

Volumes and margins improve

Suominen reports Q3 results on Oct 27. Q2 profitability remained very weak, but volumes should continue to improve over H2 (driven by the US) while the current raw materials price environment appears to be favorable from Suominen's perspective.

Prices have continued to decrease while volumes increase

Suominen's Q2 results continued to be weak as there were not yet enough volume gains. Supply chain inventories should however continue to melt after a prolonged period of disruption but also due to the seasonally high demand for hygiene products seen in H2. Suominen has implemented various measures in response to the extended tough market conditions (especially in Europe), whereas in the US the focus is still around key account restocking and a recovery in delivery volumes. Nonwovens prices continue to adjust down following raw materials prices while volumes improve, and as a result Suominen's top line should remain rather flat going forward. The US will drive Americas' revenue this year, whereas there's still uncertainty around European softening. We estimate Q3 revenue at EUR 129m and EBITDA at EUR 6.2m.

Higher volumes and sales margins about to lift earnings

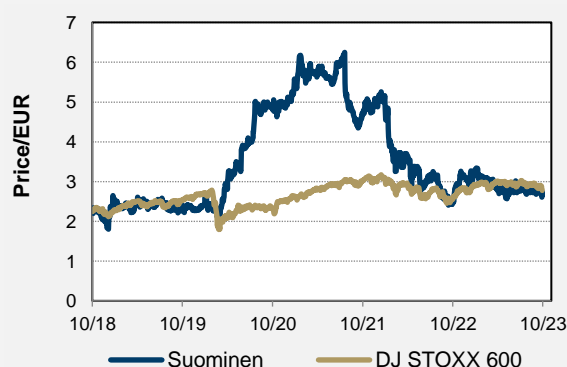
Raw materials prices have declined for more than a year now. We find Suominen's raw materials prices to have remained rather flat in Q3, however they may have already bottomed out. In our view the environment should still be quite favorable for Suominen from the perspective of sales margins; higher volumes and resulting utilization rates should drive gross margins closer to 10% over H2. The apparent stabilization in raw materials prices may also signal an end to the destocking cycle, which would support volume rebound over the course of H2. We estimate stable top line development and 10% gross margins to lead to roughly 5% EBIT margins going forward to next year.

Earnings improvement has been anticipated

Suominen's comparison figures aren't challenging and hence H2 is bound to show some improvement so long as higher volumes continue to come through. Suominen is valued about 7x EV/EBIT on our FY '24 estimate of some 5% EBIT margin, which we consider a neutral level as Suominen has historically averaged 10% gross margins. We retain our EUR 2.7 TP and HOLD rating.

Rating

HOLD



Share price, EUR (Last trading day's closing price) 2.74

Target price, EUR 2.7

Latest change in 27-Jan-23

Latest report on company 10-Aug-23

Research paid by issuer: YES

No. of shares outstanding, 58,259

No. of shares fully diluted, 58,259

Market cap, EURm 160

Free float, % 62.7

Exchange rate EUR/USD 1.06

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	491.5	2.5	0.5%	16.4	-0.06	-47.1	0.4	80.0	10.3	0.15
2024E	498.9	25.9	5.2%	21.9	0.32	8.5	0.4	7.2	13.7	0.20
2025E	503.9	32.8	6.5%	28.5	0.41	6.6	0.3	5.2	17.9	0.20
Market cap, EURm	160			Gearing 2023E, %	29.6			CAGR EPS 2022-25, %	0.0	
Net debt 2023E, EURm	40			Price/book 2023E	1.2			CAGR sales 2022-25, %	0.7	
Enterprise value, EURm	200			Dividend yield 2023E, %	5.5			ROE 2023E, %	-2.4	
Total assets 2023E, EURm	312			Tax rate 2023E, %	-85.2			ROCE 2023E, %	1.1	
Goodwill 2023E, EURm	15			Equity ratio 2023E, %	43.7			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	129	133	492
growth, %	11 %	-6 %	2 %	1 %	-5 %	12 %	-3 %	-4 %	4 %	34 %	15 %	11 %	6 %	-4 %	-2 %	0 %	0 %
Geography																	
Europe	172	171	174	171	150	170	178	49	54	52	51	205	42	43	49	50	184
Americas	272	246	252	260	262	289	265	62	64	80	82	288	75	70	80	83	308
COGS	-386	-365	-384	-400	-377	-389	-392	-104	-113	-127	-131	-475	-112	-110	-121	-120	-462
Gross Profit	58	52	42	31	37	70	51	6.6	5.0	5.2	1.8	19	4.9	3.1	8.4	12.7	29
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 %	9.5 %	5.9 %
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	1.2	5.4	2.5
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 %	0.9 %	4.1 %	0.5 %
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	6.2	10.4	22.0
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 %	7.8 %	4.5 %

