Suominen

Q4

Financial Statement Release
1 Jan-31 Dec 2016

1/31/2017

Suominen Corporation Financial Statement Release 31 January 2017 at 12:00 noon (EET)

Suominen Corporation's Financial Statement's Release for 1 Jan–31 Dec 2016:

Net sales and operating profit declined, cash flow from operations grew from the comparison period

Key figures

	10-12/ 2016	10-12/ 2015	**1-12/ 2016**	1-12/ 2015
Net sales, EUR million	**100.4**	104.2	**416.9**	444.0
Comparable operating profit, EUR million	**3.5**	4.3	**25.6**	31.2
Operating profit, EUR million	**3.5**	4.3	**25.6**	31.8
Profit for the period, EUR million	**1.6**	1.9	**15.2**	17.0
Earnings per share, basic, EUR *	**0.03**	0.03	**0.29**	0.32
Earnings per share, diluted, EUR *	**0.03**	0.03	**0.26**	0.29
Cash flow from operations per share, EUR *	**0.07**	0.22	**0.56**	0.54
Return on invested capital, rolling 12 months, %	**–**	–	**11.6**	15.9
Gearing, %	**–**	–	**39.6**	25.9
Dividend per share, EUR **	**–**	–	**0.11**	0,10

* Adjusted due to reverse share split.
** Proposal to the Annual General Meeting.

In this Financial Statement Release, the figures shown in brackets refer to the comparison period last year if not otherwise stated.

Highlights in October–December 2016:

- Net sales decreased by 3.7% and were EUR 100.4 million (104.2).
- Operating profit fell by 16.9% to EUR 3.5 million (4.3).
- The share of product with higher added value in the net sales grew to 62% (60%).
- The installations of the new manufacturing line were completed in schedule at the Bethune plant.

- Suominen expects that for the full year 2017, its net sales will improve from year 2016. Also the comparable operating profit is estimated to improve from year 2016, provided that the new production line at the Bethune plant will be started up as planned. In 2016, Suominen's net sales amounted to EUR 416.9 million and comparable operating profit to EUR 25.6 million. The calculation of comparable operating profit is explained in the disclosures of this release.

- Suominen's Board of Directors proposes to the Annual General Meeting EUR 0.11 per share dividend distribution from the financial year 2016. On 31 January 2017 the company had 50,772,555 issued shares, excluding treasury shares. With this number of shares, the total amount of dividends to be distributed would be EUR 5,584,981.05.

President & CEO **Nina Kopola** comments on Suominen's fourth quarter of 2016 and the full financial year:

"Consumers' confidence in their personal financial situation improved in the last quarter, both in Europe and especially in the US. The consumer confidence indices closed at a higher level than both the end of 2015 and the third quarter of 2016. Nonwovens manufactured by Suominen are used mainly in daily consumer goods, which means the development of demand is affected by both the general economic situation and consumer confidence. North America and Europe are Suominen's main market areas.

Suominen's financial development in the 2016 financial year did not live up to our expectations. Due to the tightened competitive situation, it was harder than usual to predict the development of demand during the year, mostly in baby wipes in the North American and European markets, and in flushable products in the European markets. The tightened competitive situation affected sales volumes and made pricing more challenging. Suominen's fourth quarter net sales would have been at the level of the comparison period if the revenue recognition of larger than usual number of customer deliveries of finished goods were not postponed into 2017. Now the fourth-quarter net sales declined 3.7 percent to EUR 100.4 million. Net sales for the full financial year shrunk 6.1% and amounted to EUR 416.9 million.

Among the reasons for satisfaction with the 2016 financial year is the favorable development of the sales mix, which is also a further reflection of the success of our strategic measures. The share of products with higher added value in our net sales grew from the comparison period and was 62% (60%). The continuation of this trend creates the conditions for future net sales and profitability growth.

Suominen's comparable fourth-quarter operating profit declined 16.9 percent to EUR 3.5 million. Comparable operating profit for the full financial year amounted to EUR 25.6 million, or 6.1% of net sales. Operating profit was burdened by lower sales volumes and pricing pressure caused by tightened competition. Our ongoing efforts to improve our strategic capabilities, for instance in product development resources, in the Bethune production line investment, and in the current ICT system overhaul, increased our costs last year.

Cash flow from operations continued to be strong, at EUR 28.5 million (27.3).

Fourth quarter profit amounted to EUR 1.6 million, and profit for the full financial year was EUR 15.2 million. Earnings per share in 2016 were EUR 0.29.

Suominen's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.11 (0.10) per share be paid for the financial year. The proposal is in line with Suominen's dividend policy.

Suominen's Board of Directors has set three medium-term financial targets for the company, which will help measure the success of our strategy. We did not achieve net sales growth in the 2016 financial period, and the return on invested capital, 11.6%, fell slightly short of the target level (target: over 12%). Our gearing was close to the lower limit of our target range, at 39.6% (target: 40–80%). Our determined work produced good results in many respects, but our growth investment program and our focus to improve product development and commercial know-how generated new net sales in a slower pace than we had predicted. These efforts are essential for the acceleration of our growth and for the improvement of our profitability.

The largest single project in our growth investment program is the commissioning of the new production line focusing on higher value-added products at the Bethune plant in the US. The production line equipment installations were completed at the end of 2016, and deliveries to customers are slated to begin in the first quarter of 2017. The production line is unique in that it is tailored based on Suominen's know-how and it focuses especially on the manufacture of nonwovens for household and workplace wiping and for flushable applications. Demand for these products is expected to grow at an annual rate of 5–9%, depending on the geographical area.

Considering the orders received, net sales development in the first quarter of 2017 appears to be positive.

We also estimate that Suominen's net sales for the full 2017 financial year will be better than in 2016. The comparable operating profit is estimated to improve from year 2016, provided that the new production line at the Bethune plant will be started up as planned.

We are now in the final leg of our three-year strategy period. I am satisfied with the outcome of our work in many respects, despite not reaching our targeted growth level. Thanks to our more than EUR 60 million investment program, which is coming to a close, and our strengthened commercial organization and boosted product development processes, we are in a better position than before as we head into 2017 and our next strategy period.

We are currently fine-tuning Suominen's strategic markers for the 2017–2021 period. The goal of our future strategy will also be to increase the share of products with higher added value in our sales mix, which will lay the groundwork for improving both our net sales and profitability. The new technological opportunities offered by the production line investment in Bethune will play a key role in helping us achieve that goal. The successful execution of our strategy will bring Suominen's net sales level above EUR 600 million in 2021. Moreover, we estimate that our operating profit will increase to a clearly higher level compared to the current performance and we are targeting an operating profit margin that exceeds 10%. We will communicate more about our plans for the 2017–2021 period in connection with the first quarterly report of 2017, which will be published on 26 April, and in greater detail on Suominen's Capital Markets Day on 10 May 2017.

NET SALES

October-December 2016

In the fourth quarter, Suominen's net sales decreased by 3.7% from the comparison period to EUR 100.4 (104.2) million. Tightened competition decreased the demand and had an impact on pricing in selected product groups. Net sales were affected by both lower sales prices and volumes compared to last year, approximately in equal proportions. The revenue recognition of a larger than usual number of customer deliveries was postponed into 2017. The strengthening of the USD compared to EUR, Suominen's reporting currency, increased the net sales by EUR 0.9 million in the fourth quarter.

