



Half Year Financial Report 1 Jan–30 Jun 2016

9 Aug 2016

Suominen Corporation Half-Year Financial Report 9 August 2016 at 12:00 noon (EEST)

Suominen Corporation's Half-Year Financial Report for January 1 - June 30, 2016:

Net sales and operating profit for Q2 decreased from the record-high comparison period, cash flow from operations nearly doubled

KEY FIGURES

	4-6/ 2016	4-6/ 2015	1-6/ 2016	1-6/ 2015	1-12/ 2015
Net sales, EUR million	108.8	112.9	212.7	224.9	444.0
Comparable operating profit, EUR million	8.7	9.9	14.2	17.2	31.2
Operating profit, EUR million	8.7	10.5	14.2	17.8	31.8
Profit for the period, EUR million	5.2	6.2	8.7	9.7	17.0
Earnings per share, basic, EUR *	0.10	0.12	0.16	0.18	0.32
Earnings per share, diluted, EUR *	0.09	0.11	0.15	0.17	0.29
Cash flow from operations per share, EUR *	0.15	0.08	0.33	0.17	0.54
Return on invested capital, rolling 12 months, % **	-	-	13.5	17.1	15.9
Gearing, %	-	-	24.5	28.2	25.9

* Adjusted due to the reverse share split

** 2015 continuing operations

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

Highlights in April–June 2016:

- Net sales decreased by 4% to EUR 108.8 million (112.9).
 - Comparable operating profit decreased by 13% to EUR 8.7 million (9.9).
 - Cash flow from operations nearly doubled to EUR 7.6 million (3.9).
 - Both financial targets monitored on a quarterly basis, return on invested capital and gearing ratio, surpassed their target levels.
 - The investment in a new production line at the Bethune plant in the US advanced, customer deliveries planned to commence in the first quarter of 2017.
 - The total value of the growth investment program is estimated to exceed EUR 60 million.
- Suominen repeats its previous estimate, disclosed on 28 April 2016, that for the full year 2016 the company expects its net sales and comparable operating profit to improve from year 2015. In 2015, Suominen's net sales amounted to EUR 444.0 million and comparable operating profit to EUR 31.2 million. The calculation of comparable operating profit equals to the calculation of previously reported operating profit excluding non-recurring items and is explained in the disclosures of this report.

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

"In the second quarter of 2016, the consumer confidence index in the euro zone was behind the level of the corresponding period last year, but rose slightly from the first quarter of 2016. In the United States, the consumer confidence index showed relatively stable development, but remained slightly below the level of the comparison period. Europe and North America are Suominen's largest market areas.

As we reported in the previous financial report, the sluggish demand early in the year began to show signs of picking up at the end of the first quarter. I am pleased that this positive development carried through into the second quarter. We expect the same trend to continue through the rest of the year and, consequently, our net sales of full year 2016 to improve from year 2015.

As demand improved, Suominen's net sales grew from the first quarter, but nevertheless declined of the strong level of the comparison period, and amounted to EUR 108.8 million. Sales volumes were on par with the high figures of the comparison period. Gross profit improved from Q1 of 2016, but did not reach the level of the comparison period, which again affected operating profit. Cash flow from operations was once again strong and nearly doubled from the comparison period, reaching EUR 7.6 million.

Suominen has three financial targets: organic net sales growth, return on invested capital and gearing ratio. We follow up on the latter two targets on a quarterly basis, and net sales growth on an annual level. The return on investments exceeded the target level (> 12%) and was 13.5%. Our gearing was once again lower than our target range (40–80%), at 24.5%.

We combined our nonwoven range for workplace wiping applications under the suominen@work product concept. Suominen@work nonwovens are used, for instance, in wiping products used by fast-food restaurants, healthcare facilities and factory workshops. The new product concept allows us to serve our customers in an increasingly targeted way. Our investments in both the Alicante plant in Spain and the Bethune plant in the United States will enhance our capacity to serve the market for nonwovens for wipes intended for professional applications, which is expected to grow, depending on the region and end use, by as much as 7% per year. Reinforcing this product group in our portfolio clearly supports our strategy, which aims for an increased share of products with higher added value in our net sales.

