by approximately EUR 42 million.

Net sales of Convenience business area were EUR 411.5 (369.4) million and net sales of Care business area EUR 32.4 (32.3) 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%), wipes for workplace use (11%), and hygiene and medical products (7%). The share of baby wipes in the product portfolio declined by one percentage point from 2014. The development was in line with Suominen's strategy. All wiping products belong to the Convenience business area and all medical and hygiene products belong to the Care business area.

Operating profit and result

Operating profit excluding non-recurring items increased by 16% and amounted to EUR 31.2 million (26.9). Operating profit was EUR 31.8 million (25.9). Non-recurring items in the review period, EUR +0.5 million, consisted of reversal of previously made impairment losses of the re-opened production line in Nakkila plant in Finland. The non-recurring items reported in 2014 amounted to EUR -1.0 million, of which EUR -1.2 million were costs related to restructuring and acquisition of the Brazilian unit and EUR +0.2 million were items related to closing down of the fiber production in Nakkila in 2012.

In 2015, profit before income taxes for continuing operations was EUR 26.5 (17.8) million, and profit for the period for continuing operations was EUR 17.0 (10.2) million.

Net sales and operating profit

EUR thousand	2015	2014(*	2013(*
Net sales	444,042	401,762	373,684
Operating profit	31,778	25,897	18,916
Operating profit excluding non-recurring items	31,249	26,851	19,398

(* Continuing operations

Financing

The Group's net interest-bearing liabilities at the end of the review period, 31 December 2015, amounted to EUR 32.5 (37.8) million. Gearing was 25.9% (34.7%) and equity ratio 43.2% (41.2%).

In December 2015, Suominen converted its bank facilities nominated in euro to be nominated in US dollars. At the same time, Suominen drew down the investment loan that was initially part of the syndicated credit facilities agreement. The investment loan was raised in US dollars. These actions balanced the net US dollar exposure of the financial position.

In 2015, net financial expenses were EUR -5.3 million (-8.1), or 1.2% (2.0%) of net sales. Fluctuations in exchange rates increased the financial expenses by EUR -1.2 million. Financial expenses increased also by EUR -0.4 million as an impairment loss of shares in a real estate company, classified as available-for-sale, was recognized. The shares of the real estate company were divested in July 2015. Net financial expenses in the corresponding period in 2014 included a non-recurring loss totaling to EUR -0.9 million from discontinuing of interest rate hedging due to refinancing as well as transaction costs of EUR -2.0 million related to the previous syndicated loan.

Cash flow from operations was EUR 27.3 (37.1) million in 2015. Cash flow from operations per share in 2015 was EUR 0.11 (0.15). The financial items in the cash flow from operations, in total EUR -6.4 million (-6.5), were principally impacted by currency forward contracts hedging equity and the interests paid during the reporting period. In total EUR 7.9 million was tied up in working capital (2014: released 6.1). Cash flow from financing improved due to repayments of loan receivables (EUR 0.6 million) granted in connection with the divestment of the Flexibles business area in July 2014 and a new EUR 15 million investment loan taken in December 2015. Cash flow from financing was decreased by repayment of loan in September, EUR 3.3 million.

Business combinations and discontinued operations

Business combinations

No business combinations were reported during the review period. Suominen completed the acquisition of the Paulínia plant in Brazil from Ahlstrom Corporation on 10 February 2014. The acquisition provided Suominen's nonwovens business a foothold in the growing South American market region.

Discontinued operations

No discontinued operations were reported during the review period. In July 2014, Suominen divested its Flexibles business, and the result of the Flexibles segment is reported as discontinued operations in the figures of the corresponding period.

Capital expenditure

In 2015, the gross capital expenditure totaled EUR 23.7 million (2014: 7.1 for continuing operations). Gross capital investments increased mainly due to the starting of the investment in a new wetlaid production line at the Bethune plant in SC, USA. Other major investments were related to the renewal of ICT systems, the modernization of the Alicante plant in Spain and Paulínia plant in Brazil as well as to the re-opening of a production line in Nakkila plant in Finland. The other investments were mainly for maintenance.

In September 2015, Suominen announced that it will extend its growth investment program to approximately EUR 60 million. Earlier, the company had estimated that it will spend EUR 30–50 million in growth investments during the strategic period of 2015–2017. The total value of the investment project at the Bethune plant, including both equipment and facilities, will be close to EUR 50 million. The new line is anticipated to be installed during the second half of 2016.

Depreciation, amortization and impairment losses for the review period amounted to EUR -18.2 million (2014: -15.6 for continuing operations). The figure does not include the reversal of an impairment loss made at Nakkila plant due to the re-opening of a production line. The reversal amounted to EUR +0.5 million.

Capital expenditure and depreciation, amortization and impairment

EUR thousand	2015	2014(*	2013(*
Gross capital expenditure	23,660	7,066	4,413
% of net sales	5.4	1.8	1.2
Depreciation and amortization	-17,975	-15,576	-13,892
Impairment losses and reversals of impairment losses	291	–	–

(* Continuing operations

Key ratios	2015	2014	2013
Return on equity (ROE), %	14.4	5.1	-18.6
Return on invested capital (ROI), %	15.9	12.0	-0.7
Return on invested capital (ROI), continuing operations, %	15.9	15.7	12.4
Equity ratio, %	43.2	41.2	32.9
Interest-bearing net debt, EUR million	32.5	37.8	75.5
Capital employed, continuing operations, EUR million	222.6	193.8	154.0
Gearing, %	25.9	34.7	96.2

Key ratios per share	2015	2014	2013
Earnings per share, EUR, continuing operations	0.06	0.04	0.02
Earnings per share, EUR, discontinued operations	–	-0.02	-0.09
Earnings per share, EUR, total, basic	0.06	0.02	-0.07
Earnings per share, EUR, total, diluted	0.06	0.02	-0.07
Cash flow from operations per share, EUR	0.11	0.15	0.09
Equity per share, EUR	0.50	0.44	0.32
Price per earnings per share (P/E) ratio	19.41	45.45	-7.35
Dividend or distributed funds per share, EUR (*	0.02	0.01	–
Dividend payout ratio / payout ratio for distribution of funds, %	31.3	58.6	–
Dividend yield, %	1.61	1.23	–
Number of shares, end of period, excluding treasury shares	251,511,730	246,130,603	246,009,755
Average number of shares excluding treasury shares	250,597,155	246,078,953	245,931,204
Average share-issue adjusted number of shares excluding treasury shares	250,943,177	248,013,178	247,794,055
Share price, end of period, EUR	1.24	0.81	0.48
Share price, period low, EUR	0.75	0.47	0.34
Share price, period high, EUR	1.33	0.82	0.61
Volume weighted average price during the period, EUR	1.01	0.58	0.48
Market capitalization, EUR million	311.9	199.4	118.1
Number of traded shares during the period	97,512,750	97,735,300	11,340,737
Number of traded shares during the period, % of average number of shares (share turnover)	38.9	39.7	4.6

(* 2015 the proposal of the Board of Directors to Annual General Meeting of distribution of dividends. In 2014, distribution of funds.

Key ratios per share are share issue adjusted.
Definition for key ratios is presented in the consolidated financial statements.

Quarterly development 2015

EUR thousand	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2015
Net sales	111,934	112,944	114,919	104,244	444,042
Operating profit excluding non-recurring items	7,292	9,932	9,763	4,262	31,249
% of net sales	6.5	8.8	8.5	4.1	7.0
Non-recurring items	–	530	–	–	530
Operating profit	7,292	10,462	9,763	4,262	31,778
% of net sales	6.5	9.3	8.5	4.1	7.2
Net financial expenses	-1,621	-1,076	-1,247	-1,358	-5,302
Profit before income taxes	5,670	9,386	8,517	2,904	26,477

Research and development

In 2015, Suominen improved its internal product development processes and increased the number of employees focusing on product development. The Group's Research & Development function had 18 (13) employees at the end of the year. Research and development expenses amounted to EUR 3.5 million (2.9), corresponding to 0.8% (0.7%) of net sales.

Suominen's vision is to become a Market Driven Product Leader. Suominen focuses on research and development in order to be able to offer its customers materials and solutions that have superior functionalities and to increase the share of products with higher added value in its portfolio.

Suominen Corporation owns all business-related patents and related technologies, know-how, processes, recipes and all other solutions developed by Suominen Corporation. The company is targeting to have extensive industrial rights to the nonwoven-based solutions and technologies thereto as well as test and pilot equipment needed. This way it can offer best possible support to the group companies to satisfy the current and future customer needs.

Employees

In 2015, Suominen employed an average of 614 (in 2014: 591 in continued operations) people. The number of employees in the end of the financial year was 636 (587). At the Nakkila plant, Suominen restarted a production line that was shut down in 2012. In connection with the restart, in total 13 people were recruited to the plant. Moreover, the number of employees grew across the Group, particularly in those functions that play a central role in the execution of Suominen's product leadership strategy: Sales, Marketing and Research & Development are examples of these functions.

Personnel related key ratios	2015	2014	2013
Average number of personnel, continuing operations	614	591	550
Average number of personnel	614	826	1 037
Wages and salaries, continuing operations, EUR thousand	36,016	32,474	31,540

Environment

Suominen's goal is to reduce the environmental load caused by the company's operations and to minimize the environmental impacts of its products throughout their life cycle. In addition to continuously improving and enhancing its operations, Suominen's environmental efforts are guided by the principles of reusing and recycling materials. Suominen is committed to taking into consideration the environmental impacts of its operations in accordance with the principles of sustainable development of the International Chamber of Commerce (ICC).

Suominen complies with the local legislation and official guidelines wherever it operates. Separate environmental permits are required for operations in some of the Group's units. Of Suominen's eight production units, the Nakkila, Alicante, Bethune, Green Bay and Windsor Locks plants hold an ISO 14001 environmental management system.

The environmental impacts of Suominen's operations primarily stem from the raw materials, energy and water used in production and from the waste generated during the production process. Environmental requirements are incorporated into product and process development projects from the very start, with the aim of using raw materials, energy, water and other resources, such as packaging materials and transport services, as efficiently as possible. The Group focuses on systematically lowering its waste volumes and making its use of energy and water more efficient. Currently, Suominen's product range includes certified products made of renewable raw materials. In addition, the company is constantly developing its product offering, taking into account not only the environmental performance but also the social aspects.

The materials used in the manufacture of products mainly consist of viscose, pulp, polypropylene and polyester. There is the risk that production plants might release hazardous substances into the environment. Suominen strives to control environmental risks by means of the quality and environmental systems used in production operations. Reducing environmental impacts requires long-term development work, an important element of which is the harmonization of key indicators between the various business areas and units. Suominen strives to have more comprehensive, commensurable data available on the impacts of the company's operations. This would allow development measures to be targeted efficiently, and as effectively as possible.

In 2015, Suominen's production plants used a total of 138,215 tons of raw materials (138,519 in 2014), 1,683,166 (1,644,398) gigajoules of energy and 5,542,291 m³ (5,431,730 m³) of water. Landfill waste generated at the production plants amounted to 916 (888) tons.

The environmental performance of Suominen is presented more extensively in the Sustainability section of the Annual Report 2015. The sustainability data is not audited.

The environmental expenditure of the Group was EUR 1.8 (1.0) million. No material environment-related investments were made.

Share information

Share capital

The number of Suominen's registered shares was 252,425,616 on 31 December 2015, equaling to a share capital of EUR 11,860,056.00. Suominen has one series of shares. Each share carries one vote in the Shareholders' Meeting and right to an equally-sized dividend. Suominen's shares are affiliated in a book-entry system.

The number of shares increased in 2015 in total by 4,491,494 shares, of which 3,984,106 were attributable to the share conversions of the hybrid bond notes and accrued interests; and 507,388 to the directed share issue subject to payment for the management, implemented in accordance with the share-based incentive plan. Both the conversion of the hybrid bond to equity and the share issue subject to payment have been recorded into the reserve for invested unrestricted equity.

Share trading and price

The number of Suominen Corporation shares (SUY1V) traded on Nasdaq Helsinki from 1 January to 31 December 2015 was 97,512,750 shares, accounting for 38.9% of the average number of shares (excluding treasury shares). The highest price was EUR 1.33, the lowest EUR 0.75 and the volume-weighted average price EUR 1.01. The closing price at the beginning of the review period, on 2 January 2015, was EUR 0.85 and the closing price at the end of the review period, on 30 December 2015, was EUR 1.24.

The market capitalization (excluding treasury shares) was EUR 311.9 million on 31 December 2015.

Authorizations of the Board of Directors

The Annual General Meeting (AGM) held on 19 March 2015 authorized the Board of Directors to repurchase a maximum of 2,000,000 of the company's own shares. The shares shall be repurchased to be used in company's share-based incentive programs, in order to disburse the remuneration of the members of the Board of Directors, for use as consideration in acquisitions related to the company's business, or to be held by the company, to be conveyed by other means or to be cancelled. The company's own shares shall be repurchased otherwise than in proportion to the holdings of the shareholders by using the non-restricted equity through trading on regulated market organized by Nasdaq Helsinki Ltd at the market price prevailing at the time of acquisition. The repurchase authorization is valid until 30 June 2016.

The AGM held on 26 March 2014 authorized the Board of Directors to decide on issuing new shares and/or conveying the company's own shares held by the company and/or granting special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish 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 are valid until 30 June 2017. By 31 December 2015, the number of shares used based on the authorization was 1,517,869 shares. The remaining number of shares which can be issued based on the authorization is 23,482,131 shares.

Remuneration of the Board payable in shares

Suominen's Annual General Meeting held on 19 March 2015 resolved to keep the remuneration of the members of the Board of Directors unchanged. The annual remuneration of the Chair of the Board of Directors is EUR 50,000, of the Deputy Chair EUR 37,500 and of the members EUR 28,000. Further, the members of the Board of Directors are paid a fee for attending meetings, such that each member of the Board will receive EUR 500 for each meeting attended in the home country of the respective member and EUR 1,000 for each meeting attended elsewhere than in the home country of the respective member. 60% of the annual remuneration is paid in cash and 40% in Suominen Corporation shares.

Of the remuneration payable in shares as described above, the number of shares transferred was determined based on the share value in the stock exchange trading maintained by Nasdaq 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 2015 of the company was published. Shares were given out of the own shares held by the company by the decision of the Board of Directors on 5 June 2015.

Share-based incentive plans for the management and key employees

Suominen Corporation has a share-based incentive plan for the Group management and Group key employees, which is divided into Performance Share Plan and Matching Share Plan. The aim of the plans is to combine the objectives of the shareholders and the persons participating in the plans 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.

Performance Share Plan

The Board of Directors has decided on two vesting periods in the Performance Share Plan, calendar years 2015–2017 and 2016–2018. The Board of Directors will decide separately on new earnings periods. In addition, the Board of Directors will decide on the Plan's performance criteria and required performance levels for each criterion at the beginning of an earnings period. The Performance Share Plan is directed to approximately 15 people.

The potential reward of the Plan from the performance period 2015–2017 will be based on the Suominen Group´s net sales growth, earnings before interest and taxes (EBIT %) and return on invested capital (ROI %). The rewards to be paid on the basis of the performance period 2015–2017 correspond to the value of an approximate maximum total of 2,300,000 Suominen Corporation shares (including also the proportion to be paid in cash).

The potential reward of the Plan from the performance period 2016–2018 will be based on the Suominen Group´s net sales growth, earnings before interest and taxes (EBIT %) and return on invested capital (ROI %). The rewards to be paid on the basis of the performance period 2016–2018 correspond to the value of an approximate maximum total of 1,225,000 Suominen Corporation shares (including also the proportion to be paid in cash).

The Board of Directors is 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.

Reward payment and ownership obligation for the management

The potential rewards from the earnings periods 2015–2017 and 2016–2018 will be paid partly in the company's shares and partly in cash in 2018 and 2019, respectively. 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 Share Plan 2015

The Matching Share Plan includes one three-year vesting period, calendar years 2015–2017. The prerequisite for receiving reward on the basis of this plan is that a person participating in the plan owns or acquires the company's shares up to the number determined by the Board of Directors. Furthermore, receiving of reward is tied to the continuance of participant´s employment or service upon reward payment.

The members of the Corporate Executive Team and the Corporate Leadership Team belong to the target group of the Matching Share Plan. The rewards to be paid on the basis of the Matching Share Plan correspond to the value of an approximate maximum total of 550,000 Suominen Corporation shares (including also the proportion to be paid in cash). In order to implement the Matching Share Plan, a share issue subject to payment was directed to the target group. A maximum total of 550,000 new shares in the company were offered in the share issue for subscription. The share subscription price for the new shares was EUR 0.67 per share, which equals with the trade volume weighted average quotation of the share on Nasdaq Helsinki Ltd during 1 November–30 November 2014 and with the fair value approved by the tax authorities.

In total 507,388 new Suominen shares were subscribed for. The shares subscribed for were registered in the Trade Register on 13 February 2015, as of which date the new shares established shareholder rights. The shares were traded on the Nasdaq Helsinki Ltd as of 16 February 2015. The share subscription price was credited to the company's reserve for invested unrestricted equity.

The decision on the share issue was based on the authorization granted to the Board of Directors by the Annual General Meeting of Shareholders held on 26 March 2014.

Hybrid bond and conversion of the bond notes into Suominen shares in 2015

In February 2014, Suominen Corporation issued a EUR 17.5 million convertible hybrid bond. In accordance with the terms and conditions of the bond, the bondholders have a right to convert the bond notes and the accrued capitalized interest related to the notes into Suominen shares. The conversion period started on 11 February 2014 and will end on 10 February 2018. Conversion Rate pursuant to the terms of the bond is EUR 0.50 per share and is determined market-based. The average volume weighted share price of the company's share during the last three (3) months before the issue of the bond was EUR 0.48.

In 2015, bond notes and the accrued capitalized interest related to the notes were converted to total of 3,984,106 new shares in Suominen Corporation. The conversion rate was recorded under the reserve for invested unrestricted equity of Suominen. The carrying amount of the hybrid bond amounted to EUR 16,840,200 on 31 December 2015. The number of shares in Suominen may increase by maximum of 38,625,600 shares on the basis of the conversion of the remaining bond notes and the potential capitalized interest, if the conversion is carried out by issuing new shares in Suominen.

Shareholders

At the end of 2015, Suominen Corporation had in total 4,818 shareholders. Suominen is not aware of any shareholder agreements related with the shareholding or use of voting rights. Detailed information on the shareholding of the members of the Board of Directors and company management is available in Note 36 of the consolidated financial statements. The largest shareholders and the breakdown of the shareholding are presented in Note 15 of the consolidated financial statements.

Treasury shares

At the end of review period, on 31 December 2015, Suominen Corporation held 913,886 treasury shares. In total 802,644 treasury shares were transferred during the review period to key employees of the Group in a directed share-issue without consideration as a reward of the 2012–2014 share-based incentive plan. In addition, in accordance with the resolution by the Annual General Meeting in total 86,989 shares were transferred on 5 June 2015 to the members of the Board of Directors as their remuneration payable in shares.

Notifications under Chapter 9, Section 5 of the Securities Market Act

During the review period, Suominen received the following notifications referred to in Chapter 9, Section 5 of the Securities Market Act:

On 29 January 2015, Mandatum Life Insurance Company Limited (business identity code 0641130-2) notified that it has divested Suominen Corporation shares through a transaction made on 23 January 2015, and consequently, its ownership in Suominen decreased below the threshold of 5%. After the transaction, Mandatum holds in total 12,318,243 shares and votes (4.97% of all shares and votes). In its previous notification, the number of shares held by Mandatum was 22,322,222, which accounted for 9.1% of all shares and votes in Suominen.

On 29 January 2015, Mandatum Life Insurance Company Limited (business identity code 0641130-2) notified that it had on 5 February 2014 subscribed the convertible hybrid bond issued by Suominen, which entitles Mandatum to subscribe a maximum of 3,714,000 new Suominen shares during the conversion period of 11 February 2014–10 February 2018. If Mandatum decided to subscribe these shares, its shareholding in Suominen would exceed the threshold of 5%. After the subscription, Mandatum would hold 16,032,243 shares and votes (6.37% of all shares and votes). In its previous notification, the number of Suominen shares held by Mandatum was 12,318,243, which accounted for 4.97% of all shares and votes.

On 18 February 2015, Mandatum Life Insurance Company Limited (business identity code 0641130-2) notified that it has divested Suominen Corporation shares through a transaction made on 17 February 2015. Following the transaction, Mandatum's ownership in Suominen would remain below the threshold of 5% even if Mandatum would convert all notes of the hybrid bond it subscribed in February 2014 into Suominen shares.

On 16 March 2015, Finnish Industry Investment Ltd (Suomen Teollisuussijoitus Oy, business identity code 1007806-3) notified that it has divested Suominen shares and thus its shareholding has fallen below the threshold of 5% of all shares and votes in Suominen. In its previous notification, Finnish Industry Investment Ltd stated it held 22,222,222 Suominen shares, corresponding to 9.04% of shares and votes in Suominen Corporation. Before the transaction made on 16

March 2015, Finnish Industry Investment Ltd held 14,009,604 shares, corresponding to 5.57% of all shares and votes. After the transaction made on 16 March 2015, Finnish Industry Investment Ltd holds in total 7,009,604 Suominen shares, corresponding to 2.78% of all shares and votes.

On 20 March 2015, Ilmarinen Mutual Pension Insurance Company (Keskinäinen Eläkevakuutusyhtiö Ilmarinen, business identity code 0107638-1), notified that it has on 19 March 2015 divested Suominen shares and consequently crossed the threshold of 10% of all shares and votes in Suominen Corporation. In its previous notification, Ilmarinen stated it held 27,111,992 Suominen shares, corresponding to 11.02% of shares and votes in Suominen Corporation. After the transaction, Ilmarinen holds in total 18,422,103 Suominen shares, corresponding to 7.33% of all shares and votes.

On 10 July 2015, GMT Capital Corp notified that it has on 9 July 2015 acquired Suominen shares and consequently reached the threshold of 5% of all shares and votes in Suominen Corporation. After the transaction, GMT Capital Corp holds in total 12,623,280 Suominen shares, corresponding to 5.00% of all shares and votes.

Information Pursuant of Decree 1020/2012 by Ministry of Finance, not presented in the consolidated financial statements

There are no restrictions of transfer neither redemption or approval clauses related to the shares of Suominen Corporation or securities entitling to shares.

Suominen Corporation is not participating any arrangements where the financial rights related to a share or a security entitling to hold a share would have been separated.

In accordance with the Articles of Association of Suominen Corporation and the Finnish Companies Act, the Shareholders' Meeting elects the Board of Directors. In accordance with the Articles of Association, the Board of Directors decides on the nomination of the President & CEO. The Articles of Association includes no specific stipulation on altering the Articles of Association. Shareholders' Meeting decides on share issues and acquisition of own shares, in accordance with the Finnish Companies Act.

The members of the Board of Directors have no specific contracts with the company regarding compensation in case a member resigns, is dismissed or his/her task ceases to exist due to a public tender offer.

The President & CEO has no separate contract to be applied if his/her employment would be terminated due to a public tender offer. In accordance with the employment contract made by the company and the President & CEO, should the company terminate the President & CEO's contract of employment, severance pay corresponding to 12 months' salary shall be paid. Other principal terms and conditions of the service contract of the President & CEO are presented in Note 36 of the consolidated financial statements and in the Remuneration Statement 2015 of Suominen Corporation.

Composition of the Nomination Board

In accordance with the decision taken by the Annual General Meeting of Suominen Corporation, the representatives notified by the company's three largest shareholders have been elected to Suominen Corporation's permanent Nomination Board. The shareholders entitled to appoint members to the Nomination Committee were determined on the basis of the registered holdings in the company's shareholders' register on 1 September 2015.