Suominen has two business areas, Convenience and Care. Net sales of Convenience business area were EUR 92.5 (96.4) million and net sales of Care business area EUR 7.8 (7.8) million in the fourth quarter. Convenience business area supplies nonwovens as roll goods for household, personal care, workplace and baby care wiping products. Care business area manufactures nonwovens for hygiene products and medical applications.

Financial year 2016

In 2016, Suominen's net sales fell by 6.1% from the comparison period to EUR 416.9 (444.0) million due to principally the same factors affecting net sales in the fourth quarter. The strengthening of the USD compared to EUR, Suominen's reporting currency, increased the net sales of 2016 by approximately EUR 0.7 million.

Net sales of Convenience business area were EUR 385.5 (411.5) million and net sales of Care business area EUR 31.3 (32.4) million. The main application areas for nonwoven materials supplied by Suominen were baby wipes (accounting for 38% of the sales), personal care wipes (25%), household wipes (18%), wipes for workplace use (10%), and hygiene and medical products (8%). The share of baby wipes in the product portfolio declined by two percentage points from 2015 and the share of personal care wipes grew by three percentage points. The development was in line with Suominen's strategy, which aims at increasing the share of products with higher added value in the portfolio. 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

October-December 2016

Operating profit declined by 16.9% to EUR 3.5 (4.3) million due to lowered sales volumes and pricing pressure created by tightened competition. Moreover, the efforts made to improve R&D resources, to build the new production line at the Bethune plant, and to renew the ICT systems increased Suominen's costs and therefore decreased the operating profit. The strengthening of the US dollar compared to euro, Suominen's reporting currency, increased the operating profit by 1.6%. There were no items affecting comparability in the fourth quarters of 2016 and 2015.

Profit before income taxes in the fourth quarter was EUR 2.4 (2.9) million and profit for the period EUR 1.6 (1.9) million.

Financial year 2016

Comparable operating profit decreased by 18.0% and amounted to EUR 25.6 million (31.2). Operating profit was EUR 25.6 million (31.8). The decline in the operating profit was due to lowered sales volumes and pricing pressure created by tightened competition. Moreover, the efforts made to improve R&D resources, to build the new production line at the Bethune plant, and to renew the ICT systems increased Suominen's costs and therefore decreased the operating profit by approximately EUR 3 million. Items affecting comparability 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.

In 2016, profit before income taxes was EUR 22.4 (26.5) million, and profit for the period was EUR 15.2 (17.0) million.

FINANCING

The Group's net interest-bearing liabilities at the end of the review period, 31 December 2016, amounted to EUR 56.6 million (32.5). Gearing ratio was 39.6% (25.9%) and equity ratio 45.3% (43.2%).

In 2016, net financial expenses were EUR -3.2 million (-5.3), or 0.8% (1.2%) of net sales. In 2016, net financial expenses were improved by lower foreign exchange losses than in 2015 (EUR -0.2 million) as well as capitalization of borrowing costs in fixed assets as required by IAS 23 standard, which decreased interest expenses by EUR 1.3 million. In 2015, financial expenses increased by EUR -1.2 million due to fluctuations in exchange rates. In addition, in 2015 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.

Cash flow from operations in the fourth quarter was EUR 3.5 million (11.0) and in 2016 EUR 28.5 million (27.3). Cash flow from operations per share in 2016 was EUR 0.56 (0.54). The financial items in the cash flow from operations, in total EUR -3.9 million (-6.4), were principally impacted by the interests paid during the reporting period. In total EUR 6.3 million was tied up in working capital (2015: tied up 7.9). Cash flow from financing improved due to repayments of loan receivables (EUR 1.0 million) granted in connection with the divestment of the Flexibles business area in July 2014. Cash flow from financing was decreased by repayment of loan in September, EUR 3.3 million.

CAPITAL EXPENDITURE

In 2016, the gross capital expenditure totaled EUR 53.3 million (23.7). Gross capital investments increased mainly due to the progress of the investment in a new wetlaid production line at the Bethune plant in SC, USA. In addition, Suominen runs currently a Group-wide renewal of ICT systems. The other investments were mainly for maintenance.

Suominen completed the machinery installations of the new production line at the Bethune plant in the financial year 2016. The total value of the growth investment of the Bethune plant was originally estimated to be roughly EUR 50 million. This original estimate will be exceeded, as Suominen announced on 9 August 2016.

Depreciation, amortization and impairment losses for the review period amounted to EUR -18.5 million (-18.2). The figure for 2015 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.

PERSONNEL

Suominen employed during 2016 in average 646 persons (614), and 650 (636) persons at the end of 2016. The new employees were hired primarily for the Bethune plant in USA as its manufacturing capacity is expanding as well as to other positions having strategic importance, such as R&D and product management.

SHARE INFORMATION

Share capital

The number of Suominen's registered shares was 51,665,642 on 31 December 2016, 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 2016 in total by 449,410 shares due to the share conversions of the hybrid bond notes and accrued interests. The conversion of the hybrid bond to equity has been recorded into the reserve for invested unrestricted equity.

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 (SUY1V) traded on NASDAQ Helsinki from 1 January to 31 December 2016 was 13,611,634 shares, accounting for 27.0% of the average number of shares (excluding treasury shares). The highest price was EUR 6.20, the lowest EUR 3.49 and the volume-weighted average price EUR 4.24. The closing price at the beginning of the review period, on 4 January 2016, was EUR 6.05 and the closing price at the end of review period, on 30 December 2016, was EUR 4.14.

The market capitalization (excluding treasury shares) was EUR 210.2 million on 31 December 2016.

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.

Remuneration of the Board payable in shares

Suominen's Annual General Meeting held on 16 March 2016 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 2016 of the company was published. Shares (in total 20,799 shares) were given out of the treasury shares held by the company by the decision of the Board of Directors on 2 June 2016. Since the decision taken by the Board of Directors was essentially an execution of a detailed resolution taken by the AGM, the Board did not exercise independent discretion when it decided on the transfer of the shares. The transferred shares are of the same class as the company's other shares.

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.

Performance Share Plan

The Performance Share Plan includes three vesting periods, calendar years 2015–2017, 2016–2018 and 2017–2019. 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 a vesting period. The Performance Share Plan is directed to approximately 15-20 people. 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.

The potential reward of the Plan from the 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 460,000 Suominen Corporation shares (including also the proportion to be paid in cash).

The potential reward of the Plan from the 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 245,000 Suominen Corporation shares (including also the proportion to be paid in cash).

Suominen's Board of Directors decided on 9 December 2016 on a new vesting period of 2017–2019. The potential reward of the Plan from the period 2017–2019 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 2017–2019 correspond to the value of an approximate maximum total of 480,000 Suominen Corporation shares (including also the proportion to be paid in cash).

The potential rewards from the earnings periods 2015–2017, 2016–2018 and 2017–2019 will be paid partly in the company's shares and partly in cash in 2018, 2019 and 2020, 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.

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. 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. 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 110,000 Suominen Corporation shares (including also the proportion to be paid in cash).

