

Margins are catching up in H2

Suominen's Q2 earnings missed estimates, but valuation isn't very demanding on moderate estimate levels.

Suominen's pricing will need to catch up some more in H2

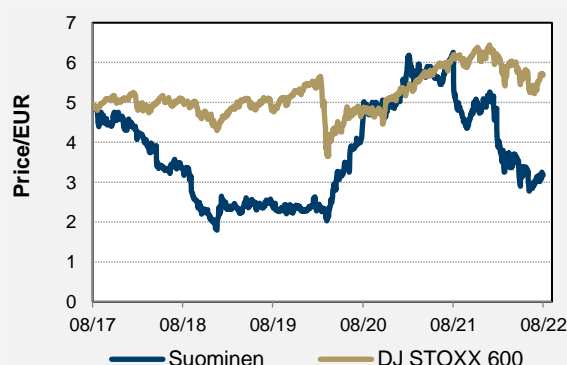
Suominen's Q2 revenue grew 4% y/y to EUR 118m, compared to the EUR 116m/118m Evli/cons. estimates. Americas' EUR 64m top line was soft relative to our estimate despite the EUR 8m FX tailwind, however Europe continued to grow at a 16% y/y pace. We note neither Europe nor Brazil have seen inventory-related demand issues like the US. Group sales volumes improved just a bit q/q, in both Americas and Europe, but remained below the level seen a year ago as US customers still suffered from high inventories which have been blocking up the retail channel. The problem arose last summer and Suominen's customers expected earlier inventories to have melted by the middle of this year. The problem has since eased somewhat, although not as fast as was expected. Sales prices continued to follow raw materials but not enough to fully compensate for the cost inflation, which resumed at a high single-digit q/q level in Q2. EBITDA thus fell to EUR 1.9m vs the EUR 7.0m/6.7m Evli/cons. estimates. Raw materials prices may now be stabilizing, however energy prices, especially in Italy, will continue to climb in H2.

Volumes are growing, yet cost inflation remains a nuisance

Q3 will mark an improvement thanks to growing volumes, as seen already in July, and higher prices as they continue to catch up with raw material inflation. Moist toilet tissue volumes are set to rise over the course of H2 thanks to US production line conversions, while Suominen has recently completed incremental investments in Italy and announced a EUR 6m production line upgrade in Finland. We do not hence view capacity utilization levels a pressing risk, however cost inflation remains an acute issue. We make some upward revisions to our H2 revenue estimates, but we revise our Q3 EBITDA estimate to EUR 7.4m (prev. EUR 10.8m). We see H2'22 EBITDA at EUR 20.5m.

Multiples aren't demanding in the light of H2 improvement

We estimate a marked improvement for H2, although the level is still quite modest. Suominen is valued 4x EV/EBITDA and 7x EV/EBIT on our FY '23 estimates, which aren't very high levels on moderate estimates. We retain our EUR 3.5 TP and BUY rating.

 Rating BUY


Share price, EUR (Last trading day's closing price)	3.18
Target price, EUR	3.5

Latest change in	25-Jun-20
Latest report on company	04-Aug-22
Research paid by issuer:	YES
No. of shares outstanding,	58,259
No. of shares fully diluted,	58,259
Market cap, EURm	185
Free float, %	62.7
Exchange rate EUR/USD	1.02
Reuters code	SUY1V.HE
Bloomberg code	SUY1V.FH
Average daily volume, EURm	0.1
Next interim report	26-Oct-22
Web site	www.suominen.fi/en/investors/

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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
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	477.3	6.3	1.3%	31.1	0.05	61.1	0.4	33.5	16.8	0.20
2023E	489.2	28.4	5.8%	26.2	0.37	8.6	0.4	6.9	14.1	0.20
2024E	501.5	35.1	7.0%	30.6	0.45	7.0	0.4	5.1	16.5	0.20
Market cap, EURm	185			Gearing 2022E, %	16.6			CAGR EPS 2021-24, %	8.5	
Net debt 2022E, EURm	26			Price/book 2022E	1.2			CAGR sales 2021-24, %	4.2	
Enterprise value, EURm	211			Dividend yield 2022E, %	6.3			ROE 2022E, %	1.9	
Total assets 2022E, EURm	315			Tax rate 2022E, %	43.5			ROCE 2022E, %	2.4	
Goodwill 2022E, EURm	15			Equity ratio 2022E, %	49.1			PEG, P/E 22/CAGR	0.5	

