

Tornator Capital Markets Day

9 March 2016



Agenda:

1. Opening of the day
2. Company presentation (video)
3. Operating environment and strategy
4. Financials
5. Closing remarks





Tornator Capital Markets Day

9 March 2016

Operating Environment and Strategy

Sixten Sunabacka

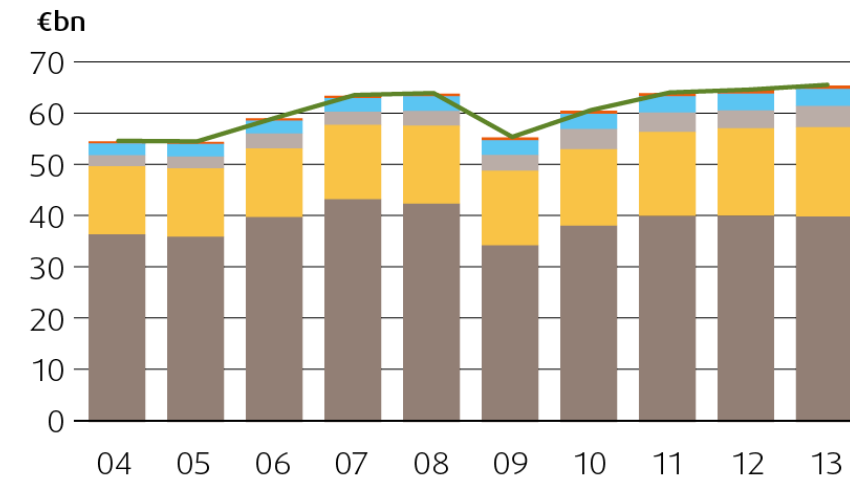
CEO

Population growth and global warming are drivers of a global bio based economy



Finnish bioeconomy output (turnover)

(excluding technology and services)



- Bioeconomy, total
- Bioeconomy products
- Food
- Renewable energy
- Bioeconomy services
- Water treatment and distribution

Source: Finnish Bioeconomy Strategy

Growth based on increased wood consumption and new products



Implementation:

Planning:

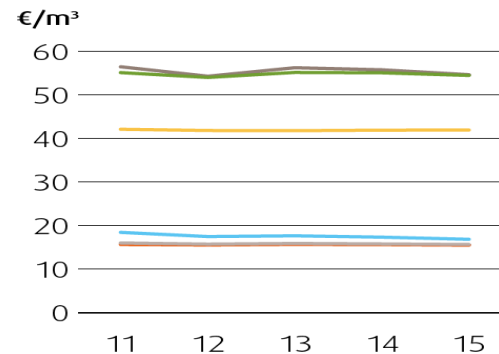
Finland's strengths in a forest based bioeconomy

- A strong knowhow, infrastructure, industrial platform and stable wood market



Log and pulpwood stumpage prices in Finland

(Four-week sliding average)



- Pine logs
- Spruce logs
- Birch logs
- Pine pulpwood
- Spruce pulpwood
- Birch pulpwood

Source: Natural Resources Institute Finland, Finnish Forest Industries Federation

Tornator´s strenghts and competitive advantages

- High volume and reliable customer wood supply with a diverse creation of added value
- Profitable long-term business based on sustainable use of forests
- Double-certified forests a grant for responsibility and sustainability
- High forestry, environmental, real estate and ICT expertise level for stakeholder and company processes



The strategy frame of Tornator

Mission

Generating sustainable well-being from the forest..

Vision

Tornator is an internationally respected forestry company.

Strategic priorities

Growth

We expand internationally in co-operation with well-considered partners, leading to economies of scale and synergy benefits.

