

Flattish profitability from Q4 on

Suominen reports Q4 results on Thu, Feb 3. We leave our Q4 estimates unchanged but make small upward revisions to our FY '22 estimates due to FX changes.

Q4 figures should improve a lot from the Q3 lows

Suominen's Q3 figures fell a lot more than was expected, but the report provided encouraging comments on outlook; performance should improve significantly already in Q4, and we continue to expect about EUR 8m q/q gain in Q4 EBITDA. We estimate the figure at EUR 12.1m, while we see top line grow 2% y/y and close to 15% q/q from the Q3 lows. We expect European revenue to reach new highs, while we see Americas still somewhat down from the peak levels but up 16% q/q. The relatively modest and completed investments in Italy and the US support growth this year, and we expect revenue to surpass the record set in FY '20, but profitability is unlikely to reach the recent peaks during the next few years.

We expect only marginal profitability improvement from Q4

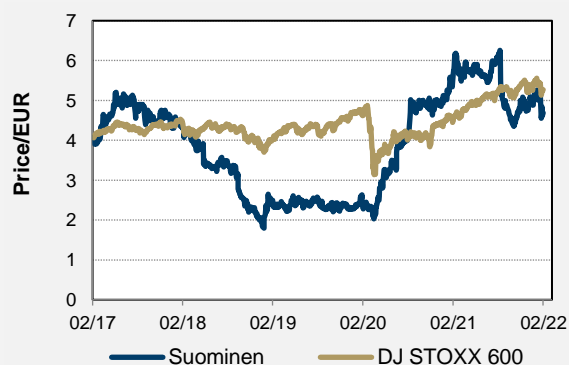
We find Suominen's key raw materials prices basically flatlined q/q in Q4; this supports our view according to which incremental margin gains continue from Q4 onwards. USD has strengthened some 5% in the past three months and thus we raise our FY '22 revenue estimate to EUR 467m (prev. EUR 455m). We continue to expect 6.5% EBIT margin for this year and hence flat absolute profitability, in other words EUR 50.9m in EBITDA. We expect Suominen to loosely guide flat profitability for FY '22; negative wording seems unlikely considering the softness of Q3'21, while any commitment to positive development appears premature as many key variables remain much in flux.

Peer margins are expected to gain some 200bps in FY '22

Suominen's valuation and estimates haven't changed much in the past few months. The company continues to trade around 5.5x EV/EBITDA and 9x EV/EBIT on our FY '21-22 estimates. The FY '21 multiples are significantly below those of peers because the group is expected to gain some 200bps in FY '22 EBIT margin. Meanwhile we estimate Suominen's FY '22 EBIT margin down a bit due to the high figures seen in early FY '21. Suominen's multiples discount narrows this year due to the peers' earnings accretion. We retain our EUR 6 TP and BUY rating.

Rating

BUY



Share price, EUR (Last trading day's closing price) 4.69
 Target price, EUR 6.0

Latest change in 25-Jun-20
 Latest report on company 29-Oct-21
 Research paid by issuer: YES
 No. of shares outstanding, 58,259
 No. of shares fully diluted, 58,259
 Market cap, EURm 273
 Free float, % 62.7
 Exchange rate EUR/USD 1.11
 Reuters code SUY1V.HE
 Bloomberg code SUY1V FH
 Average daily volume, EURm 0.2
 Next interim report 03-Feb-22
 Web site www.suominen.fi/en/investors/

Analyst Joonas Ilvonen
 E-mail joonas.ilvonen@evli.com
 Telephone +358 44 430 9071

