

H2 volume recovery to prove

Suominen should make further progress towards restoring profitability in H2, however Q2 results remained very soft.

Q2 results were still weak, but figures are to improve in H2
Suominen's Q2 revenue declined 4.5% y/y and was EUR 113m, compared to the EUR 121m/120m Evli/cons. estimates, as Europe came in as we estimated but Americas fell EUR 8m short of our estimate. There was some progress as volumes increased slightly, but not quite as much as might have been expected. The low volumes meant gross profit fell some EUR 5m short of our estimate, however sales margins are already improving due to the lag between sales prices and lower raw materials prices. Decreased SG&A costs also helped a bit, but operating profitability figures ended more than EUR 3m lower than we estimated. Cash flow was strong thanks to declining inventories.

Focus rests on both volume growth and efficiency

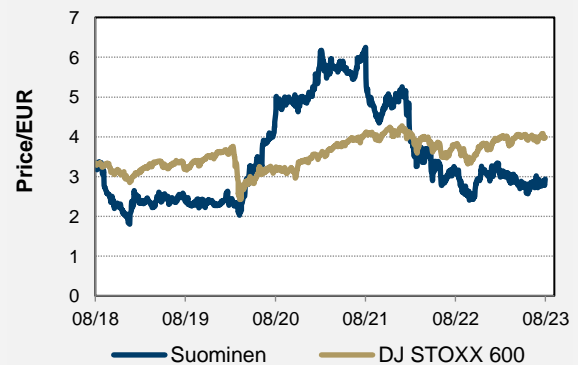
Suominen continues to expect comp. EBITDA to increase, even when the H1'23 figure was flat y/y, since there are still signs the US supply chain inventory situation is improving further; H2 is also usually stronger as demand for hygiene products picks up in late summer. Suominen hence focuses on volume recovery and plant-level efficiency measures; the latter has recently included the closure of the plant in Mozzate, and the issues related to European production transfers still demand some attention (in addition to which Suominen also looks for some incremental cost measures). The US market is central for a meaningful group-level volume recovery, but Suominen is also bringing the EUR 6m Nakkila sustainable products investment to completion in H2 as new products sales continues to be another key focus area.

H2 improvement still needs to justify current valuation

We revise our estimates down for both this year and next. We expect FY '23 top line to stay flat when volumes improve while prices decline. We revise our FY '23 profitability estimates down by EUR 10m and those of FY '24 by EUR 3m. FY '23 profitability seems to remain low, but we estimate Suominen to reach around 8% EBITDA and 5% EBIT margins by the end of the year. Further marginal improvement next year should then produce an EBITDA north of EUR 40m, which would be in line with historical averages and values Suominen about 7.5x EV/EBIT on our FY '24 estimates. We retain our TP of EUR 2.7 and HOLD rating.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 2.94

Target price, EUR 2.7

Latest change in 27-Jan-23

Latest report on company 02-Aug-23

Research paid by issuer: YES

No. of shares outstanding, 58,259

No. of shares fully diluted, 58,259

Market cap, EURm 171

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 27-Oct-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	497.5	3.7	0.7%	16.7	-0.04	-70.1	0.4	57.2	9.7	0.15
2024E	507.5	26.9	5.3%	22.4	0.33	8.8	0.4	7.4	13.1	0.20
2025E	512.5	33.3	6.5%	28.9	0.42	7.0	0.4	5.4	16.9	0.20
Market cap, EURm			171	Gearing 2023E, %		29.2	CAGR EPS 2022-25, %			0.0
Net debt 2023E, EURm			40	Price/book 2023E		1.2	CAGR sales 2022-25, %			1.3
Enterprise value, EURm			211	Dividend yield 2023E, %		5.1	ROE 2023E, %			-1.7
Total assets 2023E, EURm			314	Tax rate 2023E, %		-287.6	ROCE 2023E, %			1.6
Goodwill 2023E, EURm			15	Equity ratio 2023E, %		43.8	PEG, P/E 23/CAGR			0.0

