

## Earnings to recover over the year

Suominen reports Q1 results on May 7. We see earnings recovering throughout this year towards a normal level.

### Low comparison figures, earnings to gain over this year

Suominen's Q4 showed some encouraging signs as revenue in Europe declined less than estimated, while gross margin continued to improve q/q, however the EUR 5.3m EBITDA remained soft and missed estimates. Both revenue and EBITDA have room to improve this year given that the comparison figures are low due to both soft volumes as well as declining nonwovens sales prices. We believe Suominen's volumes and prices will gain in FY '24; the former should benefit from normalization in the US as the supply chain glut dissolves, while the latter will be driven higher by increasing raw material prices. We estimate Q1 EBITDA at EUR 6.6m, in other words an increase of EUR 4m y/y and EUR 1.3m q/q; the level is still low compared to the above EUR 10m quarterly figure we believe Suominen should eventually be able to achieve.

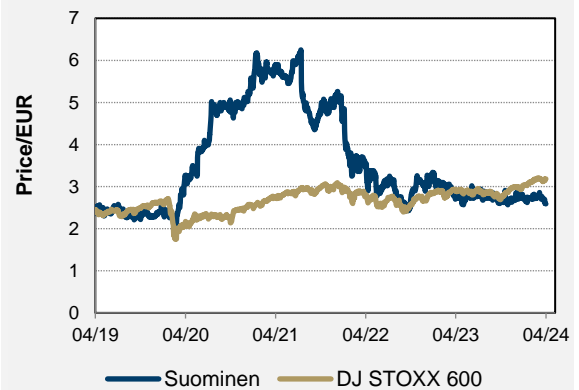
### Towards 10% gross margin and 9% EBITDA margin

We estimate H1'24 revenue to have developed basically flat y/y, despite some further volume gains, as Suominen's sales prices still faced some y/y headwinds even if raw materials prices have recently trended up a bit (we estimate Suominen's raw materials prices to have gained roughly 5% q/q in Q1, slightly slower than in Q4). We estimate moderate gains in sales prices and a further recovery in volumes to result in 9% y/y higher H2 revenue, which should help Suominen to around 10% gross margins by then. This would result in some 9% EBITDA margin going towards next year. That level may still fall short of the performance which Suominen would like to achieve in the long-term, and Suominen has been focusing on commercial and operational excellence measures.

### 9% EBITDA margin would still be relatively low

Suominen is valued around 12x EV/EBIT on our FY '24 estimates, which we view a bit high but justified assuming earnings improve over the course of the year. The multiple is about 7x on our FY '25 estimates, assuming Suominen reaches 10% gross margin towards the end of this year. We don't view current valuation too high as our FY '25 estimates should still leave upside going forward, however full earnings recovery takes time. We view valuation neutral as we retain our EUR 2.5 TP and HOLD rating.

Rating 🟡 HOLD



Share price, EUR (Last trading day's closing price) 2.59  
Target price, EUR 2.5

Latest change in 27-Jan-23  
Latest report on company 07-Feb-24  
Research paid by issuer: YES  
No. of shares outstanding, 58,259  
No. of shares fully diluted, 58,259  
Market cap, EURm 151  
Free float, % 62.7  
Exchange rate EUR/USD 1.07  
Reuters code SUY1V.HE  
Bloomberg code SUY1V FH  
Average daily volume, 0.1  
Next interim report 07-May-24  
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
2022	493.3	-4.2	-0.9%	9.4	-0.16	-19.8	0.5	-55.1	5.2	0.10
2023	450.9	-2.8	-0.6%	25.4	-0.14	-20.4	0.5	-73.1	15.5	0.10
2024E	469.5	16.4	3.5%	4.7	0.16	15.8	0.4	11.7	3.1	0.12
2025E	478.9	26.3	5.5%	20.5	0.32	8.2	0.4	6.8	13.6	0.13
2026E	483.7	31.4	6.5%	30.0	0.40	6.5	0.3	5.0	19.9	0.20

