

Earnings rebound takes time

Suominen had some production issues in Q3, and even if those no longer bother valuation begins to look a bit stretched.

Underlying profitability trends still rather tepid

Suominen's EUR 111.6m Q3 revenue fell short of the EUR 119.0m/114.7m Evli/cons. estimates as Americas declined 2% y/y while Europe grew 18%; in our view the softness was attributable to the former. There were operational challenges, causing both lost margins and higher costs to the tune of EUR 3.0m. The small investments and procedural changes used to address the issues were effective, and there should be no more impact going forward. The EUR 3.3m comparable EBITDA would have remained a bit soft relative to the EUR 7.9m/6.8m Evli/cons. estimates even without the issues but would have improved by some EUR 1m y/y; in our view such a pace shouldn't be too hard to achieve given the low comparison period.

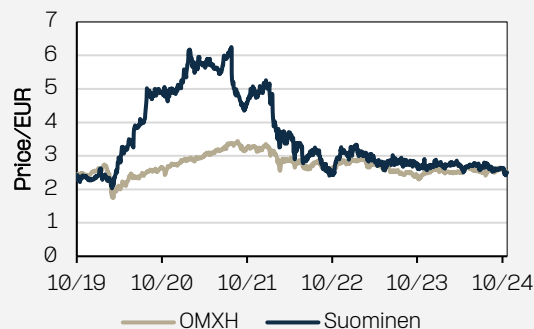
Volume growth should continue, but there are mixed signals

The outlook for volume rebound may no more be quite as strong as it might have been earlier this year, but wiping brands are still seeing a stabilizing market where prices are no longer rising (and even slightly declining in certain cases) while volumes have again room to grow. The data points are somewhat mixed in this sense as the relevant segments of e.g. Clorox and Essity have recently seen continued positive volume development while those of Kimberly-Clark and P&G haven't developed as favorably. We believe the US market continues to support volume growth in the current environment, and Suominen remains positioned there for further rebound as its strategy relies on localized regional supply chains. In our view Suominen's earnings thus continue to rebound in Q4 (even if a flat q/q or declining y/y EBITDA would still be in line with the guidance) and FY'25, however we make some additional downward revisions.

Earnings need to gain quite a lot to turn multiples attractive

We cut our Q4 earnings estimate by EUR 1.5m and that of FY'25 by EUR 5m. Suominen is thus valued above 10x EV/EBIT on our FY'25 estimates, which isn't alarmingly expensive in the light of the further potential beyond that year yet already quite stretched considering the uncertainty around the improvement trend. Our new TP is EUR 2.2 (2.5); our rating is now SELL (HOLD).

Rating ■ ■ Sell



Share price, EUR (Last trading day's closing price)	2.48
Target price, EUR	2.2
Latest change in recommendation	07–Nov–24
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	144
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	05–Mar–25
Web site	www.suominen.fi/en/investors/
Analyst	Joonas Ilvonen
E-mail	joonas.ilvonen@evli.com
Telephone	+358 44 430 9071

■ 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%	25.5	-0.14	-20.4	0.5	-73.1	15.5%	0.10
2024E	464.8	2.1	0.5%	-10.0	-0.06	-42.6	0.4	95.6	-6.9%	0.10
2025E	478.7	19.1	4.0%	1.1	0.21	12.1	0.4	10.7	0.8%	0.12
2026E	514.6	26.8	5.2%	9.4	0.31	8.0	0.4	7.6	6.5%	0.13
Market cap, EURm	144			Gearing 2024E, %		48.7 %		CAGR EPS 2023–26, %		0.0 %
Net debt 2024E, EURm	56			Price/book 2024E		1.2		CAGR Sales 2023–26, %		4.5 %
Enterprise value, EURm	201			Dividend yield 2024E, %		4.0 %		ROE 2024E, %		-2.8 %
Total assets 2024E, EURm	301			Tax rate 2024E, %		-25.1 %		ROCE 2024E, %		1.0 %
Goodwill 2024E, EURm	15			Equity ratio 2024E, %		38.5 %		PEG, P/E 24/CAGR		0.0

