

Still soft, but margins improve

Suominen's Q3 revenue fell clearly below our estimate, however profitability figures landed surprisingly close to our estimates in this light. In our view the relatively high margins imply continued profitability improvement going towards next year.

- Suominen's Q3 revenue decreased by 19% y/y to EUR 106.4m, compared to the EUR 129.0m/120.4m Evli/consensus estimates. Americas landed at EUR 70.9m vs our EUR 80.0m estimate. Europe amounted to EUR 35.6m while we estimated EUR 49.0m. Sales volumes decreased following the closure of the Mozzate plant in Italy in Q2. Currencies had a negative top line impact of EUR 5.2m. Sales prices continued to decrease following lower raw material prices.
- Gross profit came in at EUR 6.4m, compared to our EUR 8.4m estimate. Gross margin was 6.0% vs our 6.5% estimate, a relatively strong performance considering the low top line.
- Comparable EBITDA was EUR 5.2m vs our EUR 6.2m estimate. Comparable EBIT amounted to EUR 0.7m, compared to our EUR 1.2m estimate. Increased sales margins helped profitability.
- Suominen guides comparable EBITDA to increase in FY '23 compared to previous year (unchanged). Suominen sees, at the moment, positive signs in its business environment in 2024.

Rating				🟡 HOLD
Q3'23	Actual	Evli	Year ago	Q2'23
Revenue	106.4	129.0	131.9	112.7
Gross profit	6.4	8.4	5.2	3.1
Comparable EBITDA	5.2	6.2	5.1	2.7
Comparable EBIT	0.7	1.2	0.2	-2.1
Deviation				Q2'23
Revenue		-18 %	-19 %	-6 %
Gross profit		-24 %	23 %	109 %
Comparable EBITDA		-16 %	2 %	93 %
Comparable EBIT		-42 %	250 %	-133 %
Share price, EUR (Last trading day's closing price)				2.68
Target price, EUR				2.7
Latest change in				27-Jan-23
Latest report on company				23-Oct-23
Research paid by issuer:				YES
No. of shares outstanding,				58,259
No. of shares fully diluted,				58,259
Market cap, EURm				156
Free float, %				62.7
Exchange rate EUR/USD				1.07
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

PRE-REPORT 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	-46.1	0.4	78.7	10.5	0.15
2024E	498.9	25.9	5.2%	21.9	0.32	8.3	0.4	7.1	14.1	0.20
2025E	503.9	32.8	6.5%	28.5	0.41	6.5	0.3	5.1	18.3	0.20
Market cap, EURm	156		BV per share 2023E, EUR		29.6	CAGR EPS 2022-25, %				0.0
Net debt 2023E, EURm	40		Price/book 2023E		1.1	CAGR sales 2022-25, %				0.7
Enterprise value, EURm	197		Dividend yield 2023E, %		5.6	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

All the important disclosures can be found on the last pages of this report.

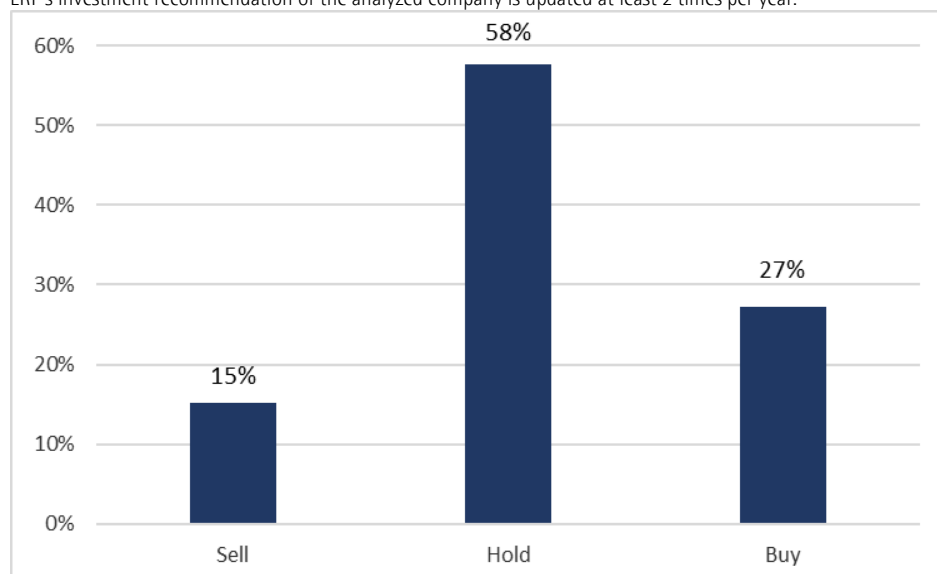
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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