The largest project in our investment program, a new wetlaid line at the Bethune plant in the US, proceeded and we expect the equipment installations to be completed by the end of this year. According to our plan, customer deliveries will begin in the first quarter of 2017. Our previously disclosed estimate of the total value of the project, close to EUR 50 million, is anticipated to be exceeded and consequently, the value of the entire growth investment program is expected to surpass EUR 60 million. This is due to an unexpectedly rapid increase in labor costs in South Carolina, improvements made to the production line during the project and other additional works made at the plant. The higher cost estimate has no impact on the financing arrangements of the project."

NET SALES

April–June 2016

In April–June 2016, Suominen's net sales declined by 4% from the comparison period last year to EUR 108.8 million (112.9). Net sales were mainly affected by decreased sales prices and fluctuations in USD/EUR exchange rate. The changes in US dollar exchange rate compared to euro decreased net sales by EUR 1.4 million from the comparison period. The demand improved from the dip experienced in the first quarter of 2016.

Suominen has two business areas, Convenience and Care. Convenience business area supplies nonwovens as roll goods for a wide range of wiping products. Care business area manufactures nonwovens for hygiene products and medical applications. Net sales of the Convenience business area were EUR 100.8 million (104.5) and net sales of the Care business area EUR 8.0 million (8.4).

January–June 2016

In January–June 2016, Suominen's net sales decreased by 5% from the comparison period last year to EUR 212.7 million (224.9). Net sales were affected by both lower sales prices and volumes compared to last year, approximately in equal proportions. In the first year-half, demand fell short of the strong level of comparison period, particularly due to the soft first quarter of 2016. The changes in US dollar exchange rate had no effect on the net sales during January–June 2016.

Net sales of the Convenience business area were EUR 196.3 million (207.7) and net sales of the Care business area EUR 16.3 million (17.2).

The main application areas for nonwoven materials supplied by Suominen in January–June were baby wipes (accounting for 38% of the sales), personal care wipes (24%), household wipes (18%), wipes for workplace use (11%), and hygiene and medical products (8%). All nonwovens for wiping products belong to the Convenience business area and nonwovens for hygiene and medical products to the Care business area.

The share of nonwovens for baby wipes in the net sales decreased from the comparison period by two percentage points. Of the products with higher added value, nonwovens for household and workplace wipes increased their respective shares in the portfolio. The changes in the product portfolio were in line with Suominen's strategy.

OPERATING PROFIT AND RESULT

April–June 2016

The comparable operating profit decreased by 13% and amounted to EUR 8.7 million (9.9). Operating profit declined by 17% to EUR 8.7 million (10.5). There were no items affecting comparability during the second quarter of 2016. The operating profit of the comparison period last year was improved by the reversal of the impairment loss due to re-opening of a production line in Nakkila plant in Finland, which has been eliminated from the comparable operating profit of the corresponding period in 2015. Lower net sales and decrease in gross profit affected operating profit. USD/EUR exchange rate fluctuation had no material impact on operating profit.

Profit before income taxes was EUR 7.7 million (9.4), and profit for the quarter was EUR 5.2 million (6.2).

January–June 2016

The comparable operating profit fell by 18% to EUR 14.2 million (17.2). Operating profit decreased by 20% and amounted to EUR 14.2 million (17.8). There were no items affecting comparability during the first half of 2016. The operating profit of the comparison period last year was improved by the reversal of the impairment loss due to re-opening of a production line in Nakkila plant in Finland, which has been eliminated from the comparable operating profit of the corresponding period in 2015. Lower net sales and decrease in gross profit affected operating profit. USD/EUR exchange rate fluctuation had no impact on operating profit.

In January–June, profit before income taxes was EUR 13.0 million (15.1), and profit for the reporting period was EUR 8.7 million (9.7). Decrease in financial expenses and income taxes improved the profit for the period.

FINANCING

The Group's net interest-bearing liabilities amounted to EUR 32.0 million (33.7) at the end of the review period. The gearing ratio was 24.5% (28.2%) and the equity ratio 43.6% (43.4%).

In January–June, net financial expenses were EUR -1.2 million (-2.7), or 0.6% (1.2%) of net sales. Fluctuations in exchange rates decreased the financial items by EUR 0.4 million, while in the comparison period they increased the financial expenses by EUR 0.5 million. In addition, financial expenses in the previous year increased also by EUR -0.5 million as an impairment loss of shares in a real estate company was recognized.

