

Valuation reflects margin gains

Suominen's Q1 results remained weak. Earnings are to improve at some rate going forward, but valuation reflects expectations about meaningful gains towards next year.

We estimate H2 EBITDA to gain EUR 15m compared to H1. Suominen's Q1 revenue grew 6% y/y to EUR 117m but missed our EUR 120m estimate. Growth was driven by higher prices in the wake of raw materials', while FX also added EUR 3.4m. Both Americas and Europe were soft relative to our estimates. Volumes were flat while Finnish ports and the Mozzate plant saw strikes. The 4.2% gross margin didn't meet our 7.0% estimate, in our view due to the top line miss but also because of slower-than-estimated margin rebound following the easing of raw materials costs. The comparable earnings metrics thus fell more than EUR 3m short of our estimates. Suominen retained its guidance, which wasn't surprising since earnings are bound to increase by at least some amount from the low comparison period, but valuation increasingly places burden of proof on H2.

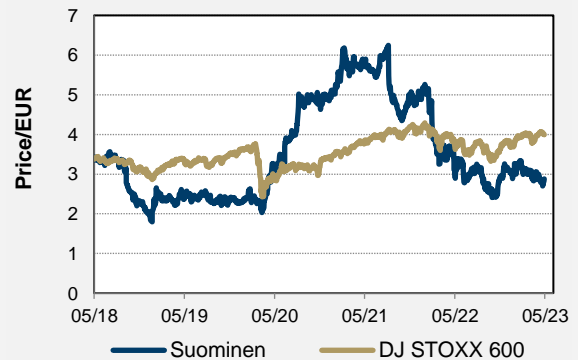
Our EBITDA estimate for the year is down 15% to EUR 33m
Suominen's margins and volumes have been volatile in the past three years and so it's hard to estimate where the gross margin will ultimately land now that the environment, at least in terms of raw materials prices, has begun to normalize. The outlook on the balance between supply and demand is no more as favorable as it was. On the positive side Suominen's new products' share has continued to increase across the regions, which should support gross margin potential. In our view wiping end-market demand can be expected to remain stable, but there's still the question of how rapid volume and margin gains the melting of US inventory levels may produce in H2. We believe Suominen's fixed cost base, following the closure of the Mozzate plant, is adequate to support meaningful earnings recovery (above 10% gross margins) if higher volumes come through.

Valuation neutral assuming a return to historical margins

The 15x EV/EBIT multiple, on our updated FY '23 estimates, isn't cheap, whereas the 6x multiple for next year could already be described low. We find the valuation still rather neutral, assuming higher volumes and low double-digit gross margins (historical norm) begin to materialize going towards next year. Our updated TP is EUR 2.7 (3.0) as we retain our HOLD rating.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 2.88

Target price, EUR 2.7

Latest change in 27-Jan-23

Latest report on company 26-Apr-23

Research paid by issuer: YES

No. of shares outstanding, 58,259

No. of shares fully diluted, 58,259

Market cap, EURm 168

Free float, % 62.7

Exchange rate EUR/USD 1.10

Reuters code SUY1V.HE

Bloomberg code SUY1V FH

Average daily volume, EURm 0.1

Next interim report 09-Aug-23

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■ BUY ■ HOLD ■ SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2021	443.2	26.9	6.1%	3.5	0.36	14.6	0.8	12.9	1.2	0.20
2022	493.3	-4.2	-0.9%	9.4	-0.16	-19.8	0.5	-55.1	5.2	0.10
2023E	510.8	13.4	2.6%	24.4	0.11	25.7	0.4	14.9	14.6	0.15
2024E	521.0	30.2	5.8%	25.2	0.38	7.5	0.4	6.1	15.0	0.20
2025E	526.2	35.3	6.7%	30.7	0.45	6.4	0.3	4.7	18.3	0.20
Market cap, EURm	168		Gearing 2023E, %		22.1		CAGR EPS 2022-25, %		0.0	
Net debt 2023E, EURm	32		Price/book 2023E		1.1		CAGR sales 2022-25, %		2.2	
Enterprise value, EURm	200		Dividend yield 2023E, %		5.2		ROE 2023E, %		4.5	
Total assets 2023E, EURm	319		Tax rate 2023E, %		32.0		ROCE 2023E, %		5.7	
Goodwill 2023E, EURm	15		Equity ratio 2023E, %		46.0		PEG, P/E 23/CAGR		0.4	

