

## Volume growth remains crucial

**Suominen reports Q1 results on May 7. Earnings should have plenty of room to recover from the low levels, however wider market developments still don't seem to offer much support.**

**Pricing should be relatively stable, a lot more volumes needed**  
Suominen's Q4 showed incremental positive development in terms of nonwovens sales prices and product mix, but volumes remained disappointingly low. We expect prices and mix to have remained quite stable in Q1, so the main question is related to volume recovery. From this perspective the picture is still unclear as there should be a lot more potential for volume gains across Suominen's product portfolio, however the market may yet stay rather challenging for a while. A relevant segment of P8G saw volumes down 2% y/y, while Essity recorded a challenging Q1 for baby care products (including wipes) due to low demand and price competition. Essity however expects such products to sell better in the coming quarters, but the picture isn't that clear for Suominen as the EMEA region also suffers from low-cost exports while Americas could potentially have supply chain issues. We estimate Q1 revenue to have grown 3% y/y, driven by Americas, and expect adj. EBITDA at EUR 5.3m.

### No big market growth drivers seen right now

Raw materials prices have been relatively stable in the past year or so, and we estimate the relevant prices for Suominen increased by only a few percentage points q/q in Q1. Suominen has its local manufacturing footprint, however the US tariffs could still cause supply issues when it comes to e.g. pulp sourced from the Canadian side of the border. Many wiping brands aim to increase their product differentiation, which should help to open opportunities for Suominen's portfolio. Suominen has already implemented some cost-efficiency measures in recent years, and we believe the road to proper earnings recovery is mainly through higher volumes and further improvements in product mix.

### Slow earnings recovery demands a lot of patience

Suominen's FY'24 EBITDA improved only marginally to EUR 17m. We expect FY'25 will see a more meaningful gain to about EUR 30m, driven by volumes and mix. On that basis Suominen would still be valued at a rather high level of 14x EV/EBIT, and so earnings would have to gain by another EUR 10m or so to bring the multiple to a more reasonable level of below 8x. We retain our EUR 2.0 TP and REDUCE rating.

## Rating

■ Reduce



Share price, EUR (Last trading day's closing price)	2.01
Target price, EUR	2.0
Latest change in recommendation	25-Feb-25
Latest report on company	06-Mar-25
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	117
Free float, %	62.7 %
Exchange rate	1.13
Reuters code	SUY1V.HE
Bloomberg code	SUY1V FH
Average daily volume, EURm	0.1
Next interim report	07-May-25
Web site	www.suominen.fi/en/investors/
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■ BUY ■ ACCUMULATE ■ REDUCE ■ 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
2023	450.9	-2.8	-0.6%	25.5	-0.14	-20.4	0.5	-73.1	15.5%	0.10
2024	462.3	-1.4	-0.3%	-6.9	-0.09	-24.4	0.4	-136.0	-5.2%	
2025E	477.0	12.8	2.7%	-6.5	0.12	17.2	0.4	14.1	-5.5%	0.03
2026E	500.9	22.5	4.5%	11.6	0.25	8.0	0.3	7.6	10.0%	0.10
2027E	513.4	28.2	5.5%	20.0	0.34	6.0	0.3	5.6	17.0%	0.12

Market cap, EURm	117	Gearing 2025E, %	51.5 %	CAGR EPS 2024-27, %	0.0 %
Net debt 2025E, EURm	64	Price/book 2025E	0.9	CAGR Sales 2024-27, %	3.6 %
Enterprise value, EURm	181	Dividend yield 2025E, %	1.5 %	ROE 2025E, %	5.6 %
Total assets 2025E, EURm	315	Tax rate 2025E, %	19.0 %	ROCE 2025E, %	5.8 %
Goodwill 2025E, EURm	15	Equity ratio 2025E, %	39.5 %	PEG, P/E 25/CAGR	0.3

