

Still improving, albeit slowly

Suominen's Q1 results didn't contain very big surprises, although profitability remained low. Earnings are likely to continue their recovery, but the market remains challenging and doesn't offer much help in that respect.

On a slowly improving track

Suominen's EUR 117.5m Q1 revenue was slightly above the EUR 117.0m/115.4m Evli/cons. estimates, while the EUR 8.3m gross profit didn't land that much short of our EUR 8.8m estimate, yet the EUR 4.1m comparable EBITDA was still soft relative to the EUR 5.3m/4.2m Evli/cons. estimates due to general operating expenses. Suominen initiates a cost savings program which is to bring EUR 10m in savings on top of other cost measures the company has implemented over the past few years.

Earnings recover more, but the market remains supplied

In our view Suominen has improving nonwovens pricing and product mix on its side now, so sales margins should have some more upside. Higher asset utilization through recovering volumes would help gross margin further, but volumes continued to lag as sales volume was down 4% y/y and slightly down q/q. The trade war doesn't have any marked direct effect on Suominen's operations or its latest production line investments in the US and Spain, however the general uncertainty and supply chain disruptions do have an impact and limit volume recovery prospects. We believe the added cost measures are a response to this latest demand headwind.

Only small estimate revisions following the report

Suominen has to wait further for a more pronounced volume recovery as the market seems to remain quite challenging across its geographies and product portfolio. Bottom line has a lot more potential to improve from the low comparison figures, but even an earnings gain of some EUR 10m doesn't turn the EV/EBIT multiples particularly low. Suominen's valuation hence continues to require patience as there doesn't seem to be any likely big earnings drivers, at least such that would make a large enough difference in the short-term. We have slightly reduced our earnings estimates for the year, and we now estimate FY'25 EBITDA at about EUR 28m. Suominen is then valued almost 18x EV/EBIT on our FY'25 estimates, however the multiple would decline to 8x next year should more clear improvement be seen from H2'25 onwards. 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-Aug-25
Web site www.suominen.fi/en/investors/
Analyst Joonas Ilvonen
E-mail joonas.ilvonen@evli.com
Telephone +358 44 430 9071

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	476.5	10.5	2.2%	-9.6	0.07	30.7	0.4	17.5	-8.2%	0.03
2026E	500.3	22.5	4.5%	11.7	0.25	8.0	0.3	7.7	10.0%	0.10
2027E	512.8	28.2	5.5%	19.9	0.33	6.0	0.3	5.7	17.0%	0.12

Market cap, EURm	117	Gearing 2025E, %	55.3 %	CAGR EPS 2024-27, %	0.0 %
Net debt 2025E, EURm	67	Price/book 2025E	1.0	CAGR Sales 2024-27, %	3.5 %
Enterprise value, EURm	184	Dividend yield 2025E, %	1.5 %	ROE 2025E, %	3.2 %
Total assets 2025E, EURm	315	Tax rate 2025E, %	28.3 %	ROCE 2025E, %	4.7 %
Goodwill 2025E, EURm	15	Equity ratio 2025E, %	38.6 %	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	2025 Q1	2025E Q2E	2025E Q3E	2025E Q4E	2025E FY
Revenue	444	417	426	431	411	459	443	493	461	114	119	112	119	462	118	120	118	121	477
growth, %	11 %	-6 %	2 %	1 %	-5 %	12 %	-3 %	11 %	-9 %	-3 %	5 %	5 %	3 %	3 %	3 %	1 %	6 %	2 %	3 %
Geography																			
EMEA	172	171	174	171	150	170	178	205	163	44	43	42	46	174	44	44	43	44	175
Americas	272	246	252	260	262	289	265	288	288	70	76	70	73	288	74	76	75	77	302
COGS	-386	-365	-384	-400	-377	-389	-392	-475	-428	-105	-110	-106	-111	-433	-109	-110	-106	-108	-433
Gross Profit	58	52	42	31	37	70	51	19	23	8.1	8.9	5.1	7.5	30	8.3	10.2	11.8	13.3	44
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 %	7.1 %	8.5 %	10.0 %	11.0 %	9.2 %
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	-9.2	-8.5	-8.0	-8.0	-33.7
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	0.5	0.0	0.0	0.0	0.5
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	-0.3	1.7	3.8	5.3	10.5
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 %	-0.3 %	1.4 %	3.2 %	4.4 %	2.2 %
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	-4.4	-4.5	-4.5	-4.5	-17.9
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	4.1	6.2	8.3	9.8	28.4
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 %	3.5 %	5.2 %	7.0 %	8.1 %	6.0 %

