

Annual Report 2011

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Expanded Suominen



**We provide products and solutions
that bring greater convenience to
people's everyday lives.**

New Suominen

The year 2011 saw major changes at Suominen. At the end of the summer, we finalised our agreement to purchase Ahlstrom Corporation's Home and Personal wipes fabrics business area.

This corporate acquisition quadrupled the net sales of our Nonwovens business unit. At the same time, Suominen also expanded to completely new geographical areas: North America, Italy, Spain, and Brazil. With this expansion, we instantly became the world's number one manufacturer of nonwovens for wiping applications.

At the same time, Ahlstrom Corporation became the largest owner of Suominen. Suominen also expanded its ownership structure and acquired new capital with a successful share issue.



Stronger prerequisites for success

In 2011, Suominen's result improved from the previous year, but it was still negative. Building on a much more solid foundation, we can now strengthen the new Suominen and increase the company value. This is what we will now concentrate on and ensure we have an ideal base for our new, remarkably larger corporation. We will clarify our strategy, trim our key processes, and concentrate on increasing our profitability and strengthening our cash flow.

A new phase begins now, and we will enter it stronger than ever before based on our significantly broader foundation and stronger market position. This corporate acquisition brought 450 new colleagues – from many new nationalities, even from completely new cultures. This diversity is an asset and strength if we just work well together.

The integration of our Nonwovens business area is well on its way, and several working groups are driving this process to completion. We significantly strengthened our customer interface by combining the sales and development organisations. Furthermore, we enhanced our business operations through common purchasing operations and delivery chain management. Our task is not yet done, and in the future we will also strongly concentrate on instilling common values as well as creating a common corporate culture.

The future has a lot to offer us, as long as we utilise our possibilities. We can provide our customers even broader product selections, clearly improved product development and technological know-how, state-of-the-art quality, and efficient delivery performance.

We are ever closer to the customer. Our sales, customer service, and product development form a close entity that will ensure customer satisfaction and long-lasting partnership.

Before the corporate acquisition, our net sales were distributed rather evenly among our units – Nonwovens, Flexibles, and Codi Wipes. However, now Nonwovens constitutes over two thirds of Suominen. In addition to our number one market position in the nonwovens for wiping applications, we are also a leading provider of flexible packaging in North and Central Europe, as well as one of the three biggest manufacturers of wet wipes in Europe.

Our strong foothold in the developed market has created the foundation for our current market-leading position. We will seek growth in the developing markets, such as Brazil and East Europe, especially Russia. Furthermore, Asia and the Pacific region will also provide us future possibilities.

More value with increased efficiency

Uncertainty in the world economy and especially the poor outlook of European economies coupled with the increased costs in raw materials, energy, and transportation will also clearly have an effect on the competition in all our product groups. The end-customers of our customers, the consumers, will become even more careful and price consciousness will increase.

A good product is always worth its price. Nevertheless, we will of course continue to improve our cost-efficiency with determination.

We will organise our operations to optimise their efficiency and profitability. We will strengthen our competitiveness, for which we now have significantly better prerequisites than before. Profitable business operations, our ability to grasp the market possibilities, together with purposefully increasing the value of our company are vital to our future.

My work at Suominen has just begun. However, as spring is now just around the corner, I already know that – as I expected – I have arrived in a company that has given me inspiring colleagues; a company that has talented and hard-working personnel, committed owners and a Board that skilfully represents them, as well as a remarkably larger clientele than before. Meeting and exceeding all these expectations is a highly inspiring challenge. It encourages and obligates me to strive for constant improvement. I wholeheartedly thank all my peers for all the support I have received and for all your work for Suominen during the difficult year 2011.

March 2012



Nina Kopola

Building on a much more solid foundation, we can now strengthen the new Suominen and increase the company value.

Our key events in 2011

Nina Kopola named Suominen's new President and CEO

As of 1 December, Technology Licentiate Nina Kopola was named the new President and CEO of Suominen Corporation and Suominen Group.

New global market leader in nonwovens for wipes through a corporate acquisition

Suominen Corporation and Ahlstrom Corporation signed an agreement on 4 August whereby Suominen acquired Ahlstrom's Home and Personal wipes fabrics business area with approximately EUR 170 million. This acquisition made Suominen the global market leader in nonwovens for wipes. The production plants are located in North America, Italy, Spain, and Brazil*. The net sales of Suominen's Nonwovens business unit nearly quadrupled.

* The Brazilian authorities are estimated to approve the acquisition of the Brazilian unit at the beginning of 2012.

Share issue raised EUR 87 million in new capital

To finance the acquisition of Home and Personal business area, Suominen organised a share issue, which raised EUR 87 million from the current and new owners. With the share issue, Suominen also expanded its ownership structure, and Ahlstrom Corporation became the largest owner of Suominen.

Suominen agreed on a new syndicated credit facility

Suominen agreed on a syndicated credit facility of EUR 150 million, which was used to finance the transaction and refinance the company's previous credit facility of EUR 44 million.

The cost-saving and operational enhancement programme was continued

The most significant savings in Suominen's efficiency programme resulted from closing down the flexible packaging plant in Nastola at the end of August and transferring the production to other plants of Suominen Flexibles. The aim of these measures was to ensure the long-term competitive ability of the business area. The other efficiency measures were associated with improving the production yield and efficiency of the units.

Suominen Flexibles received an award for high-quality printing

The Findus Pytt i Panne Original package printed by Suominen Flexibles won The 2011 FlexoTech International Print & Innovations Awards. The design participated in the category for print jobs previously printed using a different method. It was a clear winner in its category and an excellent indication that flexographic printing is competitive with gravure printing.

New global market leader in nonwovens for wipes

According to pro forma information, the acquired business recorded net sales of EUR 320 million in 2011 and an operating profit before non-recurring items of EUR 5.3 million. The number of employees transferred to Suominen under the terms of the transaction was around 450.

As a result of its broadened product range and the geographical expansion of the operations, Suominen is now the leading manufacturer of nonwovens for wipes worldwide. The company has a comprehensive product portfolio in four key segments: baby wipes, personal care wipes, household wipes and industrial wipes. Suominen has efficient supply-chain operations in North America, South America and Europe, thanks to the production plants located in those markets.

The current production capacity of Suominen Nonwovens allows the company to grow without the need for major additional investments. Russia and Brazil in particular are attractive growth markets for Suominen. The current number of production lines makes it possible to optimize production volumes better than before, in such a way that their efficiency can be improved.

Thanks to the complementary sales, customer service and product development resources of the merged businesses, Suominen is now in an even better position to serve customers more comprehensively and offer greater product development input. The combined resources create good opportunities to boost product development and launch new products faster than before the merger. Co-operation with international customers gives the company's products broad geographical coverage, which presents an opportunity, especially in terms of new products and product renewals. Along with the merger, the efficiency of operations can be improved further in production and purchasing.

Key figures

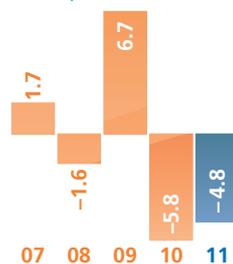
	2009	2010	2011
Net sales, € million	179.4	173.4	216.3
Operating profit before impairment losses, € million	6.7	-5.8	-4.8
Operating profit, € million	6.7	-10.8	-4.8
Profit before income taxes, € million	1.0	-15.7	-10.0
Cash flow from operations, € million	26.8	-2.5	-2.9
Investments, € million	4.5	6.2	4.0
Equity ratio, %	29.9	27.9	32.2
Equity per share, € *	1.01	0.70	0.44
Earnings per share, € *	0.02	-0.34	-0.11
Cash flow per share, € *	0.74	-0.06	-0.03
Average personnel	944	901	907

* figures in comparison year 2009 adjusted to share issue

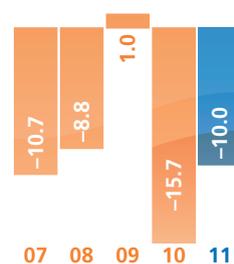
Net sales, € million



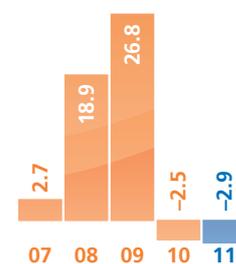
Operating profit before impairment losses, € million



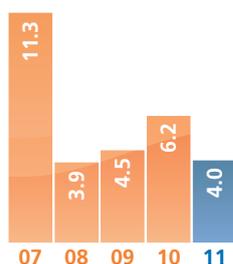
Profit before income taxes, € million



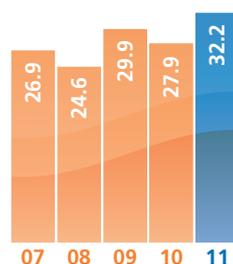
Cash flow from operations, € million



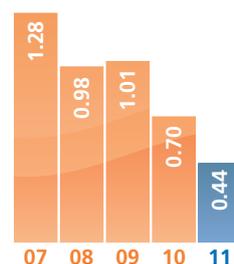
Investments, € million



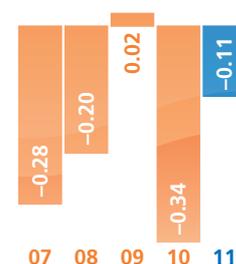
Equity ratio, %



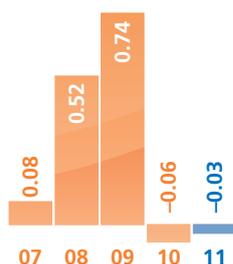
Equity per share, €



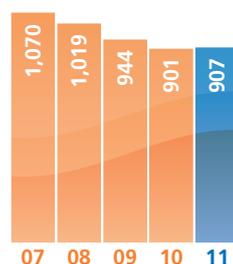
Earnings per share, €



Cash flow per share, €



Average personnel



Year 2011 in brief

Suominen's net sales for the whole year totalled EUR 216.3 million (173.4). Operating loss before non-recurring items was EUR 1.1 million (3.8) and after these items EUR 4.8 million (10.8). Profit after taxes was EUR –9.5 million (–14.4).

During the year under review, Suominen acquired the Home and Personal nonwovens business, with net sales of approximately EUR 320 million, from Ahlstrom Corporation. As a result of the acquisition, Suominen has become the global market leader in nonwovens for wipes. The transaction was valued at approximately EUR 170 million, around EUR 87 million of which was raised through a share issue.

