

Earnings guidance revised down

Suominen's Q1 results landed relatively close to estimates, although on the softer side. The company revises its earnings guidance down due to intensified cost inflation, while customer inventory levels in the US are normalizing but not as fast as expected.

- Q1 revenue was EUR 110.3m, a decline of 4% y/y, compared to the EUR 109.0m/114.7m Evli/consensus estimates. Americas amounted to EUR 61.7m vs our EUR 64.0m estimate while Europe was EUR 48.5m, compared to our EUR 45.0m estimate.
- Gross profit was EUR 6.6m vs our EUR 7.1m estimate. Gross margin therefore amounted to 6.0%, compared to our 6.5% estimate.
- EBITDA landed at EUR 3.3m vs the EUR 4.8m/4.4m Evli/consensus estimates. EBIT was EUR -1.3m vs the EUR -0.2m/-0.6m Evli/consensus estimates.
- Suominen now guides EBITDA to decrease clearly this year. The war has intensified cost inflation. Customer inventory levels in the US have normalized to an extent, although somewhat slower than expected. Suominen expects demand to improve in H2.

Rating + BUY				
Q1'22	Actual	Evli	Year ago	Q4'21
Revenue	110.3	109.0	115.3	115.6
Gross profit	6.6	7.1	20.2	8.4
EBITDA	3.3	4.8	18.5	9.0
EBIT	-1.3	-0.2	13.6	3.9
Deviation	Actual	Evli	Year ago	Q4'21
Revenue		1 %	-4 %	-5 %
Gross profit		-7 %	-67 %	-21 %
EBITDA		-31 %	-82 %	-63 %
EBIT		550 %	-110 %	-133 %
Share price, EUR (Last trading day's closing price)	3.28			
Target price, EUR	4.0			
Latest change in	25-Jun-20			
Latest report on company	27-Apr-22			
Research paid by issuer:	YES			
No. of shares outstanding,	58,259			
No. of shares fully diluted,	58,259			
Market cap, EURm	191			
Free float, %	62.7			
Exchange rate EUR/USD	1.06			
Reuters code	SUY1V.HE			
Bloomberg code	SUY1V FH			
Average daily volume, EURm	0.2			
Next interim report	04-May-22			
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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
2020	458.9	39.5	8.6%	38.3	0.52	9.8	0.7	8.5	12.9	0.20
2021	443.2	26.9	6.1%	3.5	0.36	14.6	0.8	12.9	1.2	0.20
2022E	462.0	19.8	4.3%	45.0	0.25	13.2	0.4	10.2	23.6	0.20
2023E	475.9	30.9	6.5%	27.8	0.40	8.1	0.4	6.0	14.6	0.20
2024E	487.8	34.1	7.0%	30.3	0.45	7.3	0.3	4.9	15.8	0.20
Market cap, EURm	191		BV per share 2022E, EUR		7.0		CAGR EPS 2021-24, %		8.1	
Net debt 2022E, EURm	12		Price/book 2022E		1.2		CAGR sales 2021-24, %		3.2	
Enterprise value, EURm	203		Dividend yield 2022E, %		6.1		ROE 2022E, %		8.8	
Total assets 2022E, EURm	308		Tax rate 2022E, %		21.0		ROCE 2022E, %		7.6	
Goodwill 2022E, EURm	15		Equity ratio 2022E, %		53.8		PEG, P/E 22/CAGR		0.5	

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

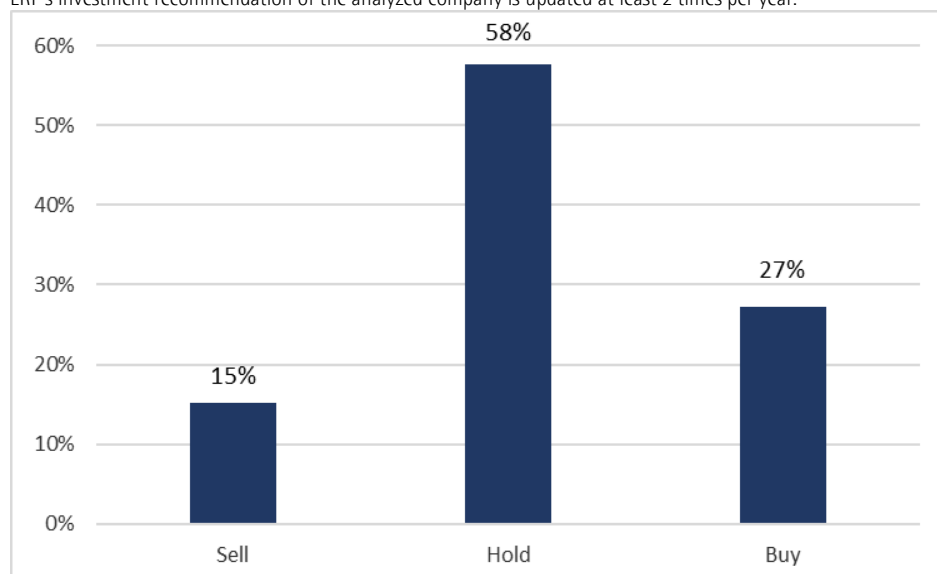
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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