The terms and conditions of the share-based incentive plans were technically revised due to the reverse share split implemented on 21 March 2016.

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 original 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. After the reverse share split, conducted on 21 March 2016, the Conversion Rates is EUR 2.50, in accordance with the Reverse Split Ratio.

In 2016, bond notes and the accrued capitalized interest related to the notes were converted to total of 449,410 new shares in Suominen Corporation. The conversion rate shall be recorded under the invested non-restricted equity fund of Suominen.

The number of shares in Suominen may increase by maximum of 7,020,320 shares on the basis of the conversion of the bond notes and the potential capitalized interest, if the conversion is carried out by issuing new shares in Suominen.

SHAREHOLDERS

At the end of the review period, on 31 December 2016, Suominen Corporation had in total 4,862 shareholders. Suominen is not aware of any shareholder agreements related with the shareholding or use of voting rights. Detailed information on the management shareholding and a table presenting the largest shareholders is available in the notes of this Financial Statement Release.

Treasury shares

At the end of review period, on 31 December 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 on 2 June 2016 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

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).

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 2 September 2016.

The representatives appointed to the Nomination Board were Thomas Ahlström, member of the Board of Directors of Ahlström Capital and Managing Director of Antti Ahlström Perilliset Oy; Erkki Etola, CEO of Oy

Etra Invest Ab; 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 16 March 2016. The AGM decided that a dividend or 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. The AGM decided that the auditor's fee would be paid according to the invoice accepted by the company. The decisions were in accordance with the proposal of the Board of Directors and the recommendation by the Audit Committee.

The AGM resolved to amend the company's Articles of Association so that the limitation regarding Board members age was be removed from article 4 of the Articles of Association and that in the future the Chair of the Board of Directors is elected by the General Meeting instead of the Board of Directors. In addition a corresponding technical addition were made to the article 13 of the Articles of Association. The decision to amend the Articles of Association was in accordance with the proposal of the Board of Directors.

The AGM decided to amend the Section 1 of the resolution by the General Meeting on 26 March 2013 regarding the establishment of the permanent Shareholders' Nomination Board. The change was related to the earlier decision taken by the AGM to amend the Articles of Association and was made in accordance with the proposal by the Board of Directors.

The AGM decided that the number of all shares in the company shall be reduced 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) ("Companies Act") so that each five (5) shares shall be merged as one (1) share. The decision was in accordance with the proposal by the Board of Directors.

The AGM decided to authorize the Board of Directors to decide on the repurchase of the company's own shares, on the share issue and granting of options and other special rights entitling to shares referred to in Chapter 10, Section 1 of the Companies Act. The valid authorizations of the Board of Directors are explained above.

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 and Risto Anttonen was re-elected as a member. Laura Raitio was elected as a new member to the Personnel and Remuneration Committee.

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. This may affect Suominen's financial result if customers' purchasing habits become more cautious as a result of a changes in consumption, or as a result of sales losses. The Group's ten largest customers currently account for 63% (65%) 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 insures against customer risks to a limited extent.

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

Extended interruptions in the supply of Suominen's main raw materials could disrupt production and have a negative impact on the Group's overall business operations. As Suominen sources 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 some product groups in Suominen's both principal market regions. Products based on new technologies and imports from countries of lower production costs may reduce Suominen's competitive edge. If Suominen is not able to compete with an attractive product offering, it may lose some of its market share. Competition may lead to increased pricing pressure on the company's products.

Suominen continuously invests in its manufacturing facilities. The deployment of the investments may delay from what was planned, the costs of the investments may increase from what has been expected or the investments may create less business benefits than anticipated. The deployment phase of investments may cause temporary interruptions in operations.

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 insurance, 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 products 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 and credit 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 the note 3 of the 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 and 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 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 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.

Consumers' confidence in their personal financial situation improved in the last quarter, both in Europe and especially in the US. The consumer confidence indices closed at a higher level than both the end of 2015 and the third quarter of 2016.

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. Due to the new manufacturing capacity that has recently entered to the markets, primarily in nonwovens for baby wipes and flushables, assessing the competitive situation during the review period was more challenging than earlier.

At large, the growth in the demand in Suominen's target markets is expected to continue in 2017, on average, at the pace of 2016.

OUTLOOK FOR 2017

Suominen expects that for the full year 2017, its net sales will improve from year 2016. Also the comparable operating profit is estimated to improve from year 2016, provided that the new production line at the Bethune plant will be started up as planned. In 2016, Suominen's net sales amounted to EUR 416.9 million and comparable operating profit to EUR 25.6 million. The calculation of comparable operating profit is explained in the disclosures of this release.

PROPOSAL ON DISTRIBUTION OF FUNDS

The profit of the financial year 2016 of Suominen Corporation, the parent company of the Group, was EUR 7,722,811. The funds distributable as dividends, including the profit for the period, of the parent company were EUR 12,640,843 and total distributable funds were EUR 83,496,233. 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 0.11 per share shall be distributed for the financial year 2016 and that the rest of the profit shall be transferred to retained earnings. The record date is 17 March 2017 and the dividend will be paid on 24 March 2017.

DISCLOSURE OF THE FINANCIAL STATEMENTS AND THE REPORT BY THE BOARD OF DIRECTORS

Suominen Corporation will publish its financial statements, report by the Board of Directors, Auditor's report, Corporate Governance Statement and Remuneration Statement concerning the financial year 2016 on 22 February 2017 at the latest. The above documents will be published as a Stock Exchange Release and they will be available also at www.suominen.fi > Investors > Corporate Governance.

ANNUAL GENERAL MEETING 2017

The Annual General Meeting of Suominen Corporation will be held on 15 March 2017 at the Finlandia Hall, Helsinki. The Board of Directors will convene the Annual General Meeting by issuing a Notice to the Annual General Meeting as a Stock Exchange Release.

THE NEXT FINANCIAL REPORT

Suominen Corporation will publish its Interim Report for January–March 2017 on Wednesday, 26 April 2017 approximately at 1.00 pm EET.

ANALYST AND PRESS CONFERENCE

Nina Kopola, President & CEO, and Tapio Engström, CFO, will present Suominen's financial result for Q4 and full year 2016 in Finnish at an analyst and press conference in Helsinki today on 31 January at 14:00 (EET). The conference will take place at Suominen's Helsinki office in Helsinki (Itämerentori 2). The presentation material will be available after the analyst and press conference at www.suominen.fi.

A teleconference and a webcast in on the 2016 financial result will be held today on 31 January at 16:00 (EET). The conference can be attended by phone at +44 20 3059 8125. Please use the password "Suominen". The conference can be accessed also at www.suominen.fi/webcast. The teleconference will be held in English. A replay of the conference can be accessed at www.suominen.fi/webcast or by phone at +44 121 260 4861, using access code 5101387#.

SUOMINEN GROUP 1 JANUARY–31 DECEMBER 2016

The consolidated financial statements of Suominen have been audited. The Auditor's report has been signed on 31 January 2017. Quarterly information and interim reports have not been audited.

As a result of rounding differences, the figures presented in the tables do not necessarily add up to total.

ACCOUNTING PRINCIPLES

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.

This financial statements release has been prepared in accordance with the principles defined in IAS 34 Interim Financial Reporting as approved by the European Union. Financial statement release does not include all information required for full financial statements.