Cash flow from operations in April–June was EUR 7.6 million (3.9) and in January–June EUR 16.7 million (8.4), representing a cash flow per share of EUR 0.33 (0.17). The improvement in the cash flow from operations was mainly due to the decrease in paid financial items and income taxes as well as to the fact that less working capital was tied up during the reporting period than during the corresponding period in the previous year. The financial items in the cash flow from operations, in total EUR -1.9 million (-5.0), were principally impacted by the interests of the debenture bond paid during the reporting period, while in the corresponding period in the previous year the paid financial items were burdened also by payments related to currency forward contracts hedging equity. In the first year-half, EUR 3.2 million was tied up in working capital (9.3).

CAPITAL EXPENDITURE

The gross capital expenditure totaled EUR 11.6 million (3.8) and was mainly related to the investment in a new production line at the Bethune, SC, USA plant. In addition, Suominen is in the process of renewing its ICT systems. Other investments were mainly for maintenance. Depreciation and amortization for the review period amounted to EUR 9.1 million (8.9). In addition, due to the re-opening of a production line in Nakkila plant, previously made impairment losses were reversed in 2015. The reversal amounted to EUR 0.5 million.

INFORMATION ON SHARES AND SHARE CAPITAL

Share capital

After the reverse share split, the number of Suominen's registered shares was 51,216,232 shares on 30 June 2016, equaling to a share capital of EUR 11,860,056.00.

Reverse share split

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

Before the reverse share split, Suominen Corporation had in total 252,425,616 shares. After the reverse

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

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

Share trading and price

The number of Suominen Corporation shares traded on Nasdaq Helsinki from 1 January to 30 June 2016 was 8,754,693 shares, accounting for 17.4% of the average number of shares (excluding treasury shares). The highest price was EUR 6.20, the lowest EUR 3.61 and the volume-weighted average price EUR 4.38. The closing price at the end of review period was EUR 4.02. The market capitalization (excluding treasury shares) was EUR 202.3 million on 30 June 2016.

Treasury shares

On 30 June 2016, Suominen Corporation held 893,087 treasury shares. In accordance with the resolution by the Annual General Meeting, in total 20,799 shares were transferred to the members of the Board of Directors as their remuneration payable in shares during the reporting period.

Hybrid bond

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

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

Share-based incentive plans for the management and key employees

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

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

ANNUAL GENERAL MEETING

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

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

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

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

Constitutive meeting and permanent committees of the Board of Directors

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

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

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

Authorizations of the Board of Directors

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

The AGM held on 16 March 2016 authorized the Board of Directors to decide on issuing new shares and/or conveying the company's own shares held by the company and/or granting special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act. New shares may be issued and/or company's own shares held by the company or its group company may be conveyed at the maximum amount of 5,000,000 shares in aggregate. The maximum number of new shares that may be subscribed and own shares held by the company that may be conveyed by virtue of the options and other special rights granted by the company is 5,000,000 shares in total which number is included in the maximum number stated earlier. The authorization is valid until 30 June 2019.

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

On 10 June 2016, Suominen Corporation received a notification in accordance with Chapter 9, Section 5 of the Securities Market Act. According to the notification, the total shareholding of Mr Erkki Etola and companies under his controlling power in Suominen Corporation has exceeded the 10% flagging threshold. According to the notification, Mr Erkki Etola and companies under his controlling power (Oy Etra Invest Ab and Tiiviste-Group Oy) hold 4,139,164 shares and votes directly (8.08% of all shares and votes) and 1,477,080 shares and votes through financial instruments (2.88% of all shares and votes).

BUSINESS RISKS AND UNCERTAINTIES

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

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

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

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

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

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

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

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

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

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

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

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

BUSINESS ENVIRONMENT

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

In the second quarter of 2016, the consumer confidence index in the euro zone was behind the level of the corresponding period last year, but rose slightly from the first quarter of 2016. In the United States, the consumer confidence index showed relatively stable development, but remained slightly below the level of the comparison period.

Suominen assesses the trend in the demand for its products on the basis of both the general market situation and, above all, on the basis of the framework agreements drawn up with its customers. As Suominen disclosed earlier, in the beginning of 2016 the demand was not at the level of the comparison period which also affected the competitive situation. However, the company expects the situation to be temporary as demand improved in the second quarter from the first quarter level.

At large, the growth in the demand in Suominen's target markets is expected to continue in 2016, on average, at the pace of 2015.

OUTLOOK FOR 2016

Suominen repeats its previous estimate, disclosed on 28 April 2016, that for the full year 2016 the company expects its net sales and comparable operating profit to improve from year 2015.

