

Higher volumes to lift earnings

Suominen reports Q4 results on Feb 6. Earnings are to continue their recovery, but the gradient is driven by US demand and its improvement pace remains crucial.

Sales margins have improved, higher volumes need to follow
Suominen's sales margins improved in Q3, even though volumes stayed soft, as raw materials prices slid. The conditions have been favorable for sales margins as nonwovens prices don't decline as fast as raw materials, however Suominen's pricing cycle may have reached another inflection point as both wood and oil-based raw materials prices saw modest gains in Q4 (we estimate Suominen's raw materials prices to have trended up less than 5% q/q in Q4). We make only small estimate revisions before the report; we estimate EUR 112m in Q4 revenue as European volumes are likely to have remained soft, whereas Americas should show somewhat more encouraging development. We estimate Q4 EBITDA at EUR 7.7m, in other words further improvement from the recent low levels but still quite modest in the long-term context.

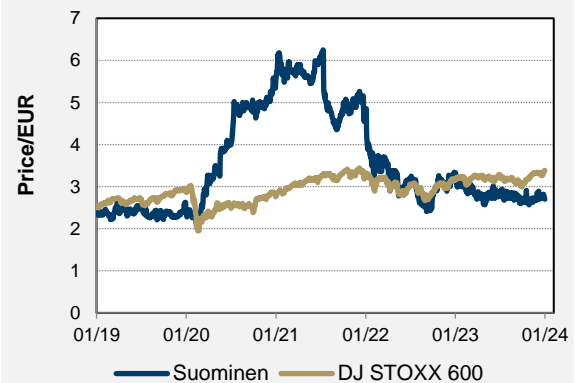
At least some further EBITDA gains to be seen this year

Assuming stabilizing price trends going forward, Suominen's raw materials prices should settle around the average levels seen in FY '23. Further sales margins gains are now harder to achieve, while on the other hand the apparent bottom in raw materials prices signals improving demand. We continue to expect recovery in Suominen's gross margin towards the 10% level, the achievement of which would require more US volumes. The demand situation in the US continues to be of vital interest; there should be at least some additional gradual improvement in demand as recent high inventories have already been declining. Suominen should guide at least some increase in FY '24 EBITDA as Q4 figures are likely to have remained moderate enough so that further gains aren't too challenging to achieve. FY '23 EBITDA is likely to have remained below EUR 20m; in our view FY '24 EBITDA is set to improve above EUR 35m, assuming the demand recovery materializes.

Valuation still looks quite neutral amid earnings recovery

Suominen is valued 9x EV/EBIT on our FY '24 estimates, a level we view neutral as our earnings estimates are in line with historical averages. Earnings will recover from the low levels, but a lot depends on the US. We retain our EUR 2.7 TP and HOLD rating.

Rating 🟡 HOLD



Share price, EUR (Last trading day's closing price) **2.70**
Target price, EUR **2.7**

Latest change in **27-Jan-23**
Latest report on company **29-Oct-23**
Research paid by issuer: **YES**
No. of shares outstanding, **58,259**
No. of shares fully diluted, **58,259**
Market cap, EURm **157**
Free float, % **62.7**
Exchange rate EUR/USD **1.08**
Reuters code **SUY1V.HE**
Bloomberg code **SUY1V.FH**
Average daily volume, **0.1**
Next interim report **06-Feb-24**
Web site **www.suominen.fi/en/investors/**

Analyst **Joonas Ilvonen**
E-mail **joonas.ilvonen@evli.com**
Telephone **+358 44 430 9071**

🟢 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	447.9	-0.7	-0.2%	19.1	-0.09	-31.4	0.4	-278.7	12.1	0.10
2024E	461.3	20.8	4.5%	16.6	0.24	11.1	0.4	8.9	10.6	0.13
2025E	470.6	28.7	6.1%	25.0	0.36	7.5	0.4	5.8	15.9	0.15