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

## Estimates and peer valuation

Suominen EURm	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2024 FY	2025E Q1E	2025E Q2E	2025E Q3E	2025E Q4E	2025E FY
Revenue	444	417	426	431	411	459	443	493	451	114	119	112	119	462	117	120	119	121	477
growth, %	11 %	-6 %	2 %	1 %	-5 %	12 %	-3 %	11 %	-9 %	-3 %	5 %	5 %	3 %	3 %	3 %	1 %	7 %	2 %	3 %
<b>Geography</b>																			
EMEA	172	171	174	171	150	170	178	205	163	44	43	42	46	174	42	43	43	43	171
Americas	272	246	252	260	262	289	265	288	288	70	76	70	73	288	75	77	76	78	306
COGS	-386	-365	-384	-400	-377	-389	-392	-475	-428	-105	-110	-106	-111	-433	-108	-109	-107	-108	-432
Gross Profit	58	52	42	31	37	70	51	19	23	8.1	8.9	5.1	7.5	30	8.8	10.8	11.9	13.3	45
Gross-%	13.1 %	12.5 %	9.9 %	7.3 %	9.0 %	15.2 %	11.5 %	3.8 %	5.1 %	7.2 %	7.5 %	4.6 %	6.4 %	6.4 %	7.5 %	9.0 %	10.0 %	11.0 %	9.4 %
SGA & R&D	-28.0	-27.9	-28.9	-29.2	-30.6	-30.7	-28.9	-32.4	-32.3	-8.7	-10.2	-8.3	-8.8	-36.1	-8.0	-8.0	-8.0	-8.0	-32.0
Other	1.8	1.3	1.7	2.5	1.8	0.4	5.0	4.9	2.1	0.7	0.5	1.8	2.2	5.1	0.0	0.0	0.0	0.0	0.0
EBIT ex IAC	31.2	25.6	15.0	4.6	8.1	39.5	26.9	-4.2	-2.8	-0.1	0.4	-1.5	-0.3	1.4	0.8	2.8	3.9	5.3	12.8
EBIT-% ex IAC	7.0 %	6.1 %	3.5 %	1.1 %	2.0 %	8.6 %	6.1 %	-0.8 %	-0.6 %	-0.1 %	0.3 %	-1.3 %	-0.3 %	0.3 %	0.7 %	2.3 %	3.3 %	4.4 %	2.7 %
Depreciation	-17.7	-18.5	-19.4	-21.0	-25.5	-21.4	-20.1	-19.5	-18.7	-4.6	-4.6	-4.8	-4.5	-18.4	-4.5	-4.5	-4.5	-4.5	-18.0
EBITDA ex IAC	48.9	44.2	34.3	25.6	33.6	60.9	47.0	15.3	15.8	4.5	5.0	3.3	4.2	17.0	5.3	7.3	8.4	9.8	30.8
EBITDA-% ex IAC	11.0 %	10.6 %	8.1 %	5.9 %	8.2 %	13.3 %	10.6 %	3.1 %	3.5 %	3.9 %	4.2 %	3.0 %	3.5 %	3.7 %	4.5 %	6.1 %	7.1 %	8.1 %	6.5 %

Source: Suominen, Evli Research

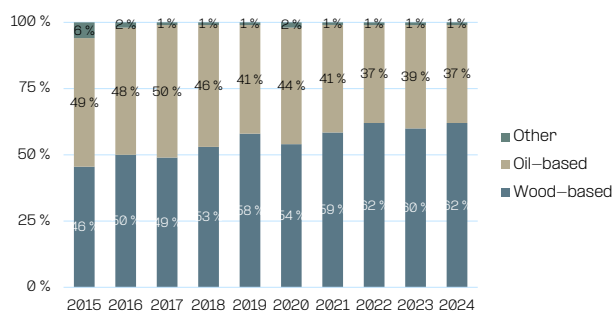
SUOMINEN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		24	25	26	24	25	26	24	25	26
Berry Global Group	6887	7.7x	8.7x	8.5x	13.6x	14.3x	13.7x	9.6 %	10.7 %	11.1 %
Kimberly-Clark	38121	12.7x	12.6x	11.9x	15.7x	15.8x	14.8x	16.1 %	16.4 %	17.1 %
N.R. Spuntech Industries	63									
Mativ Holdings	256	7.5x	6.2x	5.7x	12.8x	11.3x	9.8x	6.5 %	6.1 %	6.9 %
Magnera	459	6.7x	6.1x	5.7x	17.4x	14.4x	12.4x	4.2 %	5.1 %	5.6 %
Peer Group Average	9157	8.7x	8.4x	8.0x	14.9x	14.0x	12.7x	9.1 %	9.6 %	10.2 %
Peer Group Median	459	7.6x	7.4x	7.1x	14.7x	14.4x	13.1x	8.0 %	8.4 %	9.0 %
Suominen (Evli est.)	117	11.2x	5.9x	3.8x	-136.0x	14.1x	7.6x	-0.3 %	2.7 %	4.5 %