Estimates and valuation

Suominen EURm	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021 FY	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2022 FY	2023 Q1	2023E Q2E	2023E Q3E	2023E Q4E	2023E FY
Revenue	444	417	426	431	411	459	443	110	118	132	133	493	117	121	136	137	511
growth, %	11 %	-6 %	2 %	1 %	-5 %	12 %	-3 %	-4 %	4 %	34 %	15 %	11 %	6 %	3 %	3 %	3 %	4 %
Geography																	
Europe	172	171	174	171	150	170	178	49	54	52	51	205	42	43	51	53	189
Americas	272	246	252	260	262	289	265	62	64	80	82	288	75	78	85	84	322
COGS	-386	-365	-384	-400	-377	-389	-392	-104	-113	-127	-131	-475	-112	-113	-122	-122	-469
Gross Profit	58	52	42	31	37	70	51	6.6	5.0	5.2	1.8	19	4.9	8.5	13.6	15.1	42
Gross-%	13.1 %	12.5 %	9.9 %	7.3 %	9.0 %	15.2 %	11.5 %	6.0 %	4.2 %	3.9 %	1.4 %	3.8 %	4.2 %	7.0 %	10.0 %	11.0 %	8.2 %
SGA & R&D	-28.0	-27.9	-28.9	-29.2	-30.6	-30.7	-28.9	-8.0	-8.4	-7.7	-8.3	-32.4	-8.2	-7.3	-7.3	-7.3	-30.0
Other	1.8	1.3	1.7	2.5	1.8	0.4	5.0	0.2	0.5	2.7	1.5	4.9	1.3	0.0	0.0	0.0	1.3
EBIT ex IAC	31.2	25.6	15.0	4.6	8.1	39.5	26.9	-1.3	-2.9	0.2	-0.2	-4.2	-2.0	1.2	6.4	7.8	13.3
EBIT-% ex IAC	7.0 %	6.1 %	3.5 %	1.1 %	2.0 %	8.6 %	6.1 %	-1.1 %	-2.5 %	0.1 %	-0.1 %	-0.8 %	-1.7 %	1.0 %	4.7 %	5.7 %	2.6 %
Depreciation	-17.7	-18.5	-19.4	-21.0	-25.5	-21.4	-20.1	-4.6	-4.8	-4.9	-5.2	-19.5	-4.7	-5.0	-5.0	-5.0	-19.7
EBITDA ex IAC	48.9	44.2	34.3	25.6	33.6	60.9	47.0	3.3	1.9	5.1	5.0	15.3	2.6	6.2	11.4	12.8	33.1
EBITDA-% ex IAC	11.0 %	10.6 %	8.1 %	5.9 %	8.2 %	13.3 %	10.6 %	3.0 %	1.6 %	3.9 %	3.8 %	3.1 %	2.3 %	5.1 %	8.3 %	9.4 %	6.5 %