In 2015, Suominen's net sales amounted to EUR 444.0 million and comparable operating profit to EUR 31.2 million. The calculation of comparable operating profit equals to the calculation of previously reported operating profit excluding non-recurring items and is explained in the disclosures of this report.

ANALYST AND PRESS CONFERENCE

Nina Kopola, President & CEO, and Tapio Engström, CFO, will present Suominen's financial result for Q2 2016 in Finnish at an analyst and press conference in Helsinki today on 9 August at 2:00 pm (EEST). The conference will take place at Suominen's Helsinki office, address Itämerentori 2. The presentation material will be available after the analyst and press conference at www.suominen.fi.

A teleconference and a webcast on the Q2 2016 financial result will be held today on 9 August at 4:00 pm (EEST). The conference can be attended by phone at +44 20 3059 8125 (password: Suominen) and it is held in English. The conference can be accessed also at www.suominen.fi/webcast.

A replay of the conference can be accessed shortly after the conference has ended at www.suominen.fi or by phone at +44 121 260 4861, using access code 3876705#.

NEXT FINANCIAL REPORT

Suominen Corporation will publish its Interim report for January–October 2016 on 27 October 2016 approximately at 8:00 am (EEST).

SUOMINEN GROUP 1 JANUARY–30 JUNE 2016

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

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

This half year financial report has not been audited.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousands	30.6.2016	30.6.2015	31.12.2015
Assets			
Non-current assets			
Goodwill	15,496	15,496	15,496
Intangible assets	13,385	12,601	13,275
Property, plant and equipment	100,499	88,297	97,931
Loan receivables	7,093	8,202	7,793
Available-for-sale assets	777	806	777
Held-to-maturity investments	–	465	–
Other non-current receivables	2,327	2,389	2,402
Deferred tax assets	4,330	5,189	4,491
Total non-current assets	143,907	133,445	142,165

Current assets

Inventories	32,739	32,322	32,557
Trade receivables	57,888	60,193	51,547
Loan receivables	1,250	350	1,000
Other current receivables	5,583	4,222	7,038
Assets for current tax	2,156	1,601	1,874
Cash and cash equivalents	56,545	42,778	55,570
Total current assets	156,161	141,465	149,585

Total assets

300,069 274,910 291,750

Equity and liabilities

Share capital	11,860	11,860	11,860
Share premium account	24,681	24,681	24,681
Reserve for invested unrestricted equity	69,732	69,652	69,652
Treasury shares	-44	-44	-44
Fair value and other reserves	205	107	-118
Exchange differences	6,440	6,011	5,097
Other equity	334	-9,824	-3,076
Total equity attributable to owners of the parent	113,209	102,444	108,052
Hybrid bond	17,503	16,884	17,664
Total equity	130,712	119,328	125,716

Liabilities
Non-current liabilities

Deferred tax liabilities	10,811	9,886	10,890
Liabilities from defined benefit plans	1,070	1,151	1,105
Other non-current liabilities	329	459	651
Debentures	75,000	75,000	75,000
Other non-current interest-bearing liabilities	16,250	6,667	18,498
Total non-current liabilities	103,460	93,163	106,144

Current liabilities

Current interest-bearing liabilities	5,632	3,333	3,363
Liabilities for current tax	2,625	1,519	47
Trade payables and other current liabilities	57,639	57,567	56,479
Total current liabilities	65,897	62,420	59,889

Total liabilities

169,357 155,583 166,034

Total equity and liabilities

300,069 274,910 291,750

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

EUR thousands	4-6/2016	4-6/2015	1-6/2016	1-6/2015	1-12/2015
Net sales	108,832	112,944	212,701	224,878	444,042
Cost of goods sold	-93,830	-96,630	-185,907	-194,177	-386,042
Gross profit	15,002	16,314	26,794	30,701	58,000
Other operating income	470	902	1,099	1,852	2,637
Sales and marketing expenses	-1,818	-1,755	-3,576	-3,658	-7,760
Research and development	-994	-736	-1,831	-1,587	-3,527
Administration expenses	-3,931	-4,179	-8,270	-8,860	-16,709
Other operating expenses	-67	-84	-12	-695	-862
Operating profit	8,661	10,462	14,204	17,754	31,778
Net financial expenses	-967	-1,076	-1,211	-2,697	-5,302
Profit before income taxes	7,694	9,386	12,993	15,056	26,476
Income taxes	-2,475	-3,142	-4,333	-5,330	-9,456
Profit for the period	5,219	6,244	8,660	9,726	17,020

