

Volume growth and higher margins

Suominen's Q4 figures remained below estimates; volumes and margins will rebound this year, but valuation already reflects improvement amid uncertainty around the factors.

Improvement continues, but Q4 earnings remained very low
Suominen's Q4 revenue landed at EUR 133m vs the EUR 140m/140m Evli/cons. estimates. Sales prices remained high, and the EUR 9m FX tailwind also helped, while Q4 volumes were flat q/q and y/y as US volumes continued to improve but not quite at the expected pace; raw materials deflation has led to some customer caution, in addition to which there have been manufacturing workforce shortages. The 5% gross margin, when adjusted for the EUR 4.8m hit in Italy, was a small improvement q/q but still clearly below our 10% estimate. Adj. EBITDA, at EUR 5.0m, came in below the EUR 11.8m/9.8m Evli/cons. estimates. FX lifted EBITDA by EUR 0.7m, while it lacked positive one-offs from the comparison period and was burdened by CEO change costs. Cash flow was strong as inventories and receivables declined q/q.

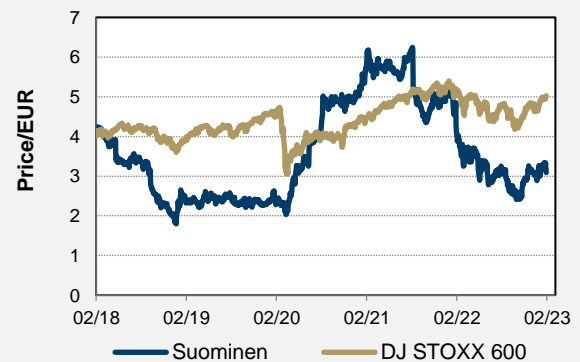
We estimate Americas revenue to grow by 13% in FY '23

Raw materials and energy prices continue to slide in Q1, which means Suominen's pricing adjusts down in Q1 but slower than input costs. Meanwhile volumes and mix are improving; the US drives meaningful volume gains this year as especially H1'22 was challenging. Sustainable nonwovens' growing share supports margins, but the relatively challenging European supply-demand balance in traditional products poses a headwind. We make some further small estimate cuts for this year; we estimate ca. 5% top line growth for the year, driven by double-digit growth in the US.

Focus rests on volumes over the coming quarters

H1'23 enjoys a favorable dynamic between falling input costs and relatively high (but already declining) nonwovens prices. The situation could extend to H2'23 if input costs continue to decline after the spring, but in our view margin gains are more likely to rely on improving volumes and mix after H1'23. FY '23 results should thus demonstrate stabilizing profitability levels for Suominen after the rapid gains and declines seen in recent years. Suominen is valued below 5x EV/EBITDA and 9x EV/EBIT on our FY '23 estimates, which we consider neutral levels since margins are likely to remain subdued especially during the early parts of the year. Our new TP is EUR 3.0 (3.5); we retain our HOLD rating.

Rating 🟡 HOLD



Share price, EUR (Last trading day's closing price) 3.09
Target price, EUR 3.0

Latest change in 27-Jan-23
Latest report on company 27-Jan-23
Research paid by issuer: YES
No. of shares outstanding, 58,259
No. of shares fully diluted, 58,259
Market cap, EURm 180
Free float, % 62.7
Exchange rate EUR/USD 1.09
Reuters code SUY1V.HE
Bloomberg code SUY1V FH
Average daily volume, EURm 0.1
Next interim report 04-May-23
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
2021	443.2	26.9	6.1%	3.5	0.36	14.6	0.8	12.9	1.2	0.20
2022	493.3	-4.2	-0.9%	9.4	-0.16	-19.8	0.5	-55.1	5.2	0.10
2023E	516.0	23.5	4.6%	33.6	0.27	11.3	0.4	8.7	18.7	0.15
2024E	526.3	33.2	6.3%	31.6	0.43	7.2	0.3	5.4	17.5	0.20
2025E	531.6	37.2	7.0%	31.9	0.49	6.3	0.3	4.3	17.7	0.20
Market cap, EURm	180			Gearing 2023E, %	14.9			CAGR EPS 2022-25, %	0.0	
Net debt 2023E, EURm	23			Price/book 2023E	1.2			CAGR sales 2022-25, %	2.5	
Enterprise value, EURm	203			Dividend yield 2023E, %	4.9			ROE 2023E, %	10.6	
Total assets 2023E, EURm	320			Tax rate 2023E, %	21.0			ROCE 2023E, %	10.1	
Goodwill 2023E, EURm	15			Equity ratio 2023E, %	48.7			PEG, P/E 23/CAGR	0.4	

