SUOMINEN

Paper & Forest Products/Finland, September 3, 2020

Company update

CMD notes; wiping trends are strong

Suominen hosted a virtual CMD yesterday. Although there were no major updates the event nevertheless added some color on recent trends. Our TP remains EUR 5.5, rating BUY.

Volumes are up globally due to cleaning and disinfection

The pandemic has lifted volumes in all markets and Suominen expects elevated demand to persist at least for the next few months. Permanently higher demand is likely within cleaning and disinfection products. Suominen estimates it has an above 15% wiping market share in Europe and is thus the leading player. All segments have enjoyed strong demand, household wiping especially so. Americas' development has been similar and stores in the US still often have trouble shelving enough household cleaning products. Nielsen Homescan estimates 79% of US households now consider disinfecting wipes a staple item (vs 50% prior to the outbreak). Certain interesting consumer behavior anecdotes were discussed e.g. how Uber riders can now check before boarding whether the ride will feature Clorox disinfecting wipes. Luckily the new assets in Bethune and Green Bay were ready to meet surging demand. Indeed, the plant in Bethune was able to finally reach performance targets. In general, Suominen aims to grow with its current major customers and we see the company well-positioned to capture above market growth (thanks to competitive product portfolio), according to the long-term financial targets updated previously this year. Margins should stay relatively high in the short-term and Suominen might even be able to defend its nonwovens pricing, despite lower raw materials prices, as high wiping demand continues to persist together with the pandemic.

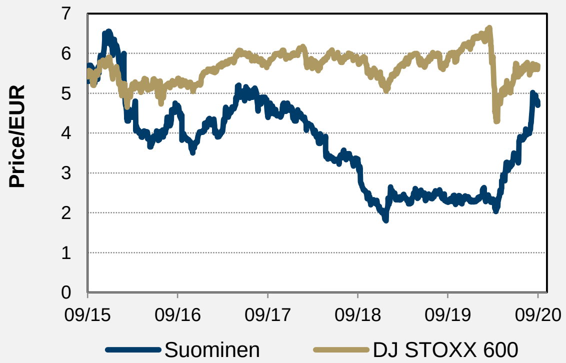
Our estimates remain unchanged for now

The CMD did not lead us to revise our estimates at this point. We expect some softening in gross margin and thus in EBITDA following the exceptionally strong Q2 (Suominen posted a 14.7% EBITDA margin, compared to the above 12% long-term target).

Further improvement not very easy but multiples are low

2020 will be a new record year for Suominen in terms of financial performance and in our view further gain in EBITDA next year can prove tricky. However, we continue to view current valuation attractive (EV/EBITDA is ca. 5.5x on our estimates for this year and next). We retain our EUR 5.5 TP and BUY rating.

Rating BUY



Share price, EUR (Last trading day's closing price)	4.70
Target price, EUR	5.50
Latest change in	25-Jun-20
Latest report on company	13-Aug-20
Research paid by issuer:	YES
No. of shares outstanding,	58,259
No. of shares fully diluted,	58,259
Market cap, EURm	274
Free float, %	62.7
Exchange rate EUR/USD	1.18
Reuters code	SUY1V.HE
Bloomberg code	SUY1V FH
Average daily volume, EURm	0.1
Next interim report	27-Oct-20
Web site	www.suominen.fi/en/investors/

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BUY HOLD SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2018	431.1	4.6	1.1%	13.3	-0.03	-69.4	0.5	44.1	11.1	0.00
2019	411.4	8.1	2.0%	14.2	0.00	766.1	0.5	27.5	9.2	0.05
2020E	453.4	35.6	7.9%	29.4	0.42	11.2	0.7	8.9	10.7	0.07
2021E	467.0	33.8	7.2%	31.9	0.42	11.1	0.6	8.5	11.7	0.17
2022E	480.0	33.6	7.0%	30.9	0.43	10.9	0.6	8.0	11.3	0.17

Market cap, EURm	274	Gearing 2020E, %	28.4	CAGR EPS 2019-22, %	401.3
Net debt 2020E, EURm	43	Price/book 2020E	1.8	CAGR sales 2019-22, %	5.3
Enterprise value, EURm	317	Dividend yield 2020E, %	1.5	ROE 2020E, %	17.2
Total assets 2020E, EURm	321	Tax rate 2020E, %	18.1	ROCE 2020E, %	15.3
Goodwill 2020E, EURm	15	Equity ratio 2020E, %	47.4	PEG, P/E 20/CAGR	4.6