Earnings per share, EUR

Basic	0.10	0.12	0.16	0.18	0.32
Diluted	0.09	0.11	0.15	0.17	0.29

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousands	4-6/ 2016	4-6/ 2015	1-6/ 2016	1-6/ 2015	1-12/ 2015
Profit for the period	5,219	6,244	8,660	9,726	17,020
Other comprehensive income:					
Other comprehensive income that will be subsequently reclassified to profit or loss					
Exchange differences	5,496	-2,367	1,563	2,935	2,356
Fair value changes of cash flow hedges and available-for-sale assets	-221	-422	397	-549	-970
Reclassified to profit or loss	86	539	69	564	669
Reclassified to property, plant and equipment	-133	-	-133	-	91
Income taxes related to other comprehensive income	-743	136	-229	-295	-632
Total	4,484	-2,114	1,666	2,655	1,514

Other comprehensive income that will not be subsequently reclassified to profit or loss

Remeasurements of defined benefit plans	-	-	-	-	-26
Income taxes related to other comprehensive income	-	-	-	-	8
Total	-	-	-	-	-18

Total comprehensive income for the period	9,705	4,132	10,327	12,382	18,516
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousands	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares	Exchange differences
Equity 1 January 2016	11,860	24,681	69,652	-44	5,097
Profit / loss for the period	-	-	-	-	-
Other comprehensive income	-	-	-	-	1,343
Total comprehensive income	-	-	-	-	1,343
Share-based payments	-	-	-	-	-
Dividend distribution	-	-	-	-	-
Conveyance of treasury shares	-	-	80	-	-
Hybrid bond	-	-	-	-	-
Equity 30 June 2016	11,860	24,681	69,732	-44	6,440

EUR thousands	Fair value and other reserves	Other equity	Total	Hybrid bond	Total equity
Equity 1 January 2016	-118	-3,076	108,052	17,664	125,716
Profit / loss for the period	-	8,660	8,660	-	8,660
Other comprehensive income	323	-	1,666	-	1,666
Total comprehensive income	323	8,660	10,327	-	10,327
Share-based payments	-	151	151	-	151
Dividend distribution	-	-5,030	-5,030	-	-5,030
Conveyance of treasury shares	-	-	80	-	80
Hybrid bond	-	-370	-370	-162	-532
Equity 30 June 2016	205	334	113,209	17,503	130,712

EUR thousands	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares	Exchange differences
Equity 1 January 2015	11,860	24,681	97,192	-44	3,419
Profit / loss for the period	-	-	-	-	-

Other comprehensive income	-	-	-	-	2,644
Total comprehensive income	-	-	-	-	2,644
Share-based payments	-	-	-	-	-
Share issue	-	-	340	-	-
Distribution of funds	-	-	-2,504	-	-
Conveyance of treasury shares	-	-	80	-	-
Reclassifications	-	-	-27,448	-	-51
Conversion of hybrid bond	-	-	1,992	-	-
Hybrid bond	-	-	-	-	-
Equity 30 June 2015	11,860	24,681	69,652	-44	6,011

EUR thousands	Fair value and other reserves	Other equity	Total	Hybrid bond	Total equity
Equity 1 January 2015	96	-46,890	90,314	18,424	108,737
Profit / loss for the period	-	9,726	9,726	-	9,726
Other comprehensive income	12	-	2,655	-	2,655
Total comprehensive income	12	9,726	12,382	-	12,382
Share-based payments	-	221	221	-	221
Share issue	-	-	340	-	340
Distribution of funds	-	-	-2,504	-	-2,504
Conveyance of treasury shares	-	-	80	-	80
Reclassifications	-	27,499	-	-	-
Conversion of hybrid bond	-	-	1,992	-1,992	-
Hybrid bond	-	-380	-380	452	72
Equity 30 June 2015	107	-9,824	102,444	16,884	119,328

EUR thousands	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares	Exchange differences
Equity 1 January 2015	11,860	24,681	97,192	-44	3,419
Profit / loss for the period	-	-	-	-	-
Other comprehensive income	-	-	-	-	1,730
Total comprehensive income	-	-	-	-	1,730
Share-based payments	-	-	-	-	-
Share issue	-	-	340	-	-
Distribution of funds	-	-	-2,504	-	-
Reversal of undistributed dividends	-	-	-	-	-
Conveyance of treasury shares	-	-	80	-	-
Reclassifications	-	-	-27,448	-	-51
Conversion of hybrid bond	-	-	1,992	-	-

