

Volumes and profitability recover

Suominen reports Q1 results on May 4. We expect the company to have managed a modest improvement but focus rests on continued volume gains in the US business.

Some gains to be expected, but focus is on US volumes

Suominen's Q4 results remained below our estimates as the US business still lacked volumes. Raw materials prices began to decline last year, but the relatively low volumes curbed earnings recovery. We believe earnings will begin to recover this year especially due to improving volumes and mix in the US, while raw materials prices should continue to stabilize. We expect these factors to drive earnings gains over the year, however we revise our Q1 EBITDA estimate to EUR 6.2m (prev. EUR 8.0m) as certain oil-based raw materials didn't decline any longer in Q1 after their plunge in Q4. We leave our revenue estimate unchanged at EUR 120m and note Suominen may well achieve a double-digit growth rate as the comparison figure is very low.

We estimate double-digit growth for Americas this year

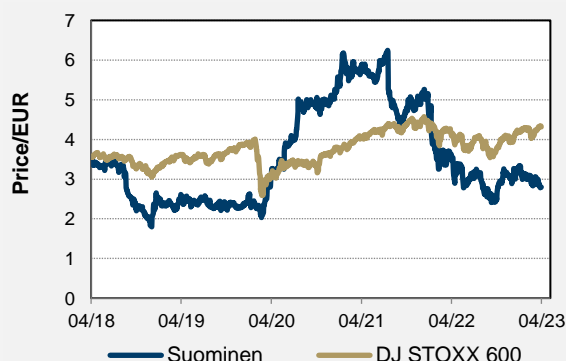
We estimate Suominen's raw materials prices to have continued their slide in Q1 at a rate of a few percentage points q/q; the rate is somewhat slower than seen in Q4 as we estimate the prices to have fallen at an almost double-digit rate back then. We find there to have been some mixed developments lately as pulp prices have declined, at varying rates depending on the grade, while oil-based materials like polyester and polypropylene have remained rather flat after a steep drop in Q4. In our opinion such a stabilizing pricing environment is beneficial for Suominen, and hence focus rests more on product mix and volume gains. European revenue continued to grow last year, but we expect lower prices and traditional product exposure to pose a headwind there. Meanwhile Americas should reach a new top line high as US volumes return.

Valuation still appears neutral

In our view Suominen seems fully valued from a short-term perspective; we don't consider the 10x EV/EBIT multiple, on our FY '23 estimates, cheap. Meanwhile valuation doesn't look too expensive against longer term potential, as the multiple amounts to 5x on our FY '24 estimates when we expect gross and EBIT margins to have regained their respective historical levels of above 11% and 6%. We retain our EUR 3.0 TP and HOLD rating.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 2.80
Target price, EUR 3.0

Latest change in 27-Jan-23
Latest report on company 6-Feb-23
Research paid by issuer: YES
No. of shares outstanding, 58,259
No. of shares fully diluted, 58,259
Market cap, EURm 163
Free float, % 62.7
Exchange rate EUR/USD 1.10
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	19.2	3.7%	30.2	0.22	12.9	0.4	9.9	18.5	0.15
2024E	526.3	33.2	6.3%	31.5	0.43	6.6	0.3	5.0	19.3	0.20
2025E	531.6	37.2	7.0%	31.8	0.48	5.8	0.3	3.9	19.5	0.20
Market cap, EURm	163			Gearing 2023E, %	17.5			CAGR EPS 2022-25, %	0.0	
Net debt 2023E, EURm	27			Price/book 2023E	1.1			CAGR sales 2022-25, %	2.5	
Enterprise value, EURm	190			Dividend yield 2023E, %	5.4			ROE 2023E, %	8.4	
Total assets 2023E, EURm	320			Tax rate 2023E, %	21.0			ROCE 2023E, %	8.2	
Goodwill 2023E, EURm	15			Equity ratio 2023E, %	47.6			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	-112	-113	-121	-122	-468
Gross Profit	58	52	42	31	37	70	51	6.6	5.0	5.2	1.8	19	8.4	10.5	14.2	15.1	48
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 %	7.0 %	8.5 %	10.5 %	11.0 %	9.3 %
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	1.2	3.3	6.9	7.8	19.2
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 %	1.0 %	2.7 %	5.1 %	5.7 %	3.7 %
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	6.2	8.3	11.9	12.8	39.2
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 %	5.1 %	6.7 %	8.8 %	9.4 %	7.6 %