The representatives appointed to the Nomination Board are Thomas Ahlström, member of the Board of Directors of Ahlström Capital and Managing Director of Antti Ahlström Perilliset Oy; representing AC Invest Two B.V., Mikko Mursula, Chief Investment Officer of Ilmarinen Mutual Pension Insurance Company; and Reima Rytsölä, Executive Vice-President, Investments of Varma Mutual Pension Insurance Company. Jorma Eloranta, Chair of Suominen's Board of Directors, serves as the fourth member of the Nomination Board.

The Nomination Board shall submit its proposals to the Board of Directors no later than 1 February prior to the Annual General Meeting.

Annual General Meeting

The Annual General Meeting (AGM) of Suominen Corporation was held on 19 March 2015. The AGM decided that no dividend will be paid for the financial year 2014, but a distribution of funds EUR 0.01 per share, will be paid from the reserve for invested unrestricted equity.

The AGM adopted the financial statements and the consolidated financial statements for the financial year 2014 and discharged the members of the Board of Directors and the President & CEO from liability.

The AGM confirmed the number of members of the Board of Directors to be six (6). The AGM re-elected Mr. Risto Anttonen, Mr. Jorma Eloranta, Mr. Hannu Kasurinen and Ms. Jaana Tuominen as members of the Board of Directors, and elected Ms. Laura Raitio and Mr. Andreas Ahlström as new members of the Board of Directors for the next term of office, expiring at the end of the first Annual General Meeting of Shareholders 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.

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

Constitutive meeting and permanent committees of the Board of Directors

In its constitutive meeting on 19 March 2015, the Board of Directors elected from among its members a Chair and Deputy Chair as well as members for the Audit Committee and Personnel and Remuneration Committee.

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

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

Changes in Corporate Executive Team

Mr. Timo Hiekkaranta, Senior Vice President of Suominen's Convenience business area and a member of Suominen's Corporate Executive Team, left Suominen on 31 August 2015 to pursue his career outside the company.

Suominen announced on 6 October 2015 that Mr. Ernesto Levy, MBA, has been appointed Senior Vice President, Convenience business area and a member of the Corporate Executive Team at Suominen Corporation, effective 20 October 2015. Ernesto Levy has an impressive track record in leading consumer brand organizations, such as Novartis and Procter & Gamble.

At the end of the reporting period, 31 December 2015, the members of Suominen's Corporate Executive Team were:
Nina Kopola, President & CEO, Chair of the Corporate Executive Team
Tapio Engström, Senior Vice President, CFO
Lynda A. Kelly, Senior Vice President, Care business area
Larry Kinn, Senior Vice President, Operations Americas
Ernesto Levy, Senior Vice President, Convenience business area
Mimoun Saïm, Senior Vice President, Operations EMEA
Hannu Sivula, Senior Vice President, Human Resources

Business risks and uncertainties

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

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

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

Suominen has numerous regional, national or international competitors in its different product groups. There is currently oversupply in several product groups especially in Europe. Products based on new technologies and imported 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's customer base is fairly concentrated, which adds to the customer-specific risk. This may affect Suominen's result if customers' purchasing habits become more cautious as a result of a changes in consumption, or as a result of losing sales. The Group's ten largest customers currently account for 65% (61%) 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. Suominen also uses export credit guarantees and to a limited extent, credit insurances against customer credit risks.

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, as Suominen's stocks equal to two to four weeks consumption and passing on price changes of these raw materials to the prices Suominen charges from its contract customers takes between two to five months.

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

There could be a risk of Suominen's business operations being interrupted due to abrupt and unforeseen events, such as power outages or fire and water damage. Suominen may not be able to control these events through predictive actions, which could lead to interruptions in business. Risks of this type are insured in order to guarantee the continuity of operations. As Suominen has valid damage and business interruption insurances, it is expected that the damage would be compensated and the financial losses caused by the interruption of business would be covered.

Suominen uses certain technologies in its production. In the management's view, the chosen technologies are competitive and there is no need to make major investments in new technologies. However, it cannot be excluded that the company's technology choices could prove wrong, and the development of new or substitute technologies would then require investments.

Suominen aims to protect its business against product liability risks through the use of systematic quality assurance processes and product liability insurance. R&D function of the company is responsible for ensuring the underlying safety of the Group's products during their development. Continuous quality control is designed to guarantee product quality during production. Management considers it unlikely that the Group will face significant product liability related claims, and is unaware of any such claims.

Suominen is subject to corporate income taxes in numerous jurisdictions. Significant judgment is required to determine the total amount of corporate income tax at Group level. There are many transactions and calculations that leave room for uncertainty as to the final amount of the income tax. Tax risks relate also to changes in tax rates or tax legislation or misinterpretations, and materialization of the risks could result in increased payments or sanctions by the tax authorities, which in turn could lead to financial loss. Deferred tax assets included in the statement of financial position require that the deferred tax assets can be recovered against the future taxable income.

The Group is exposed to several financial risks, such as foreign exchange, interest rate, counterparty, liquidity, credit and commodity risks. The Group's financial risks are managed in line with a policy confirmed by the Board of Directors. The financial risks are described in Note 3 of the consolidated financial statements.

Suominen performs goodwill impairment testing annually. In impairment testing the recoverable amounts are determined as the value in use, which comprises of the discounted projected future cash flows. Actual cash flows can differ from the discounted projected future cash flows. Uncertainties related to the projected future cash flows include, among others, the long economic useful life of the assets, changes in the forecast sales prices of Suominen's products, production costs as well as discount rates used in testing. Due to the uncertainty inherent in the future, it is possible that Suominen's recoverable amounts will be insufficient to cover the carrying amounts of assets, particularly goodwill. If this happens, it will be necessary to recognize an impairment loss, which, when implemented, will weaken the result and equity. Goodwill impairment testing has been described in Note 5 of the consolidated financial statements.

Business environment

Suominen's nonwovens are, for the most part, used in daily consumer goods, such as wet wipes as well as hygiene and medical products. In these target markets of Suominen, the general economic situation determines the development of consumer demand, even though the demand for consumer goods is not very cyclical in nature. North America and Europe are the largest market areas for Suominen. Moreover, Suominen gained a foothold in the growing South American markets through an acquisition in February 2014.

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 2016, the growth in the demand in its target markets will, on average, continue at the pace of 2015.

Information on the separate financial statements of the parent company

Key ratios of the parent company

EUR thousand	2015	2014	2013
Net sales	15,299	15,494	15,208
Operating profit/loss	1,356	-23,500	-16,075
% of net sales	8.9	-151.7	-105.7
Net financial expenses	9,268	13,883	10,699
Profit/loss before income taxes	10,129	-9,589	-5,342
Return on invested capital, %	3.8	-8.5	-4.5
Salaries	3,921	3,389	3,766
Average number of personnel	27	24	22

The separate financial statements of Suominen Corporation have been prepared according to the Finnish Accounting Act, the Accounting Decree and other laws and regulations relating to financial statements (FAS). The consolidated financial statements of Suominen group have been prepared in compliance with the International Financial Reporting Standards (IFRS).

Net sales of Suominen Corporation were EUR 15.3 (15.5) million and operating profit/loss EUR 1.4 (-23.5) million. Net financial expenses were EUR +9.3 (+13.9) million. Profit/loss for the period was EUR 10.0 (-9.6) million. There are no related party loans except loans to other Suominen group companies.

In financial year 2015, the parent company had on average 27 (24) employees and at the end of the year 27 (22) employees.

The parent company has a French branch office, address Suominen Corporation, 101, rue Concordet, 38090 Vaulx-Milieu, reg. number 790118079. Flexmer Oy, a subsidiary where Suominen Corporation had a 100% shareholding, was merged with the parent company on 31 December 2015.

Outlook for 2016

Suominen expects that for the full year 2016, its net sales and operating profit excluding non-recurring items will improve from year 2015. In 2015, Suominen's net sales amounted to EUR 444.0 million and operating profit excluding non-recurring items to EUR 31.2 million. The non-recurring items are explained in the note 29 of the Financial Statements.

Proposal on distribution of dividend

The profit for the financial year 2015 of Suominen Corporation, the parent company of Suominen Group, was EUR 9,989,524. The funds distributable as dividends, including the profit for the period of the parent company were EUR 9,948,267 and total distributable funds were EUR 79,600,339. There have been no significant changes in the company's financial position after the end of the review period.

The Board of Directors proposes that a dividend of EUR 0.02 per share shall be distributed for the financial year that ended on 31 December 2015 and that the rest of the profit shall be transferred to retained earnings. On 29 January 2016 the company had 251,511,730 issued shares, excluding treasury shares. With this number of shares, the total amount of dividends to be distributed would be EUR 5,030,234.60. The record date is 18 March 2016 and the dividend will be paid on 31 March 2016.

The Corporate Governance Statement 2015 of Suominen Corporation has been disclosed as a separate statement at www.suominen.fi > Investors > Corporate Governance. Also the Remuneration Statement of Suominen has been disclosed and can be retrieved from the same address. Both statements are included also in the company's Annual Report 2015.

SUOMINEN CORPORATION
Board of Directors

Financial Statements

1 January–31 December 2015

Contents

Consolidated financial statements (IFRS)

Consolidated statement of financial position

EUR thousand

	Note	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Goodwill	5	15,496	15,496
Intangible assets	6	13,275	12,510
Property, plant and equipment	7	97,931	88,721
Loan receivables	11	7,793	8,202
Available-for-sale assets	10	777	1,124
Held-to-maturity assets	12	–	450
Other non-current receivables	11	2,402	2,614
Deferred tax assets	30	4,491	5,516
Total non-current assets		142,165	134,633
Current assets			
Inventories	9	32,557	32,380
Trade receivables	11	51,547	52,269
Loan receivables	11	1,000	600
Other current receivables	11	7,038	4,618
Assets for current tax	30	1,874	1,682
Cash and cash equivalents		55,570	38,430
Total current assets		149,585	129,979
TOTAL ASSETS		291,750	264,611

EUR thousand	Note	31 December 2015	31 December 2014
EQUITY AND LIABILITIES			
Equity			
Share capital	15	11,860	11,860
Share premium account		24,681	24,681
Reserve for invested unrestricted equity		69,652	97,192
Treasury shares		-44	-44
Fair value and other reserves		-118	96
Exchange differences	14	5,097	3,419
Retained earnings		-3,076	-46,890
Total equity attributable to owners of the parent		108,052	90,313
Hybrid bond	16	17,664	18,424
Total equity		125,716	108,737
Liabilities			
Non-current liabilities			
Deferred tax liabilities	30	10,890	8,789
Liabilities from defined benefit plans	20	1,105	1,151
Other non-current liabilities	22	651	578
Debentures	17	75,000	75,000
Other non-current interest-bearing liabilities	17	18,498	6,667
Total non-current liabilities		106,144	92,185
Current liabilities			
Current interest-bearing liabilities	17	3,363	3,347
Liabilities for current tax	30	47	246
Trade payables and other current liabilities	22	56,479	60,096
Total current liabilities		59,889	63,689
Total liabilities		166,034	155,874
TOTAL EQUITY AND LIABILITIES		291,750	264,611

Consolidated statement of profit or loss

EUR thousand

	Note	1 January - 31 December 2015	1 January - 31 December 2014
Net sales	23	444,042	401,762
Cost of goods sold		-386,042	-352,091
Gross profit		58,000	49,671
Other operating income	24	2,637	2,655
Sales and marketing expenses		-7,760	-6,278
Research and development		-3,527	-2,877
Administration expenses		-16,709	-15,418
Other operating expenses	24	-862	-1,857
Operating profit		31,778	25,897
Net financial expenses	28	-5,302	-8,075
Profit before income taxes		26,476	17,822
Income taxes	30	-9,456	-7,645
Profit for the period from continuing operations		17,020	10,177
Discontinued operations			
Profit for the period		–	717
Impairment losses and costs to sell		–	-5,921
Loss for the period from discontinued operations, total	31	–	-5,204
Profit for the period		17,020	4,973
Earnings per share, EUR			
Continuing operations		0.06	0.04
Discontinued operations		–	-0.02
Total basic		0.06	0.02
Total diluted		0.06	0.02

Consolidated statement of comprehensive income

EUR thousand

	1 January - 31 December 2015	1 January - 31 December 2014
Profit for the period	17,020	4,973
Other comprehensive income:		
Other comprehensive income that will be subsequently reclassified to profit or loss:		
Exchange differences	2,356	6,863
Fair value changes of cash flow hedges and available-for-sale assets	-970	81
Reclassified to profit or loss	669	1,287
Reclassified to property, plant and equipment	91	–
Other reclassifications	–	3
Income taxes related to other comprehensive income	-632	-700
Total	1,514	7,534
Other comprehensive income that will not be subsequently reclassified to profit or loss:		
Remeasurements of defined benefit plans	-26	-150
Income taxes related to other comprehensive income	8	50
Total	-18	-100
Total other comprehensive income	1,496	7,434
Total comprehensive income for the period	18,516	12,407
Attributable to:		
Continuing operations	18,516	17,612
Discontinued operations	–	-5,205
Total comprehensive income for the period	18,516	12,407

Consolidated statement of changes in equity

EUR thousand

	Note	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares	Exchange differences	Fair value and other reserves	Retained earnings	Total	Hybrid bond	Total equity
Equity 1 January 2015		11,860	24,681	97,192	-44	3,419	96	-46,890	90,313	18,424	108,737
Profit for the period		–	–	–	–	–	–	17,020	17,020	–	17,020
Other comprehensive income	14	–	–	–	–	1,730	-216	-18	1,496	–	1,496
Total comprehensive income		–	–	–	–	1,730	-216	17,002	18,516	–	18,516
Share-based payments		–	–	–	–	–	–	316	316	–	316
Share issue		–	–	340	–	–	–	–	340	–	340
Distribution of funds		–	–	-2,504	–	–	–	–	-2,504	–	-2,504
Reversal of undistributed dividends		–	–	–	–	–	–	2	2	–	2
Conveyance of treasury shares		–	–	80	–	–	–	–	80	–	80
Reclassifications		–	–	-27,448	–	-51	–	27,499	–	–	–
Conversion of hybrid bond		–	–	1,992	–	–	–	–	1,992	-1,992	–
Hybrid bond		–	–	–	–	–	–	-1,004	-1,004	1,232	228
Equity 31 December 2015		11,860	24,681	69,652	-44	5,097	-118	-3,076	108,052	17,664	125,716

	Note	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares	Exchange differences	Fair value and other reserves	Retained earnings	Total	Hybrid bond	Total equity
Equity 1 January 2014		11,860	24,681	97,123	-44	-3,021	-999	-51,094	78,506	–	78,506
Profit for the period		–	–	–	–	–	–	4,973	4,973	–	4,973
Other comprehensive income	14	–	–	–	–	6,440	1,094	- 100	7,434	–	7,434
Total comprehensive income		–	–	–	–	6,440	1,094	4,873	12,407	–	12,407
Share-based payments		–	–	–	–	–	–	70	70	–	70
Conveyance of treasury shares		–	–	69	–	–	–	–	69	–	69
Hybrid bond		–	–	–	–	–	–	-739	-739	18,424	17,685
Equity 31 December 2014		11,860	24,681	97,192	-44	3,419	96	-46,890	90,313	18,424	108,737

Consolidated statement of cash flows

EUR thousand

	1 January - 31 December 2015	1 January - 31 December 2014
Cash flow from operations		
Profit for the period	17,020	4,973
Total adjustments to profit for the period	32,870	39,953
Cash flow before changes in net working capital	49,890	44,927
Change in net working capital	-7,921	6,140
Financial items	-6,425	-6,514
Income taxes	-8,269	-7,434
Cash flow from operations	27,274	37,119
Cash flow from investments		
Investments in property, plant and equipment and intangible assets	-22,369	-7,740
Investments in acquired businesses	–	-19,261
Cash flow from disposed businesses	167	4,736
Sales proceeds from property, plant and equipment and intangible assets	10	59
Cash flow from investments	-22,192	-22,206
Cash flow from financing		
Drawdown of hybrid bond	–	17,500
Drawdown of debenture bond	–	75,000
Drawdown of other non-current interest-bearing liabilities	15,000	10,000
Repayment of other non-current interest-bearing liabilities	-3,333	-78,220
Changes in current interest-bearing liabilities	-14	-18,324
Changes in loan receivables	600	–
Share issue	340	–
Distribution of funds	-2,504	–
Cash flow from financing	10,089	5,956
Change in cash and cash equivalents	15,171	20,869
Cash and cash equivalents at the beginning of the period	38,430	18,585
Effect of changes in exchange rates	1,968	-1,025
Change in cash and cash equivalents	15,171	20,869
Cash and cash equivalents at the end of the period	55,570	38,430

Cash flow in 2014 includes also discontinued operations.

Notes to the consolidated financial statements (IFRS)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONSOLIDATED FINANCIAL STATEMENTS

Basic information

Suominen Corporation is a public limited liability company organized under the laws of the Republic of Finland and domiciled in Helsinki, Finland (Itämerentori 2, 00180 Helsinki, Finland). Suominen's shares are publicly traded in the Nasdaq Helsinki Ltd. Mid Cap (Small Cap until 31 December 2015) in Helsinki, Finland. Suominen Corporation is the parent of the Group. The Group manufactures nonwovens mainly for consumer goods companies.

The Board of Directors of Suominen Corporation has in its meeting on 29 January 2016, approved these financial statements to be published. According to the Finnish Companies Act, the shareholders have a possibility to approve or reject or make a decision on altering the financial statements in a General Meeting to be held after the publication of the financial statements.

Basis for presentation

The consolidated financial statements of Suominen Group are prepared in accordance with International Financial Reporting Standards (IFRS), including International Accounting Standards (IAS) and Interpretations issued by the International Financial Reporting Interpretations Committee (SIC and IFRIC). International Financial Reporting Standards are standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the European Parliament and of the Council. The Notes to the Financial Statements are also in accordance with the Finnish Accounting Act and Ordinance and the Finnish Companies Act.

The consolidated financial statements include the financial statements of Suominen Corporation and its subsidiaries. The functional and reporting currency of the parent is euro, which is also the reporting currency of the consolidated financial statements. Functional currencies of subsidiaries are determined by the primary economic environment in which they operate.

The financial year of Suominen Group as well as of the parent and subsidiaries is the calendar year ending 31 December.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

The figures in Suominen's consolidated financial statements are mainly presented in EUR thousands. Due to rounding differences the figures presented in tables do not necessarily add up to the totals of the tables.

New accounting standards

Suominen has applied the following new or revised or amended standards and interpretations from 1 January 2015:

Amendment to IAS 19 Employee Benefits. The amendment clarified the recognition of the contributions employees or third parties are requested to make to a defined benefit plan. The revised standard did not have any impact on the consolidated financial statements

Annual Improvements 2010–2012 and 2011–2013. The impacts of the standards vary but are not material for Suominen's consolidated financial statements.

New and amended IFRS standards and IFRIC interpretations published but mandatory in 2016 or later:

Annual Improvements 2012-2014, effective for reporting periods beginning on 1 January 2016 or later. The impacts of the standards vary but are not material for Suominen's consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements clarify, among other things, the materiality requirements of IAS 1. The amendments are effective for the reporting periods beginning on 1 January 2016 or later, and they can decrease immaterial disclosure information in the consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers, to be applied for the reporting periods beginning on 1 January 2018 or later. The new standard defines a five-step model to recognize revenue based on contracts with customers and replaces the current standards IAS 18 and IAS 11 as well as their interpretations. The timing of the revenue recognition can vary depending on the transfer of control. Suominen estimates that the new standard has no material effect on revenue recognition, but it increases the disclosure information.

IFRS 9 Financial Instruments and its amendments, to be applied for the reporting period beginning on 1 January 2018 or later. The new standard replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 changes the classification and measurement of financial assets and includes a new model for assessing the impairment of the financial assets based on expected credit losses. The classification and measurement of financial liabilities do not materially change from IAS 39. Hedge accounting can be applied to a larger number of risk exposures than before and hedge accounting principles have been harmonized with those used in risk management. Management is currently assessing the impact of these changes on the consolidated financial statements.

IFRS 16 Leases was issued in January 2016 and will be effective for the reporting periods beginning on 1 January 2019 or later. In accordance with the new standard, the lessee will recognize assets and liabilities for the rights and obligations created by leases. The evaluation of the effects of the new standard will be initiated in 2016, but the new standard will increase liabilities and property, plant and equipment as well as intangible assets in the consolidated financial statements.

Other new or amended standards or interpretations applicable from 1 January 2016 or later are not material for Suominen Group.

Consolidation principles

The consolidated financial statements include the parent and its subsidiaries. Subsidiaries are companies in which the parent has, based on its holding, more than half of the voting rights directly or via its subsidiaries or over which it otherwise has control. The Group has control on an entity when it has a participation in the entity and is exposed to or has right to its variable revenues and can influence the revenues by using its control over the entity.

Divested subsidiaries are included in the consolidated financial statements until the control is lost, and companies acquired during the reporting period are included from the date when the control has been transferred to Suominen. Acquisitions of subsidiaries are accounted for under the purchase method under which the purchase consideration is allocated to the acquired identifiable assets and liabilities assumed and the residual is recognized as goodwill. Identifiable assets and assumed liabilities acquired at business combinations are recognized at fair value at the date of acquisition. The transaction costs related to a business combination are recognized in profit or loss.

All intra-group transactions are eliminated as part of the consolidation process. Unrealized losses are eliminated only to the extent that there is no evidence of impairment.

Foreign subsidiaries

In the consolidated financial statements, the statements of profit or loss, statements of comprehensive income and statements of cash flows of foreign subsidiaries have been translated into euros using the average exchange rates of the reporting period and the statements of financial positions have been translated using the closing exchange rates at the end of the reporting period.

The exchange difference arising from translating the statements of profit or loss, statements of comprehensive income and statements of financial position using the different exchange rates is recognized as other comprehensive income and included in equity as cumulative exchange difference. Exchange differences arising from the translation of the net investments in foreign subsidiaries in non-euro area are also recognized in other comprehensive income and included in equity as cumulative exchange difference (Note 14).

On the disposal of all or part of a foreign subsidiary, the cumulative amount or proportionate share of the exchange difference is reclassified from equity to profit or loss as a reclassification item in the same period in which the gain or loss on disposal is recognized.

Transactions in foreign currencies

In their own day-to-day accounting the Group companies translate transactions in foreign currencies into their own reporting or functional currency at the exchange rates prevailing on the dates of the transactions. At the end of the reporting period, the unsettled balances of foreign currency transactions are measured at the exchange rates prevailing at the end of the reporting period. Foreign exchange gains and losses arising from trade receivables are entered as adjustments of net sales and foreign exchange gains and losses related to trade payables are recorded as adjustments of costs of goods sold. Foreign exchange gains and losses arising from financial items are recorded as financial income and expenses.

Reportable segments

As from July 2014 Suominen has no reportable segments. Until July 2014 the Group had two reportable segments, Nonwovens and Flexibles. Flexibles business was sold in July 2014 and is reported as discontinued operations. Before the disposal it was a reportable segment. The segmentation was based on the organizational structure and management reporting. The risk and profitability of the products and customers of the different reporting segments were not similar thus they were reported separately.

Since July 2014 the business of Suominen has consisted of one operating segment, Nonwovens. The net sales of Suominen consists entirely of net sales of the Nonwovens operating segment. All the products Suominen produces and sells are nonwoven products, and the production process and technology of all the products are similar, as they are produced using the same production lines. Also other resources, such as raw materials and production management, are common to all products. The customers are mainly converters of nonwovens, and the risks or profitability related to products or customers do not differ from each other. Also distribution of the products is similar.

The sales organization of Suominen is organized not only geographically but also as Convenience and Care business areas based on customers or end products of the customers. Account management of major customers ("Global Accounts") is, however, centralized and independent of the business areas. Suominen reports net sales not only by business areas but also by geographical areas.

As the resources are not dedicated to Convenience or Care business areas, the allocation of production capacity or other resources either to Convenience or Care products depends at each moment of the orders received and unutilized production capacity.

The chief operating decision maker of Suominen is the President & CEO, who is assisted by the Corporate Executive Team. The President & CEO makes decisions on allocating the resources of the Group. However, material items, such as major investments, as well as items which are required by governing law to be decided by the Board of Directors, are presented to the Board for approval.

