

## Attractive stabilizing multiples

Suominen's Q4 figures were close to what we expected, but the report turned our overall view a bit more positive. Our TP is now EUR 6.5 (6.0) and we retain our BUY rating.

### Q4 was a strong ending for an extraordinary record year

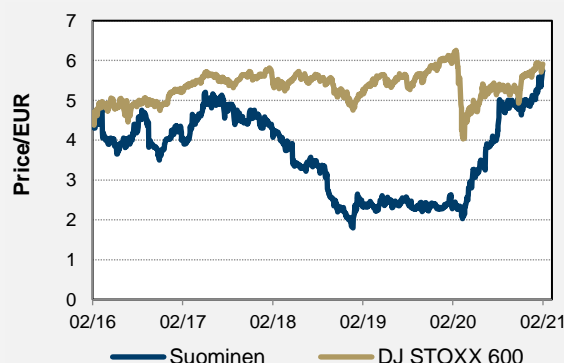
Suominen's Q4 revenue grew by 18% y/y to EUR 111m (vs our EUR 106m estimate). Europe grew by 37%, albeit from a very low base. Americas still managed to grow a decent 7%. The 15.6% GM was a tad above our 15.0% estimate. SGA were slightly above our estimate and certain non-recurring expenses, such as bad debts, weighed the bottom line a bit. The EUR 8.5m EBIT thus didn't top our EUR 8.7m estimate. Suominen sees nonwovens demand will remain on a high level. In our view the 12% y/y revenue growth for FY '20 makes further gains hard to achieve in FY '21. We expect Suominen to post flat top line this year.

### In our opinion outlook and comments were encouraging

Suominen expects FY '21 EBITDA to remain in line with FY '20 (EUR 61m). We view this outlook to be close to what we estimated prior the report. We revise our FY '21 EBITDA estimate up only a bit, from EUR 55m to EUR 57m. The revision is not big in quantitative terms, yet we see the outlook improves confidence with respect to this year's results. In our opinion there was a small risk Suominen might have guided declining FY '21 EBITDA. There remains considerable gross margin uncertainty as raw material and transportation costs appear bound to trend upward, but all in all we view Suominen's comments to indicate the nonwovens pricing environment is still relatively strong. In other words, gross margin is unlikely to plunge.

### We view current valuation attractive on stabilizing earnings

Suominen trades 6x EV/EBITDA and 10x EV/EBIT on our FY '21 estimates. Recent developments mean a high level of uncertainty persists around profitability margins going forward, however we are now more confident on earnings stabilization. Performance has improved with regards to plant-level efficiency, although the pandemic boost makes it hard to quantify how much these own measures have impacted figures. Suominen has announced certain small investments to upgrade some of its existing production lines, and we see the company is now in a strong position for possible larger investments, be they organic or inorganic. Our new TP is EUR 6.5 (6.0). We retain our BUY rating.

 Rating BUY


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

Target price, EUR 6.5

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	1.20
Reuters code	SUY1V.HE
Bloomberg code	SUY1V.FH
Average daily volume, EURm	0.3
Next interim report	28-Apr-21
Web site	<a href="http://www.suominen.fi/en/investors/">www.suominen.fi/en/investors/</a>

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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
2019	411.4	8.1	2.0%	14.2	0.00	766.1	0.5	27.5	9.2	0.05
2020	458.9	39.5	8.6%	38.3	0.52	9.8	0.7	8.5	12.9	0.10
2021E	462.0	34.5	7.5%	36.0	0.43	13.2	0.7	10.0	10.8	0.11
2022E	471.0	35.3	7.5%	32.8	0.46	12.5	0.7	9.0	9.8	0.12
2023E	480.4	36.0	7.5%	31.3	0.48	12.0	0.6	8.1	9.4	0.13
Market cap, EURm	334 Gearing 2021E, %			5.9 CAGR EPS 2020-23, %			-2.6			
Net debt 2021E, EURm	10 Price/book 2021E			2.0 CAGR sales 2020-23, %			1.5			
Enterprise value, EURm	344 Dividend yield 2021E, %			1.9 ROE 2021E, %			16.3			
Total assets 2021E, EURm	305 Tax rate 2021E, %			21.0 ROCE 2021E, %			15.1			
Goodwill 2021E, EURm	15 Equity ratio 2021E, %			54.2 PEG, P/E 21/CAGR			3.4			