The merger entered into force as of 1 November 2011, which means the net sales and result of the acquired business was included in Suominen's financial figures for two months. Net sales grew 25% from the previous year as a consequence of the merger. The low economic cycle affected Suominen's business such that customers' purchasing behaviour was cautious and price-driven. Average sales prices improved thanks to price hikes and raw material clauses included in sales contracts, which successfully compensated for the increasing raw material prices. The rise in raw material prices in the first half of the year ceased in the summer and followed a slightly downward trend towards the end of the year. The result improved mostly as a result of lower operating expenses.

The net sales of Wiping totalled EUR 152.3 million (108.2). The increase in net sales is attributed to the inclusion of the two-month net sales figure, EUR 42.9 million, of the acquired Home and Personal business in the segment's figures. The comparable change in net sales was –2%. The segment's operating loss was EUR 3.1 million (3.7), of which the two-month share of the merged businesses was EUR 0.7 million. The non-recurring items related to the transfer of the assets at the business combination were EUR 0.9 million locally.

Net sales of Nonwovens totalled EUR 102.1 million (59.1). Nonwovens' comparable 12-month net sales increased 9% to EUR 375 million, but delivery volumes remained at the same level as in 2010. With respect to volumes, production expenses remained high and synergy benefits from the business merger could not yet be capitalised on during the last two months of the year.

Net sales of Codi Wipes, at EUR 55.6 million (56.4), declined by one per cent on the previous year. The unit's operating expenses decreased as a result of the rationalisation measures and personnel reductions early in the year.

Net sales of Flexibles totalled EUR 64.8 million (66.1) and operating loss was EUR 0.1 million (1.9). Sales volumes decreased 10% compared to 2010, primarily as a result of reduced sales in the food packaging sector. Flexibles' operating expenses decreased from last year as a result of the rationalisation measures carried out. The Nastola plant was closed during the year under review and the production machines were transferred to the plants in Poland and Tampere, in Finland.

Balance sheet 31 December

€ million	2011	2010
Assets		
Goodwill	34.3	18.5
Tangible non-current assets	139.9	53.9
Other non-current assets	16.6	2.7
Non-current assets, total	190.7	75.1
Inventories	46.0	24.4
Trade receivables	41.8	10.8
Restricted financial assets	25.0	
Other current assets	34.6	9.1
Current assets, total	147.3	44.3
Assets total	338.1	119.4
Shareholders' equity and liabilities		
Shareholders' equity	108.7	33.3
Deferred tax liabilities	3.7	2.9
Provisions	0.3	0.3
Capital loans	0.9	4.0
Other non-current liabilities	1.2	
Interest-bearing liabilities	140.0	35.8
Non-current liabilities, total	146.1	43.0
Interest bearing liabilities	19.9	19.5
Capital loans	0.9	2.0
Income tax liabilities	0.7	
Trade payables and other current liabilities	61.7	21.6
Current liabilities, total	83.3	43.1
Liabilities, total	229.3	86.1
Shareholders' equity and liabilities, total	338.1	119.4

Statement of income
1 January–31 December

€ million	2011	2010
Net sales	216.3	173.4
Cost of goods sold	-205.7	-165.2
Gross profit	10.6	8.2
Other operative income and expenses	-15.5	-13.9
Operating profit before impairment losses	-4.8	-5.8
Impairment losses		-5.1
Operating profit/loss	-4.8	-10.8
Financial income and expenses	-5.2	-4.9
Profit/loss before income taxes	-10.0	-15.7
Income taxes	0.5	1.3
Profit/loss for the period	-9.5	-14.4

Cash flow statement
1 January–31 December

€ million	2011	2010
Profit for the period	-9.5	-14.4
Adjustments on profit/loss for the period	14.2	17.6
Cash flow before change in working capital	4.6	3.2
Change in working capital	1.9	-1.0
Financial items	-9.8	-4.6
Taxes paid	0.4	
Cash flow from operations	-2.9	-2.4
Cash flow from investments	-142.4	-5.2
Financing		
Non-current loans drawn	148.3	8.0
Repayments of non-current loans	-48.6	-23.7
Repayments of capital loans	-4.2	-2.0
Change in commercial papers		1.0
Current loans drawn		17.0
Dividends paid		-0.5
Repurchase and conveyance of own shares	0.1	-0.2
Share issue	87.3	9.7
Cash flow from financing	182.9	9.3
Change in cash and cash equivalents	37.6	1.7

Key strengths

Value for our customers

We contribute to our customers' success in the marketplace by offering them services and by developing products that meet their needs and consumer expectations. Through our customer relationships we have been able to create flexible and efficient operations models that help us to maintain our existing customer relationships and acquire new customers in various business areas. Suominen's customer relationships are based on long-term partnerships with leading players in their fields. Our customers include significant international companies that manufacture and sell branded products, as well as leading retail chains.

By managing the overall quality of operations we contribute to the success of our customers' business

The quality criteria set by our customers on products and operations are high, and regular supplier audits are carried out to evaluate their realisation. Quality criteria are highlighted in products supplied to hygiene and food industries, where health- and hygiene-related properties must meet the demands of both legislation and consumers.

Consumers have expectations of a product's functionality and quality, and it is our duty to meet these expectations. The Flexibles' plants manufacturing food and hygiene products have been granted the British Retail Consortium (BRC) product safety certification. Codi Wipes' plant in Veenendaal, the Netherlands, and Nonwovens' Nakkila plant in Finland are ISO 9001 certified. These standards serve as proof of the quality and safety of Suominen's operations as the company strives to acquire new customers.

Research and product development

Suominen is a significant development partner for its customers and suppliers, striving to continually generate more added value for its customers through new products and processes. Most of the product development work is carried out together with Suominen's key customers in order to be able to respond to consumers' changing needs and to the market situation as quickly as possible.

Suominen's key strengths include:

Selected production processes

Suominen's production units utilise carefully selected technologies that enable the uniqueness of the products, such as their look and feel, to be varied. Versatile and advanced production technologies, flexible production plants and in-depth knowledge of natural and synthetic fibres open up possibilities for the manufacture of new and tailored nonwovens according to customers' needs.

Supply chain management

Good supply chain management is one of our most crucial success factors. Thanks to our long-term customer relationships, we know and can anticipate our customers' needs, which promotes flexible business with both customers and suppliers. Supply chain management at Suominen covers procurement, in-house production and conversion, warehousing and distribution to customers. Good supply-chain management fosters overall high quality and makes cost-effective operations possible.

Geographical cover

The Nonwovens business area has modern production plants in Europe and in North and South America. The location of the plants allows Suominen to serve international customers in various geographical areas. Geographical proximity makes sense with regard to the transportation of nonwovens to customers' further-processing plants. The new business entity has long-standing customer relationships with leading operators in their field.

International supplier of wiping and packaging solutions

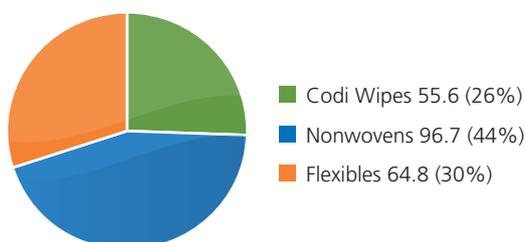
Suominen manufactures and supplies high-quality nonwovens, wet wipes, and flexible packaging for industry and retailers. Products are used in wiping and hygiene products, as ready-made wet wipes, and as consumer packaging for daily consumer goods.

The business operations of Suominen are divided into two business areas: Wiping and Flexibles. The Wiping segment is divided into two business units: Nonwovens and Codi Wipes.

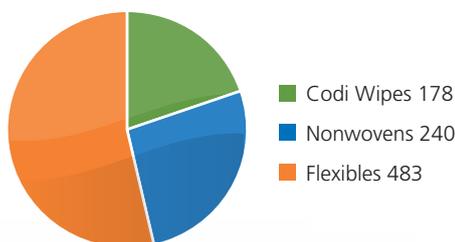
As a result of the acquisition in the autumn of 2011, Suominen has become the global market leader in nonwovens for wipes. The company's operations expanded also geographically and Suominen operates now on two continents with the addition of a Brazilian operation coming at the beginning of 2012. Suominen Codi Wipes is one of the largest manufacturers of wet wipes in Europe. Suominen Flexibles is a major supplier of food and hygiene packaging in Europe and the leading producer of retail packaging in Finland.

In 2011, Suominen's net sales were EUR 216.3 million. Suominen employed, on average, 907 people in 2011. The company is listed on the NASDAQ OMX Helsinki.

Net sales by business unit, € million



Average personnel



Wide product range for wipes and hygiene products

Suominen Nonwovens supplies nonwovens as roll goods for use in:

Baby care products

Wipes intended for baby and toddler care are used, for example, when changing diapers and for cleaning babies' or toddler's hands or faces. Wet wipes offer the possibility to care for children's cleanliness and skin care – conveniently and hygienically.

Personal care products

The use of wipes for personal hygiene is becoming increasingly common, especially when it comes to health and beauty care. The key features of Suominen's hygiene products are their softness, ease of use, and disposability. In addition, the special properties tailored to suit the intended purpose of the products are important features for the end user. For example adult incontinence wipes, disinfectant and antibacterial wipes, facial wipes, moist toilet wipes and other wipes intended for personal hygiene are all manufactured from nonwoven fabrics.

Household wiping products

Applications for household wipes made from Suominen's nonwoven fabrics include, for example, all-purpose wipes for cleaning and wiping, disinfectant and antibacterial wipes, and products intended for cleaning floors, furniture and glass surfaces.

Industrial wipes

Nonwoven fabrics for industrial wiping products are used in the final products as dry, wet or saturated with various cleaning and care agents. The products required for industrial wipes are typically tailored for various cleaning and disinfecting needs. The application areas for industrial wipes are, for example, the automobile and aeronautics industries, the food industry, the printing industry, as well as applications related to various industrial manufacturing processes, and servicing and maintenance operations.