Competitiveness

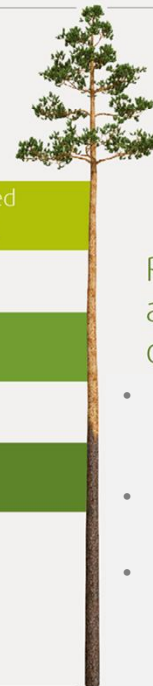
We utilise our forest resources and land property effectively, according to principles of sustainability.

Management

We care for our employees' well-being and expertise with a view to future needs.

Values

- **Team spirit** – ability and will to work together
- **Willingness to change** – readiness to adopt new ways of doing things
- **Performance** – working towards the targets
- **Responsibility** – for quality of work, the environment and relationships with stakeholders



Responsibility is an inseparable part of the business

- The economic, social and environmental responsibility is a integral part of the business
- Common Code of Conduct principles for all countries
- Tornator promotes environmental values, biodiversity and human well-being

Implementation of Tornator's strategic priorities



1. Growth

- Swaping of forest estates in Estonia (2015)
- Forest services in Romania (2015)
- Optimized utilization of forests in Finland (2016)
- Generate growth in present core and new bioeconomy businesses in Finland and abroad (2016)

2. Competitiveness

- Launch of a three-year productivity programme (2016)
- Company FSC[®] certificates and new wood sale models in Estonia and Romania (2016)

2. Management

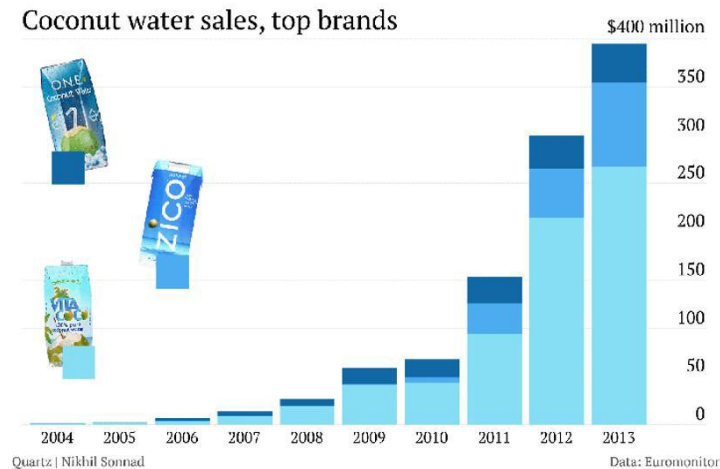
- Improved management and deepend knowhow by a process based working model and new digital information systems (2016)
- Strenghtening the company identity, communication and stakeholder interaction (2016)

Tornator & Nordic Koivu partnership in birch sap production

- Nordic Koivu Oy is the world leading company in non preservative producing of birch sap
- Tornator starts deliveries of natural birch sap to NK in spring 2016
- NK aims at strong growth on the international birch sap market, witch gives Tornator growth opportunities in a new forest based bio business



The Top-Selling Coconut Water Brands in One Infographic
Consumers purchased \$400 million of the potassium-rich refreshment last year—and that only accounts for the top three brands.