Hybrid bond	-	-	-	-	-
Equity 31 December 2015	11,860	24,681	69,652	-44	5,097

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

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousands	1-6/2016	1-6/2015	1-12/2015
Cash flow from operations			
Profit / loss for the period	8,660	9,726	17,020
Total adjustments to profit / loss for the period	14,455	16,378	32,870
Cash flow before changes in net working capital	23,115	26,105	49,890
Change in net working capital	-3,238	-9,263	-7,921
Financial items	-1,932	-4,966	-6,425
Income taxes	-1,264	-3,468	-8,269
Cash flow from operations	16,682	8,407	27,274
Cash flow from investments			
Investments in property, plant and equipment and intangible assets	-10,662	-4,009	-22,369
Cash flow from disposed businesses	313	-	167
Adjustments of purchase consideration	161	-	-
Sales proceeds from property, plant and equipment and intangible assets	-	10	9.7
Cash flow from investments	-10,188	-4,000	-22,192

Cash flow from financing

Drawdown of other non-current interest-bearing liabilities	–	–	15,000
Repayment of other non-current interest-bearing liabilities	–	–	-3,333
Changes in current interest-bearing liabilities	-26	-14	-14
Changes in loan receivables	450	417	600
Share issue	–	340	340
Paid interest on hybrid bond	-624	–	–
Dividend distribution / distribution of funds	-5,030	-2,504	-2,504
Cash flow from financing	-5,230	-1,761	10,089
Change in cash and cash equivalents	1,263	2,647	15,171
Cash and cash equivalents at the beginning of the period	55,570	38,430	38,430
Effect of changes in exchange rates	-287	1,701	1,968
Change in cash and cash equivalents	1,263	2,647	15,171
Cash and cash equivalents at the end of the period	56,545	42,778	55,570

KEY RATIOS

	4-6/ 2016	4-6/ 2015	1-6/ 2016	1-6/ 2015	1-12/ 2015
Change in net sales, % *	-3.6	18.5	-5.4	16.1	10.5
Gross profit, as percentage of net sales, %	13.8	14.4	12.6	13.7	13.1
Comparable gross profit, as percentage of net sales, %	13.8	14.0	12.6	13.4	12.9
Operating profit, as percentage of net sales, %	8.0	9.3	6.7	7.9	7.2
Comparable operating profit, as percentage of net sales, %	8.0	8.8	6.7	7.7	7.0
Net financial items, as percentage of net sales, %	-0.9	-1.0	-0.6	-1.2	-1.2
Profit before income taxes, as percentage of net sales, %	7.1	8.3	6.1	6.7	6.0
Profit for the period, as percentage of net sales, %	4.8	5.5	4.1	4.3	3.8
Gross capital expenditure, EUR thousands	8,061	2,337	11,588	3,796	23,660
Depreciation, amortization, impairment losses and reversal of impairment losses, EUR thousands	4,544	3,943	9,146	8,329	17,684
Return on equity, %	–	–	12.9	12.5	14.4
Return on invested capital, rolling 12 months, %	–	–	13.5	16.2	15.9
Return on invested capital, rolling 12 months, %, continuing operations	–	–	13.5	17.1	15.9

Equity ratio, %	–	–	43.6	43.4	43.2
Gearing, %	–	–	24.5	28.2	25.9
Earnings per share, EUR, basic **	0.10	0.12	0.16	0.18	0.32
Earnings per share, EUR, diluted * ¹	0.09	0.11	0.15	0.17	0.29
Cash flow from operations per share, EUR **	0.15	0.08	0.33	0.17	0.54
Equity per share, EUR **	–	–	2.60	2.37	2.50
Number of shares, end of period, excluding treasury shares **	–	–	50,323,145	50,302,346	50,302,346
Share price, end of period, EUR **	–	–	4.02	4.85	6.20
Share price, period low, EUR **	–	–	3.61	3.75	3.75
Share price, period high, EUR **	–	–	6.20	5.95	6.65
Volume weighted average price during the period, EUR **	–	–	4.38	4.70	5.05
Market capitalization, EUR million	–	–	202.3	244.0	311.9
Number of traded shares during the period **	–	–	8,754,693	15,354,529	19,502,550
Number of traded shares during the period, % of average number of shares	–	–	17.4	30.7	38.9

* Compared with the corresponding period in the previous year.