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	2023 Q2	2023E Q3E	2023E Q4E	2023E FY
Revenue	444	417	426	431	411	459	443	110	118	132	133	493	117	113	131	137	498
growth, %	11 %	-6 %	2 %	1 %	-5 %	12 %	-3 %	-4 %	4 %	34 %	15 %	11 %	6 %	-4 %	-1 %	3 %	1 %
Geography																	
Europe	172	171	174	171	150	170	178	49	54	52	51	205	42	43	50	53	188
Americas	272	246	252	260	262	289	265	62	64	80	82	288	75	70	81	84	310
COGS	-386	-365	-384	-400	-377	-389	-392	-104	-113	-127	-131	-475	-112	-110	-122	-123	-467
Gross Profit	58	52	42	31	37	70	51	6.6	5.0	5.2	1.8	19	4.9	3.1	8.6	13.7	30
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 %	2.7 %	6.5 %	10.0 %	6.1 %
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	-8.0	-7.3	-7.3	-30.7
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	-1.8	0.0	0.0	-0.5
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	-2.1	1.3	6.5	3.6
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 %	-1.9 %	1.0 %	4.7 %	0.7 %
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	-4.8	-5.0	-5.0	-19.5
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	2.7	6.3	11.5	23.1
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 %	2.4 %	4.8 %	8.4 %	4.6 %

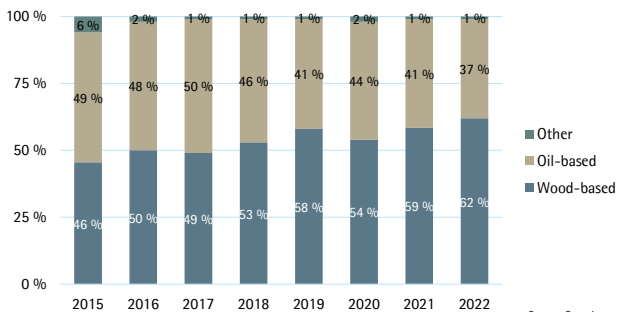
Source: Suominen, Evli Research

SUOMINEN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		22	23	24	22	23	24	22	23	24
Berry Global Group	6701	8.1x	8.0x	7.7x	13.3x	13.2x	12.5x	9.0 %	9.7 %	10.0 %
Kimberly-Clark	39403	16.2x	13.4x	12.4x	20.5x	16.8x	15.4x	13.3 %	14.7 %	15.9 %
N.R. Spuntech Industries	59									
Mativ Holdings	880	8.3x	8.3x	8.9x	11.5x	17.2x	16.6x	10.0 %	5.7 %	6.9 %
Glatfelter	85									
Peer Group Average	9426	10.9x	9.9x	9.7x	15.1x	15.7x	14.8x	10.8 %	10.0 %	10.9 %
Peer Group Median	880	8.3x	8.3x	8.9x	13.3x	16.8x	15.4x	10.0 %	9.7 %	10.0 %
Suominen (Evli est.)	171	15.2x	9.1x	4.2x	-55.1x	57.2x	7.4x	-0.9 %	0.7 %	5.3 %