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	440.6	30.2	6.9%	35.0	0.41	11.6	0.6	9.4	12.8	0.11
2022E	467.0	30.4	6.5%	26.8	0.39	12.1	0.6	8.7	9.8	0.12
2023E	476.3	33.3	7.0%	29.4	0.44	10.7	0.5	7.2	10.8	0.13
Market cap, EURm	273			Gearing 2021E, %	6.6			CAGR EPS 2020-23, %	-5.2	
Net debt 2021E, EURm	11			Price/book 2021E	1.7			CAGR sales 2020-23, %	1.3	
Enterprise value, EURm	284			Dividend yield 2021E, %	2.3			ROE 2021E, %	15.3	
Total assets 2021E, EURm	299			Tax rate 2021E, %	21.9			ROCE 2021E, %	13.3	
Goodwill 2021E, EURm	15			Equity ratio 2021E, %	54.7			PEG, P/E 21/CAGR	1.9	

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	2021 Q1	2021 Q2	2021 Q3	2021E Q4E	2021E FY
Revenue	374	402	444	417	426	431	411	110	122	115	111	459	115	114	99	113	441
growth, %		8 %	11 %	-6 %	2 %	1 %	-5 %	0 %	18 %	11 %	18 %	12 %	5 %	-7 %	-14 %	2 %	-4 %
Geography																	
Europe	150	153	172	171	174	171	150	37	45	44	44	170	43	46	42	47	178
Americas	224	249	272	246	252	260	262	73	77	72	67	289	72	67	57	66	262
COGS	-334	-352	-386	-365	-384	-400	-377	-97	-103	-96	-94	-389	-95	-97	-93	-99	-384
Gross Profit	40	50	58	52	42	31	37	13.3	19.5	19.7	17.3	70	20.2	16.7	5.5	14.4	57
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 %	17.5 %	14.7 %	5.5 %	12.7 %	12.9 %
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	-7.2	-7.5	-6.7	-7.3	-28.7
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	0.6	1.1	0.4	0.0	2.1
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	13.6	10.3	-0.8	7.1	30.1
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	13.6	10.3	-0.8	7.1	30.1
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 %	11.8 %	9.1 %	-0.9 %	6.3 %	6.8 %
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	-4.9	-5.0	-5.1	-5.0	-20.0
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	18.5	15.3	4.2	12.1	50.1
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 %	16.1 %	13.5 %	4.3 %	10.7 %	11.4 %

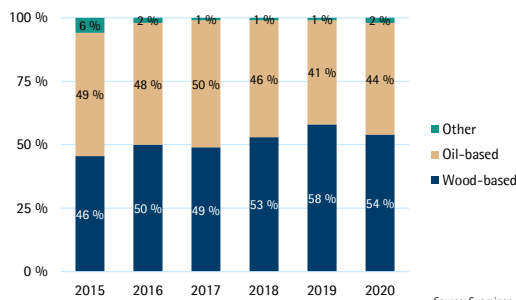
Source: Suominen, Evli Research

SUOMINEN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		21	22	23	21	22	23	21	22	23
Ahlstrom-Munksjo										
Berry Global Group	8127	8.5x	7.9x	7.6x	13.5x	11.5x	11.0x	10.2 %	11.0 %	11.4 %
Kimberly-Clark	41356	15.8x	15.1x	13.5x	20.1x	19.5x	16.8x	14.6 %	14.2 %	16.1 %
N.R. Spuntech Industries	133									
Neenah	689	10.2x	8.2x	7.1x	138.3x	12.2x	10.0x	0.9 %	9.3 %	10.6 %
Glatfelter	690	8.9x	6.3x	5.6x	17.7x	11.7x	9.5x	5.8 %	6.3 %	7.6 %
PFNonwovens										
Peer Group Average	10199	10.9x	9.3x	8.5x	47.4x	13.7x	11.8x	7.9 %	10.2 %	11.4 %
Peer Group Median	690	9.5x	8.0x	7.4x	18.9x	12.0x	10.5x	8.0 %	10.2 %	11.0 %
Suominen (Evli est.)	273	5.7x	5.2x	4.6x	9.4x	8.7x	7.2x	6.9 %	6.5 %	7.0 %