Estimates and peer group valuation

Suominen EURm	2013 FY	2014 FY	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2021 FY	2022 Q1	2022 Q2	2022E Q3E	2022E Q4E	2022E FY
Revenue	374	402	444	417	426	431	411	459	115	114	99	116	443	110	118	121	128	477
growth, %		8 %	11 %	-6 %	2 %	1 %	-5 %	12 %	5 %	-7 %	-14 %	4 %	-3 %	-4 %	4 %	23 %	11 %	8 %
Geography																		
Europe	150	153	172	171	174	171	150	170	43	46	42	47	178	49	54	50	54	206
Americas	224	249	272	246	252	260	262	289	72	67	57	69	265	62	64	71	74	271
COGS	-334	-352	-386	-365	-384	-400	-377	-389	-95	-97	-93	-107	-392	-104	-113	-111	-113	-441
Gross Profit	40	50	58	52	42	31	37	70	202	167	55	84	51	66	50	97	154	37
Gross-%	10.7 %	12.4 %	13.1 %	12.5 %	9.9 %	7.3 %	9.0 %	15.2 %	17.5 %	14.7 %	5.5 %	7.3 %	11.5 %	6.0 %	4.2 %	8.0 %	12.0 %	7.7 %
SGA & R&D	-224	-246	-280	-279	-289	-292	-306	-307	-72	-75	-67	-75	-289	-80	-84	-73	-73	-309
Other	1.7	0.8	1.8	1.3	1.7	2.5	1.8	0.4	0.6	1.1	0.4	2.9	5.0	0.2	0.5	0.0	0.0	0.7
EBIT	18.9	25.9	31.8	25.6	15.0	4.6	8.1	39.5	13.6	10.3	-0.8	3.9	26.9	-1.3	-2.9	2.4	8.1	6.4
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	0.0
EBIT ex IAC	19.4	26.9	31.2	25.6	15.0	4.6	8.1	39.5	13.6	10.3	-0.8	3.9	26.9	-1.3	-2.9	2.4	8.1	6.4
EBIT-% ex IAC	5.2 %	6.7 %	7.0 %	6.1 %	3.5 %	1.1 %	2.0 %	8.6 %	11.8 %	9.1 %	-0.9 %	3.4 %	6.1 %	-1.1 %	-2.5 %	2.0 %	6.3 %	1.3 %
Depreciation	-13.9	-15.6	-17.7	-18.5	-19.4	-21.0	-25.5	-21.4	-4.9	-5.0	-5.1	-5.1	-20.1	-4.6	-4.8	-5.0	-5.0	-19.3
EBITDA ex IAC	33.3	42.5	48.9	44.2	34.3	25.6	33.6	60.9	18.5	15.3	4.2	9.0	47.0	3.3	1.9	7.4	13.1	25.7
EBITDA-% ex IAC	8.9 %	10.6 %	11.0 %	10.6 %	8.1 %	5.9 %	8.2 %	13.3 %	16.1 %	13.5 %	4.3 %	7.8 %	10.6 %	3.0 %	1.6 %	6.1 %	10.2 %	5.4 %

Source: Suominen, Evli Research

SUOMINEN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		22	23	24	22	23	24	22	23	24
Berry Global Group	6848	7.9x	7.7x	7.4x	12.7x	11.4x	11.0x	9.2 %	10.2 %	10.5 %
Kimberly-Clark	44393	15.7x	13.8x	12.9x	20.4x	17.5x	16.0x	13.1 %	15.0 %	16.0 %
N.R. Spuntech Industries	93									
Neenah	526	7.4x	5.9x		12.3x	8.4x		7.2 %	10.1 %	
Glatfelter	232	8.4x	6.7x		21.2x	13.0x		3.0 %	4.7 %	
Peer Group Average	10418	9.9x	8.5x	10.1x	16.6x	12.6x	13.5x	8.1 %	10.0 %	13.2 %
Peer Group Median	526	8.2x	7.2x	10.1x	16.5x	12.2x	13.5x	8.2 %	10.1 %	13.2 %
Suominen (Evli est.)	185	8.2x	4.1x	3.1x	33.4x	6.9x	5.0x	1.3 %	5.8 %	7.0 %

Suominen prem./disc. to peer median

1 % -43 % -69 % 102 % -43 % -63 % -84 % -43 % -47 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	3.18 PV of Free Cash Flow	218 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	7.03 PV of Horizon value	236 WACC, %	7.9 Market risk premium, %	5.8
Share price potential, %	120.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	7.7 Marketable securities	101 Minimum WACC, %	7.4 Equity beta coefficient	1.00
Minimum value	6.5 Debt - dividend	-146 Maximum WACC, %	8.4 Target debt ratio, %	20
Horizon value, %	52.0 Value of stock	409 Nr of shares, Mn	58.3 Effective tax rate, %	28

