

Remained soft relative to estimates

Suominen's Q1 results saw top line grow 6% y/y, driven by higher raw materials prices, but revenue as well as profitability remained soft relative to our estimates. Suominen retains its guidance, expecting incremental improvement as H2 should be better.

- Suominen Q1 revenue grew by 6% y/y to EUR 116.8m, compared to our EUR 120.0m estimate. Americas amounted to EUR 75.0m vs our EUR 77.0m estimate while Europe came in at EUR 41.8m, compared to our EUR 43.0m estimate. Sales prices increased, following higher raw materials prices, while sales volumes remained flat (despite Finnish port and Mozzate plant strikes) relative to the comparison period. Currencies had a positive EUR 3.4m impact on top line.
- Gross profit amounted to EUR 4.9m vs our EUR 8.4m estimate, meaning gross margin was 4.2% vs our 7.0% estimate. Raw materials prices declined q/q in Q1 and should remain flattish going forward.
- Adjusted EBITDA was EUR 2.6m, compared to our EUR 6.2m estimate, while adjusted EBIT landed at EUR -2.0m vs our EUR 1.2m estimate.
- Suominen's guidance remains unchanged, expects its comparable EBITDA to increase this year (EUR 15.3m in FY '22).

Rating 🟡 HOLD

Q1'23	Actual	Evli	Year ago	Q4'22
Revenue	116.8	120.0	110.3	133.1
Gross profit	4.9	8.4	6.6	1.8
Adj. EBITDA	2.6	6.2	3.3	5.0
Adj. EBIT	-2.0	1.2	-1.3	-0.2

Deviation	Actual	Evli	Year ago	Q4'22
Revenue		-3 %	6 %	-12 %
Gross profit		-42 %	-26 %	170 %
Adj. EBITDA		-58 %	-21 %	-48 %
Adj. EBIT		-267 %	54 %	900 %

 Share price, EUR (Last trading day's closing price) 2.82

 Target price, EUR 3.0

Latest change in	27-Jan-23
Latest report on company	26-Apr-23
Research paid by issuer:	YES
No. of shares outstanding,	58,259
No. of shares fully diluted,	58,259
Market cap, EURm	164
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

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
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	13.0	0.4	9.9	18.4	0.15
2024E	526.3	33.2	6.3%	31.5	0.43	6.6	0.3	5.1	19.2	0.20
2025E	531.6	37.2	7.0%	31.8	0.48	5.8	0.3	4.0	19.4	0.20

Market cap, EURm	164	BV per share 2023E, EUR	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	191	Dividend yield 2023E, %	5.3	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

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

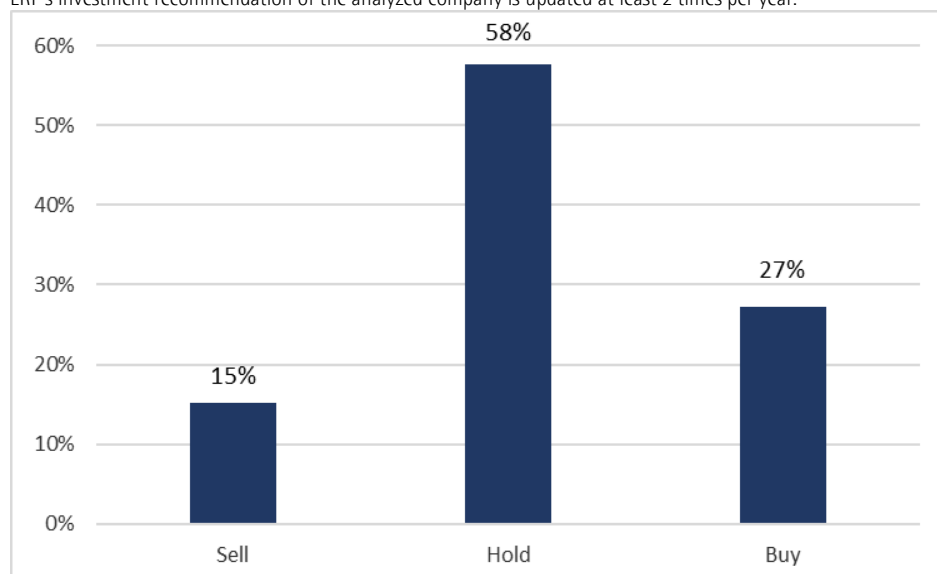
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Investment recommendations are defined as follows:

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

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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

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