Entity-wide disclosures are presented in Note 23.

Revenue recognition

Net sales include the total invoicing value of products less sales tax, discounts and rebates. Foreign exchange differences arising from trade receivables are recognized as sales adjustments.

Revenue is recognized after the risks and rewards of ownership of the goods have been transferred to the buyer. Normally, revenue recognition takes place at the date of the delivery in accordance with the delivery terms.

Research and development

Expenditure on research and development is recognized in profit or loss. Expenditure on product and process development is not capitalized as no separate assets are developed in the research and development activities or future economic benefits arising from the assets cannot be reliably assessed.

Accounting for leases

Suominen Group has entered into various operating leases, the payments under which are treated as rentals and charged to profit or loss over the lease term.

Leases of property, plant and equipment where Suominen has substantially all the rewards and risks of ownership, are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Lease payments are allocated between liability and finance charges. The lease liabilities net of finance charges are included in interest-bearing liabilities with the interest element charged to profit or loss over the lease period.

Property, plant and equipment acquired under finance lease contracts are depreciated over the shorter of the useful life of the asset or the lease period.

IFRIC 4 Determining Whether an Arrangement Contains a Lease is applied to such agreements, which are not leases in legal form, but which in substance convey the right to use an asset for an agreed period of time in return for a payment. If an arrangement or part of it is determined to be a lease, it or part of it is classified as finance or operating lease and accounted for under the guidance in IAS 17 Leases.

The long-term contract covering process heat sourced from a power plant adjacent to Suominen's production unit in Finland has been classified as an operating lease, as a major part of the thermal energy generated by the power plant is supplied to third parties. Long-term leasing contracts on premises are classified as operating leases as the risks and benefits related to ownership have not been transferred to the lessee and Suominen has no major obligations at the end of the lease period.

Rental income is recognized in accordance with the lease agreement during the lease period.

Government grants

Government or other grants are recognized in profit or loss in the same periods in which the corresponding expenses are incurred. The grants received are recognized as offsetting items of the expenses incurred. Government grants received to acquire property, plant and equipment or other assets are deducted from the acquisition cost of the assets in question.

Non-recurring items, effect on key ratios

Non-recurring items are presented in Note 29 of the consolidated financial statements.

Certain financial performance indicators used by Suominen are reported excluding non-recurring items. These indicators are applied in the consolidated financial statements to eliminate the profit or loss impact of certain significant transactions which are unusual or infrequent in nature, like impairment losses of assets, significant gains or losses from the sales of property, plant and equipment or intangible assets and restructuring costs. Any key ratio excluding non-recurring items is a non-IFRS key ratio.

Dividends and other distribution of funds

Dividends or other distribution of funds proposed by the Board of Directors are not recognized in the financial statements until they have been approved by the shareholders at the Annual General Meeting.

Audit

Quarterly information as well as interim reports are not audited.

Other accounting principles

Accounting principles related to assets, liabilities and line items in the statement of profit or loss are presented in the disclosure information related to each item.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the end of the reporting period and the recognized amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

The following items include critical accounting estimates: impairment testing of assets, especially of goodwill; estimated fair values of property, plant and equipment and intangible assets acquired in an acquisition and their estimated useful lives; useful lives of other intangible assets and property, plant and equipment; measurement of inventories and trade and loan receivables; recognition and measurement of deferred taxes and estimates of the amount and probability of provisions.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances.

Goodwill

Goodwill is tested annually for possible impairment. The recoverable amounts have been determined based on the assets' value in use which require the use of estimates. The actual cash flows can differ from estimated discounted future cash flows. Uncertainties related to the projected future cash flows include, among others, the long economic useful lives of the assets, the estimated sales prices, production costs and changes in discount rate used in testing. At the end of the reporting period, the carrying amount of goodwill was EUR 15.5 (15.5) million.

Property, plant and equipment and intangible assets

If there is indication of impairment, the carrying amounts of property, plant and equipment and intangible assets are compared with their recoverable amounts. The recoverable amount is the higher of fair value and value in use. Value in use is calculated by discounting the future cash flows arising from the the asset. If the recoverable amount of an asset is lower than the carrying amount, an impairment loss is recognized. Both the amounts and timing of the cash flows are based on management estimates.

Useful lives of intangible assets and property, plant and equipment are based on management's best estimate of the period the asset is expected to be available for use by Suominen. The actual useful life can, however, differ from the expected useful life resulting in adjustment of annual depreciation or amortization of the asset or in recognizing of an impairment loss.

Income taxes

Recognition and measurement of deferred tax liabilities and assets include management estimates, especially deferred tax assets arising from confirmed tax losses of group companies or from other temporary differences. Deferred tax assets are recognized for deductible temporary differences and tax losses to the extent that it is probable that taxable profit will be available against which tax credits and deductible temporary differences can be utilized. All tax liabilities and assets are reviewed at the end of the reporting period and changes are recognized in comprehensive income. At the end of the reporting period, the carrying amount of deferred tax assets was EUR 4.5 (5.5) million and the carrying amount of deferred tax liabilities EUR 10.9 (8.8) million.

The Group recognizes income tax liabilities for anticipated tax audit issues based on estimates of the outcome of the tax audit.

Provisions and contingent liabilities

If the management has assessed that as a result of a past event Suominen has a legal or constructive obligation, and that it is probable, that an outflow of resources will be required to settle the obligation, the management has estimated the amount of provision recognized from the obligation. The amount of the provision is the management's best estimate of the amount required to settle the obligation at the end of the reporting period.

A contingent liability is a possible obligation which is not recognized as a liability in the statement of financial position as, for example, its existence is not yet confirmed and is not in control of the company. The management uses estimates to assess the amount of contingent liabilities disclosed as contingent liabilities.

Inventories and trade and loan receivables

Measurement of inventories and trade and loan receivables includes some management estimates. Inventories are measured at lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value is used in testing the recoverable amount of inventories in order to avoid the inventories being carried in excess of the amount expected to be realized from their sale or use. If management estimates that carrying amount of a trade or loan receivable exceeds its fair value, an impairment loss is recognized. For example payment defaults or late payments are considered as indications of impairment of the receivable. The carrying amount of inventory was at the end of the reporting period EUR 32.6 (32.4) million, the carrying amount of trade receivables was EUR 51.5 (52.3) million and the carrying amount of loan receivables was EUR 8.8 (8.8) million.

3. FINANCIAL RISK MANAGEMENT

Suominen Corporation is exposed to customary financial risks relating to its global businesses such as foreign exchange and interest rate risks, counterparty risk, funding and liquidity risks, credit risk and commodity risk. The treasury policy approved by Suominen Corporation's Board of Directors defines the authorities, responsibilities and principles to be followed in the Group. Financial risk management is centralized within Suominen Group Treasury which acts as an in-house bank providing financial services for subsidiaries within the Group. Financial risk management is governed by the Treasury Policy. The policy includes principles and risk limits relating to debt structure, counterparties, bank relations and interest rate and foreign exchange risk management.

In accordance with the treasury policy the President & CEO approves all major funding operations and the main principles to be followed when hedging financial risks. The CFO is responsible for ensuring that the policy is observed throughout the Group, and for individual financial operations concerning funding, managing liquidity and financial risks.

Foreign exchange risk

Suominen Group operates internationally and is therefore exposed to transaction and translation risks arising from fluctuations in foreign exchange rates which may have an effect on profit or loss and financial position. Transaction risks arise from cash flows generated by purchase and sales activities while translation risks arise from converting items in the statements of profit or loss and the statements of financial position of non-euro subsidiaries as well as other currency-denominated assets and liabilities into the Group's functional currency euro. The aim of the Group's foreign exchange risk management is to hedge earnings from operations and to avoid exchange rate volatility in cash flows, profit or loss or in financial position.

In addition to US dollar, which generates the most significant currency impacts to Suominen, also Brazilian real affects the Group's foreign exchange risk.

The foreign exchange transaction exposure comprises of already known and estimated currency cash flows for the next 12 months. The transaction risks arise mainly from the USD transactions in the euro-area and in Brazil and from EUR transactions in Brazil. The USD risk arises from both USD business and treasury transactions. The exchange rate risk related to the Brazilian unit is hedged case by case. The exposure in BRL arose when the unit in Brazil was acquired in February 2014. In accordance with the hedging policy, the foreign currency hedging should hedge the cash flows arising from sales, purchases and interest payments in foreign currencies of the following 3 and 9 months.

Common derivative contracts are used in hedging, as their pricing can be verified on the markets. Suominen does not apply hedge accounting in currency hedging for the transaction risks. Changes in fair values of currency hedging instruments are recognized in profit or loss. Suominen has applied hedge accounting for net investment in a foreign operation, when the fair value changes of the hedging instrument, which is determined to be effective, have been recognized in other comprehensive income.

Suominen has applied hedge accounting for currency derivatives hedging foreign exchange risk arising from acquisition of property, plant and equipment. The amount arising from the foreign exchange hedge recognized in property, plant and equipment was EUR 91 thousand during the reporting period.

The consolidated transaction exposure at the end of the reporting period is presented in the table below:

	Transaction exposure 2015		Transaction exposure 2014	
EUR thousand	12 months cash flow	Hedged with currency forwards	12 months cash flow	Hedged with currency forwards
USD/EUR	1,562	-1,378	18,948	-4,118
EUR/BRL	-2,176	–	-3,075	0
USD/BRL	-911	–	84	–

The transaction exposure above includes receivables in foreign currencies totaling to EUR 21,320 thousand (EUR 5,152 thousand) and liabilities totaling to EUR 21,100 thousand (EUR 4,447 thousand).

Correspondingly, the translation exposure at the end of the reporting period was as follows:

Translation exposure 2015 against EUR

EUR thousand	Granted loans	Cash and cash equivalents and internal loans taken	External loans taken	Equity of foreign subsidiaries	Hedged with currency derivatives	Open exposure
BRL	–	3,380	–	14,791	–	18,171
USD	56,698	11,523	-21,861	66,836	–	113,196

Translation exposure 2014 against EUR

EUR thousand	Granted loans	Cash and cash equivalents and internal loans taken	External loans taken	Equity of foreign subsidiaries	Hedged with currency derivatives	Open exposure
BRL	–	3,583	–	19,887	–	23,470
USD	50,842	-2,971	–	47,134	-32,419	62,586

Granted loans consist of intra-group loans granted to the foreign subsidiaries (+). The loans granted to subsidiaries in USD are in substance equity as the repayment is not anticipated in foreseeable future. These loans amounted to USD 61.7 million, equaling to EUR 56.7 million at the end of the reporting period. The exchange differences from these loans are recognized in exchange differences in other comprehensive income as they are in substance exchange differences arising from equity. Exchange rate differences arising from both internal and external loans taken are recognized in profit or loss.

The translation exposure arising from the US dollar is hedged with external USD loans amounting to USD 23.8 million, equaling to EUR 21.8 million at the end of the reporting period. The equity of the subsidiaries in the USA was hedged with a currency derivative of USD 39.4 million in 2015 (USD 39.4 million external loan in 2014). This hedge was closed during the reporting period 2015.

Sensitivity analysis of financial instruments

The international reporting standards require disclosing sensitivity analysis of financial instruments. The table below summarizes the sensitivity of financial instruments on foreign exchange risk at the end of the reporting period. In the sensitivity analysis, the financial instruments include currency forward contracts, intra-group short-term and long-term currency denominated receivables and liabilities and external currency denominated borrowings. Sensitivities of the currency rates at the end of the reporting period are estimated based on the actual volatility of the currencies over the past 12 months. The exchange rate sensitivity is calculated for the following 12 months by using the rates at the end of the reporting period. The change in the exchange rate is the change of euro rate against US dollar rate.

2015

EUR thousand	Currency strengthens %	Effect on profit after tax	Effect on equity	Currency weakens %	Effect on profit after tax	Effect on equity
USD/EUR	12	-2,231	4,870	-12	2,231	-4,870

2014

EUR thousand	Currency strengthens %	Effect on profit after tax	Effect on equity	Currency weakens %	Effect on profit after tax	Effect on equity
USD/EUR	8	73	1,179	-8	-73	-1,179

Effectiveness and sensitivity analysis of currency hedging

The management has assessed the effectiveness of hedging by combining the estimated net cash flow for 12 months in foreign currencies with the compensating effect of the hedging instruments. The net effect from the change in exchange rates as described above on profit after taxes in 2015 is estimated to be EUR +/- 44 thousand (EUR +/- 429 thousand). Sensitivities of exchange rates at the end of the reporting period are estimated based on of the actual volatility of the currencies over the past 12 months. The exchange rate sensitivity is calculated for the following 12 months by using the currency rates at the end of the reporting period.

2015

EUR thousand	Currency strengthens / weakens %	Effect on 12 months' currency cash flow	Effect on hedging instruments	Net effect after tax
USD/EUR	12	- /+ 1,679	+ /-1,748	+ /-44

Interest rate risk

Suominen is exposed to interest rate risk when it funds its operations with euro or currency denominated debt. The risk arises from the reprising of floating rate debt and with the raising of new floating rate debt. A fixed rate debt is subject to fair value risk. The aim of interest rate risk management is to bring predictability to interest expenses by keeping the duration within the agreed limits with an optimal mix of fixed and floating rate debt. The interest rate risk associated with Suominen's loan portfolio is diversified to ensure that the portfolio comprises both floating and fixed interest rate loans spread over a range of interest periods. Suominen's Board of Directors has determined the interest rate structure of the loan portfolio and the range in which it can vary. The average interest duration can vary between 12 and 36 months. At the end of 2015 it was 34 months (50 months in 2014 after refinancing in autumn 2014).

At the end of the reporting period the amount of the Group's loans with fixed interest rates was EUR 75 million (EUR 75 million) and with floating interest rates EUR 21.9 million (EUR 10 million). Fixed interest rate loans were denominated in EUR and the floating rate loans were denominated in USD. At the end or during the reporting period, the Group did not have any interest rate swaps. The interest rate structure of the loan portfolio was changed in the refinancing in autumn 2014.

The sensitivity of interest rate risk is calculated based on a 0.5 percentage point shift in the interest rate curve. The table below illustrates the sensitivity of floating interest rate loans and Suominen's result to a change of 0.5 percentage point in interest rates during a one year period:

	2015		2014	
EUR thousand	Change in interest rate, percentage points	Effect on profit after tax	Change in interest rate, percentage points	Effect on profit after tax
Floating rate loans	+ /- 0.5	- /+87	+ /- 0.5	- /+40

At the end of the reporting period the cash and cash equivalents of the Group were EUR 55.6 (EUR 38.4 million). Cash and cash equivalents have not been included in the sensitivity analysis.

Electricity price risk

Suominen's operational policy on electricity procurement covers purchases of electricity of the Group's Finnish unit and the principles to be followed in managing electricity price risks. An independent consultant is employed to assist the company in electricity purchases and related risk management. Increases in the market price of electricity are managed through the use of fixed-price contracts and electricity derivatives.

The Group's electricity price risk exposure in Finland is reviewed on a rolling basis in three-year periods. Exposure at the end of 2015 was hedged by establishing that fixed-price electricity will account for 84 percent (93 percent) of projected usage in 2016, 56 percent (93 percent) in 2017, and 56 percent (93 percent) in 2018. Prices are hedged with OTC contracts. In accordance with these contracts Suominen pays on average EUR 38.9/MWh (41.8) for electricity in Finland in 2016.

Hedge accounting is applied in accounting for electricity derivatives. Electricity derivatives are used in order to neutralize fluctuations in the price of electricity over specific periods. Hedging must be effective both prospectively and retrospectively. The effectiveness of the hedges is documented at the beginning of hedging and tested for effectiveness during the hedging period. The effectiveness of hedging is tested based on an established regression. The changes in fair values of the effective hedging instruments are recognized in profit or loss when the hedged item is affecting profit or loss.

The price sensitivity of electricity derivatives has been estimated based on volatility of the prices so that the probability of price changes compared to the year-end price is +/- 15 percent. The volatility has been estimated based on the past price changes and the market view embedded in the option prices.

2015

Price change EUR / MWh	Effect on profit after tax	Effect on equity
+5	0	140
-5	0	-140

2014

Price change EUR / MWh	Effect on profit after tax	Effect on equity
+6	13	239
-6	0	-252

Credit risk

The most significant individual credit risks relate to trade receivables from international companies with high credit ratings. The largest ten trade receivables account for 53 percent of all trade receivables. The credit policy approved by the Board of Directors governs the principles to be followed when granting credit to customers and the responsibilities of the organization in this area. Credit is granted to customers after a credit approval process has been completed. The credit exposure of customers is reported at least once a month to the persons responsible for sales. Credit losses recognized in profit or loss totaled EUR 2 thousand (EUR 7 thousand) in 2015. The ageing structure of the trade receivables is disclosed in Note 12 to the consolidated financial statements. The maximum credit risk arising from trade receivables equals the carrying amount of the trade receivables. The Group has agreed on a supply chain financing program which covers one fourth of the sales at the end of the reporting period. In accordance with the supply chain financing agreement, the Group has transferred the rights and responsibilities of these receivables to the counterparty of the agreement.

In addition to trade receivables Suominen has credit risk arising from loan receivables granted in 2014 in connection with the sale of the Flexibles business unit. The collaterals securing the loan receivables are disclosed in Note 11 of the consolidated financial statements.

The Board of Directors of Suominen has approved a counterpart list of companies and financial institutions with good credit ratings. These companies are allowed counterparts in investment activities and derivative contracts. The amount which can be invested in a single counterpart is capped. Liquid funds are invested with reputable banks with sufficient credit ratings or in commercial papers offering high liquidity and credit ratings. The Group's maximum exposure to credit risk equals to carrying amount of financial assets at the end of the reporting period.

Liquidity and refinancing risk

Suominen aims to use different sources of funding. With its house banks Suominen has long and trustworthy relations and acquires advisory and other services from them. Refinancing risk is managed by diversifying loan maturities. In September 2014, Suominen signed five year EUR 55 million credit facility with Nordea Bank plc and Pohjola Bank plc and issued a EUR 75 million fixed rate bond with a loan period of five years. The bond is listed on the Nasdaq Helsinki Ltd. The average maturity of drawn loans within the committed facility agreements was 3.4 years (4.4) at the end of the reporting period. At the end of the reporting period the unused revolving credit facility was EUR 23.0 million. The credit facility is valid until September 2018.

Suominen Group Treasury has established several cash pooling structures with Group's house banks in order to manage the liquidity of the Group.

The maturity of financial liabilities and derivatives is presented as undiscounted cash flows in the following table. The table includes both interest payments and repayments of capital.

Maturity analysis of financial liabilities 2015

EUR thousand			Falling due			
Financial liabilities	Carrying amount	Contractual cash flows	Less than 6 months	6–12 months	1–2 years	2–5 years
Debentures	75,000	88,125	1,641	1,641	6,563	78,281
Loans from financial institutions	21,862	22,472	210	3,558	18,705	–
Other financial liabilities	630	630	262	–	368	–
Trade payables	44,682	44,682	44,682	–	–	–
Total	142,174	155,909	46,794	5,199	25,635	78,281

			Falling due			
Derivative instruments	Carrying amount	Contractual cash flows	Less than 6 months	6–12 months	1–2 years	2–5 years
Currency forward contracts	297					
Cash inflows		18,911	7,011	9,280	2,620	–
Cash outflows		-19,334	-7,120	-9,512	-2,702	–
Electricity contracts	242					
Cash outflows		-243	–	-197	-46	–
Total	539	-666	-109	-429	-128	–

		Falling due			
Contingent liabilities	Total	Less than 6 months	6–12 months	1–2 years	2–5 years
Guarantees	22,621	6,310	525	2,500	13,286
Contractual commitments to acquire property, plant and equipment	16,083	4,183	9,280	2,620	–
Total	38,704	10,493	9,805	5,120	13,286

Maturity analysis of financial liabilities 2014

EUR thousand

Financial liabilities	Carrying amount	Contractual cash flows	Falling due: Less than 6 months	6–12 months	1–2 years	2–5 years
Debentures	75,000	91,415	1,627	1,654	6,563	81,571
Loans from financial institutions	10,000	10,263	–	3,371	6,892	–
Finance lease liabilities	14	14	14	–	–	–
Other financial liabilities	1,079	1,079	354	375	350	–
Trade payables	47,403	47,403	47,403	–	–	–
Total	133,496	150,174	49,398	5,400	13,805	81,571

Derivative instruments	Carrying amount	Contractual cash flows	Falling due: Less than 6 months	6–12 months	1–2 years	2–5 years
Currency forward contracts	236					
Cash inflows		36,276	36,276	–	–	–
Cash outflows		-36,537	-36,537	–	–	–
Electricity contracts	71					
Cash outflows		-72	–	-52	-20	–
Total	307	-333	-261	-52	-20	–

Contingent liabilities	Total	Falling due: Less than 6 months	6–12 months	1–2 years	2–5 years
Guarantees	15,042	717	1,800	3,300	9,225
Total	15,042	717	1,800	3,300	9,225

4. MANAGEMENT OF CAPITAL

Suominen's management of capital aims to support business activities by ensuring the conditions to operate by means of the Group's financial position and capital structure. In addition, the aim is to increase the shareholder value by targeting at a competitive return on invested capital. The capital structure must ensure debt financing of the Group. In the capital management planning process both current and future needs of the business are taken into consideration together with securing the competitive pricing of financing.

The Board of Directors of Suominen monitors the equity ratio and gearing. Gearing is calculated as the ratio between interest-bearing net debt to equity. Equity ratio calculated as the ratio between equity to the total assets adjusted with advance payments received.

The capital structure can be influenced by distributing dividends or other funds and share issues. If there is a need, the Group can buy back own shares or issue new shares as authorized by the general meetings, or decide to sell assets or businesses to reduce liabilities.

The Group's equity ratio was 43.2 (41.2) percent on 31 December 2015, and gearing was 25.9 (34.7) percent. The Group had a program to sell trade receivables. The program ended in 2014. Instead, Suominen has as a selected supplier -status a Supply Chain Financing program with certain customers. Under the program the trade receivables are sold on a non-recourse basis. The programs released capital employed.

Equity ratio and gearing at the end of the reporting period

EUR million	2015	2014
Interest-bearing liabilities	96.9	85.0
Interest-bearing receivables	-8.8	-8.8
Cash and cash equivalents	-55.6	-38.4
Interest-bearing net debt	32.5	37.8
Equity	125.7	108.7
Assets total - advances received	291.2	264.0
Gearing, %	25.9	34.7
Equity ratio, %	43.2	41.2

The funding is managed by maintaining good relations with the financial institutions. The cooperation with the banks is built on long-lasting relationships.

Suominen plans to cover the loan amortization needs with its cash flow from operations and if needed, by disposal of non-core business operations and assets.

The Group's loan agreements include covenant terms which are linked to consolidated key figures. If the covenant terms are not fulfilled, negotiations with the lenders will be initiated.

Interest-bearing liabilities of Suominen are presented in Note 17 and hybrid bond in Note 16 of the consolidated financial statements.

5. GOODWILL

EUR thousand

Goodwill represents the excess of the purchase consideration over the fair value of acquired net assets. Goodwill is allocated to those cash generating units which benefit from the acquired net assets as well as from synergies arising from the acquisition. The carrying amount of goodwill is tested at least annually for impairment during the third quarter of the year. If the impairment testing indicates that the recoverable amount of the cash generating unit which includes goodwill is lower than its carrying amount, an impairment loss of goodwill and of other assets, if applicable, is recognized in the statement of profit or loss. The impairment loss of goodwill will not be reversed during subsequent reporting periods.

Suominen has recognized goodwill from the acquisition of the business operations of Home and Personal business from Ahlstrom in 2011. At the end of the reporting period, the carrying amount of goodwill was EUR 15,495 thousand (EUR 15,495 thousand in 2014). The Group has one operating segment (Nonwovens), which is also a cash generating unit to which goodwill has been allocated in its entirety.

