

Results finally on the horizon?

Suominen reports Q1 results next week, on Wed, Apr 24. Q4 proved another miss in a long series, however there are tentative signs pointing to earnings having bottomed out. The company has hiked prices since last autumn (although volumes are likely to be lost as a result), and raw materials pricing pressure has become a less acute problem with all the major inputs registering double-digit price declines during the last six months.

Focus will be on the gross margin and volume dynamics

Gross margin continued to decline in Q4, hitting a low of 6.2%. We expect the Q1 gross margin at 7.0% (vs 7.4% a year ago). With the onset of nonwovens price hikes and recent declines in raw materials prices the gross margin is bound to increase, yet it is hard to say to what extent volumes might have been lost. We are forecasting 5% y/y volume decline for Q1. We expect Q1 revenue at EUR 116m (8% y/y increase) and adj. EBIT at EUR 2.0m, or 1.8% margin (vs EUR 1.5m and 1.5% a year ago). Our forecast could be topped on the gross margin level as input prices have been weaker than expected. However, we leave our operative estimates unchanged as the gross margin positives and volume negatives should cancel each other out on the absolute gross profit level.

First quarter with the new CEO behind the wheel

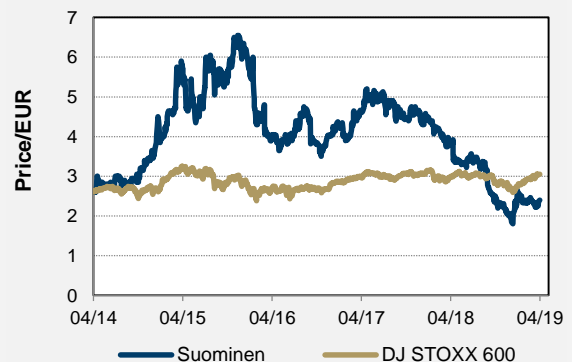
Mr. Petri Helsky (previously CEO of Metsä Tissue) has held the seat as Suominen's President & CEO since Jan 7. Suominen guides flat revenue and improving adj. EBIT for 2019. We expect 2019 revenue to increase by 3% (mostly due to FX), and EBIT at EUR 12.5m (EUR 4.6m) as gross profit is set to improve.

Estimates remain largely intact, FX basically flat

We retain our HOLD rating and target price of EUR 2.40 per share ahead of the Q1 report. We stay cautious for now despite expected gross margin improvement as it is unclear how much volume might be lost. Peer group multiples have gained sharply in recent months, meaning there is solid upside potential should Suominen manage to turn around earnings trajectory in 2019.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 2.40

Target price, EUR 2.40

Latest change in 01-Aug-18

Latest report on company 01-Feb-19

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 140

Free float, % -

Exchange rate EUR/USD 1.13

Reuters code SUY1V.HE

Bloomberg code SUY1V FH

Average daily volume, EURm 0.1

Next interim report 24-Apr-19

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■ BUY ■ HOLD ■ SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2017	426	15	3.5%	12	0.25	17.8	0.8	11.6	22.2	0.11
2018	431	5	1.1%	-1	-0.03	-69.4	0.5	3.7	44.8	0.00
2019E	444	13	2.8%	7	0.08	28.9	0.5	4.9	17.1	0.04
2020E	464	19	4.1%	15	0.19	12.5	0.4	3.9	10.2	0.09
2021E	480	25	5.2%	22	0.27	8.8	0.4	3.6	7.1	0.11
Market cap, EURm		140	BV per share 2019E, EUR		2.3	CAGR EPS 2018-21, %		n/m		
Net debt 2019E, EURm		74	Price/book 2019E		1.0	CAGR sales 2018-21, %		3.6		
Enterprise value, EURm		214	Dividend yield 2019E, %		1.7	ROE 2019E, %		3.6		
Total assets 2019E, EURm		329	Tax rate 2019E, %		26.0	ROCE 2019E, %		5.1		
Goodwill 2019E, EURm		15	Equity ratio 2019E, %		41.2	PEG, P/E 19/CAGR		0.5		