**Estimates and peer group valuation**

Suominen EURm	2013 FY	2014 FY	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2020 FY	2021E Q1E	2021E Q2E	2021E Q3E	2021E Q4E	2021E FY
Revenue	374	402	444	417	426	431	411	110	122	115	111	459	117	117	116	112	462
growth, %		8 %	11 %	-6 %	2 %	1 %	-5 %	0 %	18 %	11 %	18 %	12 %	6 %	-4 %	1 %	1 %	1 %
<b>Geography</b>																	
Europe	150	153	172	171	174	171	150	37	45	44	44	170	45	45	45	45	180
Americas	224	249	272	246	252	260	262	73	77	72	67	289	72	72	71	67	282
COGS	-334	-352	-386	-365	-384	-400	-377	-97	-103	-96	-94	-389	-100	-101	-100	-97	-398
Gross Profit	40	50	58	52	42	31	37	13.3	19.5	19.7	17.3	70	17.0	16.4	15.7	14.6	64
Gross-%	10.7 %	12.4 %	13.1 %	12.5 %	9.9 %	7.3 %	9.0 %	12.1 %	16.0 %	17.1 %	15.6 %	15.2 %	14.5 %	14.0 %	13.5 %	13.0 %	13.8 %
SGA & R&D	-22.4	-24.6	-28.0	-27.9	-28.9	-29.2	-30.6	-7.8	-7.8	-7.3	-7.8	-30.7	-7.5	-7.5	-7.5	-7.5	-30.0
Other	1.7	0.8	1.8	1.3	1.7	2.5	1.8	0.2	0.7	0.5	-0.9	0.4	0.3	0.3	0.3	0.0	0.9
EBIT	18.9	25.9	31.8	25.6	15.0	4.6	8.1	5.7	12.4	12.9	8.5	39.5	9.8	9.2	8.5	7.1	34.5
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	8.1	5.7	12.4	12.9	8.5	39.5	9.8	9.2	8.5	7.1	34.5
EBIT-% ex IAC	5.2 %	6.7 %	7.0 %	6.1 %	3.5 %	1.1 %	2.0 %	5.2 %	10.1 %	11.2 %	7.7 %	8.6 %	8.3 %	7.8 %	7.3 %	6.3 %	7.5 %
Depreciation	-13.9	-15.6	-17.7	-18.5	-19.4	-21.0	-25.5	-5.6	-5.6	-5.2	-5.0	-21.4	-5.5	-5.5	-5.5	-5.5	-22.0
EBITDA ex IAC	33.3	42.5	48.9	44.2	34.3	25.6	33.6	11.3	18.0	18.1	13.5	60.9	15.3	14.7	14.0	12.6	56.5
EBITDA-% ex IAC	8.9 %	10.6 %	11.0 %	10.6 %	8.1 %	5.9 %	8.2 %	10.3 %	14.7 %	15.7 %	12.2 %	13.3 %	13.0 %	12.5 %	12.0 %	11.2 %	12.2 %

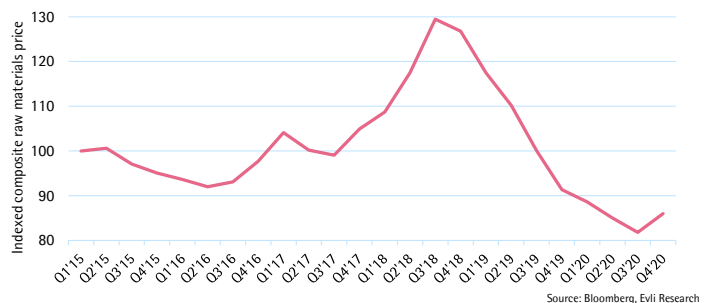
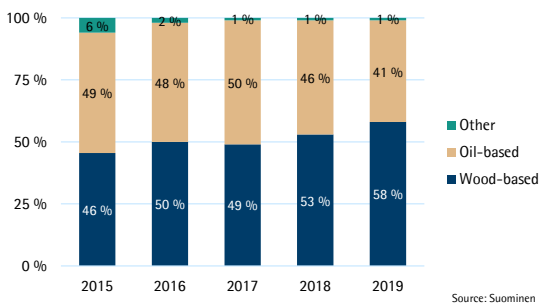
Source: Suominen, Evli Research