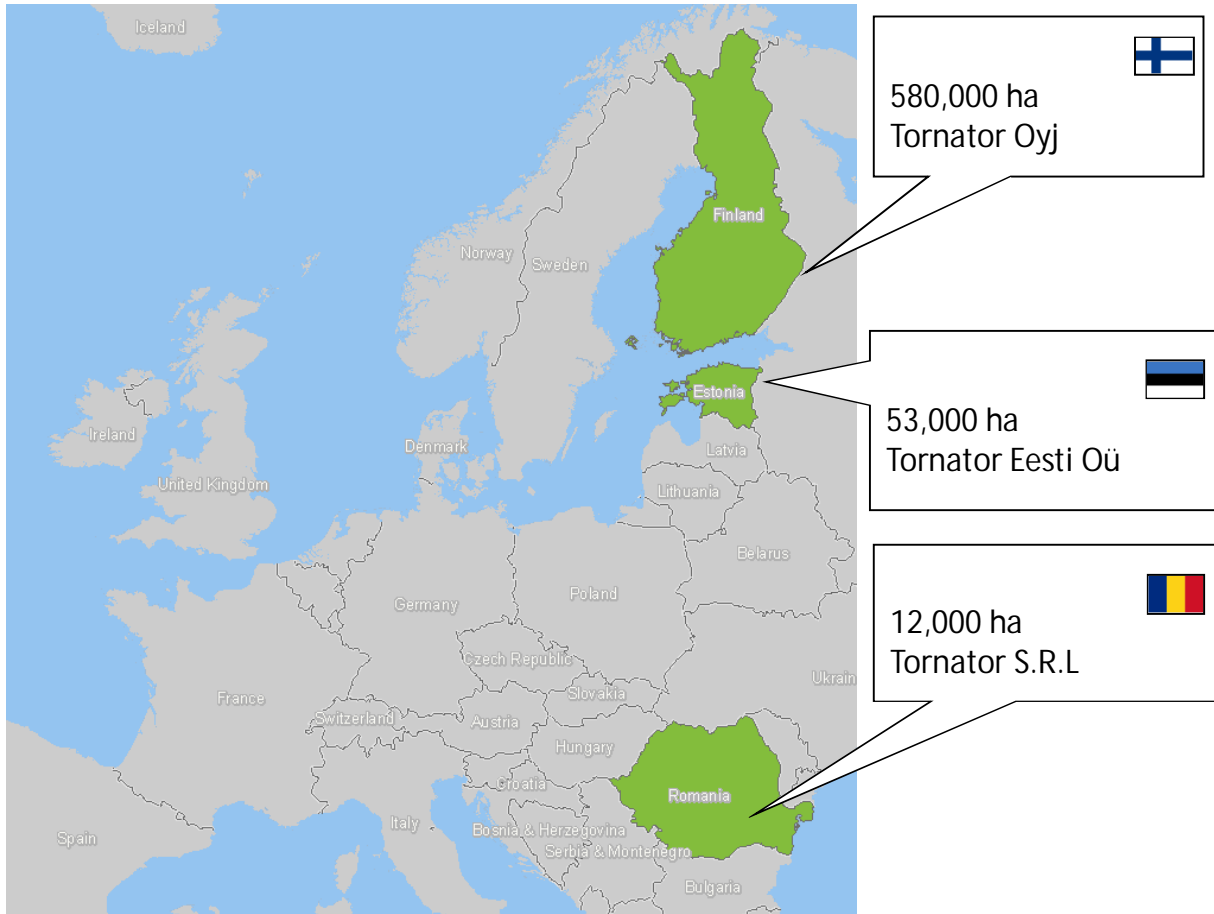
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Financials in 2015

Henrik Nieminen
CFO, Deputy CEO

Tornator's forestlands



Tornator in 2015

- Highest net sales ever: EUR 113 million
- FSC® certificate brings value: double-certified forests secure a strong demand and a better price for wood
- Significant asset sale in Northern Finland: 7,100 hectares were sold to a forest fund administered by United Bankers
- Growth in Estonia continued: Tornator Estonia Oü is the largest private forest owner with over 53,000 hectares of forestland
- Operational efficiency under focus: operative costs were reduced by 2 million and interest expenses by 4 million euros



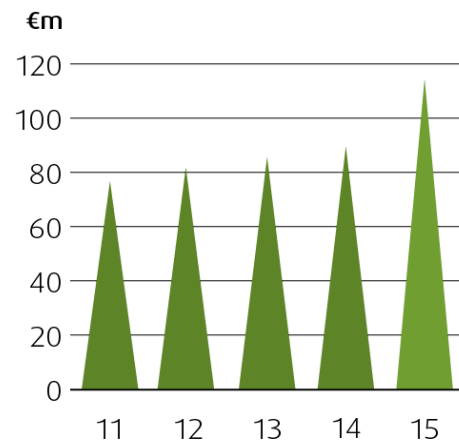
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Tornator in 2015