Suominen prem./disc. to peer median

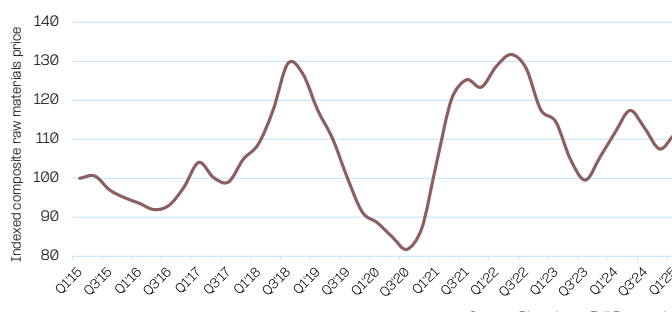
47 % -21 % -46 % -1028 % -2 % -42 % -104 % -68 % -50 %

Source FactSet, Evli Research

## Suominen raw materials mix and composite price development



Source: Suominen



Source: Bloomberg, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	2.01 PV of Free Cash Flow	174 Long-term growth, %	2.0 % Risk-free interest rate, %	2.25 %
DCF share value	4.71 PV of Horizon value	158 WACC, %	7.9 % Market risk premium, %	5.8 %
Share price potential, %	134.5 % Unconsolidated equity	0 Spread, %	0.5 % Debt risk premium %	2.8 %
Maximum value	5.2 Marketable securities	41 Minimum WACC, %	7.4 % Equity beta coefficient	1.00
Minimum value	4.3 Debt – dividend	–99 Maximum WACC, %	8.4 % Target debt ratio, %	20 %
Horizon value, %	47.6 % Value of stock	275 No. of shares, Mn	58.3 Effective tax rate, %	28 %

DCF valuation, EURm	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	TERMINAL
Net sales	462	477	501	513	524	534	545	556	567	578	590	601
Sales growth (%)	2.5%	3.2%	5.0%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Operating income (EBIT)	–1	13	23	28	37	40	41	42	43	43	44	45
Operating income margin %	–0.3%	2.7%	4.5%	5.5%	7.0%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
+ Depreciation+amort.	18	18	22	24	25	24	23	22	22	21	21	
EBITDA	17	31	45	53	61	64	64	64	64	65	65	
– Paid taxes	–2	–2	–5	–6	–8	–8	–9	–9	–9	–9	–9	
– Change in NWC	–4	–4	–9	–4	7	–1	–1	–1	–1	–1	–1	
NWC / Sales, %	6.8%	7.4%	9.0%	9.5%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	
+ Change in other liabs	0											
– Operative CAPEX	–14	–27	–15	–20	–20	–20	–20	–20	–20	–20	–36	
opCAPEX / Sales, %	3.1%	5.7%	3.1%	4.0%	3.9%	3.8%	3.7%	3.7%	3.6%	3.5%	6.1%	
– Acquisitions												
+ Divestments												
– Other items												
= FCFF	–3	–3	15	23	41	35	34	34	34	35	19	330
= Discounted FCFF		–2	14	19	31	24	22	21	19	18	9	158
= DFCF min WACC		–2	14	19	31	25	23	21	20	19	10	181
= DFCF max WACC		–2	13	19	30	24	22	20	19	17	9	139

## Sensitivity analysis, EUR

		Terminal WACC				
		5.92 %	6.92 %	7.92 %	8.92 %	9.92 %
Terminal EBIT–%	5.50 %	4.22	3.53	3.04	2.67	2.37
	6.50 %	5.73	4.63	3.88	3.32	2.89
	7.50 %	7.24	5.73	4.71	3.98	3.41
	8.50 %	8.75	6.83	5.55	4.63	3.94
	9.50 %	10.26	7.93	6.38	5.28	4.46