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

	30.6.2016	30.6.2015	31.12.2015
Interest-bearing net debt, EUR thousands			
Non-current interest-bearing liabilities	91,250	81,667	93,498
Current interest-bearing liabilities	5,632	3,333	3,363
Interest-bearing receivables and cash and cash equivalents	-64,889	-51,330	-64,363
Interest-bearing net debt	31,994	33,670	32,499

DEFINITION OF KEY RATIOS

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

In accordance with the recommendation by European Securities and Markets Authority, Suominen no longer presents operating profit excluding non-recurring items as an alternative performance measure. In order to improve the comparability of result between reporting periods, Suominen presents comparable operating profit as an alternative performance measure. Operating profit is adjusted with material items that are considered to affect comparability between reporting periods. These items include, among others, impairment losses or reversals of impairment losses, gains or losses from the sales of property, plant and equipment or intangible assets or other assets and restructuring costs.

COMPARABLE OPERATING PROFIT

EUR thousands	4-6/ 2016	4-6/ 2015	1-6/ 2016	1-6/ 2015	1-12/ 2015
Operating profit	8,661	10,462	14,204	17,754	31,778
Reversal of impairment loss	–	-530	–	-530	-530
Comparable operating profit	8,661	9,932	14,204	17,224	31,248

Reversal of impairment loss, EUR +0.5 million, is the reversal of a previously made impairment loss related to the re-opened production line in Nakkila plant in Finland. The reversal of the impairment loss is recognized in cost of goods sold.

NET SALES BY GEOGRAPHICAL MARKET AREA

EUR thousands	1-6/2016	1-6/2015	1-12/2015
Finland	1,285	1,417	2,724
Rest of Europe	82,396	81,190	159,854
North and South America	123,914	138,106	271,634
Rest of the world	5,105	4,165	9,830
Total	212,701	224,878	444,042

QUARTERLY DEVELOPMENT

EUR thousands	2016		2015			
	4-6	1-3	10-12	7-9	4-6	1-3
Net sales	108,832	103,869	104,244	114,919	112,944	111,934
Comparable operating profit	8,661	5,543	4,262	9,763	9,932	7,292
as % of net sales	8.0	5.3	4.1	8.5	8.8	6.5
Items affecting comparability	–	–	–	–	530	–
Operating profit	8,661	5,543	4,262	9,763	10,462	7,292
as % of net sales	8.0	5.3	4.1	8.5	9.3	6.5
Net financial items	-967	-244	-1,358	-1,247	-1,076	-1,621
Profit before income taxes	7,694	5,299	2,903	8,517	9,386	5,670
as % of net sales	7.1	5.1	2.8	7.4	8.3	5.1

RELATED PARTY INFORMATION

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

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

with third parties.

The Annual General Meeting held on 16 March 2016 resolved that 40% of the annual remuneration for the Board of Directors is paid in Suominen Corporation's shares. The number of shares transferred to the members of the Board of Directors as their remuneration payable in shares for 2016 was 20,799 shares. The shares were transferred on 3 June 2016 and the value of the transferred shares totaled EUR 79,793, or approximately EUR 3.83638 per share.

Other salaries paid to the related parties during the first half of 2016 amounted to EUR 1,222 thousand, obligatory pension payments EUR 160 thousand, voluntary pension payment EUR 46 thousands, and accruals based on share-based incentive plans EUR 148 thousand.

CHANGES IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

EUR thousands	30.6.2016		30.6.2015		31.12.2015	
	Property, plant and equipment	Intangible assets	Property, plant and equipment	Intangible assets	Property, plant and equipment	Intangible assets
Carrying amount at the beginning of the period	97,931	13,275	88,721	12,510	88,721	12,510
Capital expenditure	10,287	1,301	2,736	1,059	20,733	2,927
Disposals	-	-	-	-10	-	-10
Depreciation, amortization and impairment losses	-7,995	-1,147	-7,818	-1,041	-15,957	-2,257
Reversal of impairment losses	-	-	530	-	530	-
Exchange differences and other changes	275	-43	4,128	82	3,904	104
Carrying amount at the end of the period	100,499	13,385	88,297	12,601	97,931	13,275

Goodwill is not included in intangible assets.