The baby care product group generates approximately half of the total net sales of the Nonwovens business area. The Nonwovens business area has succeeded in this competitive application area thanks to the high and consistent quality of its products and efficient production. The net sales of both nonwovens used in household care and of hygiene products amount to some one fifth of the total net sales. Sales of nonwovens used for industrial wipes are approximately one tenth of the net sales.

Suominen Nonwovens also manufactures other nonwoven products for end uses such as hygiene and wound care products.

Markets and customers

The markets for Nonwovens are experiencing global growth. The North American wiping market is mature and, when compared to Europe, household and industrial wipes hold a larger share in this specific area. A broader product range has led to better profit margins in more innovative and newer products. Likewise, the European markets are quite mature. Recently, the greatest increase has been seen in the deliveries of personal hygiene and industrial wiping products. There has been visible growth in the demand for more innovative products in the European markets; similar growth has already been witnessed in North America in previous years. The Eastern European and Russian markets are experiencing stronger growth than elsewhere in Europe. The selection of products in the markets is constantly evolving as demand for various wiping products grows. In South America, the market for nonwovens for wipes has seen considerable growth, and this growth is expected to continue.

Suominen Nonwovens is the global market leader in nonwovens for wipes. The business area's customers include significant multinational corporations, many of which are leading suppliers of branded products in their own markets. Nonwovens has long-standing and successful relationships with these clients, which creates a foundation for future growth in customer relationships. In addition to its branded product clients, Nonwovens has long-term client relationships with market-leading customers that manufacture wiping products for retail chains in both the US and Europe.

Customers' demands and the factors influencing success in client relationships vary to a certain extent. Of central importance to branded product

clients is that nonwovens for wipes are of a consistent and high quality. These clients typically also participate in Nonwovens' product development projects, and they consider their nonwoven fabric suppliers to be long-term strategic partners. Consistent and high quality is also important for the manufacturers of retail branded products. These customers are often directly involved in Nonwovens' efficiency improvement projects.

Offering

Nonwovens' product range is extensive and diverse thanks to Suominen's advanced, versatile production technologies and flexible production plants. State-of-the-art production plants and Nonwovens' in-depth knowledge of natural and synthetic fibres mean that nonwovens can be manufactured flexibly according to the varying needs of the client. The Nonwovens business area has long-standing customer relationships with significant wiping product brand owners. For those customers, it is important that the brand promise they have created remains intact for consumers. Customers also include many companies that manufacture brand products for retailers, in which case the product image must be in line with the retailer's chosen strategy.

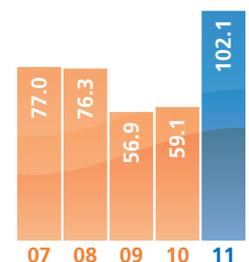
Suominen Nonwovens often develops new products in co-operation with its customers and strives to improve the products' properties, such as strength, absorbency, and ease of use, as well as their environmental properties. The business area has the capacity to manufacture nonwovens for wipes that are biodegradable and compostable, made from recycled materials, flushable and reusable.

Suominen supplies nonwoven fabrics as roll goods to further-processing companies that manufacture end products. The end products are then delivered to retailers and industrial customers.

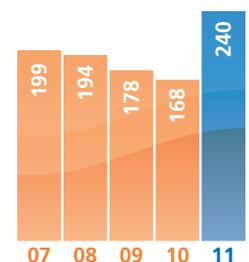
Development partnership brings added value to customers

Research and product development holds a key position in the realisation of Suominen's strategy, as the business is being focussed on products with higher added value. Product development focuses on improving the efficacy and ease of use of the products, offering new materials, boosting the customer's and Suominen's manufacturing processes, and improving the cost effectiveness of the supply chain.

Net sales, € million



Average personnel



Suominen has an R&D laboratory in connection with the plant in Nakkila, Finland. Pilot production lines and other lab equipment are employed to test product ideas. The pilot production equipment also provides valuable development data related to manufacturing and further processing prior to embarking on full-scale production. The equipment can also be used to solve problems encountered in our customers' production processes.

Coming up with new products and continuously improving existing products are important aspects in the development of the Nonwovens business area. New applications are constantly emerging, and customers are increasingly demanding products tailored to their specific needs. Nonwovens strives to manufacture high-quality and progressive products and continuously develops the special properties of its products.

The following are a few recent examples of the results of Nonwovens' R&D work:

- The Genesis production line: The goal of the Genesis production line started up at the Windsor Locks plant in the US is to boost Nonwovens' sales, particularly sales of nonwovens for wipes intended for cleaning hard surfaces and for industrial uses. In addition, products manufactured on the Genesis line are easy for further processors to manufacture into end products.
- HYDRASPUN® nonwoven fabrics can be used in a variety of consumer & industrial applications. They are produced by a unique wetlaid patented technology which use high-pressure water jets to create blends of natural and synthetic fibers without chemical binders. HYDRASPUN® dispersible products are biodegradable in an aquatic environment and can be flushed down the toilet drain without harmful effects on the drainage pipe systems, municipal treatment systems and environment.
- BIOLACE® products are produced solely from renewable raw materials – natural fibers or fibers from renewable sources – and are compostable and biodegradable.
- SPC products, made from nonwoven fibres, intended in particular for baby care products, are manufactured at the Cressa plant in Milan, Italy. Products manufactured using SPC structures have excellent wiping properties.

Efficient value chain

Production at Suominen's units is primarily based on orders, and the goods are handed over to

an independent transport company immediately upon their completion. Some of the production is transferred to a warehouse until a customer order or delivery call comes in. Nonwovens can switch production from one machine to another without causing a considerable increase in costs or delays. The Milan plant in Italy, for example, largely manufactures nonwovens for wipes intended for baby care. The plant is, however, equipped to manufacture the products of all four of Nonwovens' product groups, as well as other nonwovens. This flexibility in production allows Nonwovens to manufacture a wider range of products, tailor products to customers' needs and optimise capacity utilisation. The possibility to switch the manufacture of different products between the machines helps in responding to changes in market conditions and creates synergies between the various product groups.

Suominen's procurement function is organised according to business unit. In the Group's procurement policy, the business units are instructed to take advantage of long-term relationships with suppliers – although always using several suppliers for important purchases. The quality and cost-competitiveness of the suppliers are tested by means of invitations to tender. As a rule, annual or other long-term agreements are used in the most important purchases.

The key procurement agreements concern raw material purchases, which account for more than half of our net sales. The most important raw materials are viscose, polyester, pulp and polypropylene. In addition, various chemicals that Nonwovens procures from specialised chemicals suppliers are used in the production processes. The following elements have a considerable impact on net sales: monitoring of the global market prices for oil-based raw materials and the factors affecting those prices, the timing of purchases and the management of inventory levels.

The deliveries mainly consist of road transportation and to some extent overseas shipping in containers. Suominen has implemented measures to lower transport costs and to reduce the environmental impacts of deliveries.

Geographical operations

North America accounts for around half of Nonwovens' sales, and correspondingly, the EMEA area for close to half of sales. The South American and Asia-Pacific regions currently account for a small percentage of sales. To insure

The proximity of the production plants to the customer is a key element.

the competitiveness of Nonwovens, the proximity of the production plants to the customer is a key element, particularly where delivery costs are concerned. Nonwovens has a strong foothold both in terms of production and sales in its key geographical areas of North America and Europe. The state-of-the-art Paulinia plant in Brazil offers Nonwovens good opportunities for growth in South America. Nonwovens currently does not have its own manufacturing operations in the Asia-Pacific area.

Production technologies

Nonwovens makes use of several advanced production technologies in manufacturing nonwovens for use in wiping products. The products are usually manufactured as roll goods and are classified on the basis of the manufacturing technology used or the method used in forming or bonding the fibre web. Suominen manufactures nonwovens at six production plants located in Europe and in North and South America.

Year 2011

Net sales of Nonwovens totalled EUR 102.1 million (59.1). Nonwovens' comparable 12-month net sales increased 9% to EUR 375 million, but delivery volumes remained at the same level as in 2010. The sales (pro forma) of the acquired Home and Personal business are also included in the comparison figures. The development of sales in the last two months of 2011 declined compared to the preceding months. This was due to the stiffening competition in the European markets, and the interruption of one production line due to fire damage.

Among the application areas, the strongest growth was seen in personal care wipes, with growth of approximately one fifth on the previous year. Use of nonwovens for household wipes and industrial wipes increased by around one tenth, whereas baby wipes' delivery volumes recorded no change from the previous year.

Regionally, the North American markets accounted for around half of sales, and growth there was 7% compared to 2010. Europe's share amounted to just under half of total sales, but growth was slightly brisker, at 11%. Sales to South American markets were on a par with the previous year.

Oil- and pulp-based raw material prices increased in the first half of the year, but the price trend took a downward path during the autumn. With respect to volumes, production expenses remained high and synergy benefits from the business merger could not yet be capitalised on during the last two months of the year. One production line in Italy was interrupted, but the insurance compensation covered the resulting direct costs.

The integration of the businesses was started after obtaining the relevant permits from the competition authorities. The integration work was started in a number of working groups. Nonwovens' sales and product development organisations were combined, as were purchasing and supply chain operations.

Nonwoven's gross investments were EUR 1.5 million (1.7).



Extensive product range for wiping

Suominen Codi Wipes unit is one of Europe's largest producers of wet wipes. Codi Wipes supplies wet wipes in consumer packaging that are ready for retail store shelves.

- Baby care wipes
- Wipes for beauty care and cosmetics
- Personal care wipes
- Household wiping products



Codi Wipes develops wet wipes for different applications. The biggest product group is wipes for children of different ages. Beauty care and cosmetic wipes are used for facial cleansing, make-up removal, and exfoliation. The range of personal care wipes includes, among others, deodorant wipes, intimate care wipes, and adult incontinence wipes. The use of household wet wipes for cleaning bathrooms, floors, glass surfaces, worktops, and other surfaces is becoming increasingly common. Environmentally friendly product solutions made from natural fibres and renewable raw materials supplement the business unit's product range.

Markets and customers

For Codi Wipes, the market area for wet wipes is primarily Central and Northern Europe. Smaller volumes are supplied to customers in Southern Europe and outside Europe. The customers of Codi Wipes consist of retail chains and companies that produce branded products. Competitors in the business unit's markets include mostly regional operators.