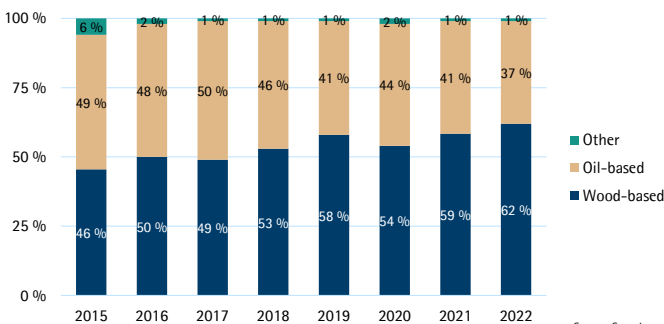
Source: Suominen, Evli Research

SUOMINEN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		22	23	24	22	23	24	22	23	24
Berry Global Group	5937	8.1x	7.6x	7.3x	13.3x	12.5x	11.9x	9.0 %	9.4 %	9.7 %
Kimberly-Clark	44437	16.2x	15.4x	14.0x	20.5x	19.3x	17.5x	13.3 %	14.4 %	15.6 %
N.R. Spuntech Industries	54									
Mativ Holdings	882	8.3x	6.5x	5.5x	11.5x	10.9x	8.2x	10.0 %	8.1 %	10.1 %
Glatfelter	177									
Peer Group Average	10297	10.9x	9.8x	9.0x	15.1x	14.2x	12.5x	10.8 %	10.7 %	11.8 %
Peer Group Median	882	8.3x	7.6x	7.3x	13.3x	12.5x	11.9x	10.0 %	9.4 %	10.1 %
Suominen (Evli est.)	168	15.2x	6.0x	3.7x	-55.1x	14.9x	6.1x	-0.9 %	2.6 %	5.8 %

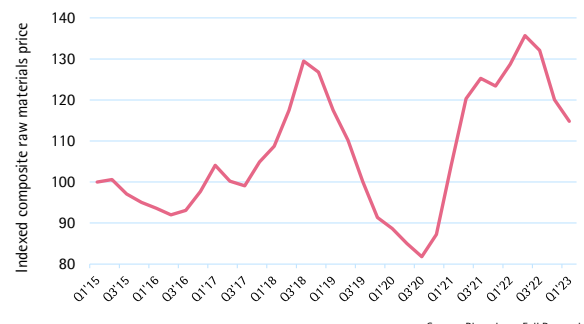
Suominen prem./disc. to peer median

82 % -21 % -50 % -516 % 20 % -49 % -108 % -72 % -42 %

Source FactSet, Evli Research

Suominen raw materials mix and composite price development


Source: Suominen



Source: Bloomberg, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	2.88 PV of Free Cash Flow	216 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	6.49 PV of Horizon value	213 WACC, %	7.9 Market risk premium, %	5.8
Share price potential, %	125.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	7.1 Marketable securities	50 Minimum WACC, %	7.4 Equity beta coefficient	1.00
Minimum value	6.0 Debt - dividend	-101 Maximum WACC, %	8.4 Target debt ratio, %	20
Horizon value, %	49.7 Value of stock	378 Nr of shares, Mn	58.3 Effective tax rate, %	28

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	493	511	521	526	537	547	558	570	581	593	604	617
<i>Sales growth, %</i>	<i>11.3</i>	<i>3.5</i>	<i>2.0</i>	<i>1.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	-4	13	30	35	40	41	42	43	44	44	45	46
<i>Operating income margin, %</i>	<i>-0.9</i>	<i>2.6</i>	<i>5.8</i>	<i>6.7</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>
+ Depreciation+amort.	19	20	20	23	22	22	21	21	21	21	21	20
EBITDA	15	33	50	58	62	63	63	64	64	65	66	
- Paid taxes	-3	-4	-6	-7	-8	-9	-9	-9	-9	-9	-10	
- Change in NWC	6	16	-1	0	-1	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	<i>11.5</i>	<i>8.0</i>	<i>8.0</i>	<i>8.0</i>	<i>8.0</i>	<i>8.0</i>	<i>8.1</i>	<i>8.1</i>	<i>8.1</i>	<i>8.1</i>	<i>8.1</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-10	-17	-16	-18	-20	-20	-20	-20	-20	-20	-29	
<i>opCAPEX / Sales, %</i>	<i>1.2</i>	<i>3.4</i>	<i>3.1</i>	<i>3.4</i>	<i>3.8</i>	<i>3.7</i>	<i>3.6</i>	<i>3.6</i>	<i>3.5</i>	<i>3.4</i>	<i>4.9</i>	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	9	27	27	32	33	33	33	34	34	35	26	445
= Discounted FCFF		26	24	26	25	23	22	20	19	18	12	213
= DFCF min WACC		26	24	27	25	24	22	21	20	19	13	244
= DFCF max WACC		26	24	26	24	23	21	20	18	17	12	188