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

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	2.48 PV of Free Cash Flow	163 Long-term growth, %	2.0 % Risk-free interest rate, % 2.25 %
DCF share value	5.44 PV of Horizon value	194 WACC, %	7.9 % Market risk premium, % 5.8 %
Share price potential, %	119.2 % Unconsolidated equity	0 Spread, %	0.5 % Debt risk premium % 2.8 %
Maximum value	6.0 Marketable securities	59 Minimum WACC, %	7.4 % Equity beta coefficient 1.00
Minimum value	5.0 Debt – dividend	–99 Maximum WACC, %	8.4 % Target debt ratio, % 20 %
Horizon value, %	54.3 % Value of stock	317 No. of shares, Mn	58.3 Effective tax rate, % 28 %

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	TERMINAL
Net sales	451	465	479	515	528	538	549	560	571	582	594	606
Sales growth (%)	–8.6%	3.1%	3.0%	7.5%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Operating income (EBIT)	–3	2	19	27	34	40	41	42	43	44	45	45
Operating income margin %	–0.6%	0.5%	4.0%	5.2%	6.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
+ Depreciation+amort.	19	18	18	21	23	24	23	22	22	21	21	
EBITDA	16	21	37	47	57	64	64	64	65	65	66	
– Paid taxes	–3	1	–4	–6	–7	–8	–9	–9	–9	–9	–9	
– Change in NWC	29	–5	–4	–13	9	–1	–1	–1	–1	–1	–1	
NWC / Sales, %	6.1%	6.9%	7.5%	9.5%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.7%	
+ Change in other liabs	–2											
– Operative CAPEX	–11	–20	–25	–15	–20	–20	–20	–20	–20	–20	–33	
opCAPEX / Sales, %	2.3%	4.4%	5.3%	3.1%	3.9%	3.8%	3.7%	3.6%	3.6%	3.5%	5.6%	
– Acquisitions												
+ Divestments												
– Other items												
= FCFF	29	–4	5	13	39	35	34	35	35	35	23	389
= Discounted FCF		–4	4	11	31	25	23	22	20	19	11	194
= DFCF min WACC		–4	4	12	31	26	24	22	21	20	12	221
= DFCF max WACC		–4	4	11	31	25	23	21	19	18	11	171

Sensitivity analysis, EUR

	Terminal WACC				
	5.92 %	6.92 %	7.92 %	8.92 %	9.92 %
Terminal EBIT–%	5.24	4.32	3.69	3.21	2.84
5.50 %	6.80	5.47	4.56	3.90	3.39
6.50 %	8.37	6.61	5.44	4.59	3.95
7.50 %	9.94	7.76	6.31	5.28	4.50
8.50 %	11.51	8.91	7.19	5.96	5.05
9.50 %					

