

## Margins continued to improve

Suominen's Q2 revenue was higher than our estimate, while gross profit landed basically as we expected, however general costs were still large enough to leave the EUR 5.0m comparable EBITDA a bit soft relative to our estimate.

- Suominen Q2 revenue increased by 5% y/y to EUR 118.7m vs the EUR 117.0m/116.0m Evli/consensus estimates. Americas amounted to EUR 75.7m, compared to our EUR 72.0m estimate, while EMEA was EUR 43.0m vs our EUR 45.0m estimate. Sales volumes increased y/y but sales prices declined due to lower raw materials prices. New products (launched in the last three years) made up more than 37% of sales in H1. Currencies had a positive impact of EUR 0.6m on revenue.
- Gross profit amounted to EUR 8.9m, compared to our EUR 9.1m estimate. Gross margin was 7.5% vs our 7.8% estimate. Suominen has focused on improving production efficiency and the sustainable nonwovens production line investment in Bethune is proceeding as planned.
- Comparable EBITDA was EUR 5.0m vs the EUR 6.1m/5.5m Evli/consensus estimates. Meanwhile comparable EBIT landed at EUR 0.4m vs the EUR 1.6m/1.3m Evli/consensus estimates. Sales, marketing and administration expenses were higher than we estimated. Sales margins improved y/y.
- Suominen guides FY '24 comparable EBITDA to increase y/y relative to the EUR 15.8m comparison figure (unchanged).

Rating				🟡 HOLD
Q2'24	Actual	Evli	Year ago	Q1'24
Revenue	118.7	117.0	112.7	113.6
Gross profit	8.9	9.1	3.1	8.1
Comparable EBITDA	5.0	6.1	2.7	4.5
Comparable EBIT	0.4	1.6	-2.1	-0.1
Deviation				Q1'24
Revenue		1 %	5 %	4 %
Gross profit		-2 %	187 %	9 %
Comparable EBITDA		-18 %	85 %	11 %
Comparable EBIT		-75 %	-119 %	-500 %
Share price, EUR (Last trading day's closing price)				2.66
Target price, EUR				2.5
Latest change in				27-Jan-23
Latest report on company				30-Jul-24
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				1.09
Reuters code				SUY1V.HE
Bloomberg code				SUY1V FH
Average daily volume, EURm				0.1
Next interim report				09-Aug-24
Web site				www.suominen.fi/en/investor
Analyst				Joonas Ilvonen
E-mail				joonas.ilvonen@evli.com
Telephone				+358 44 430 9071

🟢 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
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%	25.5	-0.14	-20.4	0.5	-73.1	15.5	0.10
2024E	470.6	9.9	2.1%	-3.4	0.07	37.2	0.4	20.7	-2.2	0.10
2025E	484.7	23.8	4.9%	15.0	0.27	9.7	0.4	8.2	9.7	0.12
2026E	496.8	29.8	6.0%	13.9	0.36	7.3	0.4	6.3	8.9	0.13
Market cap, EURm	155		BV per share 2024E, EUR		40.4		CAGR EPS 2023-26, %		0.0	
Net debt 2024E, EURm	50		Price/book 2024E		1.3		CAGR sales 2023-26, %		3.3	
Enterprise value, EURm	205		Dividend yield 2024E, %		3.8		ROE 2024E, %		3.4	
Total assets 2024E, EURm	303		Tax rate 2024E, %		29.5		ROCE 2024E, %		4.6	
Goodwill 2024E, EURm	15		Equity ratio 2024E, %		40.6		PEG, P/E 24/CAGR		0.4	

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

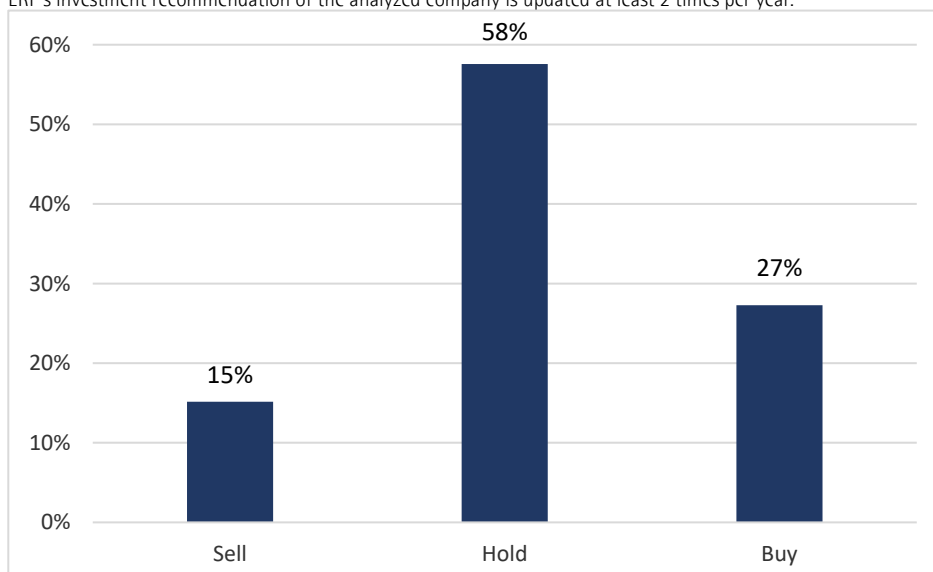
## Important Disclosures

Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at [Analysts' recommendations and ratings revisions](#).

Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Plc. Production of the investment recommendation has been concluded on [30.7.2024, 9:10]. This report has been published on [9.8.2024, 10:00].

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making or liquidity providing services.

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions or other services performed by Evli Plc or any company within Evli Group.

This report has not been disclosed to the company prior to its dissemination.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Plc is supervised by the Finnish Financial Supervision Authority.

August 9, 2024

## Contact information

### SALES, TRADING AND RESEARCH

#### Equity, ETF and Derivatives Sales

Joachim Dannberg +358 9 4766 9123  
Ari Laine +358 9 4766 9115  
Kimmo Lijja +358 9 4766 9130

#### Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120  
Pasi Väisänen +358 9 4766 9120  
Antti Kässi +358 9 4766 9120  
Miika Ronkanen +358 9 4766 9120

#### Structured Investments

Heikki Savijoki +358 9 4766 9726  
Aki Lakkisto +358 9 4766 9123

#### Equity Research

Atte Jortikka +358 40 054 3725  
Joonas Ilvonen +358 44 430 9071  
Jerker Salokivi +358 9 4766 9149

#### Evli Investment Solutions

Johannes Asuja +358 9 4766 9205

# EVLI

#### EVLI PLC

Aleksanterinkatu 19 A  
P.O. Box 1081  
FIN-00101 Helsinki, FINLAND  
Phone +358 9 476 690  
Internet [www.evli.com](http://www.evli.com)  
E-mail [firstname.lastname@evli.com](mailto:firstname.lastname@evli.com)

#### EVLI PLC, STOCKHOLMSFILIAL

Regeringsgatan 67 P.O. Box 16354  
SE-103 26 Stockholm  
Sverige  
[stockholm@evli.com](mailto:stockholm@evli.com)  
Tel +46 (0)8 407 8000