Estimates and peer group valuation

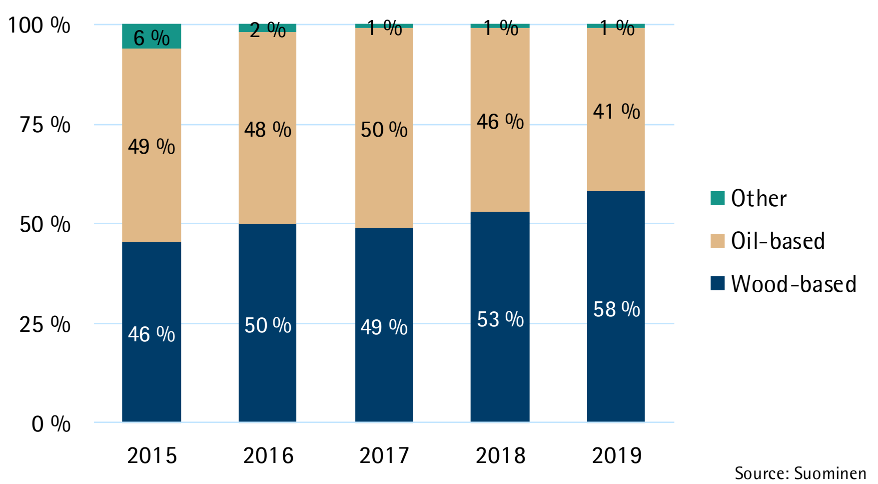
SUOMINEN EURm	2013 FY	2014 FY	2015 FY	2016 FY	2017 FY	2018 FY	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2019 FY	2020 Q1	2020 Q2	2020E Q3E	2020E Q4E	2020E FY	2021E FY
Sales	374	402	444	417	426	431	110	104	104	94	411	110	122	114	107	453	467
Sales growth, %		8 %	11 %	-6 %	2 %	1 %	3 %	-6 %	-1 %	-14 %	-5 %	0 %	18 %	10 %	13 %	10 %	3 %
Geography																	
Europe	150	153	172	171	174	171	42	39	37	32	150	37	45	41	38	161	170
Americas	224	249	272	246	252	260	68	65	66	62	262	73	77	73	69	292	297
COGS	-334	-352	-386	-365	-384	-400	-101	-94	-96	-86	-377	-97	-103	-97	-92	-388	-404
Gross Profit	40	50	58	52	42	31	9.6	9.7	7.7	7.8	35	13.3	19.5	17.1	15.0	65	63
Gross-%	10.7 %	12.4 %	13.1 %	12.5 %	9.9 %	7.3 %	8.8 %	9.3 %	7.4 %	8.3 %	8.4 %	12.1 %	16.0 %	15.0 %	14.0 %	14.3 %	13.5 %
SGA & R&D	-22.4	-24.6	-28.0	-27.9	-28.9	-29.2	-7.5	-7.4	-7.1	-6.6	-28.5	-7.8	-7.8	-7.5	-7.5	-30.6	-30.0
Other	1.7	0.8	1.8	1.3	1.7	2.5	0.8	0.4	0.5	0.2	1.9	0.2	0.7	0.2	0.2	1.3	0.8
EBIT	18.9	25.9	31.8	25.6	15.0	4.6	3.0	2.7	1.1	1.4	8.1	5.7	12.4	9.8	7.7	35.6	33.8
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	4.6	3.0	2.7	1.1	1.4	8.1	5.7	12.4	9.8	7.7	35.6	33.8
EBIT-% ex IAC	5.2 %	6.7 %	7.0 %	6.1 %	3.5 %	1.1 %	2.7 %	2.6 %	1.0 %	1.5 %	2.0 %	5.2 %	10.1 %	8.6 %	7.2 %	7.9 %	7.2 %
Depreciation	-13.9	-15.6	-17.7	-18.5	-19.4	-21.0	-6.3	-6.4	-6.7	-6.0	-25.5	-5.6	-5.6	-5.5	-5.5	-22.2	-22.0
EBITDA ex IAC	33.3	42.5	48.9	44.2	34.3	25.6	9.3	9.1	7.8	7.4	33.6	11.3	18.0	15.3	13.2	57.8	55.8
EBITDA-% ex IAC	8.9 %	10.6 %	11.0 %	10.6 %	8.1 %	5.9 %	8.5 %	8.8 %	7.5 %	7.8 %	8.2 %	10.3 %	14.7 %	13.4 %	12.3 %	12.7 %	12.0 %