The principles for preparing consolidated financial statements are the same as those used for preparing the consolidated financial statements for 2015, except that the following standards and interpretations have been applied from 1 January 2016:

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 allow the entity to decrease immaterial disclosure information in the consolidated financial statements.

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.

Below are disclosed separately those new standards, amendments and interpretations which will have a material effect on Suominen. Other new or amended standards or interpretations applicable from 1 January 2017 or later are not material for Suominen Group.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers is 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 take place over time or at a point of time, depending on the transfer of control. The new standard will have no material effect on revenue recognition in Suominen, but it will increase the disclosure information in the consolidated financial statements.

The goods Suominen sells are nonwoven rolls. The customer can benefit from each nonwoven roll either on its own or together with other resources readily available to the customer. The delivered goods have been identified in the contracts Suominen has made with the customer (for example the quality and measurements of the product have been defined). The contracts often define the target for quantities to be delivered, but the customer is not committed to the quantities. The supplied quantities are based on the customer's purchase orders and each supplied quantity is invoiced separately.

The performance obligation is satisfied when the goods have been delivered to the customer, ie. the performance obligation is satisfied at a point of time. In most cases the goods are handed over to the customer when the goods leave the production plant. If, in accordance with the terms of delivery, the risks and rewards of ownership of the goods as well as control over the goods are transferred to the customer only when the goods have been delivered to the customer, revenue is recognized only when the customer has received the goods. This does not change the current revenue recognition principles of Suominen.

The payment terms and times differ depending on the customer. The applied payment term and the length of the payment time are affected by, among other things, the credit risk and prior payment behavior of the customer. In addition, the geographical location of the invoicing production plant as well of the customer have an effect on the payment terms. Suominen has preferred payment terms defined in the credit policy, but for commercial reasons it is possible to deviate from these payment terms. For the most part trade receivables are due within 30–90 days from the invoicing date.

There are no significant financing components in the transaction prices and the considerations are paid in cash. Some of the customer contracts include a definition of a rebate, which is granted to the customer if the delivered quantities exceed the predefined level, i.e. in these cases the transaction price includes a variable consideration. The effect of the variable consideration on the transaction price is taken into account in revenue recognition by estimating the probability of the realization of the rebate for each contract. The estimation is based on the most likely amount. When estimating the probability, Suominen takes into account the historical information of the customer (such as whether the deliveries in the past have reached the level which entitles the customer to receive the rebate), the current situation at the time of the delivery of the goods as well as forecasts on future deliveries. The uncertainty inherent in estimating the variable consideration is considered to be so immaterial that the variable consideration has not been constrained. The estimated transaction price is reassessed latest at the end of each reporting period. This does not change the current revenue recognition principles of Suominen.

The receivable from the customer is recognized at the transaction price. This means in practice that both the invoiced trade receivable from the customer and recognized revenue are adjusted in accounting with an accrual based on the estimated rebate amount. This will change the current practice in recognizing amounts in the statement of financial position, as currently the rebate accrual is recognized in accrued expenses.

In some of customer contracts the transaction price of the goods is tied to the raw material costs of Suominen. The effect of the raw material prices on transaction prices is, however, applied only to future transaction prices and they do not affect the prices of already delivered goods. As the delivered quantities are distinct performance obligations, raw material clauses are not applied retrospectively.

Sales prices are defined in the customer contracts separately for each product. The price for each customer is based on, among other things, quantities, transaction currency and the geographical location of the customer. Variable considerations (rebates) are allocated to the performance obligations which included in the contract, unless otherwise agreed in the contract. In these cases the variable considerations are allocated only to those performance obligations they relate to.

Suominen has no material incremental costs of obtaining a contract which would fulfill the capitalization criteria. Any incremental costs are recognized as expense when incurred, as the amortization period of such capitalized incremental costs would be one year or less. Suominen has no such costs to fulfill a contract which would fulfill the capitalization criteria of IFRS 15.95-97.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments and its amendments are to be applied for the reporting period beginning on 1 January 2018 or later. The new standard replaces the current standard 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.

IFRS 9 will change the classification and measurement of some financial assets of Suominen. Suominen has defined its business model for managing the financial assets and based on the model as well as the characteristics of the financial assets, determined the classification of the financial assets.

Certain loan receivables, which in accordance with IAS 39 have been classified as loans and other receivables and measured at amortized cost, will be under IFRS 9 financial assets at fair value through profit or loss, as they, among other things, include terms which are not basic terms for loan receivables. For these loan receivables the credit risk is taken into account when determining the fair value of the receivables. Some of the loan receivables will continue to be measured at amortized cost also under IFRS 9, as the their contractual cash flows consist solely of payments of principal and interest, and Suominen’s aim is to hold the receivables until maturity in order to collect the contractual cash flows. For these loan receivables the credit risk and impairment losses are estimated based on 12-month expected credit losses, or if there has been an increase in the credit risk related to the receivable, based on lifetime expected credit losses. Based on the situation at the end of the reporting period, Suominen does not expect material negative fair value changes or credit losses arise from the loan receivables.

For investments in equity instruments IFRS 9 enables the entity to make an irrevocable election of classification and measurement by equity instrument. Suominen classifies some of the investments in equity instruments at fair value through profit or loss. With the classification both the fair value changes and possible gains and losses on disposal are recognized in profit or loss. Some equity instruments are classified at fair value through other comprehensive income, and both fair value changes and possible gains and losses on disposal are recognized in other comprehensive income without subsequent recycling to profit or loss.

Cash and cash equivalents are measured under IFRS 9 at amortized cost. Under IFRS 9 also cash and cash equivalents are subject to credit loss assessment, and credit losses are recognized based on either 12-month expected credit losses, or if there has been a significant increase in the credit risk related to the receivable, based on lifetime expected credit losses. Based on the situation at the end of the reporting period and taking into account the counterparty credit risk related to deposits in banks, Suominen does not expect to recognize material credit losses from cash and cash equivalents.

Derivative instruments for which hedge accounting is not applied, are recognized also under IFRS 9 at fair value through profit or loss. At the end of the reporting period Suominen has applied hedge accounting only to cash flow hedges, and applying IFRS 9 will not change the recognition or measurement of them.

Trade receivables are measured under IFRS 9 at amortized cost. Under IAS 39 they are classified as loans and other receivables and measured at amortized cost. The value of trade receivables depends on the transaction price of sold goods. Transaction price is measured in accordance with IFRS 15 Revenue from Contracts with Customers -standard. In defining the transaction price, for example the variable considerations included in the contracts, such as volume rebates, are taken into account. This means that the transaction price can be lower than the sales amount invoiced from the customer. Suominen recognizes already currently in profit or loss the estimated customer rebates and other potential variable consideration, so the effects of applying IFRS 15 on transaction price are not estimated to be material. As the accruals for variable considerations are presented in the statement of financial position as accrued expenses before IFRS 9 is applied and under IFRS 9 as items decreasing trade receivables, the carrying amount of trade receivables will change under IFRS 9.

