

Waiting for more results

Suominen reports Q2 results on Aug 7. We believe H1'25 earnings will remain rather flat, but H2 should at last see bigger gains as the company has lately taken more measures.

Additional cost cuts help, but more volumes are needed too

Suominen's Q1 earnings remained soft relative to estimates due to general operating expenses; the EUR 10m cost savings program as well as the change of CEO are some of the additional measures towards recovering profitability at a faster rate than seen in the past couple of years. Additional cost cuts can be valuable, but in our view Suominen especially needs to recover nonwovens delivery volumes in the next couple of years. In this sense we look forward to hearing the incoming CEO's views on potential new growth niches since many of the significant current categories, including baby wipes as well as more value-added products, remain well supplied. Other strategy updates might include finding some ways to improve Suominen's value-chain positioning. We estimate Suominen's Q2 revenue to have remained flat at EUR 119m and expect adj. EBITDA at EUR 5.8m.

H1 earnings flattish y/y, yet H2 should at last see gains

We expect an earnings gain of EUR 10m for FY'25; we estimate H1 EBITDA to increase only modestly y/y, but H2 has low comparison figures while raw materials prices declined by more than 5% q/q in Q2. This should support sales margins towards the autumn, while gross margin could get more boost from higher utilization if this autumn season sees improving volumes. We thus estimate this year's earnings recovery to happen mostly in H2. Recent wipes brand earnings releases, such as that of Essity, also hint volume growth remained modest in Q2.

Earnings multiples neutralize towards next year

Suominen's FY'25 earnings are likely to remain quite modest even if they should pick up more significantly compared to the previous couple of years. FY'26 would then have room to improve more as especially H1'25 still shows pretty low figures. For next year we would expect earnings to gain by some EUR 15m more, however even in that case EBITDA margin would remain below 9%. Suominen is valued close to 19x EV/EBIT on our FY'25 estimates as earnings recovery still hasn't started in any big way, but on our FY'26 estimates the multiple is already below 8x. From this perspective valuation isn't very expensive but continues to demand patience. Our new TP is EUR 1.9 (2.0) as we retain REDUCE rating.

Rating

■ Reduce


Share price, EUR (Last trading day's closing price)	1.93
Target price, EUR	1.9
Latest change in recommendation	25-Feb-25
Latest report on company	08-May-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	112
Free float, %	62.7 %
Exchange rate	1.14
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/
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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	475.5	9.6	2.0%	-10.4	0.05	38.4	0.4	18.8	-9.2%	0.03
2026E	499.3	22.5	4.5%	11.6	0.25	7.7	0.3	7.6	10.4%	0.07
2027E	511.8	28.1	5.5%	19.8	0.33	5.8	0.3	5.5	17.7%	0.12
Market cap, EURm	112	Gearing 2025E, %		56.4 %		CAGR EPS 2024-27, %		0.0 %		
Net debt 2025E, EURm	68	Price/book 2025E		0.9		CAGR Sales 2024-27, %		3.5 %		
Enterprise value, EURm	180	Dividend yield 2025E, %		1.6 %		ROE 2025E, %		2.5 %		
Total assets 2025E, EURm	315	Tax rate 2025E, %		34.0 %		ROCE 2025E, %		4.3 %		
Goodwill 2025E, EURm	15	Equity ratio 2025E, %		38.3 %		PEG, P/E 25/CAGR		0.4		

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

Estimates and peer valuation

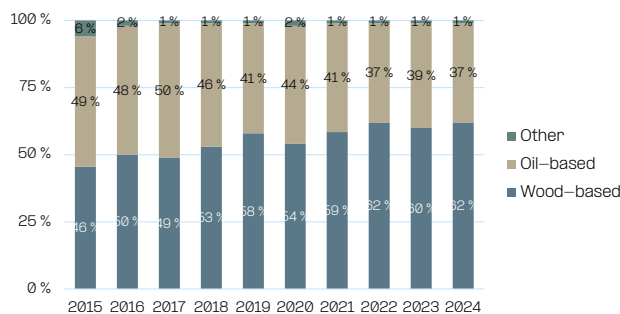
Suominen EURm	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2024 FY	2025 Q1	2025E Q2E	2025E Q3E	2025E Q4E	2025E FY
Revenue	444	417	426	431	411	469	443	493	451	114	119	112	119	462	118	119	118	121	476
growth, %	11 %	-6 %	2 %	1 %	-5 %	12 %	-3 %	11 %	-9 %	-3 %	5 %	5 %	3 %	3 %	3 %	0 %	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	75	75	77	301
COGS	-386	-365	-384	-400	-377	-389	-392	-475	-428	-105	-110	-106	-111	-433	-109	-109	-106	-108	-432
Gross Profit	58	52	42	31	37	70	51	19	23	8.1	8.9	5.1	7.5	30	8.3	10.1	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	-8.8	-8.5	-8.0	-34.5
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	1.3	3.3	5.3	9.6
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 %	1.1 %	2.8 %	4.4 %	2.0 %
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	5.8	7.8	9.8	27.6
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 %	4.9 %	6.6 %	8.1 %	5.8 %