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	110.3	118.0	131.9	133.1	493.3	116.8	121.0	136.0	137.0	510.8	521.0	526.2
EBITDA	3.3	1.9	5.1	5.0	15.2	2.7	6.2	11.4	12.8	33.1	50.2	58.2
<i>EBITDA margin (%)</i>	<i>3.0</i>	<i>1.6</i>	<i>3.9</i>	<i>3.8</i>	<i>3.1</i>	<i>2.3</i>	<i>5.1</i>	<i>8.4</i>	<i>9.3</i>	<i>6.5</i>	<i>9.6</i>	<i>11.1</i>
EBIT	-1.3	-2.9	0.2	-0.2	-4.2	-2.0	1.2	6.4	7.8	13.4	30.2	35.3
<i>EBIT margin (%)</i>	<i>-1.2</i>	<i>-2.5</i>	<i>0.2</i>	<i>-0.2</i>	<i>-0.9</i>	<i>-1.7</i>	<i>1.0</i>	<i>4.7</i>	<i>5.7</i>	<i>2.6</i>	<i>5.8</i>	<i>6.7</i>
Net financial items	-0.9	0.7	-0.1	-2.6	-2.9	-1.5	-0.7	-0.7	-0.7	-3.8	-2.0	-1.9
Pre-tax profit	-2.2	-2.2	0.1	-2.8	-7.1	-3.5	0.5	5.7	7.1	9.6	28.3	33.3
Tax	-0.1	-0.1	-0.5	-1.2	-2.0	-0.3	-0.1	-1.2	-1.5	-3.1	-5.9	-7.0
<i>Tax rate (%)</i>	<i>-6.2</i>	<i>-6.4</i>	<i>427.9</i>	<i>-17.8</i>	<i>-18.2</i>	<i>-9.0</i>	<i>21.0</i>	<i>21.0</i>	<i>21.0</i>	<i>32.0</i>	<i>21.0</i>	<i>21.0</i>
Net profit	-2.4	-2.3	-0.4	-4.0	-9.1	-3.9	0.4	4.5	5.6	6.5	22.3	26.3
EPS	-0.04	-0.04	-0.01	-0.07	-0.16	-0.07	0.01	0.08	0.10	0.11	0.38	0.45
EPS adjusted (diluted no. of shares)	-0.04	-0.04	-0.01	-0.07	-0.16	-0.07	0.01	0.08	0.10	0.11	0.38	0.45
Dividend per share	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.15	0.20	0.20
SALES, EURm												
Group	110.3	118.0	131.9	133.1	493.3	116.8	121.0	136.0	137.0	510.8	521.0	526.2
Total	110.3	118.0	131.9	133.1	493.3	116.8	121.0	136.0	137.0	510.8	521.0	526.2
SALES GROWTH, Y/Y %												
Group	-4.3	3.8	33.8	15.1	11.3	5.9	2.5	3.1	2.9	3.5	2.0	1.0
Total	-4.3	3.8	33.8	15.1	11.3	5.9	2.5	3.1	2.9	3.5	2.0	1.0
EBIT, EURm												
Group	-1.3	-2.9	0.2	-0.2	-4.2	-2.0	1.2	6.4	7.8	13.4	30.2	35.3
Total	-1.3	-2.9	0.2	-0.2	-4.2	-2.0	1.2	6.4	7.8	13.4	30.2	35.3
EBIT margin, %												
Group	-1.2	-2.5	0.2	-0.2	-0.9	-1.7	1.0	4.7	5.7	2.6	5.8	6.7
Total	-1.2	-2.5	0.2	-0.2	-0.9	-1.7	1.0	4.7	5.7	2.6	5.8	6.7