Market cap, EURm	157	Gearing 2023E, %	28.0	CAGR EPS 2022-25, %	0.0
Net debt 2023E, EURm	38	Price/book 2023E	1.2	CAGR sales 2022-25, %	-1.6
Enterprise value, EURm	195	Dividend yield 2023E, %	3.7	ROE 2023E, %	-3.6
Total assets 2023E, EURm	298	Tax rate 2023E, %	7.0	ROCE 2023E, %	-0.3
Goodwill 2023E, EURm	15	Equity ratio 2023E, %	45.4	PEG, P/E 23/CAGR	0.0

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	2023 Q1	2023 Q2	2023 Q3	2023E Q4E	2023E FY
Revenue	444	417	426	431	411	459	443	110	118	132	133	493	117	113	106	112	448
growth, %	11 %	-6 %	2 %	1 %	-5 %	12 %	-3 %	-4 %	4 %	34 %	15 %	11 %	6 %	-4 %	-19 %	-16 %	-9 %
Geography																	
Europe	172	171	174	171	150	170	178	49	54	52	51	205	42	43	36	39	159
Americas	272	246	252	260	262	289	265	62	64	80	82	288	75	70	71	73	289
COGS	-386	-365	-384	-400	-377	-389	-392	-104	-113	-127	-131	-475	-112	-110	-100	-102	-423
Gross Profit	58	52	42	31	37	70	51	6.6	5.0	5.2	1.8	19	4.9	3.1	6.4	10.1	24
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 %	4.2 %	2.7 %	6.0 %	9.0 %	5.5 %
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	-8.2	-8.0	-7.9	-7.3	-31.5
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	1.3	-1.8	2.2	0.0	1.7
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	-2.0	-2.1	0.7	2.7	-0.8
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 %	-1.7 %	-1.9 %	0.6 %	2.4 %	-0.2 %
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	-4.7	-4.8	-4.5	-5.0	-19.1
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	2.6	2.7	5.2	7.7	18.3
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 %	2.3 %	2.4 %	4.9 %	6.9 %	4.1 %

Source: Suominen, Evli Research

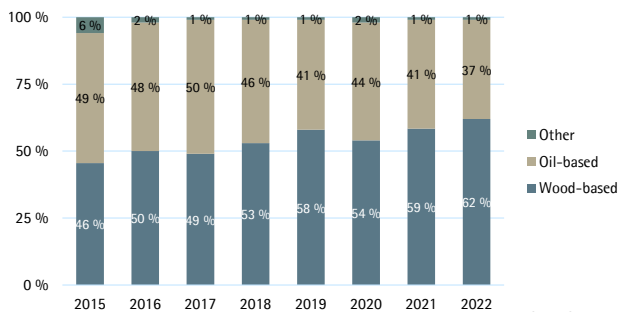
SUOMINEN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		23	24	25	23	24	25	23	24	25
Berry Global Group	7172	8.1x	7.9x	7.6x	13.3x	13.0x	12.2x	9.9 %	10.0 %	10.5 %
Kimberly-Clark	37846	12.9x	12.3x	11.8x	16.3x	15.4x	14.7x	14.5 %	15.3 %	15.7 %
N.R. Spuntech Industries	73									
Mativ Holdings	652	10.9x	9.5x	8.4x	20.9x	13.5x	11.5x	5.6 %	9.0 %	9.7 %
Glatfelter	68									
Peer Group Average	9162	10.6x	9.9x	9.2x	16.9x	14.0x	12.8x	10.0 %	11.4 %	11.9 %
Peer Group Median	652	10.9x	9.5x	8.4x	16.3x	13.5x	12.2x	9.9 %	10.0 %	10.5 %
Suominen (Evli est.)	157	10.6x	4.5x	3.2x	-278.7x	8.9x	5.8x	-0.2 %	4.5 %	6.1 %