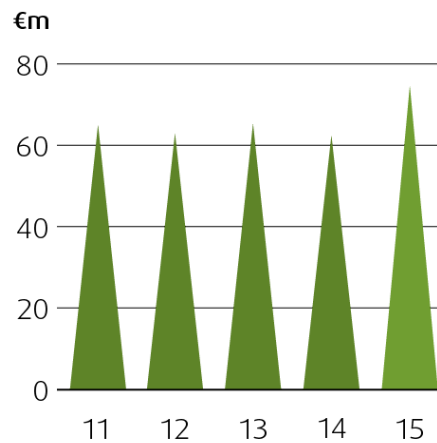
Net sales

(Without effects of fair value changes)



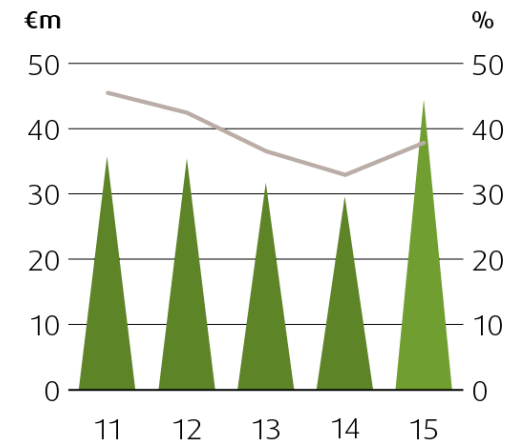
Operating profit

(Without effects of fair value changes)



