

Upside rests on volume gains

Suominen's earnings still missed estimates as top line remained very soft. The market challenges continue, while raw materials dynamics and Suominen's own actions have also helped margins. We see increased uncertainty around earnings improvement pace going forward.

Some more improvement to be expected going forward

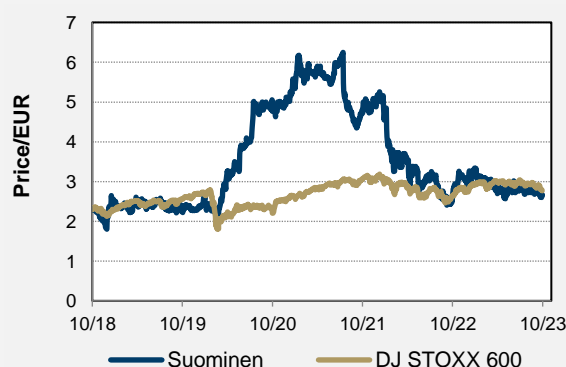
Suominen's Q3 revenue fell 19% y/y to EUR 106m vs the EUR 129m/120m Evli/cons estimates. Americas declined and Europe even more so as the closure of the Mozzate plant caused some more volume softness. Low raw materials prices further dragged nonwovens prices down, however sales margins have improved due to the mechanism pricing lag. Suominen's EUR 5.2m comparable EBITDA still missed our EUR 6.2m estimate, however the 6% gross margin (a gain of more than 300bps q/q) was relatively strong in the light of the considerable top line softness. In our view this is partly a result of the current raw materials market dynamic but also reflects Suominen's own actions to improve mix, in addition to finding additional cost measures.

We cut FY '24 earnings estimates by additional EUR 4m

European volumes are to remain soft; the market continues to be challenging also in the US, although less so. The challenges have been prolonged for a while, and as a result Suominen's own actions to help margins have gained even more importance. The Mozzate closure achieved cost reductions, and its volumes have been transferred to other plants, but some volumes have also slipped. Suominen retains guidance for higher FY '23 EBITDA although the game remains flat so far into the year. We revise our estimates down due to the lower-than-estimated revenue levels; we estimate Q4 gross margin to gain another 300bps even if top line stays at a similarly low level as seen over the course of this year. We thus estimate Q4 EBITDA at EUR 7.9m.

A lot of uncertainty around next year's earnings gain pace

Valued at 8.5x EV/EBIT on our FY '24 estimates, which is not a particularly low multiple, the valuation reflects improvement going forward. Better market conditions, on top of Suominen's own measures, could drive significantly higher earnings next year. Higher volumes would support valuation, but uncertainty around their recovery and margin gains pace still limit upside potential. Our TP remains EUR 2.7 as we retain HOLD rating.

 Rating 🟡 HOLD

 Share price, EUR (Last trading day's closing price) 2.66

 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 155

 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

 Web site www.suominen.fi/en/investors/

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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	448.9	-0.5	-0.1%	19.1	-0.08	-32.0	0.4	-385.4	12.4	0.10
2024E	464.6	21.8	4.7%	17.6	0.26	10.1	0.4	8.3	11.4	0.15
2025E	473.9	29.4	6.2%	25.6	0.37	7.2	0.3	5.6	16.5	0.20
Market cap, EURm	155			Gearing 2023E, %	27.9			CAGR EPS 2022-25, %	0.0	
Net debt 2023E, EURm	38			Price/book 2023E	1.1			CAGR sales 2022-25, %	-1.3	
Enterprise value, EURm	193			Dividend yield 2023E, %	3.8			ROE 2023E, %	-3.4	
Total assets 2023E, EURm	298			Tax rate 2023E, %	6.5			ROCE 2023E, %	-0.2	
Goodwill 2023E, EURm	15			Equity ratio 2023E, %	45.4			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	2023 Q3	2023E Q4E	2023E FY
Revenue	444	417	426	431	411	459	443	110	118	132	133	493	117	113	106	113	449
growth, %	11 %	-6 %	2 %	1 %	-5 %	12 %	-3 %	-4 %	4 %	34 %	15 %	11 %	6 %	-4 %	-19 %	-15 %	-9 %
Geography																	
Europe	172	171	174	171	150	170	178	49	54	52	51	205	42	43	36	40	160
Americas	272	246	252	260	262	289	265	62	64	80	82	288	75	70	71	73	289
COGS	-386	-365	-384	-400	-377	-389	-392	-104	-113	-127	-131	-475	-112	-110	-100	-103	-424
Gross Profit	58	52	42	31	37	70	51	6.6	5.0	5.2	1.8	19	4.9	3.1	6.4	10.2	25
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 %	6.0 %	9.0 %	5.5 %
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	-7.9	-7.3	-31.4
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	2.2	0.0	1.7
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	0.7	2.9	-0.6
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 %	0.6 %	2.6 %	-0.1 %
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	-4.5	-5.0	-19.1
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	5.2	7.9	18.5
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 %	4.9 %	7.0 %	4.1 %