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

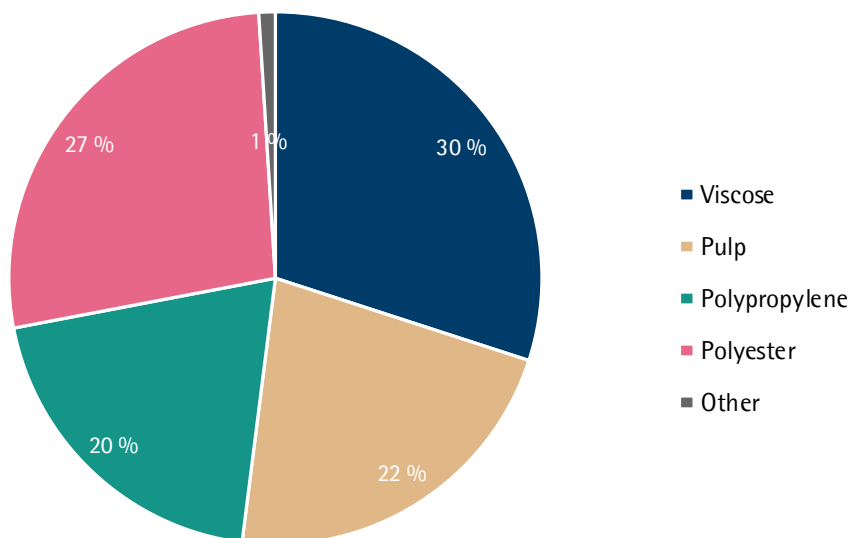
Estimates

SUOMINEN EURm	2013 FY	2014 FY	2015 FY	2016 FY	2017 FY	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2018E FY	2019E Q1E	2019E Q2E	2019E Q3E	2019E Q4E	2019E FY	2020E FY	2021E FY
Sales	374	402	444	417	426	107	110	105	110	431	116	114	106	108	444	464	480
Sales growth, %		8 %	11 %	-6 %	2 %	-6 %	-2 %	2 %	11 %	1 %	8 %	3 %	1 %	-2 %	3 %	5 %	3 %
FX			10 %	0 %	-1 %	-8 %	-5 %	1 %	2 %	-2 %	4 %	3 %	1 %	0 %	2 %	0 %	0 %
Price/mix (indicative)				-3 %	-1 %	0 %	4 %	4 %	9 %	4 %	9 %	9 %	9 %	6 %	8 %	2 %	1 %
Volume (indicative)				-3 %	4 %	2 %	-1 %	-2 %	0 %	-1 %	-5 %	-8 %	-9 %	-8 %	-7 %	3 %	2 %
Convenience		369	412	379	389	98	100	96	103	396	105	103	97	98	404	422	436
Baby		165	178	158	175	42	41	40	46	168	43	41	37	37	160	160	163
Personal care		84	98	104	89	25	25	24	21	95	26	26	22	24	98	100	101
Household		68	75	75	81	21	22	21	22	86	23	23	21	22	89	97	103
Workplace		44	49	36	38	10	10	9	10	39	12	13	13	14	49	56	60
Other		8	12	5	5	0	2	1	4	8	2	2	3	2	9	9	10
Care		32	32	37	38	9	10	9	7	35	10	10	10	10	40	42	43
Hygiene & Medical		32	32	37	38	9	10	9	7	35	10	10	10	10	40	42	43
By geography																	
Finland	2	3	3	2	3	1	1	1	1	2	1	1	1	1	3	3	3
Rest of Europe	138	140	160	158	161	41	39	37	36	153	41	39	36	35	153	160	164
Americas	224	249	272	246	252	63	68	66	71	268	72	72	68	70	279	292	303
ROW	9	11	10	10	10	2	3	1	1	7	2	2	2	2	9	9	10
COGS	-334	-352	-386	-365	-384	-99	-100	-98	-103	-400	-107	-104	-97	-98	-407	-419	-428
Gross Profit	40	50	58	52	42	8	10	7	7	31	8	10	9	10	37	46	52
Gross-%	10.7 %	12.4 %	13.1 %	12.5 %	9.9 %	7.4 %	9.1 %	6.3 %	6.2 %	7.3 %	7.0 %	8.7 %	8.9 %	8.9 %	8.4 %	9.8 %	10.8 %
SGA & R&D	-22.4	-24.6	-28.0	-27.9	-28.9	-6.9	-7.7	-7.0	-7.5	-29.2	-6.6	-7.1	-6.4	-6.9	-27.0	-29.0	-29.5
Other	1.7	0.8	1.8	1.3	1.7	0.6	0.6	0.9	0.4	2.5	0.6	0.6	0.9	0.4	2.5	2.5	2.5
EBIT	18.9	25.9	31.8	25.6	15.0	1.5	2.9	0.5	-0.4	4.6	2.0	3.4	4.0	3.1	12.5	19.2	25.0
IAC	-0.5	-1.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT ex IAC	19.4	26.9	31.2	25.6	15.0	1.5	2.9	0.5	-0.4	4.6	2.0	3.4	4.0	3.1	12.5	19.2	25.0
EBIT-% ex IAC	5.2 %	6.7 %	7.0 %	6.1 %	3.5 %	1.5 %	2.7 %	0.5 %	####	1.1 %	1.8 %	3.0 %	3.7 %	2.9 %	2.8 %	4.1 %	5.2 %
Depreciation	-13.9	-15.6	-17.7	-18.5	-19.4	-5.0	-5.1	-5.3	-5.6	-21.0	-5.5	-5.8	-6.0	0.0	-17.3	-21.5	-20.8
EBITDA ex IAC	33.3	42.5	48.9	44.2	34.3	6.5	8.0	5.8	5.2	25.6	7.5	9.2	10.0	3.1	29.8	40.6	45.8
EBITDA-% ex IAC	8.9 %	10.6 %	11.0 %	10.6 %	8.1 %	6.1 %	7.3 %	5.5 %	4.8 %	5.9 %	6.5 %	8.1 %	9.4 %	2.9 %	6.7 %	8.8 %	9.5 %

Note: Suominen restated 2016 figures which have a slight impact on the product groups' absolute numbers.