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	2024 Q1	2024 Q2	2024 Q3	2024E Q4E	2024E FY
Revenue	444	417	426	431	411	459	443	493	117	113	106	115	451	114	119	112	121	465
growth, %	11 %	-6 %	2 %	1 %	-5 %	12 %	-3 %	11 %	6 %	-4 %	-19 %	-14 %	-9 %	-3 %	5 %	5 %	5 %	3 %
Geography																		
EMEA	172	171	174	171	150	170	178	205	42	43	36	43	163	44	43	42	43	172
Americas	272	246	252	260	262	289	265	288	75	70	71	72	288	70	76	70	78	293
COGS	-386	-365	-384	-400	-377	-389	-392	-475	-112	-110	-100	-106	-428	-105	-110	-106	-110	-432
Gross Profit	58	52	42	31	37	70	51	19	4.9	3.1	6.4	8.4	23	8.1	8.9	5.1	10.9	33
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 %	7.2 %	7.5 %	4.6 %	9.0 %	7.1 %
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	-8.7	-10.2	-8.3	-7.6	-34.9
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	0.7	0.5	1.8	0.0	3.0
EBIT ex IAC	31.2	25.6	15.0	4.6	8.1	39.5	26.9	-4.2	-2.0	-2.1	0.7	0.7	-2.9	-0.1	0.4	-1.5	3.3	2.1
EBIT-% ex IAC	7.0 %	6.1 %	3.5 %	1.1 %	2.0 %	8.6 %	6.1 %	-0.8 %	-1.7 %	-1.9 %	0.6 %	0.6 %	-0.6 %	-0.1 %	0.3 %	-1.3 %	2.7 %	0.5 %
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	-4.6	-4.6	-4.8	-4.5	-18.4
EBITDA ex IAC	48.9	44.2	34.3	25.6	33.6	60.9	47.0	15.3	2.6	2.7	5.2	5.3	15.8	4.5	5.0	3.3	7.8	20.5
EBITDA-% ex IAC	11.0 %	10.6 %	8.1 %	5.9 %	8.2 %	13.3 %	10.6 %	3.1 %	2.3 %	2.4 %	4.9 %	4.6 %	3.5 %	3.9 %	4.2 %	3.0 %	6.4 %	4.4 %

Source: Suominen, Evli Research

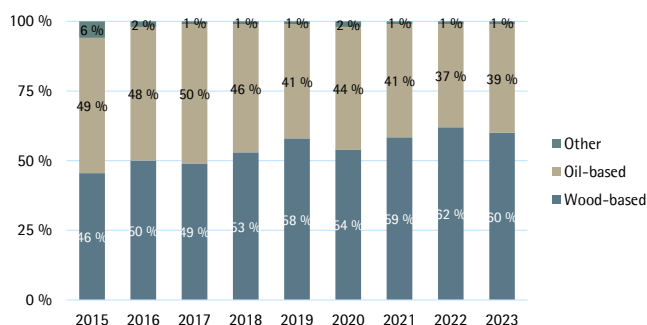
SUOMINEN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		23	24	25	23	24	25	23	24	25
Berry Global Group	6903	8.3x	7.9x	7.6x	14.1x	13.8x	12.6x	9.6 %	9.7 %	10.4 %
Kimberly-Clark	41805	13.3x	13.0x	12.7x	16.5x	16.0x	15.5x	14.5 %	16.3 %	16.8 %
N.R. Spuntech Industries	77									
Mativ Holdings	814	8.0x	8.2x	6.9x	15.3x	14.4x	10.8x	6.1 %	6.6 %	8.4 %
Magnera	70	9.7x								
Peer Group Average	9934	9.8x	9.7x	9.1x	15.3x	14.7x	13.0x	10.1 %	10.9 %	11.9 %
Peer Group Median	814	9.0x	8.2x	7.6x	15.3x	14.4x	12.6x	9.6 %	9.7 %	10.4 %
Suominen (Evli est.)	144	12.9x	9.8x	5.5x	-73.1x	95.6x	10.7x	-0.6 %	0.5 %	4.0 %

Suominen prem./disc. to peer median

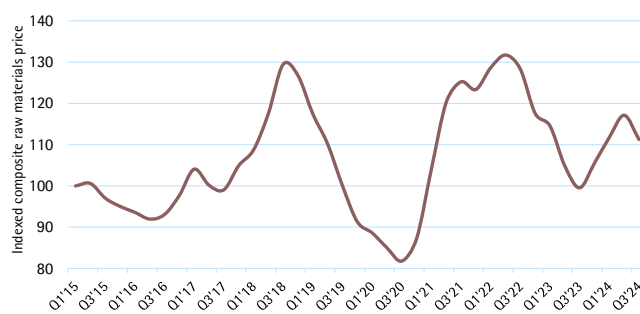
43 % 19 % -27 % -578 % 564 % -15 % -106 % -95 % -62 %