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Net sales	113.6	118.7	111.5	118.5	462.3	117.0	120.0	119.0	121.0	477.0	500.9	513.4
EBITDA	4.5	5.0	3.3	4.3	17.0	5.3	7.3	8.4	9.8	30.8	44.5	52.7
EBITDA margin (%)	3.9%	4.2%	2.9%	3.6%	3.7%	4.5%	6.1%	7.1%	8.1%	6.5%	8.9%	10.3%
EBIT	-0.1	0.4	-1.5	-0.2	-1.4	0.8	2.8	3.9	5.3	12.8	22.5	28.2
EBIT margin (%)	-0.1%	0.3%	-1.4%	-0.2%	-0.3%	0.6%	2.4%	3.3%	4.4%	2.7%	4.5%	5.5%
Net financial items	-0.8	-1.1	-1.9	-0.3	-4.1	-1.1	-1.1	-1.1	-1.1	-4.4	-4.0	-3.5
Pre-tax profit	-0.9	-0.7	-3.4	-0.5	-5.5	-0.4	1.7	2.8	4.2	8.4	18.5	24.7
Tax	-0.3	0.0	0.1	0.3	0.1	-0.1	-0.5	-0.5	-0.5	-1.6	-3.9	-5.2
Tax rate (%)	-35.2%	-4.0%	4.2%	52.8%	1.0%	-28.6%	28.9%	17.7%	11.9%	19.0%	21.0%	21.0%
Net profit	-1.2	-0.7	-3.3	-0.2	-5.4	-0.5	1.2	2.3	3.7	6.8	14.6	19.5
EPS	-0.02	-0.01	-0.06	0.00	-0.09	-0.01	0.02	0.04	0.06	0.12	0.25	0.34
EPS adj. (diluted)	-0.02	-0.01	-0.06	0.00	-0.09	-0.01	0.02	0.04	0.06	0.12	0.25	0.34
Dividend per share										0.03	0.10	0.12
<b>SALES, EURm</b>	<b>2024Q1</b>	<b>2024Q2</b>	<b>2024Q3</b>	<b>2024Q4</b>	<b>2024</b>	<b>2025Q1E</b>	<b>2025Q2E</b>	<b>2025Q3E</b>	<b>2025Q4E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
Group	113.6	118.7	111.5	118.5	462.3	117.0	120.0	119.0	121.0	477.0	500.9	513.4
Total	113.6	118.7	111.5	118.5	462.3	117.0	120.0	119.0	121.0	477.0	500.9	513.4
<b>SALES GROWTH, Y/Y%</b>	<b>2024Q1</b>	<b>2024Q2</b>	<b>2024Q3</b>	<b>2024Q4</b>	<b>2024</b>	<b>2025Q1E</b>	<b>2025Q2E</b>	<b>2025Q3E</b>	<b>2025Q4E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
Group	-2.7%	5.3%	4.8%	3.0%	2.5%	3.0%	1.1%	6.7%	2.1%	3.2%	5.0%	2.5%
Total	-2.7%	5.3%	4.8%	3.0%	2.5%	3.0%	1.1%	6.7%	2.1%	3.2%	5.0%	2.5%
<b>EBIT, EURm</b>	<b>2024Q1</b>	<b>2024Q2</b>	<b>2024Q3</b>	<b>2024Q4</b>	<b>2024</b>	<b>2025Q1E</b>	<b>2025Q2E</b>	<b>2025Q3E</b>	<b>2025Q4E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
Group	-0.1	0.4	-1.5	-0.2	-1.4	0.8	2.8	3.9	5.3	12.8	22.5	28.2
Total	-0.1	0.4	-1.5	-0.2	-1.4	0.8	2.8	3.9	5.3	12.8	22.5	28.2
<b>EBIT margin %</b>	<b>2024Q1</b>	<b>2024Q2</b>	<b>2024Q3</b>	<b>2024Q4</b>	<b>2024</b>	<b>2025Q1E</b>	<b>2025Q2E</b>	<b>2025Q3E</b>	<b>2025Q4E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
Group	-0.1%	0.3%	-1.4%	-0.2%	-0.3%	0.6%	2.4%	3.3%	4.4%	2.7%	4.5%	5.5%
Total	-0.1%	0.3%	-1.4%	-0.2%	-0.3%	0.6%	2.4%	3.3%	4.4%	2.7%	4.5%	5.5%