Source: Suominen, Evli Research

Raw material mix (in tonnes)

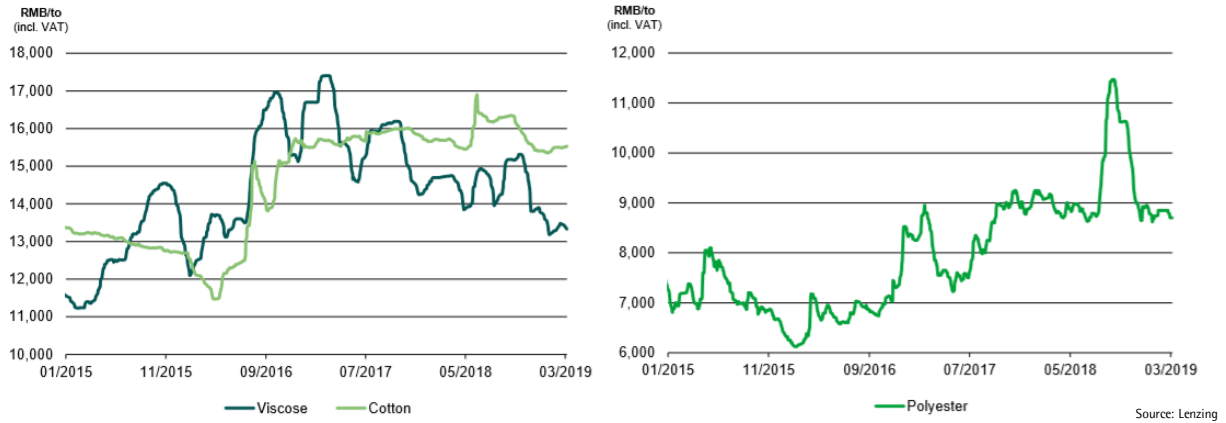


Total raw material consumption 134kt (2018)