DCF valuation, EURm	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Horizon
Net sales	443	477	489	501	511	522	532	543	554	565	576	588
<i>Sales growth, %</i>	-3.4	7.7	2.5	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Operating income (EBIT)	27	6	28	35	38	39	40	41	42	42	43	44
<i>Operating income margin, %</i>	6.1	1.3	5.8	7.0	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
+ Depreciation+amort.	20	19	20	22	20	20	20	20	20	20	20	20
EBITDA	47	26	48	57	59	59	60	61	62	62	63	
- Paid taxes	-3	-3	-6	-7	-8	-8	-8	-9	-9	-9	-9	
- Change in NWC	-25	23	-1	-1	-1	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	14.1	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-18	-13	-14	-16	-18	-20	-20	-20	-20	-20	-20	-25
<i>opCAPEX / Sales, %</i>	3.6	3.0	2.9	3.3	3.6	3.9	3.8	3.8	3.7	3.6	4.4	
- 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	2	33	27	32	32	30	31	31	32	33	28	483
= Discounted FCFF		32	25	27	25	21	20	19	18	17	14	236
= DFCF min WACC		32	25	27	25	22	21	20	19	18	14	269
= DFCF max WACC		32	24	27	24	21	20	19	18	16	13	209

INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1	2022Q2	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	115.3	113.7	98.6	115.6	443.2	110.3	118.0	121.0	128.0	477.3	489.2	501.5
EBITDA	18.5	15.3	4.3	8.9	47.0	3.3	1.9	7.4	13.1	25.6	48.4	56.8
<i>EBITDA margin (%)</i>	<i>16.1</i>	<i>13.4</i>	<i>4.4</i>	<i>7.7</i>	<i>10.6</i>	<i>3.0</i>	<i>1.6</i>	<i>6.1</i>	<i>10.2</i>	<i>5.4</i>	<i>9.9</i>	<i>11.3</i>
EBIT	13.6	10.3	-0.8	3.8	26.9	-1.3	-2.9	2.4	8.1	6.3	28.4	35.1
<i>EBIT margin (%)</i>	<i>11.8</i>	<i>9.1</i>	<i>-0.8</i>	<i>3.3</i>	<i>6.1</i>	<i>-1.2</i>	<i>-2.5</i>	<i>2.0</i>	<i>6.3</i>	<i>1.3</i>	<i>5.8</i>	<i>7.0</i>
Net financial items	3.3	-1.6	-1.0	-1.1	-0.4	-0.9	0.7	-0.4	-0.4	-0.9	-1.0	-1.6
Pre-tax profit	16.9	8.7	-1.8	2.7	26.5	-2.2	-2.2	2.0	7.7	5.4	27.4	33.5
Tax	-3.1	-2.6	0.1	-0.2	-5.8	-0.1	-0.1	-0.4	-1.6	-2.3	-5.7	-7.0
<i>Tax rate (%)</i>	<i>18.3</i>	<i>29.7</i>	<i>6.6</i>	<i>9.2</i>	<i>21.9</i>	<i>-6.2</i>	<i>-6.4</i>	<i>21.0</i>	<i>21.0</i>	<i>43.5</i>	<i>21.0</i>	<i>21.0</i>
Net profit	13.8	6.1	-1.6	2.5	20.7	-2.4	-2.3	1.6	6.1	3.0	21.6	26.4
EPS	0.24	0.10	-0.03	0.04	0.36	-0.04	-0.04	0.03	0.10	0.05	0.37	0.45
EPS adjusted (diluted no. of shares)	0.24	0.10	-0.03	0.04	0.36	-0.04	-0.04	0.03	0.10	0.05	0.37	0.45
Dividend per share	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.20	0.20	0.20
SALES, EURm												
Group	115.3	113.7	98.6	115.6	443.2	110.3	118.0	121.0	128.0	477.3	489.2	501.5
Total	115.3	113.7	98.6	115.6	443.2	110.3	118.0	121.0	128.0	477.3	489.2	501.5
SALES GROWTH, Y/Y %												
Group	4.6	-7.0	-14.6	4.1	-3.4	-4.3	3.8	22.7	10.7	7.7	2.5	2.5
Total	4.6	-7.0	-14.6	4.1	-3.4	-4.3	3.8	22.7	10.7	7.7	2.5	2.5
EBIT, EURm												
Group	13.6	10.3	-0.8	3.8	26.9	-1.3	-2.9	2.4	8.1	6.3	28.4	35.1
Total	13.6	10.3	-0.8	3.8	26.9	-1.3	-2.9	2.4	8.1	6.3	28.4	35.1
EBIT margin, %												
Group	11.8	9.1	-0.8	3.3	6.1	-1.2	-2.5	2.0	6.3	1.3	5.8	7.0
Total	11.8	9.1	-0.8	3.3	6.1	-1.2	-2.5	2.0	6.3	1.3	5.8	7.0