Source: Suominen, Evli Research

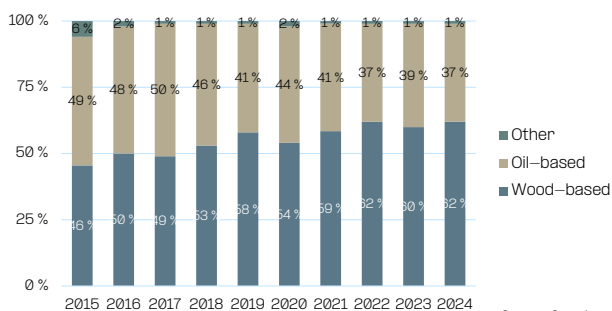
SUOMINEN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		24	25	26	24	25	26	24	25	26
Berry Global Group	6890	7.7x	8.5x	8.3x	13.6x	14.2x	13.4x	9.5 %	10.7 %	11.1 %
Kimberly-Clark	38789	12.7x	12.8x	12.1x	15.7x	16.0x	15.0x	16.1 %	16.4 %	17.1 %
N.R. Spuntech Industries	60									
Mativ Holdings	245	7.5x	6.1x	5.7x	12.8x	11.2x	9.7x	6.5 %	6.1 %	6.8 %
Magnera	473	6.7x	6.1x	5.8x	17.4x	14.5x	12.5x	4.2 %	5.1 %	5.6 %
Peer Group Average	9291	8.7x	8.4x	8.0x	14.9x	14.0x	12.6x	9.1 %	9.5 %	10.2 %
Peer Group Median	473	7.6x	7.3x	7.0x	14.7x	14.3x	12.9x	8.0 %	8.4 %	9.0 %
Suominen (Evli est.)	117	11.2x	6.5x	3.9x	-136.0x	17.5x	7.7x	-0.3 %	2.2 %	4.5 %

Suominen prem./disc. to peer median

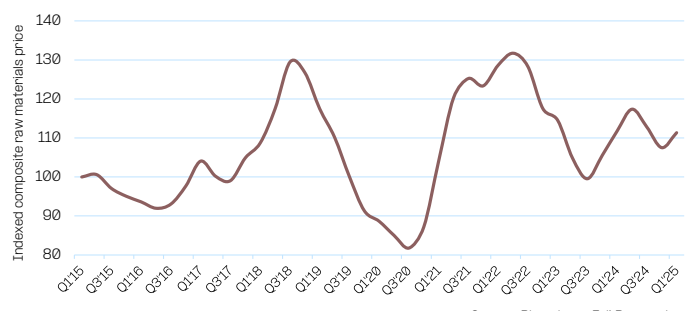
Source FactSet, Evli Research

47 % -11 % -44 % -1026 % 23 % -40 % -104 % -74 % -50 %

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	171 Long-term growth, %	2.0 % Risk-free interest rate, %	2.25 %
DCF share value	4.67 PV of Horizon value	158 WACC, %	7.9 % Market risk premium, %	5.8 %
Share price potential, %	132.3 % Unconsolidated equity	0 Spread, %	0.5 % Debt risk premium %	2.8 %
Maximum value	5.1 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, %	48.0 % Value of stock	272 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	500	513	523	534	544	555	566	578	589	601
Sales growth (%)	2.5%	3.1%	5.0%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Operating income (EBIT)	–1	11	23	28	37	40	41	42	42	43	44	45
Operating income margin %	–0.3%	2.2%	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	28	45	53	61	64	64	64	64	65	65	
– Paid taxes	–2	–3	–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	–6	15	23	41	34	34	34	34	35	19	330
= Discounted FCFF		–5	14	19	31	24	22	21	19	18	9	158
= DFCF min WACC		–5	14	19	31	25	23	21	20	19	10	181
= DFCF max WACC		–5	13	19	30	24	22	20	19	17	9	140

Sensitivity analysis, EUR

		Terminal WACC				
		5.92 %	6.92 %	7.92 %	8.92 %	9.92 %
Terminal EBIT–%	5.50 %	4.17	3.49	3.00	2.63	2.33
	6.50 %	5.68	4.59	3.83	3.28	2.85
	7.50 %	7.19	5.68	4.67	3.93	3.37
	8.50 %	8.70	6.78	5.50	4.59	3.89
	9.50 %	10.21	7.88	6.34	5.24	4.42