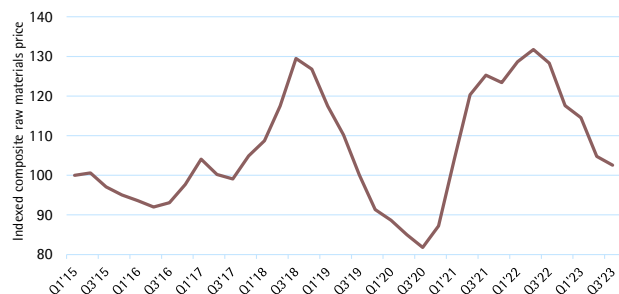
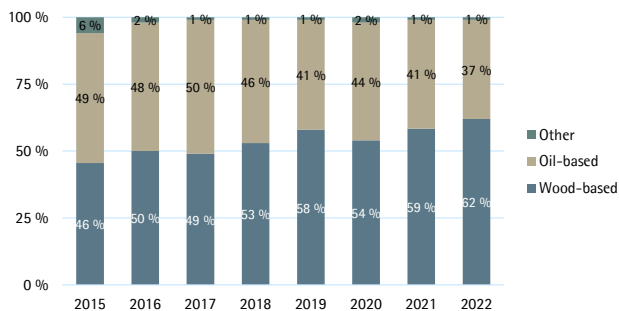
Source: Suominen, Evli Research

SUOMINEN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		22	23	24	22	23	24	22	23	24
Berry Global Group	6092	8.1x	7.7x	7.4x	13.4x	12.9x	12.2x	9.0 %	9.7 %	10.1 %
Kimberly-Clark	37394	16.2x	12.5x	11.7x	20.5x	15.7x	14.6x	13.3 %	14.8 %	15.7 %
N.R. Spuntech Industries	54									
Mativ Holdings	671	8.3x	8.7x	8.4x	11.5x	19.3x	15.3x	10.0 %	5.1 %	7.1 %
Glatfelter	67									
Peer Group Average	8856	10.9x	9.6x	9.2x	15.1x	16.0x	14.1x	10.8 %	9.8 %	11.0 %
Peer Group Median	671	8.3x	8.7x	8.4x	13.4x	15.7x	14.6x	10.0 %	9.7 %	10.1 %
Suominen (Evli est.)	155	15.2x	10.4x	4.3x	-55.1x	-385.4x	8.3x	-0.9 %	-0.1 %	4.7 %