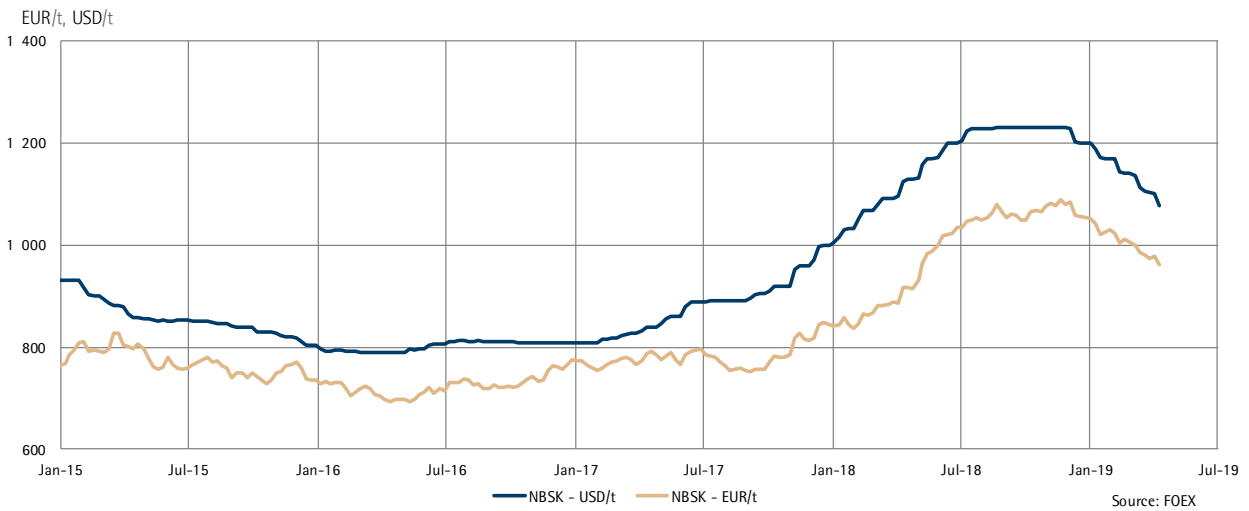
Source: Suominen

Raw material price development

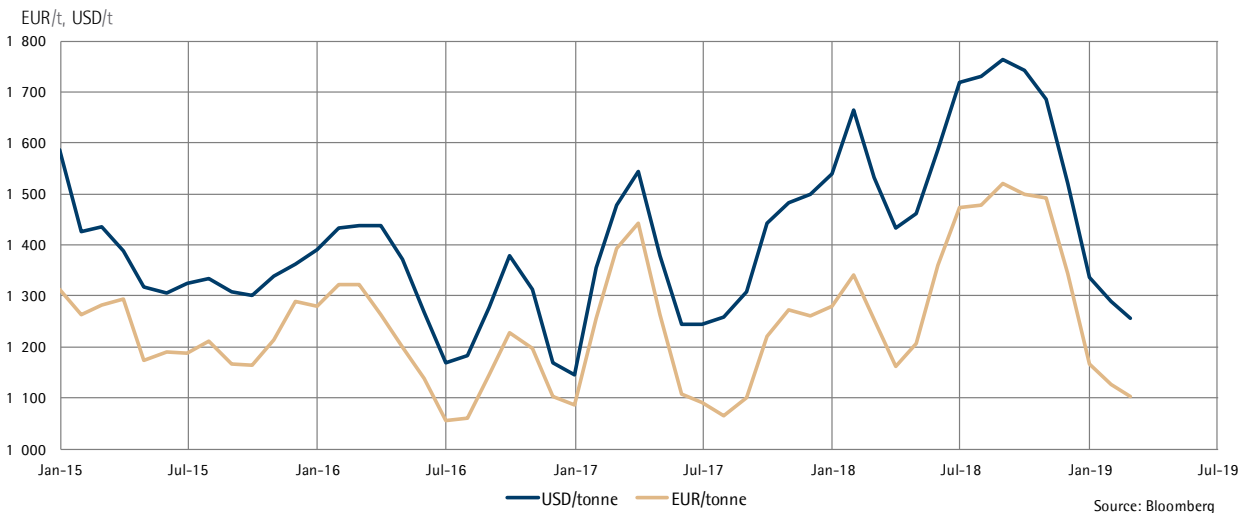
Fiber prices in China have declined by 10–20% from their 2018 highs



European pulp prices have been soft so far in 2019



Polypropylene prices have also developed favorably from Suominen's viewpoint



Valuation

Note: EV-based comparisons are currently challenging to carry out, as peer multiples may not yet reflect the impact of IFRS 16. We have accounted for IFRS 16 in our estimates for Suominen – the company estimates that the carrying amounts of lease liabilities and right-of-use assets arising from IFRS 16 will be about EUR 15-17m.

Suominen's current low valuation multiples relative to the peer group suggest material share price upside potential should the company achieve an improvement in profitability.

SUOMINEN PEER GROUP	MCAP	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBIT	EV/EBIT	EV/EBIT	P/E	P/E	P/E
	local FX	19	20	21	19	20	21	19	20	21
Ahlstrom-Munksjo Oyj	1614	7.2x	5.9x	5.5x	12.7x	9.8x	8.9x	12.5x	8.9x	9.2x
Berry Global Group Inc	7666	8.4x	8.0x	7.6x	13.2x	12.4x	11.6x	15.2x	14.4x	13.5x
Kimberly-Clark Corporation	42325	12.0x	11.7x	11.6x	15.4x	14.8x	14.3x	18.6x	17.7x	16.8x
Low & Bonar PLC	103	4.7x	4.4x	3.9x	9.3x	7.2x	6.2x	4.8x	6.6x	5.7x
Neenah Inc	1112							17.7x	14.8x	
P. H. Glatfelter Company	625							21.3x	14.6x	11.6x
PFNonwovens a.s.	6731							10.2x	9.8x	9.3x
Peer Group Median		7.8x	6.9x	6.5x	12.9x	11.1x	10.3x	15.2x	14.4x	10.5x
Peer Group Average		8.1x	7.5x	7.1x	12.6x	11.1x	10.3x	14.3x	12.4x	11.0x
Suominen (Evli est)		6.1x	4.6x	3.8x	17.1x	10.2x	7.1x	28.9x	12.5x	8.8x
<i>Suominen discount/premium to peer group median</i>		<i>-22 %</i>	<i>-33 %</i>	<i>-41 %</i>	<i>32 %</i>	<i>-8 %</i>	<i>-31 %</i>	<i>89 %</i>	<i>-13 %</i>	<i>-16 %</i>