Source: Suominen, Evli Research

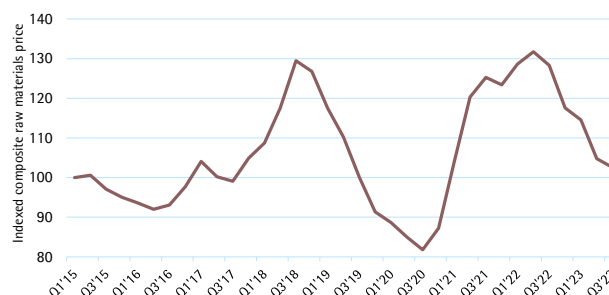
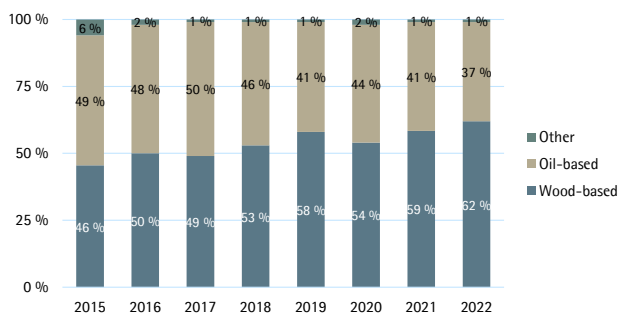
SUOMINEN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		22	23	24	22	23	24	22	23	24
Berry Global Group	6220	8.1x	7.8x	7.5x	13.4x	13.1x	12.3x	9.0 %	9.7 %	10.1 %
Kimberly-Clark	39416	16.2x	13.1x	12.2x	20.5x	16.4x	15.3x	13.3 %	14.7 %	15.7 %
N.R. Spuntech Industries	59									
Mativ Holdings	715	8.3x	8.9x	8.5x	11.5x	19.7x	15.6x	10.0 %	5.1 %	7.1 %
Glatfelter	69									
Peer Group Average	9296	10.9x	9.9x	9.4x	15.1x	16.4x	14.4x	10.8 %	9.8 %	11.0 %
Peer Group Median	715	8.3x	8.9x	8.5x	13.4x	16.4x	15.3x	10.0 %	9.7 %	10.1 %
Suominen (Evli est.)	157	15.2x	9.0x	4.0x	-55.1x	79.1x	7.1x	-0.9 %	0.5 %	5.2 %

Suominen prem./disc. to peer median

82 % 1 % -53 % -511 % 381 % -53 % -108 % -95 % -48 %

Source FactSet, Evli Research

Suominen raw materials mix and composite price development



VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	2.74 PV of Free Cash Flow	206 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	6.35 PV of Horizon value	215 WACC, %	7.9 Market risk premium, %	5.8
Share price potential, %	131.6 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, %	51.1 Value of stock	370 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	492	499	504	514	524	535	545	556	567	579	590
<i>Sales growth, %</i>	<i>11.3</i>	<i>-0.4</i>	<i>1.5</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	3	26	33	39	39	40	41	42	43	43	44
<i>Operating income margin, %</i>	<i>-0.9</i>	<i>0.5</i>	<i>5.2</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	21	20
EBITDA	15	22	46	56	61	61	61	62	62	63	64	
- Paid taxes	-3	-3	-5	-7	-8	-8	-8	-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>8.0</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	-20	-29
<i>opCAPEX / Sales, %</i>	<i>1.2</i>	<i>3.4</i>	<i>3.2</i>	<i>3.6</i>	<i>3.9</i>	<i>3.9</i>	<i>3.8</i>	<i>3.7</i>	<i>3.6</i>	<i>3.6</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	19	24	30	32	32	32	32	33	33	25	433
= Discounted FCFF		19	22	26	25	23	22	20	19	18	12	215
= DFCF min WACC		19	22	26	25	24	22	21	20	19	13	245
= DFCF max WACC		19	22	26	24	23	21	20	18	17	12	190