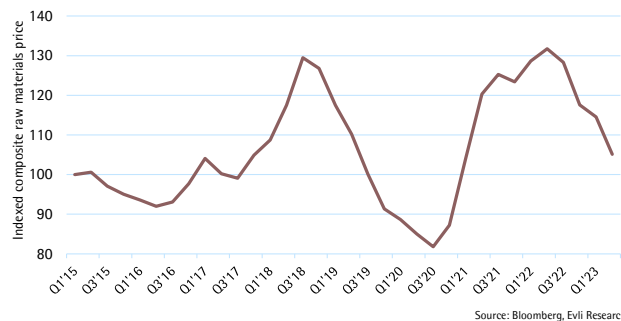
Suominen prem./disc. to peer median

82 % 9 % -53 % -515 % 240 % -52 % -108 % -92 % -47 %

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	2.94 PV of Free Cash Flow	206 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	6.33 PV of Horizon value	214 WACC, %	7.9 Market risk premium, %	5.8
Share price potential, %	115.4 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	6.9 Marketable securities	50 Minimum WACC, %	7.4 Equity beta coefficient	1.00
Minimum value	5.8 Debt - dividend	-101 Maximum WACC, %	8.4 Target debt ratio, %	20
Horizon value, %	51.0 Value of stock	369 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	498	507	513	523	533	544	555	566	577	589	601
<i>Sales growth, %</i>	<i>11.3</i>	<i>0.9</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	4	27	33	39	40	41	42	42	43	44	45
<i>Operating income margin, %</i>	<i>-0.9</i>	<i>0.7</i>	<i>5.3</i>	<i>6.5</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>	<i>7.5</i>
+ Depreciation+amort.	19	20	20	23	22	22	21	21	21	21	20	
EBITDA	15	23	47	56	61	62	62	63	63	64	65	
- Paid taxes	-3	-3	-6	-7	-8	-8	-9	-9	-9	-9	-9	
- Change in NWC	6	17	-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>8.0</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>3.2</i>	<i>3.5</i>	<i>3.9</i>	<i>3.8</i>	<i>3.7</i>	<i>3.7</i>	<i>3.6</i>	<i>3.5</i>	<i>5.0</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	20	24	31	32	32	33	33	33	34	25	438
= Discounted FCFF		19	22	26	25	23	22	20	19	18	12	214
= DFCF min WACC		19	22	26	25	24	22	21	20	19	13	244
= DFCF max WACC		19	22	25	24	23	21	20	18	17	12	189

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	110.3	118.0	131.9	133.1	493.3	116.8	112.7	131.0	137.0	497.5	507.5	512.5
EBITDA	3.3	1.9	5.1	5.0	15.2	2.7	2.7	6.3	11.5	23.2	46.9	56.4
<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>2.4</i>	<i>4.8</i>	<i>8.4</i>	<i>4.7</i>	<i>9.2</i>	<i>11.0</i>
EBIT	-1.3	-2.9	0.2	-0.2	-4.2	-2.0	-2.1	1.3	6.5	3.7	26.9	33.3
<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>-1.9</i>	<i>1.0</i>	<i>4.7</i>	<i>0.7</i>	<i>5.3</i>	<i>6.5</i>
Net financial items	-0.9	0.7	-0.1	-2.6	-2.9	-1.5	-1.3	-0.7	-0.7	-4.3	-2.2	-2.3
Pre-tax profit	-2.2	-2.2	0.1	-2.8	-7.1	-3.5	-3.4	0.6	5.8	-0.6	24.7	31.0
Tax	-0.1	-0.1	-0.5	-1.2	-2.0	-0.3	-0.2	-0.1	-1.2	-1.8	-5.2	-6.5
<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>-5.0</i>	<i>21.0</i>	<i>21.0</i>	<i>-287.6</i>	<i>21.0</i>	<i>21.0</i>
Net profit	-2.4	-2.3	-0.4	-4.0	-9.1	-3.9	-3.6	0.4	4.5	-2.4	19.5	24.5
EPS	-0.04	-0.04	-0.01	-0.07	-0.16	-0.07	-0.06	0.01	0.08	-0.04	0.33	0.42
EPS adjusted (diluted no. of shares)	-0.04	-0.04	-0.01	-0.07	-0.16	-0.07	-0.06	0.01	0.08	-0.04	0.33	0.42
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	112.7	131.0	137.0	497.5	507.5	512.5
Total	110.3	118.0	131.9	133.1	493.3	116.8	112.7	131.0	137.0	497.5	507.5	512.5
SALES GROWTH, Y/Y %												
Group	-4.3	3.8	33.8	15.1	11.3	5.9	-4.5	-0.7	2.9	0.9	2.0	1.0
Total	-4.3	3.8	33.8	15.1	11.3	5.9	-4.5	-0.7	2.9	0.9	2.0	1.0
EBIT, EURm												
Group	-1.3	-2.9	0.2	-0.2	-4.2	-2.0	-2.1	1.3	6.5	3.7	26.9	33.3
Total	-1.3	-2.9	0.2	-0.2	-4.2	-2.0	-2.1	1.3	6.5	3.7	26.9	33.3
EBIT margin, %												
Group	-1.2	-2.5	0.2	-0.2	-0.9	-1.7	-1.9	1.0	4.7	0.7	5.3	6.5
Total	-1.2	-2.5	0.2	-0.2	-0.9	-1.7	-1.9	1.0	4.7	0.7	5.3	6.5