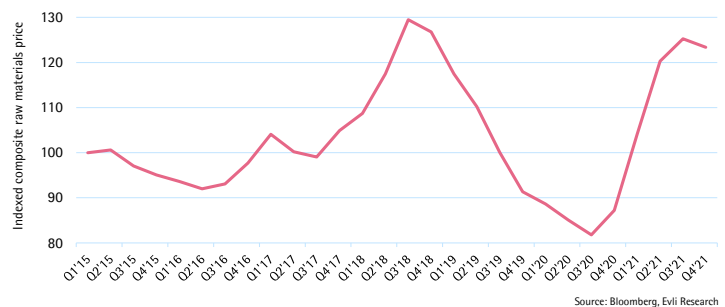
Suominen prem./disc. to peer median

-40 % -35 % -38 % -50 % -27 % -31 % -14 % -36 % -37 %

Source FactSet, Evli Research

Suominen raw materials mix and composite price development


Source: Suominen



Source: Bloomberg, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	4.69 PV of Free Cash Flow	217 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	7.44 PV of Horizon value	261 WACC, %	7.9 Market risk premium, %
Share price potential, %	58.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	8.1 Marketable securities	35 Minimum WACC, %	7.4 Equity beta coefficient
Minimum value	6.9 Debt - dividend	-46 Maximum WACC, %	8.4 Target debt ratio, %
Horizon value, %	54.6 Value of stock	439 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	441	467	476	486	496	505	516	526	536	547	558
<i>Sales growth, %</i>	<i>11.5</i>	<i>-4.0</i>	<i>6.0</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>	<i>2.0</i>
Operating income (EBIT)	40	30	30	33	36	37	38	39	39	40	41	42
<i>Operating income margin, %</i>	<i>8.6</i>	<i>6.9</i>	<i>6.5</i>	<i>7.0</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	20	21	19	18	17	18	18	19	19	19	
EBITDA	61	50	51	52	54	55	56	57	58	59	60	
- Paid taxes	-5	-7	-6	-7	-8	-8	-8	-8	-8	-8	-9	
- Change in NWC	-1	4	-2	-1	-1	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	<i>8.3</i>	<i>7.8</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>	
+ 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>3.0</i>	<i>3.0</i>	<i>3.4</i>	<i>3.7</i>	<i>4.0</i>	<i>4.0</i>	<i>3.9</i>	<i>3.8</i>	<i>3.9</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	34	29	30	30	28	27	28	29	30	30	515
= Discounted FCFF		34	27	26	24	21	18	18	17	16	15	261
= DFCF min WACC		34	27	27	24	21	19	18	18	17	16	297
= DFCF max WACC		34	27	26	24	20	18	17	16	16	15	231