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	431.1	411.4	458.9	443.2	493.3	510.8	521.0	526.2
<i>Sales growth (%)</i>	<i>1.2</i>	<i>-4.6</i>	<i>11.5</i>	<i>-3.4</i>	<i>11.3</i>	<i>3.5</i>	<i>2.0</i>	<i>1.0</i>
EBITDA	25.6	33.6	60.9	47.0	15.2	33.1	50.2	58.2
<i>EBITDA margin (%)</i>	<i>5.9</i>	<i>8.2</i>	<i>13.3</i>	<i>10.6</i>	<i>3.1</i>	<i>6.5</i>	<i>9.6</i>	<i>11.1</i>
Depreciation	-21.0	-25.5	-21.4	-20.1	-23.2	-19.7	-20.0	-23.0
EBITA	4.6	8.1	39.5	26.9	-8.0	13.4	30.2	35.3
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	3.8	0.0	0.0	0.0
EBIT	4.6	8.1	39.5	26.9	-4.2	13.4	30.2	35.3
<i>EBIT margin (%)</i>	<i>1.1</i>	<i>2.0</i>	<i>8.6</i>	<i>6.1</i>	<i>-0.9</i>	<i>2.6</i>	<i>5.8</i>	<i>6.7</i>
Reported EBIT	4.6	8.1	39.5	26.9	-4.2	13.4	30.2	35.3
<i>EBIT margin (reported) (%)</i>	<i>1.1</i>	<i>2.0</i>	<i>8.6</i>	<i>6.1</i>	<i>-0.9</i>	<i>2.6</i>	<i>5.8</i>	<i>6.7</i>
Net financials	-5.6	-6.0	-5.6	-0.4	-2.9	-3.8	-2.0	-1.9
Pre-tax profit	-1.0	2.1	33.9	26.5	-7.1	9.6	28.3	33.3
Taxes	-0.8	-1.9	-3.8	-5.8	-2.0	-3.1	-5.9	-7.0
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	-1.7	0.2	30.1	20.7	-9.1	6.5	22.3	26.3
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	156	143	126	129	126	124	120	115
Goodwill	15	15	15	15	15	15	15	15
Right of use assets	17	16	18	16	12	12	13	13
Inventory	52	45	35	50	63	56	57	58
Receivables	63	61	61	73	76	70	71	72
Liquid funds	32	33	58	101	50	41	42	42
Total assets	338	316	317	387	343	319	318	315
Liabilities								
Shareholder's equity	131	131	146	163	146	147	160	175
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	13	16	15	13	11	12	13	13
Deferred taxes	12	12	13	14	12	12	12	12
Interest bearing debt	102	86	83	133	89	61	45	26
Non-interest bearing current liabilities	75	66	55	57	80	82	83	84
Other interest-free debt	3	3	3	3	3	3	3	3
Total liabilities	338	316	317	387	343	319	318	315
CASH FLOW, EURm								
+ EBITDA	26	34	61	47	15	33	50	58
- Net financial items	-6	-6	-6	0	-3	-4	-2	-2
- Taxes	6	-2	-4	-3	-3	-3	-6	-7
- Increase in Net Working Capital	6	-1	-1	-25	6	16	-1	0
+/- Other	-3	0	0	0	0	0	0	0
= Cash flow from operations	28	25	50	19	15	42	41	49
- Capex	-15	-11	-12	-16	-6	-17	-16	-18
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	13	14	38	4	9	24	25	31
+/- New issues/buybacks	3	0	-12	8	3	0	0	0
- Paid dividend	-6	0	-3	-12	-12	-6	-9	-12
+/- Other	-12	-13	2	43	-53	-27	-16	-19
Change in cash	-3	1	25	43	-52	-9	1	0