INTERIM FIGURES

EVLI ESTIMATES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Net sales	113.6	118.7	111.5	118.5	462.3	117.5	120.0	118.0	121.0	476.5	500.3	512.8
EBITDA	4.5	5.0	3.3	4.3	17.0	4.1	6.2	8.3	9.8	28.4	44.5	52.7
EBITDA margin (%)	3.9%	4.2%	2.9%	3.6%	3.7%	3.5%	5.2%	7.0%	8.1%	5.9%	8.9%	10.3%
EBIT	-0.1	0.4	-1.5	-0.2	-1.4	-0.3	1.7	3.8	5.3	10.5	22.5	28.2
EBIT margin (%)	-0.1%	0.3%	-1.4%	-0.2%	-0.3%	-0.3%	1.4%	3.2%	4.4%	2.2%	4.5%	5.5%
Net financial items	-0.8	-1.1	-1.9	-0.3	-4.1	-1.9	-1.1	-1.1	-1.1	-5.2	-4.0	-3.6
Pre-tax profit	-0.9	-0.7	-3.4	-0.5	-5.5	-2.2	0.6	2.7	4.2	5.3	18.5	24.6
Tax	-0.3	0.0	0.1	0.3	0.1	0.0	-0.5	-0.5	-0.5	-1.5	-3.9	-5.2
Tax rate (%)	-35.2%	-4.0%	4.2%	52.8%	1.0%	-0.3%	83.3%	18.5%	11.9%	28.3%	21.0%	21.0%
Net profit	-1.2	-0.7	-3.3	-0.2	-5.4	-2.2	0.1	2.2	3.7	3.8	14.6	19.4
EPS	-0.02	-0.01	-0.06	0.00	-0.09	-0.04	0.00	0.04	0.06	0.07	0.25	0.33
EPS adj. (diluted)	-0.02	-0.01	-0.06	0.00	-0.09	-0.04	0.00	0.04	0.06	0.07	0.25	0.33
Dividend per share										0.03	0.10	0.12
SALES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Group	113.6	118.7	111.5	118.5	462.3	117.5	120.0	118.0	121.0	476.5	500.3	512.8
Total	113.6	118.7	111.5	118.5	462.3	117.5	120.0	118.0	121.0	476.5	500.3	512.8
SALES GROWTH, Y/Y%	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Group	-2.7%	5.3%	4.8%	3.0%	2.5%	3.4%	1.1%	5.8%	2.1%	3.1%	5.0%	2.5%
Total	-2.7%	5.3%	4.8%	3.0%	2.5%	3.4%	1.1%	5.8%	2.1%	3.1%	5.0%	2.5%
EBIT, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Group	-0.1	0.4	-1.5	-0.2	-1.4	-0.3	1.7	3.8	5.3	10.5	22.5	28.2
Total	-0.1	0.4	-1.5	-0.2	-1.4	-0.3	1.7	3.8	5.3	10.5	22.5	28.2
EBIT margin %	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Group	-0.1%	0.3%	-1.4%	-0.2%	-0.3%	-0.3%	1.4%	3.2%	4.4%	2.2%	4.5%	5.5%
Total	-0.1%	0.3%	-1.4%	-0.2%	-0.3%	-0.3%	1.4%	3.2%	4.4%	2.2%	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	476.5	500.3	512.8
<i>Sales growth (%)</i>	11.5%	-3.4%	11.3%	-8.6%	2.5%	3.1%	5.0%	2.5%
EBITDA	60.9	47.0	15.2	15.9	17.0	28.4	44.5	52.7
<i>EBITDA margin (%)</i>	13.3%	10.6%	3.1%	3.5%	3.7%	5.9%	8.9%	10.3%
Depreciation	-21.4	-20.1	-23.2	-18.7	-18.4	-17.9	-22.0	-24.5
EBITA	39.5	26.9	-8.0	-2.8	-1.4	10.5	22.5	28.2
Goodwill amortization / writedown			3.8					
EBIT	39.5	26.9	-4.2	-2.8	-1.4	10.5	22.5	28.2
<i>EBIT margin (%)</i>	8.6%	6.1%	-0.9%	-0.6%	-0.3%	2.2%	4.5%	5.5%
Reported EBIT	39.5	26.9	-4.2	-2.8	-1.4	10.5	22.5	28.2
<i>EBIT margin (reported) (%)</i>	8.6%	6.1%	-0.9%	-0.6%	-0.3%	2.2%	4.5%	5.5%
Net financials	-5.6	-0.4	-2.9	-6.0	-4.1	-5.2	-4.0	-3.6
Pre-tax profit	33.9	26.5	-7.1	-8.8	-5.5	5.3	18.5	24.6
Taxes	-3.8	-5.8	-2.0	0.7	0.1	-1.5	-3.9	-5.2
Minority shares								
Net profit	30.1	20.7	-9.1	-8.1	-5.4	3.8	14.6	19.4
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	62	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	121	134	148
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	94	85	72
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	28	45	53
- Net financial items	-6	0	-3	-6	-4	-5	-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	18	27	40
- Capex	-12	-16	-6	-10	-14	-27	-16	-20
- Acquisitions								
+ Divestments								
= Free cash flow	38	4	9	26	-7	-10	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	6	-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	67	57	43
Enterprise value	347	232	205	190	184	174	160
Sales	443	493	451	462	477	500	513
EBITDA	47	15	16	17	28	45	53
EBIT	27	-4	-3	-1	11	23	28
Pre-tax	27	-7	-9	-5	5	19	25
Earnings	21	-9	-8	-5	4	15	19
Equity book value (excl. minorities)	163	146	125	118	121	134	148