Market cap, EURm	151	Gearing 2024E, %	32.4	CAGR EPS 2023-26, %	0.0
Net debt 2024E, EURm	42	Price/book 2024E	1.2	CAGR sales 2023-26, %	2.4
Enterprise value, EURm	193	Dividend yield 2024E, %	4.6	ROE 2024E, %	7.5
Total assets 2024E, EURm	300	Tax rate 2024E, %	21.0	ROCE 2024E, %	7.6
Goodwill 2024E, EURm	15	Equity ratio 2024E, %	42.8	PEG, P/E 24/CAGR	0.4

## Estimates and valuation

Suominen EURm	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2023 FY	2024E Q1E	2024E Q2E	2024E Q3E	2024E Q4E	2024E FY
<b>Revenue</b>	<b>444</b>	<b>417</b>	<b>426</b>	<b>431</b>	<b>411</b>	<b>459</b>	<b>443</b>	<b>493</b>	<b>117</b>	<b>113</b>	<b>106</b>	<b>115</b>	<b>451</b>	<b>114</b>	<b>115</b>	<b>118</b>	<b>123</b>	<b>470</b>
growth, %	11 %	-6 %	2 %	1 %	-5 %	12 %	-3 %	11 %	6 %	-4 %	-19 %	-14 %	-9 %	-3 %	2 %	11 %	7 %	4 %
<b>Geography</b>																		
Europe	172	171	174	171	150	170	178	205	42	43	36	43	163	40	41	41	44	166
Americas	272	246	252	260	262	289	265	288	75	70	71	72	288	74	74	77	79	304
COGS	-386	-365	-384	-400	-377	-389	-392	-475	-112	-110	-100	-106	-428	-104	-104	-106	-109	-424
Gross Profit	58	52	42	31	37	70	51	19	4.9	3.1	6.4	8.4	23	9.6	10.9	11.8	13.5	46
Gross-%	13.1 %	12.5 %	9.9 %	7.3 %	9.0 %	15.2 %	11.5 %	3.8 %	4.2 %	2.7 %	6.0 %	7.3 %	5.1 %	8.5 %	9.5 %	10.0 %	11.0 %	9.8 %
SGA & R&D	-28.0	-27.9	-28.9	-29.2	-30.6	-30.7	-28.9	-32.4	-8.2	-8.0	-7.9	-8.2	-32.3	-7.5	-7.5	-7.3	-7.3	-29.5
Other	1.8	1.3	1.7	2.5	1.8	0.4	5.0	4.9	1.3	-1.8	2.2	0.4	2.1	0.0	0.0	0.0	0.0	0.0
<b>EBIT ex IAC</b>	<b>31.2</b>	<b>25.6</b>	<b>15.0</b>	<b>4.6</b>	<b>8.1</b>	<b>39.5</b>	<b>26.9</b>	<b>-4.2</b>	<b>-2.0</b>	<b>-2.1</b>	<b>0.7</b>	<b>0.7</b>	<b>-2.8</b>	<b>2.1</b>	<b>3.4</b>	<b>4.6</b>	<b>6.3</b>	<b>16.4</b>
<b>EBIT-% ex IAC</b>	<b>7.0 %</b>	<b>6.1 %</b>	<b>3.5 %</b>	<b>1.1 %</b>	<b>2.0 %</b>	<b>8.6 %</b>	<b>6.1 %</b>	<b>-0.8 %</b>	<b>-1.7 %</b>	<b>-1.9 %</b>	<b>0.6 %</b>	<b>0.6 %</b>	<b>-0.6 %</b>	<b>1.9 %</b>	<b>3.0 %</b>	<b>3.9 %</b>	<b>5.1 %</b>	<b>3.5 %</b>
Depreciation	-17.7	-18.5	-19.4	-21.0	-25.5	-21.4	-20.1	-19.5	-4.7	-4.8	-4.5	-4.6	-18.7	-4.5	-4.5	-4.5	-4.5	-18.0
<b>EBITDA ex IAC</b>	<b>48.9</b>	<b>44.2</b>	<b>34.3</b>	<b>25.6</b>	<b>33.6</b>	<b>60.9</b>	<b>47.0</b>	<b>15.3</b>	<b>2.6</b>	<b>2.7</b>	<b>5.2</b>	<b>5.3</b>	<b>15.8</b>	<b>6.6</b>	<b>7.9</b>	<b>9.1</b>	<b>10.8</b>	<b>34.4</b>
<b>EBITDA-% ex IAC</b>	<b>11.0 %</b>	<b>10.6 %</b>	<b>8.1 %</b>	<b>5.9 %</b>	<b>8.2 %</b>	<b>13.3 %</b>	<b>10.6 %</b>	<b>3.1 %</b>	<b>2.3 %</b>	<b>2.4 %</b>	<b>4.9 %</b>	<b>4.6 %</b>	<b>3.5 %</b>	<b>5.9 %</b>	<b>6.9 %</b>	<b>7.7 %</b>	<b>8.8 %</b>	<b>7.3 %</b>