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	153	296	302	181	168	168	168
Net debt (excl. convertibles)	70	40	45	51	32	16	-3
Enterprise value	223	336	347	232	200	184	165
Sales	411	459	443	493	511	521	526
EBITDA	34	61	47	15	33	50	58
EBIT	8	40	27	-4	13	30	35
Pre-tax	2	34	27	-7	10	28	33
Earnings	0	30	21	-9	7	22	26
Equity book value (excl. minorities)	131	146	163	146	147	160	175
Valuation multiples							
EV/sales	0.5	0.7	0.8	0.5	0.4	0.4	0.3
EV/EBITDA	6.6	5.5	7.4	15.2	6.0	3.7	2.8
EV/EBITA	27.5	8.5	12.9	-29.0	14.9	6.1	4.7
EV/EBIT	27.5	8.5	12.9	-55.1	14.9	6.1	4.7
EV/OCF	8.9	6.7	18.0	15.2	4.8	4.4	3.4
EV/FCFF	12.3	7.4	195.7	26.3	7.3	6.8	5.1
P/FCFE	10.8	7.7	86.1	19.2	6.9	6.7	5.5
P/E	766.1	9.8	14.6	-19.8	25.7	7.5	6.4
P/B	1.2	2.0	1.8	1.2	1.1	1.0	1.0
Target EV/EBITDA	0.0	0.0	0.0	0.0	5.7	3.5	2.6
Target EV/EBIT	0.0	0.0	0.0	0.0	14.2	5.7	4.4
Target EV/FCF	0.0	0.0	0.0	0.0	7.8	6.9	5.0
Target P/B	0.0	0.0	0.0	0.0	1.1	1.0	0.9
Target P/E	0.0	0.0	0.0	0.0	24.1	7.0	6.0
Per share measures							
Number of shares	58,259	58,259	58,259	58,259	58,259	58,259	58,259
Number of shares (diluted)	58,259	58,259	58,259	58,259	58,259	58,259	58,259
EPS	0.00	0.52	0.36	-0.16	0.11	0.38	0.45
Operating cash flow per share	0.43	0.86	0.33	0.26	0.72	0.71	0.84
Free cash flow per share	0.24	0.66	0.06	0.16	0.42	0.43	0.53
Book value per share	2.24	2.50	2.80	2.50	2.52	2.75	3.00
Dividend per share	0.05	0.20	0.20	0.10	0.15	0.20	0.20
Dividend payout ratio, %	1,456.5	38.7	56.3	-64.0	133.8	52.2	44.3
Dividend yield, %	1.9	3.9	3.9	3.5	5.2	6.9	6.9
FCF yield, %	9.2	12.9	1.2	5.2	14.6	15.0	18.3
Efficiency measures							
ROE	0.2	21.8	13.4	-5.9	4.5	14.6	15.7
ROCE	3.4	16.6	9.7	-1.5	5.7	13.8	16.3
Financial ratios							
Inventories as % of sales	11.0	7.7	11.2	12.8	11.0	11.0	11.0
Receivables as % of sales	14.7	13.2	16.6	15.4	13.6	13.6	13.6
Non-interest bearing liabilities as % of sales	16.0	11.9	12.9	16.2	16.0	16.0	16.0
NWC/sales, %	9.0	8.3	14.1	11.5	8.0	8.0	8.0
Operative CAPEX/sales, %	2.6	2.6	3.6	1.2	3.4	3.1	3.4
CAPEX/sales (incl. acquisitions), %	2.6	2.6	3.6	1.2	3.4	3.1	3.4
FCFF/EBITDA	0.5	0.7	0.0	0.6	0.8	0.5	0.6
Net debt/EBITDA, book-weighted	2.1	0.7	1.0	3.3	1.0	0.3	-0.1
Debt/equity, market-weighted	0.6	0.3	0.4	0.5	0.4	0.3	0.2
Equity ratio, book-weighted	41.4	46.0	42.2	42.5	46.0	50.3	55.5
Gearing, %	53.3	27.3	27.6	35.0	22.1	10.0	-1.8

COMPANY DESCRIPTION: Suominen manufactures nonwovens for global consumer brands on eight production plants located on three continents. The company sources the raw materials from fiber producers and sells the output as roll goods to global consumer brand manufacturers. Suominen's nonwovens are mainly used in wiping products such as wet wipes for baby care, personal hygiene, and household and workplace wiping. Other end-uses include hygiene and medical applications such as sanitary pads, diapers, and surgical drapes and swabs.