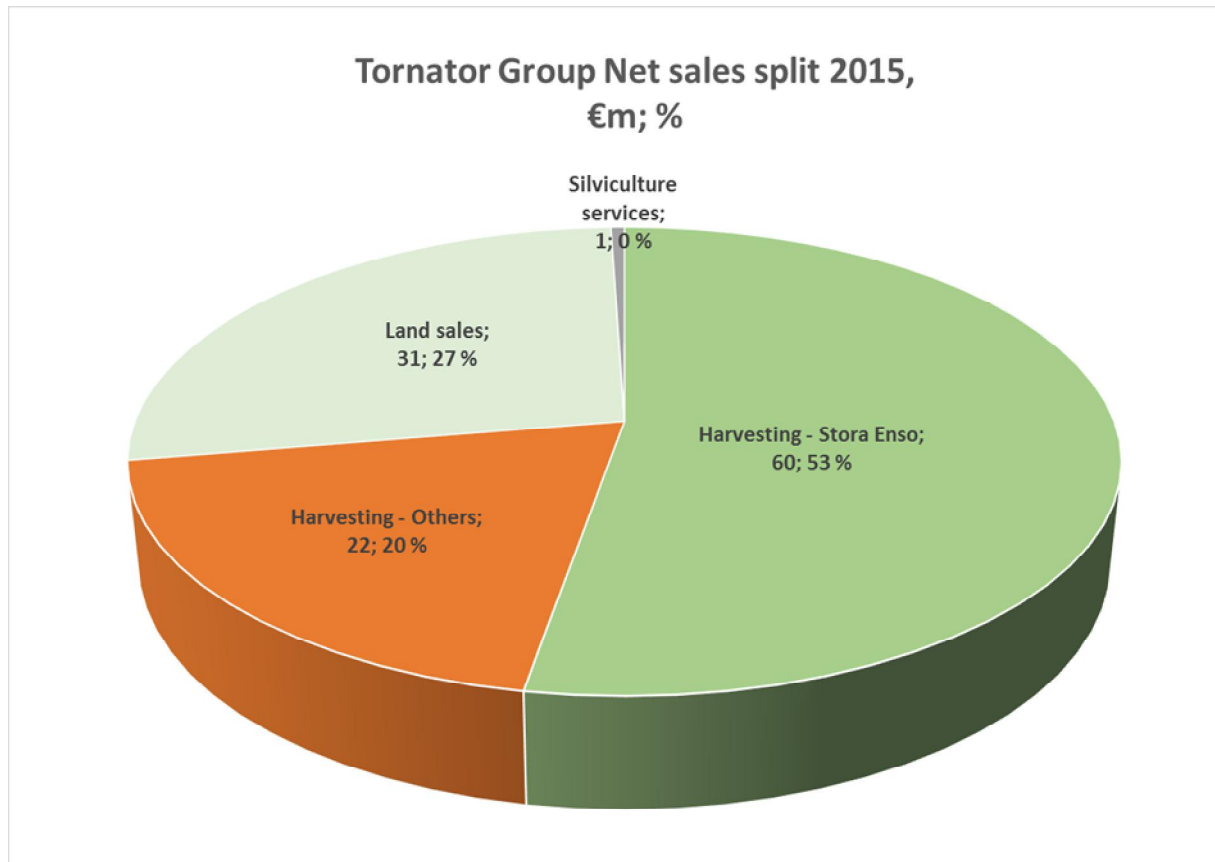
Profit for the period

(Without effects of fair value changes)



● Profit for the period (€m)
 — Profit for the period (% of net sales)

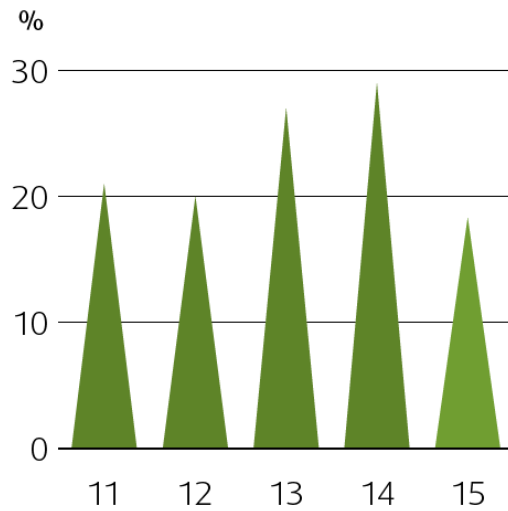
Tornator in 2015



Tornator in 2015

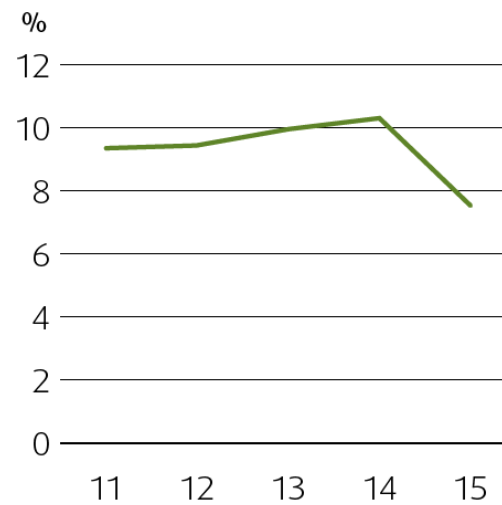
Net financial expenses

(% of net sales)



Personnel expenses

(% of net sales)



Tornator in 2015



- Financial targets:
 - ROE 8% (2011-15 average 8.1%)
 - Dividend yield 5% (2011-15 average 6.6 %*)
 - Dividend pay-out from net result 40-70% (2011-15 average 88%*)
 - Equity ratio 35% (2011-15 average 40.2%)