Source: Suominen, Evli Research

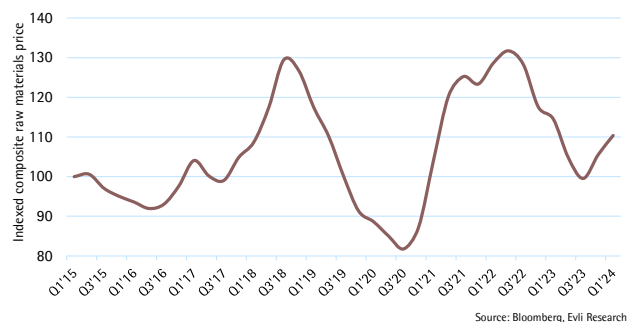
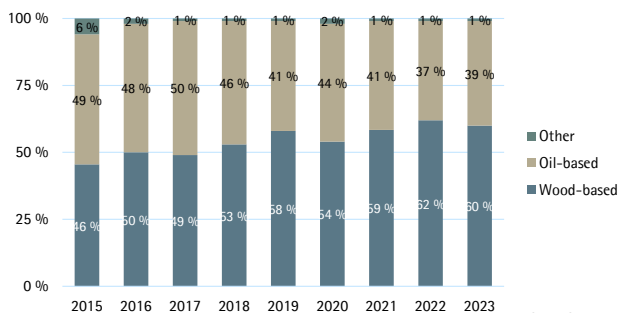
SUOMINEN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		23	24	25	23	24	25	23	24	25
Berry Global Group	6191	8.3x	7.5x	7.3x	13.9x	12.7x	12.0x	9.7 %	9.9 %	10.2 %
Kimberly-Clark	42637	13.3x	13.5x	12.9x	16.5x	16.8x	16.0x	14.5 %	15.5 %	15.9 %
N.R. Spuntech Industries	79									
Mativ Holdings	909	8.0x	8.0x	6.9x	15.3x	12.6x	9.9x	6.1 %	7.6 %	9.1 %
Glatfelter	63	9.7x								
Peer Group Average	9976	<b>9.8x</b>	<b>9.7x</b>	<b>9.0x</b>	<b>15.2x</b>	<b>14.0x</b>	<b>12.6x</b>	<b>10.1 %</b>	<b>11.0 %</b>	<b>11.8 %</b>
Peer Group Median	909	<b>9.0x</b>	<b>8.0x</b>	<b>7.3x</b>	<b>15.3x</b>	<b>12.7x</b>	<b>12.0x</b>	<b>9.7 %</b>	<b>9.9 %</b>	<b>10.2 %</b>
Suominen (Evli est.)	<b>151</b>	<b>13.0x</b>	<b>5.6x</b>	<b>4.0x</b>	<b>-73.1x</b>	<b>11.7x</b>	<b>6.8x</b>	<b>-0.6 %</b>	<b>3.5 %</b>	<b>5.5 %</b>