SUOMINEN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		20	21	22	20	21	22	20	21	22
Ahlstrom-Munksjo	2049	9.0x	7.7x	7.4x	19.2x	14.0x	13.0x	5.9 %	7.5 %	8.0 %
Berry Global Group	5853	8.1x	7.8x	7.6x	13.2x	12.6x	12.1x	11.3 %	11.1 %	11.3 %
Kimberly-Clark	37182	12.4x	12.0x	11.7x	15.2x	14.8x	14.4x	18.7 %	18.0 %	18.2 %
N.R. Spuntech Industries	163									
Neenah	752	11.8x	8.8x			13.6x		-1.0 %	9.3 %	
Glatfelter	603	8.8x	8.8x	7.8x	15.1x	15.3x	12.8x	7.5 %	7.2 %	8.3 %
PFNonwovens	265									
Peer Group Average	6695	10.0x	9.0x	8.6x	15.7x	14.1x	13.1x	8.5 %	10.6 %	11.4 %
Peer Group Median	752	9.0x	8.8x	7.7x	15.2x	14.0x	12.9x	7.5 %	9.3 %	9.8 %
Suominen (Evli est.)	334	5.5x	6.1x	5.7x	8.5x	10.0x	9.0x	8.6 %	7.5 %	7.5 %

Suominen prem./disc. to peer median

-39 %   -31 %   -25 %   -44 %   -29 %   -30 %   14 %   -19 %   -23 %

Source FactSet, Evli Research

**Suominen raw materials mix and composite price development**


VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	5.74 PV of Free Cash Flow	211 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	7.11 PV of Horizon value	243 WACC, %	7.9 Market risk premium, %
Share price potential, %	23.8 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	7.8 Marketable securities	58 Minimum WACC, %	7.4 Equity beta coefficient
Minimum value	6.5 Debt - dividend	-98 Maximum WACC, %	8.4 Target debt ratio, %
Horizon value, %	53.5 Value of stock	414 Nr of shares, Mn	58.3 Effective tax rate, %

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	459	462	471	480	490	500	510	520	530	541	552	563
<i>Sales growth, %</i>	<i>11.5</i>	<i>0.7</i>	<i>1.9</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>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	40	35	35	36	37	37	38	39	40	41	41	42
<i>Operating income margin, %</i>	<i>8.6</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>
+ Depreciation+amort.	21	22	20	19	18	17	17	18	18	19	19	
EBITDA	61	57	55	55	54	55	56	57	58	59	60	
- Paid taxes	-5	-7	-7	-8	-8	-8	-8	-8	-8	-9	-9	
- Change in NWC	-1	2	-1	-1	-1	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	<i>8.3</i>	<i>7.9</i>	<i>7.9</i>	<i>7.9</i>	<i>7.9</i>	<i>7.9</i>	<i>7.9</i>	<i>7.9</i>	<i>7.9</i>	<i>8.0</i>	<i>8.0</i>	
+ Change in other liabs	1	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-10	-13	-13	-14	-16	-18	-20	-20	-20	-20	-21	
<i>opCAPEX / Sales, %</i>	<i>2.6</i>	<i>2.8</i>	<i>2.8</i>	<i>3.0</i>	<i>3.3</i>	<i>3.7</i>	<i>4.0</i>	<i>3.9</i>	<i>3.8</i>	<i>3.8</i>	<i>3.8</i>	
- 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	46	38	34	32	30	28	27	28	29	30	30	516
= Discounted FCFF		36	30	26	22	19	17	16	16	15	14	243
= DFCF min WACC		36	30	26	23	20	18	17	16	16	15	278
= DFCF max WACC		35	29	26	22	19	17	16	15	15	13	214