The goal of Codi Wipes is to strengthen the co-operation with customers, who appreciate partnership, good service and product development collaboration. The Codi Connect service combines the unit's know-how with the offering of its partners, with the aim of developing new product concepts. The development of wet wipe products focuses on differentiation, highlighting the desired properties and optimising costs. Product costs are lowered without, however, compromising the excellent level of quality of the products.

Production

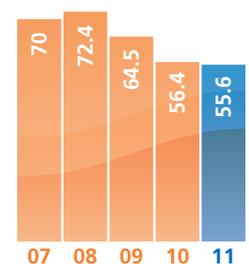
Codi Wipes manufactures consumer-packaged wet wipes from nonwovens, liquids, and other components that are procured either by the unit itself or by its customers. The production plant is located in Veenendaal, the Netherlands.

Year 2011

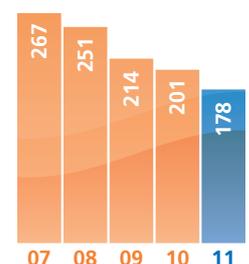
Net sales of Codi Wipes, at EUR 55.6 million (56.4), declined by one per cent on the previous year due to decrease in sales of moist toilet wipes. Sales of baby wipes and personal care wipes remained at the same level as in the corresponding period in 2010. Also average sales prices were on par with the previous year.

The unit's operating expenses decreased as a result of the rationalisation measures and personnel reductions early in the year. Codi Wipes accounted for EUR 0.4 million (0.6) of total gross investments.

Net sales, € million



Average personnel



Added value through high-quality packaging

The Flexibles segment produces plastic film based, flexo printed consumer packaging for various industries and the retail sector. In terms of net sales, Suominen Flexibles is a significant provider of food, hygiene and retail packaging in several market areas.

Food packaging

- Films, laminated films and bags for bakery goods as well as fresh, frozen, and dry food
- Labels and packaging solutions for the beverage industry

Hygiene packaging

- Films for tissue products
- Bags for feminine care and incontinence products
- Films and laminated films for wet and dry wipes

Retail packaging

- Carrier bags for groceries and speciality goods
- Minigrip® bags
- AmerThermo™ thermo bags

Security and System packaging

- AmerSafe® security bags and coin bags
- Tape bags
- AmerChain™ packaging concept
- Reclosable Zipper bags



The segment's food packaging consists of bags and film products for bakery products, fresh, frozen and dry foods, as well as liquid products. Flexibles also produces labels for liquid products, such as soft drinks, beer, juice, water, and detergents. The hygiene packaging product segment includes wrap films, bags, and laminated films for packaging tissues, feminine hygiene products and wet wipes. The retail packaging product range includes various plastic carrier bags for grocery and speciality stores, AmerThermo™ thermo bags, and reclosable Minigrip® bags.

Flexibles also enjoys a strong position as a provider of security and system packaging. Security packages are used for storing and transporting money, documents or other valuables. The product segment also includes a wide range of reclosable packaging solutions for industrial use.

Markets and customers

Flexibles' customers are local or regional producers of food and hygiene products, as well as companies and retail chains in the Nordic countries, Central Europe and Russia that produce global brand products. The segment's retail packaging is primarily sold in Finland. Suominen's security and system packaging solutions are used by customers who handle money and other valuables and by various sectors of industry throughout Europe. Flexibles has a broad customer base that also includes companies in industry and the service sector. The segment's competitors include both international and regional operators.

Production

The production plants for the Flexibles segment are located in Tampere and Ikaalinen in Finland, and in Grodzisk Mazowiecki in Poland.

Year 2011

The net sales of Flexibles declined by 2%; from EUR 66.1 million in the previous year to EUR 64.8 million. Net sales increased in the area of hygiene packaging but declined in the area of food packaging. Net sales of retail packaging and security and system packaging remained on the same level as in the previous year.

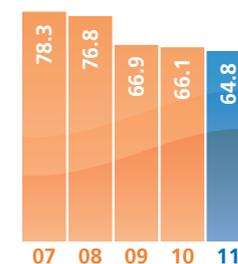
The net sales of hygiene packaging grew clearly from 2010. The growth was mainly driven by the good sales development in Russia. The net sales in retail sector remained on the same level due to increased raw material prices. The sales volume declined slightly as a result of adjusting the capacity to meet the availability of recycled raw materials.

The net sales of security and system packaging remained at last year's level with slight decline in Russia being offset by growth elsewhere in Eastern Europe. The net sales declined in the area of food packaging. This was mainly caused by lower sales volumes in the bakery segment in Germany.

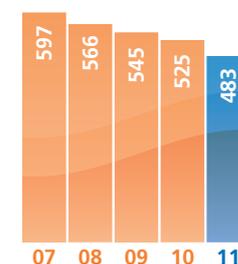
Operational efficiency continued to be improved by structural rationalisation measures. The operations at the Nastola plant were terminated during the third quarter, and the production was transferred to the plants in Poland and Tampere, in Finland. As a result of the restructuring measures the personnel decreased in Finland, but increased in Poland. The net reduction of the personnel was more than 50 employees. The personnel reductions, machinery relocations, and other actions related to the restructuring brought approximately EUR 0.8 million worth of non-recurring items.

Suominen Flexibles' gross investments were EUR 1.9 million (3.8).

Net sales, € million



Average personnel



Way to work

Guiding principles

Partnership

We engage in constant dialogue with our customers to ensure that we understand their needs and the needs of consumers. This enables us to work as a dynamic team throughout the value chain.

Trust

We believe in open communications and cooperation. We are committed to accountability and standing behind what we say.

Expertise

We value know-how and believe in constant improvement. Ideas and plans, however good, only provide real added value when we make them happen.



Suominen's guiding principles – Partnership, Trust, and Expertise – are closely interlinked and interdependent. True partnership, for example, can only be generated with the help of trust and expertise. This is as true internally as it is externally.

As a part of the integration work in our Nonwovens business unit, we will strongly concentrate on rooting our common values as well as creating a common corporate culture.

Everything starts with excellent quality

Quality definitions and quality control are pivotal to Suominen's production processes because customers set their own detailed quality criteria for the products. These criteria are especially emphasised in food, hygiene, and cosmetics products where cleanliness and hygiene are very important. Quality expectations can, for example, be associated with production hygiene and product safety, as well as print quality and appearance of the packaging.

All Suominen units follow the latest GMP (Good Manufacturing Practice) guidelines. The Flexibles' plants that manufacture food and hygiene packaging have the British Retail Consortium (BRC) product safety certification. Codi Wipes plant in Veenendaal, the Netherlands, and Nonwovens' Nakkila plant in Finland have been certified to the ISO 9001 standard. Furthermore Nakkila plant has had its products certified to the Oeko-Tex Standard. Meeting the customers' quality criteria for products and operations is assessed regularly using customer audits.

During the production processes, our units carry out quality control tests to ensure that all products meet the high quality criteria set for them. Quality control is carried out by each unit's quality control team. They test and inspect the products regularly. In their work, the teams can utilise laboratory facilities and equipment specially designed for quality control.

We expect similar tests from our most important raw material and part suppliers in regard to raw material and part quality, properties, and the uniformity of quality. The quality of our suppliers is assured by regular audits. All products and operations need to qualify via our strict specifications before we accept a company as our supplier.

Partnership is based on close cooperation

Suominen's units have their own sales organisations that collaborate closely with customers' procurement, marketing, and product development departments. Suominen's customer relationships are often long, and we constantly develop our product range to meet the customers' needs. Long-term general agreements are used in a large number of customer relationships. They define the pricing and other terms of sale.

Efficient value chain

We have boosted the efficiency of all our operations to ensure that our position as the leading manufacturer in our industry also means, from our customers' perspective, flexibility and high-quality services, right up to on-time deliveries. Suominen's supply chain encompasses planning and all functions related to procurement and logistics management. An important part of the supply chain is also reliable partnerships and co-operation with suppliers and customers.

Thanks to our finely-tuned logistics chain, our products always leave our plants and reach our customers in top condition. Our logistics chain is based on clear order routines and efficiently reserved capacity, and on companies that offer quality transport services and take quality and hygiene as seriously as we do.

Minimising the ecological footprint

Our operations and products affect the society and the environment. We continuously develop our operations to reduce our environmental impacts and minimise our products' ecological footprint during their life cycle.



Our environmental impact results mainly from wastewater, unsorted solid waste, as well as printing inks and solvents. Our production uses various chemicals that can be harmful to the environment. Therefore their use, handling, and warehousing require special care. Suominen's units require environmental permits in their operations, which cover, among other things, wastewater treatment, airborne emissions from printing, noise emissions, and chemical and waste treatment.

The main principles of Nonwovens' environmental responsibility are to minimise emissions to the air, water and soil as well as to optimize the efficiency of operations, thus saving raw materials and resources. The unit has established six key performance indicators (KPI's) that reflect targets within those areas that have the most significant environmental impact.

They are:

- Water usage (m³/ton)
- Electrical efficiency (MWh/ton)
- Process heat (GJ/ton)
- Waste to landfill (kg/ton)
- CO₂ emissions
- ISO 14001 certifications

Operations at the Nonwovens Alicante, Nakkila and Windsor Locks plants have been certified to the ISO 14001 standard. The Nakkila plant's water treatment system cleans the recycled water, which has reduced the amount of wastewater substantially. Since the autumn of 2010, the wastewater is led through a wastewater line, built together with the neighbouring municipalities, to the wastewater treatment plant in the city of Pori.

Codi Wipes has an environmental permit for the wastewater emitted during liquid production. The unit has a fully automatic warehouse where lighting and energy consumption have been reduced with a temperature control system.

VOC emissions from printing operations at Flexibles' sites are treated in advanced incinerator units. Landfill waste volumes are reduced by improving recycling and making greater use of recycled material in retail packaging manufacture.

Thinking sustainably in terms of product range

Suominen is committed to sustainable development and minimising the environmental impact associated with its materials, processes, and way of working, in line with the International Chamber of Commerce's (ICC) sustainable development principles. We have implemented several sustainability programmes, for example, for reducing raw material usage, cutting waste volumes and emissions, recycling production rejects, and increasing the number of biodegradable and renewable alternatives in our product range.