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2	2021Q3	2021Q4E	2021E	2022E	2023E
Net sales	110.2	122.2	115.4	111.1	458.9	115.3	113.7	98.6	113.0	440.6	467.0	476.3
EBITDA	11.3	18.0	18.1	13.5	60.9	18.5	15.3	4.3	12.1	50.2	50.9	52.3
<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>16.1</i>	<i>13.4</i>	<i>4.4</i>	<i>10.7</i>	<i>11.4</i>	<i>10.9</i>	<i>11.0</i>
EBIT	5.7	12.4	12.9	8.5	39.5	13.6	10.3	-0.8	7.1	30.2	30.4	33.3
<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>11.8</i>	<i>9.1</i>	<i>-0.8</i>	<i>6.3</i>	<i>6.9</i>	<i>6.5</i>	<i>7.0</i>
Net financial items	-1.9	-1.9	-1.7	-0.1	-5.6	3.3	-1.6	-1.0	-0.6	0.1	-1.8	-0.9
Pre-tax profit	3.8	10.5	11.2	8.4	33.9	16.9	8.7	-1.8	6.5	30.3	28.5	32.4
Tax	-0.2	-2.2	-0.2	-1.2	-3.8	-3.1	-2.6	0.1	-1.4	-6.6	-6.0	-6.8
<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>18.3</i>	<i>29.7</i>	<i>6.6</i>	<i>21.0</i>	<i>21.9</i>	<i>21.0</i>	<i>21.0</i>
Net profit	3.6	8.3	11.0	7.2	30.1	13.8	6.1	-1.6	5.1	23.6	22.5	25.6
EPS	0.06	0.14	0.19	0.12	0.52	0.24	0.10	-0.03	0.09	0.41	0.39	0.44
EPS adjusted (diluted no. of shares)	0.06	0.14	0.19	0.12	0.52	0.24	0.10	-0.03	0.09	0.41	0.39	0.44
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
SALES, EURm												
Group	110.2	122.2	115.4	111.1	458.9	115.3	113.7	98.6	113.0	440.6	467.0	476.3
Total	110.2	122.2	115.4	111.1	458.9	115.3	113.7	98.6	113.0	440.6	467.0	476.3
SALES GROWTH, Y/Y %												
Group	0.4	17.7	11.7	17.6	11.5	4.6	-7.0	-14.6	1.7	-4.0	6.0	2.0
Total	0.4	17.7	11.7	17.6	11.5	4.6	-7.0	-14.6	1.7	-4.0	6.0	2.0
EBIT, EURm												
Group	5.7	12.4	12.9	8.5	39.5	13.6	10.3	-0.8	7.1	30.2	30.4	33.3
Total	5.7	12.4	12.9	8.5	39.5	13.6	10.3	-0.8	7.1	30.2	30.4	33.3
EBIT margin, %												
Group	5.2	10.1	11.2	7.7	8.6	11.8	9.1	-0.8	6.3	6.9	6.5	7.0
Total	5.2	10.1	11.2	7.7	8.6	11.8	9.1	-0.8	6.3	6.9	6.5	7.0

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	416.9	426.0	431.1	411.4	458.9	440.6	467.0	476.3
<i>Sales growth (%)</i>	-6.1	2.2	1.2	-4.6	11.5	-4.0	6.0	2.0
EBITDA	44.1	34.3	25.6	33.6	60.9	50.2	50.9	52.3
<i>EBITDA margin (%)</i>	10.6	8.1	5.9	8.2	13.3	11.4	10.9	11.0
Depreciation	-18.5	-19.3	-21.0	-25.5	-21.4	-20.0	-20.5	-18.9
EBITA	25.6	15.0	4.6	8.1	39.5	30.2	30.4	33.3
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	30.2	30.4	33.3
<i>EBIT margin (%)</i>	6.1	3.5	1.1	2.0	8.6	6.9	6.5	7.0
Reported EBIT	25.6	15.0	4.6	8.1	39.5	30.2	30.4	33.3
<i>EBIT margin (reported) (%)</i>	6.1	3.5	1.1	2.0	8.6	6.9	6.5	7.0
Net financials	-3.2	-2.6	-5.6	-6.0	-5.6	0.1	-1.8	-0.9
Pre-tax profit	22.4	12.4	-1.0	2.1	33.9	30.3	28.5	32.4
Taxes	-7.2	2.0	-0.8	-1.9	-3.8	-6.6	-6.0	-6.8
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	23.6	22.5	25.6
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
BALANCE SHEET, EURm								
Assets								
Fixed assets	160	160	156	143	126	119	112	107
Goodwill	15	15	15	15	15	15	15	15
Right of use assets	0	0	17	16	18	17	18	18
Inventory	43	44	52	45	35	48	51	52
Receivables	56	66	63	61	61	60	63	65
Liquid funds	38	35	32	33	58	35	37	50
Total assets	316	326	338	316	317	299	301	312
Liabilities								
Shareholder's equity	126	136	131	131	146	164	180	198
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	17	18	18
Deferred taxes	11	15	12	12	13	13	13	13
Interest bearing debt	94	110	102	86	83	29	10	0
Non-interest bearing current liabilities	65	63	75	66	55	70	75	76
Other interest-free debt	2	1	3	3	3	3	3	3
Total liabilities	316	326	338	316	317	299	301	312
CASH FLOW, EURm								
+ EBITDA	44	34	26	34	61	50	51	52
- Net financial items	-3	-3	-6	-6	-6	0	-2	-1
- Taxes	-6	0	6	-2	-4	-7	-6	-7
- Increase in Net Working Capital	-6	-8	6	-1	-1	4	-2	-1
+/- Other	-2	-5	-3	0	0	0	0	0
= Cash flow from operations	26	19	28	25	50	47	41	44
- Capex	-50	-34	-15	-11	-12	-12	-14	-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	35	27	29
+/- 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	-52	-18	-9
Change in cash	-26	-3	-3	1	25	-23	2	13