Source FactSet, Evli Research

Suominen raw materials mix and composite price development



Source: Suominen



Source: Bloomberg, Evli Research

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3	2024Q4E	2024E	2025E	2026E
Net sales	116.8	112.7	106.4	115.0	450.9	113.6	118.7	111.5	121.0	464.8	478.7	514.6
EBITDA	2.7	2.7	5.2	5.2	15.9	4.5	5.0	3.3	7.8	20.5	37.1	47.4
<i>EBITDA margin (%)</i>	<i>2.4%</i>	<i>2.4%</i>	<i>4.9%</i>	<i>4.5%</i>	<i>3.5%</i>	<i>3.9%</i>	<i>4.2%</i>	<i>2.9%</i>	<i>6.5%</i>	<i>4.4%</i>	<i>7.8%</i>	<i>9.2%</i>
EBIT	-2.0	-2.1	0.7	0.6	-2.8	-0.1	0.4	-1.5	3.3	2.1	19.1	26.8
<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>-0.1%</i>	<i>0.3%</i>	<i>-1.4%</i>	<i>2.7%</i>	<i>0.5%</i>	<i>4.0%</i>	<i>5.2%</i>
Net financial items	-1.5	-1.3	-1.2	-2.0	-6.0	-0.8	-1.1	-1.9	-1.0	-4.8	-4.0	-4.0
Pre-tax profit	-3.5	-3.4	-0.5	-1.4	-8.8	-0.9	-0.7	-3.4	2.3	-2.7	15.1	22.8
Tax	-0.3	-0.2	1.3	-0.1	0.7	-0.3	0.0	0.1	-0.5	-0.7	-3.2	-4.8
<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>-35.2%</i>	<i>-4.0%</i>	<i>4.2%</i>	<i>21.0%</i>	<i>-25.1%</i>	<i>21.0%</i>	<i>21.0%</i>
Net profit	-3.9	-3.6	0.8	-1.5	-8.1	-1.2	-0.7	-3.3	1.8	-3.4	12.0	18.0
EPS	-0.07	-0.06	0.01	-0.03	-0.14	-0.02	-0.01	-0.06	0.03	-0.06	0.21	0.31
EPS adj. (diluted)	-0.07	-0.06	0.01	-0.03	-0.14	-0.02	-0.01	-0.06	0.03	-0.06	0.21	0.31
Dividend per share					0.10					0.10	0.12	0.13
SALES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3	2024Q4E	2024E	2025E	2026E
Group	116.8	112.7	106.4	115.0	450.9	113.6	118.7	111.5	121.0	464.8	478.7	514.6
Total	116.8	112.7	106.4	115.0	450.9	113.6	118.7	111.5	121.0	464.8	478.7	514.6
SALES GROWTH, Y/Y%	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3	2024Q4E	2024E	2025E	2026E
Group	5.9%	-4.5%	-19.3%	-13.6%	-8.6%	-2.7%	5.3%	4.8%	5.2%	3.1%	3.0%	7.5%
Total	5.9%	-4.5%	-19.3%	-13.6%	-8.6%	-2.7%	5.3%	4.8%	5.2%	3.1%	3.0%	7.5%
EBIT, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3	2024Q4E	2024E	2025E	2026E
Group	-2.0	-2.1	0.7	0.6	-2.8	-0.1	0.4	-1.5	3.3	2.1	19.1	26.8
Total	-2.0	-2.1	0.7	0.6	-2.8	-0.1	0.4	-1.5	3.3	2.1	19.1	26.8
EBIT margin %	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3	2024Q4E	2024E	2025E	2026E
Group	-1.7%	-1.9%	0.7%	0.5%	-0.6%	-0.1%	0.3%	-1.4%	2.7%	0.5%	4.0%	5.2%
Total	-1.7%	-1.9%	0.7%	0.5%	-0.6%	-0.1%	0.3%	-1.4%	2.7%	0.5%	4.0%	5.2%