Nonwovens manufactures some of their products exclusively from natural fibres or fibres produced from renewable resources, such as viscose and cotton. Codi Wipes has developed environmentally friendly lotions that contain ingredients produced from renewable raw materials and comply, for example, with BDIH, ECOCERT, and Soil Association standards. Some of the products of the Wiping business area meet the requirements for Swan label certification and compliance with Oeko-Tex standards.

Recycled plastics are used in Flexibles' retail packaging products, where more than half of the materials are recycled materials.

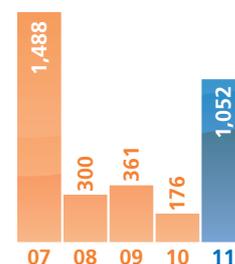
VOC emissions, tn



Landfill waste, tn



Incinerated waste fibre, tn



Multi-national working environment

The aim of Suominen’s HR strategy is to support business development. Because of this, we consider training, motivation, and commitment to common goals especially important. In recent years, Suominen has concentrated on building a target-oriented corporate culture and increasing the expertise of the personnel. We utilise an individual performance evaluation system, which includes, e.g. development discussions with the superior.

At the end of 2011, Suominen saw a significant increase in personnel, as a corporate acquisition brought us 450 new colleagues. At the same time, we expanded our spectrum of nationalities and cultures. This diversity is both an opportunity and a challenge when creating a common corporate culture.

Due to the procedures that began in 2010, we also saw a decrease in our personnel. The co-operation negotiations at the Codi Wipes unit were completed in January, and personnel were decreased by 19 people.

The year 2011 continued to be a time of structural changes also for Suominen Flexibles, as the Nastola plant was closed down, and the production was transferred to Poland and Tampere, Finland. Because of these measures, the personnel in the business area were decreased by approximately 50 people. Furthermore, in the autumn, the plant in Poland decreased their personnel by around 20 people because of low demand.

We emphasise well-being at work

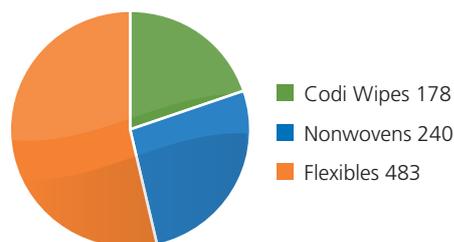
Suominen Nonwovens will concentrate on safety and safe behaviour. We are at the final stages of defining the performance indicators, best practices, and common processes. In December, the unit conducted a survey for the whole personnel, measuring employee feelings toward the changes brought on by the integration. According to the survey, the general atmosphere is good, and the employees are happy with the new Suominen.

The management team of the Finnish units of Suominen Flexibles is committed to making Suominen a better workplace. As a part of this project, an employee survey by the Great Place to Work institute was carried out in October. Based on the results, we created development plans with the goal of being on their list by 2014. Suominen Flexibles will also participate in the joint Hyvää huomenta – Hyvää huomista! project (“Good morning, good tomorrow”) by the social partners of the Chemical Industry Federation of Finland, the aim of which is to promote well-being at all workplaces of the industry. The aim of this three-year project is to develop the expertise, prolong careers, reduce sick days, and increase productivity.

Personnel 2007–2011



Average personnel 2011



Age structure on 31 December 2011



Corporate Governance

Suominen Corporation is a Finnish listed company and observes in its decision-making and administration the Finnish Limited Liability Companies Act, other regulations covering listed companies, and the requirements of its own Articles of Association.

The company complies with the Finnish Corporate Governance Code 2010 issued by the Securities Market Association. The Code is available on the Securities Market Association's website at www.cgfinland.fi.

General Meetings of Shareholders

Suominen Corporation's highest decision-making authority is exercised by the company's shareholders at General Meetings of Shareholders. These meetings decide on matters specified in the Limited Liability Companies Act, such as the acceptance of the company's financial statements and the payment of dividends, releasing the members of the Board of Directors and the President and CEO from liability, the election of members of the Board of Directors and Auditors and the compensation they are paid, as well as amendments to the Articles of Association. An Annual General Meeting is held annually on a date determined by the Board of Directors before the end of April. Annual General Meetings address matters specified in the Articles of Association as falling within their authority, and other proposals put before them. Extraordinary General Meetings are convened when necessary to consider specific proposals put before them for consideration. General Meetings of Shareholders are convened by the Board of Directors.

Each Suominen Corporation share entitles its holder to one vote. The company is not aware of any shareholder agreements concerning the use of voting rights nor of any restrictions relating to the conveyance of its shares.

The members of the Board of Directors, the President and CEO, and the candidates nominated for Board membership shall attend General Meetings, unless they can provide good reason for their absence.

Advance information

Shareholders shall be invited to General Meetings through a notice published on the company's website. The notice shall give at least the following information:

- the time and place of the General Meeting
- the proposed agenda for the General Meeting
- a description of the procedures that shareholders must comply with in order to be able to attend and cast their vote at the General Meeting
- the date on which a shareholder entered in the shareholder register has the right to attend and cast his or her vote at the General Meeting (record date)

- the place where the documents and proposals for resolutions of the General Meeting are available
- the address of the company website

In addition, the company may, if so decided by the Board of Directors, announce the time and place of the General Meeting of Shareholders as well as the address of the company website in one newspaper in the company's domicile.

The following information shall be available on the company website at www.suominen.fi at least 21 days before the General Meeting:

- the notice of the General Meeting
- the total number of shares and voting rights according to classes of shares at the date of the notice
- the documents to be submitted to the General Meeting
- a proposal for a resolution by the Board of Directors or another competent body
- any item on the agenda of the General Meeting for which no proposal for a resolution has been made

The Board of Directors' proposals to a General Meeting and the notice shall also be announced in a stock exchange release.

Minutes of the General Meeting

The minutes of a General Meeting are available to shareholders on the company website within two weeks from the date of the General Meeting. Appendices to the minutes are available only to the extent that they describe the actual content of the decision.

Board of Directors

Composition of the Board of Directors

In accordance with the Articles of Association, Suominen Corporation's Board of Directors shall comprise a minimum of three members and a maximum of seven members. Members are elected by the Annual General Meeting. Their term of office shall expire at the conclusion of the first Annual General Meeting following their election. No person aged 70 years or older can be elected to the Board of Directors. The Board elects a Chairman and a Deputy Chairman from among its members.

Suominen Corporation's Annual General Meeting, held on 30 March 2011, elected Heikki Bergholm, Kai Hannus, Suvi Hintsanen, Juhani Lassila, Mikko Majjala, and Heikki Mairinoja to the Board of Directors.

The Extraordinary General Meeting, held on 12 September 2011, elected Risto Anttonen, Jorma Eloranta, Suvi Hintsanen, Mikko Majjala and Heikki Mairinoja as the new members of the Board of Directors. The elections were conditional and only came into effect on 21 October 2011 upon completion of the transaction between the company and Ahlstrom Corporation.

The biographical details and information on the holdings of the Board members can be found in the Board of Directors section of the Annual Report.

Charter of the Board of Directors

The Board of Directors is responsible for the administration and appropriate organisation of Suominen's operations. The Board is responsible for taking decisions on matters that are likely to have a major impact on the company's operations; and convenes according to an annual meeting plan.

The main duties of the Board include:

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

Meeting practice

In accordance with its advance schedule, the Board of Directors meets at least eight times a year. Where appropriate, meetings can be held in the form of teleconferences. The Board of Directors convenes under the direction of the Chairman or, if the Chairman is unable to attend, the Deputy Chairman. Items of business are generally presented by the President and CEO. Minutes of the Board meeting are taken by the CFO.

The Board convened 28 times in 2011. The average attendance rate at meetings was 93%.

Self-evaluation

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

Evaluation of independence

The Board of Directors has evaluated the independence of its members and established that all its members are independent of the company. The members of the Board are independent of significant shareholders, with the exception of Risto Anttonen who has acted as CEO and Deputy CEO of Ahlstrom Corporation in the last three years prior to the commencement of board membership.

Board committees

The Extraordinary General Meeting, held on 12 September 2011, resolved to establish a Nomination Committee comprising shareholders or representatives of shareholders to prepare proposals for the following Annual General Meeting concerning the election and remuneration of the members of the Board of Directors. The resolution of the Extraordinary General Meeting regarding the establishment of the Nomination Committee was conditional and only came into effect on 21 October 2011. The Nomination Committee comprises the three largest shareholders or representatives of such shareholders; in addition the Chairman of the Board of Directors serves an expert member.

On 17 November 2011, the following representatives of the three largest shareholders were elected to the Nomination Committee: Jan Lång, President & CEO, Ahlstrom Corporation, Timo Ritakallio, Deputy CEO, Ilmarinen Mutual Pension Insurance Company, and Risto Murto, Deputy CEO, Varma Mutual Pension Insurance Company. Jorma Eloranta, Chairman of Suominen Corporation's Board of Directors, serves as the Nomination Committee's expert member.

Suominen Corporation has not established any other committees to prepare matters for consideration by the Board, as the size of the company and the extent of its business are not seen as sufficient to warrant splitting up the Board's work in this way. The Board of Directors discharges the duties of an audit committee (recommendation 27 of the Finnish Corporate Governance Code).

President and CEO

The President and CEO of Suominen Corporation is appointed by the Board of Directors, and is responsible for day-to-day operations in accordance with the Limited Liability Companies Act and the guidelines and instructions provided by the Board of Directors. The President and CEO is responsible for ensuring that the company accounting practices comply with the law and that financial matters are handled in a reliable manner. The President and CEO acts as Chairman of the Corporate Executive Team and as the direct superior of the Team's members.

Petri Rolig has had the position of the President and CEO until 30 November 2011, and Nina Kopola has had the position since 1 December 2011. The biographical details and

information on the holdings of the President and CEO can be found in the Corporate Executive Team section of the Annual Report.

Corporate Executive Team

Suominen Corporation's Executive Team, appointed by the Board of Directors, supports the President and CEO in developing the company's strategy, considering major operational matters or matters of principle, and ensuring an adequate flow of information across the Group. The operative Corporate Executive Team comprises: the President and CEO as Chairman, the Executive Vice President and General Manager of the Nonwovens Business Unit, the Vice President and General Manager of the Codi Wipes business unit, the Vice President and General Manager of the Flexibles business area, and the Vice President and CFO. The biographical details and information on the holdings of the members of the Corporate Executive Team can be found in the Corporate Executive Team section of the Annual Report.