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	258	119	153	296	273	273	273
Net debt (excl. convertibles)	76	83	70	40	11	-10	-32
Enterprise value	333	203	223	336	284	264	241
Sales	426	431	411	459	441	467	476
EBITDA	34	26	34	61	50	51	52
EBIT	15	5	8	40	30	30	33
Pre-tax	12	-1	2	34	30	29	32
Earnings	14	-2	0	30	24	23	26
Equity book value (excl. minorities)	136	131	131	146	164	180	198
Valuation multiples							
EV/sales	0.8	0.5	0.5	0.7	0.6	0.6	0.5
EV/EBITDA	9.7	7.9	6.6	5.5	5.7	5.2	4.6
EV/EBITA	22.2	44.1	27.5	8.5	9.4	8.7	7.2
EV/EBIT	22.2	44.1	27.5	8.5	9.4	8.7	7.2
EV/OCF	17.3	7.2	8.9	6.7	6.0	6.5	5.5
EV/FCFF	-29.4	11.7	12.3	7.4	8.3	9.0	7.9
P/FCFE	-18.0	9.0	10.8	7.7	7.8	10.2	9.3
P/E	17.8	-69.4	766.1	9.8	11.6	12.1	10.7
P/B	1.9	0.9	1.2	2.0	1.7	1.5	1.4
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.2	6.7	6.1
Target EV/EBIT	0.0	0.0	0.0	0.0	11.9	11.2	9.5
Target EV/FCF	0.0	0.0	0.0	0.0	10.3	12.7	10.8
Target P/B	0.0	0.0	0.0	0.0	2.1	1.9	1.8
Target P/E	0.0	0.0	0.0	0.0	14.8	15.5	13.6
Per share measures							
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	0.41	0.39	0.44
Operating cash flow per share	0.33	0.48	0.43	0.86	0.81	0.70	0.75
Free cash flow per share	-0.25	0.23	0.24	0.66	0.60	0.46	0.50
Book value per share	2.34	2.24	2.24	2.50	2.81	3.09	3.41
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	27.1	31.0	29.6
Dividend yield, %	2.5	0.0	1.9	2.1	2.3	2.6	2.8
FCF yield, %	-5.6	11.1	9.2	12.9	12.8	9.8	10.8
Efficiency measures							
ROE	11.0	-1.3	0.2	21.8	15.3	13.1	13.5
ROCE	6.2	1.9	3.4	16.6	13.3	14.6	15.7
Financial ratios							
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	7.8	7.9	7.9
Operative CAPEX/sales, %	7.9	3.5	2.6	2.6	2.8	3.0	3.0
CAPEX/sales (incl. acquisitions), %	7.9	3.5	2.6	2.6	2.8	3.0	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	-0.2	-0.6
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	54.7	59.7	63.6
Gearing, %	55.6	63.7	53.3	27.3	6.6	-5.3	-16.1

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	%
Ahlstrom Capital Bv	13,953,357	65.441	24.0%
Oy Etra Invest Ab	8,700,000	40.803	14.9%
Nordea Nordic Small Cap Fund	3,435,147	16.111	5.9%
Ilmarinen Mutual Pension Insurance Company	3,046,892	14.290	5.2%
Etola Group Oy	2,900,000	13.601	5.0%
Nordea Life Assurance Finland Ltd.	2,882,300	13.518	4.9%
Mandatum Life Insurance Company Limited	2,881,547	13.514	4.9%
Elo Mutual Pension Insurance Company	1,944,651	9.120	3.3%
Varma Mutual Pension Insurance Company	1,689,751	7.925	2.9%
OP Life Assurance Company Ltd	1,688,830	7.921	2.9%
Ten largest	43,122,475	202.244	74%
Residual	15,136,744	70.991	26%
Total	58,259,219	273.236	100%