Estimates and valuation

Suominen EURm	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021 FY	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2022 FY	2023E Q1E	2023E Q2E	2023E Q3E	2023E Q4E	2023E FY
Revenue	444	417	426	431	411	459	443	110	118	132	133	493	120	124	135	137	516
growth, %	11 %	-6 %	2 %	1 %	-5 %	12 %	-3 %	-4 %	4 %	34 %	15 %	11 %	9 %	5 %	2 %	3 %	5 %
Geography																	
Europe	172	171	174	171	150	170	178	49	54	52	51	205	43	45	51	53	192
Americas	272	246	252	260	262	289	265	62	64	80	82	288	77	79	84	84	324
COGS	-386	-365	-384	-400	-377	-389	-392	-104	-113	-127	-131	-475	-110	-111	-121	-122	-464
Gross Profit	58	52	42	31	37	70	51	6.6	5.0	5.2	1.8	19	10.2	13.0	14.2	15.1	52
Gross-%	13.1 %	12.5 %	9.9 %	7.3 %	9.0 %	15.2 %	11.5 %	6.0 %	4.2 %	3.9 %	1.4 %	3.8 %	8.5 %	10.5 %	10.5 %	11.0 %	10.2 %
SGA & R&D	-28.0	-27.9	-28.9	-29.2	-30.6	-30.7	-28.9	-8.0	-8.4	-7.7	-8.3	-32.4	-7.3	-7.3	-7.3	-7.3	-29.0
Other	1.8	1.3	1.7	2.5	1.8	0.4	5.0	0.2	0.5	2.7	1.5	4.9	0.0	0.0	0.0	0.0	0.0
EBIT ex IAC	31.2	25.6	15.0	4.6	8.1	39.5	26.9	-1.3	-2.9	0.2	-0.2	-4.2	3.0	5.8	6.9	7.8	23.5
EBIT-% ex IAC	7.0 %	6.1 %	3.5 %	1.1 %	2.0 %	8.6 %	6.1 %	-1.1 %	-2.5 %	0.1 %	-0.1 %	-0.8 %	2.5 %	4.7 %	5.1 %	5.7 %	4.5 %
Depreciation	-17.7	-18.5	-19.4	-21.0	-25.5	-21.4	-20.1	-4.6	-4.8	-4.9	-5.2	-19.5	-5.0	-5.0	-5.0	-5.0	-20.0
EBITDA ex IAC	48.9	44.2	34.3	25.6	33.6	60.9	47.0	3.3	1.9	5.1	5.0	15.3	8.0	10.8	11.9	12.8	43.5
EBITDA-% ex IAC	11.0 %	10.6 %	8.1 %	5.9 %	8.2 %	13.3 %	10.6 %	3.0 %	1.6 %	3.9 %	3.8 %	3.1 %	6.6 %	8.7 %	8.8 %	9.4 %	8.4 %

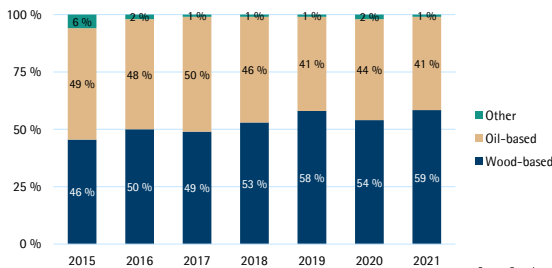
Source: Suominen, Evli Research

SUOMINEN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		22	23	24	22	23	24	22	23	24
Berry Global Group	7185	8.1x	8.3x	8.0x	13.2x	13.3x	12.6x	9.0 %	9.6 %	9.9 %
Kimberly-Clark	40450	16.1x	14.4x	13.1x	20.3x	18.3x	16.4x	13.3 %	14.0 %	15.3 %
N.R. Spuntech Industries	66									
Mativ Holdings	1362	8.5x	7.1x	6.4x	11.6x	9.8x	8.6x	9.9 %	10.1 %	10.9 %
Glatfelter	191									
Peer Group Average	9851	10.9x	9.9x	9.2x	15.0x	13.8x	12.5x	10.7 %	11.2 %	12.0 %
Peer Group Median	1362	8.5x	8.3x	8.0x	13.2x	13.3x	12.6x	9.9 %	10.1 %	10.9 %
Suominen (Evli est.)	181	15.2x	4.7x	3.2x	-55.1x	8.7x	5.5x	-0.9 %	4.6 %	6.3 %