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	426.0	431.1	411.4	458.9	443.2	477.3	489.2	501.5
<i>Sales growth (%)</i>	<i>2.2</i>	<i>1.2</i>	<i>-4.6</i>	<i>11.5</i>	<i>-3.4</i>	<i>7.7</i>	<i>2.5</i>	<i>2.5</i>
EBITDA	34.3	25.6	33.6	60.9	47.0	25.6	48.4	56.8
<i>EBITDA margin (%)</i>	<i>8.1</i>	<i>5.9</i>	<i>8.2</i>	<i>13.3</i>	<i>10.6</i>	<i>5.4</i>	<i>9.9</i>	<i>11.3</i>
Depreciation	-19.3	-21.0	-25.5	-21.4	-20.1	-19.3	-20.0	-21.7
EBITA	15.0	4.6	8.1	39.5	26.9	6.3	28.4	35.1
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	15.0	4.6	8.1	39.5	26.9	6.3	28.4	35.1
<i>EBIT margin (%)</i>	<i>3.5</i>	<i>1.1</i>	<i>2.0</i>	<i>8.6</i>	<i>6.1</i>	<i>1.3</i>	<i>5.8</i>	<i>7.0</i>
Reported EBIT	15.0	4.6	8.1	39.5	26.9	6.3	28.4	35.1
<i>EBIT margin (reported) (%)</i>	<i>3.5</i>	<i>1.1</i>	<i>2.0</i>	<i>8.6</i>	<i>6.1</i>	<i>1.3</i>	<i>5.8</i>	<i>7.0</i>
Net financials	-2.6	-5.6	-6.0	-5.6	-0.4	-0.9	-1.0	-1.6
Pre-tax profit	12.4	-1.0	2.1	33.9	26.5	5.4	27.4	33.5
Taxes	2.0	-0.8	-1.9	-3.8	-5.8	-2.3	-5.7	-7.0
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	14.5	-1.7	0.2	30.1	20.7	3.0	21.6	26.4
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	156	143	126	129	123	117	111
Goodwill	15	15	15	15	15	15	15	15
Right of use assets	0	17	16	18	16	17	17	18
Inventory	44	52	45	35	50	53	54	55
Receivables	66	63	61	61	73	67	69	70
Liquid funds	35	32	33	58	101	38	39	40
Total assets	326	338	316	317	387	315	313	312
Liabilities								
Shareholder's equity	136	131	131	146	163	155	165	179
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	13	16	15	13	17	17	18
Deferred taxes	15	12	12	13	14	14	14	14
Interest bearing debt	110	102	86	83	133	47	33	14
Non-interest bearing current liabilities	63	75	66	55	57	76	78	80
Other interest-free debt	1	3	3	3	3	3	3	3
Total liabilities	326	338	316	317	387	315	313	312
CASH FLOW, EURm								
+ EBITDA	34	26	34	61	47	26	48	57
- Net financial items	-3	-6	-6	-6	0	-1	-1	-2
- Taxes	0	6	-2	-4	-3	-2	-6	-7
- Increase in Net Working Capital	-8	6	-1	-1	-25	23	-1	-1
+/- Other	-5	-3	0	0	0	0	0	0
= Cash flow from operations	19	28	25	50	19	45	41	47
- Capex	-34	-15	-11	-12	-16	-14	-14	-16
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-14	13	14	38	4	31	26	31
+/- New issues/buybacks	1	3	0	-12	8	0	0	0
- Paid dividend	-6	-6	0	-3	-12	-12	-12	-12
+/- Other	16	-12	-13	2	43	-83	-14	-18
Change in cash	-3	-3	1	25	43	-63	1	1