EARNINGS CALENDAR	
February 03, 2022	FY 2021 Results
May 04, 2022	Q1 report
August 09, 2022	Q2 report
October 26, 2022	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	$\frac{\text{Price per share}}{\text{Earnings per share}}$	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

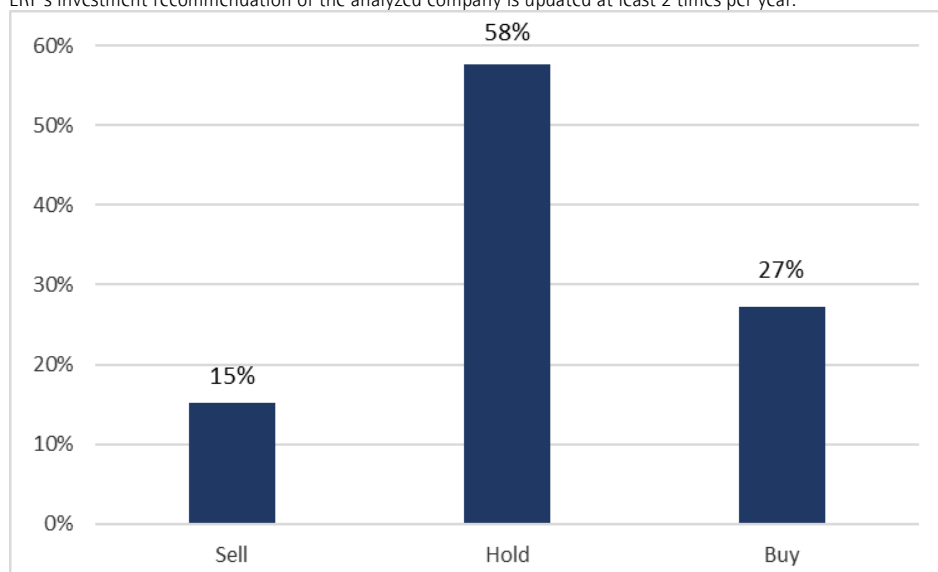
Important Disclosures

Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at [Analysts' recommendations and ratings revisions](#).

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

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Bank Plc. Production of the investment recommendation has been concluded on [1.2.2022, 9:15]. This report has been published on [1.2.2022, 9:35].

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making or liquidity providing services.

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment

Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions or other services performed by Evli Bank Plc or any company within Evli Group.

This report has not been disclosed to the company prior to its dissemination.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Bank Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli Bank is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Bank Plc is supervised by the Finnish Financial Supervision Authority.

Contact information**SALES, TRADING AND RESEARCH****Equity, ETF and Derivatives Sales**

Joachim Dannberg	+358 9 4766 9123
Ari Laine	+358 9 4766 9115
Kimmo Lilja	+358 9 4766 9130

Trading

Lauri Vehkaluoto (Head)	+358 9 4766 9120
Pasi Väisänen	+358 9 4766 9120
Antti Kässi	+358 9 4766 9120
Miika Ronkanen	+358 9 4766 9120

Structured Investments

Heikki Savijoki	+358 9 4766 9726
Aki Lakkisto	+358 9 4766 9123

Equity Research

Jonas Forslund	+358 9 4766 9314
Joonas Ilvonen	+358 44 430 9071
Jerker Salokivi	+358 9 4766 9149
Teemu Reiman	+358 40 352 6175

Evli Investment Solutions

Johannes Asuja	+358 9 4766 9205
----------------	------------------



EVLI BANK PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001