Hannu Sivula, Vice President, Human Resources, was appointed a member of the Corporate Executive Team as of 17 February 2012.

Remuneration

Board of Directors

The Annual General Meeting determines the emoluments paid to the members of Suominen Corporation's Board of Directors in advance, for one year at a time. According to the resolution of the Annual General Meeting, the Chairman of the Board was paid EUR 30,000, the Deputy Chairman EUR 22,500, and the members EUR 18,750. A total of 40% of these sums were paid in the form of company shares.

The Extraordinary General Meeting, held in September 2011, elected new members to the Board of Directors and resolved that the members of the Board of Directors elected at the Extraordinary General Meeting will be paid the following remuneration for a term of office lasting until the Annual General Meeting of 2012: EUR 31,500 for the Chairman of the Board, EUR 23,650 for the Deputy Chairman of the Board, and EUR 17,650 for each other member of the Board. In addition, each member of the Board of Directors will receive additionally an attendance allowance of EUR 500 per each meeting of the Board of Directors held in the home country of respective member, and an attendance allowance of EUR 1,000 per each meeting of the Board of Directors held elsewhere than in the home country of respective member. A total of 40% of these sums were be paid in the form of company shares. No attendance allowances were paid.

Emoluments paid in Suominen shares:

Recipient	Number of shares
Jorma Eloranta, Chairman of the Board since 21 October 2011	27,667
Mikko Majjala, Chairman of the Board until 20 October 2011, Deputy Chairman of the Board since 21 October 2011	25,531
Heikki Mairinoja, Deputy Chairman of the Board until 20 October 2011, Member of the Board since 21 October 2011	19,148
Suvi Hintsanen, Member of the Board	15,957
Risto Anttonen, Member of the Board since 21 October 2011	15,502
Heikki Bergholm, Member of the Board until 20 October 2011	15,957
Kai Hannus, Member of the Board until 20 October 2011	15,957
Juhani Lassila, Member of the Board until 20 October 2011	15,957

The members of the Board are not covered by the company's stock option or incentive schemes, and are not provided with a pension by the company.

President and CEO and other executives

The Board of Directors determines the salary, bonuses, and other benefits paid to the President and CEO, and the members of the Corporate Executive Team serving under the President and CEO. The President and CEO, and the members of the Corporate Executive Team are covered by the company's stock option schemes. The company provides key personnel with an incentive scheme based on the performance of the company's units and its consolidated performance and the achievement of personal targets. The Board of Directors approves the basic principles of the incentive scheme. Separate emoluments are not paid to the members of the Boards of Directors of the company's subsidiaries.

In 2011, the salaries and other remunerations and benefits paid to the President and CEO totalled EUR 24 thousand. The salaries and other remunerations and benefits paid to the former President and CEO totalled EUR 254 thousand.

In 2011, the salaries and emoluments paid to the members of the Corporate Executive Team totalled EUR 639 thousand.

A written contract has been made with the President and CEO, under which he shall have a six-month period of notice. Should the company terminate the President and CEO's contract of employment, an additional compensation corresponding to 12 months' salary shall also be paid. The retirement age of the President and CEO is in compliance with the Finnish Employment Pension Scheme (TyEL).

Suominen's Board of Directors approved in February 2012 a complementary pension arrangement granting benefits for old-age, disability and survivors' pension to the President and CEO at the age of 63. The complementary pension is a defined-contribution pension scheme and the annual sum to

be paid for the pension is 11.5% of the President and CEO's salary for the year in question.

Internal control and risk management in the financial reporting process

Control environment

Control is embedded in Suominen's organisation and it is carried out through check-ups on the various business processes and comprehensive reporting, which help to monitor and manage the business.

There is no separate control or internal audit organisation. Suominen's control environment is based on given instructions, the corporate culture and mode of operating adhered to by managers and employees alike. Suominen has established its values, or Guiding Principles, which enforce an active and ethical way of working with various stakeholders and within the Group. By cascading the working principles within the organisation, honesty, transparency and teamwork are emphasised as playing an integral role in establishing a high standard of moral conduct throughout the company.

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

Group Finance supports the business units in analysing their performance and in decision-making concerning various business choices. Business Controllers at unit level have the task of ensuring that the control procedures are in place in the various units. IT's role is to ensure that the security procedures are maintained throughout the Group companies.

Risk assessment

Risk management is considered an integral part of running the business, and identification and assessment of risk is an essential element of internal control. The aim is to give attention to the material risks that are significant from the business perspective. Risk is divided into business risks caused by changes in the business environment and operational risks, which may be a result of shortcomings in the way that the organisation manages its processes.

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

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

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

Control activities

The control activities include both general and detailed controls, which aim at preventing, disclosing and correcting errors and deviations. In addition to following Group level instructions, control activities are also conducted at unit and plant levels.

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

Control activities range from a review of realised outcome results in management group meetings to specific reconciliation of accounts and analyses of the ongoing processes for financial reporting. Whether separate evaluations are needed, as well as their scope and frequency, will depend primarily on an assessment of risks and on the effectiveness of ongoing monitoring procedures. It is the role of Business Controllers to ensure that control activities in the financial processes are appropriate and in accordance with the Group's policies and instructions. Information technology security and related control activities are a vital part of IT system features.

Information and communication

The Group Accounting Manual, policies approved by the Board and other directives and instructions relating to financial reporting are updated and communicated by management to all affected employees on a regular basis, and they are also available on the intranets of Group companies.

In addition, a standard reporting package is used by the units. The Group management and the business unit management conduct monthly reviews including analysis of performance metrics and indicators, which assist the management to better understand the underlying business performance.

Follow-up

Ongoing responsibility for follow-up rests with the business unit's management groups and controller functions. In addition, separate internal control reviews on key financial processes are conducted by external auditors on a rolling basis.

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

The Group's Finance function carries out a self-assessment of the implementation of control in the Group's units, which provides the basis for a yearly report on the general level of control submitted to the Board of Directors. The Finance function also carries out case-by-case controls of unit functions or processes. The Finance function also monitors the correctness of external and internal financial reporting.

Guidelines for insiders

Suominen Group observes the guidelines for insiders issued by the NASDAQ OMX Helsinki Ltd on 2 June 2008 and the company's own insider guidelines approved by the Board of Directors.

The members of the Board of Directors, the President and CEO and the Principal Auditor are included in the company's public insider register maintained as part of the SIRE service by Euroclear Finland Ltd.

The company also maintains a company-specific register of non-public insiders. Permanent insiders listed here include the members of the Corporate Executive Team and certain financial administration personnel. A project-specific insider register is maintained, covering major or otherwise important projects. The Vice President and CFO is responsible for insider issues.

Insiders are not allowed to trade in securities issued by the company for a period beginning at the end of a financial period or a financial year and ending with the publication of the interim report or financial statement release for the period or financial year in question (closed window). Insiders must consult the person responsible for insider issues for advice on the legal and procedural implications of any trading in securities that they might plan.

The shareholdings of the company's public insiders are presented in the Board of Directors and Corporate Executive Team sections of the Annual Report and are also available via the NetSire service provided by Euroclear Finland Ltd.

Auditing

PricewaterhouseCoopers Oy, Authorised Public Accountants, with Heikki Lassila, APA, as Principal Auditor, act as Suominen Corporation's auditors.

The auditors and the President and CEO agree an audit plan annually that takes account of the fact that Suominen does not have an internal audit organisation of its own. Internal audit findings are reported to the President and CEO and the relevant management concerned.

In 2011, the fees paid to PricewaterhouseCoopers for the statutory auditing of the Group companies totalled EUR 138 thousand. The fees paid to the auditing company and companies belonging to the same group for non-audit services totalled EUR 767 thousand.

Communications

The goal of Suominen's investor relations (IR) communications is to provide reliable, sufficient, and up-to-date information to enable the market to set a value on the company's share. Suominen follows the principle of equitability in its IR communications. The company has a disclosure policy approved by the Board of Directors, and the policy defines the responsibilities for communications as well as the matters to be disclosed.

The description of the company's corporate governance, the Corporate governance statement for 2011, and other information that form part of the company's regular reporting responsibilities are available on the company website at www.suominen.fi.

Board of Directors



Jorma Eloranta, Chairman

Jorma Eloranta, b. 1951

M.Sc. (Tech.)

Member of the Board since 2011,

Chairman since 2011

Holds 28,767 Suominen Corporation shares

Principal positions of trust:

Chairman of the Board and President, Pienelo Oy

Chairman of the Board, ZenRobotics Oy

Vice Chairman of the Board, Neste Oil Corporation

Member of the Board, Uponor Corporation

Member of the Board, Ovako AB

Chairman of the Supervisory Board, Ilmarinen Mutual Pension Insurance Company

Chairman of the Supervisory Board, Gasum Corporation

Chairman of the Board, Finnish Foundation for Technology Promotion

Chairman of the Board, Technology Industries of Finland Centennial Foundation

Member of the Board, Finnish Fair Foundation

Career history:

President and CEO, Metso Corporation 2004–2011

President and CEO, Kvaerner Masa-Yards Inc. 2001–2003

President and CEO, Patria Industries Group 1997–2000

Deputy Chief Executive, Finvest Group and Jaakko Pöyry Group 1996

President, Finvest Inc. 1985–1995

Mikko Maijala, b. 1945

Licentiate of Technology

Member of the Board since 2005, Deputy Chairman 2005 and since 2011,

Chairman 2006–2011

Holds 3,399,977 Suominen Corporation shares

Has a controlling power in Maijala Investment Oy, which holds 158,990

Suominen Corporation shares

Principal positions of trust:

Chairman of the Board, Chemec Ltd

Chairman of the Board, Ch-Polymers Oy

Chairman of the Board, FP-Pigments Oy

Chairman of the Board, Tracker Security Oy

Member of the Board, Roquette Nordica Ltd

Career history:

Managing Director, Roquette Nordica Ltd 2004–2009



Mikko Maijala, Deputy Chairman



Risto Anttonen

Risto Anttonen, b. 1949

B.Sc. (Econ.)

Member of the Board since 2011

Holds 15,502 Suominen Corporation shares

Principal positions of trust:

Chairman of the Board, Ahlstrom Yulong Special Paper, China

Member of the Board, Ensto Ltd.