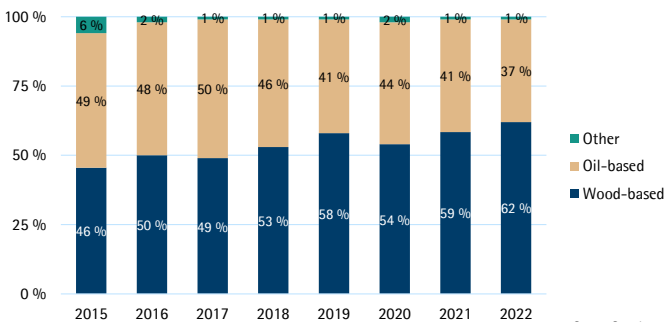
Source: Suominen, Evli Research

SUOMINEN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		22	23	24	22	23	24	22	23	24
Berry Global Group	6385	8.1x	7.9x	7.6x	13.3x	12.9x	12.2x	9.0 %	9.4 %	9.7 %
Kimberly-Clark	43584	16.2x	15.6x	14.1x	20.5x	19.8x	17.8x	13.3 %	14.0 %	15.3 %
N.R. Spuntech Industries	52									
Mativ Holdings	1005	8.3x	6.6x	5.8x	11.5x	10.9x	8.5x	10.0 %	8.4 %	10.0 %
Glatfelter	176									
Peer Group Average	10240	10.9x	10.0x	9.2x	15.1x	14.5x	12.8x	10.8 %	10.6 %	11.7 %
Peer Group Median	1005	8.3x	7.9x	7.6x	13.3x	12.9x	12.2x	10.0 %	9.4 %	10.0 %
Suominen (Evli est.)	163	15.2x	4.8x	2.9x	-55.1x	9.9x	5.0x	-0.9 %	3.7 %	6.3 %

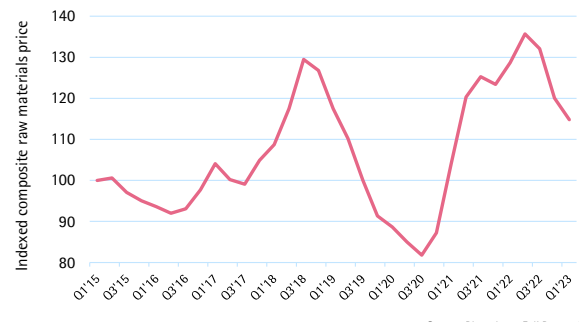
Suominen prem./disc. to peer median

82 % -38 % -61 % -516 % -23 % -59 % -108 % -61 % -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	2.80 PV of Free Cash Flow	226 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	6.67 PV of Horizon value	213 WACC, %	7.9 Market risk premium, %	5.8
Share price potential, %	138.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	7.3 Marketable securities	50 Minimum WACC, %	7.4 Equity beta coefficient	1.00
Minimum value	6.2 Debt - dividend	-101 Maximum WACC, %	8.4 Target debt ratio, %	20
Horizon value, %	48.5 Value of stock	388 Nr of shares, Mn	58.3 Effective tax rate, %	28