In impairment testing the recoverable amount for the cash generating unit is determined as the value in use. Value in use comprises of the discounted projected future cash flows. Projected cash flows are based on actual performance, annual plans as well as five-year forecasts based on the Group's strategy. The main assumptions of forecasts are always reviewed during the impairment testing. Cash flows in the period beyond the five-year forecasted period are extrapolated using the growth rates for Suominen's business. The key assumptions used in the value in use are sales trend of the cash-generating unit, expense levels and the discount rate used.

The replacement investments needed for maintaining the existing production capacity have been estimated based on the planned depreciation during the useful lives of each asset in the cash-generating unit.

The annual growth rate for Suominen's net sales during the period covered by the forecast (2016-2020) has been estimated at 6.6 percent. In 2016, Suominen continues to follow its "In the Lead" strategy. The Group aims to increase the share of products with higher added value in its product portfolio and focuses, among other things, on streamlining its processes and especially on accelerating the product development process.

The discount rate has been derived by using targeted capital structure at the time of impairment test. Gearing, or ratio of net debt to equity, is 70 percent. Cost of capital has been calculated as a weighted average pre-tax rate for equity and debt and taking into the consideration the risk-free rate and risk margins of equity and debt respectively. Discount rate used in the calculation is the weighted average of the risk-free 10-year government bond rates in the operating countries where Suominen operates.

Impairment testing is based on present estimates of future development at the time of impairment testing. The uncertainty in measuring the values in use is captured by analyzing variations in the amount or timing of cash flows. The element of uncertainty and risk has been accounted for in the discount rates and by taking into consideration experience from previous impairment tests.

The management does not foresee that any eventual changes in the critical assumptions would lead into impairment of goodwill.

The critical assumptions in impairment testing

	2015	2014
Discount rate	12.0%	11.8%
Growth in net sales 2016–2020 (2015–2019)	6.6%	4.1%
Annual terminal growth rate	1.0%	1.0%
Annual terminal operating profit percentage	10.8%	7.4%

6. INTANGIBLE ASSETS

EUR thousand

Intangible rights include patents, trademarks, software licences as well as customer relations which were identifiable assets at business combination and are measured at fair value at the acquisition date. Other intangible assets are development and other costs which are directly attributable to the design and testing of identifiable and unique software or similar intangible assets. If an intangible asset is a qualifying asset as defined in IAS 23, i.e. an asset that necessarily takes a substantial period of time to get ready, the borrowing costs are capitalized into the initial acquisition cost of the asset.

Subsequent expenditure on intangible assets is capitalized only if the future economic benefits from the asset exceed the initially planned level. Otherwise the expenditure is recognized as an expense in the statement of profit or loss.

Intangible rights and other intangible assets are recognized in the statement of financial position at their initial acquisition cost less cumulative amortization and impairment losses, if any. They are amortized using planned straight-line amortization during of their estimated useful lives. Intangible assets from acquisition of a subsidiary are stated at their fair values at the date of the acquisition.

Suominen has no other intangible assets than goodwill which have indefinite useful lifes. Goodwill and intangible assets not yet available for use are tested annually for impairment. Disclosure information of goodwill is presented in Note 5 of the consolidated financial statements.

Other intangible assets are tested for impairment if there are indications that the asset may be impaired. Impairment testing is described in Note 27 of the consolidated financial statements.

Amortization periods for intangible assets

Goodwill	no amortization
Intangible rights	3–13 years
Customer relations	13 years
Other intangible assets	5–10 years
Advance payments and assets under construction	no amortization

	Intangible rights	Goodwill	Other intangible assets	Advance payments and assets under construction	Total 2015
Acquisition cost 1 January	10,296	15,496	7,482	609	33,882
Exchange difference	-24	–	45	-1	20
Additions	174	–	15	2,735	2,925
Capitalized borrowing costs	–	–	–	2	2
Decreases and disposals	-153	–	-9	–	-162
Reclassifications	1,349	–	–	-1,349	–
Acquisition cost 31 December	11,643	15,496	7,533	1,996	36,667
Accumulated amortization and impairment losses 1 January	-4,195	–	-1,681	–	-5,876
Exchange difference	23	–	61	–	85
Decreases and disposals	143	–	9	–	152
Amortization for the reporting period	-1,559	–	-643	–	-2,201
Impairment losses for the reporting period	–	–	–	-56	-56
Accumulated amortization and impairment losses 31 December	-5,587	–	-2,253	-56	-7,896
Carrying amount 31 December	6,055	15,496	5,279	1,941	28,771

	Intangible rights	Goodwill	Other intangible assets	Advance payments and assets under construction	Total 2014
Acquisition cost 1 January	9,650	15,496	6,386	1,001	32,532
Exchange difference	-10	–	88	1	79
Additions	150	–	1,118	1,148	2,416
Business combinations	20	–	–	–	20
Discontinued operations	-1,054	–	-111	–	-1,165
Reclassifications	1,540	–	–	-1,540	–
Acquisition cost 31 December	10,296	15,496	7,482	609	33,882
Accumulated amortization and impairment losses 1 January	-3,949	–	-1,065	–	-5,013
Exchange difference	-2	–	-5	–	-7
Discontinued operations	996	–	9	–	1,005
Amortization for the reporting period	-1,241	–	-621	–	-1,862
Accumulated amortization and impairment losses 31 December	-4,195	–	-1,681	–	-5,876
Carrying amount 31 December	6,100	15,496	5,801	609	28,006

In 2011, EUR 5,979 thousand of the purchase consideration related to acquisition of Ahlstrom's Home and Personal business was allocated to customer relations. At the end of the reporting period, the carrying amount of these customer relations was EUR 4,062 thousand.

Assets under finance leases

2015	Intangible rights
Acquisition cost 1 January	158
Cumulative amortization 1 January	-60
Amortization for the period	-31
Cumulative amortization 31 December	-91
Carrying amount 31 December	67

2014	Intangible rights
Acquisition cost 1 January	158
Cumulative amortization 1 January	-29
Amortization for the period	-31
Cumulative amortization 31 December	-60
Carrying amount 31 December	98

7. PROPERTY, PLANT AND EQUIPMENT

EUR thousand

Property, plant and equipment consist mainly of land, buildings and structures and machinery and equipment. They are recognized in the statement of financial position at their acquisition cost less cumulative depreciation and impairment losses, if any. When an asset consists of major components with different useful lives, they are accounted for as separate items. Assets from acquisition of a subsidiary are stated at their fair values at the date of the acquisition.

When part of an asset in property, plant and equipment is replaced, the cost of the replacement is capitalized and the eventual carrying amount of the replaced asset is derecognized. Other subsequent expenditure is capitalized only if the future economic benefits to the company from the asset are enhanced. Ordinary maintenance and repair charges are expensed as incurred.

Borrowing costs are capitalized as part of the acquisition cost of property, plant and equipment if the assets are qualifying assets as defined in IAS 23 Borrowing Costs.

Depreciation is recognized on a straightline basis over expected useful lives. Depreciation begins when the asset is available for its intended use. Land is not depreciated since it is deemed to have indefinite useful life.

Gains and losses from the sales and disposals of property, plant and equipment are determined as a difference between the sales price and the carrying amount of the asset and they are recognized as other operating income or expenses.

Depreciation periods for property, plant and equipment

Land ....no deprecation
Building and constructions .... 10–40 years
Machinery and equipment ....4–17 years
Other intangible assets .... 3–5 years
Advance payments and assets under construction ......no deprecation

	Land	Buildings and constructions	Machinery and equipment	Other tangible assets	Advance payments and assets under construction	Total 2015
Acquisition cost 1 January	3,977	43,473	149,417	471	1,149	198,488
Exchange difference	-498	159	5,764	-4	121	5,544
Additions	–	766	1,997	–	17,806	20,570
Capitalized borrowing costs	–	–	–	–	72	72
Capitalized cash flow hedges	–	–	–	–	91	91
Decreases and disposals	–	-1	-89	–	–	-90
Reclassifications	–	421	2,237	–	-2,658	–
Acquisition cost 31 December	3,479	44,819	159,327	467	16,581	224,675
Accumulated depreciation and impairment losses 1 January	–	-26,327	-83,008	-431	–	-109,767
Exchange difference	–	143	-1,780	1	-4	-1,640
Decreases and disposals	–	1	89	–	–	90
Reclassifications	–	-11	11	–	–	–
Depreciation for the reporting period	–	-1,627	-14,139	-8	–	-15,774
Impairment losses for the reporting period	–	–	–	–	-183	-183
Reversals of impairment losses for the reporting period	–	–	530	–	–	530
Accumulated depreciation and impairment losses 31 December	–	-27,822	-98,297	-437	-187	-126,743
Carrying amount 31 December	3,479	16,997	61,028	31	16,395	97,931

	Land	Buildings and constructions	Machinery and equipment	Other tangible assets	Advance payments and assets under construction	Total 2014
Acquisition cost 1 January	2,343	57,509	182,107	524	1,272	243,755
Exchange difference	160	1,150	7,872	2	-81	9,103
Additions	–	–	1,035	2	3,613	4,650
Decreases and disposals	–	–	-9	–	–	-9
Business combinations	2,419	3,101	5,250	10	–	10,779
Discontinued operations	-944	-18,462	-50,405	-67	87	-69,791
Reclassifications	–	175	3,566	–	-3,742	–
Acquisition cost 31 December	3,977	43,473	149,417	471	1,149	198,488
Accumulated depreciation and impairment losses 1 January	–	-35,638	-109,003	-476	–	-145,117
Exchange difference	–	-140	-2,375	0	–	-2,516
Discontinued operations	–	11,035	40,487	58	–	51,580
Depreciation for the reporting period	–	-1,585	-12,117	-12	–	-13,714
Accumulated depreciation and impairment losses 31 December	–	-26,327	-83,008	-431	–	-109,767
Carrying amount 31 December	3,977	17,146	66,408	41	1,149	88,721

	2015	2014
Carrying amount of production machinery and equipment	61,109	65,221

Due to the disposal of the Flexibles business an impairment loss of property, plant and equipment totaling to EUR 4,340 thousand was recognized in 2014. This impairment loss was recognized in the statement of profit or loss in loss from discontinued operations.

Contractual commitments to acquire property, plant and equipment are presented in Note 37.

8. GROUP COMPANIES

Company	Domicile	Ownership, %	Owned by parent company
Suominen Corporation	Helsinki, Finland		
Suominen Nonwovens Ltd.	Nakkila, Finland	100%	x
Suominen Italy Holding, s.r.l.	Mozzate, Italy	100%	x
Cressa Nonwovens s.r.l.	Mozzate, Italy	100%	
Mozzate Nonwovens s.r.l.	Mozzate, Italy	100%	
Suominen Spain Holding, S.A.U.	Alicante, Spain	100%	x
Alicante Nonwovens S.A.U.	Alicante, Spain	100%	
Suominen US Holding, Inc.	Delaware, USA	100%	
Bethune Nonwovens, Inc.	Bethune, South Carolina, USA	100%	
Green Bay Nonwovens, Inc.	Green Bay, Wisconsin, USA	100%	
Windsor Locks Nonwovens, Inc.	Windsor Locks, Connecticut, USA	100%	
Suominen Brasil Indústria e Comercio de Não-Tecidos Ltda.	Paulinia, Brazil	100%	x

Changes in group structure in 2015

The Finnish company Flexmer Oy merged into its parent company Suominen Corporation on 31 December 2015.

9. INVENTORIES

EUR thousand

Cost of inventories is measured using the FIFO (first-in-first-out) principle or weighted average cost. The value of inventory includes all direct and indirect costs associated with purchase. The cost of manufactured products includes the cost of materials, direct labour and other direct costs, including general manufacturing overheads. The cost of inventories excludes sales, administration and financing costs. Borrowing costs are not capitalized in inventory.

Inventories are valued at lower of cost or the probable net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

Obsolete items in inventories are written down.

Inventories	2015	2014
Raw materials and consumables	16,354	17,001
Work in progress	2,218	1,394
Finished goods	13,985	13,985
Total inventories	32,557	32,380

Write-down of inventory	-622	-399
Reversals of write-down of inventory	142	–
Inventories recognized as expense during the period	-326,183	-300,631

Inventories recognized as expense during the period are included in cost of goods sold in the statement of profit or loss.

10. AVAILABLE-FOR-SALE ASSETS

EUR thousand

	2015	2014
Carrying amount 1 January	1,124	939
Additions	–	347
Reclassification	421	–
Fair value changes recognized in other comprehensive income	-318	-145
Decreases	-450	-17
Carrying amount 31 December	777	1,124

Available-for-sale assets consist of unlisted shares. At the disposal of its Flexibles business unit Suominen acquired shares in Bright Maze Oy. The ownership represents 19.9 percent of shares and votes Bright Maze Oy.

In 2015 Suominen sold shares in a real estate company which were classified as available-for-sale.

Reclassification includes assets previously classified as held-to-maturity.

Definition of available-for-sale assets is disclosed in Note 12 of the consolidated financial statements.

11. RECEIVABLES

EUR thousand

Non-current receivables	2015	2014
Loan receivables	7,793	8,202
Other non-current receivables	2,402	2,614
Total non-current receivables	10,195	10,816
Current receivables		
Trade receivables	51,547	52,269
Loan receivables	1,000	600
Other current receivables	1,567	1,192
Prepaid expenses and accrued income	5,470	3,425
Total current receivables	59,584	57,487

Prepaid expenses and accrued income consist mainly of accruals of financial items, accruals related to sales and other accruals.

Other receivables, both non-current and current, include, among others, receivables related to indirect taxes.

Prepaid expenses and accrued income related to derivative instruments are disclosed in more detail in Note 19 of the consolidated financial statements.

Credit quality of other receivables is based on the debtors' payment history. Other receivables are not past due nor impaired.

At the disposal of the Flexibles business in 2014 it was agreed, that part of the consideration depends on the result of the sold business incurred after the disposal. This receivable is presented in other non-current receivables and it is measured at fair value through profit or loss.

Loan receivables

At the disposal of the Flexibles business in 2014 Suominen Corporation granted two loans to Bright Maze Oy, the acquiree: Vendor Loan Note (EUR 6,255 thousand) and Subordinated Loan Note (EUR 2,277 thousand). The accrued interests of both loans are capitalized annually in December.

The interest rate of the Vendor Loan Note is 6 percent p.a. and it is paid semiannually as from June 2015. The loan matures on 31 December 2018. The interest rate ot the Subordinated Loan Note is 9 percent p.a. and it is fully repaid at its maturity on 31 July 2024. The security for the loan includes some receivables of Bright Maze Oy, shares in Suominen Joustopakkaukset Oy as well as a mortgage over Bright Maze Oy.

Should the ownership structure of Bright Maze Group change materially, both loan receivables with the accrued and capitalized interest will be repaid prematurely. The debtor may repay the loans at any time.

The Subordinated Loan is not secured and it is the last in the ranking order. Prior to the maturity, Suominen has the right to convert the loan into equity at its sole discretion.

Each loan receivable is individually analyzed for a possible impairment loss. These analyses are based on the financial position and future cash flows of the debtor. Debtors have no external credit rating.

These loan receivables are measured at amortized cost, and at the end of the reporting period the carrying amounts of both loan receivables equal their fair values.

Trade receivables

Measurement of trade receivables is described in Note 12 of the consolidated financial statements.

Suominen had a program to sell trade receivables. This program ended in 2014. In 2014 Suominen started with a "selected supplier" status a Supply Chain Financing Program where trade receivables are sold so that the contractual rights to receive the cash flows from the trade receivables cease. Both programs released capital employed.

Ageing analysis of trade receivables	2015	2014
Not due	44,854	48,378
Overdue		
Less than 5 days	2,647	1,759
5–30 days	3,196	1,912
31–120 days	763	222
More than 120 days	172	83
Total overdue	6,777	3,976
Total trade receivables	51,631	52,354
Allowance account	-85	-85
Carrying amount of trade receivables	51,547	52,269

Impairment losses of trade receivables and changes in allowance account of trade receivables

Allowance account 1 January	-85	-317
Exchange difference	–	1
Charge for the year	–	-7
Discontinued operations	–	238
Allowance account 31 December	-85	-85
Credit losses during the period	-2	-7

Currency analysis of trade receivables

EUR	30,227	28,452
USD	18,605	21,576
BRL	2,172	2,225
Other currencies	543	17
Total	51,547	52,269

12. FINANCIAL ASSETS

EUR thousand

	Fair value through profit or loss	Held-to-maturity investments	Loans and receivables	Available-for-sale assets	Derivatives, hedge accounting applied	Carrying amount	Fair value
Available-for-sale assets	–	–	–	777	–	777	777
Other non-current receivables	813	–	1,512	–	–	2,326	2,326
Loan receivables	–	–	8,793	–	–	8,793	8,793
Trade receivables	–	–	51,547	–	–	51,547	51,547
Interest and other financial receivables	–	–	1,297	–	–	1,297	1,297
Cash and cash equivalents	–	–	55,570	–	–	55,570	55,570
Total 31 December 2015	813	–	118,719	777	–	120,309	120,309

Other non-current receivables include a contingent consideration of EUR 813 thousand (EUR 980 thousand) arising from the disposal of the Flexibles business in 2014.

	Fair value through profit or loss	Held-to-maturity investments	Loans and receivables	Available-for-sale assets	Derivatives, hedge accounting applied	Carrying amount	Fair value
Available-for-sale assets	–	–	–	1,124	–	1,124	1,124
Held-to-maturity investments	–	450	–	–	–	450	450
Other non-current receivables	980	–	1,634	–	–	2,614	2,614
Loan receivables	–	–	8,802	–	–	8,802	8,802
Trade receivables	–	–	52,269	–	–	52,269	52,269
Derivatives	–	–	–	–	12	12	12
Other current receivables	–	–	1,011	–	–	1,011	1,011
Interest and other financial receivables	–	–	1,725	–	–	1,725	1,725
Cash and cash equivalents	–	–	38,430	–	–	38,430	38,430
Total 31 December 2014	980	450	103,871	1,124	12	106,437	106,437

Financial assets have been classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets at initial recognition of the asset.

Trade day accounting is applied to regular purchases and sales of financial assets. Financial assets, which are not measured at fair value through profit or loss are initially recognized at fair value with transaction costs.

Financial assets at fair value through profit or loss are initially recognized at fair value and transaction costs are recognized as expenses in the statement of profit or loss. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred to an external party and the group has transferred substantially all the risks and rewards related to the ownership of the assets to an external party. Available-for-sale assets and assets at fair value through profit or loss are subsequently mesured at fair value. Loans and receivables are measured at amortized cost using the effective interest method.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading or assets which are initially classified as assets at fair value through profit of loss. A financial asset is classified at fair value through profit or loss if it has been acquired principally for the purpose of selling it in the near future. Derivatives for which hedge accounting is not applied are classified as held for trading.

Other non-current receivables measured at fair value through profit or loss are contingent sales considerations. The fair value of the receivables is based on estimated repayments in accordance with the terms of the agreement.

Gains or losses arising from changes in the fair value of assets at fair value through profit or loss are recognized in the statement of profit or loss either in other operative income and expenses or in financial items, depending on the nature of the asset.

Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and which are not quoted in an active market. They are included in current assets, except if they mature after more than 12 months after the end of the reporting period, in which case they are classified as non-current assets. The Group's loans and receivables include loan receivables, trade and other receivables and cash and cash equivalents.

Each loan receivable is individually analyzed for a possible impairment loss. These analyses are based on the financial position and future cash flows of the debtor. Loan receivables are measured at amortized cost, and at the end of the reporting period the carrying amounts of loan receivables equal their fair values.

Trade receivables are carried at the original invoice amount less an estimate made for doubtful receivables. Estimate made for doubtful receivables is based on a periodic review of all outstanding amounts. For example payment defaults or late payments are considered as indications of impairment of the receivable. Impairment losses of trade receivables are recorded in a separate allowance account within trade receivables, and the impairment losses are recognized in profit or loss as other operating expenses. If the impairment loss is final, the trade receivable is derecognized from the allowance account. If a payment is later received from the impaired receivable, the received amount is recognized in profit or loss as a deduction of other operating expenses. If no impairment loss has been recognized in the allowance account and the impairment loss of the trade receivable is found to be final, impairment loss is recognized directly as deduction of trade receivables. The maximum credit risk arising from trade receivables equals the carrying amount of the trade receivables. Due to the short maturity the trade receivables are not discounted.

Cash and cash equivalents comprise cash and other financial assets, if any. Other financial assets are highly liquid investments with remaining maturities at the date of acquisition of three months or less. Bank overdrafts are included in current interest-bearing liabilities.

The carrying amounts of other receivables and cash and cash equivalents equal their fair values.

Held-to-maturity investments

Held-to-maturity investments are non-derivatives which have fixed payments maturing on a fixed date and where the Group has a firm intent and ability to hold the instrument until maturity. They are carried at amortized cost using the effective interest method and they are included in non-current assets. At the end of the reporting period, Suominen had no investments classified as held-to-maturity.

Available-for-sale assets

Available-for-sale assets are non-derivatives which are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose them within 12 months from the end of the reporting period. At the end of the reporting period Suominen held only non-current available-for-sale assets.

Changes in the fair value of available-for-sale assets, net of tax, are recognized in other comprehensive income. When available-for-sale assets are sold or an impairment loss is recognized, the cumulative fair value changes recognized in other comprehensive income are reclassified from equity to statement of profit or loss. Interest income on available-for-sale assets, calculated with the effective interest method, is recognized in financial items in the statement of profit or loss.

The Group assesses at the end of the reporting period whether there is objective evidence that an asset or a group of assets classified as available-for-sale is impaired. If the fair value of equity instruments classified as available-for-sale is significantly or has been for a prolonged period lower than the acquisition cost, it is considered as an indicator of impairment. The impairment loss is measured as the difference between the acquisition cost and the fair value, less any impairment loss on the asset previously recognized in profit or loss. The impairment loss is recognized in the statement of profit or loss.

The fair values of quoted securities are based on closing prices of the securities at the end of the reporting period. If there is no active market for the asset or if the securities are unlisted, the Group measures fair value with valuation techniques. If there is no asset-specific data available from transactions between independent parties, the fair values used for the asset are either the present value of discounted cash flows arising from the asset or fair values other instruments which are substantially identical than the asset. Some unlisted equity instruments are presented in the statement of financial position at acquisition cost less impairment losses, if any.

Derivatives

Disclosure information on derivative instruments is presented in Note 19 of the consolidated financial statements.

13. FAIR VALUE HIERARCHY

EUR thousand

Fair value hierarchy in 2015

Financial assets at fair value	Level 1	Level 2	Level 3
Other non-current receivables	–	–	813
Available-for-sale assets	–	–	777
Currency derivatives	–	–	–
Total in 2015	–	–	1,590

Financial liabilities at fair value			
Other non-current liabilities	–	–	368
Other current liabilities	–	–	262
Currency derivatives	–	297	–
Electricity derivatives	–	242	–
Total in 2015	–	539	630

Fair value hierarchy in 2014

Financial assets at fair value			
Other non-current receivables	–	–	980
Available-for-sale assets	–	–	1,124
Electricity derivatives	–	12	–
Total in 2014	–	12	2,104

Financial liabilities at fair value			
Other non-current liabilities	–	–	350
Other current liabilities	–	–	729
Currency derivatives	–	236	–
Electricity derivatives	–	82	–
Total in 2014	–	318	1,079

Fair value changes in Level 3

Financial assets at fair value	
Total 1 January 2014	1,450
Issues	1,327
Settlements	-528
Fair value changes recognized in other comprehensive income	-145
Total 31 December 2014	2,104
Settlements	-167
Disposal	-450
Fair value changes recognized in other comprehensive income	-318
Reclassification from held-to-maturity assets	421
Total 31 December 2015	1,590

Financial liabilities at fair value	
Total 1 January 2014	–
Issues	1,064
Recognized in profit or loss	15
Total 31 December 2014	1,079
Settlements	-405
Recognized in profit or loss	-44
Total 31 December 2015	630

Items recognized in profit or loss have been recognized in financial items.

