

Figures fell short of estimates

Suominen's revenue grew 5% y/y in Q3, which was below estimates. There were also some EUR 3.0m in additional costs due to major operational challenges, which caused the EUR 3.3m comparable EBITDA to fall significantly below estimates. Suominen retains its guidance, and as the market looks quite stable Q4 should still see improvement albeit from a low comparison period. Suominen's earnings have a lot more way to go before reaching satisfactory levels.

- Suominen Q3 revenue grew by 5% y/y to EUR 111.6m, compared to the EUR 119.0m/114.7m Evli/consensus estimates, while Americas amounted to EUR 69.5m vs our EUR 78.0m estimate. EMEA was EUR 42.1m vs our EUR 41.0m estimate. Sales volumes, sales prices and sales margins increased y/y. Currencies had a negative top line impact of EUR 1.4m. Suominen's target market is stable, although the global economic sentiment causes some uncertainty. Any short-term market changes are likely to remain modest.
- Gross profit was EUR 5.1m, compared to our EUR 10.9m estimate. Gross margin amounted to 4.6% vs our 9.2% estimate.
- Comparable EBITDA landed at EUR 3.3m vs the EUR 7.9m/6.8m Evli/consensus estimates. Comparable EBIT was EUR -1.5m, compared to the EUR 3.4m/2.3m Evli/consensus estimates. Suominen had major operational issues in Q3 which caused unplanned production downtime and additional expenses. These issues, which were immediately addressed, had a negative EBITDA impact of around EUR 3.0m.
- Suominen guides FY'24 comparable EBITDA to increase y/y (unchanged).

Rating Hold

Q3'24	Actual	Evli	Year ago	Q2'24
Revenue	111.6	119.0	106.4	118.7
Gross profit	5.1	10.9	6.4	8.9
Comparable EBITDA	3.3	7.9	5.2	5.0
Comparable EBIT	-1.5	3.4	0.7	0.4

Deviation	Actual	Evli	Year ago	Q2'24
Revenue		-6 %	5 %	-6 %
Gross profit		-53 %	-20 %	-42 %
Comparable EBITDA		-58 %	-37 %	-34 %
Comparable EBIT		-144 %	-314 %	-475 %

Share price, EUR (Last trading day's closing price) **2.50**

Target price, EUR 2.5

Latest change in recommendation 27-Jan-23

Latest report on company 28-Oct-24

Research paid by issuer: YES

No. of shares outstanding, '000's 58 259

No. of shares fully diluted, '000's 58 259

Market cap, EURm 146

Free float, % 62.7 %

Exchange rate 1.08

Reuters code SUY1V.HE

Bloomberg code SUY1V FH

Average daily volume, EURm 0.1

Next interim report 06-Nov-24

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

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	474.3	8.5	1.8%	-4.9	0.05	49.0	0.4	23.2	-3.4%	0.10
2025E	490.9	24.1	4.9%	5.0	0.28	9.0	0.4	8.2	3.4%	0.12
2026E	525.3	31.5	6.0%	13.5	0.38	6.6	0.4	6.1	9.2%	0.13
Market cap, EURm	146	Gearing 2024E, %		42.0 %	CAGR EPS 2023-26, %		0.0 %			
Net debt 2024E, EURm	51	Price/book 2024E		1.2	CAGR Sales 2023-26, %		5.2 %			
Enterprise value, EURm	197	Dividend yield 2024E, %		4.0 %	ROE 2024E, %		2.4 %			
Total assets 2024E, EURm	304	Tax rate 2024E, %		35.6 %	ROCE 2024E, %		3.9 %			
Goodwill 2024E, EURm	15	Equity ratio 2024E, %		40.1 %	PEG, P/E 24/CAGR		0.4			

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

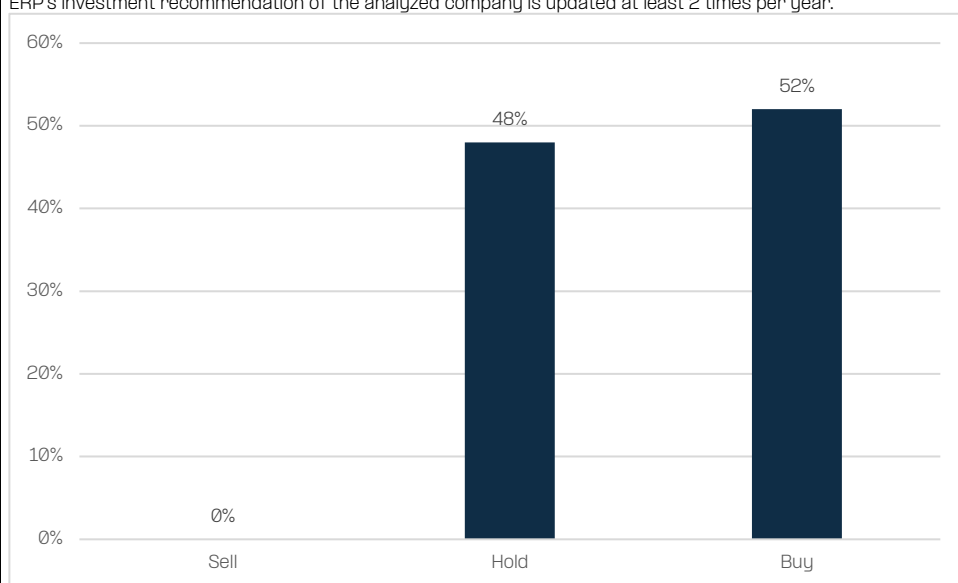
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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Name(s) of the analyst(s): Joonas Iivonen

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Contact information

SALES, TRADING AND RESEARCH

Equity Sales & Trading

Joachim Dannberg (head)	+358 9 4766 9123
Aleksi Jalava	+358 9 4766 9123
Pasi Väisänen	+358 9 4766 9123

Evli Investment Solutions

Johannes Asuja	+358 9 4766 9205
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Equity Research

Jerker Salokivi (head)	+358 9 4766 9149
Joonas Ilvonen	+358 44 430 9071
Atte Jortikka	+358 40 054 3725
Atte Pitkälampi	+358 44 047 6597

EVLI

EVLI PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000