Suominen prem./disc. to peer median

44 % -30 % -45 % -578 % -8 % -44 % -106 % -65 % -46 %

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	2.59 PV of Free Cash Flow	179 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	5.29 PV of Horizon value	170 WACC, %	7.9 Market risk premium, %
Share price potential, %	104.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	5.8 Marketable securities	59 Minimum WACC, %	7.4 Equity beta coefficient
Minimum value	4.9 Debt - dividend	-99 Maximum WACC, %	8.4 Target debt ratio, %
Horizon value, %	48.8 Value of stock	308 Nr of shares, Mn	58.3 Effective tax rate, %

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	451	470	479	484	493	503	513	524	534	545	556	567
<i>Sales growth, %</i>	-8.6	4.1	2.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Operating income (EBIT)	-3	16	26	31	37	38	38	39	40	41	42	43
<i>Operating income margin, %</i>	-0.6	3.5	5.5	6.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
+ Depreciation+amort.	19	18	18	22	21	21	21	20	20	20	20	
EBITDA	16	34	44	54	58	58	59	60	60	61	62	
- Paid taxes	-3	-3	-6	-7	-8	-8	-8	-8	-8	-9	-9	
- Change in NWC	29	-7	-1	0	-1	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	6.1	7.4	7.5	7.5	7.5	7.5	7.5	7.5	7.6	7.6	7.6	
+ Change in other liabs	-2	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-11	-15	-15	-15	-20	-20	-20	-20	-20	-20	-20	-32
<i>opCAPEX / Sales, %</i>	2.3	3.3	3.2	3.1	4.1	4.0	3.9	3.9	3.8	3.7	3.7	5.7
- 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	28	9	23	32	29	30	30	31	31	32	21	355
= Discounted FCFF		8	20	26	22	21	20	18	17	16	10	170
= DFCF min WACC		8	20	26	23	21	20	19	18	17	10	194
= DFCF max WACC		8	20	26	22	20	19	18	17	16	9	150

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1E	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	116.8	112.7	106.4	115.0	450.9	113.5	115.0	118.0	123.0	469.5	478.9	483.7
EBITDA	2.7	2.7	5.3	5.1	15.8	6.6	7.9	9.1	10.8	34.4	44.3	53.9
<i>EBITDA margin (%)</i>	<i>2.3</i>	<i>2.4</i>	<i>5.0</i>	<i>4.5</i>	<i>3.5</i>	<i>5.8</i>	<i>6.9</i>	<i>7.7</i>	<i>8.8</i>	<i>7.3</i>	<i>9.3</i>	<i>11.1</i>
EBIT	-2.0	-2.1	0.7	0.6	-2.8	2.1	3.4	4.6	6.3	16.4	26.3	31.4
<i>EBIT margin (%)</i>	<i>-1.7</i>	<i>-1.9</i>	<i>0.7</i>	<i>0.5</i>	<i>-0.6</i>	<i>1.9</i>	<i>3.0</i>	<i>3.9</i>	<i>5.1</i>	<i>3.5</i>	<i>5.5</i>	<i>6.5</i>
Net financial items	-1.5	-1.3	-1.2	-2.0	-6.0	-1.3	-1.2	-0.9	-0.9	-4.3	-2.9	-2.2
Pre-tax profit	-3.5	-3.4	-0.5	-1.4	-8.8	0.8	2.2	3.7	5.4	12.1	23.4	29.2
Tax	-0.3	-0.2	1.3	-0.1	0.7	-0.2	-0.5	-0.8	-1.1	-2.5	-4.9	-6.1
<i>Tax rate (%)</i>	<i>-9.0</i>	<i>-5.0</i>	<i>284.7</i>	<i>-5.6</i>	<i>8.2</i>	<i>21.0</i>	<i>21.0</i>	<i>21.0</i>	<i>21.0</i>	<i>21.0</i>	<i>21.0</i>	<i>21.0</i>
Net profit	-3.9	-3.6	0.8	-1.5	-8.1	0.6	1.7	2.9	4.3	9.6	18.5	23.1
EPS	-0.07	-0.06	0.01	-0.03	-0.14	0.01	0.03	0.05	0.07	0.16	0.32	0.40
EPS adjusted (diluted no. of shares)	-0.07	-0.06	0.01	-0.03	-0.14	0.01	0.03	0.05	0.07	0.16	0.32	0.40
Dividend per share	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.12	0.13	0.20
<b>SALES, EURm</b>												
Group	116.8	112.7	106.4	115.0	450.9	113.5	115.0	118.0	123.0	469.5	478.9	483.7
Total	116.8	112.7	106.4	115.0	450.9	113.5	115.0	118.0	123.0	469.5	478.9	483.7
<b>SALES GROWTH, Y/Y %</b>												
Group	5.9	-4.5	-19.3	-13.6	-8.6	-2.8	2.0	10.9	7.0	4.1	2.0	1.0
Total	5.9	-4.5	-19.3	-13.6	-8.6	-2.8	2.0	10.9	7.0	4.1	2.0	1.0
<b>EBIT, EURm</b>												
Group	-2.0	-2.1	0.7	0.6	-2.8	2.1	3.4	4.6	6.3	16.4	26.3	31.4
Total	-2.0	-2.1	0.7	0.6	-2.8	2.1	3.4	4.6	6.3	16.4	26.3	31.4
<b>EBIT margin, %</b>												
Group	-1.7	-1.9	0.7	0.5	-0.6	1.9	3.0	3.9	5.1	3.5	5.5	6.5
Total	-1.7	-1.9	0.7	0.5	-0.6	1.9	3.0	3.9	5.1	3.5	5.5	6.5