SUOMINEN PEER GROUP	Ticker	Div yield	Div yield	Div yield	EBIT-%	EBIT-%	EBIT-%	ROCE-%	ROCE-%	ROCE-%
		19	20	21	19	20	21	19	20	21
Ahlstrom-Munksjo Oyj	AM1-FI	3.9%	4.1%	4.3%	6.5%	7.7%	8.0%	7.9%	9.6%	9.9%
Berry Global Group Inc	BERY-US	0.0%	0.0%	0.0%	11.6%	11.7%	11.9%	12.5%	13.2%	
Kimberly-Clark Corporation	KMB-US	3.3%	3.5%	3.6%	17.6%	17.9%	18.1%	39.0%	39.2%	43.6%
Low & Bonar PLC	LWB-GB	5.5%	6.1%	6.3%	5.2%	6.1%	6.6%			
Neenah Inc	NP-US				8.8%	10.2%		12.2%	13.9%	
P. H. Glatfelter Company	GLT-US				6.1%	7.6%	7.6%	5.3%	7.0%	
PFNonwovens a.s.	PEGAS-CZ	0.0%	0.0%	0.0%	13.7%	13.6%	13.7%			
Peer Group Median		3.3%	3.5%	3.6%	8.8%	10.2%	9.9%	12.2 %	13.2 %	26.8 %
Peer Group Average		2.5%	2.7%	2.9%	9.9%	10.7%	11.0%	15.4 %	16.6 %	26.8 %
Suominen (Evli est)	SUY1V-FI	1.7%	3.8%	4.6%	2.8%	4.1%	5.2%	5.1%	7.9%	10.7%

Source: FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	2.40 PV of Free Cash Flow	144 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	3.40 PV of Horizon value	141 WACC, %	7.9 Market risk premium, %
Share price potential, %	41.7 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	3.8 Marketable securities	32 Minimum WACC, %	7.4 Equity beta coefficient
Minimum value	3.1 Debt - dividend	-118 Maximum WACC, %	8.4 Target debt ratio, %
Horizon value, %	49.4 Value of stock	198 Nr of shares, Mn	58.3 Effective tax rate, %

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	431	444	464	480	491	501	511	521	531	542	553	564
<i>Sales growth, %</i>	<i>1.2</i>	<i>2.9</i>	<i>4.6</i>	<i>3.3</i>	<i>2.4</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	5	13	19	25	28	25	26	26	27	27	28	28
<i>EBIT margin, %</i>	<i>1.1</i>	<i>2.8</i>	<i>4.1</i>	<i>5.2</i>	<i>5.7</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>
+ Depreciation+amort.	21	23	23	21	21	19	18	18	18	18	19	
- Income taxes	4	-3	-5	-6	-7	-7	-7	-7	-7	-7	-7	
- Change in NWC	6	-3	-2	-1	-1	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	<i>9.1</i>	<i>9.6</i>	<i>9.6</i>	<i>9.5</i>	<i>9.5</i>	<i>9.5</i>	<i>9.5</i>	<i>9.5</i>	<i>9.4</i>	<i>9.4</i>	<i>9.4</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	-15	-12	-12	-13	-13	-14	-16	-18	-20	-20	-21	-21
<i>Investments / Sales, %</i>	<i>3.4</i>	<i>2.7</i>	<i>2.6</i>	<i>2.7</i>	<i>2.6</i>	<i>2.8</i>	<i>3.1</i>	<i>3.5</i>	<i>3.8</i>	<i>3.7</i>	<i>3.8</i>	<i>3.8</i>
- Other items	-3	0	0	0	0	0	0	0	0	0	0	
= Unlevered Free CF (FCF)	17	17	24	26	28	23	20	18	16	17	17	295
= Discounted FCF (DFCF)		16	21	21	21	16	13	11	9	9	8	141
= DFCF min WACC		16	21	21	21	16	13	11	9	9	9	161
= DFCF max WACC		16	21	21	20	16	13	10	9	9	8	124