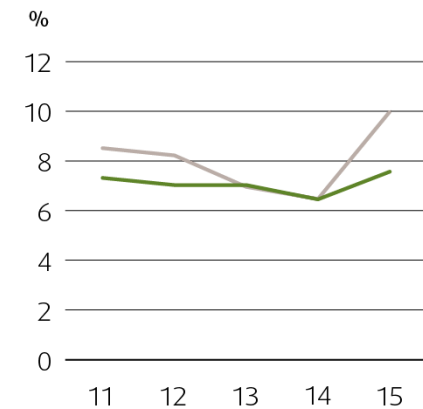
* including extraordinary dividend of EUR 40 million in 2013

Tornator in 2015



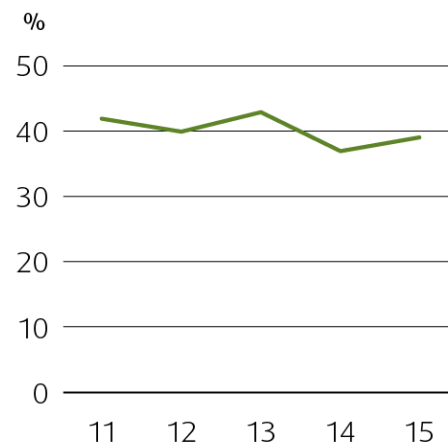
ROCE and ROE

(Without effects of fair value changes)

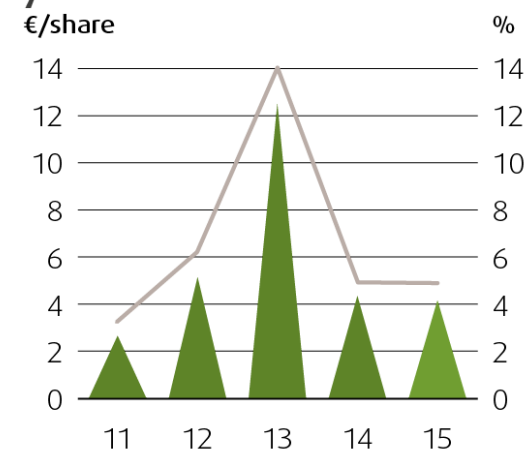


— Return on capital employed
— Return on equity

Equity ratio



Dividend and dividend yield



● Dividend (€/share)
— Dividend yield (%)

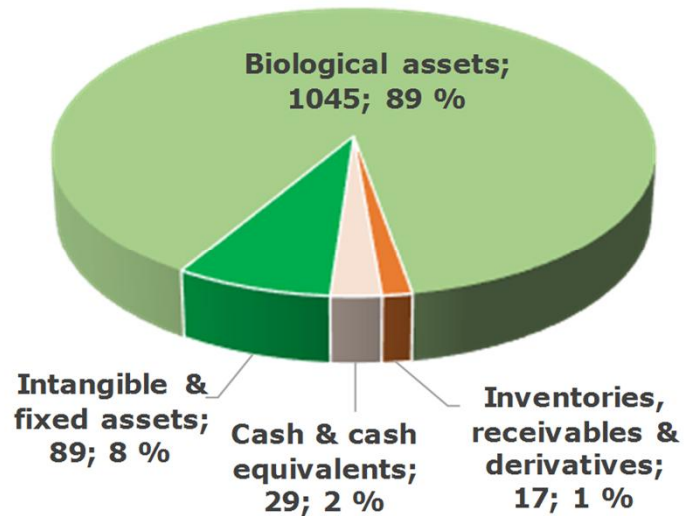
BoD's proposal for 2016 dividend payment: 6,00 €/share