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	411.4	458.9	443.2	493.3	450.9	469.5	478.9	483.7
<i>Sales growth (%)</i>	-4.6	11.5	-3.4	11.3	-8.6	4.1	2.0	1.0
EBITDA	33.6	60.9	47.0	15.2	15.8	34.4	44.3	53.9
<i>EBITDA margin (%)</i>	8.2	13.3	10.6	3.1	3.5	7.3	9.3	11.1
Depreciation	-25.5	-21.4	-20.1	-23.2	-18.6	-18.0	-18.0	-22.4
EBITA	8.1	39.5	26.9	-8.0	-2.8	16.4	26.3	31.4
Goodwill amortization / writedown	0.0	0.0	0.0	3.8	0.0	0.0	0.0	0.0
EBIT	8.1	39.5	26.9	-4.2	-2.8	16.4	26.3	31.4
<i>EBIT margin (%)</i>	2.0	8.6	6.1	-0.9	-0.6	3.5	5.5	6.5
Reported EBIT	8.1	39.5	26.9	-4.2	-2.8	16.4	26.3	31.4
<i>EBIT margin (reported) (%)</i>	2.0	8.6	6.1	-0.9	-0.6	3.5	5.5	6.5
Net financials	-6.0	-5.6	-0.4	-2.9	-6.0	-4.3	-2.9	-2.2
Pre-tax profit	2.1	33.9	26.5	-7.1	-8.8	12.1	23.4	29.2
Taxes	-1.9	-3.8	-5.8	-2.0	0.7	-2.5	-4.9	-6.1
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.2	30.1	20.7	-9.1	-8.1	9.6	18.5	23.1
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
<b>BALANCE SHEET, EURm</b>								
Assets								
Fixed assets	143	126	129	126	119	116	113	106
Goodwill	15	15	15	15	15	15	15	15
Right of use assets	16	18	16	12	11	12	12	12
Inventory	45	35	50	63	38	52	53	53
Receivables	61	61	73	76	72	66	67	67
Liquid funds	33	58	101	50	59	38	38	39
Total assets	316	317	387	343	316	300	300	295
Liabilities								
Shareholder's equity	131	146	163	146	125	129	140	156
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	16	15	13	11	10	12	12	12
Deferred taxes	12	13	14	12	9	9	9	9
Interest bearing debt	86	83	133	89	89	68	55	33
Non-interest bearing current liabilities	66	55	57	80	75	75	77	77
Other interest-free debt	3	3	3	3	7	7	7	7
Total liabilities	316	317	387	343	316	300	300	295
<b>CASH FLOW, EURm</b>								
+ EBITDA	34	61	47	15	16	34	44	54
- Net financial items	-6	-6	0	-3	-6	-4	-3	-2
- Taxes	-2	-4	-3	-3	-3	-3	-5	-6
- Increase in Net Working Capital	-1	-1	-25	6	29	-7	-1	0
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	25	50	19	15	36	20	36	45
- Capex	-11	-12	-16	-6	-10	-15	-15	-15
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	14	38	4	9	25	5	20	30
+/- New issues/buybacks	0	-12	8	3	-7	0	0	0
- Paid dividend	0	-3	-12	-12	-6	-6	-7	-8
+/- Other	-13	2	43	-53	-3	-20	-13	-22
Change in cash	1	25	43	-52	9	-21	1	0