CHANGES IN INTEREST-BEARING LIABILITIES

EUR thousands	1-6/ 2016	1-6/ 2015	1-12/ 2015
Total interest-bearing liabilities at the beginning of the period	96,862	85,014	85,014
Current liabilities at the beginning of the period	3,363	3,347	3,347
Repayment of current liabilities	-26	-14	-3,347
Drawdown of current liabilities	102	-	3,363
Reclassification from non-current liabilities	2,258	-	-
Exchange rate difference	-65	-	-
Current liabilities at the end of the period	5,632	3,333	3,363
Non-current liabilities at the beginning of the period	18,498	6,667	6,667

Repayment of non-current liabilities	–	–	-6,667
Drawdown of non-current liabilities	368	–	18,498
Reclassification to current liabilities	-2,258	–	–
Exchange rate difference	-358	–	–
Non-current liabilities at the end of the period	16,250	6,667	18,498
Debtentures at the beginning of the period	75,000	75,000	75,000
Changes in debtentures	–	–	–
Debtentures at the end of the period	75,000	75,000	75,000
Total interest-bearing liabilities at the end of the period	96,882	85,000	96,862

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

CONTINGENT LIABILITIES

EUR thousands	30.6.2016	30.6.2015	31.12.2015
Other commitments			
Operating leases	16,186	22,354	17,116
Contractual commitments to acquire property, plant and equipment	9,446	–	16,083
Guarantees			
On own behalf	20,776	17,551	18,487
On behalf of others	960	4,134	4,134

NOMINAL AND FAIR VALUES OF DERIVATIVE INSTRUMENTS

EUR thousands	30.6.2016		30.6.2015		31.12.2015	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Currency forward contracts						
Hedge accounting applied	11,978	-36	34,991	-93	16,114	-267
Hedge accounting not applied	2,225	-23	4,577	110	3,196	-30
Electricity forward contracts						
Hedge accounting applied	913	-150	1,599	-206	1,229	-242

CLASSIFICATION OF FINANCIAL ASSETS

- Financial assets at fair value through profit or loss
- Loans and receivables
- Available-for-sale assets

- d. Derivatives, hedge accounting applied
e. Carrying amount
f. Fair value

EUR thousands	a.	b.	c.	d.	e.	f.
Available-for-sale assets	–	–	777	–	777	777
Other non-current receivables	501	1,818	–	–	2,319	2,319
Loan receivables	–	8,343	–	–	8,343	8,343
Trade receivables	–	57,888	–	–	57,888	57,888
Interest and other financial receivables	–	1,385	–	–	1,385	1,385
Cash and cash equivalents	–	56,545	–	–	56,545	56,545
Total 30.6.2016	501	125,981	777	–	127,258	127,258

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

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

FINANCIAL LIABILITIES

EUR thousands	30.6.2016		31.12.2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial liabilities				
Loans from financial institutions	15,914	15,914	18,498	18,498
Debentures	75,000	78,375	75,000	77,175
Finance lease liabilities	336	336	–	–
Other non-current liabilities	–	–	368	368
Total non-current financial liabilities	91,250	94,625	93,866	96,041
Current financial liabilities				
Current part of non-current loans from financial institutions	5,524	5,524	3,363	3,363
Finance lease liabilities	108	108	–	–

Derivatives, no hedge accounting applied	23	23	30	30
Derivatives, hedge accounting applied	186	186	509	509
Interest accruals	909	909	914	914
Other current liabilities	225	225	262	262
Trade payables	46,428	46,428	44,682	44,682
Total current financial liabilities	53,403	53,403	49,761	49,761
Total	144,654	148,029	143,627	145,802

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

FAIR VALUE MEASUREMENT HIERARCHY

EUR thousands	Level 1	Level 2	Level 3
Financial assets and liabilities at fair value			
Other non-current receivables	–	–	501
Available-for-sale assets	–	–	777
Liabilities at fair value through profit or loss	–	–	-225
Total	–	–	1,052
Derivatives at fair value			
Currency forward contracts, liabilities	–	-59	–
Electricity forward contracts, liabilities	–	-150	–
Total	–	-209	–

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

SUOMINEN CORPORATION
Board of Directors

For additional information, please contact:
Nina Kopola, President & CEO, tel. +358 (0)10 214 300
Tapio Engström, Senior Vice President and CFO, tel. +358 (0)10 214 300

Distribution:
Nasdaq Helsinki
Key media
www.suominen.fi

Suominen in brief

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