

Patient earnings recovery

Suominen's earnings recovery continues, but the pace seems to be still somewhat slower than we previously estimated.

Earnings trend up, but from a low base and not very fast

Suominen's EUR 114.9m Q4 revenue was above the EUR 112.0m/112.0m Evli/cons. estimates as Europe declined less than expected. Volumes continued to recover after and amid a still challenging environment when supply has remained plentiful relative to demand. European volume outlook has improved a bit while the situation is still more favorable in the US, however even there the market and competitive situation is not actually providing tailwinds. Suominen can't count on the market lifting its performance but needs to focus on commercial and operational excellence measures going forward. Gross margin showed some further improvement q/q, but at 7.3% stayed soft relative to our 9.0% estimate and hence the EUR 5.3m EBITDA also missed the EUR 7.7m/7.0m Evli/cons. estimates.

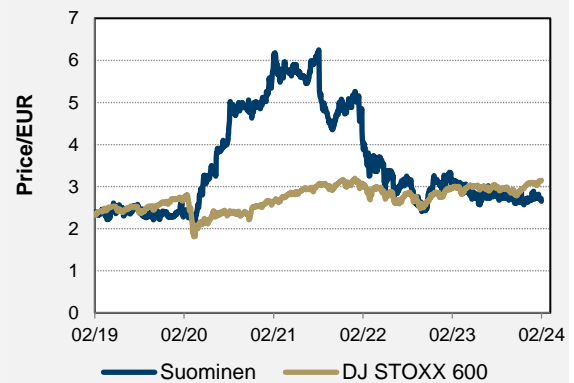
We make some further earnings estimate cuts for the year

Volumes should continue to trend upwards in H1'24 while sales margins have more room to improve, albeit somewhat marginally in our view, and together the two factors will support further recovery in gross margins. We thus expect these gradual developments to push Suominen's gross margin around 10% by H2'24. General macro trends may not help Suominen this year, however neither should external events cause too much trouble as logistics are quite robust to e.g. the Red Sea crisis due to a localized supply base. Suominen's earnings recovery continues, but the comparison period is low especially for H1 while it's still unclear how steep the curve might be over the course of this year. We trim our profitability estimates for FY '24 by another EUR 4m. We estimate the earnings gain pace to be roughly EUR 1-2m over each quarter in FY '24.

Valuation not yet too high, yet requires some patience

Suominen is valued 12x EV/EBIT on our FY '24 estimates, which in our view lands at the upper end of the neutral range in the light of the current cycle position. The EUR 36m EBITDA we estimate for the year leaves further upside potential and thus valuation isn't yet too high considering potential in the longer-term perspective. Our TP is EUR 2.5 (2.7) as we retain our HOLD rating.

Rating 🟡 HOLD



Share price, EUR (Last trading day's closing price) 2.65
Target price, EUR 2.5

Latest change in 27-Jan-23
Latest report on company 31-Jan-24
Research paid by issuer: YES
No. of shares outstanding, 58,259
No. of shares fully diluted, 58,259
Market cap, EURm 154
Free float, % 62.7
Exchange rate EUR/USD 1.08
Reuters code SUIV.HE
Bloomberg code SUIV.FH
Average daily volume, 0.1
Next interim report 07-May-24
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
2022	493.3	-4.2	-0.9%	9.4	-0.16	-19.8	0.5	-55.1	5.2	0.10
2023	450.9	-2.8	-0.6%	25.4	-0.14	-20.4	0.5	-73.1	15.5	0.10
2024E	469.0	16.4	3.5%	6.7	0.16	16.2	0.4	11.8	4.3	0.12
2025E	478.4	26.3	5.5%	25.2	0.32	8.3	0.4	6.7	16.3	0.13
2026E	483.2	31.4	6.5%	28.8	0.40	6.6	0.3	4.9	18.6	0.20