There were no transfers in the fair value measurement hierachy levels during the reporting periods. An asset classified previously as held-to-maturity was reclassified to Level 3.

Fair values in Level 1 are based on quoted prices (unadjusted) in active markets for identifical assets or liabilities.

The fair value for financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is applicable and rely as little as possible on entity specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2.

Fair values for electricity forward contracts are determined by using the quoted forward prices in Nordpool for the same period and discounting them with relevant interest rates to the end of the reporting period.

Fair values for currency forward contracts are determined by using the spot rates and relevant swap points based on interest rate differences at the end of the reporting period.

The fair values of financial instruments on Level 3 are based on related inputs, which are not based on observable market information but significantly on management estimates which are used in generally accepted valuation methods.

The fair value of the shares in the real estate company classified as available-for-sale and presented in Level 3 in the fair value hierarchy was calculated by discounting the probable future cash flows to the end of the reporting period. The fair value of the shares in Bright Maze Oy, also on Level 3, is measured using an EBITDA multiplier and a comparable data analysis. The fair valued of other available-for-sale assets is the acquisition cost less impairment losses, if any.

14. OTHER COMPREHENSIVE INCOME

EUR thousand

2015	Exchange differences	Fair value and other reserves	Retained earnings	Total
Profit for the period	–	–	17,020	17,020
Exchange differences	2,356	–	–	2,356
Income tax on exchange differences	-626	–	–	-626
Fair value changes, cash flow hedges	–	-652	–	-652
Fair value changes, cash flow hedges, income taxes	–	65	–	65
Fair value changes, available-for-sale assets	–	-318	–	-318
Fair value changes, available-for-sale assets, income taxes	–	64	–	64
Cash flow hedges, reclassified to profit or loss	–	206	–	206
Cash flow hedges, reclassified to profit or loss, income taxes	–	-41	–	-41
Available-for-sale assets, reclassified to profit or loss	–	463	–	463
Available-for-sale assets, reclassified to profit or loss, income taxes	–	-93	–	-93
Cash flow hedges, reclassified to property, plant and equipment	–	91	–	91
Defined benefit plans, remeasurements	–	–	-26	-26
Defined benefit plans, remeasurement, income taxes	–	–	8	8
Total comprehensive income	1,730	-216	17,002	18,516

2014	Exchange differences	Fair value and other reserves	Retained earnings	Total
Profit for the period	–	–	4 973	4 973
Exchange differences	6,863	–	–	6,863
Income tax on exchange differences	-423	–	–	-423
Fair value changes, cash flow hedges	–	-102	–	-102
Fair value changes, cash flow hedges, income taxes	–	20	–	20
Fair value changes, available-for-sale assets	–	183	–	183
Fair value changes, available-for-sale assets, income taxes	–	-37	–	-37
Cash flow hedges, reclassified to profit or loss	–	1,287	–	1,287
Cash flow hedges, reclassified to profit or loss, income taxes	–	-257	–	-257
Defined benefit plans, remeasurements	–	–	-150	-150
Defined benefit plans, remeasurement, income taxes	–	–	50	50
Total comprehensive income	6,440	1,094	4,873	12,307

Exchange differences

The exchange differences arising from translating the statements of profit or loss, statements of comprehensive income and statements of financial position into euro using the different exchange rates are recognized as other comprehensive income and included in equity as cumulative exchange difference. Exchange differences arising from the translation of the net investments in foreign subsidiaries in non-euro area are also recognized in other comprehensive income and included in equity as cumulative exchange difference.

Some loans granted to the subsidiaries are in substance part of a net investment in the subsidiary, as settlement of the loan is not likely to occur in the foreseeable future. The exchange differences arising from those loans are recognized in other comprehensive income and exchange differences in equity. In connection of the sale of the Flexibles business, their loans classified as net investments were derecognized and the exchange differences were reclassified to profit or loss into the result from discontinued operations.

Suominen has been hedging the net investment in the US operations. The net investment in the US operations was hedged with a USD 39 million currency forward contract until 24 September 2015. In 2014, the net investment in the US operations was hedged until September with an external loan of USD 39.4 million and after that with a currency forward contract. The exchange differences arising from the hedging instruments are recognized in other comprehensive income and in exchange differences in equity.

15. INFORMATION OF SUOMINEN SHARE

Share capital

The registered share capital of Suominen Corporation totals EUR 11,860,056. The number of registered shares at the end of the reporting period was 252,425,616. The number of shares increased in the reporting period in total by 4,491,494 shares, of which 3,984,106 were attributable to the share conversions of the hybrid bond notes and accrued interests; and 507,388 to the directed share issue subject to payment for the management, implemented in accordance with the share-based incentive program. Both the conversion of the hybrid bond to equity and the share issue subject to payment have been recorded into the reserve for invested unrestricted equity.

Suominen has one series of shares. Each share has one vote in the general meeting of the shareholders and all the shares have equal rights to dividend or other distribution of equity. Suominen share has no nominal value. Suominen Corporation shares are listed on Nasdaq Helsinki Ltd.

Treasury shares

The treasury shares acquired by Suominen and the related costs are presented as deductions of equity. At disposal of acquired treasury shares the consideration received is recognized in equity.

At the end of the reporting period Suominen held 913,886 treasury shares. In total 802,644 treasury shares were transferred during the reporting period to key employees of the Group in a directed share-issue without consideration as a reward of the 2012–2014 share-based incentive plan. In addition, in accordance with the resolution by the Annual General Meeting, 86,989 shares were transferred on 5 June 2015 to the members of the Board of Directors as their remuneration payable in shares.

The share ownership of related parties in Suominen are disclosed in Note 36 of the consolidated financial statements.

Share-based plans

The share-based incentive plans are described in Note 33 of the consolidated financial statements.

Suominen has no option plans.

Share trading and price

The number of Suominen Corporation shares traded on Nasdaq Helsinki from 1 January to 31 December 2015 was 97,512,750 shares (97,735,300 shares), accounting for 38.8 (39.7) percent of the average number of shares (excluding treasury shares). The highest price was EUR 1.33 (EUR 0.82), the lowest EUR 0.75 (EUR 0.47) and the volume-weighted average price EUR 1.01 (EUR 0.58). The closing price at the end of reporting period was EUR 1.24 (EUR 0.81). The market capitalization (excluding treasury shares) was EUR 311.9 million on 31 December 2015 (EUR 199.4 million).

Number of shares

Changes in number of shares	
Number of shares 1 January 2014	247,934,122
Number of shares 31 December 2014	247,934,122
Conversions of the hybrid bond	3,984,106
Share issue subject to payment	507,388
Number of shares 31 December 2015	252,425,616

Changes in treasury shares	
Number of treasury shares 1 January 2014	1,924,367
Conveyance of treasury shares, reward for the Board of Directors	-120,848
Number of treasury shares 31 December 2014	1,803,519
Conveyance of treasury shares, share-based incentive plan	-802,644
Conveyance of treasury shares, reward for the Board of Directors	-86,989
Number of shares 31 December 2015	913,886

Number of shares	31 December 2015	31 December 2014
Number of shares excluding treasury shares	251,511,730	246,130,603
Share-issue adjusted number of shares excluding treasury shares	251,511,730	248,065,234
Average number of shares excluding treasury shares	250,597,155	246,078,953
Average share-issue adjusted number of shares excluding treasury shares	250,943,177	248,013,178
Average diluted share-issue adjusted number of shares excluding treasury shares	291,044,343	284,764,016

Notifications in 2015 under chapter 9, section 5 of the Securities Market Act

On 29 January 2015, Mandatum Life Insurance Company Limited (business identity code 0641130-2) notified that it has divested Suominen Corporation shares through a transaction made on 23 January 2015, and consequently, its ownership in Suominen decreased below the threshold of 5%. After the transaction, Mandatum holds in total 12,318,243 shares and votes (4.97% of all shares and votes). In its previous notification, the number of shares held by Mandatum was 22,322,222, which accounted for 9.1% of all shares and votes in Suominen.

On 29 January 2015, Mandatum Life Insurance Company Limited (business identity code 0641130-2) notified that it had on 5 February 2014 subscribed the convertible hybrid bond issued by Suominen, which entitles Mandatum to subscribe a maximum of 3,714,000 new Suominen shares during the conversion period of 11 February 2014–10 February 2018. If Mandatum decided to subscribe these shares, its shareholding in Suominen would exceed the threshold of 5%. After the subscription, Mandatum would hold 16,032,243 shares and votes (6.37% of all shares and votes). In its previous notification, the number of Suominen shares held by Mandatum was 12,318,243, which accounted for 4.97% of all shares and votes.

On 18 February 2015, Mandatum Life Insurance Company Limited (business identity code 0641130-2) notified that it has divested Suominen Corporation shares through a transaction made on 17 February 2015. Following the transaction, Mandatum's ownership in Suominen would remain below the threshold of 5% even if Mandatum would convert all notes of the hybrid bond it subscribed in February 2014 into Suominen shares.

On 16 March 2015, Finnish Industry Investment Ltd (Suomen Teollisuussijoitus Oy, business identity code 1007806-3) notified that it has divested Suominen shares and thus its shareholding has fallen below the threshold of 5% of all shares and votes in Suominen. In its previous notification, Finnish Industry Investment Ltd stated it held 22,222,222 Suominen shares, corresponding to 9.04% of shares and votes in Suominen Corporation. Before the transaction made on 16 March 2015, Finnish Industry Investment Ltd held 14,009,604 shares, corresponding to 5.57% of all shares and votes. After the transaction made on 16 March 2015, Finnish Industry Investment Ltd holds in total 7,009,604 Suominen shares, corresponding to 2.78% of all shares and votes.

On 20 March 2015, Ilmarinen Mutual Pension Insurance Company (Keskinäinen Eläkevakuutusyhtiö Ilmarinen, business identity code 0107638-1), notified that it has on 19 March 2015 divested Suominen shares and consequently crossed the threshold of 10% of all shares and votes in Suominen Corporation. In its previous notification, Ilmarinen stated it held 27,111,992 Suominen shares, corresponding to 11.02% of shares and votes in Suominen Corporation. After the transaction, Ilmarinen holds in total 18,422,103 Suominen shares, corresponding to 7.33% of all shares and votes.

On 10 July 2015, GMT Capital Corp notified that it has on 9 July 2015 acquired Suominen shares and consequently reached the threshold of 5% of all shares and votes in Suominen Corporation. After the transaction, GMT Capital Corp holds in total 12,623,280 Suominen shares, corresponding to 5.00% of all shares and votes.

Largest shareholders 31 December 2015

Shareholder	Number of shares	% of shares and votes
AC Invest Two B.V.	67,724,176	26.83%
Varma Mutual Pension Insurance Company	22,500,000	8.91%
Ilmarinen Mutual Pension Insurance Company	16,259,056	6.44%
Pension Insurance Company Elo	14,123,255	5.60%
Euroclear Bank SA/NV	12,288,186	4.87%
Oy Etra Invest Ab	12,223,320	4.84%
Skandinaviska Enskilda Banken, Helsinki Branch	7,844,085	3.11%
Nordea Nordic Small Cap Fund	7,685,763	3.04%
OP Delta Fund	5,715,373	2.26%
Nordea Pankki Suomi Oyj	5,085,841	2.01%
Nissi Evald and Hilda Foundation	5,000,000	1.98%
Heikki Bergholm	4,635,562	1.84%
Juhani Maijala	3,286,743	1.30%
Mikko Maijala	3,017,337	1.20%
Svenska Handelsbanken AB	2,633,348	1.04%
Investment fund Alfred Berg Finland	2,479,497	0.98%
Danske Invest Small Cap Fund	2,329,000	0.92%
FIM Fenno SEK Fund	2,191,115	0.87%
Eeva Maijala	1,793,635	0.71%
OP-Suomi Arvo	1,659,853	0.66%
20 largest total	200,475,145	79.42%
Other shareholders	22,701,648	8.99%
Nominee registered	28,314,669	11.22%
Treasury shares	913,886	0.36%
In joint account (not in the book-entry securities system)	20,268	0.01%
Total	252,425,616	100.00%

Ownership distribution 31 December 2015

	Number of shareholders	% of total	Number of shares	% of shares and votes
Corporations	209	4.3%	26,139,597	10.36%
Financial and insurance corporations	19	0.4%	25,091,930	9.94%
General government	7	0.1%	55,081,788	21.82%
Non-profit institutions	26	0.5%	10,156,696	4.02%
Households	4,523	94.1%	38,399,339	15.21%
Foreign countries	25	0.5%	68,307,443	27.06%
Total	4,809	100.0%	223,176,793	88.41%
Nominee registered	8		28,314,669	11.22%
In joint account (not in the book-entry securities system)			20,268	0.01%
Treasury shares	1		913,886	0.36%
Total	4,818		252,425,616	100.00%

Shareholders by share ownership 31 December 2015

Number of shares	Number of shareholders	% of total	Number of shares	% of shares and votes
1 - 100	439	9.1%	25,729	0.01%
101 - 500	948	19.7%	293,504	0.12%
501 - 1,000	820	17.0%	697,377	0.28%
1,001 - 5,000	1,588	33.0%	4,116,446	1.63%
5,001 - 10,000	448	9.3%	3,514,443	1.39%
10,001 - 50,000	416	8.6%	8,783,712	3.48%
50,001 - 100,000	65	1.3%	4,781,740	1.89%
100,001 - 500,000	56	1.2%	12,861,195	5.10%
more than 500,000	37	0.8%	216,417,316	85.74%
Total	4,817	100.0%	251,491,462	99.63%
In joint account (not in the book-entry securities system)			20,268	0.01%
Treasury shares	1		913,886	0.36%
Total	4,818		252,425,616	100.00%

16. HYBRID BOND

EUR thousand

Suominen issued on 10 February 2014 a convertible hybrid bond of EUR 17,500,000, which is classified as an equity instrument, to finance the acquisition of the nonwovens operations in Brazil. The bond consisted 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 percent until 10 February 2018, and after that a fixed annual interest of 6.95 percent until 10 February 2019. After 10 February 2019, the principal of the bond will have a fixed annual interest of 7.95 percent. The interest accrued for the bond will be capitalized to the principal of the bond annually on 10 February until 10 February 2018. Thereafter, 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 principal of the bond and annual interest shall be paid to the whole amount of the principal in accordance with the 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 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 started 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. In 2015 in total EUR 1.9 million of the bond principal as well as EUR 0.09 million of accrued interests were converted in shares. The number of shares in Suominen increased through the conversion by 3,984,106 shares.

If the total remaining value of the hybrid bond including accrued interest at the end of the reporting period were converted in new shares through a share issue, the number of shares in Suominen would increase by 38,625,600 shares.

The value of the shares issued through conversion of the hybrid bond is recognized in the reserve for invested unrestricted equity, which increased in 2015 thanks to the conversion by EUR 1.9 million.

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

Changes in hybrid bond

Hybrid bond 1 January 2014	–
Issue	17,500
Hybrid bond 31 December 2014	17,500
Capitalization of interests	1,332
Conversion into shares	-1,992
Hybrid bond 31 December 2015	16,840

In accordance with IAS 32, a hybrid bond can be classified as an equity instrument instead of a financial liability if the interest and loan payments are fully controlled by the company and payments are not connected to any other loans. The hybrid bond is initially recognized at amortized cost. The hybrid bond of Suominen is classified as equity. The accrued interests are capitalized and recognized in the retained earnings.

17. INTEREST-BEARING LIABILITIES

EUR thousand

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current interest-bearing liabilities				
Loans from financial institutions	18,498	18,498	6,667	6,667
Debentures	75,000	77,175	75,000	75,150
Total	93,498	95,673	81,667	81,817
Current interest-bearing liabilities				
Current part of non-current loans from financial institutions	–	–	3,333	3,333
Current loans from financial institutions	3,363	3,363	–	–
Finance lease liabilities	–	–	14	14
Total	3,363	3,363	3,347	3,347
Total	96,862	99,037	85,014	85,164

Interest-bearing liabilities

Interest-bearing financial liabilities are recognized initially at fair value. Interest-bearing financial liabitilies are subsequently recognized at amortized cost.

Fees paid on loan facilities are recognized as transaction costs of the loan to the extent that it is probable that the facility will be drawn down. In this case, the fee is recognized in the statement of financial position until the draw-down of the loan occurs, and it is recognized in profit or loss over the loan period. If it is not probable that the loan facility will be utilized, the fee will be immediately recognized in profit or loss.

Listed debentures are initially recognized at fair value, net of transaction costs. Debentures are subsequently recognized at amortized cost using the effective interest method. The fair value of a listed debenture is measured using the market price at the end of the reporting period.

Fair values for fixed-interest-bearing financial liabilities are measured by discounting future cash flows at the appropriate interest rate prevailing on the closing date (2.95–4.45 percent). Pension loans repaid in 2014 had fixed interest rates.

Change in interest-bearing liabilities

	2015	2014
Total interest-bearing liabilities at the beginning of the period	85,014	94,471
Current liabilities at the beginning of the period	3,347	24,071
Discontinued operations	–	-502
Repayment of current liabilities	-3,347	-20,222
Drawdown of current liabilities	3,363	–
Current liabilities at the end of the period	3,363	3,347
Non-current liabilities at the beginning of the period	6,667	70,399
Discontinued operations	–	-4,283
Repayment of non-current liabilities	-6,667	-66,116
Drawdown of non-current liabilities	18,498	6,667
Non-current liabilities at the end of the period	18,498	6,667
Debentures at the beginning of the period	75,000	–
Issue of debentures	–	75,000
Debentures at the end of the period	75,000	75,000
Total interest-bearing liabilities at the end of the period	96,862	85,014

Maturity of interest-bearing liabilities		
2016 (2015)	3,363	3,347
2017 (2016)	7,904	3,333
2018 (2017)	10,595	3,334
2019 (2018)	75,000	–
2020 - (2019 -)	–	75,000
Total	96,862	85,014

Interest-bearing liabilities by currency		
EUR	75,000	85,014
USD	21,862	–
Total	96,862	85,014

In December 2015 Suominen converted its loans from financial institutions from EUR to USD. At the same time Suominen drew down a new USD denominated loan, which corresponded EUR 15 million at the date of the drawdown.

Suominen renewed its financing in September 2014. The syndicated loan drawn down in 2011 was fully repaid and the mortgages held as collaterals were released. To replace the syndicate loan, Suominen issued a debenture bond of EUR 75 million and entered into a EUR 55 million syndicated credit facilities agreement. The new loans from financial institutions include leverage ratio and gearing as financial covenants. The loans from financial institutions have floating interest rates.

The debentures are listed on Nasdaq Helsinki Ltd. The fair value of the debentures is based on its market value at the end of the reporting period. The bond has a maturity of five years and the principal of the bond is repaid in full at the end of the loan period. The debentures constitute direct and unsecured obligations of Suominen and they are guaranteed as for own debt by certain subsidiaries of Suominen Corporation. The bond carries a fixed coupon with an interest rate of 4.375 percent per annum and the interest is paid semiannually.

18. CLASSIFICATION OF FINANCIAL LIABILITIES

EUR thousand

	Fair value through profit or loss	At amoritized cost	Derivatives, hedge accounting applied	Carrying amount	Fair value
Loans from financial institutions	–	21,862	–	21,862	21,862
Debentures	–	75,000	–	75,000	77,175
Other non-current liabilities	368	–	–	368	368
Derivatives, no hedge accounting applied	30	–	–	30	30
Derivatives, hedge accounting applied	–	–	509	509	509
Interest accruals	–	914	–	914	914
Other current liabilities	262	–	–	262	262
Trade payables	–	44,682	–	44,682	44,682
Total 31 December 2015	660	142,458	509	143,627	145,802

	Fair value through profit or loss	At amoritized cost	Derivatives, hedge accounting applied	Carrying amount	Fair value
Loans from financial institutions	–	10,000	–	10,000	10,000
Debentures	–	75,000	–	75,000	75,150
Other non-current liabilities	350	–	–	350	350
Finance lease liabilities	–	14	–	14	14
Derivatives, no hedge accounting applied	121	–	–	121	121
Derivatives, hedge accounting applied	–	–	197	197	197
Interest accruals	–	902	–	902	902
Other current liabilities	729	–	–	729	729
Trade payables	–	47,403	–	47,403	47,403
Total 31 December 2014	1,200	133,319	197	134,716	134,866

Financial liabilities are classified as current liabilities if they mature within 12 months from the end of the reporting period.

A financial liability or a part of a financial liability is removed from the statement of financial position when the liability is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

Derivative instruments are presented in Note 19 of the consolidated financial statements.

Interest-bearing liabilities are presented in Note 17 of the consolidated financial statements.

Trade payables

Trade payables are measured at amortized cost. The carrying amount of trade payables equals to fair value based on their short maturity.

Other financial liabilities

Financial liabilities at fair value through profit or loss which arose from acquisition of certain intangible assets. Their fair values are calculated by discounting the probable future cash flows to the end of the reporting period.

19. DERIVATIVE INSTRUMENTS

EUR thousand

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, on the nature of the item being hedged. Suominen designates derivatives as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction (cash flow hedge). The full fair value of a hedging derivative is classified as a current asset or liability. Trading derivatives are classified as a current assets or liabilities

Hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income and presented in fair value reserve in equity. Both the gain or loss relating to the realized interest rate swaps hedging variable rate loans and the ineffective portion of the hedging are recognized though profit or loss in financial items. Suominen had no interest rate swaps in 2015. Both the realized gain or loss of the electricity derivatives as well as the ineffective portion of the hedging are recognized through profit or loss as an adjustment of electricity expenses.

Currency forward contracts designated to hedge forecasted cash flows related to acquisition of certain assets in property, plant and equipment are classified as hedging instruments and thus hedge accounting is applied. The effective portion of changes in the fair value of these derivatives is recognized in other comprehensive income and presentd in fair value reserve equity until the liabilility related to acquisition of the asset is recognized in the statement of financial position. When the liability is recognized in the statement of financial position, the portion of the fair value of the derivative recognized in fair value reserve is reclassified to adjust the acquisition cost of the asset, and future changes in fair value of the derivative are recognized in profit or loss in financial items.

The effective portion of currency hedges to hedge net investments in foreign operations (equity hedge) is recognized in exchange differences in other comprehensive income and the ineffective portion in the exchange differences in financial items. On the disposal of the foreign operation the exchange differences recognized in equity are reclassified in profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the hedge accounting criteria, any cumulative gain or loss existing in equity at that time remains in equity and is recognized in profit or loss when the forecasted transaction is ultimately recognized in profit or loss. If a forecast transaction is no longer expected to incur, the cumulative gain or loss recognized in equity is immediately recognized in profit or loss in the same line item in statemen of profit or loss where the forecasted transaction would have been recognized.

At the inception of hedge accounting, Suominen documents the relationship between the hedged item and the hedging instrument as well as the aim for the risk management and the hedging strategy. At the inception of the hedge the Group tests and documents the effectiveness of the hedging relationship by assessing the ability of the hedging instrument to offset the fair value changes arising from the hedged item. The Group tests effectiveness retrospectively also at the end of each reporting period.

Derivative instruments at fair value through profit or loss

Some of the Group’s derivative transactions, while providing economic hedges, do not qualify for hedge accounting under IAS 39, and therefore changes in the fair values of these derivative instruments are recognized immediately in profit or loss.

Derivative receivables and liabilities in statement of financial position	2015	2014
Receivables		
Derivatives, hedge accounting applied	–	12
Liabilities		
Derivatives, hedge accounting applied	509	121
Derivatives, hedge accounting not applied	30	197

Nominal and fair values of derivative contracts	2015				2014			
	Nominal value	Fair value, net	Fair value, positive	Fair value, negative	Nominal value	Fair value, net	Fair value, positive	Fair value, negative
Currency forward contracts								
Hedge accounting applied	16,114	-267	–	-267	32,310	-114	–	-114
Hedge accounting not applied	3,196	-30	–	-30	3,997	-121	–	-121
Electricity forward contracts								
Hedge accounting applied	1,229	-242	–	-242	1,031	-71	12	-83

The fair values of derivatives are recognized in the statement of financial position as gross amounts and they can be offset with each other only in case of breach of contractual terms or bankruptcy. If offset, the derivative receivables from counterparty would be EUR 0 thousand and liabilities EUR 539 thousand.