Suominen applies the practical expedient allowed by IFRS 9 for impairment losses arising from trade receivables and uses a provision matrix in estimating the impairment losses based on historical experience on realized credit losses. In accordance with the provision matrix, the impairment losses of trade receivables are based on lifetime expected credit losses. Trade receivables are categorized based on risk characteristics of the customers taking into account the customers' capability to pay all contractual amounts as agreed in the contracts. Risk characteristics include, among others, the geographical risk related to the customer.

In accordance with IFRS 9, the expected credit losses on trade receivables are a probability-weighted estimate of credit losses over the expected life. As historically Suominen's realized credit losses have mainly been immaterial and as approximately half of the trade receivables were at the end of the reporting period from international customers with high credit rating, Suominen estimates that recognizing credit losses from trade receivables in accordance with IFRS 9 will not have any material effect on profit or loss. The main change would be that credit losses will be recognized earlier than before.

Compared with IAS 39, IFRS 9 will not change the measurement or classification of financial liabilities.

IFRS 16 Leases

IFRS 16 Leases will be effective for the reporting periods beginning on 1 January 2019 or later, if approved by European Union. The new standard will replace the current standard IAS 16 Leases. In accordance with the new standard, the lessee will recognize assets and liabilities for the rights and obligations created by leases. The new standard will increase interest-bearing liabilities and property, plant and equipment as well as intangible assets in the consolidated financial statements of Suominen. In addition, the rental expenses recognized in profit or loss will decrease and depreciation and amortization as well as interest expenses will increase. This will affect operating profit.

Suominen owns the majority of its production facilities (ie. buildings and land) as well as all of its production lines. The most significant leasing agreements Suominen has consist of the leased production facilities in Italy and Windsor Locks, USA. Other leasing agreements are mainly leasing agreements on offices and smaller machinery and equipment.

The carrying amounts of the lease liabilities and right-of-use assets depend on, among other things, the length of the leasing contracts as well as the potential options and possibilities to lengthen or shorten the lease term. The carrying amounts are especially affected with the estimates made of the lease terms and possible renewals of the lease agreements of the production facilities. At the end of the reporting period Suominen estimates that the carrying amounts of lease liabilities and right-of-use assets arising from application of IFRS 16 will be approximately EUR 25–30 million.

Amendments to IFRS 2 Classification and Measurement of Share-base Payment Transactions

The amendments to IFRS 2, effective for annual periods beginning on or after 1 January 2018, will change the recognition and measurement of share-based payment transactions which have net settlement features for withholding tax obligations. Under such transactions the entity withholds a number of shares that are equal to the monetary value of the employee's tax obligation from the total number of shares that would have otherwise been issued to the employee upon exercise or vesting, and transfers the amount in cash to tax authorities on behalf of the employee.

Currently the cash-settled share-based payment transactions are measured at fair value at the reporting date and recognized as a liability in the statement of financial position. After the application of the amendments of IFRS 2, the currently cash-settled portion of share-based payment transactions which have net settlement features for withholding tax obligations will be recognized and measured as equity-settled. At transition date, the cash-settled portion of any unvested share-based payment arrangement which has net settlement features will be remeasured and recognized as equity-settled at fair value and recognized in equity. The liability for the cash settled transaction will be derecognized from the statement of financial position, and any effect of the remeasurement will be recognized in equity.

As Suominen's share-based payment programs have net settlement features, the amendment will change Suominen's accounting and measurement for cash settled share-based payments.

STATEMENT OF FINANCIAL POSITION

EUR thousands	**31.12.2016**	31.12.2015
Assets		
Non-current assets		
Goodwill	**15,496**	15,496
Intangible assets	**14,133**	13,275
Property, plant and equipment	**135,510**	97,931
Loan receivables	**6,836**	7,793
Available-for-sale assets	**777**	777
Other non-current receivables	**2,524**	2,402
Deferred tax assets	**3,424**	4,491
Total non-current assets	**178,698**	142,165
Current assets		
Inventories	**42,631**	32,557
Trade receivables	**53,946**	51,547
Loan receivables	**1,550**	1,000
Other current receivables	**7,274**	7,038
Assets for current tax	**2,008**	1,874
Cash and cash equivalents	**29,522**	55,570
Total current assets	**136,929**	149,585
Total assets	**315,628**	291,750
Equity and liabilities		
Share capital	**11,860**	11,860
Share premium account	**24,681**	24,681
Reserve for invested unrestricted equity	**70,855**	69,652
Treasury shares	**-44**	-44
Fair value and other reserves	**10**	-118
Exchange differences	**12,613**	5,097
Other equity	**6,324**	-3,076
Total equity attributable to owners of the parent	**126,300**	108,052
Hybrid bond	**16,525**	17,664
Total equity	**142,824**	125,716
Liabilities		
Non-current liabilities		
Deferred tax liabilities	**11,195**	10,890
Liabilities from defined benefit plans	**1,081**	1,105
Other non-current liabilities	**364**	651
Debentures	**75,000**	75,000

Other non-current interest-bearing liabilities	**11,574**	18,498
Total non-current liabilities	**99,214**	106,144
Current liabilities		
Current interest-bearing liabilities	**7,923**	3,363
Liabilities for current tax	**280**	47
Trade payables and other current liabilities	**65,388**	56,479
Total current liabilities	**73,590**	59,889
Total liabilities	**172,804**	166,034
Total equity and liabilities	**315,628**	291,750

STATEMENT OF PROFIT OR LOSS

EUR thousands	**10-12/2016**	10-12/2015	**1-12/2016**	1-12/2015
Net sales	**100,365**	104,244	**416,862**	444,042
Cost of goods sold	**-89,413**	-92,972	**-364,636**	-386,042
Gross profit	**10,952**	11,272	**52,226**	58,000
Other operating income	**324**	3	**1,909**	2,637
Sales and marketing expenses	**-2,162**	-2,410	**-7,364**	-7,760
Research and development	**-1,362**	-925	**-4,330**	-3,527
Administration expenses	**-3,938**	-3,963	**-16,191**	-16,709
Other operating expenses	**-275**	284	**-629**	-862
Operating profit	**3,540**	4,262	**25,622**	31,778
Net financial expenses	**-1,149**	-1,358	**-3,190**	-5,302
Profit before income taxes	**2,391**	2,903	**22,432**	26,476
Income taxes	**-759**	-984	**-7,199**	-9,456
Profit for the period	**1,632**	1,919	**15,233**	17,020
Earnings per share, EUR				
Basic	**0.03**	0.03	**0.29**	0.32
Diluted	**0.03**	0.03	**0.26**	0.29

STATEMENT OF COMPREHENSIVE INCOME

EUR thousands	**10-12/2016**	10-12/2015	**1-12/2016**	1-12/2015
Profit for the period	**1,632**	1,919	**15,233**	17,020
Other comprehensive income:				

Other comprehensive income that will be subsequently reclassified to profit or loss				
Exchange differences	**6,941**	4,386	**7,881**	2,356
Fair value changes of cash flow hedges and available-for-sale assets	**-268**	-286	**245**	-970
Reclassified to profit or loss	**5**	51	**116**	669
Reclassified to property, plant and equipment	**-11**	91	**-188**	91
Income taxes related to other comprehensive income	**-100**	-952	**-410**	-632
Total	**6,567**	3,291	**7,644**	1,514
Other comprehensive income that will not be subsequently reclassified to profit or loss				
Remeasurements of defined benefit plans	**-110**	-26	**-110**	-26
Income taxes related to other comprehensive income	**16**	8	**16**	8
Total	**-93**	-18	**-93**	-18
Total comprehensive income for the period	**8,106**	5,192	**22,784**	18,516