Market cap, EURm	154	Gearing 2024E, %	30.8	CAGR EPS 2023-26, %	0.0
Net debt 2024E, EURm	40	Price/book 2024E	1.2	CAGR sales 2023-26, %	2.3
Enterprise value, EURm	194	Dividend yield 2024E, %	4.5	ROE 2024E, %	7.5
Total assets 2024E, EURm	298	Tax rate 2024E, %	21.0	ROCE 2024E, %	7.6
Goodwill 2024E, EURm	15	Equity ratio 2024E, %	43.2	PEG, P/E 24/CAGR	0.4

Estimates and valuation

Suominen EURm	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2023 FY	2024E Q1E	2024E Q2E	2024E Q3E	2024E Q4E	2024E FY
Revenue	444	417	426	431	411	459	443	493	117	113	106	115	451	113	115	118	123	469
growth, %	11 %	-6 %	2 %	1 %	-5 %	12 %	-3 %	11 %	6 %	-4 %	-19 %	-14 %	-9 %	-3 %	2 %	11 %	7 %	4 %
Geography																		
Europe	172	171	174	171	150	170	178	205	42	43	36	43	163	40	41	41	44	166
Americas	272	246	252	260	262	289	265	288	75	70	71	72	288	73	74	77	79	303
COGS	-386	-365	-384	-400	-377	-389	-392	-475	-112	-110	-100	-106	-428	-103	-104	-106	-109	-423
Gross Profit	58	52	42	31	37	70	51	19	4.9	3.1	6.4	8.4	23	9.6	10.9	11.8	13.5	46
Gross-%	13.1 %	12.5 %	9.9 %	7.3 %	9.0 %	15.2 %	11.5 %	3.8 %	4.2 %	2.7 %	6.0 %	7.3 %	5.1 %	8.5 %	9.5 %	10.0 %	11.0 %	9.8 %
SGA & R&D	-28.0	-27.9	-28.9	-29.2	-30.6	-30.7	-28.9	-32.4	-8.2	-8.0	-7.9	-8.2	-32.3	-7.5	-7.5	-7.3	-7.3	-29.5
Other	1.8	1.3	1.7	2.5	1.8	0.4	5.0	4.9	1.3	-1.8	2.2	0.4	2.1	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	-4.2	-2.0	-2.1	0.7	0.7	-2.8	2.1	3.4	4.6	6.3	16.4
EBIT-% ex IAC	7.0 %	6.1 %	3.5 %	1.1 %	2.0 %	8.6 %	6.1 %	-0.8 %	-1.7 %	-1.9 %	0.6 %	0.6 %	-0.6 %	1.9 %	3.0 %	3.9 %	5.1 %	3.5 %
Depreciation	-17.7	-18.5	-19.4	-21.0	-25.5	-21.4	-20.1	-19.5	-4.7	-4.8	-4.5	-4.6	-18.7	-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	15.3	2.6	2.7	5.2	5.3	15.8	7.1	8.4	9.6	11.3	36.4
EBITDA-% ex IAC	11.0 %	10.6 %	8.1 %	5.9 %	8.2 %	13.3 %	10.6 %	3.1 %	2.3 %	2.4 %	4.9 %	4.6 %	3.5 %	6.3 %	7.3 %	8.1 %	9.2 %	7.8 %