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1E	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	110.2	122.2	115.4	111.1	458.9	117.0	117.0	116.0	112.0	462.0	471.0	480.4
EBITDA	11.3	18.0	18.1	13.5	60.9	15.3	14.7	14.0	12.6	56.5	55.4	54.6
<i>EBITDA margin (%)</i>	<i>10.3</i>	<i>14.7</i>	<i>15.7</i>	<i>12.2</i>	<i>13.3</i>	<i>13.0</i>	<i>12.5</i>	<i>12.1</i>	<i>11.3</i>	<i>12.2</i>	<i>11.8</i>	<i>11.4</i>
EBIT	5.7	12.4	12.9	8.5	39.5	9.8	9.2	8.5	7.1	34.5	35.3	36.0
<i>EBIT margin (%)</i>	<i>5.2</i>	<i>10.1</i>	<i>11.2</i>	<i>7.7</i>	<i>8.6</i>	<i>8.3</i>	<i>7.8</i>	<i>7.3</i>	<i>6.3</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>
Net financial items	-1.9	-1.9	-1.7	-0.1	-5.6	-0.6	-0.6	-0.6	-0.6	-2.4	-1.4	-0.8
Pre-tax profit	3.8	10.5	11.2	8.4	33.9	9.1	8.5	7.9	6.5	32.1	34.0	35.2
Tax	-0.2	-2.2	-0.2	-1.2	-3.8	-1.9	-1.8	-1.7	-1.4	-6.7	-7.1	-7.4
<i>Tax rate (%)</i>	<i>4.6</i>	<i>21.1</i>	<i>2.0</i>	<i>14.0</i>	<i>11.2</i>	<i>21.0</i>	<i>21.0</i>	<i>21.0</i>	<i>21.0</i>	<i>21.0</i>	<i>21.0</i>	<i>21.0</i>
Net profit	3.6	8.3	11.0	7.2	30.1	7.2	6.7	6.2	5.1	25.3	26.8	27.8
EPS	0.06	0.14	0.19	0.12	0.52	0.12	0.12	0.11	0.09	0.43	0.46	0.48
EPS adjusted (diluted no. of shares)	0.06	0.14	0.19	0.12	0.52	0.12	0.12	0.11	0.09	0.43	0.46	0.48
Dividend per share	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.11	0.12	0.13
<b>SALES, EURm</b>												
Group	110.2	122.2	115.4	111.1	458.9	117.0	117.0	116.0	112.0	462.0	471.0	480.4
Total	110.2	122.2	115.4	111.1	458.9	117.0	117.0	116.0	112.0	462.0	471.0	480.4
<b>SALES GROWTH, Y/Y %</b>												
Group	0.4	17.7	11.7	17.6	11.5	6.2	-4.3	0.5	0.8	0.7	1.9	2.0
Total	0.4	17.7	11.7	17.6	11.5	6.2	-4.3	0.5	0.8	0.7	1.9	2.0
<b>EBIT, EURm</b>												
Group	5.7	12.4	12.9	8.5	39.5	9.8	9.2	8.5	7.1	34.5	35.3	36.0
Total	5.7	12.4	12.9	8.5	39.5	9.8	9.2	8.5	7.1	34.5	35.3	36.0
<b>EBIT margin, %</b>												
Group	5.2	10.1	11.2	7.7	8.6	8.3	7.8	7.3	6.3	7.5	7.5	7.5
Total	5.2	10.1	11.2	7.7	8.6	8.3	7.8	7.3	6.3	7.5	7.5	7.5

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	416.9	426.0	431.1	411.4	458.9	462.0	471.0	480.4
<i>Sales growth (%)</i>	-6.1	2.2	1.2	-4.6	11.5	0.7	1.9	2.0
EBITDA	44.1	34.3	25.6	33.6	60.9	56.5	55.4	54.6
<i>EBITDA margin (%)</i>	10.6	8.1	5.9	8.2	13.3	12.2	11.8	11.4
Depreciation	-18.5	-19.3	-21.0	-25.5	-21.4	-22.0	-20.1	-18.6
EBITA	25.6	15.0	4.6	8.1	39.5	34.5	35.3	36.0
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	25.6	15.0	4.6	8.1	39.5	34.5	35.3	36.0
<i>EBIT margin (%)</i>	6.1	3.5	1.1	2.0	8.6	7.5	7.5	7.5
Reported EBIT	25.6	15.0	4.6	8.1	39.5	34.5	35.3	36.0
<i>EBIT margin (reported) (%)</i>	6.1	3.5	1.1	2.0	8.6	7.5	7.5	7.5
Net financials	-3.2	-2.6	-5.6	-6.0	-5.6	-2.4	-1.4	-0.8
Pre-tax profit	22.4	12.4	-1.0	2.1	33.9	32.1	34.0	35.2
Taxes	-7.2	2.0	-0.8	-1.9	-3.8	-6.7	-7.1	-7.4
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	15.2	14.5	-1.7	0.2	30.1	25.3	26.8	27.8
Cash NRIs	0.0	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
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	160	160	156	143	126	117	110	106
Goodwill	15	15	15	15	15	15	15	15
Right of use assets	0	0	17	16	18	18	18	19
Inventory	43	44	52	45	35	51	52	53
Receivables	56	66	63	61	61	63	64	65
Liquid funds	38	35	32	33	58	37	38	60
Total assets	316	326	338	316	317	305	301	321
<b>Liabilities</b>								
Shareholder's equity	126	136	131	131	146	165	186	207
Minority interest	0	0	0	0	0	0	0	0
Convertibles	17	0	0	0	0	0	0	0
Lease liabilities	0	0	13	16	15	18	18	19
Deferred taxes	11	15	12	12	13	13	13	13
Interest bearing debt	94	110	102	86	83	29	3	0
Non-interest bearing current liabilities	65	63	75	66	55	74	75	77
Other interest-free debt	2	1	3	3	3	3	3	3
Total liabilities	316	326	338	316	317	305	301	321
<b>CASH FLOW, EURm</b>								
+ EBITDA	44	34	26	34	61	57	55	55
- Net financial items	-3	-3	-6	-6	-6	-2	-1	-1
- Taxes	-6	0	6	-2	-4	-7	-7	-7
- Increase in Net Working Capital	-6	-8	6	-1	-1	2	-1	-1
+/- Other	-2	-5	-3	0	0	0	0	0
= Cash flow from operations	26	19	28	25	50	49	46	46
- Capex	-50	-34	-15	-11	-12	-13	-13	-14
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-23	-14	13	14	38	36	33	31
+/- New issues/buybacks	8	1	3	0	-12	0	0	0
- Paid dividend	-5	-6	-6	0	-3	-6	-6	-7
+/- Other	-7	16	-12	-13	2	-51	-26	-2
Change in cash	-26	-3	-3	1	25	-21	1	22