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	411.4	458.9	443.2	493.3	450.9	464.8	478.7	514.6
<i>Sales growth (%)</i>	-4.6%	11.5%	-3.4%	11.3%	-8.6%	3.1%	3.0%	7.5%
EBITDA	33.6	60.9	47.0	15.2	15.9	20.5	37.1	47.4
<i>EBITDA margin (%)</i>	8.2%	13.3%	10.6%	3.1%	3.5%	4.4%	7.8%	9.2%
Depreciation	-25.5	-21.4	-20.1	-23.2	-18.7	-18.4	-18.0	-20.6
EBITA	8.1	39.5	26.9	-8.0	-2.8	2.1	19.1	26.8
Goodwill amortization / writedown				3.8				
EBIT	8.1	39.5	26.9	-4.2	-2.8	2.1	19.1	26.8
<i>EBIT margin (%)</i>	2.0%	8.6%	6.1%	-0.9%	-0.6%	0.5%	4.0%	5.2%
Reported EBIT	8.1	39.5	26.9	-4.2	-2.8	2.1	19.1	26.8
<i>EBIT margin (reported) (%)</i>	2.0%	8.6%	6.1%	-0.9%	-0.6%	0.5%	4.0%	5.2%
Net financials	-6.0	-5.6	-0.4	-2.9	-6.0	-4.8	-4.0	-4.0
Pre-tax profit	2.1	33.9	26.5	-7.1	-8.8	-2.7	15.1	22.8
Taxes	-1.9	-3.8	-5.8	-2.0	0.7	-0.7	-3.2	-4.8
Minority shares								
Net profit	0.2	30.1	20.7	-9.1	-8.1	-3.4	12.0	18.0
Cash NRIs								
Non-cash NRIs								
BALANCE SHEET, EURm								
Assets								
Fixed assets	143	126	129	126	119	121	128	122
Goodwill	15	15	15	15	15	15	15	15
Right of use assets	16	18	16	12	11	11	12	13
Inventory	45	35	50	63	38	49	53	67
Receivables	61	61	73	76	72	65	67	72
Liquid funds	33	58	101	50	59	37	38	41
Total assets	316	317	387	343	316	301	315	332
Liabilities								
Shareholders' equity	131	146	163	146	125	116	122	133
Minority interest								
Convertibles								
Lease liabilities	16	15	13	11	10	11	12	13
Deferred taxes	12	13	14	12	9	9	9	9
Interest bearing debt	86	83	133	89	89	82	88	87
Non-interest bearing current liabilities	66	55	57	80	75	74	77	82
Other interest-free debt	3	3	3	3	7	7	7	7
Total liabilities	316	317	387	343	316	301	315	332
CASH FLOW, EURm								
+ EBITDA	34	61	47	15	16	21	37	47
- Net financial items	-6	-6	0	-3	-6	-5	-4	-4
- Taxes	-2	-4	-3	-3	-3	-1	-3	-5
- Increase in Net Working Capital	-1	-1	-25	6	29	-5	-4	-13
+/- Other								
= Cash flow from operations	25	50	19	15	36	10	26	25
- Capex	-11	-12	-16	-6	-10	-20	-25	-16
- Acquisitions								
+ Divestments								
= Free cash flow	14	38	4	9	26	-10	1	9
+/- New issues/buybacks		-12	8	3	-7			
- Paid dividend	3	12	12	6	6	6	7	8
+/- Other	-13	2	43	-53	-3	-6	6	0
Change in cash	1	25	43	-52	9	-22	1	3

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	296	302	181	164	144	144	144
Net debt (excl. convertibles)	40	45	51	40	56	61	59
Enterprise value	336	347	232	205	201	205	203
Sales	459	443	493	451	465	479	515
EBITDA	61	47	15	16	21	37	47
EBIT	40	27	-4	-3	2	19	27
Pre-tax	34	27	-7	-9	-3	15	23
Earnings	30	21	-9	-8	-3	12	18
Equity book value (excl. minorities)	146	163	146	125	116	122	133