Suominen prem./disc. to peer median

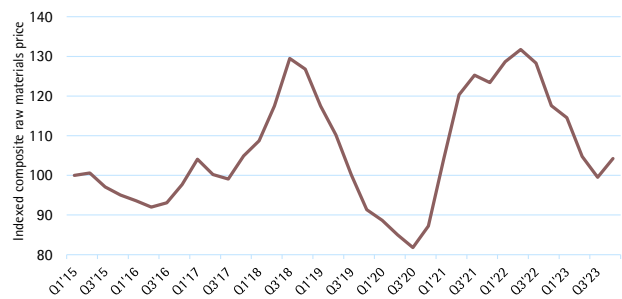
-2 % -52 % -61 % -1809 % -34 % -52 % -102 % -55 % -42 %

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	2.70 PV of Free Cash Flow	195 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	5.90 PV of Horizon value	209 WACC, %	7.9 Market risk premium, %	5.8
Share price potential, %	118.5 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	6.5 Marketable securities	36 Minimum WACC, %	7.4 Equity beta coefficient	1.00
Minimum value	5.4 Debt - dividend	-74 Maximum WACC, %	8.4 Target debt ratio, %	20
Horizon value, %	51.8 Value of stock	353 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	448	461	471	475	485	494	504	514	525	535	546
<i>Sales growth, %</i>	<i>11.3</i>	<i>-9.2</i>	<i>3.0</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>
Operating income (EBIT)	-4	-1	21	29	33	36	37	38	39	39	40	41
<i>Operating income margin, %</i>	<i>-0.9</i>	<i>-0.2</i>	<i>4.5</i>	<i>6.1</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>
+ Depreciation+amort.	19	19	20	23	22	22	21	21	21	21	21	20
EBITDA	15	18	41	52	55	58	58	59	59	60	61	
- Paid taxes	-3	0	-4	-6	-7	-8	-8	-8	-8	-8	-8	
- Change in NWC	6	21	-1	-1	0	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	<i>11.5</i>	<i>7.9</i>	<i>8.0</i>	<i>8.0</i>	<i>8.0</i>	<i>8.0</i>	<i>8.0</i>	<i>8.0</i>	<i>8.0</i>	<i>8.0</i>	<i>8.0</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	-20	-27
<i>opCAPEX / Sales, %</i>	<i>1.2</i>	<i>3.6</i>	<i>3.5</i>	<i>3.9</i>	<i>4.2</i>	<i>4.2</i>	<i>4.1</i>	<i>4.0</i>	<i>3.9</i>	<i>3.9</i>	<i>3.9</i>	<i>5.2</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	22	19	27	28	30	30	30	30	31	24	413
= Discounted FCFF		22	18	23	22	22	20	19	18	17	12	209
= DFCF min WACC		22	18	24	23	22	21	20	19	18	13	238
= DFCF max WACC		22	18	23	22	22	20	19	17	16	12	185