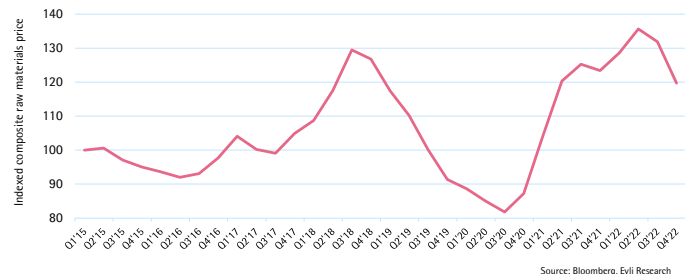
Suominen prem./disc. to peer median

79 % -44 % -60 % -518 % -35 % -57 % -109 % -55 % -42 %

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	3.09 PV of Free Cash Flow	226 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	6.60 PV of Horizon value	209 WACC, %	7.9 Market risk premium, %
Share price potential, %	113.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	7.2 Marketable securities	50 Minimum WACC, %	7.4 Equity beta coefficient
Minimum value	6.1 Debt - dividend	-101 Maximum WACC, %	8.4 Target debt ratio, %
Horizon value, %	48.1 Value of stock	384 Nr of shares, Mn	58.3 Effective tax rate, %

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	493	516	526	532	542	553	564	575	587	599	611	623
<i>Sales growth, %</i>	<i>11.3</i>	<i>4.6</i>	<i>2.0</i>	<i>1.0</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)	-4	24	33	37	41	41	42	43	44	45	46	47
<i>Operating income margin, %</i>	<i>-0.9</i>	<i>4.6</i>	<i>6.3</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.	19	20	24	22	21	21	21	21	20	20	20	
EBITDA	15	44	57	59	62	62	63	64	65	65	66	
- Paid taxes	-3	-5	-7	-8	-9	-9	-9	-9	-9	-9	-10	
- Change in NWC	6	15	-1	0	-1	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	<i>11.5</i>	<i>8.0</i>	<i>8.0</i>	<i>8.0</i>	<i>8.0</i>	<i>8.1</i>	<i>8.1</i>	<i>8.1</i>	<i>8.1</i>	<i>8.1</i>	<i>8.1</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-10	-17	-16	-18	-20	-20	-20	-20	-20	-20	-30	
<i>opCAPEX / Sales, %</i>	<i>1.2</i>	<i>3.4</i>	<i>3.1</i>	<i>3.4</i>	<i>3.7</i>	<i>3.7</i>	<i>3.6</i>	<i>3.5</i>	<i>3.5</i>	<i>3.4</i>	<i>4.9</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	9	37	33	33	32	33	33	34	34	35	26	446
= Discounted FCFF		34	29	27	24	23	21	20	19	18	12	209
= DFCF min WACC		34	29	27	25	23	22	21	19	18	13	240
= DFCF max WACC		34	28	26	24	22	21	19	18	17	12	185