Source: Suominen, Evli Research

SUOMINEN PEER GROUP	MCAP MEUR	EV/EBITDA 19	EV/EBITDA 20	EV/EBITDA 21	EV/EBIT 19	EV/EBIT 20	EV/EBIT 21	EBIT-% 19	EBIT-% 20	EBIT-% 21
Ahlstrom-Munksjo	1683	8.5x	8.3x	7.0x	18.7x	18.1x	12.7x	4.7 %	5.6 %	7.4 %
Berry Global Group	6066	10.6x	8.3x	8.1x	17.3x	13.9x	13.2x	10.6 %	10.9 %	11.3 %
Kimberly-Clark	45080	13.2x	13.5x	13.2x	18.6x	16.8x	16.5x	16.2 %	19.2 %	19.5 %
N.R. Spuntech Industries	183									
Neenah	630	11.2x	10.6x	8.7x	16.8x		14.0x	8.9 %	-1.8 %	8.0 %
P. H. Glatfelter	580	9.7x	8.2x	7.9x	18.3x	16.2x	13.5x	6.2 %	6.6 %	7.6 %
PFNonwovens	223									
Peer Group Average	7778	**10.6x**	**9.8x**	**9.0x**	**17.9x**	**16.2x**	**14.0x**	**9.3 %**	**8.1 %**	**10.7 %**
Peer Group Median	630	**10.6x**	**8.3x**	**8.1x**	**18.3x**	**16.5x**	**13.5x**	**8.9 %**	**6.6 %**	**8.0 %**
Suominen (Evli est.)	**274**	**6.6x**	**5.5x**	**5.2x**	**27.5x**	**8.9x**	**8.5x**	**2.0 %**	**7.9 %**	**7.2 %**
Suominen prem./disc. to peer median		*-37 %*	*-34 %*	*-36 %*	*50 %*	*-46 %*	*-37 %*	*-78 %*	*20 %*	*-10 %*

Source FactSet, Evli Research

Raw materials mix development (volumes)



Source: Suominen

VALUATION RESULTS		BASE CASE DETAILS		VALUATION ASSUMPTIONS		ASSUMPTIONS FOR WACC	
Current share price	4.70	PV of Free Cash Flow	213	Long-term growth, %	2.0	Risk-free interest rate, %	2.25
DCF share value	6.30	PV of Horizon value	224	WACC, %	7.9	Market risk premium, %	5.8
Share price potential, %	34.1	Unconsolidated equity	0	Spread, %	0.5	Debt risk premium, %	2.8
Maximum value	6.9	Marketable securities	33	Minimum WACC, %	7.4	Equity beta coefficient	1.00
Minimum value	5.8	Debt - dividend	-103	Maximum WACC, %	8.4	Target debt ratio, %	20
Horizon value, %	51.2	Value of stock	367	Nr of shares, Mn	58.3	Effective tax rate, %	28

