



## **Dynea's balance sheet remains strong despite difficult market and raw material conditions in 2008**

**Dynea, the world-leading supplier of adhesion and surfacing solutions, was performing according to plan during the first three quarters of 2008. However, the last months of the year were strongly impacted by lower demand from the market and a rapid decline in raw material prices.**

Global economic growth ceased during the latter part of the year. Generally, the construction and automotive industries are extremely sensitive to changes in macro-economic trends, and as Dynea is an important supplier to customers in both of these industries demand for adhesives was negatively affected.

Sales volumes fell by 14% compared to the previous year and this decrease was most noticeable in Europe. Less exports from Asia to North America and Europe led to lower production for most of Dynea's Asian subsidiaries too.

In 2008, Dynea's turnover was down slightly at 879 million euro (2007: 888) mainly because of lower volumes. In the fourth quarter of the year, prices of all main raw materials dropped significantly leading to negative inventory valuation adjustments. Operating profit, excluding reorganisation charges of 17.9 million euro, reduced to 23.5 million euro (47.5) due to lower sales volumes, write-down in raw material inventories.

Net debt increased slightly in 2008 to 159.2 million euro (152.5). The equity ratio however improved to 35% (33%) and net gearing was 80% (67%).

"The first half of the year was very positive for Dynea; however the impact of the financial slowdown on our markets became evident from the fourth quarter. At year-end many customers temporarily shut down their production to reduce stock levels. A combination of the decline in demand with the sharp drop in raw material prices led to losses in the fourth quarter, not representative of the profit level we foresee in 2009. Additionally we maintain a strong balance sheet with available funds to pursue an active growth strategy," states Dynea's CEO **Roger Carlstedt**.

### **A new generation of adhesives to be launched**

Dynea continues to focus on research and development, and has reached the multi-application launch phase for the new generation of AsWood™ adhesives. "These adhesives combine state-of-the-art technical performance with emissions at an ultra low background level equal to that of untreated wood itself," says Roger Carlstedt. "The feedback from customers shows that we have found the answer to a real market need, and we are enthusiastically looking forward to more customers using this exciting technology".

Dynea has also during 2008 launched a range of other new products, such as AnyPress surface films and the CureSafe optimisation tool for press speed, both allowing customers to enhance their production processes.

### **For further information**

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**Dynea** is a world-leading supplier of adhesive and surfacing solutions. In 2008 Dynea's turnover was 879 million euro. The international company has 39 production plants and 2 200 employees in 22 countries in Europe, South America and Asia Pacific. Dynea is headquartered in Helsinki. <http://www.dynea.com>

**Dynea Oy and Subsidiaries**  
**Consolidated condensed income statement**

(all amounts in € millions )

	12 months ended December 31, 2008	12 months ended December 31, 2007
<b>Continuing operations:</b>		
<b>Sales</b>		
Europe	654.0	670.3
Asia-Pacific	209.2	207.1
Unallocated	21.2	19.2
Eliminations	(5.7)	(8.6)
Total	<u>878.7</u>	<u>888.0</u>
<b>Share of income in associates and joint ventures</b>		
Europe	0.4	0.2
Asia-Pacific	1.1	1.6
Unallocated	2.0	1.9
Total	<u>3.5</u>	<u>3.7</u>
<b>EBITDA</b>		
Europe	31.2	55.7
Asia-Pacific	20.9	25.2
Unallocated	(20.2)	(8.6)
Total	<u>31.9</u>	<u>72.3</u>
<b>Operating profit</b>		
Europe	10.8	37.7
Asia-Pacific	15.6	19.1
Unallocated	(20.8)	(9.3)
Total	<u>5.6</u>	<u>47.5</u>
Finance costs	(14.4)	(22.0)
Income tax (expense)	(5.1)	(6.7)
<b>(Loss)/profit for the year from continuing operations</b>	<u>(13.9)</u>	<u>18.8</u>
<b>Discontinued operations:</b>		
Profit from discontinued operations	<u>-</u>	<u>70.1</u>
<b>(Loss)/profit for the year</b>	<u><u>(13.9)</u></u>	<u><u>88.9</u></u>