Member of the Board, Varuboden-Osla Hlg

Career history:

Managing Director, Antoka Oy 2011–

Deputy CEO, Ahlstrom Corporation 2009–2010

CEO, Ahlstrom Corporation 2008

Various managerial positions, Ahlstrom Corporation 1991–2008

Managing Director, Norpe Oy 1986–1991



Suvi Hintsanen

Suvi Hintsanen, b. 1967

M.Sc. (Econ.)

Member of the Board since 2010

Holds 25,333 Suominen Corporation shares

Career history:

Senior Vice President, Head of Business Development, Pohjola Bank plc 2010–

Senior Vice President, Head of Customer Relations and Marketing, Pohjola Group 2007–2010

Senior Vice President, Head of Customer Relations and Marketing, Pohjola Bank plc 2004–2007

Vice President, Customer Relationship Management, Pohjola Bank plc 2001–2004

Different tasks regarding business development, consultancy and management, Research International Sweden AB 1998–2001



Heikki Mairinoja

Heikki Mairinoja, b. 1947

M.Sc. (Eng.), B.Sc. (Econ.)

Member of the Board since 2001, Deputy Chairman 2009–2011

Holds 107,340 Suominen Corporation shares

Has a controlling power in Monaccio Oy, which holds 9,900 Suominen Corporation shares

Principal positions of trust:

Member of the Board, Exel Composites Plc

Member of the Board, EM Group Oy

Member of the Board, Ensto Ltd.

Member of the Board, Komax Oy

Member of the Board, Lindström Invest Oy

Career history:

CEO Oy G.W. Sohlberg Ab 2001–2007

CEO, Uponor Group 1989–1999

Executive Vice President, Uponor Group 1985–1989

Corporate Executive Team



Nina Kopola, President and CEO

Nina Kopola, b. 1960

President and CEO

Technology Licentiate

Joined Suominen Corporation in 2011

Holds no Suominen Corporation shares

Principal positions of trust:

Member of the Board, Konecranes Plc

Member of the Board, Chemical Industry Federation of Finland

Career history:

President and CEO, Suominen Corporation 2011–

Acting President, Dynea 03/2011– 05/2011

Executive Vice President, President Europe, Dynea 2008–2011

Executive Vice President, Global Market Applications, Dynea 2006–2008

Group Vice President, Marketing, Dynea 2005–2006

Marketing Manager, Dynea Industrial Resins 2003– 2005

Controller, Group Finance, Dynea 2001–2003

Manager Business Analysis, Dynea 2000– 2001

Research Engineer and R&D Project manager, Neste Chemicals 1991– 2000

Researcher, Ecole Normale Supérieure de Chimie Industrielle, Paris, France 1990–1991

Arto Kiiskinen, b. 1953

Vice President and CFO

M.Sc. (Econ.)

Joined Suominen Corporation in 2001

Holds 66,338 Suominen Corporation shares

Career history:

Vice President and CFO, Suominen Corporation 2001–

Senior Vice President, CFO, Componenta Corporation 1997–2001

Leading positions in Finance and Treasury at UPM-Kymmene 1985–1997



Arto Kiiskinen, Vice President and CFO



Jean-Marie Becker, General Manager of the Nonwovens Business Unit

Jean-Marie Becker, b. 1957

Executive Vice President
General Manager of the Nonwovens Business Unit
B.Sc. (Tech.)
Joined Suominen Group in 2011

Holds no Suominen Corporation shares

Principal positions of trust:

Chairman of the Board, EDANA (Association of the Nonwovens and related industries)

Career history:

General Manager, Suominen Group 2011–
Executive Vice President, Home and Personal Nonwovens,
Ahlstrom Corporation 2008–2011
Various managerial positions, Ahlstrom Corporation 1996– 2008



Erik van Deursen, General Manager of the Codi Wipes business unit

Erik van Deursen, b. 1968

Vice President
General Manager of the Codi Wipes business unit
MBA
Joined Suominen Group in 2009

Holds no Suominen Corporation shares

Career history:

General Manager, Suominen Group 2010–
Sales Director, Suominen Codi Wipes 2009– 2010
Director On Trade, AB-InBev Nederland N.V. 2005–2008
Senior management positions at InBev Belgium and
Interbrew Nederland N.V. 2002–2004
Senior management positions at Coty Benelux B.V. 1998–2001
Several management positions at Henkel Nederland N.V. and
Henkel Austria 1991–1998



Mikko Pellinen, General Manager of the Flexibles business area

Mikko Pellinen, b. 1968

Vice President
General Manager of the Flexibles business area
M.Sc. (Eng.)
Joined Suominen Group in 2008

Holds no Suominen Corporation shares

Career history:

General Manager, Suominen Group 2008–
Senior management positions at Amcor Flexibles Finland Oy 2000–2008
Senior management positions at Åkerlund & Rausing Oy 1995–2000

Petri Rolig, b. 1963

M.Sc. (Eng.)

Petri Rolig acted as the President and CEO until 30 November 2011 and after that as Deputy CEO.

Share capital and shareholders

Share capital

The registered share capital of Suominen Corporation totals EUR 11,860,056 and the number of issued shares is 245,934,122. Shares have no nominal value. Suominen Corporation shares are quoted on NASDAQ OMX Helsinki in the Small Cap segment under 'Consumer Staples'. The trading code is SUY1V and the ISIN code is FI0009010862.

Each Suominen Corporation share carries one (1) vote at the General Meeting of Shareholders. Shares afford equal rights to the distribution of the company's assets.

In order to participate in the General Meeting of Shareholders, a shareholder must inform the company at latest by the date mentioned in the notice.

Share trading

The number of Suominen Corporation shares traded on NASDAQ OMX Helsinki before the share issue, from 1 January to 21 October 2011, was 3,387,036 shares. The trading price varied between EUR 0.36 and EUR 0.64. On 21 October 2011, the final trading price was EUR 0.45.

The number of Suominen Corporation shares traded on NASDAQ OMX Helsinki after the share issue from 24 October to 31 December 2011 was 543,305 shares. The trading price varied between EUR 0.39 and EUR 0.46. The final trading price was EUR 0.39, giving the company a market capitalisation of EUR 95.9 million on 31 December 2011.

The company's own shares

On 1 January 2011, the company held 168,805 of its own shares, accounting for 0.36% of the share capital and votes.

The Annual General Meeting of Shareholders held in 2010 authorised the Board of Directors to decide on the acquisition of a maximum of 200,000 of the company's own shares and on the conveyance of a maximum of 200,682 of the company's own shares. The authorisations were valid for 18 months after the end of the General Meeting, which was until 23 September 2011. The acquisition authorisation was exercised during 2010 to acquire 123,595 shares, which means that on 1 January 2011 the

remaining authorisation was for 76,405 shares. This authorisation was not exercised during 2011. Within the authorisation granted to the Board of Directors, 108,507 of the company's own shares were conveyed as emoluments to the members of Suominen Corporation's Board of Directors.

On 31 December 2011, Suominen Corporation held a total of 60,298 of its own shares, accounting for 0.0% of the share capital and votes.

Stock options

Suominen's stock option plan 2009 is currently in effect. From the previous 2006 and 2007 stock option plans, the last 2006C and 2007B stock options expired on 30 October 2011.

A total of 300,000 2009A stock options have been granted at the subscription price of EUR 0.95. A total of 50,000 of these have been returned to the company, i.e. the option right holders still have 250,000 shares. The subscription period for the 2009A stock options is from 2 May 2011 to 30 October 2012.

A total of 300,000 2009B stock options have been granted at the subscription price of EUR 0.96. The number of shares that can be subscribed under the stock option is 300,000. The subscription period for the 2009B stock options is from 2 May 2012 to 30 October 2013.

As the registered number of Suominen's issued shares totals 245,934,122, the number of shares may rise to a maximum of 246,484,122 after stock option subscriptions.

Other authorisations granted to the Board of Directors

The Board of Directors still has authorisation to issue 300,000 more stock options in accordance with the 2009 stock option plan, which would entitle holders to subscribe for 300,000 Suominen shares. According to the authorisation granted by the Extraordinary General Meeting held on 12 September 2011, the Board of Directors has authorisation to issue a further 81,460,892 new shares. The Board of Directors has no other authorisations to issue special rights entitling to shares, option rights and/or convertible bonds.

Shares held by the management

The members of the company's Board of Directors and the President and CEO owned, either directly

or through a company or organisation in which they held controlling power, 3,717,042 shares on 31 December 2011. These shares entitle the holders to 1.5% of the voting rights.

Members of the Board of Directors

	Shares on 31 Dec. 2011	Shares on 1 Jan. 2011
Jorma Eloranta, Chairman of the Board since 21 October 2011	28,767	0
Mikko Majjala, Chairman of the Board until 20 October 2011, Deputy Chairman of the Board since 21 October 2011	3,399,977	2,263,335
Majjala Investment Oy	158,990	158,990
Heikki Mairinoja, Deputy Chairman of the Board until 20 October 2011, Member of the Board since 21 October 2011	107,340	88,192
Monaccio Oy	9,900	9,900
Risto Anttonen, Member of the Board	15,502	0
Suvi Hintsanen, Member of the Board	25,333	9,376

Members of the Corporate Executive Team

	Shares on 31 Dec. 2011	Shares on 1 Jan. 2011
Nina Kopola, President and CEO since 1 December 2011	0	0
Petri Rolig, President and CEO until 30 November 2011, Deputy CEO since 1 December 2011	100,000	75,000
Arto Kiiskinen, Vice President and CFO	66,338	26,338
Jean- Marie Becker, Executive Vice President and General Manager	0	0
Erik van Deursen, Vice President and General Manager	0	0
Mikko Pellinen, Vice President and General Manager	0	0

Shareholders by category

	Number of shareholders	Percentage	Total shares held in each category	Percentage of shares and votes
Companies	151	5.7	110,361,213	44.9
Financial institutions and insurance companies	3	0.1	23,338,535	9.5
Public institutions	7	0.3	68,233,874	27.7
Non-profit organisations	33	1.2	15,335,537	6.2
Individuals	2,445	92.3	26,836,096	10.9
Foreign shareholders	9	0.3	1,408,969	0.6
	2,648	100.0	245,514,224	99.8
Shares registered in a nominee's name	5		339,332	0.1
Shares held by the company			60,298	0.0
Shares not transferred to the book-entry system			20,268	0.0
Total	2,653		245,934,122	100.0