DCF valuation, EURm	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Horizon
Net sales	411	453	467	480	490	499	509	520	530	541	551	562
Sales growth, %	*-4.6*	*10.2*	*3.0*	*2.8*	*2.0*	*2.0*	*2.0*	*2.0*	*2.0*	*2.0*	*2.0*	*2.0*
Operating income (EBIT)	8	36	34	34	34	35	36	36	37	38	39	39
Operating income margin, %	*2.0*	*7.9*	*7.2*	*7.0*	*7.0*	*7.0*	*7.0*	*7.0*	*7.0*	*7.0*	*7.0*	*7.0*
+ Depreciation+amort.	26	22	22	20	19	18	17	18	18	18	19	
EBITDA	34	58	56	54	53	53	53	54	55	56	57	
- Paid taxes	-4	-6	-7	-7	-7	-7	-7	-8	-8	-8	-8	
- Change in NWC	-1	-4	-1	-1	-1	-1	-1	-1	-1	-1	-1	
NWC / Sales, %	*9.0*	*9.0*	*9.0*	*9.0*	*9.0*	*8.9*	*8.9*	*8.9*	*8.9*	*8.9*	*8.9*	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-11	-12	-13	-13	-14	-16	-18	-20	-20	-20	-22	
opCAPEX / Sales, %	*2.6*	*3.0*	*2.9*	*2.8*	*2.9*	*3.3*	*3.6*	*3.9*	*3.9*	*3.8*	*4.0*	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	18	36	35	33	31	29	27	25	26	27	27	457
= Discounted FCFF		35	31	27	24	20	18	16	15	14	13	224
= DFCF min WACC		35	31	28	24	21	18	16	16	15	14	255
= DFCF max WACC		35	31	27	24	20	17	15	15	14	12	197

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	109.8	103.8	103.4	94.5	411.4	110.2	122.2	114.0	107.0	453.4	467.0	480.0
EBITDA	9.3	9.0	7.8	7.4	33.6	11.3	18.0	15.3	13.2	57.8	55.8	53.9
EBITDA margin (%)	*8.5*	*8.7*	*7.6*	*7.8*	*8.2*	*10.3*	*14.7*	*13.4*	*12.3*	*12.7*	*12.0*	*11.2*
EBIT	3.0	2.6	1.1	1.4	8.1	5.7	12.4	9.8	7.7	35.6	33.8	33.6
EBIT margin (%)	*2.7*	*2.5*	*1.1*	*1.5*	*2.0*	*5.2*	*10.1*	*8.6*	*7.2*	*7.9*	*7.2*	*7.0*
Net financial items	-1.5	-1.5	-1.1	-1.9	-6.0	-1.9	-1.9	-1.0	-1.0	-5.8	-2.6	-1.7
Pre-tax profit	1.5	1.1	0.0	-0.5	2.1	3.8	10.5	8.8	6.7	29.8	31.2	31.9
Tax	-0.5	-0.6	-0.1	-0.7	-1.9	-0.2	-2.2	-1.5	-1.5	-5.4	-6.6	-6.7
Tax rate (%)	*35.9*	*51.0*	*357.1*	*-132.6*	*90.5*	*4.6*	*21.1*	*17.0*	*22.4*	*18.1*	*21.0*	*21.0*
Net profit	1.0	0.5	-0.1	-1.2	0.2	3.6	8.3	7.3	5.2	24.4	24.6	25.2
EPS	0.02	0.01	0.00	-0.02	0.00	0.06	0.14	0.13	0.09	0.42	0.42	0.43
EPS adjusted (diluted no. of shares)	0.02	0.01	0.00	-0.02	0.00	0.06	0.14	0.13	0.09	0.42	0.42	0.43
Dividend per share	0.00	0.00	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.07	0.17	0.17
SALES, EURm												
Group	109.8	103.8	103.4	94.5	411.4	110.2	122.2	114.0	107.0	453.4	467.0	480.0
Total	109.8	103.8	103.4	94.5	411.4	110.2	122.2	114.0	107.0	453.4	467.0	480.0
SALES GROWTH, Y/Y %												
Group	*3.0*	*-5.6*	*-1.4*	*-13.9*	*-4.6*	*0.4*	*17.7*	*10.3*	*13.3*	*10.2*	*3.0*	*2.8*
Total	*3.0*	*-5.6*	*-1.4*	*-13.9*	*-4.6*	*0.4*	*17.7*	*10.3*	*13.3*	*10.2*	*3.0*	*2.8*
EBIT, EURm												
Group	3.0	2.6	1.1	1.4	8.1	5.7	12.4	9.8	7.7	35.6	33.8	33.6
Total	3.0	2.6	1.1	1.4	8.1	5.7	12.4	9.8	7.7	35.6	33.8	33.6
EBIT margin, %												
Group	*2.7*	*2.5*	*1.1*	*1.5*	*2.0*	*5.2*	*10.1*	*8.6*	*7.2*	*7.9*	*7.2*	*7.0*
Total	*2.7*	*2.5*	*1.1*	*1.5*	*2.0*	*5.2*	*10.1*	*8.6*	*7.2*	*7.9*	*7.2*	*7.0*