**Dynea Oy and Subsidiaries**  
**Consolidated condensed balance sheet**

(all amounts in € millions )

	As at December 31, 2008	As at December 31, 2007
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	223.7	240.3
Intangible assets	138.3	133.5
Investments in associates and joint ventures	21.5	25.6
Other non-current assets	6.6	4.0
<b>Total non-current assets</b>	<u>390.1</u>	<u>403.4</u>
<b>Current assets</b>		
Inventories	51.5	59.8
Receivables	87.2	124.7
Loans receivable	14.1	9.8
Other current assets	2.8	3.8
Cash and cash equivalents	25.7	77.7
<b>Total current assets</b>	<u>181.3</u>	<u>275.8</u>
<b>Total assets</b>	<u><b>571.4</b></u>	<u><b>679.2</b></u>
 <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholders equity</b>		
Share capital	96.2	96.2
Share premium	11.4	11.4
Retained earnings	80.4	107.4
	<u>188.0</u>	<u>215.0</u>
<b>Minority interest</b>	11.0	11.4
<b>Total equity</b>	<u>199.0</u>	<u>226.4</u>
<b>Non-current liabilities</b>		
Borrowings	192.7	188.5
Other non-current liabilities	66.2	59.3
	<u>258.9</u>	<u>247.8</u>
<b>Current liabilities</b>		
Accounts payable	58.3	109.2
Borrowings and current portion of long-term debt	5.9	49.3
Other current liabilities	49.3	46.5
	<u>113.5</u>	<u>205.0</u>
<b>Total liabilities</b>	372.4	452.8
<b>Total equity and liabilities</b>	<u><b>571.4</b></u>	<u><b>679.2</b></u>

**Dynea Oy and Subsidiaries**  
**Consolidated condensed cash flow statement**

(all amounts in € millions )

	12 months ended December 31, 2008	12 months ended December 31, 2007
<b>Cash flow from operating activities</b>		
(Loss)/profit for the year	(13.9)	88.9
Adjustments, total	42.3	(6.6)
(Increase)/ decrease in net working capital	(1.1)	1.2
<b>Cash generated from operations</b>	<u>27.3</u>	<u>83.5</u>
Interests received	5.1	3.0
Dividends from associates and joint ventures	3.8	3.3
Interests paid	(13.9)	(26.7)
Other financial income and expense	3.6	(0.6)
Income taxes paid	(4.8)	(6.0)
<b>Net cash provided by operating activities</b>	<u>21.1</u>	<u>56.5</u>
<b>Investing activities</b>		
Disposals of subsidiaries net of cash disposed, €6.3 million, in 2007 and sales price adjustment in 2008	(1.1)	149.0
Investments in joint ventures	-	(1.5)
Disposals of joint ventures	1.6	1.0
Purchase of property, plant and equipment	(27.5)	(39.3)
Proceeds from sales of property, plant and equipment	0.8	0.1
<b>Net cash (used in)/provided by investing activities</b>	<u>(26.2)</u>	<u>109.3</u>
<b>Financing activities</b>		
Issuance of share capital from minority shareholders	-	0.5
Purchase of own shares	-	(0.2)
Dividends to minority shareholders	(1.8)	(1.8)
Proceeds from loans related to discontinued operations	-	106.6
(Increase) in loans receivable	(4.3)	(7.5)
(Repayments) of long-term borrowings, net	(41.7)	(232.3)
Proceeds/(repayments) of short-term borrowings, net	1.2	(0.3)
Other financing items	1.1	8.5
<b>Net cash (used in) financing activities</b>	<u>(45.5)</u>	<u>(126.5)</u>
<b>Movement in cash and cash equivalents</b>		
At start of the year	77.7	39.2
(Decrease)/increase in cash and cash equivalents	(50.6)	39.3
Effect of exchange rates	(1.4)	(0.8)
<b>At end of the year</b>	<u><u>25.7</u></u>	<u><u>77.7</u></u>

The cash flow for 2007 includes both continuing and discontinued operations.