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	258	119	153	296	334	334	334
Net debt (excl. convertibles)	76	83	70	40	10	-17	-41
Enterprise value	333	203	223	336	344	318	293
Sales	426	431	411	459	462	471	480
EBITDA	34	26	34	61	57	55	55
EBIT	15	5	8	40	35	35	36
Pre-tax	12	-1	2	34	32	34	35
Earnings	14	-2	0	30	25	27	28
Equity book value (excl. minorities)	136	131	131	146	165	186	207
<b>Valuation multiples</b>							
EV/sales	0.8	0.5	0.5	0.7	0.7	0.7	0.6
EV/EBITDA	9.7	7.9	6.6	5.5	6.1	5.7	5.4
EV/EBITA	22.2	44.1	27.5	8.5	10.0	9.0	8.1
EV/EBIT	22.2	44.1	27.5	8.5	10.0	9.0	8.1
EV/OCF	17.3	7.2	8.9	6.7	7.0	6.9	6.4
EV/FCFF	-29.4	11.7	12.3	7.4	9.0	9.3	9.1
P/FCFE	-18.0	9.0	10.8	7.7	9.3	10.2	10.7
P/E	17.8	-69.4	766.1	9.8	13.2	12.5	12.0
P/B	1.9	0.9	1.2	2.0	2.0	1.8	1.6
Target EV/EBITDA	0.0	0.0	0.0	0.0	6.9	6.5	6.2
Target EV/EBIT	0.0	0.0	0.0	0.0	11.3	10.2	9.4
Target EV/FCF	0.0	0.0	0.0	0.0	10.8	11.0	10.8
Target P/B	0.0	0.0	0.0	0.0	2.3	2.0	1.8
Target P/E	0.0	0.0	0.0	0.0	14.9	14.1	13.6
<b>Per share measures</b>							
Number of shares	58,259	58,259	58,259	58,259	58,259	58,259	58,259
Number of shares (diluted)	65,259	58,259	58,259	58,259	58,259	58,259	58,259
EPS	0.25	-0.03	0.00	0.52	0.43	0.46	0.48
Operating cash flow per share	0.33	0.48	0.43	0.86	0.84	0.79	0.78
Free cash flow per share	-0.25	0.23	0.24	0.66	0.62	0.56	0.54
Book value per share	2.34	2.24	2.24	2.50	2.84	3.19	3.55
Dividend per share	0.11	0.00	0.05	0.10	0.11	0.12	0.13
Dividend payout ratio, %	44.3	0.0	1,456.5	19.4	25.3	26.0	27.2
Dividend yield, %	2.5	0.0	1.9	1.7	1.9	2.1	2.3
FCF yield, %	-5.6	11.1	9.2	12.9	10.8	9.8	9.4
<b>Efficiency measures</b>							
ROE	11.0	-1.3	0.2	21.8	16.3	15.3	14.2
ROCE	6.2	1.9	3.4	16.6	15.1	16.9	16.7
<b>Financial ratios</b>							
Inventories as % of sales	10.4	12.0	11.0	7.7	11.0	11.0	11.0
Receivables as % of sales	15.6	14.7	14.7	13.2	13.6	13.6	13.6
Non-interest bearing liabilities as % of sales	14.8	17.5	16.0	11.9	16.0	16.0	16.0
NWC/sales, %	11.1	8.5	9.0	8.3	7.9	7.9	7.9
Operative CAPEX/sales, %	7.9	3.5	2.6	2.6	2.8	2.8	3.0
CAPEX/sales (incl. acquisitions), %	7.9	3.5	2.6	2.6	2.8	2.8	3.0
FCFF/EBITDA	-0.3	0.7	0.5	0.7	0.7	0.6	0.6
Net debt/EBITDA, book-weighted	2.2	3.2	2.1	0.7	0.2	-0.3	-0.8
Debt/equity, market-weighted	0.4	0.9	0.6	0.3	0.1	0.0	0.0
Equity ratio, book-weighted	41.8	38.7	41.4	46.0	54.2	61.7	64.3
Gearing, %	55.6	63.7	53.3	27.3	5.9	-9.0	-19.8