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	444.0	416.9	426.0	431.1	411.4	453.4	467.0	480.0
Sales growth (%)	*10.5*	*-6.1*	*2.2*	*1.2*	*-4.6*	*10.2*	*3.0*	*2.8*
EBITDA	48.9	44.1	34.3	25.6	33.6	57.8	55.8	53.9
EBITDA margin (%)	*11.0*	*10.6*	*8.1*	*5.9*	*8.2*	*12.7*	*12.0*	*11.2*
Depreciation	-17.7	-18.5	-19.3	-21.0	-25.5	-22.2	-22.0	-20.3
EBITA	31.2	25.6	15.0	4.6	8.1	35.6	33.8	33.6
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	31.2	25.6	15.0	4.6	8.1	35.6	33.8	33.6
EBIT margin (%)	*7.0*	*6.1*	*3.5*	*1.1*	*2.0*	*7.9*	*7.2*	*7.0*
Reported EBIT	31.8	25.6	15.0	4.6	8.1	35.6	33.8	33.6
EBIT margin (reported) (%)	*7.2*	*6.1*	*3.5*	*1.1*	*2.0*	*7.9*	*7.2*	*7.0*
Net financials	-5.3	-3.2	-2.6	-5.6	-6.0	-5.8	-2.6	-1.7
Pre-tax profit	25.9	22.4	12.4	-1.0	2.1	29.8	31.2	31.9
Taxes	-9.5	-7.2	2.0	-0.8	-1.9	-5.4	-6.6	-6.7
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	17.0	15.2	14.5	-1.7	0.2	24.4	24.6	25.2
Cash NRIs	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	122	160	160	156	143	132	123	116
Goodwill	15	15	15	15	15	15	15	15
Right of use assets	0	0	0	17	16	18	19	19
Inventory	33	43	44	52	45	50	51	53
Receivables	53	56	66	63	61	66	68	70
Liquid funds	64	38	35	32	33	36	37	38
Total assets	292	316	326	338	316	321	317	314
Liabilities								
Shareholder's equity	108	126	136	131	131	152	173	188
Minority interest	0	0	0	0	0	0	0	0
Convertibles	18	17	0	0	0	0	0	0
Lease liabilities	0	0	0	13	16	18	19	19
Deferred taxes	11	11	15	12	12	12	12	12
Interest bearing debt	97	94	110	102	86	61	34	14
Non-interest bearing current liabilities	56	65	63	75	66	73	75	77
Other interest-free debt	2	2	1	3	3	3	3	3
Total liabilities	292	316	326	338	316	321	317	314
CASH FLOW, EURm								
+ EBITDA	49	44	34	26	34	58	56	54
- Net financial items	-5	-3	-3	-6	-6	-6	-3	-2
- Taxes	-8	-6	0	6	-2	-5	-7	-7
- Increase in Net Working Capital	-8	-6	-8	6	-1	-4	-1	-1
+/- Other	-4	-2	-5	-3	0	0	0	0
= Cash flow from operations	23	26	19	28	25	43	45	44
- Capex	-22	-50	-34	-15	-11	-14	-14	-14
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	1	-23	-14	13	14	29	32	31
+/- New issues/buybacks	3	8	1	3	0	0	0	0
- Paid dividend	-2	-5	-6	-6	0	-3	-4	-10
+/- Other	16	-7	16	-12	-13	-23	-27	-20
Change in cash	17	-26	-3	-3	1	3	1	1