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1E	2019Q2E	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	107	110	105	110	431	116	114	106	108	444	464	480
EBITDA	7	8	6	5	26	8	9	10	9	35	42	46
<i>EBITDA margin (%)</i>	<i>6.1</i>	<i>7.3</i>	<i>5.5</i>	<i>4.7</i>	<i>5.9</i>	<i>6.5</i>	<i>7.8</i>	<i>9.2</i>	<i>8.4</i>	<i>8.0</i>	<i>9.1</i>	<i>9.7</i>
EBIT	2	3	0	0	5	2	3	4	3	13	19	25
<i>EBIT margin (%)</i>	<i>1.5</i>	<i>2.7</i>	<i>0.5</i>	<i>-0.4</i>	<i>1.1</i>	<i>1.8</i>	<i>3.0</i>	<i>3.7</i>	<i>2.9</i>	<i>2.8</i>	<i>4.1</i>	<i>5.2</i>
Net financial items	-2	-1	-2	-2	-6	-1	-1	-1	-1	-6	-4	-3
Pre-tax profit	0	2	-1	-2	-1	1	2	2	2	7	15	22
Tax	0	-1	0	0	-1	0	0	-1	0	-2	-4	-6
<i>Tax rate (%)</i>	<i>-13.4</i>	<i>24.5</i>	<i>-0.6</i>	<i>-5.6</i>	<i>-78.6</i>	<i>26.0</i>	<i>26.0</i>	<i>26.0</i>	<i>26.0</i>	<i>26.0</i>	<i>26.0</i>	<i>26.0</i>
Net profit	0	2	-1	-2	-2	0	1	2	1	5	11	16
EPS	-0.01	0.03	-0.02	-0.04	-0.03	0.01	0.02	0.03	0.02	0.08	0.19	0.27
EPS adjusted (diluted no. of shares)	-0.01	0.03	-0.02	-0.04	-0.03	0.01	0.02	0.03	0.02	0.08	0.19	0.27
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.09	0.11
SALES, EURm												
Group	107	110	105	110	431	116	114	106	108	444	464	480
Total	107	110	105	110	431	116	114	106	108	444	464	480
SALES GROWTH, Y/Y %												
Group	-5.6	-1.8	2.3	11.2	1.2	8.4	3.4	1.5	-1.5	2.9	4.6	3.3
Total	-5.6	-1.8	2.3	11.2	1.2	8.4	3.4	1.5	-1.5	2.9	4.6	3.3
EBIT, EURm												
Group	2	3	0	0	5	2	3	4	3	13	19	25
Total	2	3	0	0	5	2	3	4	3	13	19	25
EBIT margin, %												
Group	1.5	2.7	0.5	-0.4	1.1	1.8	3.0	3.7	2.9	2.8	4.1	5.2
Total	1.5	2.7	0.5	-0.4	1.1	1.8	3.0	3.7	2.9	2.8	4.1	5.2

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	402	444	417	426	431	444	464	480
<i>Sales growth (%)</i>	<i>7.5</i>	<i>10.5</i>	<i>-6.1</i>	<i>2.2</i>	<i>1.2</i>	<i>2.9</i>	<i>4.6</i>	<i>3.3</i>
Costs	-359	-395	-373	-392	-406	-408	-422	-433
Reported EBITDA	42	49	44	34	26	35	42	46
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>10.6</i>	<i>11.0</i>	<i>10.6</i>	<i>8.1</i>	<i>5.9</i>	<i>8.0</i>	<i>9.1</i>	<i>9.7</i>
Depreciation	-16	-18	-19	-19	-21	-23	-23	-21
EBITA	27	31	26	15	5	13	19	25
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	27	31	26	15	5	13	19	25
<i>EBIT margin (%)</i>	<i>6.7</i>	<i>7.0</i>	<i>6.1</i>	<i>3.5</i>	<i>1.1</i>	<i>2.8</i>	<i>4.1</i>	<i>5.2</i>
Net financials	-8	-5	-3	-3	-6	-6	-4	-3
Pre-tax profit	19	26	22	12	-1	7	15	22
Extraordinary items	-6	1	0	0	0	0	0	0
Taxes	-8	-9	-7	2	-1	-2	-4	-6
Minority shares	0	0	0	0	0	0	0	0
Net profit	5	17	15	14	-2	5	11	16
BALANCE SHEET, EURm								
Assets								
Fixed assets	114	122	160	160	172	161	150	142
<i>% of sales</i>	<i>28</i>	<i>28</i>	<i>38</i>	<i>37</i>	<i>40</i>	<i>36</i>	<i>32</i>	<i>30</i>
Goodwill	15	15	15	15	15	15	15	15
<i>% of sales</i>	<i>4</i>	<i>3</i>	<i>4</i>	<i>4</i>	<i>4</i>	<i>3</i>	<i>3</i>	<i>3</i>
Inventory	32	33	43	44	52	49	51	53
<i>% of sales</i>	<i>8</i>	<i>7</i>	<i>10</i>	<i>10</i>	<i>12</i>	<i>11</i>	<i>11</i>	<i>11</i>
Receivables	50	53	56	66	63	65	68	70
<i>% of sales</i>	<i>13</i>	<i>12</i>	<i>14</i>	<i>16</i>	<i>15</i>	<i>15</i>	<i>15</i>	<i>15</i>
Liquid funds	47	64	38	35	32	35	37	38
<i>% of sales</i>	<i>12</i>	<i>14</i>	<i>9</i>	<i>8</i>	<i>7</i>	<i>8</i>	<i>8</i>	<i>8</i>
Total assets	265	292	316	326	337	329	324	321
Liabilities								
Equity	90	108	126	136	131	135	144	155
<i>% of sales</i>	<i>22</i>	<i>24</i>	<i>30</i>	<i>32</i>	<i>30</i>	<i>31</i>	<i>31</i>	<i>32</i>
Deferred taxes	9	11	11	15	12	12	12	12
<i>% of sales</i>	<i>2</i>	<i>2</i>	<i>3</i>	<i>3</i>	<i>3</i>	<i>3</i>	<i>3</i>	<i>3</i>
Interest bearing debt	103	115	111	110	118	110	93	77
<i>% of sales</i>	<i>26</i>	<i>26</i>	<i>27</i>	<i>26</i>	<i>27</i>	<i>25</i>	<i>20</i>	<i>16</i>
Non-interest bearing current liabilities	60	56	65	63	75	71	74	77
<i>% of sales</i>	<i>15</i>	<i>13</i>	<i>16</i>	<i>15</i>	<i>17</i>	<i>16</i>	<i>16</i>	<i>16</i>
Other interest free debt	2	2	2	1	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total liabilities	265	292	316	326	337	329	324	321
CASH FLOW, EURm								
+ EBITDA	42	49	44	34	26	35	42	46
- Net financial items	-8	-5	-3	-3	-6	-6	-4	-3
- Taxes	-7	-8	-6	0	6	-2	-4	-6
- Increase in Net Working Capital	6	-8	-6	-8	6	-3	-2	-1
+/- Other	2	-1	0	-2	1	0	0	0
= Cash flow from operations	35	26	28	22	32	24	33	36
- Capex	-8	-22	-50	-34	-15	-12	-12	-13
- Acquisitions	-19	0	0	0	0	0	0	0
+ Divestments	5	0	0	0	0	0	0	0
= Net cash flow	13	4	-21	-11	17	12	21	23
+/- Change in interest-bearing debt	10	11	-4	-1	8	-8	-17	-17
+/- New issues/buybacks	7	3	8	1	3	0	0	0
- Paid dividend	0	-2	-5	-6	-6	0	-2	-5
+/- Change in loan receivables	0	0	0	0	0	0	0	0
Change in cash	30	16	-21	-17	21	4	2	1