**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 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	%
AC Invest two B.V.	13,953,357	80.092	24.0%
Oy Etra Invest Ab	7,770,000	44.600	13.3%
Euroclear Bank Sa/Nv	3,182,604	18.268	5.5%
Ilmarinen Mutual Pension Insurance Company	3,046,892	17.489	5.2%
Elo Mutual Pension Insurance Company	3,024,651	17.361	5.2%
Varma Mutual Pension Insurance Company	2,189,751	12.569	3.8%
Mandatum Life Insurance Company Limited	2,002,536	11.495	3.4%
Nordea Life Assurance Finland Ltd.	1,812,000	10.401	3.1%
Oy H. Kuningas Et Co Ab	1,567,416	8.997	2.7%
Skandinaviska Enskilda Banken AB	1,161,138	6.665	2.0%
Ten largest	39,710,345	227.937	68%
Residual	18,548,874	106.471	32%
Total	58,259,219	334.408	100%

**EARNINGS CALENDAR**

April 28, 2021

Q1 report

August 13, 2021

Q2 report

**OTHER EVENTS****COMPANY MISCELLANEOUS**

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Tel: +358 (0)10 214 300

IR: Emilia Peltola

## DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	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 per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		



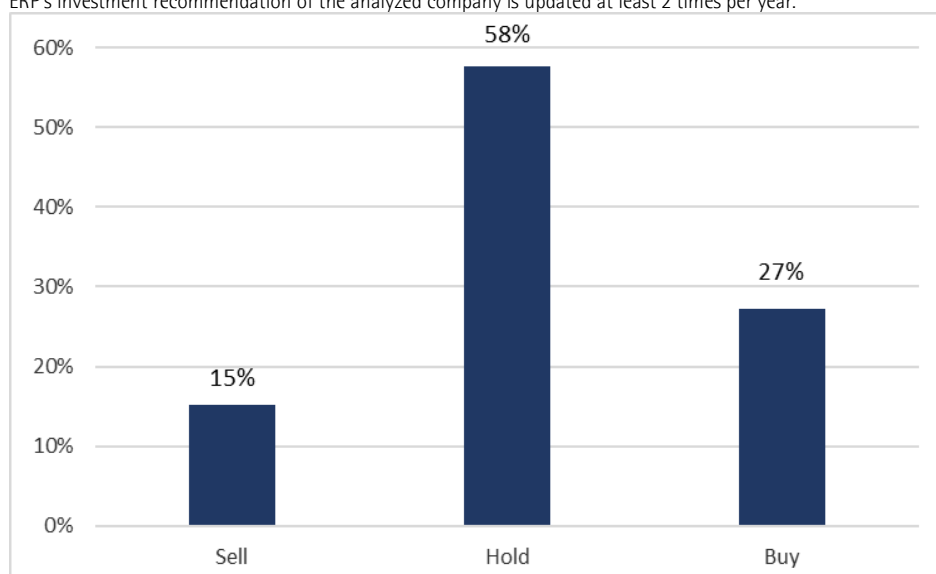
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Investment recommendations are defined as follows:

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

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

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