

Q3 EBITDA weaker than expected

Suominen's Q3 revenue was close to estimates, but gross margin plunged 5.5%. EBITDA therefore fell to EUR 4.2m, way below estimates. Suominen nonetheless sees demand recovery is already underway. Suominen's guidance implies Q4'21 EBITDA will roughly triple q/q.

- Q3 revenue fell by 14.5% to EUR 98.7m, compared to the EUR 96.0m/100.0m Evli/consensus estimates. Americas' top line was EUR 57.0m vs our EUR 55.0m estimate, whereas Europe came in at EUR 41.6m vs our EUR 41.0m estimate. Suominen sees volume recovery is already happening as it began in late Q3, even a bit earlier than expected. Suominen expects Q4'21 volumes to be a bit lower than in Q2'21 but clearly above the pre-pandemic levels.
- Gross profit amounted to EUR 5.5m vs our EUR 11.5m estimate. Gross margin was 5.5%, compared to our 12.0% estimate.
- Q3 EBITDA was EUR 4.2m vs the EUR 9.5m/9.0m Evli/consensus estimates, while EBIT was EUR -0.8m vs the EUR 4.5m/4.0m Evli/consensus estimates. There were some cost savings measures.
- Suominen guides comparable FY '21 EBITDA to decrease and sees it landing at EUR 47-53m (EUR 60.9m in FY '20). The range's midpoint suggests Q4 EBITDA will be EUR 11.9m, compared to our EUR 10.1m estimate. The current FY '21 consensus EBITDA estimate is EUR 53.1m.

Rating				BUY
Q3'21	Actual	Evli	Year ago	Q2'21
Revenue	98.7	96.0	115.4	113.6
Gross profit	5.5	11.5	19.7	16.7
EBITDA	4.2	9.5	18.1	15.3
EBIT	-0.8	4.5	12.9	10.3
Deviation	Actual	Evli	Year ago	Q2'21
Revenue		3 %	-14 %	-13 %
Gross profit		-52 %	-72 %	-67 %
EBITDA		-56 %	-77 %	-73 %
EBIT		-118 %	-106 %	-108 %
Share price, EUR (Last trading day's closing price)				4.78
Target price, EUR				6.0
Latest change in				25-Jun-20
Latest report on company				21-Oct-21
Research paid by issuer:				YES
No. of shares outstanding,				58,259
No. of shares fully diluted,				58,259
Market cap, EURm				278
Free float, %				62.7
Exchange rate EUR/USD				1.17
Reuters code				SUY1V.HE
Bloomberg code				SUY1V.FH
Average daily volume, EURm				0.2
Next interim report				28-Oct-21
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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
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	420.0	33.5	8.0%	39.9	0.45	10.6	0.7	8.5	14.3	0.11
2022E	431.0	28.0	6.5%	27.1	0.36	13.3	0.6	9.4	9.7	0.12
2023E	439.6	30.8	7.0%	27.6	0.41	11.7	0.6	7.9	9.9	0.13
Market cap, EURm	278		BV per share 2021E, EUR		3.5		CAGR EPS 2020-23, %		-7.6	
Net debt 2021E, EURm	6		Price/book 2021E		1.7		CAGR sales 2020-23, %		-1.4	
Enterprise value, EURm	284		Dividend yield 2021E, %		2.3		ROE 2021E, %		16.8	
Total assets 2021E, EURm	292		Tax rate 2021E, %		21.9		ROCE 2021E, %		14.9	
Goodwill 2021E, EURm	15		Equity ratio 2021E, %		56.9		PEG, P/E 21/CAGR		-59.6	

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

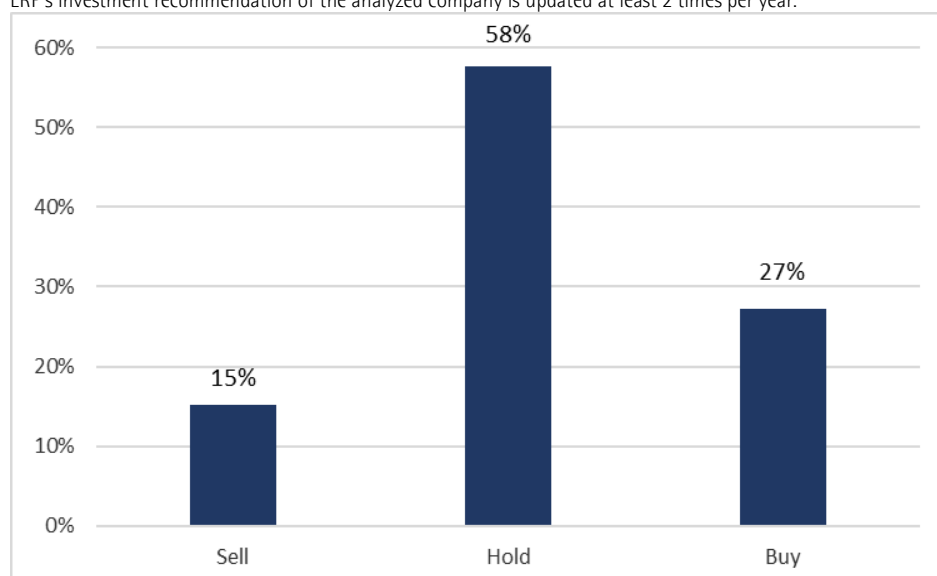
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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