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	214	258	119	153	274	274	274
Net debt (excl. convertibles)	57	76	83	70	43	15	-6
Enterprise value	287	333	203	223	317	289	268
Sales	417	426	431	411	453	467	480
EBITDA	44	34	26	34	58	56	54
EBIT	26	15	5	8	36	34	34
Pre-tax	22	12	-1	2	30	31	32
Earnings	15	14	-2	0	24	25	25
Equity book value (excl. minorities)	126	136	131	131	152	173	188
Valuation multiples							
EV/sales	0.7	0.8	0.5	0.5	0.7	0.6	0.6
EV/EBITDA	6.5	9.7	7.9	6.6	5.5	5.2	5.0
EV/EBITA	11.2	22.2	44.1	27.5	8.9	8.5	8.0
EV/EBIT	11.2	22.2	44.1	27.5	8.9	8.5	8.0
EV/OCF	10.9	17.3	7.2	8.9	7.4	6.4	6.0
EV/FCFF	-15.6	-29.4	11.7	12.3	8.9	8.4	8.2
P/FCFE	-9.4	-18.0	9.0	10.8	9.3	8.6	8.9
P/E	14.0	17.8	-69.4	766.1	11.2	11.1	10.9
P/B	1.7	1.9	0.9	1.2	1.8	1.6	1.5
Target EV/EBITDA	*0.0*	*0.0*	*0.0*	*0.0*	*6.3*	*6.0*	*5.8*
Target EV/EBIT	*0.0*	*0.0*	*0.0*	*0.0*	*10.2*	*9.9*	*9.4*
Target EV/FCF	*0.0*	*0.0*	*0.0*	*0.0*	*12.4*	*10.5*	*10.2*
Target P/B	*0.0*	*0.0*	*0.0*	*0.0*	*2.1*	*1.9*	*1.7*
Target P/E	*0.0*	*0.0*	*0.0*	*0.0*	*13.1*	*13.0*	*12.7*
Per share measures							
Number of shares	51,666	58,259	58,259	58,259	58,259	58,259	58,259
Number of shares (diluted)	51,666	65,259	58,259	58,259	58,259	58,259	58,259
EPS	0.29	0.25	-0.03	0.00	0.42	0.42	0.43
Operating cash flow per share	0.51	0.33	0.48	0.43	0.74	0.78	0.76
Free cash flow per share	-0.44	-0.25	0.23	0.24	0.50	0.55	0.53
Book value per share	2.44	2.34	2.24	2.24	2.61	2.97	3.23
Dividend per share	0.11	0.11	0.00	0.05	0.07	0.17	0.17
Dividend payout ratio, %	37.3	44.3	0.0	1,456.5	16.7	40.0	40.0
Dividend yield, %	2.7	2.5	0.0	1.1	1.5	3.6	3.7
FCF yield, %	-10.6	-5.6	11.1	9.2	10.7	11.7	11.3
Efficiency measures							
ROE	13.0	11.0	-1.3	0.2	17.2	15.2	14.0
ROCE	11.4	6.2	1.9	3.4	15.3	14.8	15.1
Financial ratios							
Inventories as % of sales	10.2	10.4	12.0	11.0	11.0	11.0	11.0
Receivables as % of sales	13.5	15.6	14.7	14.7	14.6	14.6	14.6
Non-interest bearing liabilities as % of sales	15.7	14.8	17.5	16.0	16.0	16.0	16.0
NWC/sales, %	8.0	11.1	8.5	9.0	9.0	9.0	9.0
Operative CAPEX/sales, %	11.9	7.9	3.5	2.6	3.0	2.9	2.8
CAPEX/sales (incl. acquisitions), %	11.9	7.9	3.5	2.6	3.0	2.9	2.8
FCFF/EBITDA	-0.4	-0.3	0.7	0.5	0.6	0.6	0.6
Net debt/EBITDA, book-weighted	1.3	2.2	3.2	2.1	0.7	0.3	-0.1
Debt/equity, market-weighted	0.4	0.4	0.9	0.6	0.2	0.1	0.0
Equity ratio, book-weighted	45.3	41.8	38.7	41.4	47.4	54.5	59.8
Gearing, %	39.6	55.6	63.7	53.3	28.4	8.9	-3.0

COMPANY DESCRIPTION: Suominen manufactures nonwovens for global consumer brands on eight 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 profitability took a hit as raw material price inflation ate into the company's gross margin. Suominen decided to respond by raising nonwovens delivery prices, a move which improved margins but also led to delivery volume losses. Recently raw material prices have stabilized, however Suominen still needs to work on improving margins and, even more importantly, achieve higher delivery volumes. Long-term demand outlook for nonwovens is positive, yet the market looks well supplied in the short-term.