Distribution of share ownership

Number of shares	Number of shareholders	Percentage	Total shares held in each category	Percentage of shares and votes
1–100	214	8.1	12,676	0.0
101–500	539	20.3	162,895	0.1
501–1,000	452	17.0	370,619	0.2
1,001–5,000	933	35.2	2,294,772	0.9
5,001–10,000	211	8.0	1,612,899	0.7
10,001–50,000	229	8.6	4,535,446	1.8
50,001–100,000	30	1.1	2,112,607	0.9
100,001–500,000	17	0.6	3,722,537	1.5
over 500,000	28	1.1	231,029,105	93.9
	2,653	100.0	245,853,556	100.0
Shares held by the company			60,298	0.0
Shares not transferred to the book-entry system			20,268	0.0
Total	2,653		245,934,122	100.0
Of which registered in a nominee's name	5		339,332	0.1

Adjusted share price development 2007–2011



Trading and average share price monthly 2011



Largest shareholders on 31 December 2011

Shareholder	Number of shares	Percentage of shares and votes
1. Ahlstrom Corporation	66,666,666	27.1
2. Ilmarinen Mutual Pension Insurance Company	27,111,992	11.0
3. Varma Mutual Pension Insurance Company	22,500,000	9.2
4. Mandatum Life Insurance Company Limited	22,322,535	9.1
5. Finnish Industry Investment Ltd.	22,222,222	9.0
6. Tapiola Mutual Pension Insurance Company	14,123,255	5.7
7. Oy Etra Invest Ab	12,223,320	5.0
8. Evald and Hilda Nissi Foundation	6,943,646	2.8
9. Heikki Bergholm	5,319,405	2.2
10. Sitra, the Finnish Innovation Fund	4,444,444	1.8
11. Mikko Majjala	3,399,977	1.4
12. Juhani Majjala	3,286,743	1.3
13. Onninen-Sijoitus Oy	2,500,000	1.0
14. Pharmacy Pension Fund	2,222,222	0.9
15. Yleisradio Pension Fund	2,222,222	0.9
16. Finnish Cultural Foundation	2,222,221	0.9
17. Eeva Majjala	1,515,995	0.6
18. AC Invest Two B.V.	1,355,555	0.6
19. Harald Relander	1,260,000	0.5
20. Oy Chemec Ab	1,111,112	0.5

All information concerning the company's shares is based on the book-entry securities register on 31 December 2011.

Investor relations

Suominen Corporation's investor relations are the responsibility of Nina Kopola, President and CEO who, together with Arto Kiiskinen, Vice President and CFO, is also responsible for the company's financial and IR communications. In addition, only the Board of Directors is authorised to issue statements on Suominen's finances and performance and to comment on matters of a financial nature or relating to the company's results.

No appointments will be arranged for investors with company representatives, nor will any comments on financial performance be issued during the silent period observed between the end of a financial period and the disclosure of the results for that period.

Key figures

Adjusted key figures per share

	IFRS 2011	IFRS 2010	IFRS 2009	IFRS 2008	IFRS 2007
Earnings/share (EPS) before impairment losses, €	-0.11	-0.22	0.02	-0.20	-0.07
Earnings/share (EPS) from continuing operations, €	-0.11	-0.34	0.02	-0.31	-0.43
Earnings/share (EPS) from continuing and discontinued operations, €	-0.11	-0.34	0.02	-0.20	-0.28
Cash flow from operations/share, €	-0.03	-0.06	0.74	0.52	0.08
Equity/share, €	0.44	0.70	1.01	0.98	1.28
Dividend/share, €			0.02		
Dividend/earnings, %			84.4		
Dividend/earnings before share issue, %			55.2		
Dividend/cash flow from operations, %			2.7		
Dividend yield, %			1.3		
P/E ratio	-3.51	-1.52	67.1	-3.3	-7.4
Share price					
lowest, €	0.36	0.48	0.65	0.60	2.01
highest, €	0.64	1.74	1.93	2.25	3.79
average, €	0.49	0.79	1.27	1.50	3.21
at year end, €	0.39	0.52	1.59	0.66	2.07
Market capitalisation on 31 Dec., € million	95.9	24.6	37.7	15.6	49.0
Number of shares					
average during the year	85,887,023	35,532,883	23,707,065	23,699,569	23,679,266
at year end	245,873,824	47,226,209	23,709,430	23,665,055	23,683,769
adjusted with share issue (factor 1.53)		41,768,853	36,254,774	36,243,311	36,229,277
Number of shares traded as	3,930,341	3,306,822	4,251,828	4,251,828	8,765,455
percentage of the average during the year	4.6	9.3	17.9	17.9	37.0
percentage of the average during the year, adjusted with share issue		7.9	11.7	11.7	24.2

No dividends were recognised during the financial year.

Key figures on financial performance

	IFRS 2011	IFRS 2010	IFRS 2009	IFRS 2008	IFRS 2007
Net sales, € million	216.3	173.4	179.4	214.6	215.2
Export and international operations, € million	188.7	146.4	149.5	179.7	181.1
as % of net sales	87.3	84.4	83.3	83.7	84.2
Operating profit before impairment losses, € million	-4.8	-5.8	6.7	-1.6	1.7
as % of net sales	-2.2	-3.3	3.7	-0.7	0.8
Operating profit, € million	-4.8	-10.8	6.7	-4.0	-6.8
as % of net sales	-2.2	-6.2	3.7	-1.9	-3.1
Profit before taxes, € million	-10.0	-15.7	1.0	-8.8	-10.7
as % of net sales	-4.6	-9.0	0.6	-4.1	-5.0
Profit for the financial year, € million	-9.5	-14.4	0.9	-7.2	-10.1
as % of net sales	-4.4	-8.3	0.5	-3.4	-4.7
Cash flow from operations, € million	-2.9	-2.5	26.8	18.9	2.7
Balance sheet total, € million	338.1	119.4	122.8	143.8	172.4
Return on equity (ROE), %	-20.9	-37.3	2.4	-16.7	-18.8
Return on invested capital (ROI), %	-3.7	-10.6	6.4	-2.9	-4.5
Equity ratio, %	32.2	27.9	29.9	24.6	26.9
Equity ratio, %, capital loans in equity	32.8	32.9	36.4	31.6	28.0
Gearing, %	111.0	174.0	161.2	229.9	210.5
Gearing, %, capital loans in equity	107.5	132.1	114.4	157.2	197.7
Gross investments, € million	4.0	6.2	4.5	3.9	11.3
as % of net sales	1.8	3.6	2.5	1.8	5.2
Expenditure on R&D, € million	1.9	2.0	2.3	2.2	2.1
as % of net sales	0.9	1.1	1.3	1.0	1.0
Average personnel	907	901	944	1,019	1,070

Calculation of the key figures

Earnings/share	$\frac{\text{Profit before income taxes} - \text{income taxes}}{\text{Adjusted number of shares held outside the group (average)}}$
Cash flow from operations/share	$\frac{\text{Cash flow from operations as in the cash flow statement}}{\text{Adjusted number of shares held outside the group (average)}}$
Equity/share	$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares held outside the group at year end}}$
Dividend/share	$\frac{\text{Dividend/share for the financial year}}{\text{Adjustment coefficient for share issues after the financial year}}$
Dividend/earnings, %	$\frac{\text{Dividend/share} \times 100}{\text{Earnings/share}}$
Dividend/cash flow from operations, %	$\frac{\text{Dividend/share} \times 100}{\text{Cash flow from operations/share}}$
Dividend yield, %	$\frac{\text{Dividend/share} \times 100}{\text{Adjusted share price at year end}}$
P/E ratio	$\frac{\text{Adjusted share price at year end}}{\text{Earnings/share}}$
Market capitalisation	Number of shares held outside the group at year end x adjusted share price at year end
Return on equity (ROE), %	$\frac{(\text{Profit before income taxes} - \text{income taxes}) \times 100}{\text{Shareholders' equity (quarterly average)}}$
Return on invested capital (ROI), %	$\frac{(\text{Profit before income taxes} + \text{profit from discontinued operations} + \text{interest and other financial expenses}) \times 100}{(\text{Balance sheet total} - \text{non-interest bearing liabilities}) \text{ (quarterly average)}}$
Equity ratio, %	$\frac{\text{Shareholders' equity} \times 100}{\text{Balance sheet total} - \text{advances received}}$
Gearing, %	$\frac{(\text{Interest-bearing liabilities} - \text{interest-bearing receivables} - \text{cash at bank and in hand}) \times 100}{\text{Shareholders' equity}}$

Information for shareholders

Financial information

Interim Report 1 January–31 March,
issued 25 April 2012

Interim Report 1 January–30 June,
issued 17 July 2012

Interim Report 1 January–30 September,
issued 22 October 2012

The Annual Report, Financial Statements, Interim Reports, and other Stock Exchange Releases are published in Finnish and English. They are available on the company's website at www.suominen.fi immediately after publication. The internet pages also contain information on how to join the mailing list for Annual Reports, Financial Statements and Interim Reports. The English editions are translations of the Finnish originals, which will prevail in the event of any dispute.

The Annual General Meeting

The Annual General Meeting of Suominen Corporation will be held on Wednesday 4 April 2012, at 10 a.m. in the Finlandia Hall's Terassi Hall, Mannerheimintie 13 e, Helsinki. Notice of the Annual General Meeting has been announced on the company's website on 17 February 2012.

Shareholders who are entered in the company's Register of Shareholders maintained by Euroclear Finland Ltd on 23 March 2012 are entitled to attend the Annual General Meeting. Notice of attendance at the Annual General Meeting is requested by 4 p.m. on 28 March 2012, either by e-mail at ir@suominen.fi, by telephone at +358 (0)10 214 3551, in writing to Suominen Corporation, Porkkalankatu 20 A, FI-00180 or by fax at +358 (0)10 214 3530.

Payment of the dividend

The Board of Directors proposes to the Annual General Meeting of Shareholders that no dividend be paid for the financial year.

Contact information

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