Source: Suominen, Evli Research

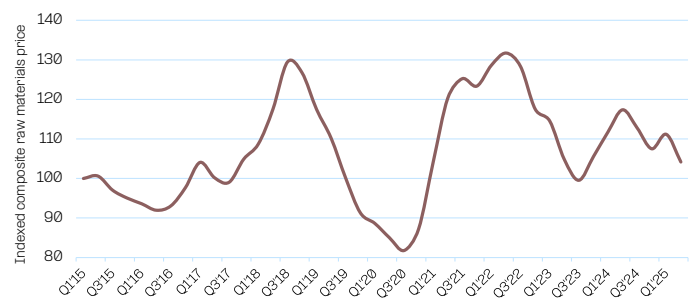
SUOMINEN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		24	25	26	24	25	26	24	25	26
Berry Global Group										
Kimberly-Clark	36214	12.7x	12.4x	11.9x	15.7x	15.8x	14.7x	16.1 %	16.5 %	17.2 %
N.R. Spuntech Industries	62									
Mativ Holdings	328	7.5x	6.7x	6.1x	12.8x	12.3x	10.4x	6.5 %	5.9 %	6.9 %
Magnera	390	6.8x	6.2x	5.7x	15.3x	15.7x	13.7x	4.8 %	4.4 %	4.9 %
Peer Group Average	9248	9.0x	8.4x	7.9x	14.6x	14.6x	12.9x	9.1 %	9.0 %	9.6 %
Peer Group Median	359	7.5x	6.7x	6.1x	15.3x	15.7x	13.7x	6.5 %	5.9 %	6.9 %
Suominen (Evli est.)	112	11.2x	6.6x	3.8x	-136.0x	18.8x	7.6x	-0.3 %	2.0 %	4.5 %
Suominen prem./disc. to peer median		48 %	-2 %	-37 %	-991 %	19 %	-45 %	-105 %	-66 %	-35 %

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	1.93 PV of Free Cash Flow	173 Long-term growth, %	2.0 % Risk-free interest rate, %	2.25 %
DCF share value	4.74 PV of Horizon value	161 WACC, %	7.9 % Market risk premium, %	5.8 %
Share price potential, %	146.3 % 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, %	48.2 % Value of stock	276 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	476	499	512	522	532	543	554	565	576	588	600
Sales growth (%)	2.5%	2.9%	5.0%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Operating income (EBIT)	–1	10	22	28	37	40	41	42	42	43	44	45
Operating income margin %	–0.3%	2.0%	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	27	44	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%	6.2%	
– Acquisitions												
+ Divestments												
– Other items												
= FCFF	–3	–7	15	23	40	34	34	34	34	35	19	330
= Discounted FCFF		–6	14	19	31	25	23	21	20	18	9	161
= DFCF min WACC		–6	14	19	32	25	23	22	20	19	10	183
= DFCF max WACC		–6	14	19	31	24	22	20	19	18	9	142

Sensitivity analysis, EUR

		Terminal WACC				
		5.92 %	6.92 %	7.92 %	8.92 %	9.92 %
Terminal EBIT–%	5.50 %	4.21	3.53	3.04	2.67	2.38
	6.50 %	5.74	4.64	3.89	3.34	2.91
	7.50 %	7.27	5.76	4.74	4.00	3.44
	8.50 %	8.79	6.87	5.59	4.67	3.97
	9.50 %	10.32	7.98	6.44	5.33	4.51