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	19	33	37	41	41	42	43	44	45	46	47
<i>Operating income margin, %</i>	<i>-0.9</i>	<i>3.7</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	39	57	59	62	62	63	64	65	65	66	
- Paid taxes	-3	-4	-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	33	33	33	32	33	33	34	34	35	26	446
= Discounted FCFF		32	29	27	25	23	22	20	19	18	12	213
= DFCF min WACC		32	29	27	25	23	22	21	20	19	13	243
= DFCF max WACC		32	29	27	24	22	21	20	18	17	12	188

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	6.2	8.3	11.9	12.8	39.2	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>5.2</i>	<i>6.7</i>	<i>8.8</i>	<i>9.3</i>	<i>7.6</i>	<i>10.8</i>	<i>11.2</i>
EBIT	-1.3	-2.9	0.2	-0.2	-4.2	1.2	3.3	6.9	7.8	19.2	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>1.0</i>	<i>2.7</i>	<i>5.1</i>	<i>5.7</i>	<i>3.7</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	-1.7	-1.4
Pre-tax profit	-2.2	-2.2	0.1	-2.8	-7.1	0.2	2.6	6.2	7.1	16.0	31.4	35.8
Tax	-0.1	-0.1	-0.5	-1.2	-2.0	0.0	-0.5	-1.3	-1.5	-3.3	-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	0.2	2.0	4.9	5.6	12.6	24.8	28.3
EPS	-0.04	-0.04	-0.01	-0.07	-0.16	0.00	0.03	0.08	0.10	0.22	0.43	0.48
EPS adjusted (diluted no. of shares)	-0.04	-0.04	-0.01	-0.07	-0.16	0.00	0.03	0.08	0.10	0.22	0.43	0.48
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	1.2	3.3	6.9	7.8	19.2	33.2	37.2
Total	-1.3	-2.9	0.2	-0.2	-4.2	1.2	3.3	6.9	7.8	19.2	33.2	37.2
EBIT margin, %												
Group	-1.2	-2.5	0.2	-0.2	-0.9	1.0	2.7	5.1	5.7	3.7	6.3	7.0
Total	-1.2	-2.5	0.2	-0.2	-0.9	1.0	2.7	5.1	5.7	3.7	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	39.2	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>7.6</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	19.2	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	19.2	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>3.7</i>	<i>6.3</i>	<i>7.0</i>
Reported EBIT	4.6	8.1	39.5	26.9	-4.2	19.2	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>3.7</i>	<i>6.3</i>	<i>7.0</i>
Net financials	-5.6	-6.0	-5.6	-0.4	-2.9	-3.2	-1.7	-1.4
Pre-tax profit	-1.0	2.1	33.9	26.5	-7.1	16.0	31.4	35.8
Taxes	-0.8	-1.9	-3.8	-5.8	-2.0	-3.3	-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	12.6	24.8	28.3
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	153	169	185
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	56	33	13
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	39	57	59
- Net financial items	-6	-6	-6	0	-3	-3	-2	-1
- Taxes	6	-2	-4	-3	-3	-3	-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	48	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	30	31	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	-33	-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	163	163	163
Net debt (excl. convertibles)	70	40	45	51	27	4	-16
Enterprise value	223	336	347	232	190	167	147
Sales	411	459	443	493	516	526	532
EBITDA	34	61	47	15	39	57	59
EBIT	8	40	27	-4	19	33	37
Pre-tax	2	34	27	-7	16	31	36
Earnings	0	30	21	-9	13	25	28
Equity book value (excl. minorities)	131	146	163	146	153	169	185
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	4.8	2.9	2.5
EV/EBITA	27.5	8.5	12.9	-29.0	9.9	5.0	3.9
EV/EBIT	27.5	8.5	12.9	-55.1	9.9	5.0	3.9
EV/OCF	8.9	6.7	18.0	15.2	4.0	3.5	2.9
EV/FCFF	12.3	7.4	195.7	26.3	5.7	5.0	4.4
P/FCFE	10.8	7.7	86.1	19.2	5.4	5.2	5.1
P/E	766.1	9.8	14.6	-19.8	12.9	6.6	5.8
P/B	1.2	2.0	1.8	1.2	1.1	1.0	0.9
Target EV/EBITDA	0.0	0.0	0.0	0.0	5.1	3.1	2.7
Target EV/EBIT	0.0	0.0	0.0	0.0	10.5	5.4	4.3
Target EV/FCF	0.0	0.0	0.0	0.0	6.7	5.7	5.0
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	13.9	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	0.22	0.43	0.48
Operating cash flow per share	0.43	0.86	0.33	0.26	0.82	0.82	0.86
Free cash flow per share	0.24	0.66	0.06	0.16	0.52	0.54	0.55
Book value per share	2.24	2.50	2.80	2.50	2.62	2.90	3.18
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	69.4	46.9	41.2
Dividend yield, %	1.9	3.9	3.9	3.6	5.4	7.1	7.1
FCF yield, %	9.2	12.9	1.2	5.2	18.5	19.3	19.5
Efficiency measures							
ROE	0.2	21.8	13.4	-5.9	8.4	15.5	16.0
ROCE	3.4	16.6	9.7	-1.5	8.2	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	0.7	0.1	-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	47.6	53.4	59.0
Gearing, %	53.3	27.3	27.6	35.0	17.5	2.3	-8.8