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1E	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	110.3	118.0	131.9	133.1	493.3	120.0	124.0	135.0	137.0	516.0	526.3	531.6
EBITDA	3.3	1.9	5.1	5.0	15.2	8.0	10.8	11.9	12.8	43.5	56.9	59.3
<i>EBITDA margin (%)</i>	<i>3.0</i>	<i>1.6</i>	<i>3.9</i>	<i>3.8</i>	<i>3.1</i>	<i>6.7</i>	<i>8.7</i>	<i>8.8</i>	<i>9.3</i>	<i>8.4</i>	<i>10.8</i>	<i>11.2</i>
EBIT	-1.3	-2.9	0.2	-0.2	-4.2	3.0	5.8	6.9	7.8	23.5	33.2	37.2
<i>EBIT margin (%)</i>	<i>-1.2</i>	<i>-2.5</i>	<i>0.2</i>	<i>-0.2</i>	<i>-0.9</i>	<i>2.5</i>	<i>4.7</i>	<i>5.1</i>	<i>5.7</i>	<i>4.6</i>	<i>6.3</i>	<i>7.0</i>
Net financial items	-0.9	0.7	-0.1	-2.6	-2.9	-1.0	-0.7	-0.7	-0.7	-3.2	-1.6	-1.3
Pre-tax profit	-2.2	-2.2	0.1	-2.8	-7.1	2.0	5.1	6.2	7.1	20.3	31.6	35.9
Tax	-0.1	-0.1	-0.5	-1.2	-2.0	-0.4	-1.1	-1.3	-1.5	-4.3	-6.6	-7.5
<i>Tax rate (%)</i>	<i>-6.2</i>	<i>-6.4</i>	<i>427.9</i>	<i>-17.8</i>	<i>-18.2</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	-2.4	-2.3	-0.4	-4.0	-9.1	1.6	4.0	4.9	5.6	16.0	24.9	28.4
EPS	-0.04	-0.04	-0.01	-0.07	-0.16	0.03	0.07	0.08	0.10	0.27	0.43	0.49
EPS adjusted (diluted no. of shares)	-0.04	-0.04	-0.01	-0.07	-0.16	0.03	0.07	0.08	0.10	0.27	0.43	0.49
Dividend per share	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.15	0.20	0.20
SALES, EURm												
Group	110.3	118.0	131.9	133.1	493.3	120.0	124.0	135.0	137.0	516.0	526.3	531.6
Total	110.3	118.0	131.9	133.1	493.3	120.0	124.0	135.0	137.0	516.0	526.3	531.6
SALES GROWTH, Y/Y %												
Group	-4.3	3.8	33.8	15.1	11.3	8.8	5.1	2.4	2.9	4.6	2.0	1.0
Total	-4.3	3.8	33.8	15.1	11.3	8.8	5.1	2.4	2.9	4.6	2.0	1.0
EBIT, EURm												
Group	-1.3	-2.9	0.2	-0.2	-4.2	3.0	5.8	6.9	7.8	23.5	33.2	37.2
Total	-1.3	-2.9	0.2	-0.2	-4.2	3.0	5.8	6.9	7.8	23.5	33.2	37.2
EBIT margin, %												
Group	-1.2	-2.5	0.2	-0.2	-0.9	2.5	4.7	5.1	5.7	4.6	6.3	7.0
Total	-1.2	-2.5	0.2	-0.2	-0.9	2.5	4.7	5.1	5.7	4.6	6.3	7.0