Valuation multiple	2020	2021	2022	2023	2024E	2025E	2026E
EV/Sales	0.7	0.8	0.5	0.5	0.4	0.4	0.4
EV/EBITDA	5.5	7.4	15.2	12.9	9.8	5.5	4.3
EV/EBITA	8.5	12.9	-29.0	-73.1	95.6	10.7	7.6
EV/EBIT	8.5	12.9	-55.1	-73.1	95.6	10.7	7.6
EV/OCF	6.7	18.0	15.2	5.7	19.5	7.8	8.0
EV/FCF	7.4	195.7	26.3	7.2	-54.9	44.5	15.1
P/FCFR	7.7	86.1	19.2	6.4	-14.4	129.5	15.4
P/E	9.8	14.6	-19.8	-20.4	-42.6	12.1	8.0
P/BV	2.0	1.8	1.2	1.3	1.2	1.2	1.1
Target EV/EBITDA					9.0	5.1	3.9
Target EV/EBIT					87.8	9.9	7.0
Target EV/FCFF					-18.4	169.6	19.9
Target P/BV					1.1	1.1	1.0
Target P/E, diluted	12.0	14.8	-77880.4	-31.4	-37.8	10.7	7.1

Per share measures	2020	2021	2022	2023	2024E	2025E	2026E
Number of shares (million)	58.26	58.26	58.26	58.26	58.26	58.26	58.26
Number of shares (diluted, million)	58.26	58.26	58.26	58.26	58.26	58.26	58.26
EPS	0.52	0.36	-0.16	-0.14	-0.06	0.21	0.31
Operating cash flow per share	0.86	0.33	0.26	0.62	0.18	0.45	0.43
Free cash flow per share	0.66	0.06	0.16	0.44	-0.17	0.02	0.16
Book value per share	2.50	2.80	2.50	2.14	1.98	2.09	2.28
Dividend per share	0.20	0.20	0.10	0.10	0.10	0.12	0.13
Dividend payout ratio, %	38.7%	56.3%	-64.0%	-72.2%	-17.8%	58.4%	42.1%
Dividend yield, %	3.9%	3.9%	3.2%	4.0%	4.0%	4.8%	5.2%
FCF yield, %	12.9%	1.2%	5.2%	15.5%	-6.9%	0.8%	6.5%

Efficiency measures	2020	2021	2022	2023	2024E	2025E	2026E
ROE	21.8%	13.4%	-5.9%	-6.0%	-2.8%	10.1%	14.1%
ROCE	16.6%	9.7%	-1.5%	-1.2%	1.0%	8.9%	11.8%

Financial ratios	2020	2021	2022	2023	2024E	2025E	2026E
Inventories as % of sales	7.7%	11.2%	12.8%	8.4%	10.5%	11.0%	13.0%
Receivables as % of sales	13.2%	16.6%	15.4%	15.9%	14.0%	13.9%	13.9%
Non-int. 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%	6.9%	7.5%	9.5%
Operative CAPEX/Sales, %	2.6%	3.6%	1.2%	2.3%	4.4%	5.3%	3.1%
CAPEX/sales (incl. acquisitions), %	2.6%	3.6%	1.2%	2.3%	4.4%	5.3%	3.1%
FCFF/EBITDA	0.8	0.0	0.6	1.8	-0.2	0.1	0.3
Net Debt/EBITDA, book-weighted	0.7	1.0	3.3	2.5	2.7	1.6	1.2
Debt/equity, market-weighted	0.3	0.4	0.5	0.5	0.6	0.6	0.6
Equity ratio, book-weighted	0.5	0.4	0.4	0.4	0.4	0.4	0.4
Gearing, %	27.3%	27.6%	35.0%	32.4%	48.7%	50.1%	44.2%