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	312	214	258	119	140	140	140
Net debt	50	73	76	87	74	56	38
Enterprise value	362	287	333	206	214	196	178
Sales	444	417	426	431	444	464	480
EBITDA	49	44	34	26	35	42	46
EBIT	31	26	15	5	13	19	25
Pre-tax	26	22	12	-1	7	15	22
Earnings	16	15	14	-2	5	11	16
Book value	108	126	136	131	135	144	155
Valuation multiples							
EV/sales	0.8	0.7	0.8	0.5	0.5	0.4	0.4
EV/EBITDA	7.4	6.5	9.7	8.0	6.1	4.6	3.8
EV/EBITA	11.6	11.2	22.2	44.8	17.1	10.2	7.1
EV/EBIT	11.6	11.2	22.2	44.8	17.1	10.2	7.1
EV/operating cash flow	13.7	10.1	15.0	6.4	7.5	5.5	4.6
EV/cash earnings	9.7	8.2	9.4	10.5	7.7	5.7	4.8
P/E	19.0	14.0	17.8	-69.4	28.9	12.5	8.8
P/E excl. goodwill	19.0	14.0	17.8	-69.4	28.9	12.5	8.8
P/B	2.9	1.7	1.9	0.9	1.0	1.0	0.9
P/sales	0.7	0.5	0.6	0.3	0.3	0.3	0.3
P/CF	11.8	7.5	11.6	3.7	4.9	3.9	3.6
Target EV/EBIT	0.0	0.0	0.0	0.0	17.1	10.2	7.1
Target P/E	0.0	16.6	23.8	374.2	28.9	12.5	8.8
Target P/B	0.0	0.0	0.0	0.0	1.0	1.0	0.9
Per share measures							
Number of shares	50,302	51,666	58,259	58,259	58,259	58,259	58,259
Number of shares (diluted)	50,302	51,666	65,259	58,259	58,259	58,259	58,259
EPS	0.33	0.29	0.25	-0.03	0.08	0.19	0.27
EPS excl. goodwill	0.33	0.29	0.25	-0.03	0.08	0.19	0.27
Cash EPS	0.74	0.68	0.61	0.34	0.47	0.59	0.64
Operating cash flow per share	0.52	0.55	0.38	0.55	0.49	0.61	0.66
Capital employed per share	3.15	3.86	3.64	3.73	3.60	3.44	3.32
Book value per share	2.15	2.44	2.34	2.24	2.32	2.48	2.66
Book value excl. goodwill	1.84	2.14	2.07	1.97	2.06	2.21	2.39
Dividend per share	0.10	0.11	0.11	0.00	0.04	0.09	0.11
Dividend payout ratio, %	30.6	37.3	44.3	0.0	48.1	47.0	40.0
Dividend yield, %	1.6	2.7	2.5	0.0	1.7	3.8	4.6
Efficiency measures							
ROE	16.6	13.0	11.0	-1.3	3.6	8.0	10.7
ROCE	15.0	11.4	6.2	1.9	5.1	7.9	10.7
Financial ratios							
Capex/sales, %	5.0	11.8	7.9	3.4	2.7	2.6	2.7
Capex/depreciation excl. goodwill,%	125.5	265.0	173.4	70.7	52.6	51.9	60.5
Net debt/EBITDA, book-weighted	1.0	1.7	2.2	3.4	2.1	1.3	0.8
Debt/equity, market-weighted	0.4	0.5	0.4	1.0	0.8	0.7	0.5
Equity ratio, book-weighted	37.0	40.0	41.8	38.8	41.2	44.5	48.3
Gearing	0.46	0.58	0.56	0.66	0.55	0.39	0.25
Number of employees, average	614	614	614	614	614	614	614
Sales per employee, EUR	723,195	678,928	693,805	702,132	722,501	756,088	780,982
EBIT per employee, EUR	50,814	41,730	24,430	7,482	20,438	31,193	40,676