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	431.1	411.4	458.9	443.2	493.3	516.0	526.3	531.6
<i>Sales growth (%)</i>	<i>1.2</i>	<i>-4.6</i>	<i>11.5</i>	<i>-3.4</i>	<i>11.3</i>	<i>4.6</i>	<i>2.0</i>	<i>1.0</i>
EBITDA	25.6	33.6	60.9	47.0	15.2	43.5	56.9	59.3
<i>EBITDA margin (%)</i>	<i>5.9</i>	<i>8.2</i>	<i>13.3</i>	<i>10.6</i>	<i>3.1</i>	<i>8.4</i>	<i>10.8</i>	<i>11.2</i>
Depreciation	-21.0	-25.5	-21.4	-20.1	-23.2	-20.0	-23.8	-22.1
EBITA	4.6	8.1	39.5	26.9	-8.0	23.5	33.2	37.2
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	3.8	0.0	0.0	0.0
EBIT	4.6	8.1	39.5	26.9	-4.2	23.5	33.2	37.2
<i>EBIT margin (%)</i>	<i>1.1</i>	<i>2.0</i>	<i>8.6</i>	<i>6.1</i>	<i>-0.9</i>	<i>4.6</i>	<i>6.3</i>	<i>7.0</i>
Reported EBIT	4.6	8.1	39.5	26.9	-4.2	23.5	33.2	37.2
<i>EBIT margin (reported) (%)</i>	<i>1.1</i>	<i>2.0</i>	<i>8.6</i>	<i>6.1</i>	<i>-0.9</i>	<i>4.6</i>	<i>6.3</i>	<i>7.0</i>
Net financials	-5.6	-6.0	-5.6	-0.4	-2.9	-3.2	-1.6	-1.3
Pre-tax profit	-1.0	2.1	33.9	26.5	-7.1	20.3	31.6	35.9
Taxes	-0.8	-1.9	-3.8	-5.8	-2.0	-4.3	-6.6	-7.5
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	-1.7	0.2	30.1	20.7	-9.1	16.0	24.9	28.4
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	156	143	126	129	126	123	116	112
Goodwill	15	15	15	15	15	15	15	15
Right of use assets	17	16	18	16	12	12	13	13
Inventory	52	45	35	50	63	57	58	58
Receivables	63	61	61	73	76	70	72	72
Liquid funds	32	33	58	101	50	41	42	43
Total assets	338	316	317	387	343	320	316	314
Liabilities								
Shareholder's equity	131	131	146	163	146	156	172	189
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	13	16	15	13	11	12	13	13
Deferred taxes	12	12	13	14	12	12	12	12
Interest bearing debt	102	86	83	133	89	52	30	10
Non-interest bearing current liabilities	75	66	55	57	80	83	84	85
Other interest-free debt	3	3	3	3	3	3	3	3
Total liabilities	338	316	317	387	343	320	316	314
CASH FLOW, EURm								
+ EBITDA	26	34	61	47	15	44	57	59
- Net financial items	-6	-6	-6	0	-3	-3	-2	-1
- Taxes	6	-2	-4	-3	-3	-4	-7	-8
- Increase in Net Working Capital	6	-1	-1	-25	6	15	-1	0
+/- Other	-3	0	0	0	0	0	0	0
= Cash flow from operations	28	25	50	19	15	51	48	50
- Capex	-15	-11	-12	-16	-6	-18	-16	-18
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	13	14	38	4	9	34	32	32
+/- New issues/buybacks	3	0	-12	8	3	0	0	0
- Paid dividend	-6	0	-3	-12	-12	-6	-9	-12
+/- Other	-12	-13	2	43	-53	-36	-22	-20
Change in cash	-3	1	25	43	-52	-8	1	0

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	153	296	302	181	180	180	180
Net debt (excl. convertibles)	70	40	45	51	23	0	-20
Enterprise value	223	336	347	232	203	180	160
Sales	411	459	443	493	516	526	532
EBITDA	34	61	47	15	44	57	59
EBIT	8	40	27	-4	24	33	37
Pre-tax	2	34	27	-7	20	32	36
Earnings	0	30	21	-9	16	25	28
Equity book value (excl. minorities)	131	146	163	146	156	172	189
Valuation multiples							
EV/sales	0.5	0.7	0.8	0.5	0.4	0.3	0.3
EV/EBITDA	6.6	5.5	7.4	15.2	4.7	3.2	2.7
EV/EBITA	27.5	8.5	12.9	-29.0	8.7	5.4	4.3
EV/EBIT	27.5	8.5	12.9	-55.1	8.7	5.4	4.3
EV/OCF	8.9	6.7	18.0	15.2	4.0	3.8	3.2
EV/FCFF	12.3	7.4	195.7	26.3	5.5	5.5	4.8
P/FCFE	10.8	7.7	86.1	19.2	5.4	5.7	5.6
P/E	766.1	9.8	14.6	-19.8	11.3	7.2	6.3
P/B	1.2	2.0	1.8	1.2	1.2	1.0	1.0
Target EV/EBITDA	0.0	0.0	0.0	0.0	4.6	3.1	2.6
Target EV/EBIT	0.0	0.0	0.0	0.0	8.4	5.3	4.2
Target EV/FCF	0.0	0.0	0.0	0.0	5.9	5.6	4.9
Target P/B	0.0	0.0	0.0	0.0	1.1	1.0	0.9
Target P/E	0.0	0.0	0.0	0.0	10.9	7.0	6.2
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	0.00	0.52	0.36	-0.16	0.27	0.43	0.49
Operating cash flow per share	0.43	0.86	0.33	0.26	0.88	0.82	0.86
Free cash flow per share	0.24	0.66	0.06	0.16	0.58	0.54	0.55
Book value per share	2.24	2.50	2.80	2.50	2.68	2.96	3.24
Dividend per share	0.05	0.20	0.20	0.10	0.15	0.20	0.20
Dividend payout ratio, %	1,456.5	38.7	56.3	-64.0	54.6	46.7	41.1
Dividend yield, %	1.9	3.9	3.9	3.2	4.9	6.5	6.5
FCF yield, %	9.2	12.9	1.2	5.2	18.7	17.5	17.7
Efficiency measures							
ROE	0.2	21.8	13.4	-5.9	10.6	15.2	15.7
ROCE	3.4	16.6	9.7	-1.5	10.1	15.2	17.5
Financial ratios							
Inventories as % of sales	11.0	7.7	11.2	12.8	11.0	11.0	11.0
Receivables as % of sales	14.7	13.2	16.6	15.4	13.6	13.6	13.6
Non-interest bearing liabilities as % of sales	16.0	11.9	12.9	16.2	16.0	16.0	16.0
NWC/sales, %	9.0	8.3	14.1	11.5	8.0	8.0	8.0
Operative CAPEX/sales, %	2.6	2.6	3.6	1.2	3.4	3.1	3.4
CAPEX/sales (incl. acquisitions), %	2.6	2.6	3.6	1.2	3.4	3.1	3.4
FCFF/EBITDA	0.5	0.7	0.0	0.6	0.8	0.6	0.6
Net debt/EBITDA, book-weighted	2.1	0.7	1.0	3.3	0.5	0.0	-0.3
Debt/equity, market-weighted	0.6	0.3	0.4	0.5	0.3	0.2	0.1
Equity ratio, book-weighted	41.4	46.0	42.2	42.5	48.7	54.5	60.2
Gearing, %	53.3	27.3	27.6	35.0	14.9	0.3	-10.5