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	–	–	–	–	7,516
Total comprehensive income	**–**	**–**	**–**	**–**	**7,516**
Share-based payments	–	–	–	–	–
Dividend distribution	–	–	–	–	–
Conveyance of treasury shares	–	–	80	–	–
Conversion of hybrid bond	–	–	1,124	–	–
Hybrid bond	–	–	–	–	–
Equity 31 December 2016	**11,860**	**24,681**	**70,855**	**-44**	**12,613**

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	–	15,233	15,233	–	15,233

Other comprehensive income	128	-93	7,551	–	7,551
Total comprehensive income	**128**	**15,140**	**22,784**	**–**	**22,784**
Share-based payments	–	190	190	–	190
Dividend distribution	–	-5,030	-5,030	–	-5,030
Conveyance of treasury shares	–	–	80	–	80
Conversion of hybrid bond	–	–	1,124	-1,124	–
Hybrid bond	–	-899	-899	-16	-915
Equity 31 December 2016	**10**	**6,324**	**126,300**	**16,525**	**142,824**

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**

STATEMENT OF CASH FLOWS

EUR thousands	**1-12/2016**	1-12/2015
Cash flow from operations		
Profit / loss for the period	**15,233**	17,020
Total adjustments to profit / loss for the period	**29,783**	32,870
Cash flow before changes in net working capital	**45,016**	49,890
Change in net working capital	**-6,277**	-7,921
Financial items	**-3,895**	-6,425
Income taxes	**-6,348**	-8,269
Cash flow from operations	**28,496**	27,274
Cash flow from investments		
Investments in property, plant and equipment and intangible assets	**-49,553**	-22,369
Cash flow from disposed businesses	**313**	167
Adjustments of purchase consideration	**161**	–
Sales proceeds from property, plant and equipment and intangible assets	**8**	10
Cash flow from investments	**-49,072**	-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	**-3,359**	-14
Changes in loan receivables	**1,000**	600
Share issue	**–**	340
Paid interest on hybrid bond	**-624**	–
Dividend distribution / distribution of funds	**-5,030**	-2,504
Cash flow from financing	**-8,013**	10,089
Change in cash and cash equivalents	**-28,588**	15,171
Cash and cash equivalents at the beginning of the period	**55,570**	38,430
Effect of changes in exchange rates	**2,540**	1,968
Change in cash and cash equivalents	**-28,588**	15,171
Cash and cash equivalents at the end of the period	**29,522**	55,570

KEY RATIOS

	10-12/ 2016	10-12/ 2015	**1-12/ 2016**	1-12/ 2015
Change in net sales, % *	**-3.7**	-0.5	**-6.1**	10.5
Gross profit, as percentage of net sales, %	**10.9**	10.8	**12.5**	13.1
Comparable gross profit, as percentage of net sales, %	**10.9**	10.8	**12.5**	12.9
Operating profit, as percentage of net sales, %	**3.5**	4.1	**6.1**	7.2
Comparable operating profit, as percentage of net sales, %	**3.5**	4.1	**6.1**	7.0
Net financial items, as percentage of net sales, %	**-1.1**	-1.3	**-0.8**	-1.2
Profit before income taxes, as percentage of net sales, %	**2.4**	2.8	**5.4**	6.0
Profit for the period, as percentage of net sales, %	**1.6**	1.8	**3.7**	3.8
Gross capital expenditure, EUR thousands	**26,826**	9,815	**53,320**	23,660
Depreciation, amortization, impairment losses and reversal of impairment losses, EUR thousands	**4,693**	4,641	**18,520**	17,684
Return on equity, rolling 12 months, %	**–**	–	**11.6**	14.4
Return on invested capital, rolling 12 months, %	**–**	–	**11.6**	15.9
Equity ratio, %	**–**	–	**45.3**	43.2
Gearing, %	**–**	–	**39.6**	25.9
Earnings per share, EUR, basic **	**0.03**	0.03	**0.29**	0.32
Earnings per share, EUR, diluted **	**0.03**	0.03	**0.26**	0.29
Cash flow from operations per share, EUR **	**0.07**	0.22	**0.56**	0.54
Equity per share, EUR **	**–**	–	**2.81**	2.50
Dividend per share, EUR ***	**–**	–	**0.11**	0.10
Price per earnings per share (P/E) ratio	**–**	–	**14.1**	19.4
Dividend payout ratio / payout ratio for distribution of funds, %	**–**	–	**37.6**	31.3
Dividend yield, %	**–**	–	**2.66**	1.61
Number of shares, end of period, excluding treasury shares **	**–**	–	**50,772,555**	50,302,346
Share price, end of period, EUR **	**–**	–	**4.14**	6.20
Share price, period low, EUR **	**–**	–	**3.49**	3.75
Share price, period high, EUR **	**–**	–	**6.20**	6.65
Volume weighted average price during the period, EUR **	**–**	–	**4.24**	5.05
Market capitalization, EUR million	**–**	–	**210.2**	311.9
Number of traded shares during the period **	**–**	–	**13,611,634**	19,502,550
Number of traded shares during the period, % of average number of shares	**–**	–	**27.0**	38.9

			31.12.2016	31.12.2015

Interest-bearing net debt, EUR thousands		
Non-current interest-bearing liabilities	**86,574**	93,498
Current interest-bearing liabilities	**7,923**	3,363
Interest-bearing receivables and cash and cash equivalents	**-37,908**	-64,363
Interest-bearing net debt	**56,589**	32,499

* Compared with the corresponding period in the previous year.

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

**** Dividend per share 2016 is the proposal by the Board of Directors to the Annual General Meeting.

CALCULATION OF KEY RATIOS

Definition of the calculation of the key ratios is explained at Suominen's website www.suominen.fi > Investors > Financials > Calculation of key figures.

Earnings per share

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

Diluted earnings per share (EPS) = Profit for the period / Share-issue adjusted average number of shares excluding treasury shares

Operating profit

Operating profit (EBIT) = Profit after depreciation, amortization and impairment

Comparable operating profit (EBIT) = Profit after depreciation, amortization and impairment adjusted with items affecting comparability

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.

EUR thousand	**2016**	**2015**
Operating profit	25,622	31,778
Reversal of impairment losses	–	-530
Comparable operating profit	25,622	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 costs of goods sold.