Suominen prem./disc. to peer median

82 % 19 % -48 % -511 % -2559 % -43 % -108 % -101 % -53 %

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	2.66 PV of Free Cash Flow	194 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	6.01 PV of Horizon value	207 WACC, %	7.9 Market risk premium, %	5.8
Share price potential, %	125.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	6.6 Marketable securities	50 Minimum WACC, %	7.4 Equity beta coefficient	1.00
Minimum value	5.5 Debt - dividend	-101 Maximum WACC, %	8.4 Target debt ratio, %	20
Horizon value, %	51.7 Value of stock	350 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	449	465	474	483	493	503	513	523	534	544	555
<i>Sales growth, %</i>	<i>11.3</i>	<i>-9.0</i>	<i>3.5</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>	<i>2.0</i>
Operating income (EBIT)	-4	0	22	29	34	37	38	38	39	40	41	42
<i>Operating income margin, %</i>	<i>-0.9</i>	<i>-0.1</i>	<i>4.7</i>	<i>6.2</i>	<i>7.0</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	19	20	23	22	22	21	21	21	21	21	20
EBITDA	15	19	42	53	56	59	59	59	60	61	61	
- Paid taxes	-3	0	-5	-6	-7	-8	-8	-8	-8	-8	-9	
- Change in NWC	6	21	-1	-1	-1	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	<i>11.5</i>	<i>7.9</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>8.0</i>	<i>8.0</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	-28	
<i>opCAPEX / Sales, %</i>	<i>1.2</i>	<i>3.5</i>	<i>3.5</i>	<i>3.8</i>	<i>4.2</i>	<i>4.1</i>	<i>4.0</i>	<i>3.9</i>	<i>3.9</i>	<i>3.8</i>	<i>5.1</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	22	20	28	28	30	30	31	31	31	24	417
= Discounted FCFF		22	18	23	22	22	20	19	18	17	12	207
= DFCF min WACC		22	18	24	22	22	21	20	19	17	13	236
= DFCF max WACC		22	18	23	22	21	20	19	17	16	12	183

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3	2023Q4E	2023E	2024E	2025E
Net sales	110.3	118.0	131.9	133.1	493.3	116.8	112.7	106.4	113.0	448.9	464.6	473.9
EBITDA	3.3	1.9	5.1	5.0	15.2	2.7	2.7	5.3	7.9	18.6	41.8	52.5
<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>5.0</i>	<i>7.0</i>	<i>4.1</i>	<i>9.0</i>	<i>11.1</i>
EBIT	-1.3	-2.9	0.2	-0.2	-4.2	-2.0	-2.1	0.7	2.9	-0.5	21.8	29.4
<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>0.7</i>	<i>2.6</i>	<i>-0.1</i>	<i>4.7</i>	<i>6.2</i>
Net financial items	-0.9	0.7	-0.1	-2.6	-2.9	-1.5	-1.3	-1.2	-0.7	-4.7	-2.4	-2.2
Pre-tax profit	-2.2	-2.2	0.1	-2.8	-7.1	-3.5	-3.4	-0.5	2.2	-5.2	19.4	27.2
Tax	-0.1	-0.1	-0.5	-1.2	-2.0	-0.3	-0.2	1.3	-0.5	0.3	-4.1	-5.7
<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>284.7</i>	<i>21.0</i>	<i>6.5</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	0.8	1.7	-4.8	15.4	21.5
EPS	-0.04	-0.04	-0.01	-0.07	-0.16	-0.07	-0.06	0.01	0.03	-0.08	0.26	0.37
EPS adjusted (diluted no. of shares)	-0.04	-0.04	-0.01	-0.07	-0.16	-0.07	-0.06	0.01	0.03	-0.08	0.26	0.37
Dividend per share	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.10	0.15	0.20
SALES, EURm												
Group	110.3	118.0	131.9	133.1	493.3	116.8	112.7	106.4	113.0	448.9	464.6	473.9
Total	110.3	118.0	131.9	133.1	493.3	116.8	112.7	106.4	113.0	448.9	464.6	473.9
SALES GROWTH, Y/Y %												
Group	-4.3	3.8	33.8	15.1	11.3	5.9	-4.5	-19.3	-15.1	-9.0	3.5	2.0
Total	-4.3	3.8	33.8	15.1	11.3	5.9	-4.5	-19.3	-15.1	-9.0	3.5	2.0
EBIT, EURm												
Group	-1.3	-2.9	0.2	-0.2	-4.2	-2.0	-2.1	0.7	2.9	-0.5	21.8	29.4
Total	-1.3	-2.9	0.2	-0.2	-4.2	-2.0	-2.1	0.7	2.9	-0.5	21.8	29.4
EBIT margin, %												
Group	-1.2	-2.5	0.2	-0.2	-0.9	-1.7	-1.9	0.7	2.6	-0.1	4.7	6.2
Total	-1.2	-2.5	0.2	-0.2	-0.9	-1.7	-1.9	0.7	2.6	-0.1	4.7	6.2