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	43.116	24.0%
Oy Etra Invest Ab	8,700,000	26.883	14.9%
Nordea Nordic Small Cap Fund	3,435,147	10.615	5.9%
Ilmarinen Mutual Pension Insurance Company	3,046,892	9.415	5.2%
Etola Group Oy	2,900,000	8.961	5.0%
Nordea Life Assurance Finland Ltd.	2,882,300	8.906	4.9%
Mandatum Life Insurance Company Limited	2,881,547	8.904	4.9%
Elo Mutual Pension Insurance Company	1,944,651	6.009	3.3%
Varma Mutual Pension Insurance Company	1,689,751	5.221	2.9%
OP Life Assurance Company Ltd	1,688,830	5.218	2.9%
Ten largest	43,122,475	133.248	74%
Residual	15,136,744	46.773	26%
Total	58,259,219	180.021	100%

EARNINGS CALENDAR

May 04, 2023	Q1 report
August 09, 2023	Q2 report
October 27, 2023	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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CFO: Sirpa Koskinen	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

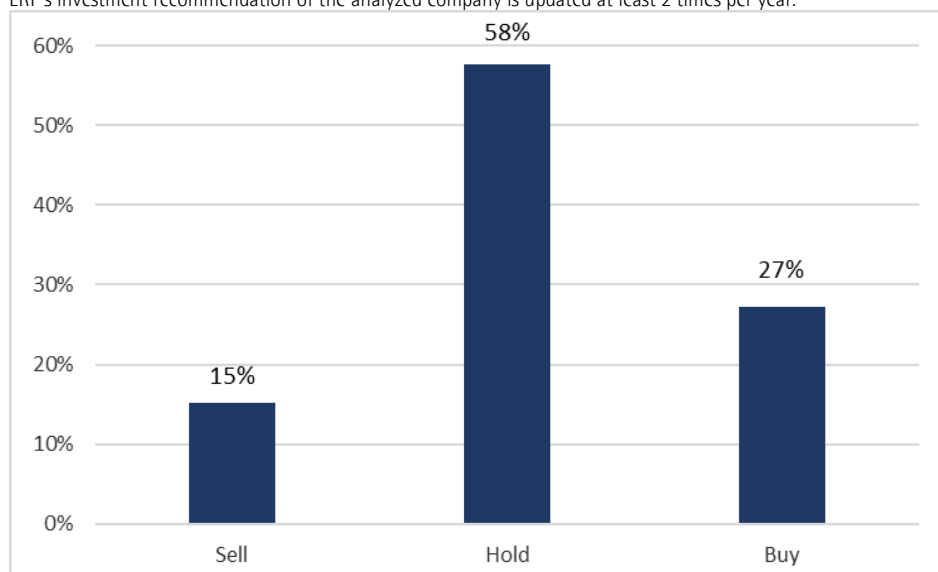
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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