OWNERSHIP STRUCTURE	SHARES	EURm	%
AC Invest two B.V.	13,953,357	65.581	24.0%
Oy Etra Invest Ab	7,770,000	36.519	13.3%
Varma Mutual Pension Insurance Company	4,500,000	21.150	7.7%
Euroclear Bank Sa/Nv	3,382,604	15.898	5.8%
Ilmarinen Mutual Pension Insurance Company	3,046,892	14.320	5.2%
Elo Mutual Pension Insurance Company	3,024,651	14.216	5.2%
Mandatum Life Insurance Company Limited	1,927,536	9.059	3.3%
Nordea Life Assurance Finland Ltd.	1,812,000	8.516	3.1%
Oy H. Kuningas & Co Ab	1,567,416	7.367	2.7%
Evald and Hilda Nissi´s Foundation	1,000,000	4.700	1.7%
Ten largest	41,984,456	197.327	72%
Residual	16,274,763	76.491	28%
Total	58,259,219	273.818	100%

EARNINGS CALENDAR	
October 27, 2020	Q3 report
OTHER EVENTS	

COMPANY MISCELLANEOUS	
CEO: Petri Helsky	Karvaamokuja 2 B, FI-00380 Helsinki
CFO: Toni Tamminen	Tel: +358 (0)10 214 300
IR: Emilia Peltola	

DEFINITIONS

P/E Price per share / Earnings per share	EPS Profit before extraord. items and taxes– income taxes + minority interest / Number of shares
P/BV Price per share / Shareholders' equity + 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 Enterprise value / Sales	FCF yield, % Free cash flow / Market cap
EV/EBITDA Enterprise value / Earnings before interest, tax, depreciation and amortization	Operative CAPEX/sales Capital expenditure – divestments – acquisitions / Sales
EV/EBIT Enterprise value / Operating profit	Net working capital Current assets – current liabilities
Net debt Interest bearing debt – financial assets	Capital employed/Share Total assets – non-interest bearing debt / Number of shares
Total assets Balance sheet total	Gearing Net debt / Equity
Div yield, % Dividend per share / Price per share	Debt/Equity, % Interest bearing debt / Shareholders' equity + minority interest + taxed provisions
Payout ratio, % Total dividends / Earnings before extraordinary items and taxes – income taxes + minority interest	Equity ratio, % Shareholders' equity + minority interest + taxed provisions / Total assets – interest-free loans
ROCE, % Profit before extraordinary items + interest expenses+ other financial costs / Balance sheet total – non-interest bearing debt (average)	CAGR, % Cumulative annual growth rate = Average growth per year
ROE, % Profit before extraordinary items and taxes – income taxes / Shareholder's equity + minority interest + taxed provisions (average)	

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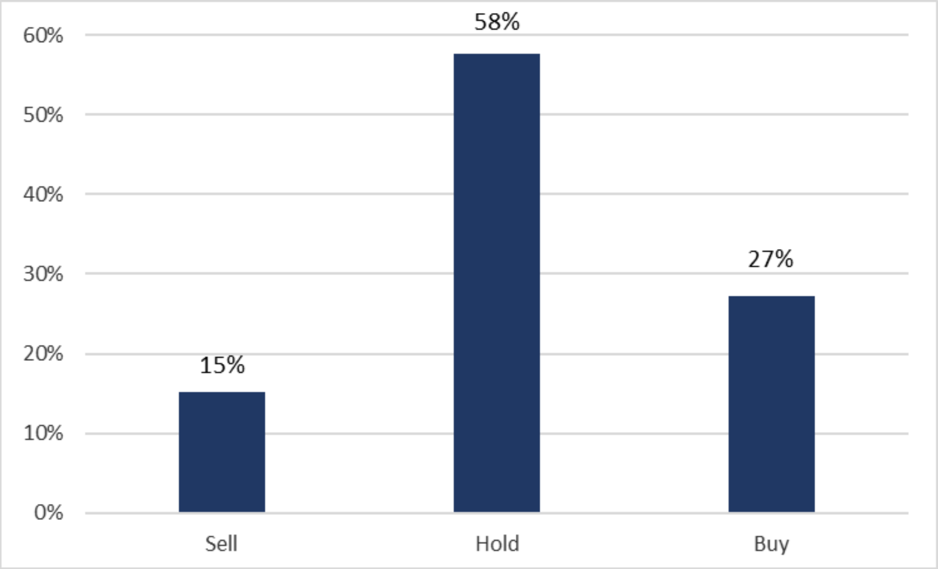
Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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