INCOME STATEMENT, EURm	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sales	458.9	443.2	493.3	450.9	462.3	477.0	500.9	513.4
<i>Sales growth (%)</i>	11.5%	-3.4%	11.3%	-8.6%	2.5%	3.2%	5.0%	2.5%
EBITDA	60.9	47.0	15.2	15.9	17.0	30.8	44.5	52.7
<i>EBITDA margin (%)</i>	13.3%	10.6%	3.1%	3.5%	3.7%	6.5%	8.9%	10.3%
Depreciation	-21.4	-20.1	-23.2	-18.7	-18.4	-18.0	-22.0	-24.5
EBITA	39.5	26.9	-8.0	-2.8	-1.4	12.8	22.5	28.2
Goodwill amortization / writedown			3.8					
EBIT	39.5	26.9	-4.2	-2.8	-1.4	12.8	22.5	28.2
<i>EBIT margin (%)</i>	8.6%	6.1%	-0.9%	-0.6%	-0.3%	2.7%	4.5%	5.5%
Reported EBIT	39.5	26.9	-4.2	-2.8	-1.4	12.8	22.5	28.2
<i>EBIT margin (reported) (%)</i>	8.6%	6.1%	-0.9%	-0.6%	-0.3%	2.7%	4.5%	5.5%
Net financials	-5.6	-0.4	-2.9	-6.0	-4.1	-4.4	-4.0	-3.5
Pre-tax profit	33.9	26.5	-7.1	-8.8	-5.5	8.4	18.5	24.7
Taxes	-3.8	-5.8	-2.0	0.7	0.1	-1.6	-3.9	-5.2
Minority shares								
Net profit	30.1	20.7	-9.1	-8.1	-5.4	6.8	14.6	19.5
Cash NRIs								
Non-cash NRIs								
BALANCE SHEET, EURm								
Assets								
Fixed assets	126	129	126	119	124	133	126	121
Goodwill	15	15	15	15	15	15	15	15
Right of use assets	18	16	12	11	11	11	12	12
Inventory	35	50	63	38	47	52	60	64
Receivables	61	73	76	72	69	63	68	70
Liquid funds	58	101	50	59	41	38	40	41
Total assets	317	387	343	316	310	315	324	326
Liabilities								
Shareholders' equity	146	163	146	125	118	124	137	151
Minority interest								
Convertibles								
Lease liabilities	15	13	11	10	9	11	12	12
Deferred taxes	13	14	12	9	8	8	8	8
Interest bearing debt	83	133	89	89	90	91	82	69
Non-interest bearing current liabilities	55	57	80	75	82	76	80	82
Other interest-free debt	3	3	3	7	3	3	3	3
Total liabilities	317	387	343	316	310	315	324	326
CASH FLOW, EURm								
+ EBITDA	61	47	15	16	17	31	45	53
- Net financial items	-6	0	-3	-6	-4	-4	-4	-4
- Taxes	-4	-3	-3	-3	-2	-2	-4	-5
- Increase in Net Working Capital	-1	-25	6	29	-4	-4	-9	-4
+/- Other								
= Cash flow from operations	50	19	15	36	7	21	27	40
- Capex	-12	-16	-6	-10	-14	-27	-16	-20
- Acquisitions								
+ Divestments								
= Free cash flow	38	4	9	26	-7	-6	12	20
+/- New issues/buybacks	-12	8	3	-7	4			
- Paid dividend	12	12	6	6		2	6	7
+/- Other	2	43	-53	-3	-9	3	-8	-13
Change in cash	25	43	-52	9	-17	-3	2	1

KEY FIGURES	2021	2022	2023	2024	2025E	2026E	2027E
M-cap	302	181	164	133	117	117	117
Net debt (excl. convertibles)	45	51	40	58	64	54	40
Enterprise value	347	232	205	190	181	171	157
Sales	443	493	451	462	477	501	513
EBITDA	47	15	16	17	31	45	53
EBIT	27	-4	-3	-1	13	23	28
Pre-tax	27	-7	-9	-5	8	19	25
Earnings	21	-9	-8	-5	7	15	20
Equity book value (excl. minorities)	163	146	125	118	124	137	151