COMPANY DESCRIPTION: Suominen is the globally leading producer of nonwovens for wipes. The company has operations in Europe, United States and Brazil.

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
AC Invest two B.V.	13,953,357	33.488	24.0%
Oy Etra Invest Ab	7,770,000	18.648	13.3%
Varma Mutual Pension Insurance Company	4,500,000	10.800	7.7%
Nordea Bank Ab (Publ), Suomen Sivuliike	3,909,815	9.384	6.7%
Ilmarinen Mutual Pension Insurance Company	3,546,892	8.513	6.1%
Elo Pension Company	3,024,651	7.259	5.2%
Oy H. Kuningas Et Co Ab	1,500,000	3.600	2.6%
Nordea Life Assurance Finland Ltd.	1,112,000	2.669	1.9%
Evald and Hilda Nissi's Foundation	1,000,000	2.400	1.7%
Nordea Nordic Small Cap Fund	989,909	2.376	1.7%
Ten largest	41,306,624	99.136	71%
Residual	16,952,595	40.686	29%
Total	58,259,219	139.822	100%

EARNINGS CALENDAR

April 24, 2019	Q1 report
August 07, 2019	Q2 report
October 22, 2019	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

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CFO: Tapio Engström	Tel: +358 (0)10 214 300
IR: Emilia Peltola	

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales	$\frac{\text{Market cap}}{\text{Sales}}$	DPS	Dividend for the financial period per share
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	Sales/Share	$\frac{\text{Sales}}{\text{Number of shares}}$
Net debt	Interest bearing debt – financial assets	EBITDA/Share	$\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Number of shares}}$
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share	$\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortisation}}$	EAFI/Share	$\frac{\text{Pretax profit}}{\text{Number of shares}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share	$\frac{\text{Total assets} - \text{non interest bearing debt}}{\text{Number of shares}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets	Balance sheet total
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x)	$\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share	$\frac{\text{Financial assets} - \text{interest bearing debt}}{\text{Number of shares}}$	Asset turnover (x)	$\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, %	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non interest bearing debt (average)}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest free loans}}$
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

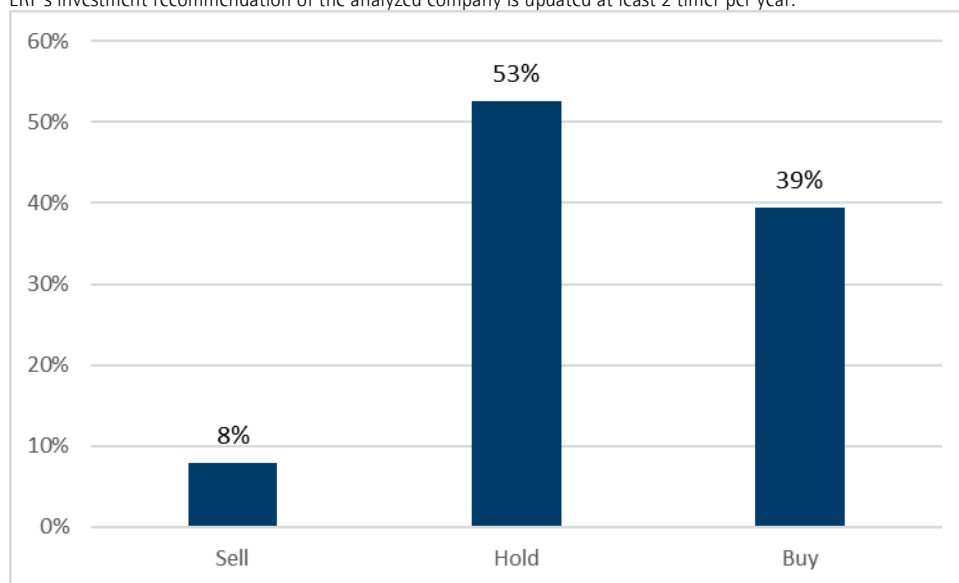
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Investment recommendations are defined as follows:

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

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

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