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	129.0	133.0	491.5	498.9	503.9
EBITDA	3.3	1.9	5.1	5.0	15.2	2.7	2.7	6.2	10.4	22.0	45.9	55.8
<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>7.8</i>	<i>4.5</i>	<i>9.2</i>	<i>11.1</i>
EBIT	-1.3	-2.9	0.2	-0.2	-4.2	-2.0	-2.1	1.2	5.4	2.5	25.9	32.8
<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>0.9</i>	<i>4.1</i>	<i>0.5</i>	<i>5.2</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	-2.4
Pre-tax profit	-2.2	-2.2	0.1	-2.8	-7.1	-3.5	-3.4	0.5	4.7	-1.8	23.7	30.4
Tax	-0.1	-0.1	-0.5	-1.2	-2.0	-0.3	-0.2	-0.1	-1.0	-1.6	-5.0	-6.4
<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>-85.2</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	3.7	-3.4	18.8	24.0
EPS	-0.04	-0.04	-0.01	-0.07	-0.16	-0.07	-0.06	0.01	0.06	-0.06	0.32	0.41
EPS adjusted (diluted no. of shares)	-0.04	-0.04	-0.01	-0.07	-0.16	-0.07	-0.06	0.01	0.06	-0.06	0.32	0.41
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	129.0	133.0	491.5	498.9	503.9
Total	110.3	118.0	131.9	133.1	493.3	116.8	112.7	129.0	133.0	491.5	498.9	503.9
SALES GROWTH, Y/Y %												
Group	-4.3	3.8	33.8	15.1	11.3	5.9	-4.5	-2.2	-0.1	-0.4	1.5	1.0
Total	-4.3	3.8	33.8	15.1	11.3	5.9	-4.5	-2.2	-0.1	-0.4	1.5	1.0
EBIT, EURm												
Group	-1.3	-2.9	0.2	-0.2	-4.2	-2.0	-2.1	1.2	5.4	2.5	25.9	32.8
Total	-1.3	-2.9	0.2	-0.2	-4.2	-2.0	-2.1	1.2	5.4	2.5	25.9	32.8
EBIT margin, %												
Group	-1.2	-2.5	0.2	-0.2	-0.9	-1.7	-1.9	0.9	4.1	0.5	5.2	6.5
Total	-1.2	-2.5	0.2	-0.2	-0.9	-1.7	-1.9	0.9	4.1	0.5	5.2	6.5

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	431.1	411.4	458.9	443.2	493.3	491.5	498.9	503.9
<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>-0.4</i>	<i>1.5</i>	<i>1.0</i>
EBITDA	25.6	33.6	60.9	47.0	15.2	22.0	45.9	55.8
<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>4.5</i>	<i>9.2</i>	<i>11.1</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	2.5	25.9	32.8
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	2.5	25.9	32.8
<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>0.5</i>	<i>5.2</i>	<i>6.5</i>
Reported EBIT	4.6	8.1	39.5	26.9	-4.2	2.5	25.9	32.8
<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>0.5</i>	<i>5.2</i>	<i>6.5</i>
Net financials	-5.6	-6.0	-5.6	-0.4	-2.9	-4.3	-2.2	-2.4
Pre-tax profit	-1.0	2.1	33.9	26.5	-7.1	-1.8	23.7	30.4
Taxes	-0.8	-1.9	-3.8	-5.8	-2.0	-1.6	-5.0	-6.4
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	-3.4	18.8	24.0
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	54	55	55
Receivables	63	61	61	73	76	67	68	69
Liquid funds	32	33	58	101	50	39	40	40
Total assets	338	316	317	387	343	312	311	308
Liabilities								
Shareholder's equity	131	131	146	163	146	137	147	159
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	39
Non-interest bearing current liabilities	75	66	55	57	80	79	80	81
Other interest-free debt	3	3	3	3	3	3	3	3
Total liabilities	338	316	317	387	343	312	311	308
CASH FLOW, EURm								
+ EBITDA	26	34	61	47	15	22	46	56
- Net financial items	-6	-6	-6	0	-3	-4	-2	-2
- Taxes	6	-2	-4	-3	-3	-2	-5	-6
- 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	33	38	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	16	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	-16
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	160	160	160
Net debt (excl. convertibles)	70	40	45	51	40	27	10
Enterprise value	223	336	347	232	200	187	170
Sales	411	459	443	493	492	499	504
EBITDA	34	61	47	15	22	46	56
EBIT	8	40	27	-4	3	26	33
Pre-tax	2	34	27	-7	-2	24	30
Earnings	0	30	21	-9	-3	19	24
Equity book value (excl. minorities)	131	146	163	146	137	147	159
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	9.1	4.1	3.0
EV/EBITA	27.5	8.5	12.9	-29.0	80.0	7.2	5.2
EV/EBIT	27.5	8.5	12.9	-55.1	80.0	7.2	5.2
EV/OCF	8.9	6.7	18.0	15.2	6.0	4.9	3.6
EV/FCFF	12.3	7.4	195.7	26.3	10.3	7.8	5.6
P/FCFE	10.8	7.7	86.1	19.2	9.8	7.3	5.6
P/E	766.1	9.8	14.6	-19.8	-47.1	8.5	6.6
P/B	1.2	2.0	1.8	1.2	1.2	1.1	1.0
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.0	4.0	3.0
Target EV/EBIT	0.0	0.0	0.0	0.0	79.1	7.1	5.1
Target EV/FCF	0.0	0.0	0.0	0.0	12.1	8.4	5.9
Target P/B	0.0	0.0	0.0	0.0	1.2	1.1	1.0
Target P/E	0.0	0.0	0.0	0.0	-46.4	8.4	6.6
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	-0.06	0.32	0.41
Operating cash flow per share	0.43	0.86	0.33	0.26	0.57	0.65	0.80
Free cash flow per share	0.24	0.66	0.06	0.16	0.28	0.38	0.49
Book value per share	2.24	2.50	2.80	2.50	2.35	2.52	2.73
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	-257.8	62.1	48.5
Dividend yield, %	1.9	3.9	3.9	3.6	5.5	7.3	7.3
FCF yield, %	9.2	12.9	1.2	5.2	10.3	13.7	17.9
Efficiency measures							
ROE	0.2	21.8	13.4	-5.9	-2.4	13.2	15.7
ROCE	3.4	16.6	9.7	-1.5	1.1	12.1	15.5
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	3.6
CAPEX/sales (incl. acquisitions), %	2.6	2.6	3.6	1.2	3.4	3.2	3.6
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	1.8	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	43.7	47.2	51.7
Gearing, %	53.3	27.3	27.6	35.0	29.6	18.6	6.6