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	6.5	3.9	3.0
EV/EBITA	12.9	-29.0	-73.1	-136.0	17.5	7.7	5.7
EV/EBIT	12.9	-55.1	-73.1	-136.0	17.5	7.7	5.7
EV/OCF	18.0	15.2	5.7	25.7	10.4	6.4	4.0
EV/FCF	195.7	26.3	7.2	-65.1	-33.4	11.3	7.0
P/FCFR	86.1	19.2	6.4	-19.3	-12.2	10.0	5.9
P/E	14.6	-19.8	-20.4	-24.4	30.7	8.0	6.0
P/BV	1.8	1.2	1.3	1.1	1.0	0.9	0.8
Target EV/EBITDA					6.5	3.9	3.0
Target EV/EBIT					17.5	7.7	5.7
Target EV/FCFF					-19.2	14.9	8.0
Target P/BV					1.0	0.9	0.8
Target P/E, diluted	14.8	-77880.4	-31.4	-33.7	30.5	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	0.07	0.25	0.33
Operating cash flow per share	0.33	0.26	0.62	0.13	0.31	0.47	0.69
Free cash flow per share	0.06	0.16	0.44	-0.12	-0.16	0.20	0.34
Book value per share	2.80	2.50	2.14	2.02	2.08	2.31	2.54
Dividend per share	0.20	0.10	0.10		0.03	0.10	0.12
Dividend payout ratio, %	56.3%	-64.0%	-72.2%		45.8%	39.8%	36.0%
Dividend yield, %	3.9%	3.2%	3.6%		1.5%	5.0%	6.0%
FCF yield, %	1.2%	5.2%	15.5%	-5.2%	-8.2%	10.0%	17.0%

Efficiency measures	2021	2022	2023	2024	2025E	2026E	2027E
ROE	13.4%	-5.9%	-6.0%	-4.5%	3.2%	11.4%	13.8%
ROCE	9.7%	-1.5%	-1.2%	-0.6%	4.7%	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	-0.2	0.3	0.4
Net Debt/EBITDA, book-weighted	1.0	3.3	2.5	3.4	2.4	1.3	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%	55.3%	42.6%	29.2%

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	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

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

OTHER EVENTS

COMPANY MISCELLANEOUS

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

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

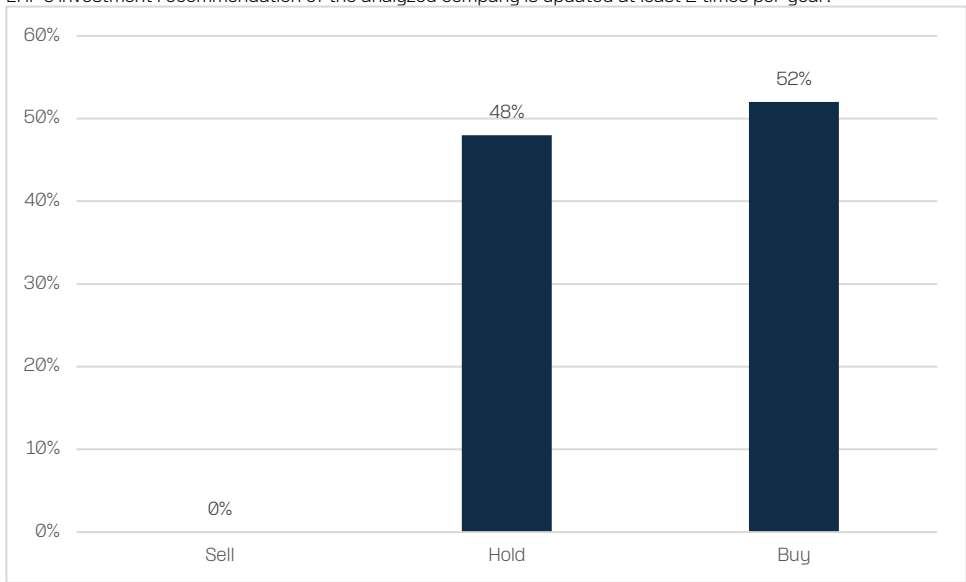
Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. 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 - 0 %	RECUDE
0 - (+10) %	ACCUMULATE
> 10 %	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.

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. As ERP is currently updating its ratings methodology, the graph will be updated in due time to reflect the changes.

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 [8.5.2025, 9:05]. This report has been published on [8.5.2025, 9:25].

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