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	39.069	24.0%
Oy Etra Invest Ab	8,700,000	24.360	14.9%
Nordea Nordic Small Cap Fund	3,435,147	9.618	5.9%
Ilmarinen Mutual Pension Insurance Company	3,046,892	8.531	5.2%
Etola Group Oy	2,900,000	8.120	5.0%
Nordea Life Assurance Finland Ltd.	2,882,300	8.070	4.9%
Mandatum Life Insurance Company Limited	2,881,547	8.068	4.9%
Elo Mutual Pension Insurance Company	1,944,651	5.445	3.3%
Varma Mutual Pension Insurance Company	1,689,751	4.731	2.9%
OP Life Assurance Company Ltd	1,688,830	4.729	2.9%
Ten largest	43,122,475	120.743	74%
Residual	15,136,744	42.383	26%
Total	58,259,219	163.126	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

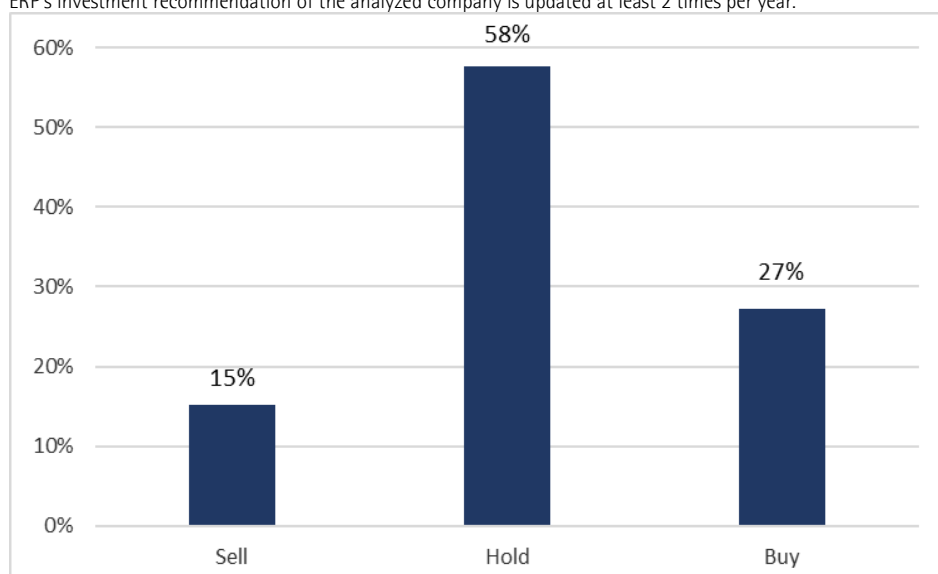
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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