Fair values for electricity forward contracts are determined by using the quoted forward prices in Nordpool for the same period and discounting them with relevant interest rates to the end of the reporting period.

Fair values for currency forward contracts are determined by using the spot rates and relevant swap points based on interest rate differences at the end of the reporting period.

Derivative instruments in profit or loss	2015	2014
Cost of goods sold		
Currency derivatives, hedge accounting not applied	-6	–
Ineffective part of cash flow hedging, electricity derivatives	-73	180
Cash flow hedging, electricity derivatives, realized	-206	-356
Other operating income		
Currency derivatives, hedge accounting not applied	–	89
Ineffective part of cash flow hedging, electricity derivatives	–	52
Other operating expenses		
Currency derivatives, hedge accounting not applied	-525	-205
Net financial expenses		
Currency derivatives, ineffective part of hedging net investment in foreign entity	-143	–
Currency derivatives, hedge accounting not applied	72	–
Cash flow hedging, interest rate swaps, effective	–	46
Cash flow hedging, interest rate swaps, discontinuing of hedge accounting	–	-949
Interest rate differences of currency derivatives	-51	–

Derivative instruments recognized in 2014 in other operating income and expenses are described in Note 24.

Derivative instruments in other comprehensive income		
Exchange differences, hedging of net investment in foreign entity	-2,724	-1,882
Fair value changes of cash flow hedges, electricity derivatives	-324	-115
Fair value changes of cash flow hedges, currency derivatives	-328	–
Cash flow hedges, fair value changes of interest rate hedges	–	13
Cash flow hedges, electricity derivatives, amounts reclassified to profit or loss	206	356
Cash flow hedges, interest derivatives, amounts reclassified to profit or loss	–	930
Cash flow hedges, currency derivatives, amounts reclassified to property, plant and equipment	91	–
Total	-3,079	-698

20. DEFINED BENEFIT PLANS

EUR thousand

Suominen has a defined benefit termination plan in Italy (TFR, Trattamento di Fine Rapporto). The plan is unfunded and closed for new entrants. The benefits paid are based, among other things, on service years and end salary of the participants. The obligation is determined based on calculation made by independent actuaries.

The defined benefit obligations are measured as the present value of the estimated future cash flows using interest rates of government securities that have maturity terms approximating the terms of related liabilities or similar long-term interests. Plan assets, if any, are recognized at fair value at the end of the reporting period.

For the defined benefit plans, costs are assessed using the projected unit credit method. Under this method the cost is charged to profit or loss so as to spread over the service lives of employees.

Only current and past service costs as well as net interest on net defined benefit liability can be recognized in profit or loss. Service costs are recognized in profit or loss as employee benefits and net interest in financial items. Remeasurements of net defined benefit liability, such as actuarial gains and losses, are recognized in other comprehensive income in the period in which they occur with no subsequent recycling to profit or loss.

	2015	2014
Defined benefit liabilities in the statement of financial position		
Present value of unfunded obligations	1,105	1,151
Deficit	1,105	1,151
Change in defined benefit obligation		
Present value of defined benefit obligation 1 January	1,151	1,024
Charged to profit or loss:		
Past service cost - plan amendments	-34	–
Interest expenses	21	33
Recognized in profit or loss	-14	33
Remeasurements:		
Actuarial gain (-) / loss (+) from change in demographic assumptions	–	0
Actuarial gain (-) / loss (+) from change in financial assumptions	26	150
Total remeasurments	26	150
Benefits paid	-59	-57
Present value of defined benefit obligation 31 December	1,105	1,151
Changes in plan assets		
Plan assets 1 January	–	–
Employer contributions	59	57
Benefits paid	-59	-57
Plan assets 31 December	–	–
Remeasurements recognized in other comprehensive income		
Recognized in other comprehensive income 1 January (gain - / loss +)	379	229
Actuarial (gain) / loss on defined benefit obligation during the reporting period	26	150
Recognized in other comprehensive income 31 December (gain - / loss +)	405	379
Significant actuarial assumptions		
Discount rate (%)	2.00	2.20
Rate of future price inflation (%)	1.80	1.80
Average remaining service period (years)	15.7	15.7
Sensitivity analysis of actuarial assumptions		
Decrease in discount rate by 0.25 percentage points		
Effect on defined benefit obligation	37	40
Increase in discount rate by 0.25 percentage points		
Effect on defined benefit obligation	-37	-37
Expected payments to plan participants in the future years from the defined benefit obligation		
Within 1 year	28	27
Between 1–2 years	56	56
Between 3–5 years	68	51
Between 6–10 years	367	329
Total	520	463

21. PROVISIONS

EUR thousand

A provision is recognized when there is a present legal or constructive obligation arising from past events and it is probable, that fulfillment of the obligation requires payment and generates outflow of economic benefits from the company, and when the amount of the obligation can be measure reliably. Provisions are recognized as liabilities in the statement of financial position. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the time value of money is material, provisions are discounted.

A restructuring provision is recognized only when a detailed and fully compliant plan has been prepared for it and implementation of the plan has been started or notification of it has been made known to those whom the arrangement concerns.

Contingent liabilities are not recognized as liabilities in the statement of financial position. They are possible obligations which have not yet been confirmed and are reported separately in Note 37 of the consolidated financial statements.

	2015	2014
Provisions 1 January	–	132
Used during the reporting period	–	-132
Provisions 31 December	–	–

A provision of EUR 132 thousand was recognized in 2013 for restructuring costs of the Flexibles business unit. The provision was derecognized in 2014 in connection with the disposal of the Flexibles business unit.

22. TRADE PAYABLES AND OTHER LIABILITIES

EUR thousand

Other non-current liabilities	2015	2014
Liability from acquisition of intangible assets	368	350
Accrued expenses and deferred income	283	228
Total other non-current liabilities	651	578

Liability from acquisition of intangible assets is disclosed in Note 18.

Current liabilities		
Trade payables	44,682	47,403
Advances received	596	628
Other liabilities	1,474	2,023
Accrued expenses and deferred income	9,727	10,042
Total trade payables and other current liabilities	56,479	60,096

Accrued expenses and deferred income include, among others, accrued interest expenses, accruals for annual and other discounts, accrued personnel expenses and other accruals.

Other liabilities include, among others, liabilities from indirect taxes and current portion of the liability from acquisition of intangible assets (Note 18).

Currency analysis of trade payables		
EUR	23,585	22,141
USD	20,901	25,081
BRL	154	163
Other currencies	43	18
Total	44,682	47,403

23. ENTITY-WIDE DISCLOSURES

EUR thousand

The net sales of Suominen Group consist entirely of sales of nonwovens. Sales to two customers exceed each 10 percent of total net sales. Net sales to one of these customers amounted to EUR 85.6 (75.9) million and to the other EUR 65.2 (42.9) million.

Net sales by geographical destination	2015	2014
Finland	2,724	2,516
Rest of Europe	159,854	139,738
USA	234,304	233,309
Rest of North and South America	37,331	15,633
Rest of the world	9,830	10,565
Total	444,042	401,762

Net sales by business area		
Convenience	411,542	369,396
Care	32,427	32,318
Unallocated exchange differences of sales	74	48
Total	444,042	401,762

Property, plant and equipment and intangible assets by geographical location		
Finland	14,431	13,192
Rest of Europe	26,512	26,598
USA	77,543	66,869
Brazil	8,215	10,068
Total	126,702	116,727

24. OTHER OPERATING INCOME AND EXPENSES

EUR thousand

Gains from the disposal of property, plant and equipment and intangible assets, insurance compensations and revenues other than from product sales, such as rental income and proceeds from sale of recycled products, are recognized as other operating income. In 2014 also gains from currency derivatives hedging cash flows from operations as well as gains from the ineffective portion of electricity derivatives, for which hedge accounting is applied, were recognized as other operating income. In 2015 these gains have been recognized in the statement of profit or loss in the same line item as the hedged item. Comparative information has not been restated as the effect of the items was immaterial.

Losses from the sales of assets as well other expenses not associated with ordinary operations are recognized as other operating expenses. In 2014 also losses on the ineffective portion of electricity derivatives, for which hedge accounting is applied, and losses from currency derivatives hedging cash flows from operations were recognized as other operating expenses. In 2015 these losses have been recognized in the statement of profit or loss in the same line item as the hedged item. Comparative information has not been restated as the effect of the items was immaterial.

Other operating income	2015	2014
Gains from disposal of intangible assets and property, plant and equipment	–	19
Indemnities	293	154
Rental income	349	393
Sales of recycled products	1,806	1,599
Currency derivatives, hedge accounting not applied	–	89
Ineffective part of cash flow hedging (electricity derivatives)	–	52
Other operating income	189	350
Total	2,637	2,655

Recycled products consist of waste generated in the manufacturing process as well as products which do not fulfill quality requirments. These products are sold for recycling.

The future non-cancellable minimun lease payments (rental income) are disclosed in Note 37 of the consolidated financial statements.

Other operating expenses		
Credit losses	-2	-7
Currency derivatives, hedge accounting not applied	-525	-205
Other operating expenses	-335	-1,644
Total	-862	-1,857

25. FEES PAID TO AUDITORS

EUR thousand

Fees paid to auditors are included in administration expenses.

PricewaterhouseCoopers Oy has been acting as the principal auditor of the Group and the parent company until the Annual General Meeting held on 19 March 2015, and Ernst & Young Oy has been acting as the principal auditor of the Group and the parent company since the Annual General Meeting.

Fees paid to auditors	2015	2014
Fees for statutory audit, EY	-329	–
Fees for statutory audit, PWC	-96	-397
Official statements, EY	-3	–
Other services, principal auditor (EY 2015 / PWC 2014)	-26	-227
Total	-453	-624

26. EMPLOYEE BENEFITS

EUR thousand

	2015	2014
Wages and salaries	-34,778	-32,276
Share-based payments	-1,238	-198
Defined benefit plans	34	–
Pensions, defined contribution plans	-1,914	-1,364
Other personnel expenses	-16,154	-11,085
Total	-54,050	-44,923

Average number of personnel, continuing operations	614	591
Average number of personnel	614	826
Number of personnel, end of reporting period	636	587
in Finland	124	99

Management remuneration is disclosed in detail in Note 36 of the consolidated financial statements.

Share-based payments are disclosed in more detail in Note 33 of the consolidated financial statements.

Defined benefit plans are disclosed in more detail in Note 20 of the consolidated financial statements.

Pension benefits

The Group has several pension plans in accordance with local conditions and practices where it operates. The plans are generally funded through premium payments to insurance companies or similar entities. The pension schemes are in accordance with local legislation and based on established local practice. Pension schemes may include additional pension benefits, options for early retirement, or compensation for disability.

Pension schemes are classified either as defined contribution pension plans or defined benefit pension plans. A defined contribution pension plan is a plan under which the Group pays fixed contributions into a separate entity and has no obligation to pay further contributions if the separate entity has no sufficient assets to pay all employee benefits. The contributions to defined contribution plans are charged to profit or loss in the period to which the contributions relate.

Suominen has a defined benefit termination plan in Italy (TFR) (Note 20). In other countries Suominen has defined contribution pension plans.

27. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

EUR thousand

The carrying amounts of property, plant and equipment as well as of intangible assets are assessed to determine whether there are any indications that the carrying amounts of the assets exceed their recoverable amounts and an impairment loss should be recognized. Indications of the assets' possible impairment can be a significant decline in an asset's market value, adverse changes in the business environment, adverse changes in the extent to which or manner in which an asset is used or expected to be used, or a deterioration in financial performance below what was expected.

If such indications of impairment exist, the recoverable amounts are measured for those assets for which there are indications of impairment. Recoverable amount is the higher of fair value of the asset less costs of disposal and value in use. When measuring an asset's value in use, the future cash flows derived from the asset are discounted by using discount rates which reflect the average cost of capital before taxes of the asset or, if the asset belongs to a cash generating unit, of that cash generating unit. The risk inherent in the value in use is captured by analysing variations in the amount or timing of cash flows.

An impairment loss of an asset can be reversed if a positive change in the estimates of the recoverable amount has occured. The impairment loss made in prior years is reversed no more than up to the value which would have been determined for the asset, net of amortization or depreciation, had no impairment loss been recognized in prior years. In 2015 a reversal of an impairment loss on a production line in Nakkila plant in Finland was made as the line was re-opened and taken into production use.

The impairment losses recognized in connection of disposal of Flexibles business in 2014 were recognized in the statement of profit or loss in loss from discontinued operations.

Impairment testing of goodwill is presented in Note 5.

Depreciation, amortization and impairment losses by function	2015	2014
Depreciation and amortization		
Cost of goods sold	-15,476	-13,257
Sales and marketing expenses	-643	-592
Research and development	-922	-899
Administration expenses	-934	-828
Total continuing operations	-17,975	-15,576
Impairment losses and reversals of impairment losses		
Cost of goods sold	530	–
Administration expenses	-238	–
Total continuing operations	291	–
Total by function		
Cost of goods sold	-14,946	-13,257
Sales and marketing expenses	-643	-592
Research and development	-922	-899
Administration expenses	-1,173	-828
Total continuing operations	-17,684	-15,576
Discontinued operations	–	-1,340
Total	-17,684	-16,916

Depreciation, amortization and impairment losses by asset category		
Depreciation and amortization by asset category		
Intangible rights	-1,559	-1,241
Other intangible assets	-643	-621
Buildings and constructions	-1,627	-1,585
Machinery and equipment	-14,139	-12,117
Other tangible assets	-8	-12
Total continuing operations	-17,975	-15,576
Impairment losses and reversals of impairment losses		
Machinery and equipment	530	–
Property, plant and equipment, advance payments and assets under construction	-183	–
Intangible assets, advance payments and assets under construction	-56	
Total continuing operations	291	–
Total by asset category		
Intangible rights	-1,559	-1,241
Other intangible assets	-643	-621
Intangible assets, advance payments and assets under construction	-56	–
Buildings and constructions	-1,627	-1,585
Machinery and equipment	-13,609	-12,117
Other tangible assets	-8	-12
Property, plant and equipment, advance payments and assets under construction	-183	–
Total continuing operations	-17,684	-15,576
Discontinued operations	–	-1,340
Total	-17,684	-16,916

28. FINANCIAL INCOME AND EXPENSES

EUR thousand

Financial income	2015	2014
Interest income from loans and receivables	716	712
Other interest income	7	–
Cash flow hedging, interest rate swaps, effective	–	46
Available-for-sale assets, disposal	11	159
Fair value changes of liabilities at fair value through profit or loss	44	–
Total	778	917
Financial expenses		
Interest expenses on liabilities at amortized cost	-3,361	-3,432
Interest expenses on defined benefit plans	-21	-33
Other interest expenses	-19	–
Currency derivatives, interest rate difference	-51	–
Cash flow hedging, interest rate swaps, discontinuing of hedge accounting	–	-949
Transaction costs recognized in refinancing	–	-1,999
Fair value changes of liabilities at fair value through profit or loss	–	-15
Financial expenses on sale of trade receivables	-112	-166
Other financial expenses	-954	-1,482
Available-for-sale assets, disposal	-364	–
Total	-4,882	-8,076
Net exchange rate differences	-1,199	-916
Total financial income and expenses	-5,302	-8,075

Interest expenses are accrued for and mainly recognized in profit or loss for each period. If an asset is a qualifying asset as defined in IAS 23 Borrowing Costs, the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized to the acquisition cost of the asset. The capitalization applies mainly to property, plant and equipment and intangible assets.

Capitalized borrowing costs during the reporting period were EUR 74 thousand. The capitalization rate used was 4.71 percent until 30 November and 5.12 percent from there on.

Currency differences in operating profit	2015	2014
Net sales	794	234
Cost of goods sold	-401	-132
Other operating income	–	104
Other operating expenses	212	-208

29. NON-RECURRING ITEMS

EUR thousand

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

By function	2015	2014
Cost of goods sold	530	–
Administration expenses	–	-1,274
Other operating expenses	–	320
Total	530	-954
By expense category		
Restructuring costs	–	-653
Other non-recurring items	–	-301
Reversal of impairment losses	530	–
Total	530	-954

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

Non-recurring items in 2014 totaled EUR -1.0 million, of which EUR -1.2 million were costs related to restructuring measures and to the acquisition of the Brazilian unit and EUR 0.2 million were items related to the closing down of the fiber production in Nakkila plant in Finland in 2012.

30. INCOME TAXES

EUR thousand

The consolidated financial statements include current taxes, which are based on the taxable results of the group companies for the reporting period together with tax adjustments for previous reporting periods, calculated in accordance with the local tax rules, and the change in deferred tax liabilities and assets.

Income taxes which relate to items recognized in other comprehensive income are also recognized in other comprehensive income.

The Group's deferred tax liabilities and assets have been calculated for temporary differences, which have been obtained by comparing the carrying amount of each asset or liability item with their tax bases. Deferred tax assets are recognized for deductible temporary differences and tax losses to the extent that it is probable that taxable profit will be available, against which tax credits and deductible temporary differences can be utilized. In calculating deferred tax liabilities and assets, the tax rate used is the tax rate in force at the time of preparing the financial statements or which has been enacted by end of the reporting period.

Principal temporary differences arise from depreciation and amortization of property, plant and equipment and intangible assets, defined benefit plans, recognition of net assets of acquired companies at fair value, measuring available-for-sale assets and derivative instruments at fair value, share-based payments and confirmed tax losses.

Income tax charge in statement of profit or loss	2015	2014
Current income tax charge	-7,331	-7,572
Adjustments in respect of current income tax of previous years	-530	199
Change in deferred tax assets	143	233
Change in deferred tax liabilities	-1,602	-505
Other income taxes	-137	–
Total income tax charge	-9,456	-7,645
Income taxes for discontinued operations	–	-197
Total	-9,456	-7,842
Income taxes recognized in other comprehensive income		
Exchange differences	-626	-427
Cash flow hedges, fair value changes	65	20
Cash flow hedges, reclassified to profit or loss	-41	-257
Available-for-sale assets, fair value changes	64	-37
Available-for-sale assets, reclassified to profit or loss	-93	–
Defined benefit plans, remeasurements	8	50
Total taxes recognized in other comprehensive income	-624	-650
Income taxes recognized in other equity		
Retained earnings, adjustment of interest expense on hybrid bond	228	185
Total recognized in other equity	228	185

The Group companies have tax losses, totalling EUR 26.3 (32.7) million, which can be applied against future taxable income. A deferred tax asset has not been recognized for all tax losses, due to the uncertainty regarding the extent to which they can be used. When preparing 2015 financial statements, the management has estimated that Suominen is able to utilize the unused tax losses for which deferred tax asset has been recognized. In addition, there are several years before the tax losses expire or there is no expiry date for the losses.

Deferred tax assets are recognized for deductible temporary differences and tax losses to the extent that it is probable that taxable profit will be available, against which tax credits and deductible temporary differences can be utilized. Changes in tax rates have been taken into account when calculating deferred taxes. Corporate income tax rate in Finland is 20 (20) percent.

Deferred tax liability has not been recognized in 2015 or 2014 of the undistributed earnings of Finnish or foreign subsidiaries, as the majority of such earnings can be transferred to the owner without any tax consequences.

Reconciliation of income tax expense calculated at statutory tax rates with income tax expense in the statement of profit or loss	2015	2014
Profit before income taxes	26,476	17,821
Income taxes at the tax rate applicable to the parent	-5,295	-3,564
Difference due to different tax rates of foreign subsidiaries	-3,291	-2,003
Tax exempt income and non-deductible expenses	39	-1,837
Effect of changes in tax rates and tax laws	-19	–
Losses, for which no deferred tax asset is recognized	-262	–
Deferred taxes recognized during the reporting period in respect of previous years' temporary differences	545	–
Deferred taxes reversed during the reporting period	-902	
Withholding taxes and adjustments in respect of current income tax of previous periods	-666	199
Use of losses, for which no deferred tax asset has been recognized	204	–
Eliminations	191	-440
Income taxes in the statement of profit or loss	-9,456	-7,645
Effective tax rate, percent	35.7	42.9
Tax assets and liabilities in the statement of financial position		
Deferred tax assets	4,491	5,516
Assets for current tax	1,874	1,682
Deferred tax liabilities	10,890	8,789
Liabilities for current tax	47	246

Reconciliation of deferred tax assets	1 January 2015	Exchange difference	Discontinued operations	Business combinations	Recognized in profit or loss	Recognized in other comprehensive income or in equity	Reclassifications	31 December 2015
Employee benefits	244	–	–	–	-15	8	-2	235
Cash flow hedging	-7	–	–	–	30	24	–	47
Available-for-sale assets	-37	–	–	–		37	–	–
Property, plant and equipment and intangible assets	1,930	-288	–	–	-106	–	-284	1,252
Tax losses	2,693	–	–	–	-1,165	–	460	1,988
Other temporary differences	693	-5	–	–	1,399	-943	-173	970
Total	5,516	-293	–	–	143	-875	–	4,491
	1 January 2014							31 December 2014
Employee benefits	154	–	–	–	40	50	–	244
Cash flow hedging	250	–	–	–	-20	-237	–	-7
Available-for-sale assets	–	–	–	–	–	-37	–	-37
Property, plant and equipment and intangible assets	1,037	5	–	1,153	-266	–	–	1,930
Tax losses	2,975	–	-629	–	347	–	–	2,693
Other temporary differences	1,362	26	-1,068	241	132	–	–	693
Total	5,778	31	-1,697	1,394	233	-224	–	5,516

Reconciliation of deferred tax liabilities	1 January 2015	Exchange difference	Discontinued operations	Business combinations	Recognized in profit or loss	Recognized in other comprehensive income or in equity	Reclassifications	31 December 2015
Property, plant and equipment and intangible assets	7,725	861	–	–	-461	–	-227	8,821
Other temporary differences	1,064	117	–	–	-596	–	227	2,004
Available-for-sale assets	–	–	–	–	–	65	–	65
Exchange differences and hedging of net investment in foreign entities	–	–	–	–	-545	-545	–	–
Total	8,789	978	–	–	-1,602	-479	–	10,890
	1 January 2014							31 December 2014
Property, plant and equipment and intangible assets	7,126	876	-235	–	43	–	–	7,725
Other temporary differences	57	89	-57	–	-975	–	–	1,064
Exchange differences and hedging of net investment in foreign entities	–	–	–	–	427	-427	–	–
Total	7,183	965	-292	–	-505	-427	–	8,789

31. DISCONTINUED OPERATIONS

EUR thousand

A discontinued operation is a segment or a unit representing a significant geographical area, which has been disposed of or is classified as held for sale. The profit for the period attributable to the discontinued operation is presented separately in the consolidated statement of profit or loss. Also post-tax gains and losses recognized on the measurement to fair value less costs to sell or on the disposal of the asset or disposal group are presented in the statement of profit or loss as the result of discontinued operations.

Suominen had no discontinued operations in 2015.

Suominen divested in July 2014 its Flexibles business unit, which focused on flexible packaging manufacturing. In the consolidated financial statements of 2014, the result of the Flexibles business unit until the date of divestment, impairment losses recognized due to the divestment as well as the loss arising from the divestment are reported as loss of discontinued operations. In total the loss arising from discontinued operations in 2014 due to the divestment was EUR 5.2 million.