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	431.1	411.4	458.9	443.2	493.3	448.9	464.6	473.9
<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>-9.0</i>	<i>3.5</i>	<i>2.0</i>
EBITDA	25.6	33.6	60.9	47.0	15.2	18.6	41.8	52.5
<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>4.1</i>	<i>9.0</i>	<i>11.1</i>
Depreciation	-21.0	-25.5	-21.4	-20.1	-23.2	-19.1	-20.0	-23.1
EBITA	4.6	8.1	39.5	26.9	-8.0	-0.5	21.8	29.4
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	-0.5	21.8	29.4
<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>-0.1</i>	<i>4.7</i>	<i>6.2</i>
Reported EBIT	4.6	8.1	39.5	26.9	-4.2	-0.5	21.8	29.4
<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>-0.1</i>	<i>4.7</i>	<i>6.2</i>
Net financials	-5.6	-6.0	-5.6	-0.4	-2.9	-4.7	-2.4	-2.2
Pre-tax profit	-1.0	2.1	33.9	26.5	-7.1	-5.2	19.4	27.2
Taxes	-0.8	-1.9	-3.8	-5.8	-2.0	0.3	-4.1	-5.7
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	-4.8	15.4	21.5
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	11	11	11
Inventory	52	45	35	50	63	49	51	52
Receivables	63	61	61	73	76	61	63	65
Liquid funds	32	33	58	101	50	36	37	38
Total assets	338	316	317	387	343	298	299	298
Liabilities								
Shareholder's equity	131	131	146	163	146	135	145	157
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	11	11	11
Deferred taxes	12	12	13	14	12	12	12	12
Interest bearing debt	102	86	83	133	89	63	52	36
Non-interest bearing current liabilities	75	66	55	57	80	72	74	76
Other interest-free debt	3	3	3	3	3	3	3	3
Total liabilities	338	316	317	387	343	298	299	298
CASH FLOW, EURm								
+ EBITDA	26	34	61	47	15	19	42	53
- Net financial items	-6	-6	-6	0	-3	-5	-2	-2
- Taxes	6	-2	-4	-3	-3	0	-4	-6
- Increase in Net Working Capital	6	-1	-1	-25	6	21	-1	-1
+/- Other	-3	0	0	0	0	0	0	0
= Cash flow from operations	28	25	50	19	15	35	34	44
- Capex	-15	-11	-12	-16	-6	-16	-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	19	18	26
+/- New issues/buybacks	3	0	-12	8	3	0	0	0
- Paid dividend	-6	0	-3	-12	-12	-6	-6	-9
+/- Other	-12	-13	2	43	-53	-27	-11	-16
Change in cash	-3	1	25	43	-52	-14	1	1