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	119.0	118.0	121.0	475.5	499.3	511.8
EBITDA	4.5	5.0	3.3	4.3	17.0	4.1	5.8	7.8	9.8	27.5	44.5	52.6
<i>EBITDA margin (%)</i>	<i>3.9%</i>	<i>4.2%</i>	<i>2.9%</i>	<i>3.6%</i>	<i>3.7%</i>	<i>3.5%</i>	<i>4.9%</i>	<i>6.6%</i>	<i>8.1%</i>	<i>5.8%</i>	<i>8.9%</i>	<i>10.3%</i>
EBIT	-0.1	0.4	-1.5	-0.2	-1.4	-0.3	1.3	3.3	5.3	9.6	22.5	28.1
<i>EBIT margin (%)</i>	<i>-0.1%</i>	<i>0.3%</i>	<i>-1.4%</i>	<i>-0.2%</i>	<i>-0.3%</i>	<i>-0.3%</i>	<i>1.1%</i>	<i>2.8%</i>	<i>4.4%</i>	<i>2.0%</i>	<i>4.5%</i>	<i>5.5%</i>
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	0.2	2.2	4.2	4.4	18.5	24.5
Tax	-0.3	0.0	0.1	0.3	0.1	0.0	-0.5	-0.5	-0.5	-1.5	-3.9	-5.1
<i>Tax rate (%)</i>	<i>-35.2%</i>	<i>-4.0%</i>	<i>4.2%</i>	<i>52.8%</i>	<i>1.0%</i>	<i>-0.3%</i>	<i>250.0%</i>	<i>22.7%</i>	<i>11.9%</i>	<i>34.0%</i>	<i>21.0%</i>	<i>21.0%</i>
Net profit	-1.2	-0.7	-3.3	-0.2	-5.4	-2.2	-0.3	1.7	3.7	2.9	14.6	19.4
EPS	-0.02	-0.01	-0.06	0.00	-0.09	-0.04	-0.01	0.03	0.06	0.05	0.25	0.33
EPS adj. (diluted)	-0.02	-0.01	-0.06	0.00	-0.09	-0.04	-0.01	0.03	0.06	0.05	0.25	0.33
Dividend per share										0.03	0.07	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	119.0	118.0	121.0	475.5	499.3	511.8
Total	113.6	118.7	111.5	118.5	462.3	117.5	119.0	118.0	121.0	475.5	499.3	511.8
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%	0.3%	5.8%	2.1%	2.9%	5.0%	2.5%
Total	-2.7%	5.3%	4.8%	3.0%	2.5%	3.4%	0.3%	5.8%	2.1%	2.9%	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	1.3	3.3	5.3	9.6	22.5	28.1
Total	-0.1	0.4	-1.5	-0.2	-1.4	-0.3	1.3	3.3	5.3	9.6	22.5	28.1
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%	1.1%	2.8%	4.4%	2.0%	4.5%	5.5%
Total	-0.1%	0.3%	-1.4%	-0.2%	-0.3%	-0.3%	1.1%	2.8%	4.4%	2.0%	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	475.5	499.3	511.8
<i>Sales growth (%)</i>	11.5%	-3.4%	11.3%	-8.6%	2.5%	2.9%	5.0%	2.5%
EBITDA	60.9	47.0	15.2	15.9	17.0	27.5	44.5	52.6
<i>EBITDA margin (%)</i>	13.3%	10.6%	3.1%	3.5%	3.7%	5.8%	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	9.6	22.5	28.1
Goodwill amortization / writedown			3.8					
EBIT	39.5	26.9	-4.2	-2.8	-1.4	9.6	22.5	28.1
<i>EBIT margin (%)</i>	8.6%	6.1%	-0.9%	-0.6%	-0.3%	2.0%	4.5%	5.5%
Reported EBIT	39.5	26.9	-4.2	-2.8	-1.4	9.6	22.5	28.1
<i>EBIT margin (reported) (%)</i>	8.6%	6.1%	-0.9%	-0.6%	-0.3%	2.0%	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	4.4	18.5	24.5
Taxes	-3.8	-5.8	-2.0	0.7	0.1	-1.5	-3.9	-5.1
Minority shares								
Net profit	30.1	20.7	-9.1	-8.1	-5.4	2.9	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	323	326
Liabilities								
Shareholders' equity	146	163	146	125	118	121	133	149
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	95	86	71
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	323	326
CASH FLOW, EURm								
+ EBITDA	61	47	15	16	17	27	44	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	17	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	4	7
+/- Other	2	43	-53	-3	-9	7	-8	-15
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	112	112	112
Net debt (excl. convertibles)	45	51	40	58	68	58	42
Enterprise value	347	232	205	190	180	170	154
Sales	443	493	451	462	476	499	512
EBITDA	47	15	16	17	27	44	53
EBIT	27	-4	-3	-1	10	22	28
Pre-tax	27	-7	-9	-5	4	18	25
Earnings	21	-9	-8	-5	3	15	19
Equity book value (excl. minorities)	163	146	125	118	121	133	149