Discontinued operations	2014
Net sales	32,521
Expenses	-31,608
Pre-tax profit of discontinued operations	913
Income taxes	-197
Post-tax profit of discontinued operations	717
Impairment losses and costs to sell	-5,921
Loss of discontinued operations for the reporting period	-5,204

Cash flow from discontinued operations	
Cash flow from operations	774
Cash flow from investments	-376
Cash flow from financing	-1,800
Change in cash and cash equivalents	-1,402

The effect of divestment of Flexibles business unit on the Group's financial position	
Property, plant and equipment and intangible assets	-17,942
Non-current receivables	-1,511
Inventories	-7,340
Trade and other current receivables	-9,004
Cash and cash equivalents	-997
Non-current interest-bearing liabilities	4,642
Trade payables and other current liabilities	10,157
Net assets	-21,995

Effect on cash flow	
Cash consideration	5,733
Cash and cash equivalents of discontinued operations	-997
Net effect on cash flow	4,736

Unpaid part of the consideration, EUR 0.8 million (EUR 1.0 million on 31 December 2014) is recognized in the statement of financial position as a non-current receivable (Note 11).

32. BUSINESS COMBINATIONS

EUR thousand

Suominen had no business combinations in 2015.

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 already in 2011, but due to delays in receiveing certain licenses and authorizations the acquisition of the Brazilian unit was prolonged. Thanks to the acquisition, Suominen's nonwovens business currently covers also the South American markets.

The statement of financial position and of profit or loss of the Brazilian company were consolidated into Suominen's consolidated financial statements as from 1 February 2014. The acquisition consisted of acquisition of the shares in the local company. The enterprise value of the acquisition was EUR 17.5 million and the final consideration EUR 19.6 million.

If the transaction would have taken place in the beginning of 2014 and the transaction costs incurred in 2013, Suominen Group's net sales would have been EUR 403.3 million and operating profit EUR 26.3 million in 2014.

Purchase consideration	Fair value
Cash and cash equivalents	19,558
Total purchase consideration	19,558

Initial amounts of assets acquired and liabilities assumed	Fair values of acquired net assets
Property, plant and equipment	10,779
Intangible assets	20
Other non-current receivables	2,737
Inventories	3,195
Trade and other receivables	3,423
Cash and cash equivalents	297
Total assets	20,452
Financial liabilities	416
Other liabilities	478
Total liabilities	894
Net assets	19,558

Transaction costs arising from the acquisition, EUR 0.2 million, are recognized as non-recurring items in 2014.

33. SHARE-BASED PAYMENTS

Suominen has share-based incentive plans targeted to the key employees of the Group. In accordance with the terms of the plans, shares of Suominen Corporation are granted to the participants if vesting conditions are met. The rewards are partly settled in cash.

The granted amount of the incentive plans settled in shares is measured at fair value at the grant date, and the cash-settled part of the plans is measured at fair value at the reporting or payment date.

The expenses arising from the incentive plans have been recognized in profit or loss during the vesting period. The cash-settled portion of the incentive plans is recorded as a liability in the statement of financial position, if it has not been paid, and the portion settled in shares has been recorded in retained earnings in equity. Suominen has recognized other personnel costs arising from the share-based incentive plans to the extent it is liable to pay them.

Share-based incentive plan 2012–2014

The share-based incentive plan was targeted to the key personnel of the Group. The program was aiming at combining the targets of the owners and the key personnel to increase the value of the company and to increase commitment of the key personnel by offering them a long-term incentive plan based on the ownership of the company.

The share-based incentive plan was settled in March 2015. In accordance with the terms and conditions of the plan, in total 802,644 shares in Suominen were transferred to seven key employees. The total expense in 2015 was EUR 828 thousand, of which EUR 153 thousand was settled in shares and EUR 675 thousand in cash.

At the end of the reporting period 2014, the liability arising from the cash-settled part was in total EUR 228 thousand and the part to be settled in shares and recognized in equity was in total EUR 184 thousand. The total expense in 2014 was EUR 198 thousand.

Share-based incentive plans 2015–2017

The Board of Directors of Suominen Corporation approved on 4 December 2014 two new share-based incentive plans for the Group management and key employees. The aim of the new plans is to combine the objectives of the shareholders and the persons participating in the plans 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.

Performance share plan 2015–2017

The new performance share plan includes one vesting period, calendar years 2015–2017. The Board of Directors of Suominen Corporation will decide on further vesting periods. The Board of Directors will decide on the plan's vesting conditions and required performance levels for each condition at the beginning of a vesting period. The rewards to be paid on the basis of the vesting period 2015-2017 correspond to the value of an approximate maximum total of 2,300,000 Suominen Corporation shares (including also the portion to be settled in cash). The Board of Directors is 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.

Matching share plan 2015–2017

The new matching share plan includes one three-year vesting period, calendar years 2015–2017. The prerequisite for receiving reward on the basis of this plan is that a person participating in the plan owns or acquires the company´s shares up to the number determined by the Board of Directors. Furthermore, receiving of reward is tied to the continuance of participant´s employment or service upon reward payment.

The members of the Corporate Executive Team and the Corporate Leadership Team belong to the target group of the matching share plan. The rewards to be paid on the basis of the matching share plan correspond to the value of an approximate maximum total of 550,000 Suominen Corporation shares (including also the portion to be settled in cash).

Reward payment and ownership obligation for the management

The potential rewards from the vesting periods 2015–2017 will be settled partly in the company's shares and partly in cash in 2018. The cash portion is intended to cover income taxes and tax-related costs arising from the reward to the participant. 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 percent of the net number of shares given on the basis of the plans, 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 must hold 50 percent of the net number of shares given on the basis of the plans until 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

Share-based incentive plan 2016–2018

The Board of Directors of Suominen Corporation approved on 8 December 2015 a new vesting period in the share-based incentive plan (performance share plan) for the Group management and key employees. The new vesting period includes calendar years 2016–2018. The aim of the 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 plan based on earning and accumulating the company´s shares.

The rewards to be paid on the basis of the vesting period 2016–2018 correspond to the value of an approximate maximum total of 1,225,000 Suominen Corporation shares (including also the portion to be settled in cash). The Board of Directors will decide separately on new vesting periods. The Board of Directors will decide on the plan's vesting conditions and required performance levels for each condition at the beginning of a vesting period. 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.

Reward payment and ownership obligation for the management

The potential rewards from the vesting periods 2016–2018 will be settled partly in the company's shares and partly in cash in 2019. The cash portion is intended to cover income taxes and tax-related costs arising from the reward to the participant. 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 percent 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 must hold 50 percent of the net number of shares given on the basis of the plan until 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.

Measurement of instruments granted during the reporting period

Share price at grant date, EUR	1,11
Expected annual dividends, EUR	0,01
Share price at the end of the reporting period, EUR	1,24
Matching share plan, finance cost per share, EUR	0,17
Fair value at the end of the reporting period, EUR	2,318,619

Effect on the profit for the period and on financial position in 2015

EUR thousand	Share-based incentive plan 2012–2014	Share-based incentive plans 2015–2017	Share-based incentive plan 2016–2018	Total
Expense for the reporting period	-828	-431	-15	-1,274
Recognized in equity	153	156	7	316
Recognized as liability	–	275	8	283

Information on share-based incentive plans	Share-based incentive plan 2012–2014	Matching share plan 2015–2017	Share-based incentive plan 2015–2017	Share-based incentive plan 2016–2018	Total / weighted average
Maximum number of shares, including the portion to be settled in cash	2,383,333	550,000	2,300,000	1,225,000	6,458,333
Initial grant date	17 February 2012	30 January 2015	30 January 2015	8 December 2015	
Vesting date	30 April 2015	31 May 2018	31 May 2018	31 May 2019	
Vesting conditions	Employment precondition until reward payment	Employment precondition until reward payment	Employment precondition until reward payment	Employment precondition until reward payment	
	Cumulative EBITDA, cumulative cash flow	Share ownership	Net sales growth, EBIT %, ROI %	Net sales growth, EBIT %, ROI %	
Maximum contractual life, years	3.2	3.3	3.3	3.5	
Remaining contractual life, years	–	2.4	2.4	3.4	2.7
Number or persons at the end of reporting period	–	13	13	13	
Payment method	Shares and cash	Shares and cash	Shares and cash	Shares and cash	

Changes in 2015	Share-based incentive plan 2012–2014	Matching share plan 2015–2017	Share-based incentive plan 2015–2017	Share-based incentive plan 2016–2018	Total
Outstanding at the beginning of the period	2,383,333	–	–	–	2,383,333
Granted	–	577,388	2,392,500	1,225,000	4,194,888
Forfeited	-722,150	-50,000	-250,000	–	-1,022,150
Exercised	-1,661,183	–	–	–	-1,661,183
Outstanding at the end of the period	–	527,388	2,142,500	1,225,000	3,894,888

34. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net result attributable to owners of the parent adjusted with interest on hybrid bond, net of tax by the weighted share-issue adjusted average number of shares outstanding during the reporting period, excluding shares acquired by the Group and held as treasury shares.

When calculating diluted earnings per share, the weighted share-issue adjusted average number of shares outstanding during the year is adjusted by the effect of the hybrid bond on the number of shares.

The dilutive effect of the hybrid bond on the number of shares is calculated by assuming that the remaining amount of the bond is fully converted into shares at the issuance date. In addition, the cumulative accrued interest during the whole loan period on the remaining loan amount is assumed to have been converted into shares at the issuance date.

When calculating diluted earnings per share the number of shares is adjusted also with the effects of the share-based incentive plans.

Earnings per share arising from continuing and discontinued operations are presented separately.

Profit for the period

EUR thousand	2015	2014
Profit for the period from continuing operations	17,020	10,177
Loss for the period from discontinued operations, total	–	-5,204
Profit for the period	17,020	4,973
Interest on hybrid bond net of tax	-986	-739
Total	16,034	4,234

Number of shares

Average share-issue adjusted number of shares	250,943,177	248,013,178
Average diluted share-issue adjusted number of shares excluding treasury shares	291,044,343	284,764,016

Earnings per share

EUR		
Continuing operations	0.06	0.04
Discontinued operations	–	-0.02
Total basic	0.06	0.02
Total diluted	0.06	0.02

35. ADJUSTMENTS TO STATEMENT OF CASH FLOWS

EUR thousand

Adjustments to cash flow from operations	2015	2014
Adjustments to profit for the period		
Income taxes	9,456	7,645
Financial income and expenses	5,302	8,075
Depreciation, amortization and impairment losses	17,684	15,576
Gains and losses from disposal of property, plant and equipment and intangible assets	–	-19
Changes in provisions	–	-132
Other non-cash flow items in profit for the period	428	8,807
Total	32,870	39,953

Cash flow statement in 2014 includes discontinued operations.

36. RELATED PARTIES

Parties are considered to be related parties if a party is able to exercise control over the other or substantially influence its decision-making concerning its finances and business operations.

Suominen Group's related parties include the parent of the Group (Suominen Corporation) and subsidiaries. In addition, 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. Ahlstrom Corporation, including its subsidiaries and associated companies, was a related party through share ownership until 7 October 2014. Suominen has no associated companies.

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

During the review period in total 751,193 shares in Suominen were transferred to related parties in accordance with the terms of the vested share-based incentive plan. In total 325,861 shares were transferred to the President & CEO and 425,332 shares to other members of the Corporate Executive Team. In accordance with the terms of plan, part of the reward was a cash payment to cover related income taxes. The fair value of the shares and the cash part of the reward was EUR 1,637 thousand at the date when the shares were transferred.

No loans, guarantees or other collaterals have been given on behalf of related parties, with the exception of subsidiaries.

Management remuneration

Remuneration of Board of Directors

EUR	2015 annual fee	2015 meeting fee	2014 annual fee	2014 meeting fee
Jorma Eloranta, Chair of the Board of Directors	50,000	5,500	50,000	5,000
Risto Anttonen, Deputy Chair of the Board	37,500	5,500	37,500	5,000
Hannu Kasurinen	28,000	5,500	28,000	4,000
Jaana Tuominen	28,000	5,500	28,000	–
Suvi Hintsanen (member of the Board of Directors until 19 March 2015)	–	5,500	28,000	5,000
Andreas Ahlström (member of the Board of Directors from 19 March 2015)	28,000	–	–	–
Laura Raitio (member of the Board of Directors from 19 March 2015)	28,000	–	–	–
Heikki Mairinoja	–	–	–	5,000
Total	199,500	27,500	171,500	24,000

The Annual General Meeting held on 19 March 2015 resolved that 40 percent 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 2015 was 86,989 shares. The shares were transferred on 5 June 2015 and the value of the transferred shares totaled EUR 79,800, or approximately EUR 0.91736 per share.

The members of the Board of Directors have no pension arrangements with Suominen.

The members of the Board of Directors have no specific agreements related to termination of the membership in the Board due to a public tender offer.

Remuneration of the President & CEO
as paid

EUR	2015	2014
Salaries	328,820	295,311
Bonuses	109,693	62,000
Share-based incentive plan	741,959	–
Total salaries	1,180,471	357,311
Fringe benefits	17,203	12,180
Total	1,197,674	369,491
Statutory pensions	53,275	63,368
Supplementary pensions	57,772	35,186

A written contract has been made with the President & CEO, under which she has a six-month period of notice. Should the company terminate the contract, additional compensation corresponding to the 12 months' salary will also be paid. The President & CEO has a supplementary pension plan, with a cost of 11.5 percent of her annual salary as defined in the Finnish Pension Law. The complementary pension arrangement grants pension benefits at the age of 63. The President & CEO has no specific agreement related to termination of employment due to a public tender offer.

Remuneration of other members of the Corporate Executive Team
as paid

EUR		
Salaries	1,099,843	915,135
Bonuses	310,205	118,891
Share-based incentive plan	891,355	–
Total salaries	2,301,403	1,034,026
Fringe benefits	35,884	48,606
Total	2,337,287	1,082,632
Statutory pensions	75,840	106,404
Supplementary pensions	60,150	21,021

The members of the Corporate Executive Team have normally no other pension arrangements than statutory pensions. Supplementary pension arrangements are arrangements in countries without statutory pensions. The retirement age of other members of the Corporate Executive Team is according to the normal local legislation.

Share-based incentives plan are disclosed in Note 33 of the consolidated financial statements. The accrual based on the new share-based incentive plan for the related parties was EUR 333 thousand at the end of the reporting period.

Managements' share ownership

number of shares

Board of Directors	31 December 2015	31 December 2014
Jorma Eloranta, Chair of the Board of Directors	174,236	152,434
Risto Anttonen, Deputy Chair of the Board	124,604	108,253
Hannu Kasurinen	81,462	69,253
Jaana Tuominen	31,939	19,730
Suvi Hintsanen (member of the Board of Directors until 19 March 2015)	–	94,586
Andreas Ahlström (member of the Board of Directors from 19 March 2015)	12,209	–
Laura Raitio (member of the Board of Directors from 19 March 2015)	12,209	–
Total	436,659	444,256
Total % of shares and votes	0.17%	0.18%

Corporate Executive Team		
Nina Kopola, President & CEO	425,861	–
Tapio Engström	156,333	–
Timo Hiekkaranta (member of Corporate Executive Team until 31 August 2015)	–	–
Larry L. Kinn	61,742	–
Lynda A. Kelly	50,000	–
Ernesto Levy (member of Corporate Executive Team from 20 October 2015)	60,000	–
Mimoun Saïm	107,625	–
Hannu Sivula	146,729	–
Total	1,008,290	–
Total % of shares and votes	0.40%	–

Other related party transactions

EUR thousand	2015	2014
Sales of goods and services	–	5,083
Purchases of goods and services	–	58,487

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

37. CONTINGENT LIABILITIES

EUR thousand

Guarantees	2015	2014
On own committments	18,487	11,025
On behalf of others	4,134	4,017
Total	22,621	15,042

Other contingencies		
Contractual commitments to acquire property, plant and equipment	16,083	–
Total	16,083	–

Guarantees on own commitments are guarantees given to suppliers. Guarantees on behalf of others are guarantees given on behalf of the Flexibles business unit disposed in 2014.

Some subsidiaries of Suominen have guaranteed the external loans of Suominen Corporation. The maximum guaranteed amount is the unpaid principal of the loans and unpaid accrued interest expenses at the end of the reporting period.

Rental and leasing expenses

Suominen Group has entered into various operating leases, the payments under which are treated as rentals and charged to profit or loss over the lease term.

Total rental and leasing expenses	-3,611	-3,600

Minimum lease payments under non-cancellable operating leases in future periods		
Within one year	4,195	3,943
Between 1–5 years	8,228	12,478
After 5 years	4,693	6,489
Total	17,116	22,910

Rental obligations include a long-term leasing contract of Nakkila plant in Finland covering the purchase of process heat from a nearby heating plant. The leasing contract is classified as an operating lease, because the majority of the energy from the heating plant is sold to third parties.

Minimum non-cancellable lease payments (rental income) in future periods		
Within one year	196	277
Between 1–5 years	57	579
After 5 years	–	750
Total	253	1,606

Rental income is recognized as other operating income (Note 24.)

Non-cancellable rental income has decreased compared with the previous year as Suominen sold in 2015 shares in the real estate company which were generating rental income.

Key ratios

	2015	2014	2013
Net sales, EUR million	444.0	401.8	373.7
Operating profit excluding non-recurring items, EUR million	31.2	26.9	19.4
% of net sales	7.0	6.7	5.2
Operating profit, EUR million,	31.8	25.9	18.9
% of net sales	7.2	6.4	5.1
Profit before income taxes, EUR million	26.5	17.8	13.1
% of net sales	6.0	4.4	3.5
Profit for the period, continuing operations, EUR million	17.0	10.2	5.7
% of net sales	3.8	2.5	1.5
Loss for the period from discontinued operations, EUR million	–	-5.2	-21.8
% of net sales	–	-1.3	-5.8
Profit for the period, EUR million	17.0	5.0	-16.1
% of net sales	3.8	1.2	-4.3
Cash flow from operations, EUR million	27.3	37.1	21.3
Total assets, EUR million	291.7	264.6	238.9
Return on equity (ROE), %	14.4	5.1	-18.6
Return on invested capital (ROI), %	15.9	12.0	-0.7
Return on invested capital (ROI), continuing operations, %	15.9	15.7	12.4
Equity ratio, %	43.2	41.2	32.9
Interest-bearing net debt, EUR million	32.5	37.8	75.5
Capital employed, continuing operations, EUR million	222.6	193.8	154.0
Gearing, %	25.9	34.7	96.2
Gross capital expenditure, continuing operations, EUR million	23.7	7.1	4.4
% of net sales	5.3	1.8	1.2
Depreciation, amortization, impairment losses and reversals of impairment losses, continuing operations, EUR million	-17.7	-15.6	-16.9
Expenditure on research and development, continuing operations, EUR million	3.5	2.9	3.0
as % of net sales	0.8	0.7	0.8
Average number of personnel, continuing operations	614	591	550

Key ratios per share

	2015	2014	2013
Earnings per share, EUR, continuing operations	0.06	0.04	0.02
Earnings per share, EUR, discontinued operations	–	-0.02	-0.09
Earnings per share, EUR, total, basic	0.06	0.02	-0.07
Earnings per share, EUR, total, diluted	0.06	0.02	-0.07
Cash flow from operations per share, EUR	0.11	0.15	0.09
Equity per share, EUR	0.50	0.44	0.32
Price per earnings per share (P/E) ratio	19.41	45.45	-7.35
Dividend or distributed funds per share, EUR (*	0.02	0.01	–
Dividend payout ratio/ payout ratio for distribution of funds, %	31.3	58.6	–
Dividend yield, %	1.61	1.23	–
Number of shares, end of period, excluding treasury shares	251,511,730	246,130,603	246,009,755
Average number of shares excluding treasury shares	250,597,155	246,078,953	245,931,204
Average share-issue adjusted number of shares excluding treasury shares	250,943,177	248,013,178	247,794,055
Share price, end of period, EUR	1.24	0.81	0.48
Share price, period low, EUR	0.75	0.47	0.34
Share price, period high, EUR	1.33	0.82	0.61
Volume weighted average price during the period, EUR	1.01	0.58	0.48
Market capitalization, EUR million	311.9	199.4	118.1
Number of traded shares during the period	97,512,750	97,735,300	11,340,737
Number of traded shares during the period, % of average number of shares (share turnover)	38.9	39.7	4.6

(* 2015 the proposal of the Board of Directors to Annual General Meeting of distribution of dividends. In 2014 distribution of funds.

Key ratios per share are share-issue adjusted.

Definition of key ratios

Basic earnings per share (EPS), continuing operations	$\frac{\text{Profit from continuing operations adjusted with interest on hybrid bond, net of tax}}{\text{Share-issue adjusted average number of shares excluding treasury shares}}$
Basic earnings per share (EPS), discontinued operations	$\frac{\text{Result of discontinued operations}}{\text{Share-issue adjusted average number of shares excluding treasury shares}}$
Diluted earnings per share (EPS)	$\frac{\text{Profit for the period}}{\text{Share-issue adjusted average number of shares excluding treasury shares}}$
Cash flow from operations per share	$\frac{\text{Cash flow from operations}}{\text{Share-issue adjusted number of shares excluding treasury shares, end of reporting period}}$
Equity	Equity attributable to owners of the parent + hybrid bond
Equity per share	$\frac{\text{Equity}}{\text{Share-issue adjusted number of shares excluding treasury shares, end of reporting period}}$
Dividend/distribution of funds per share	$\frac{\text{Dividend paid/funds distributed for the reporting period}}{\text{Number of issued shares at end of the period}}$
Dividend payout ratio / payout ratio for distribution of funds, %	$\frac{\text{Dividend/distribution of funds per share x 100}}{\text{Basic earnings per share}}$
Dividend/cash flow from operations or distribution of funds/cash flow from operations, %	$\frac{\text{Dividend/distribution of funds per share x 100}}{\text{Cash flow from operations per share}}$
Dividend yield, %	$\frac{\text{Dividend/distribution of funds per share x 100}}{\text{Share price at end of the period}}$
Price per earnings per share (P/E)	$\frac{\text{Share price at end of the period}}{\text{Basic earnings per share}}$
Market capitalization	Number of shares at the end of reporting period excluding treasury shares x share price at the end of period
Share turnover	The proportion of number of shares traded during the period to weighted average number of shares excluding treasury shares
Number of shares at period end	Number of issued shares – treasury shares
EBITDA	Profit of continuing operations before depreciation, amortization and impairment,
Operating profit (EBIT)	Profit of continuing operations after depreciation, amortization and impairment
Operating profit (EBIT) excluding non-recurring items	Profit of continuing operations after depreciation, amortization and impairment excluding non-recurring items
Cash and cash equivalents	Cash + other financial assets
Interest-bearing net debt	Interest-bearing liabilities - interest-bearing receivables - cash and cash equivalents
Return on equity (ROE), %	$\frac{\text{Profit for the reporting period (rolling 12 months) x 100}}{\text{Equity (quarterly average)}}$
Invested capital	Equity + interest-bearing liabilities
Return on invested capital (ROI), %	$\frac{\text{Operating profit + interest income + operating profit of discontinued operations + interest income of discontinued operations (rolling 12 months)}}{\text{Invested capital, quarterly average}}$
Return on invested capital (ROI), continuing operations, %	$\frac{\text{Operating profit + interest income (rolling 12 months)}}{\text{Invested capital excluding discontinued operations, quarterly average}}$
Equity ratio, %	$\frac{\text{Equity x 100}}{\text{Total assets - advances received}}$
Gearing, %	$\frac{\text{Interest-bearing net debt x 100}}{\text{Equity}}$

Parent company financial statements (FAS)

Income statement

EUR	Note	1 January - 31 December 2015	1 January - 31 December 2014
Net sales		15,298,985.66	15,494,139.60
Cost of goods sold		-660,065.77	-758,286.79
Gross profit		14,638,919.89	14,735,852.81
Other operating income	2	918,390.99	418,587.75
Sales and marketing expenses		-1,958,150.56	-1,567,155.86
Research and development		-2,508,650.87	-2,381,746.96
Administration expenses		-8,609,574.72	-7,829,547.60
Other operating expenses	2	-1,124,977.01	-26,875,840.03
Operating profit/loss		1,355,957.72	-23,499,849.89
Financial income	6	15,221,113.35	22,800,228.87
Financial expenses	6	-5,953,120.18	-8,917,562.81
Profit/loss before extraordinary items		10,623,950.89	-9,617,183.83
Extraordinary items	7	-523,872.04	28,258.00
Profit/loss before changes in untaxed reserves and income taxes		10,100,078.85	-9,588,925.83
Change in depreciation difference		29,316.01	-29,978.07
Income taxes	8	-139,870.83	-25.44
Profit/loss for the period		9,989,524.03	-9,618,929.34