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	431.1	411.4	458.9	443.2	493.3	497.5	507.5	512.5
<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>0.9</i>	<i>2.0</i>	<i>1.0</i>
EBITDA	25.6	33.6	60.9	47.0	15.2	23.2	46.9	56.4
<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>4.7</i>	<i>9.2</i>	<i>11.0</i>
Depreciation	-21.0	-25.5	-21.4	-20.1	-23.2	-19.5	-20.0	-23.0
EBITA	4.6	8.1	39.5	26.9	-8.0	3.7	26.9	33.3
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	3.7	26.9	33.3
<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>0.7</i>	<i>5.3</i>	<i>6.5</i>
Reported EBIT	4.6	8.1	39.5	26.9	-4.2	3.7	26.9	33.3
<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>0.7</i>	<i>5.3</i>	<i>6.5</i>
Net financials	-5.6	-6.0	-5.6	-0.4	-2.9	-4.3	-2.2	-2.3
Pre-tax profit	-1.0	2.1	33.9	26.5	-7.1	-0.6	24.7	31.0
Taxes	-0.8	-1.9	-3.8	-5.8	-2.0	-1.8	-5.2	-6.5
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	-2.4	19.5	24.5
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	12	12
Inventory	52	45	35	50	63	55	56	56
Receivables	63	61	61	73	76	68	69	70
Liquid funds	32	33	58	101	50	40	41	41
Total assets	338	316	317	387	343	314	314	311
Liabilities								
Shareholder's equity	131	131	146	163	146	138	148	161
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	12	12
Deferred taxes	12	12	13	14	12	12	12	12
Interest bearing debt	102	86	83	133	89	68	55	38
Non-interest bearing current liabilities	75	66	55	57	80	80	81	82
Other interest-free debt	3	3	3	3	3	3	3	3
Total liabilities	338	316	317	387	343	314	314	311
CASH FLOW, EURm								
+ EBITDA	26	34	61	47	15	23	47	56
- Net financial items	-6	-6	-6	0	-3	-4	-2	-2
- Taxes	6	-2	-4	-3	-3	-2	-5	-7
- Increase in Net Working Capital	6	-1	-1	-25	6	17	-1	0
+/- Other	-3	0	0	0	0	0	0	0
= Cash flow from operations	28	25	50	19	15	34	39	47
- 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	17	22	29
+/- 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	-21	-13	-17
Change in cash	-3	1	25	43	-52	-10	1	0

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	153	296	302	181	171	171	171
Net debt (excl. convertibles)	70	40	45	51	40	27	9
Enterprise value	223	336	347	232	211	198	181
Sales	411	459	443	493	498	507	513
EBITDA	34	61	47	15	23	47	56
EBIT	8	40	27	-4	4	27	33
Pre-tax	2	34	27	-7	-1	25	31
Earnings	0	30	21	-9	-2	20	24
Equity book value (excl. minorities)	131	146	163	146	138	148	161
Valuation multiples							
EV/sales	0.5	0.7	0.8	0.5	0.4	0.4	0.4
EV/EBITDA	6.6	5.5	7.4	15.2	9.1	4.2	3.2
EV/EBITA	27.5	8.5	12.9	-29.0	57.2	7.4	5.4
EV/EBIT	27.5	8.5	12.9	-55.1	57.2	7.4	5.4
EV/OCF	8.9	6.7	18.0	15.2	6.3	5.1	3.8
EV/FCFF	12.3	7.4	195.7	26.3	10.6	8.1	5.8
P/FCFE	10.8	7.7	86.1	19.2	10.3	7.6	5.9
P/E	766.1	9.8	14.6	-19.8	-70.1	8.8	7.0
P/B	1.2	2.0	1.8	1.2	1.2	1.2	1.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.5	3.9	3.0
Target EV/EBIT	0.0	0.0	0.0	0.0	53.4	6.8	5.0
Target EV/FCF	0.0	0.0	0.0	0.0	11.9	8.2	5.8
Target P/B	0.0	0.0	0.0	0.0	1.1	1.1	1.0
Target P/E	0.0	0.0	0.0	0.0	-64.4	8.1	6.4
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	-0.04	0.33	0.42
Operating cash flow per share	0.43	0.86	0.33	0.26	0.58	0.66	0.81
Free cash flow per share	0.24	0.66	0.06	0.16	0.29	0.38	0.50
Book value per share	2.24	2.50	2.80	2.50	2.36	2.55	2.77
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	-357.9	59.7	47.6
Dividend yield, %	1.9	3.9	3.9	3.4	5.1	6.8	6.8
FCF yield, %	9.2	12.9	1.2	5.2	9.7	13.1	16.9
Efficiency measures							
ROE	0.2	21.8	13.4	-5.9	-1.7	13.6	15.8
ROCE	3.4	16.6	9.7	-1.5	1.6	12.4	15.6
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	3.2	3.5
CAPEX/sales (incl. acquisitions), %	2.6	2.6	3.6	1.2	3.4	3.2	3.5
FCFF/EBITDA	0.5	0.7	0.0	0.6	0.9	0.5	0.5
Net debt/EBITDA, book-weighted	2.1	0.7	1.0	3.3	1.7	0.6	0.2
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	43.8	47.3	51.9
Gearing, %	53.3	27.3	27.6	35.0	29.2	17.9	5.7