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3	2023Q4E	2023E	2024E	2025E
Net sales	110.3	118.0	131.9	133.1	493.3	116.8	112.7	106.4	112.0	447.9	461.3	470.6
EBITDA	3.3	1.9	5.1	5.0	15.2	2.7	2.7	5.3	7.7	18.4	40.8	51.8
<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>2.3</i>	<i>2.4</i>	<i>5.0</i>	<i>6.9</i>	<i>4.1</i>	<i>8.8</i>	<i>11.0</i>
EBIT	-1.3	-2.9	0.2	-0.2	-4.2	-2.0	-2.1	0.7	2.7	-0.7	20.8	28.7
<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>-1.7</i>	<i>-1.9</i>	<i>0.7</i>	<i>2.4</i>	<i>-0.2</i>	<i>4.5</i>	<i>6.1</i>
Net financial items	-0.9	0.7	-0.1	-2.6	-2.9	-1.5	-1.3	-1.2	-0.7	-4.7	-2.9	-2.2
Pre-tax profit	-2.2	-2.2	0.1	-2.8	-7.1	-3.5	-3.4	-0.5	2.0	-5.4	17.9	26.5
Tax	-0.1	-0.1	-0.5	-1.2	-2.0	-0.3	-0.2	1.3	-0.4	0.4	-3.8	-5.6
<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>-9.0</i>	<i>-5.0</i>	<i>284.7</i>	<i>21.0</i>	<i>7.0</i>	<i>21.0</i>	<i>21.0</i>
Net profit	-2.4	-2.3	-0.4	-4.0	-9.1	-3.9	-3.6	0.8	1.6	-5.0	14.1	20.9
EPS	-0.04	-0.04	-0.01	-0.07	-0.16	-0.07	-0.06	0.01	0.03	-0.09	0.24	0.36
EPS adjusted (diluted no. of shares)	-0.04	-0.04	-0.01	-0.07	-0.16	-0.07	-0.06	0.01	0.03	-0.09	0.24	0.36
Dividend per share	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.10	0.13	0.15
SALES, EURm												
Group	110.3	118.0	131.9	133.1	493.3	116.8	112.7	106.4	112.0	447.9	461.3	470.6
Total	110.3	118.0	131.9	133.1	493.3	116.8	112.7	106.4	112.0	447.9	461.3	470.6
SALES GROWTH, Y/Y %												
Group	-4.3	3.8	33.8	15.1	11.3	5.9	-4.5	-19.3	-15.9	-9.2	3.0	2.0
Total	-4.3	3.8	33.8	15.1	11.3	5.9	-4.5	-19.3	-15.9	-9.2	3.0	2.0
EBIT, EURm												
Group	-1.3	-2.9	0.2	-0.2	-4.2	-2.0	-2.1	0.7	2.7	-0.7	20.8	28.7
Total	-1.3	-2.9	0.2	-0.2	-4.2	-2.0	-2.1	0.7	2.7	-0.7	20.8	28.7
EBIT margin, %												
Group	-1.2	-2.5	0.2	-0.2	-0.9	-1.7	-1.9	0.7	2.4	-0.2	4.5	6.1
Total	-1.2	-2.5	0.2	-0.2	-0.9	-1.7	-1.9	0.7	2.4	-0.2	4.5	6.1

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	431.1	411.4	458.9	443.2	493.3	447.9	461.3	470.6
<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>-9.2</i>	<i>3.0</i>	<i>2.0</i>
EBITDA	25.6	33.6	60.9	47.0	15.2	18.4	40.8	51.8
<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>4.1</i>	<i>8.8</i>	<i>11.0</i>
Depreciation	-21.0	-25.5	-21.4	-20.1	-23.2	-19.1	-20.0	-23.1
EBITA	4.6	8.1	39.5	26.9	-8.0	-0.7	20.8	28.7
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	-0.7	20.8	28.7
<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>-0.2</i>	<i>4.5</i>	<i>6.1</i>
Reported EBIT	4.6	8.1	39.5	26.9	-4.2	-0.7	20.8	28.7
<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>-0.2</i>	<i>4.5</i>	<i>6.1</i>
Net financials	-5.6	-6.0	-5.6	-0.4	-2.9	-4.7	-2.9	-2.2
Pre-tax profit	-1.0	2.1	33.9	26.5	-7.1	-5.4	17.9	26.5
Taxes	-0.8	-1.9	-3.8	-5.8	-2.0	0.4	-3.8	-5.6
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	-5.0	14.1	20.9
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	124	120	115
Goodwill	15	15	15	15	15	15	15	15
Right of use assets	17	16	18	16	12	11	11	11
Inventory	52	45	35	50	63	49	51	52
Receivables	63	61	61	73	76	61	63	64
Liquid funds	32	33	58	101	50	36	37	38
Total assets	338	316	317	387	343	298	298	296
Liabilities								
Shareholder's equity	131	131	146	163	146	135	143	157
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	11	11	11
Deferred taxes	12	12	13	14	12	12	12	12
Interest bearing debt	102	86	83	133	89	63	53	36
Non-interest bearing current liabilities	75	66	55	57	80	72	74	75
Other interest-free debt	3	3	3	3	3	3	3	3
Total liabilities	338	316	317	387	343	298	298	296
CASH FLOW, EURm								
+ EBITDA	26	34	61	47	15	18	41	52
- Net financial items	-6	-6	-6	0	-3	-5	-3	-2
- Taxes	6	-2	-4	-3	-3	0	-4	-6
- Increase in Net Working Capital	6	-1	-1	-25	6	21	-1	-1
+/- Other	-3	0	0	0	0	0	0	0
= Cash flow from operations	28	25	50	19	15	35	33	43
- Capex	-15	-11	-12	-16	-6	-16	-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	19	17	25
+/- New issues/buybacks	3	0	-12	8	3	0	0	0
- Paid dividend	-6	0	-3	-12	-12	-6	-6	-8
+/- Other	-12	-13	2	43	-53	-27	-10	-17
Change in cash	-3	1	25	43	-52	-14	1	1

