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Dynea Results 2009: Positive cash flow in a demanding market environment

Dynea – the world-leading supplier of adhesive and surfacing solutions – was able to adapt to the highly difficult market conditions and achieve a positive cash flow.

The general economic conditions were challenging especially during the first half of the year, which had an adverse effect on the demand for Dynea's products. Sales volumes decreased in all regions in the beginning of the year. In Europe the decrease in demand was deeper than in the other regions. During the latter part of the year the demand began to improve gradually, along with the general economic recovery. In the Asia Pacific region the downturn was not quite as steep and extended as in Europe.

Dynea's sales decreased to €526.9 million from €878.7 million in 2008. Dynea's sales prices are linked to raw material prices, which in turn are dependant on commodity prices and general economic conditions. During the last quarter of 2008, the prices of main raw materials fell sharply, and they remained on a low level throughout 2009, which together with a 17% volume decrease resulted in the lower sales.

Dynea's operating result was a €46.0 million loss compared to a €5.6 million profit a year earlier. The operating result in 2009 includes an impairment write-down amounting to €49.9 million. The operating profit in 2008 includes one-time expenses amounting to €17.9 million related to non-realised projects and restructuring charges.

In 2009, net cash provided by operating activities remained good at €24.8 million and was sufficient to cover all investments. Net debt decreased in 2009 to €157.2 million (159.2). Dynea replaced a €95 million bank loan with a loan from shareholders. Dynea's liquidity reserves remained strong. The equity ratio fell to 29% (35%) and net gearing was 103% (80%).

"We expect to see a slight improvement in market demand in Europe following the recovery in the latter half of 2009. In Asia and Oceania, market growth is estimated to be back on levels preceding the financial crisis, although there are differences between the countries in the region. We predict an improvement in our results in 2010," comments Dynea's CEO **Roger Carlstedt**.

For further information

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Dynea is a world-leading supplier of adhesive and surfacing solutions. In 2009 Dynea's sales were €527 million. The international company has 40 production plants and 2 100 employees in 22 countries in Europe, South America and Asia Pacific. Dynea is headquartered in Helsinki.

<http://www.dynea.com>