Valuation multiple	2021	2022	2023	2024	2025E	2026E	2027E
EV/Sales	0.8	0.5	0.5	0.4	0.4	0.3	0.3
EV/EBITDA	7.4	15.2	12.9	11.2	5.9	3.8	3.0
EV/EBITA	12.9	-29.0	-73.1	-136.0	14.1	7.6	5.6
EV/EBIT	12.9	-55.1	-73.1	-136.0	14.1	7.6	5.6
EV/OCF	18.0	15.2	5.7	25.7	8.7	6.3	3.9
EV/FCF	195.7	26.3	7.2	-65.1	-70.5	11.1	6.8
P/FCFR	86.1	19.2	6.4	-19.3	-18.1	10.1	5.9
P/E	14.6	-19.8	-20.4	-24.4	17.2	8.0	6.0
P/BV	1.8	1.2	1.3	1.1	0.9	0.9	0.8
Target EV/EBITDA					5.9	3.8	3.0
Target EV/EBIT					14.1	7.6	5.5
Target EV/FCFF					-27.9	14.7	7.8
Target P/BV					0.9	0.8	0.8
Target P/E, diluted	14.8	-77880.4	-31.4	-33.7	17.1	8.0	6.0

Per share measures	2021	2022	2023	2024	2025E	2026E	2027E
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	0.36	-0.16	-0.14	-0.09	0.12	0.25	0.34
Operating cash flow per share	0.33	0.26	0.62	0.13	0.36	0.47	0.69
Free cash flow per share	0.06	0.16	0.44	-0.12	-0.11	0.20	0.34
Book value per share	2.80	2.50	2.14	2.02	2.14	2.36	2.59
Dividend per share	0.20	0.10	0.10		0.03	0.10	0.12
Dividend payout ratio, %	56.3%	-64.0%	-72.2%		25.7%	39.8%	35.8%
Dividend yield, %	3.9%	3.2%	3.6%		1.5%	5.0%	6.0%
FCF yield, %	1.2%	5.2%	15.5%	-5.2%	-5.5%	10.0%	17.0%

Efficiency measures	2021	2022	2023	2024	2025E	2026E	2027E
ROE	13.4%	-5.9%	-6.0%	-4.5%	5.6%	11.2%	13.6%
ROCE	9.7%	-1.5%	-1.2%	-0.6%	5.8%	9.8%	12.2%

Financial ratios	2021	2022	2023	2024	2025E	2026E	2027E
Inventories as % of sales	11.2%	12.8%	8.4%	10.3%	11.0%	12.0%	12.5%
Receivables as % of sales	16.6%	15.4%	15.9%	15.0%	13.1%	13.6%	13.6%
Non-int. bearing liabilities as % of sales	12.9%	16.2%	16.7%	17.7%	16.0%	16.0%	16.0%
NWC/sales, %	14.1%	11.5%	6.1%	6.8%	7.4%	9.0%	9.5%
Operative CAPEX/Sales, %	3.6%	1.2%	2.3%	3.1%	5.7%	3.1%	4.0%
CAPEX/sales (incl. acquisitions), %	3.6%	1.2%	2.3%	3.1%	5.7%	3.1%	4.0%
FCFF/EBITDA	0.0	0.6	1.8	-0.2	-0.1	0.3	0.4
Net Debt/EBITDA, book-weighted	1.0	3.3	2.5	3.4	2.1	1.2	0.8
Debt/equity, market-weighted	0.4	0.5	0.5	0.7	0.8	0.7	0.6
Equity ratio, book-weighted	0.4	0.4	0.4	0.4	0.4	0.4	0.5
Gearing, %	27.6%	35.0%	32.4%	48.9%	51.5%	39.4%	26.5%

**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	28.368	24.2 %
Etola Group Oy	7 414 000	14.902	12.7 %
Oy Etra Invest Ab	7 000 000	14.070	12.0 %
OP Life Assurance Company Ltd	4 217 221	8.477	7.2 %
Nordea Nordic Small Cap Fund	3 435 147	6.905	5.9 %
Mandatum Life Insurance Company Limited	2 882 540	5.794	4.9 %
Ilmarinen Mutual Pension Insurance Company	1 912 000	3.843	3.3 %
Varma Mutual Pension Insurance Company	1 689 751	3.396	2.9 %
Nordea Life Assurance Finland Ltd.	1 462 000	2.939	2.5 %
Oy H. Kuningas & Co Ab	1 400 000	2.814	2.4 %
Ten largest	45 526 292	91.508	78.1 %
Residual	12 732 927	25.593	21.9 %
Total	58 259 219	117.101	100%

