

## Q2 remained very soft

Suominen's Q2 results showed some improvement in terms of operational efficiency, however top line fell clearly short of estimates and profitability is yet to improve in a meaningful way.

- Suominen Q2 revenue decreased by 4.5% y/y to EUR 112.7m vs the EUR 121.0m/119.6m Evli/consensus estimates. Americas came in at EUR 69.8m, compared to our EUR 78.0m estimate, while Europe was EUR 42.9m vs our EUR 43.0m estimate. Sales volumes were slightly higher relative to the comparison period, but sales prices decreased following lower raw material prices. Currencies had an impact of EUR -1.6m.
- Gross profit amounted to EUR 3.1m, compared to our EUR 8.5m estimate, therefore gross margin was 2.7% vs our 7.0% estimate.
- Comparable EBITDA landed at EUR 2.7m vs the EUR 6.3m/4.5m Evli/consensus estimates, whereas comparable EBIT was EUR -2.1m vs our EUR 1.3m estimate. SG&A costs decreased. Production at the Mozzate plant ended in April and Suominen continues to improve other plants' operational efficiency. The Nakkila investment project related to a sustainable products production line proceeds as planned and will be completed in H2'23.
- Suominen guides FY '23 comparable EBITDA to increase relative to the EUR 15.3m comparison figure (guidance unchanged).

**Rating** 🟡 HOLD

Q2'23	Actual	Evli	Year ago	Q1'23
Revenue	112.7	121.0	118.0	116.8
Gross profit	3.1	8.5	5.0	4.9
Comparable EBITDA	2.7	6.3	1.9	2.6
Comparable EBIT	-2.1	1.3	-2.9	-2.0

Deviation	Actual	Evli	Year ago	Q1'23
Revenue		-7 %	-4 %	-4 %
Gross profit		-64 %	-39 %	-37 %
Comparable EBITDA		-57 %	42 %	4 %
Comparable EBIT		-262 %	-28 %	5 %

 Share price, EUR (Last trading day's closing price) 2.85

 Target price, EUR 2.7

Latest change in	27-Jan-23
Latest report on company	02-Aug-23
Research paid by issuer:	YES
No. of shares outstanding,	58,259
No. of shares fully diluted,	58,259
Market cap, EURm	166
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	09-Aug-23
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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	510.8	13.4	2.6%	24.4	0.11	25.4	0.4	14.8	14.7	0.15
2024E	521.0	30.2	5.8%	25.2	0.38	7.4	0.3	6.0	15.2	0.20
2025E	526.2	35.3	6.7%	30.7	0.45	6.3	0.3	4.6	18.5	0.20

Market cap, EURm	166	BV per share 2023E, EUR	22.1	CAGR EPS 2022-25, %	0.0
Net debt 2023E, EURm	32	Price/book 2023E	1.1	CAGR sales 2022-25, %	2.2
Enterprise value, EURm	198	Dividend yield 2023E, %	5.3	ROE 2023E, %	4.5
Total assets 2023E, EURm	319	Tax rate 2023E, %	32.0	ROCE 2023E, %	5.7
Goodwill 2023E, EURm	15	Equity ratio 2023E, %	46.0	PEG, P/E 23/CAGR	0.4

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

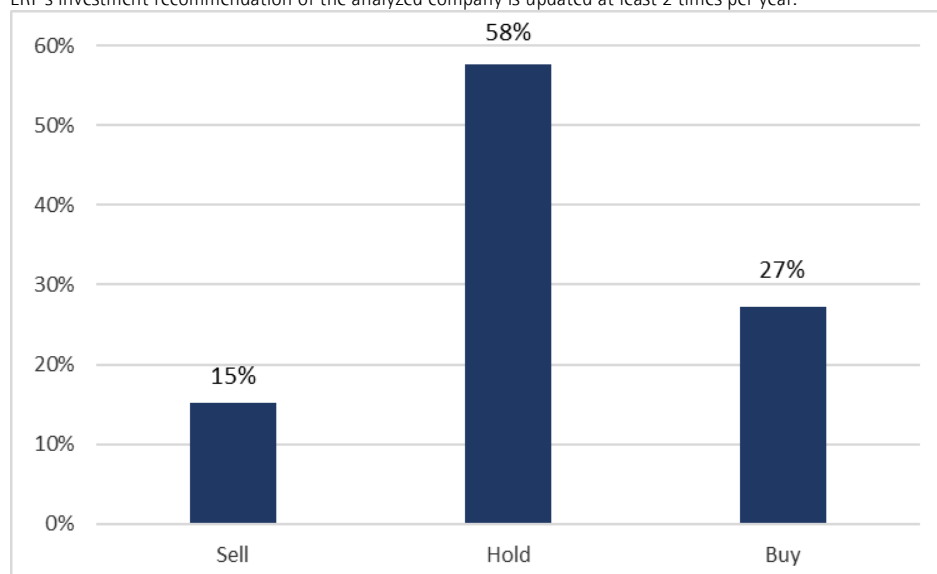
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Investment recommendations are defined as follows:

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

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