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	6.6	3.8	2.9
EV/EBITA	12.9	-29.0	-73.1	-136.0	18.8	7.6	5.5
EV/EBIT	12.9	-55.1	-73.1	-136.0	18.8	7.6	5.5
EV/OCF	18.0	15.2	5.7	25.7	10.6	6.3	3.8
EV/FCF	195.7	26.3	7.2	-65.1	-27.1	11.1	6.7
P/FCFR	86.1	19.2	6.4	-19.3	-10.8	9.6	5.7
P/E	14.6	-19.8	-20.4	-24.4	38.4	7.7	5.8
P/BV	1.8	1.2	1.3	1.1	0.9	0.8	0.8
Target EV/EBITDA					6.5	3.8	2.9
Target EV/EBIT					18.6	7.5	5.4
Target EV/FCFF					-17.2	14.5	7.7
Target P/BV					0.9	0.8	0.7
Target P/E, diluted					37.9	7.6	5.7

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	0.05	0.25	0.33
Operating cash flow per share	0.33	0.26	0.62	0.13	0.29	0.47	0.69
Free cash flow per share	0.06	0.16	0.44	-0.12	-0.18	0.20	0.34
Book value per share	2.80	2.50	2.14	2.02	2.07	2.29	2.55
Dividend per share	0.20	0.10	0.10		0.03	0.07	0.12
Dividend payout ratio, %	56.3%	-64.0%	-72.2%		59.9%	28.0%	36.1%
Dividend yield, %	3.9%	3.2%	3.6%		1.6%	3.6%	6.2%
FCF yield, %	1.2%	5.2%	15.5%	-5.2%	-9.2%	10.4%	17.7%

Efficiency measures	2021	2022	2023	2024	2025E	2026E	2027E
ROE	13.4%	-5.9%	-6.0%	-4.5%	2.5%	11.5%	13.7%
ROCE	9.7%	-1.5%	-1.2%	-0.6%	4.3%	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	2.5	1.3	0.8
Debt/equity, market-weighted	0.4	0.5	0.5	0.7	0.8	0.8	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%	56.4%	43.5%	28.4%

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	27.169	24.2 %
Etola Group Oy	7 414 000	14.272	12.7 %
Oy Etra Invest Ab	7 000 000	13.475	12.0 %
OP Life Assurance Company Ltd	4 217 221	8.118	7.2 %
Nordea Nordic Small Cap Fund	3 435 147	6.613	5.9 %
Mandatum Life Insurance Company Limited	2 882 540	5.549	4.9 %
Ilmarinen Mutual Pension Insurance Company	1 912 000	3.681	3.3 %
Varma Mutual Pension Insurance Company	1 689 751	3.253	2.9 %
Nordea Life Assurance Finland Ltd.	1 462 000	2.814	2.5 %
Oy H. Kuningas & Co Ab	1 400 000	2.695	2.4 %
Ten largest	45 526 292	87.638	78.1 %
Residual	12 732 927	24.511	21.9 %
Total	58 259 219	112.149	100%

EARNINGS CALENDAR

August 07, 2025
October 29, 2025

Q2 report
Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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CFO: Janne Silonsaari
IR: Minna Rouru

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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

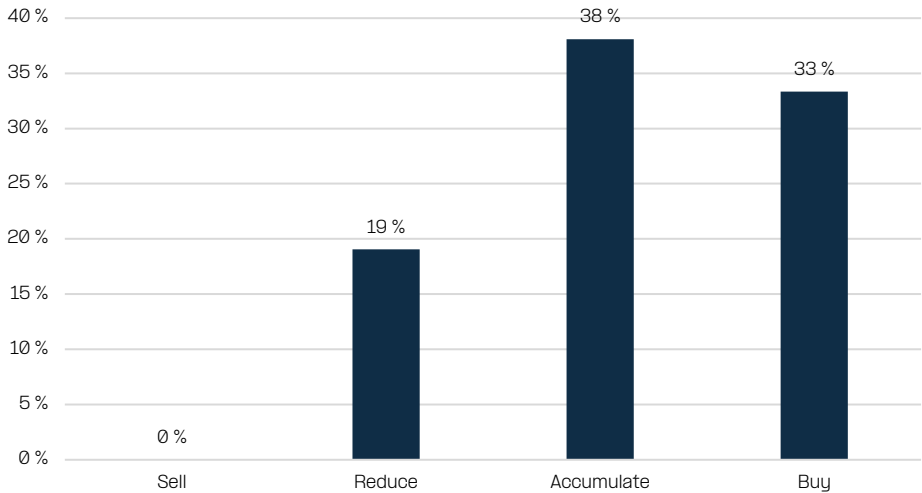
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 - 0 %	RECUDE
0 - (+10) %	ACCUMULATE
> 10 %	BUY

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

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