

Still quite soft even if improving

Suominen's Q4 was expected to show some further recovery in earnings, but its pace still turned out to be quite slow as revenue landed a bit above estimates while the EUR 5.3m EBITDA missed estimates by some EUR 2m. Suominen's earnings will continue to improve this year, however the comparison figures are not challenging.

- Suominen's Q4 revenue fell by 14% y/y to EUR 114.9m vs the EUR 112.0m/112.0m Evli/consensus estimates. Americas amounted to EUR 72.3m, compared to our EUR 73.0m estimate, while Europe was EUR 42.6m vs our EUR 39.0m estimate. Sales volumes increased slightly relative to the comparison period, while sales prices decreased clearly due to the lower raw material prices. Currencies had a negative sales impact of EUR 3.5m.
- Gross profit landed at EUR 8.4m, compared to our EUR 10.1m estimate. Gross margin was therefore 7.4% vs our 9.0% estimate. Actions to improve operational efficiency in plants continue.
- Comparable EBITDA came in at EUR 5.3m vs the EUR 7.7m/7.0m Evli/consensus estimates. Comparable EBIT was EUR 0.7m, compared to the EUR 2.7m/2.4m Evli/consensus estimates. Sales margins improved y/y.
- Suominen guides improving comparable EBITDA for FY '24 (EUR 15.8m in FY '23). Suominen sees some positive signals from the market and customers.
- The BoD proposes a dividend per share of EUR 0.10 to be distributed for FY '23, compared to the EUR 0.10/0.08 Evli/consensus estimates.

Rating 🟡 HOLD

Q4'23	Actual	Evli	Year ago	Q3'23
Revenue	114.9	112.0	133.1	106.4
Gross profit	8.4	10.1	1.8	6.4
Comparable EBITDA	5.3	7.7	5.0	5.2
Comparable EBIT	0.7	2.7	-0.2	0.7

Deviation	Actual	Evli	Year ago	Q3'23
Revenue		3 %	-14 %	8 %
Gross profit		-16 %	369 %	32 %
Comparable EBITDA		-31 %	6 %	2 %
Comparable EBIT		-74 %	-450 %	0 %

Share price, EUR (Last trading day's closing price) 2.72

Target price, EUR 2.7

Latest change in 27-Jan-23

Latest report on company 31-Jan-24

Research paid by issuer: YES

No. of shares outstanding, 58,259

No. of shares fully diluted, 58,259

Market cap, EURm 158

Free float, % 62.7

Exchange rate EUR/USD 1.08

Reuters code SUY1V.HE

Bloomberg code SUY1V FH

Average daily volume, EURm 0.1

Next interim report 06-Feb-24

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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	447.9	-0.7	-0.2%	19.1	-0.09	-31.7	0.4	-280.3	12.0	0.10
2024E	461.3	20.8	4.5%	16.6	0.24	11.2	0.4	8.9	10.5	0.13
2025E	470.6	28.7	6.1%	25.0	0.36	7.6	0.4	5.9	15.8	0.15

Market cap, EURm	158	BV per share 2023E, EUR	28.0	CAGR EPS 2022-25, %	0.0
Net debt 2023E, EURm	38	Price/book 2023E	1.2	CAGR sales 2022-25, %	-1.6
Enterprise value, EURm	196	Dividend yield 2023E, %	3.7	ROE 2023E, %	-3.6
Total assets 2023E, EURm	298	Tax rate 2023E, %	7.0	ROCE 2023E, %	-0.3
Goodwill 2023E, EURm	15	Equity ratio 2023E, %	45.4	PEG, P/E 23/CAGR	0.0

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

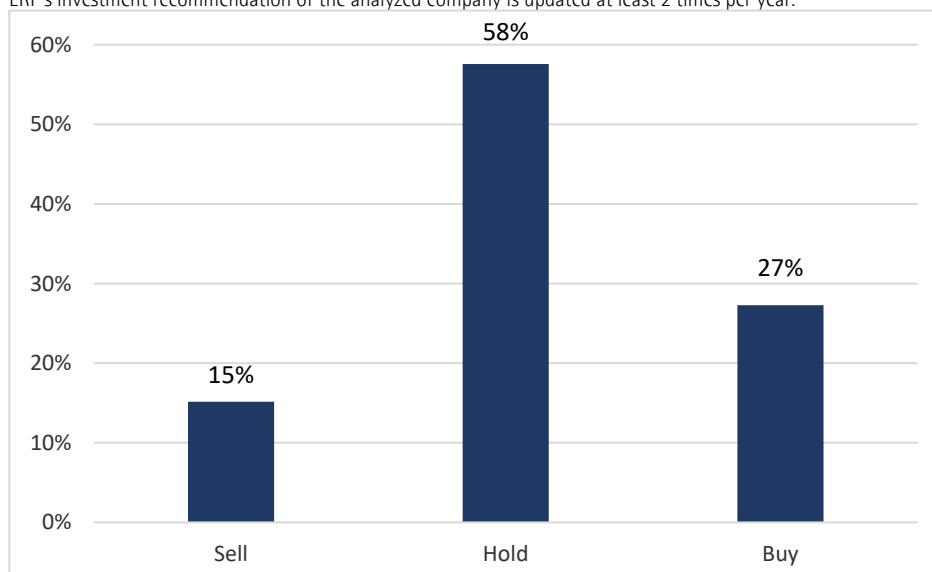
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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