Balance sheet

EUR	Note	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Intangible assets	5, 9	7,854,292.52	7,359,965.84
Tangible assets	5, 10	134,960.50	162,528.46
Investments			
Shares in subsidiaries	11	107,945,554.70	103,840,342.89
Other investments	11	28,500.46	941,660.74
Loan receivables			
Loan receivables from group companies		84,439,377.26	67,402,037.61
Loan receivables from others		7,793,257.55	8,201,564.16
Total non-current assets		208,195,942.99	187,908,099.70
Current assets			
Loan receivables		1,000,000.00	600,000.00
Trade receivables	12	21,626.41	–
Other current receivables	12	16,803,528.45	28,204,425.66
Cash and cash equivalents		51,111,880.68	33,929,567.63
Total current assets		68,937,035.54	62,733,993.29
TOTAL ASSETS		277,132,978.53	250,642,092.99

EUR	Note	31 December 2015	31 December 2014
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	14	11,860,056.00	11,860,056.00
Share premium account		24,680,587.83	24,680,587.83
Reserve for invested unrestricted equity		69,652,071.98	97,191,611.31
Other equity		-41,257.23	-17,872,385.25
Profit/loss for the period		9,989,524.03	-9,618,929.34
Total shareholders' equity	13	116,140,982.61	106,240,940.55
Untaxed reserves			
Depreciation difference		1 341 812,00	1 371 128,01
Liabilities			
Non-current liabilities			
Interest-bearing liabilities			
Debentures	15	75,000,000.00	75,000,000.00
Hybrid bond	15	16,840,200.00	17,500,000.00
Loans from financial institutions	15	18,498,362.13	6,666,667.00
Non-current loans from group companies	15	–	428,590.15
Other non-current liabilities	16	1,173,936.00	1,274,287.67
Total non-current liabilities		111,512,498.13	100,869,544.82
Current liabilities			
Interest-bearing liabilities			
Loans from financial institutions	15	3,363,338.71	3,333,333.00
Current loans from group companies	15	41,474,476.66	34,980,758.96
Trade payables and other non-current liabilities	16	3,299,870.42	3,846,387.65
Total current liabilities		48,137,685.79	42,160,479.61
Total liabilities		159,650,183.92	143,030,024.43
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		277,132,978.53	250,642,092.99

Cash flow statement

EUR thousand	Note	1 January - 31 December 2015	1 January - 31 December 2014
Cash flow from operations			
Profit/loss for the period		9,990	-9,619
Adjustments to profit/loss for the period	17	-6,340	13,558
Cash flow from operations before change in net working capital		3,650	3,939
Increase (-) or decrease (+) in trade and other receivables		-3,410	1,872
Increase (+) or decrease (-) in interest-free current liabilities		6,428	-1,528
Cash flow from operations before payments of financial items and income taxes		6,668	4,283
Paid and received interests and other financial items		142	-1,106
Paid income taxes		-267	-29
Cash flow from operations		6,543	3,148
Cash flow from investments			
Capital expenditure	8,9,10	-2,306	-1,265
Proceeds from disposal of tangible and intangible assets		10	–
Investments in subsidiaries		–	-21,558
Proceeds from disposal of subsidiaries		–	5,733
Dividend income from subsidiaries		4,626	15,848
Cash flow from investments		-2,329	-1,242

EUR thousand	Note	1 January - 31 December 2015	1 January - 31 December 2014
Cash flow from financing			
Share issue	13	340	–
Repayments of non-current interest-bearing liabilities	14	-3,333	-78,220
Draw-down of non-current interest-bearing liabilities	14	15,000	10,000
Draw-down of hybrid bond	14	–	17,500
Draw-down of debentures	14	–	75,000
Change in current interest-bearing liabilities	14	-939	-10,985
Change in non-current loan receivables		600	-35,812
Change in current loan receivables		-287	37,481
Distribution of funds	13	-2,504	–
Cash flow from financing		8,887	14,964
Change in cash and cash equivalents		17,749	16,869
Cash and cash equivalents 1 January		33,930	15,945
Exchange difference on cash and cash equivalents		-567	1,116
Change in cash and cash equivalents		17,749	16,869
Cash and cash equivalents 31 December		51,112	33,930

Notes to the parent company financial statements (FAS)

1. ACCOUNTING POLICIES

Suominen Corporation is a public limited liability company organized under the laws of the Republic of Finland and domiciled in Helsinki, Finland (Itämerentori 2, 00180 Helsinki, Finland). Suominen's shares are publicly traded on Nasdaq Helsinki Ltd. Mid Cap (Small Cap until 31 December 2015) in Helsinki, Finland. Suominen Corporation is the parent company of the Group.

The financial statements of Suominen Corporation are prepared in accordance with Finnish Accounting Standards (FAS). The consolidated financial statements of Suominen Group are prepared in accordance with International Financial Reporting Standards (IFRS), and Suominen Corporation applies in its separate financial statements the same accounting principles as Suominen Group to the extent it is possible within the framework of Finnish accounting practice. The accounting principles of Suominen Group are presented in the Notes to the Consolidated Financial Statements (Note 1).

The main differences in the accounting principles between Suominen Corporation's separate financial statements and Suominen Group's consolidated financial statements are presented below.

Net sales

Net sales consist of sales of services to group companies and of royalty income.

Financial assets and liabilities and derivative instruments

Financial assets and liabilities with the exception of derivative instruments are recognized at cost or at cost less impairment losses. Derivatives are recognized at fair value with the exception of electricity derivatives, which are recognized only when they are realized. Currency derivatives, if not hedging financial items, are recognized in other operating income and expenses. Fair value measurement of derivatives are presented in the accounting policies of Suominen Group.

Finance leasing

Lease payments are recognized as lease expenses. Leasing obligations are presented as contingent liabilities.

Extraordinary income and expenses

The parent's extraordinary income and expenses consist mainly of group contributions received from and given to subsidiaries.

Untaxed reserves

Untaxed reserves consist of a depreciation difference. This difference between scheduled depreciation and amortization and the depreciation and amortization deducted in arriving to taxable profit is presented as a separate item in the income statement and in the balance sheet.

Hybrid bond

Hybrid bond is presented as a liability in the separate financial statements of the parent company.

2. OTHER OPERATING INCOME AND EXPENSES

EUR thousand

	1 January - 31 December 2015	1 January - 31 December 2014
Other operating income		
Rental income	42	78
Gains from currency derivatives	523	194
Other operating income	353	146
Total	918	418
Other operating expenses		
Losses from sale of subsidiaries	–	-26,245
Losses from currency derivatives	-1,047	-325
Other operating expenses	-78	-306
Total	-1,125	-26,876

3. PERSONNEL EXPENSES

EUR thousand

Salaries	-3,921	-3,389
Pension expenses	-538	-530
Other personnel costs	-265	-617
Total	-4,723	-4,536

Average number of personnel	27	24
Number of personnel, end of period	27	22

Management remuneration

Management remuneration is presented in Note 36 of the consolidated financial statements.

4. AUDIT FEES

EUR thousand

Statutory audit	-35	-111
Statutory audit, previous auditors	-75	–
Official statements	-3	–
Tax consulting	-1	–
Other services	-17	-199
Total	-131	- 310

5. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

EUR thousand

	1 January - 31 December 2015	1 January - 31 December 2014
Depreciation, amortization and impairment by function		
Cost of goods sold	-137	-47
Sales and marketing expenses	-74	-78
Research and development	-1,630	-1,612
Administration expenses	-471	-264
Total	-2,311	-2,001
Depreciation, amortization and impairment by asset category		
Machinery and equipment	-37	-41
Intangible rights	-2,274	-1,960
Total	-2,311	-2,001

6. FINANCIAL INCOME AND EXPENSES

EUR thousand

Interest income from group companies	7,616	5,462
Interest income from others	592	276
Dividend income from group companies	4,626	15,848
Other financial income from group companies	237	207
Other financial income from others	11	–
Net currency exchange differences	2,140	1,007
Interest expenses to group companies	-206	-149
Interest expenses to others	-4,684	-5,279
Impairment losses on investments	-364	–
Other financial expenses to group companies	–	-4
Other financial expenses to others	-698	-3,485
Total	9,268	13,883

7. EXTRAORDINARY ITEMS

EUR thousand

	1 January - 31 December 2015	1 January - 31 December 2014
Received group contributions	–	28
Merger loss	-524	–
Total	-524	28

8. INCOME TAXES

EUR thousand

Withholding taxes and other direct taxes	-104	–
Income taxes for the period	-18	–
Income taxes from previous years	-18	0
Total	-140	0

9. INTANGIBLE ASSETS

EUR thousand

	Intangible rights	Advance payments and construction in progress	Total 2015	Total 2014
Acquisition cost 1 January	11,798	604	12,403	11,130
Additions	119	2,659	2,778	2,336
Decreases and disposals	-153	-56	-209	-1,064
Reclassifications	1,284	-1,284	–	–
Acquisition cost 31 December	13,048	1,924	14,972	12,402
Accumulated amortization 1 January	-5,043	–	-5,043	-3,127
Amortization for the period	-2,218	–	-2,218	-1,960
Decreases and disposals	143	–	143	44
Accumulated amortization 31 December	-7,118	–	-7,118	-5,043
Carrying amount 31 December	5,930	1,924	7,854	7,360

10. TANGIBLE ASSETS

EUR thousand

	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total 2015	Total 2014
Acquisition cost 1 January	413	18	38	469	429
Additions	–	–	9	9	40
Decreases and disposals	–	–	–	–	–
Reclassifications	47	–	-47	–	–
Acquisition cost 31 December	461	18	–	478	469
Accumulated depreciation 1 January	-307	–	–	-307	-266
Depreciation for the period	-37	–	–	-37	-41
Decreases and disposals	–	–	–	–	–
Accumulated depreciation 31 December	-343	–	–	-343	-307
Carrying amount 31 December	117	18	–	135	163

11. INVESTMENTS

EUR thousand

	Shares in group companies	Other investments	Total 2015	Total 2014
Carrying amount 1 January	103,841	942	104,782	116,339
Additions	5,029	–	5,029	21,578
Decreases and disposals	-924	-913	-1,837	-33,135
Carrying amount 31 December	107,946	29	107,975	104,782

Group companies are presented in Note 8 of the consolidated financial statements. The Finnish company Flexmer Oy merged into Suominen Corporation on 31 December 2015.

Other investments

All shares in the real estate company Kiinteistö Oy Virtain Inkantie 62, of which Suominen Corporation owned 100 percent of the shares, were sold in 2015.

	Share of shares and votes, %	Number of shares	Nominal value of shares, EUR thousand	Carrying amount of shares, EUR thousand	Equity of the company, EUR thousand	Profit/loss in the latest financial statements, EUR thousand
Kiinteistö Oy Killinpolku, Virrat, Finland	25.0	1	8	8	101	–
Bright Maze Oy, Helsinki, Finland	19.9	19,900	20	20	-1,132	-1,431

12. OTHER CURRENT RECEIVABLES

EUR thousand

	31 December 2015	31 December 2014
Trade receivables	22	–
Other receivables	647	115
Prepaid expenses and accrued income		
Indirect taxes	128	210
Income taxes	127	–
Receivables from sale of subsidiary shares	813	980
Prepaid transaction costs of loans	1,297	1,725
Other	126	102
Total prepaid expenses and accrued income	2,492	3,017
Receivables from group companies		
Trade receivables	3	–
Interest-bearing receivables	10,741	22,442
Interest-free receivables	2,920	2,629
Total	13,665	25,072
Total other current receivables	16,804	28,204

13. SHAREHOLDERS' EQUITY

EUR thousand

	31 December 2015	31 December 2014
Share capital 1 January and 31 December	11,860	11,860
Share premium account 1 January and 31 December	24,681	24,681
Treasury shares 1 January and 31 December	-44	- 44
Reserve for invested unrestricted equity 1 January	97,192	97,123
Conveyance of treasury shares	80	69
Share issue	340	–
Distribution of funds	-2,504	–
Conversion of hybrid bond	1,992	–
Transfer to retained earnings	-27,448	–
Reserve for invested unrestricted equity 31 December	69,653	97,192
Retained earnings 1 January	-27,448	-17,829
Reversal of unpaid dividends	2	–
Transfer from reserve for invested unrestricted equity	27,448	–
Retained earnings 31 December	2	-17,829
Profit/loss for the period	9,990	-9,619
Shareholders' equity 31 December	116,142	106,241

Distributable funds

EUR	31 December 2015
Retained earnings 31 December	2,362
Reserve for invested unrestricted equity 31 December	69,652,072
Treasury shares 31 December	-43,619
Profit for the period	9,989,524
Distributable funds	79,600,339

Funds available for dividend distribution

EUR	
Retained earnings 31 December	2,362
Treasury shares 31 December	-43,619
Profit for the period	9,989,524
Funds available for dividend distribution	9,948,267

14. SHARE CAPITAL

Share capital and shares are presented in Note 15 of the consolidated financial statements.

15. INTEREST-BEARING LIABILITIES

EUR thousand

	31 December 2015	31 December 2014
Non-current interest-bearing liabilities		
Debentures	75,000	75,000
Loans from financial institutions	18,498	6,667
Hybrid bond	16,840	17,500
Loans from group companies	–	428
Total non-current interest-bearing liabilities	110,339	99,595
Current interest-bearing liabilities		
Non-current interest-bearing liabilities falling due in the following year		
Loans from financial institutions	3,363	3,333
Loans from group companies	41,474	34,981
Total current interest-bearing liabilities	44,838	38,314
Total interest-bearing liabilities	155,176	137,909

Hybrid bond is presented in Note 16 of the consolidated financial statements. Hybrid bond has no due date.

Repayments of external non-current interest-bearing liabilities	2016	2017	2018	2019
Loans from financial institutions	3,363	7,904	10,595	–
Debentures	–	–	–	75,000
Total	3,363	7,904	10,595	75,000

16. INTEREST-FREE LIABILITIES

EUR thousand

	31 December 2015	31 December 2014
Non-current interest-free liabilities		
Accrued interest on hybrid bond	824	924
Other non-current liabilities	350	350
Total non-current interest-free liabilities	1,174	1,274
Current interest-free liabilities		
Trade payables	681	359
Other current liabilities	515	814
Accrued expenses		
Accrued interest expenses	914	902
Accrued personnel expenses	1,115	1,283
Unrealized loss from currency derivatives	25	235
Other accrued expenses	5	3
Total accrued expenses	2,059	2,424
Liabilities to group companies		
Trade payables	16	–
Other liabilities to group companies	28	249
Total	44	249
Total current interest-free liabilities	3,300	3,846
Total interest-free liabilities	4,474	5,120

Other non-current liabilities include EUR 350 (350) thousand and other current liabilities EUR 309 (714) thousand liabilities related to acquisition of intangible assets,

17. CONTINGENT LIABILITIES

EUR thousand

	31 December 2015	31 December 2014
Guarantees		
On behalf of group companies	21,188	17,877
On behalf of others	4,135	4,017
Total	25,322	21,894

Guarantees on behalf of group companies are guarantees given to suppliers. Guarantees on behalf of other are guarantees given on behalf of the Flexibles business which was disposed in 2014.

Rental and leasing obligations		
Falling due within next 12 months	189	266
Falling due later	701	116
Total	891	382

18. DERIVATIVE INSTRUMENTS

EUR thousand

Nominal and fair values of derivative instruments	31 December 2015	
	Nominal value	Fair value
Currency forward contracts		
External	2,272	-25
Electricity derivatives		
Electricity forward contracts	1,229	-242

Nominal and fair values of derivative instruments	31 December 2014	
	Nominal value	Fair value
Currency forward contracts		
External	36,307	-235
Electricity derivatives		
Electricity forward contracts	1,031	-71

19. ADJUSTMENTS TO CASH FLOW STATEMENT

EUR thousand

	1 January - 31 December 2015	1 January - 31 December 2014
Adjustment to profit/loss for the period		
Change in depreciation difference	-29	30
Group contributions	–	-28
Merger loss	524	–
Financial income and expenses	-9,268	-13,883
Income taxes	140	0
Depreciation and amortization	2,311	2,001
Gains and losses from disposal of fixed assets	–	26,245
Other non-cash items in profit/loss for the period	-17	308
Total adjustments to profit/loss for the period	-6,340	14,673

Proposal by the Board of Directors for distribution of dividends

The profit for the financial year 2015 of Suominen Corporation, the parent company of Suominen Group, was EUR 9,989,524. The funds distributable as dividends, including the profit for the period of the parent company were EUR 9,948,267 and total distributable funds were EUR 79,600,339. There have been no significant changes in the company's financial position after the end of the review period.

The Board of Directors proposes that a dividend of EUR 0.02 per share shall be distributed for the financial year that ended on 31 December 2015 and that the rest of the profit shall be transferred to retained earnings. On 29 January 2016 the company had 251,511,730 issued shares, excluding treasury shares. With this number of shares, the total amount of dividends to be distributed would be EUR 5,030,234.60. The record date is 18 March 2016 and the dividend will be paid on 31 March 2016.

Helsinki 29 January 2016

Jorma Eloranta Chair of the Board	Risto Anttonen	Andreas Ahlström
Hannu Kasurinen	Jaana Tuominen	Laura Raitio
	Nina Kopola President & CEO	

Auditor's report

To the Annual General Meeting of Suominen Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Suominen Corporation for the year ended 31 December, 2015. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, January 29, 2016

Ernst & Young Oy
Authorized Public Accountant Firm

Kristina Sandin
Authorized Public Accountant

Information for shareholders

Financial information

In 2016, Suominen Corporation will publish financial reports as follows:

Interim Report January – March on Thursday 28 April 2016
Interim Report January – June on Tuesday 9 August 2016
Interim Report January – September on Thursday 27 October 2016.

Suominen's Financial Statement Release of 2015 was published on Friday 29 January 2016.

Financial reports and other Stock Exchange Releases are published in Finnish and English and are available at www.suominen.fi immediately after their publication. The English editions are translations of the Finnish originals, which will prevail in the event of any dispute.

The Annual General Meeting

Notice is given to the shareholders of Suominen Corporation to the Annual General Meeting to be held on Wednesday 16 March 2016 at 10.00 am at Finlandia Hall (Terrace Hall), at the address Mannerheimintie 13 e, 00100 Helsinki. The reception of persons registered for the meeting will commence at 9.00 am. During the coffee service after the Annual General Meeting, shareholders will have the opportunity to meet the management of the company.

Notice of the Annual General Meeting has been announced as stock exchange release on 29 January 2016. All materials to the Annual General Meeting are available at www.suominen.fi > Investors > Corporate Governance > General Meetings of Shareholders > AGM 2016.

Each shareholder who is registered on 4 March 2016 in the shareholders' register of the company held by Euroclear Finland Ltd has the right to participate in the Annual General Meeting. A shareholder, who wishes to participate in the Annual General Meeting, shall register for the meeting no later than 11 March 2016 before 4.00 p.m. by giving a prior notice of participation, which shall be received by the company no later than on the abovementioned date and time. Such notice can be given:

a) by e-mail to agm@suominencorp.com
b) by telephone +358 (0)10 214 3551, Monday-Friday between 8.00 a.m. and 4.00 p.m.
c) by regular mail to Suominen Corporation, Itämerentori 2, FI-00180 Helsinki, Finland
d) by fax +358 (0)9 773 1109

In connection with the registration, a shareholder shall notify his/her name, personal identification number, address, telephone number and the name of a possible assistant or proxy representative and the personal identification number of the proxy representative.

Payment of the dividend

The Board of Directors proposes that a dividend of 0.02 euros per share shall be paid regarding the financial year of 2015. Calculated on the basis of the total amount of shares on 29 January 2016, a total of 5,030,234.60 euros would be paid as dividend. The record date for the payment of the dividend is 18 March 2016 and the dividend shall be paid on 31 March 2016.

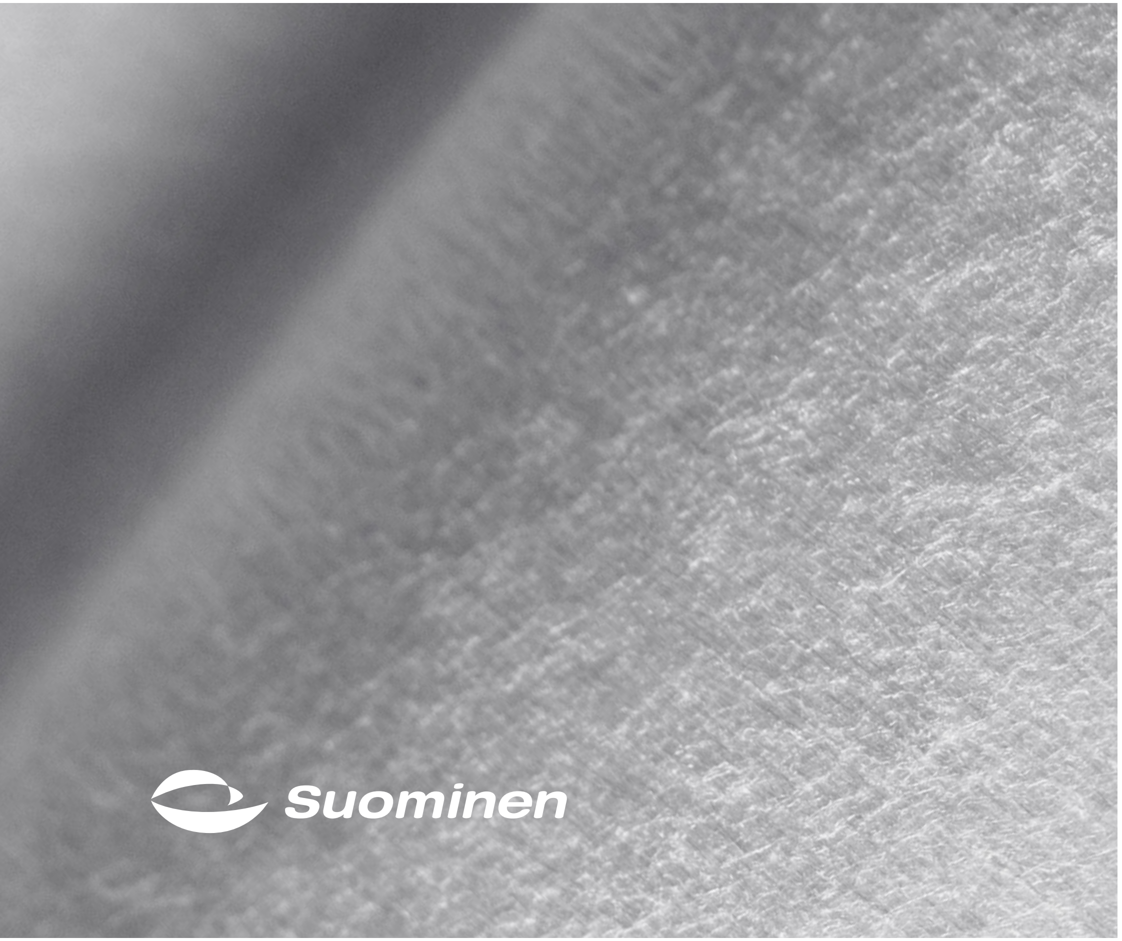
Investor relations

In all investor relations matters, please contact
Anu Heinonen, Vice President,
Corporate Communications & IR, tel. +358 10 214 3555.

Requests for management appointments shall be addressed to
Eeva Oinonen, Executive Assistant,
PA to President & CEO, tel. +358 (0)10 214 3551.

E-mail addresses follow the format
firstname.lastname@suominencorp.com.

Suominen's closed period commences at the end of a reporting period and ends when the interim report or financial statements release concerning the financial period in question has been published. No meetings between investors and company representatives will be arranged, nor will any comments on financial performance or development be issued during the closed period.



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