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	153	296	302	181	155	155	155
Net debt (excl. convertibles)	70	40	45	51	38	26	9
Enterprise value	223	336	347	232	193	181	164
Sales	411	459	443	493	449	465	474
EBITDA	34	61	47	15	19	42	53
EBIT	8	40	27	-4	0	22	29
Pre-tax	2	34	27	-7	-5	19	27
Earnings	0	30	21	-9	-5	15	21
Equity book value (excl. minorities)	131	146	163	146	135	145	157
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	10.4	4.3	3.1
EV/EBITA	27.5	8.5	12.9	-29.0	-385.4	8.3	5.6
EV/EBIT	27.5	8.5	12.9	-55.1	-385.4	8.3	5.6
EV/OCF	8.9	6.7	18.0	15.2	5.5	5.3	3.7
EV/FCFF	12.3	7.4	195.7	26.3	8.6	9.1	6.0
P/FCFE	10.8	7.7	86.1	19.2	8.1	8.8	6.1
P/E	766.1	9.8	14.6	-19.8	-32.0	10.1	7.2
P/B	1.2	2.0	1.8	1.2	1.1	1.1	1.0
Target EV/EBITDA	0.0	0.0	0.0	0.0	10.5	4.4	3.2
Target EV/EBIT	0.0	0.0	0.0	0.0	-390.0	8.4	5.7
Target EV/FCF	0.0	0.0	0.0	0.0	10.2	10.4	6.5
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	-32.5	10.2	7.3
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	-0.08	0.26	0.37
Operating cash flow per share	0.43	0.86	0.33	0.26	0.60	0.58	0.75
Free cash flow per share	0.24	0.66	0.06	0.16	0.33	0.30	0.44
Book value per share	2.24	2.50	2.80	2.50	2.32	2.48	2.70
Dividend per share	0.05	0.20	0.20	0.10	0.10	0.15	0.20
Dividend payout ratio, %	1,456.5	38.7	56.3	-64.0	-120.2	56.9	54.3
Dividend yield, %	1.9	3.9	3.9	3.8	3.8	5.6	7.5
FCF yield, %	9.2	12.9	1.2	5.2	12.4	11.4	16.5
Efficiency measures							
ROE	0.2	21.8	13.4	-5.9	-3.4	11.0	14.2
ROCE	3.4	16.6	9.7	-1.5	-0.2	10.5	14.3
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	7.9	8.0	8.0
Operative CAPEX/sales, %	2.6	2.6	3.6	1.2	3.5	3.5	3.8
CAPEX/sales (incl. acquisitions), %	2.6	2.6	3.6	1.2	3.5	3.5	3.8
FCFF/EBITDA	0.5	0.7	0.0	0.6	1.2	0.5	0.5
Net debt/EBITDA, book-weighted	2.1	0.7	1.0	3.3	2.0	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	45.4	48.3	52.9
Gearing, %	53.3	27.3	27.6	35.0	27.9	17.9	5.8

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	37.116	24.0%
Oy Etra Invest Ab	8,700,000	23.142	14.9%
Nordea Nordic Small Cap Fund	3,435,147	9.137	5.9%
Ilmarinen Mutual Pension Insurance Company	3,046,892	8.105	5.2%
Etola Group Oy	2,900,000	7.714	5.0%
Nordea Life Assurance Finland Ltd.	2,882,300	7.667	4.9%
Mandatum Life Insurance Company Limited	2,881,547	7.665	4.9%
Elo Mutual Pension Insurance Company	1,944,651	5.173	3.3%
Varma Mutual Pension Insurance Company	1,689,751	4.495	2.9%
OP Life Assurance Company Ltd	1,688,830	4.492	2.9%
Ten largest	43,122,475	114.706	74%
Residual	15,136,744	40.264	26%
Total	58,259,219	154.970	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

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

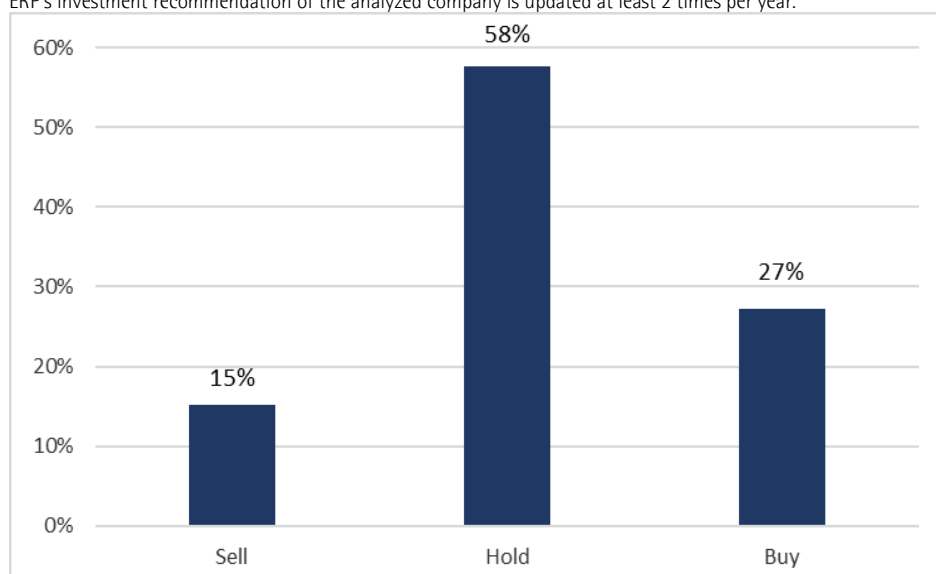
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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