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	119	153	296	302	185	185	185
Net debt (excl. convertibles)	83	70	40	45	26	11	-8
Enterprise value	203	223	336	347	211	196	177
Sales	431	411	459	443	477	489	501
EBITDA	26	34	61	47	26	48	57
EBIT	5	8	40	27	6	28	35
Pre-tax	-1	2	34	27	5	27	33
Earnings	-2	0	30	21	3	22	26
Equity book value (excl. minorities)	131	131	146	163	155	165	179
Valuation multiples							
EV/sales	0.5	0.5	0.7	0.8	0.4	0.4	0.4
EV/EBITDA	7.9	6.6	5.5	7.4	8.2	4.1	3.1
EV/EBITA	44.1	27.5	8.5	12.9	33.5	6.9	5.1
EV/EBIT	44.1	27.5	8.5	12.9	33.5	6.9	5.1
EV/OCF	7.2	8.9	6.7	18.0	4.7	4.8	3.8
EV/FCFF	11.7	12.3	7.4	195.7	6.4	7.2	5.5
P/FCFE	9.0	10.8	7.7	86.1	6.0	7.1	6.1
P/E	-69.4	766.1	9.8	14.6	61.1	8.6	7.0
P/B	0.9	1.2	2.0	1.8	1.2	1.1	1.0
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.0	4.4	3.5
Target EV/EBIT	0.0	0.0	0.0	0.0	36.4	7.6	5.6
Target EV/FCF	0.0	0.0	0.0	0.0	7.4	8.2	6.4
Target P/B	0.0	0.0	0.0	0.0	1.3	1.2	1.1
Target P/E	0.0	0.0	0.0	0.0	67.3	9.4	7.7
Per share measures							
Number of shares	58,259	58,259	58,259	58,259	58,259	58,259	58,259
Number of shares (diluted)	58,259	58,259	58,259	58,259	58,259	58,259	58,259
EPS	-0.03	0.00	0.52	0.36	0.05	0.37	0.45
Operating cash flow per share	0.48	0.43	0.86	0.33	0.78	0.70	0.81
Free cash flow per share	0.23	0.24	0.66	0.06	0.53	0.45	0.53
Book value per share	2.24	2.24	2.50	2.80	2.65	2.82	3.08
Dividend per share	0.00	0.05	0.20	0.20	0.20	0.20	0.20
Dividend payout ratio, %	0.0	1,456.5	38.7	56.3	384.6	53.9	44.1
Dividend yield, %	0.0	1.9	3.9	6.3	6.3	6.3	6.3
FCF yield, %	11.1	9.2	12.9	1.2	16.8	14.1	16.5
Efficiency measures							
ROE	-1.3	0.2	21.8	13.4	1.9	13.6	15.4
ROCE	1.9	3.4	16.6	9.7	2.4	13.1	16.5
Financial ratios							
Inventories as % of sales	12.0	11.0	7.7	11.2	11.0	11.0	11.0
Receivables as % of sales	14.7	14.7	13.2	16.6	14.0	14.0	14.0
Non-interest bearing liabilities as % of sales	17.5	16.0	11.9	12.9	16.0	16.0	16.0
NWC/sales, %	8.5	9.0	8.3	14.1	8.3	8.3	8.3
Operative CAPEX/sales, %	3.5	2.6	2.6	3.6	3.0	2.9	3.3
CAPEX/sales (incl. acquisitions), %	3.5	2.6	2.6	3.6	3.0	2.9	3.3
FCFF/EBITDA	0.7	0.5	0.7	0.0	1.3	0.6	0.6
Net debt/EBITDA, book-weighted	3.2	2.1	0.7	1.0	1.0	0.2	-0.1
Debt/equity, market-weighted	0.9	0.6	0.3	0.4	0.3	0.2	0.1
Equity ratio, book-weighted	38.7	41.4	46.0	42.2	49.1	52.6	57.5
Gearing, %	63.7	53.3	27.3	27.6	16.6	6.7	-4.4

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	44.372	24.0%
Oy Etra Invest Ab	8,700,000	27.666	14.9%
Nordea Nordic Small Cap Fund	3,435,147	10.924	5.9%
Ilmarinen Mutual Pension Insurance Company	3,046,892	9.689	5.2%
Etola Group Oy	2,900,000	9.222	5.0%
Nordea Life Assurance Finland Ltd.	2,882,300	9.166	4.9%
Mandatum Life Insurance Company Limited	2,881,547	9.163	4.9%
Elo Mutual Pension Insurance Company	1,944,651	6.184	3.3%
Varma Mutual Pension Insurance Company	1,689,751	5.373	2.9%
OP Life Assurance Company Ltd	1,688,830	5.370	2.9%
Ten largest	43,122,475	137.129	74%
Residual	15,136,744	48.135	26%
Total	58,259,219	185.264	100%

EARNINGS CALENDAR

October 26, 2022

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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Karvaamokuja 2 B, FI-00380 Helsinki

CFO: Toni Tamminen

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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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