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	38.232	24.0%
Oy Etra Invest Ab	8,700,000	23.838	14.9%
Nordea Nordic Small Cap Fund	3,435,147	9.412	5.9%
Ilmarinen Mutual Pension Insurance Company	3,046,892	8.348	5.2%
Etola Group Oy	2,900,000	7.946	5.0%
Nordea Life Assurance Finland Ltd.	2,882,300	7.898	4.9%
Mandatum Life Insurance Company Limited	2,881,547	7.895	4.9%
Elo Mutual Pension Insurance Company	1,944,651	5.328	3.3%
Varma Mutual Pension Insurance Company	1,689,751	4.630	2.9%
OP Life Assurance Company Ltd	1,688,830	4.627	2.9%
Ten largest	43,122,475	118.156	74%
Residual	15,136,744	41.475	26%
Total	58,259,219	159.630	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

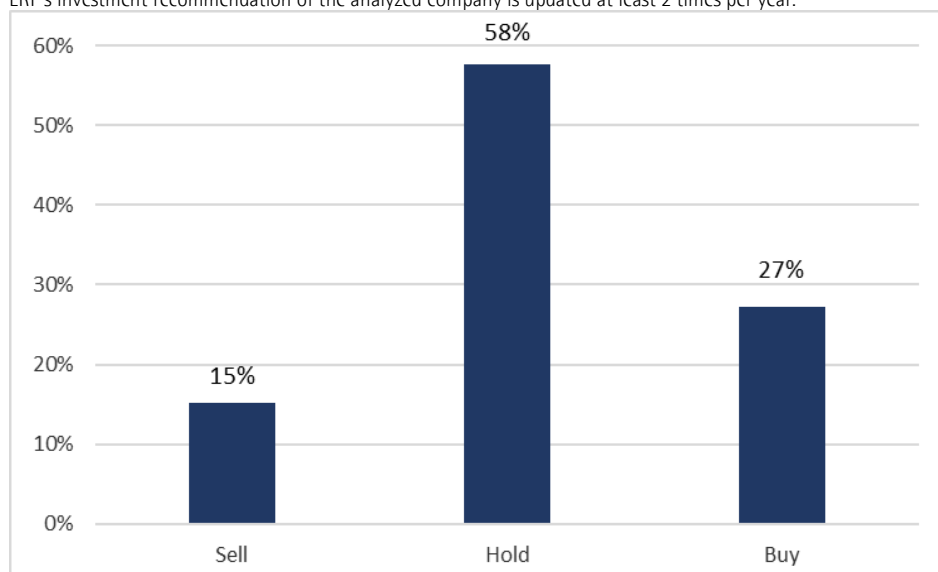
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Investment recommendations are defined as follows:

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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