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	296	302	181	164	151	151	151
Net debt (excl. convertibles)	40	45	51	40	42	28	6
Enterprise value	336	347	232	205	193	179	157
Sales	459	443	493	451	470	479	484
EBITDA	61	47	15	16	34	44	54
EBIT	40	27	-4	-3	16	26	31
Pre-tax	34	27	-7	-9	12	23	29
Earnings	30	21	-9	-8	10	19	23
Equity book value (excl. minorities)	146	163	146	125	129	140	156
<b>Valuation multiples</b>							
EV/sales	0.7	0.8	0.5	0.5	0.4	0.4	0.3
EV/EBITDA	5.5	7.4	15.2	13.0	5.6	4.0	2.9
EV/EBITA	8.5	12.9	-29.0	-73.1	11.7	6.8	5.0
EV/EBIT	8.5	12.9	-55.1	-73.1	11.7	6.8	5.0
EV/OCF	6.7	18.0	15.2	5.7	9.6	5.0	3.5
EV/FCFF	7.4	195.7	26.3	7.2	22.6	7.8	4.9
P/FCFE	7.7	86.1	19.2	6.5	32.4	7.4	5.0
P/E	9.8	14.6	-19.8	-20.4	15.8	8.2	6.5
P/B	2.0	1.8	1.2	1.3	1.2	1.1	1.0
Target EV/EBITDA	0.0	0.0	0.0	0.0	5.4	3.9	2.8
Target EV/EBIT	0.0	0.0	0.0	0.0	11.4	6.6	4.8
Target EV/FCF	0.0	0.0	0.0	0.0	40.2	8.5	5.1
Target P/B	0.0	0.0	0.0	0.0	1.1	1.0	0.9
Target P/E	0.0	0.0	0.0	0.0	15.2	7.9	6.3
<b>Per share measures</b>							
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	0.52	0.36	-0.16	-0.14	0.16	0.32	0.40
Operating cash flow per share	0.86	0.33	0.26	0.62	0.35	0.61	0.77
Free cash flow per share	0.66	0.06	0.16	0.44	0.08	0.35	0.51
Book value per share	2.50	2.80	2.50	2.14	2.21	2.40	2.67
Dividend per share	0.20	0.20	0.10	0.10	0.12	0.13	0.20
Dividend payout ratio, %	38.7	56.3	-64.0	-72.2	73.1	40.9	50.5
Dividend yield, %	3.9	3.9	3.2	3.9	4.6	5.0	7.7
FCF yield, %	12.9	1.2	5.2	15.5	3.1	13.6	19.9
<b>Efficiency measures</b>							
ROE	21.8	13.4	-5.9	-6.0	7.5	13.8	15.6
ROCE	16.6	9.7	-1.5	-1.2	7.6	12.7	15.5
<b>Financial ratios</b>							
Inventories as % of sales	7.7	11.2	12.8	8.4	11.0	11.0	11.0
Receivables as % of sales	13.2	16.6	15.4	15.9	14.0	13.9	13.9
Non-interest bearing liabilities as % of sales	11.9	12.9	16.2	16.7	16.0	16.0	16.0
NWC/sales, %	8.3	14.1	11.5	6.1	7.4	7.5	7.5
Operative CAPEX/sales, %	2.6	3.6	1.2	2.3	3.3	3.2	3.1
CAPEX/sales (incl. acquisitions), %	2.6	3.6	1.2	2.3	3.3	3.2	3.1
FCFF/EBITDA	0.7	0.0	0.6	1.8	0.2	0.5	0.6
Net debt/EBITDA, book-weighted	0.7	1.0	3.3	2.6	1.2	0.6	0.1
Debt/equity, market-weighted	0.3	0.4	0.5	0.5	0.4	0.4	0.2
Equity ratio, book-weighted	46.0	42.2	42.5	39.5	42.8	46.6	52.8
Gearing, %	27.3	27.6	35.0	32.4	32.4	20.1	3.7