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	153	296	302	181	157	157	157
Net debt (excl. convertibles)	70	40	45	51	38	27	9
Enterprise value	223	336	347	232	195	184	167
Sales	411	459	443	493	448	461	471
EBITDA	34	61	47	15	18	41	52
EBIT	8	40	27	-4	-1	21	29
Pre-tax	2	34	27	-7	-5	18	26
Earnings	0	30	21	-9	-5	14	21
Equity book value (excl. minorities)	131	146	163	146	135	143	157
Valuation multiples							
EV/sales	0.5	0.7	0.8	0.5	0.4	0.4	0.4
EV/EBITDA	6.6	5.5	7.4	15.2	10.6	4.5	3.2
EV/EBITA	27.5	8.5	12.9	-29.0	-278.7	8.9	5.8
EV/EBIT	27.5	8.5	12.9	-55.1	-278.7	8.9	5.8
EV/OCF	8.9	6.7	18.0	15.2	5.6	5.6	3.9
EV/FCFF	12.3	7.4	195.7	26.3	8.7	9.6	6.2
P/FCFE	10.8	7.7	86.1	19.2	8.2	9.5	6.3
P/E	766.1	9.8	14.6	-19.8	-31.4	11.1	7.5
P/B	1.2	2.0	1.8	1.2	1.2	1.1	1.0
Target EV/EBITDA	0.0	0.0	0.0	0.0	10.6	4.5	3.2
Target EV/EBIT	0.0	0.0	0.0	0.0	-278.7	8.9	5.8
Target EV/FCF	0.0	0.0	0.0	0.0	10.2	11.1	6.7
Target P/B	0.0	0.0	0.0	0.0	1.2	1.1	1.0
Target P/E	0.0	0.0	0.0	0.0	-31.4	11.1	7.5
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	-0.09	0.24	0.36
Operating cash flow per share	0.43	0.86	0.33	0.26	0.60	0.57	0.74
Free cash flow per share	0.24	0.66	0.06	0.16	0.33	0.29	0.43
Book value per share	2.24	2.50	2.80	2.50	2.32	2.46	2.69
Dividend per share	0.05	0.20	0.20	0.10	0.10	0.13	0.15
Dividend payout ratio, %	1,456.5	38.7	56.3	-64.0	-116.4	53.7	41.8
Dividend yield, %	1.9	3.9	3.9	3.7	3.7	4.8	5.6
FCF yield, %	9.2	12.9	1.2	5.2	12.1	10.6	15.9
Efficiency measures							
ROE	0.2	21.8	13.4	-5.9	-3.6	10.1	14.0
ROCE	3.4	16.6	9.7	-1.5	-0.3	10.0	14.0
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	7.9	8.0	8.0
Operative CAPEX/sales, %	2.6	2.6	3.6	1.2	3.6	3.5	3.9
CAPEX/sales (incl. acquisitions), %	2.6	2.6	3.6	1.2	3.6	3.5	3.9
FCFF/EBITDA	0.5	0.7	0.0	0.6	1.2	0.5	0.5
Net debt/EBITDA, book-weighted	2.1	0.7	1.0	3.3	2.1	0.7	0.2
Debt/equity, market-weighted	0.6	0.3	0.4	0.5	0.4	0.3	0.2
Equity ratio, book-weighted	41.4	46.0	42.2	42.5	45.4	48.0	52.9
Gearing, %	53.3	27.3	27.6	35.0	28.0	18.8	6.1