Key ratios per share

Cash flow from operations per share = Cash flow from operations / Share-issue adjusted number of shares excluding treasury shares, end of reporting period

	2016	2015
Cash flow from operations, EUR thousand	28,496	27,274
Share-issue adjusted number of shares excluding treasury shares, end of reporting period	50,772,555	50,302,346
Cash flow from operations per share, EUR	0.56	0.54

Equity per share = Total equity / Share-issue adjusted number of shares excluding treasury shares, end of reporting period

	2016	2015
Total equity, EUR thousand	142,824	125,716
Share-issue adjusted number of shares excluding treasury shares, end of reporting period	50,772,555	50,302,346
Equity per share, EUR	2.81	2.50

Dividend per share = Dividend distributed for the reporting period / Number of issued shares at end of the period excluding treasury shares

	2016	2015
Dividend distributed for the reporting period, EUR thousand	5,585	5,030
Number of issued shares at end of the period excluding treasury shares	50,772,555	50,302,346
Dividend per share, EUR	0.11	0.10

Dividend payout ratio, % = (Dividend per share x 100) / Basic earnings per share

	2016	2015
Dividend per share x 100	11.00	10.00
Basic earnings per share, EUR	0.29	0.32
Dividend payout ratio, %	37.6	31.3

Dividend yield, % = (Dividend per share x 100) / Share price at end of the period

	2016	2015
Dividend/distribution of funds per share x 100	11.00	10.00
Share price at end of the period, EUR	4.14	6.20
Dividend yield, %	2.66	1.61

Price per earnings per share (P/E) = Share price at end of the period / Basic earnings per share

	2016	2015
Share price at end of the period, EUR	4.14	6.20
Basic earnings per share, EUR	0.29	0.32

Price per earnings per share (P/E)	14.13	19.41

Market capitalization = Number of shares at the end of reporting period excluding treasury shares x share price at the end of period

	2016	2015
Number of shares at the end of reporting period excluding treasury shares	50,772,555	50,302,346
Share price at end of the period, EUR	4.14	6.20
Market capitalization, EUR miilion	210.2	311.9

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

	2016	2015
Number of shares traded during the period	13,611,634	19 502 550
Average number of shares excluding treasury shares	50 343 806	50,119,433
Share turnover, %	27.0	38.9

Other key ratios

EBITDA = Profit before depreciation, amortization and impairment (EBIT + depreciation, amortization and impairment losses)

EUR thousand	2016	2015
Operating profit	25,622	31,778
+ Depreciation, amortization and impairment losses	18,520	17,684
EBITDA	44,142	49,462

Cash and cash equivalents = Cash + other financial assets

Interest-bearing net debt = Interest-bearing liabilities - interest-bearing receivables - cash and cash equivalents

EUR thousand	2016	2015
Interest-bearing liabilities	94,497	96,862
Interest bearing receivables	-8,386	-8,793
Cash and cash equivalents	-29,522	-55,570
Interest-bearing net debt	56,589	32,499

Return on equity (ROE), % = (Profit for the reporting period (rolling 12 months) x 100) / Total equity (quarterly average)

EUR thousand	2016	2015
Profit for the reporting period (rolling 12 months)	15,233	17,020
Total equity 31 December 2015 / 2014	125,716	108,737
Total equity 31 March 2016 / 2015	120,806	115,051

Total equity 30 June 2016 / 2015	130,712	119,328
Total equity 30 September 2016 / 2015	135,186	120,360
Total equity 31 December 2016 / 2015	142,824	125,716
Average	131,049	117,838
Return on equity (ROE), %	11.,6	14.4

Invested capital = Total equity + interest-bearing liabilities

EUR thousand	**2016**	**2015**
Total equity	142,824	125,716
Interest-bearing liabilities	94,497	96,862
Invested capital	237,321	222,578

Return on invested capital (ROI), % = (Operating profit + financial income (rolling 12 months) x 100) / Invested capital, quarterly average

EUR thousand	**2016**	**2015**
Operating profit (rolling 12 months)	25,622	31,778
Financial income (rolling 12 months)	727	734
Total	26,349	32,512
Invested capital 31 December 2015 / 2014	222,578	193,750
Invested capital 31 March 2016 / 2015	217,181	200,051
Invested capital 30 June 2016 / 2015	227,594	204,328
Invested capital 30 September 2016 / 2015	228,648	202,027
Invested capital 31 December 2016 / 2015	237,321	222,578
Average	226,664	204,547
Return on invested capital (ROI), %	11.6	15.9

Equity ratio, % = (Total equity x 100) / (Total assets - advances received)

EUR thousand	**2016**	**2015**
Total equity	142,824	125,716
Total assets	315,628	291,750
Advances received	-3	-596
	315,625	291,154
Total	45.3	43.2

Gearing, % = (Interest-bearing net debt x 100) / Total equity

EUR thousand	**2016**	**2015**
Interest-bearing net debt	56,589	32,499
Total equity	142,824	125,716

Gearing, %	39.6	25.9

NET SALES BY GEOGRAPHICAL MARKET AREA

EUR thousands	**1-12/2016**	**1-12/2015**
Finland	**2,386**	2,724
Rest of Europe	**158,118**	159,854
North and South America	**246,287**	271,634
Rest of the world	**10,071**	9,830
Total	**416,862**	444,042

QUARTERLY DEVELOPMENT

	2016				**2015**			
EUR thousands	**10-12**	**7-9**	**4-6**	**1-3**	**10-12**	**7-9**	**4-6**	**1-3**
Net sales	100,365	103,796	108,832	103,869	104,244	114,919	112,944	111,934
Comparable operating profit	3,540	7,878	8,661	5,543	4,262	9,763	9,932	7,292
as % of net sales	3.5	7.6	8.0	5.3	4.1	8.5	8.8	6.5
Items affecting comparability	–	–	–	–	–	–	530	–
Operating profit	3,540	7,878	8,661	5,543	4,262	9,763	10,462	7,292
as % of net sales	3.5	7.6	8.0	5.3	4.1	8.5	9.3	6.5
Net financial items	-1,149	-830	-967	-244	-1,358	-1,247	-1,076	-1,621
Profit before income taxes	2,391	7,047	7,694	5,299	2,903	8,517	9,386	5,670
as % of net sales	2.4	6.8	7.1	5.1	2.8	7.4	8.3	5.1

INFORMATION ON RELATED PARTIES

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. 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 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 2016 was 20,799 shares. The shares were transferred on 6 June 2016 and the value of the transferred shares totaled EUR 79,793, or approximately EUR 3.83638 per share.

Management remuneration

The remuneration of Suominen Corporation's Board of Directors totaled to EUR 227 thousand in 2016, of which EUR 80 thousand was remuneration in shares. The remuneration of the President & CEO, including fringe benefits was EUR 426 thousand, statutory pension payments totaled EUR 31 thousand and voluntary pension payments were EUR 46 thousand. The remuneration of other related parties, including fringe benefits totaled EUR 1,423 thousand, statutory pension payments were EUR 118 thousand and voluntary pension payments were EUR 73 thousand. The accrual based on the new share-based incentive plans for the related parties was EUR 212 thousand at the end of the review period.