**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	14,080,625	36.469	24.2%
Etola Group Oy	7,414,000	19.202	12.7%
Oy Etra Invest Ab	7,000,000	18.130	12.0%
OP Life Assurance Company Ltd	4,148,521	10.745	7.1%
Nordea Nordic Small Cap Fund	3,435,147	8.897	5.9%
Mandatum Life Insurance Company Limited	2,881,280	7.463	4.9%
Ilmarinen Mutual Pension Insurance Company	1,912,000	4.952	3.3%
Varma Mutual Pension Insurance Company	1,689,751	4.376	2.9%
Nordea Life Assurance Finland Ltd.	1,462,000	3.787	2.5%
Oy H. Kuningas & Co Ab	1,400,000	3.626	2.4%
Ten largest	45,423,324	117.646	78%
Residual	12,835,895	33.245	22%
Total	58,259,219	150.891	100%

**EARNINGS CALENDAR**

May 07, 2024	Q1 report
August 09, 2024	Q2 report
October 29, 2024	Q3 report

**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



<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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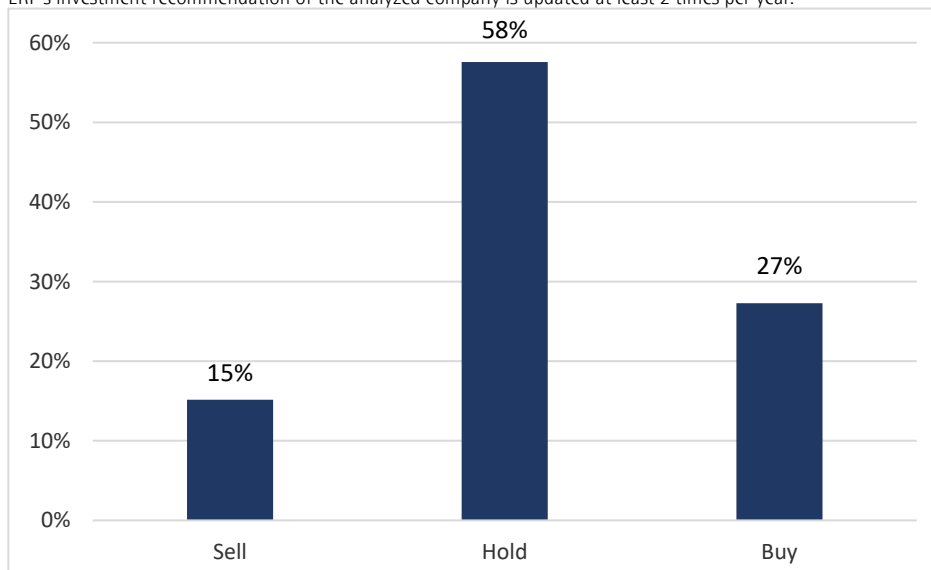
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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