COMPANY DESCRIPTION: Suominen manufactures nonwovens for global consumer brands on seven 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	14 113 633	35.002	24.2 %
Etola Group Oy	7 414 000	18.387	12.7 %
Oy Etra Invest Ab	7 000 000	17.360	12.0 %
OP Life Assurance Company Ltd	4 217 221	10.459	7.2 %
Nordea Nordic Small Cap Fund	3 435 147	8.519	5.9 %
Mandatum Life Insurance Company Limited	2 882 540	7.149	4.9 %
Ilmarinen Mutual Pension Insurance Company	1 912 000	4.742	3.3 %
Varma Mutual Pension Insurance Company	1 689 751	4.191	2.9 %
Nordea Life Assurance Finland Ltd.	1 462 000	3.626	2.5 %
Oy H. Kuningas & Co Ab	1 400 000	3.472	2.4 %
Ten largest	45 526 292	112.905	78.1 %
Residual	12 732 927	31.578	21.9 %
Total	58 259 219	144.483	100%

EARNINGS CALENDAR

March 05, 2025	FY 2024 Results
May 07, 2025	Q1 report
August 07, 2025	Q2 report
October 29, 2025	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Tommi Björnman	Keilaranta 13 A, FI-02150 Espoo
OFO: Janne Silonsaari	Tel: +358 (0)10 214 300
IR:	

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

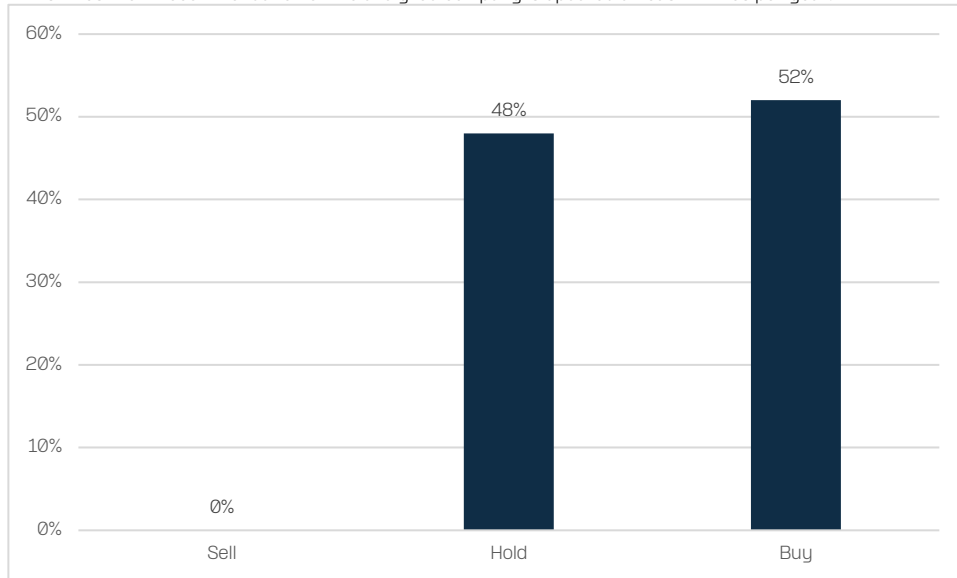
Important Disclosures

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. The valuation assumptions used are sensitive to changes and can significantly affect fair values. A change of a single percentage point in any used assumption could affect fair values by more than +/-20%. 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 on the 23rd of October, 2024. If recommendation is not given, it is not mentioned here.

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

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 [7.11.2024, 8:55]. This report has been published on [7.11.2024, 9:15].

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.

According to ERP's best knowledge, the issuer(s) of the securities does/(do) not hold in excess of 5% of the total issued share capital of the issuer(s).

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 FactSet and Bloomberg, stock-exchange releases from the companies and other company news, and publicly available online sources. 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 Bank 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.

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
----------------	------------------

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