#### EARNINGS CALENDAR

May 07, 2025	Q1 report
August 07, 2025	Q2 report
October 29, 2025	Q3 report

#### OTHER EVENTS

#### COMPANY MISCELLANEOUS

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IR: Minna Rouru	

## DEFINITIONS

<b>P/E</b>  $\frac{\text{Price per share}}{\text{Earnings per share}}$	<b>EPS</b>  $\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
<b>P/BV</b>  $\frac{\text{Price per share}}{\text{Shareholder's equity} + \text{taxed provisions per share}}$	<b>DPS</b>  Dividend for the financial period per share
<b>Market cap</b>  Price per share * Number of shares	<b>OCF (Operating cash flow)</b>  EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
<b>EV (Enterprise value)</b>  Market cap + net debt + minority interest at market value – share of associated companies at market value	<b>FCF (Free cash flow)</b>  Operating cash flow – Operative CAPEX – acquisitions + divestments
<b>EV/Sales</b>  $\frac{\text{Enterprise value}}{\text{Sales}}$	<b>FCF yield, %</b>  $\frac{\text{Free cash flow}}{\text{Market cap}}$
<b>EV/EBITDA</b>  $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	<b>Operative CAPEX / Sales</b>  $\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
<b>EV/EBIT</b>  $\frac{\text{Enterprise value}}{\text{Operating profit}}$	<b>Net working capital</b>  Current assets – current liabilities
<b>Net debt</b>  Interest bearing debt – financial assets	<b>Capital employed / Share</b>  $\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
<b>Total assets</b>  Balance sheet total	<b>Gearing</b>  $\frac{\text{Net debt}}{\text{Equity}}$
<b>Div yield, %</b>  $\frac{\text{Dividend per share}}{\text{Price per share}}$	<b>Debt/Equity, %</b>  $\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
<b>Payout ratio, %</b>  $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	<b>Equity ratio, %</b>  $\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
<b>ROCE, %</b>  $\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	<b>CAGR, %</b>  Cumulative annual growth rate = Average growth rate per year
<b>ROE, %</b>  $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	

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Investment recommendations are defined as follows:

Target price compared to share price

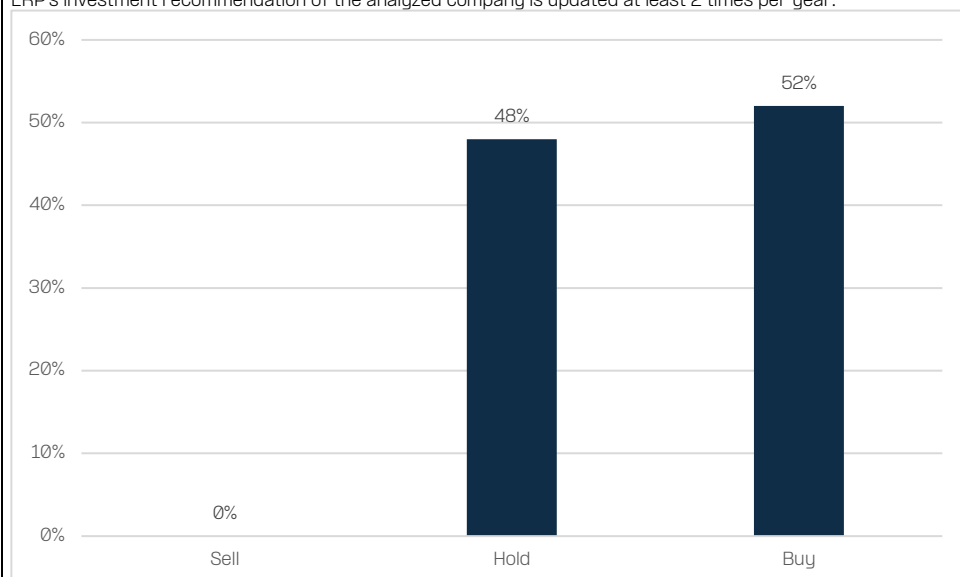
< -10 %  
-10 - 0 %  
0 - (+10) %  
> 10 %

Recommendation

SELL  
RECUDE  
ACCUMULATE  
BUY

ERP may temporarily suspend the rating and, if applicable, the target price to comply with regulations and/or firm policies, in which case a NOT RATED classification is used.

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

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