INVESTMENT CASE: Suominen's recent challenges with nonwovens' gross margins and delivery volumes are no longer present. In our view the demand outlook for household wiping products is especially strong. Suominen also seems to be making good progress with sustainable wiping products, meaning the company is increasingly able to replace synthetic raw materials with wood-based fibers. Although supply will no doubt grow in the long-term, the surge in wiping demand has nevertheless turned the current supply-demand balance much more favorable also from a nonwovens manufacturer's point of view. We view Suominen's long-term financial targets realistic.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ahlstrom Capital Bv	13,953,357	40.186	24.0%
Oy Etra Invest Ab	8,700,000	25.056	14.9%
Nordea Nordic Small Cap Fund	3,435,147	9.893	5.9%
Ilmarinen Mutual Pension Insurance Company	3,046,892	8.775	5.2%
Etola Group Oy	2,900,000	8.352	5.0%
Nordea Life Assurance Finland Ltd.	2,882,300	8.301	4.9%
Mandatum Life Insurance Company Limited	2,881,547	8.299	4.9%
Elo Mutual Pension Insurance Company	1,944,651	5.601	3.3%
Varma Mutual Pension Insurance Company	1,689,751	4.866	2.9%
OP Life Assurance Company Ltd	1,688,830	4.864	2.9%
Ten largest	43,122,475	124.193	74%
Residual	15,136,744	43.594	26%
Total	58,259,219	167.787	100%

EARNINGS CALENDAR

August 09, 2023

Q2 report

October 27, 2023

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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CFO: Sirpa Koskinen

Tel: +358 (0)10 214 300

IR: Emilia Peltola

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

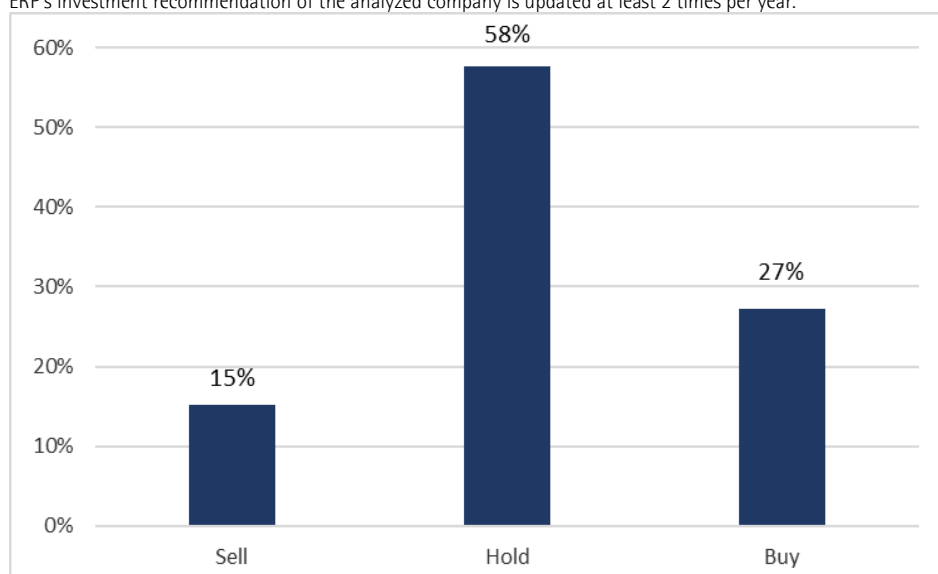
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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Name(s) of the analyst(s): Ilvonen

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