Tornator in 2015

Balance sheet structure as of 31 December 2015

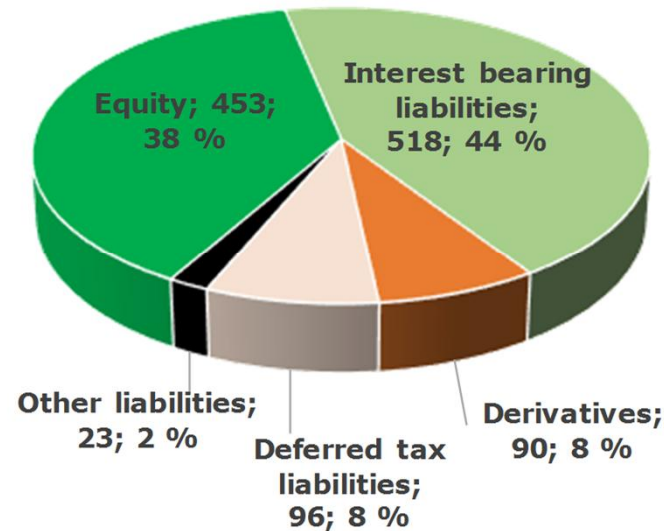


Assets, €m



Total € 1181 million

Equity & Liabilities, €m



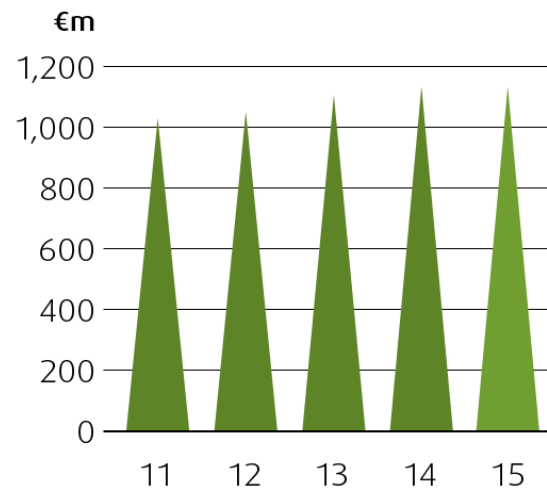
Total € 1181 million

Tornator in 2015



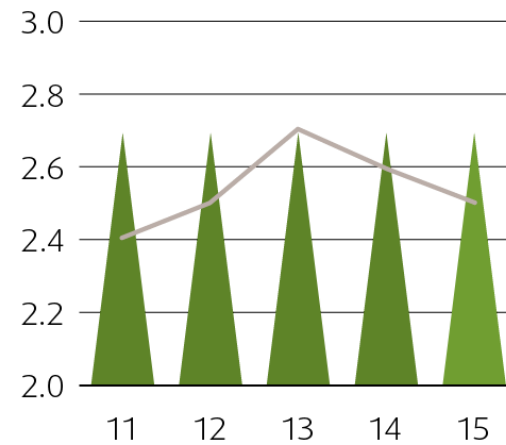
Valuation of forests

(fair value)



