

No very big surprises

Suominen's Q4 EBIT landed very near our estimate, but all considered the report was perhaps a bit better than we expected.

- Suominen Q4 revenue amounted to EUR 111.1m vs our EUR 106.0m estimate. Top line therefore grew by 18% y/y.
- European revenue was EUR 44.3m vs our EUR 38.0m estimate. Americas recorded EUR 66.8m, compared to our EUR 68.0m estimate.
- Gross profit stood at EUR 17.3m, while we expected EUR 15.9m. Gross margin thus amounted to 15.6% vs our 15.0% estimate.
- Suominen Q4 EBIT amounted to EUR 8.5m, compared to our EUR 8.7m estimate. SGA and other expenses were higher than we estimated, and thus Suominen did not top our EBIT estimate despite bringing in revenue and gross margin higher than we expected.
- Suominen guides FY '21 comparable EBITDA to be in line with FY '20. In our opinion the guidance sits well with our latest estimate and we don't see scope for big estimate revisions. Suominen expects nonwovens demand to remain strong, however volatile raw material and transportation prices increase uncertainty.
- The Board of Directors proposes EUR 0.10 per share dividend distribution for FY '20, compared to our EUR 0.07 expectation. An additional EUR 0.10 per share return of capital is also proposed.

Rating + BUY

Q4'20	Actual	Evli	Year ago	Q3'20
Revenue	111.1	106.0	94.5	115.4
Gross profit	17.3	15.9	8.5	19.7
EBIT ex IAC	8.5	8.7	1.4	12.9
PTP	8.5	7.7	-0.5	10.9

Deviation	Actual	Evli	Year ago	Q3'20
Revenue		5 %	18 %	-4 %
Gross profit		9 %	104 %	-12 %
EBIT ex IAC		-2 %	507 %	-34 %
PTP		10 %		-22 %

Share price, EUR (Last trading day's closing price) 5.74

Target price, EUR 6.0

Latest change in	25-Jun-20
Latest report on company	28-Jan-21
Research paid by issuer:	YES
No. of shares outstanding,	58,259
No. of shares fully diluted,	58,259
Market cap, EURm	334
Free float, %	62.7
Exchange rate EUR/USD	1.21
Reuters code	SUY1V.HE
Bloomberg code	SUY1V.FH
Average daily volume, EURm	0.3
Next interim report	04-Feb-21
Web site	www.suominen.fi/en/investors/

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+ BUY + HOLD - SELL

PRE-REPORT 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	453.8	39.7	8.7%	33.6	0.50	11.5	0.8	9.4	10.0	0.07
2021E	462.9	33.3	7.2%	32.2	0.42	13.7	0.7	10.4	9.6	0.17
2022E	474.0	33.2	7.0%	31.0	0.43	13.4	0.7	9.8	9.3	0.17

Market cap, EURm	334	BV per share 2020E, EUR	24.9	CAGR EPS 2019-22, %	400.1
Net debt 2020E, EURm	39	Price/book 2020E	2.1	CAGR sales 2019-22, %	4.8
Enterprise value, EURm	373	Dividend yield 2020E, %	1.2	ROE 2020E, %	20.2
Total assets 2020E, EURm	322	Tax rate 2020E, %	12.4	ROCE 2020E, %	17.1
Goodwill 2020E, EURm	15	Equity ratio 2020E, %	48.8	PEG, P/E 20/CAGR	-3.2

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

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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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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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