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	13,995,013	37.787	24.0%
Etola Group Oy	7,414,000	20.018	12.7%
Oy Etra Invest Ab	7,000,000	18.900	12.0%
OP Life Assurance Company Ltd	4,128,708	11.148	7.1%
Nordea Nordic Small Cap Fund	3,435,147	9.275	5.9%
Mandatum Life Insurance Company Limited	2,908,287	7.852	5.0%
Ilmarinen Mutual Pension Insurance Company	1,912,000	5.162	3.3%
Varma Mutual Pension Insurance Company	1,689,751	4.562	2.9%
Oy H. Kuningas & Co Ab	1,400,000	3.780	2.4%
Nordea Life Assurance Finland Ltd.	1,379,866	3.726	2.4%
Ten largest	45,262,772	122.209	78%
Residual	12,996,447	35.090	22%
Total	58,259,219	157.300	100%

EARNINGS CALENDAR

February 06, 2024	FY 2023 Results
May 07, 2024	Q1 report
August 09, 2024	Q2 report
October 29, 2024	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Tommi Björnman	Karvaamokuja 2 B, FI-00380 Helsinki
CFO: Janne Silonsaari	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

<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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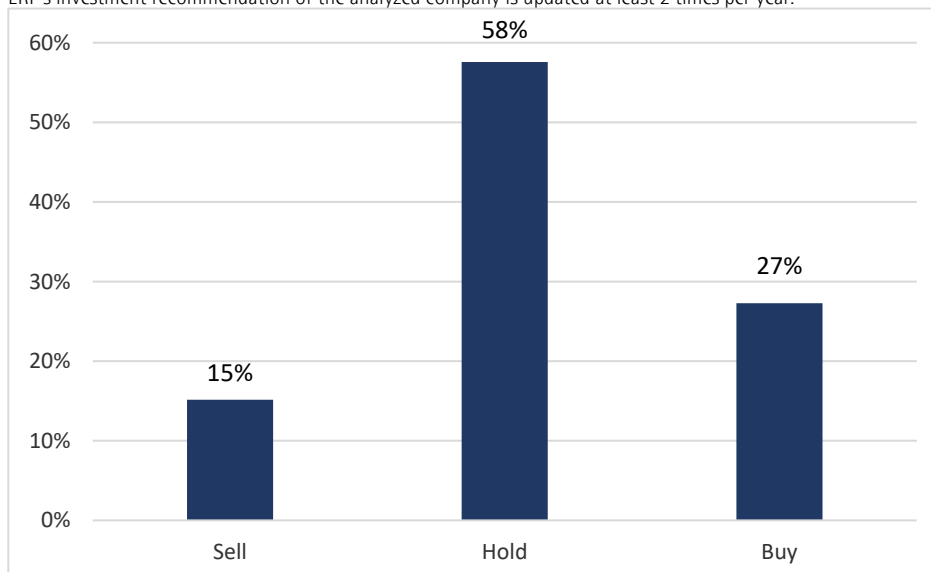
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Investment recommendations are defined as follows:

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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Contact information**SALES, TRADING AND RESEARCH****Equity, ETF and Derivatives Sales**

Joachim Dannberg +358 9 4766 9123
Ari Laine +358 9 4766 9115
Kimmo Lijja +358 9 4766 9130

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120
Miika Ronkanen +358 9 4766 9120

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Atte Jortikka +358 40 054 3725
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205

EVLI**EVLI PLC**

Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI PLC,
STOCKHOLMSFILIAL**

Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000