Felling and forest growth in Tornator's forests in Finland

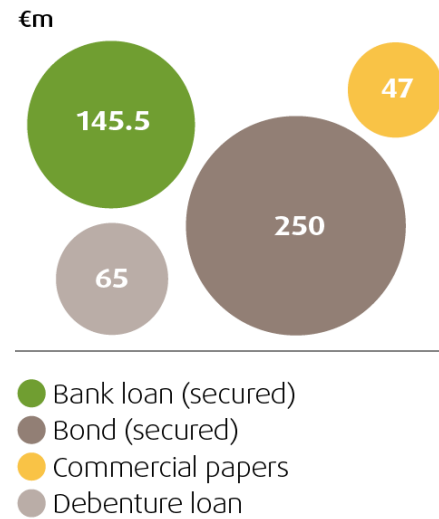
mill. m³



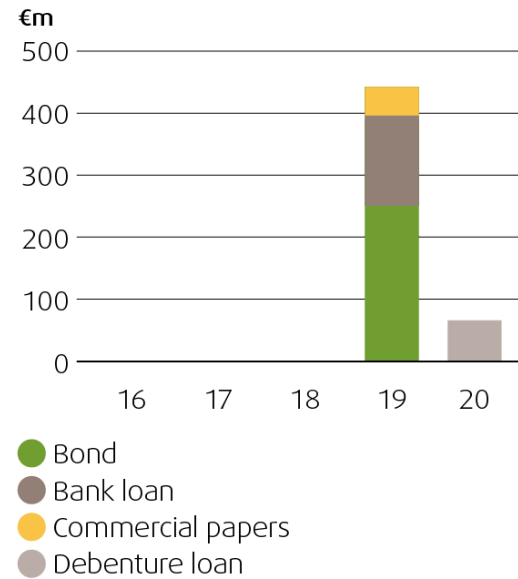
● Growth
— Felling

Tornator in 2015

Structure of debt, nominal values, 31 Dec 2015



Maturity of debt

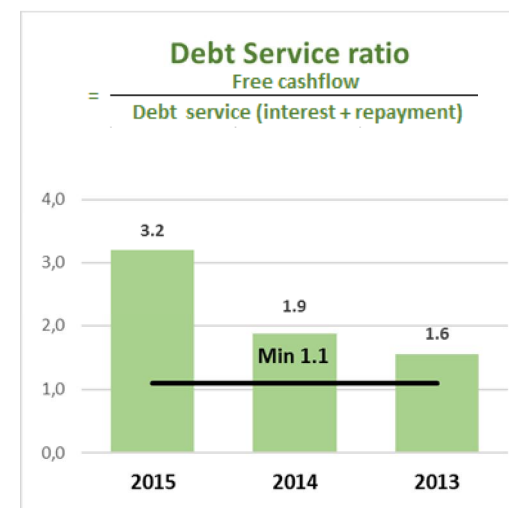
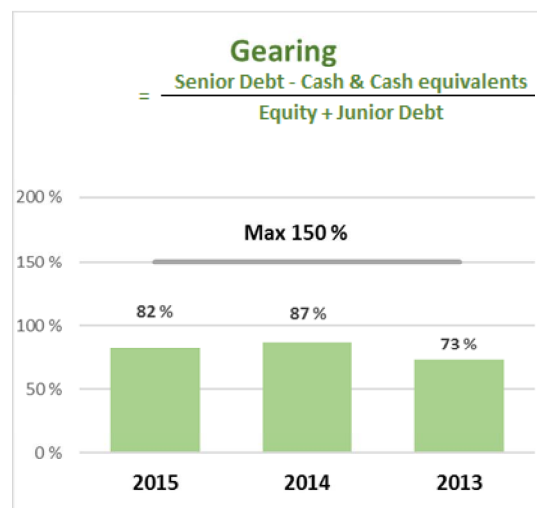
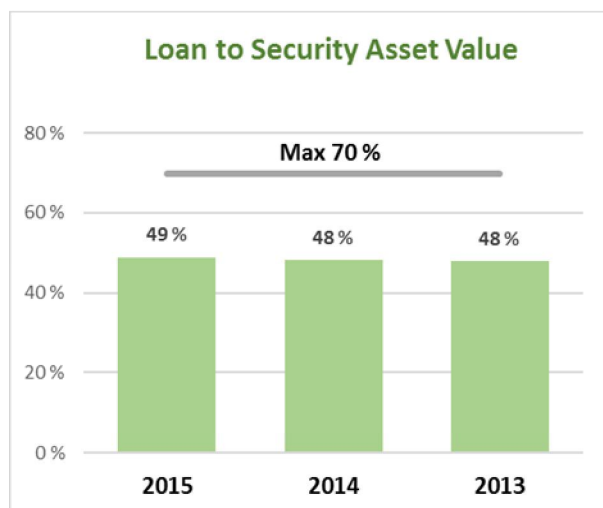


Tornator in 2015



Financial ratios	2015	2014	2013
Average loan maturity, years	3.6	4.4	5.0
Average interest rate, %	3.9 %	4.8 %	5.0 %
Hedge ratio, % of fixed interest rate	80 %	79 %	84 %

Financial covenants



Questions?

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THANK YOU!