Management share ownership
shares

Board of Directors	**31 Dec 2016**
Jorma Eloranta, Chair of the Board of Directors	40,030
Risto Anttonen, Deputy Chair of the Board	28,830
Hannu Kasurinen	19,210
Jaana Tuominen	9,306
Andreas Ahlström	5,360
Laura Raitio	5,360
Total	**108,096**
Total % of shares and votes	0.21 %

Corporate Executive Team	
Nina Kopola, President & CEO	85,172
Tapio Engström	33,266
Larry L. Kinn	6,348
Lynda A. Kelly	10,000
Ernesto Levy	12,000
Mimoun Saïm	21,525
Hannu Sivula	29,345
Total	**197,656**
Total % of shares and votes	0.39 %

THE LARGEST SHAREHOLDERS ON 31 DECEMBER 2016

Shareholder	**Number of shares**	**% of shares and votes**
AC Invest Two BV	13,953,357	27.01 %
Oy Etra Invest Ab	5,055,120	9.78 %
Varma Mutual Pension Insurance Company	4,500,000	8.71 %
Ilmarinen Mutual Pension Insurance Company	3,251,811	6.29 %
Pension Insurance Company Elo	3,024,651	5.85 %
Nordea Nordic Small Cap Fund	1,537,152	2.98 %
Nordea Bank Finland Plc	1,425,836	2.76 %
OP Delta Fund	1,210,283	2.34 %

Nissi Evald and Hilda	1,000,000	1.94 %
Heikki Bergholm	880,168	1.70 %
Nordea Life Assurance Finland Ltd	712,000	1.38 %
Juhani Maijala	657,346	1.27 %
Mikko Maijala	625,918	1.21 %
Skandinaviska Enskilda Banken, Helsinki Branch	590,985	1.14 %
Onvest Investment Ltd.	501,338	0.97 %
15 largest total	38,925,965	75.34 %
Other shareholders	9,717,783	18.81 %
Nominee registered	2,124,758	4.11 %
Treasury shares	893,087	1.73 %
In joint account (not in the book-entry securities system)	4,049	0.01 %
Total	**51,665,642**	**100.00 %**

CHANGES IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	31.12.2016		31.12.2015	
EUR thousands	**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
Capital expenditure	**50,020**	**3,300**	20,733	2,927
Disposals	**–**	**-89**	–	-10
Depreciation, amortization and impairment losses	**-16,162**	**-2,358**	-15,957	-2,257
Reversal of impairment losses	**–**	**–**	530	–
Exchange differences and other changes	**3,721**	**4**	3,904	104
Carrying amount at the end of the period	**135,510**	**14,133**	97,931	13,275

Intangible assets excluding goodwill.

CHANGES IN INTEREST-BEARING LIABILITIES

	2016	**2015**
Total interest-bearing liabilities at the beginning of the period	**96,862**	**85,014**
Current liabilities at the beginning of the period	3,363	3,347
Repayment of current liabilities	-3,358	-3,347
Drawdown of current liabilities	102	3,363
Reclassification from non-current liabilities	7,899	–
Exchange rate difference	-84	–
Current liabilities at the end of the period	7,923	3,363
Non-current liabilities at the beginning of the period	18,498	6,667
Repayment of non-current liabilities	–	-6,667
Drawdown of non-current liabilities	368	18,498
Reclassification to current liabilities	-7,899	–

Exchange rate difference	607	–
Non-current liabilities at the end of the period	11,574	18,498
Debentures at the beginning of the period	75,000	75,000
Debentures at the end of the period	75,000	75,000
Total interest-bearing liabilities at the end of the period	**94,497**	**96,862**

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

CONTINGENT LIABILITIES

Guarantees	**31 Dec 2016**	**31 Dec 2015**
Guarantees on own committments	16,810	18,487
Other own commitments	4,036	4,620
Guarantees on behalf of others	963	4,134
Total	**21,841**	**27,241**

Other contingencies		
Contractual commitments to acquire property, plant and equipment	5,517	16,083
Total	**5,517**	**16,803**

Minimum lease payments under non-cancellable operating leases in future periods		
Within one year	3,808	3,381
Between 1-5 years	3,853	4,971
After 5 years	5,427	4,489
Total	**13,088**	**12,841**

NOMINAL AND FAIR VALUES OF DERIVATIVE INSTRUMENTS

	31 Dec 2016		**31 Dec 2015**	
EUR thousand	**Nominal value**	**Fair value**	**Nominal value**	**Fair value**
Currency forward contracts				
hedge accounting applied	5,240	-327	16,114	-267
hedge accounting not applied	2,396	30	3,196	-30
Electricity forward contracts				
hedge accounting applied	594	43	1,229	-242

FINANCIAL ASSETS BY CATEGORY

a. Fair value through profit or loss
b. Loans and receivables

c. Available-for-sale assets
d. Derivatives, hedge accounting applied
e. Carrying amount
f. Fair value

	Classification					
EUR thousands	a.	b.	c.	d.	e.	f.
Available-for-sale assets	–	–	777	–	777	777
Other non-current receivables	501	–	–	–	501	501
Loan receivables	–	8,386	–	–	8,386	8,386
Trade receivables	–	53,946	–	–	53,946	53,946
Derivatives	30	–	–	43	73	73
Interest and other financial receivables	–	869	–	–	869	869
Cash and cash equivalents	–	29,522	–	–	29,522	29,522
Total 31.12.2016	**530**	**92,723**	**777**	**–**	**94,072**	**94,072**

EUR thousands	a.	b.	c.	d.	e.	f.
Available-for-sale assets	–	–	777	–	777	777
Other non-current receivables	813	–	–	–	813	813
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**	**117,207**	**777**	**–**	**118,797**	**118,797**

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

FINANCIAL LIABILITIES

EUR thousands	**31.12.2016** Carrying amount	**31.12.2016** Fair value	31.12.2015 Carrying amount	31.12.2015 Fair value
Non-current financial liabilities				
Loans from financial institutions	11,294	11,294	18,498	18,498
Debentures	75,000	78,503	75,000	77,175
Finance lease liabilities	280	280	–	–
Other non-current liabilities	–	–	368	368
Total non-current financial liabilities	86,574	90,076	93,866	96,041
Current financial liabilities				
Current part of non-current loans from financial institutions	7,812	7,812	3,363	3,363
Finance lease liabilities	111	111	–	–

Derivatives, no hedge accounting applied	–	–	30	30
Derivatives, hedge accounting applied	327	327	509	509
Interest accruals	912	912	914	914
Other current liabilities	253	253	262	262
Trade payables	50,248	50,248	44,682	44,682
Total current financial liabilities	59,662	59,662	49,761	49,761
Total	**146,236**	**149,739**	**143,627**	**145,802**

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

FAIR VALUE MEASUREMENT HIERARCHY

Fair value hierarchy in 2016

Financial assets at fair value	**Level 1**	**Level 2**	**Level 3**
Other non-current receivables	–	–	501
Available-for-sale assets	–	–	777
Electricity derivatives	–	43	–
Currency derivatives	–	30	–
Total in 2016	**–**	**73**	**1,277**
Financial liabilities at fair value			
Other current liabilities	–	–	253
Currency derivatives	–	327	–
Total in 2016	**–**	**327**	**253**

Fair value hierarchy in 2015

Financial assets at fair value			
Other non-current receivables	–	–	813
Available-for-sale assets	–	–	777
Electricity 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**

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

SUOMINEN CORPORATION
Board of Directors

For further information, please contact:
Nina Kopola, President & CEO, tel +358 10 214 300
Tapio Engström, CFO, tel. +358 10 214 300

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 2016 amounted to EUR 416.9 million and comparable operating profit to EUR 25.6 million. The Suominen share (SUY1V) is listed in Nasdaq Helsinki Stock Exchange (Mid Cap). Read more at www.suominen.fi.

Distribution:
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