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	41.023	24.0%
Oy Etra Invest Ab	8,700,000	25.578	14.9%
Nordea Nordic Small Cap Fund	3,435,147	10.099	5.9%
Ilmarinen Mutual Pension Insurance Company	3,046,892	8.958	5.2%
Etola Group Oy	2,900,000	8.526	5.0%
Nordea Life Assurance Finland Ltd.	2,882,300	8.474	4.9%
Mandatum Life Insurance Company Limited	2,881,547	8.472	4.9%
Elo Mutual Pension Insurance Company	1,944,651	5.717	3.3%
Varma Mutual Pension Insurance Company	1,689,751	4.968	2.9%
OP Life Assurance Company Ltd	1,688,830	4.965	2.9%
Ten largest	43,122,475	126.780	74%
Residual	15,136,744	44.502	26%
Total	58,259,219	171.282	100%

EARNINGS CALENDAR

October 27, 2023

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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Karvaamokuja 2 B, FI-00380 Helsinki

CFO: Janne Silonsaari

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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

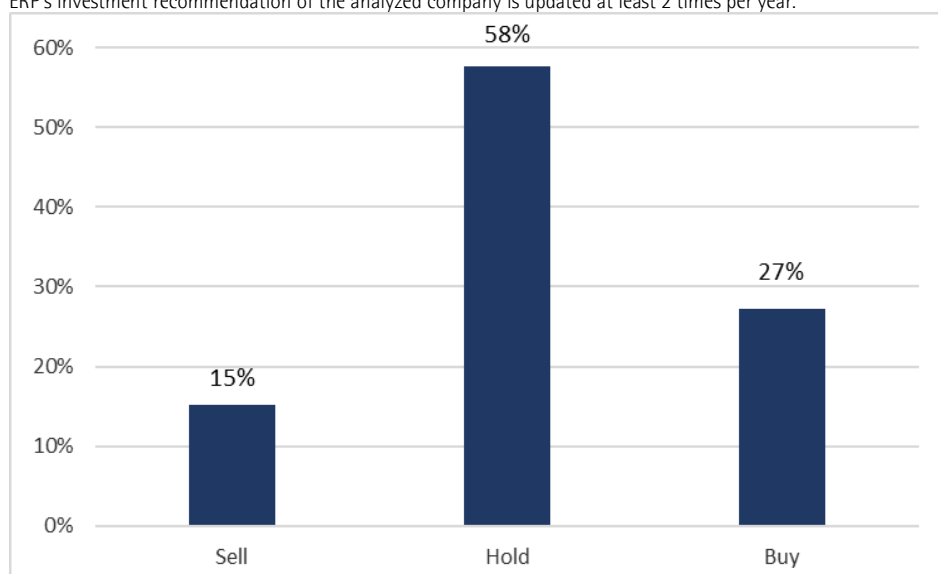
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Investment recommendations are defined as follows:

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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