Source: Suominen, Evli Research

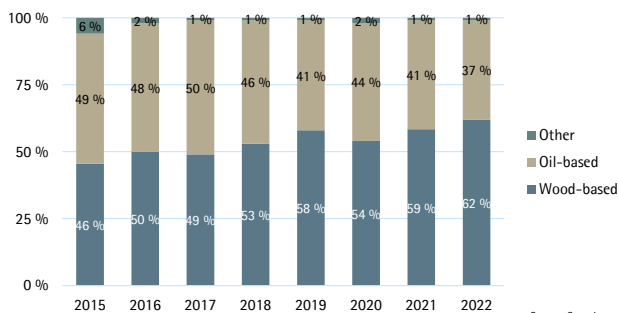
SUOMINEN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		23	24	25	23	24	25	23	24	25
Berry Global Group	6926	8.1x	7.7x	7.4x	13.3x	12.8x	12.0x	9.9 %	10.0 %	10.5 %
Kimberly-Clark	38108	13.0x	12.3x	11.8x	16.3x	15.4x	14.7x	14.5 %	15.3 %	15.7 %
N.R. Spuntech Industries	74									
Mativ Holdings	571	10.9x	9.1x	8.0x	20.9x	12.9x	11.1x	5.6 %	9.0 %	9.7 %
Glatfelter	54									
Peer Group Average	9147	10.6x	9.7x	9.1x	16.9x	13.7x	12.6x	10.0 %	11.4 %	11.9 %
Peer Group Median	571	10.9x	9.1x	8.0x	16.3x	12.9x	12.0x	9.9 %	10.0 %	10.5 %
Suominen (Evli est.)	154	13.0x	5.3x	3.6x	-73.1x	11.8x	6.7x	-0.6 %	3.5 %	5.5 %

Suominen prem./disc. to peer median

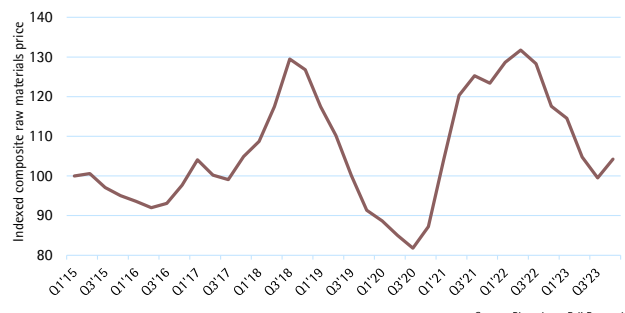
19 % -42 % -55 % -548 % -9 % -44 % -106 % -65 % -47 %

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	2.65 PV of Free Cash Flow	178 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	5.18 PV of Horizon value	165 WACC, %	7.9 Market risk premium, %	5.8
Share price potential, %	95.5 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	5.7 Marketable securities	59 Minimum WACC, %	7.4 Equity beta coefficient	1.00
Minimum value	4.8 Debt - dividend	-99 Maximum WACC, %	8.4 Target debt ratio, %	20
Horizon value, %	48.1 Value of stock	302 Nr of shares, Mn	58.3 Effective tax rate, %	28

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	451	469	478	483	493	503	513	523	533	544	555	566
<i>Sales growth, %</i>	-8.6	4.0	2.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Operating income (EBIT)	-3	16	26	31	37	38	38	39	40	41	42	42
<i>Operating income margin, %</i>	-0.6	3.5	5.5	6.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
+ Depreciation+amort.	19	20	23	21	20	20	20	20	20	20	20	20
EBITDA	16	36	49	52	57	58	58	59	60	61	62	
- Paid taxes	-3	-3	-6	-7	-8	-8	-8	-8	-8	-9	-9	
- Change in NWC	29	-7	-1	0	-1	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	6.1	7.4	7.5	7.5	7.5	7.5	7.5	7.5	7.6	7.6	7.6	
+ Change in other liabs	-2	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-11	-15	-15	-15	-20	-20	-20	-20	-20	-20	-20	-32
<i>opCAPEX / Sales, %</i>	2.3	3.3	3.2	3.1	4.1	4.0	3.9	3.9	3.8	3.7	3.7	5.7
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	0
- Other items	0	0	0	0	0	0	0	0	0	0	0	0
= FCFF	28	11	28	30	28	29	29	30	31	31	20	350
= Discounted FCFF		10	24	24	21	20	19	18	17	16	10	165
= DFCF min WACC		10	24	25	21	20	19	18	17	17	10	188
= DFCF max WACC		10	24	24	21	19	18	17	16	15	9	145

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1E	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	116.8	112.7	106.4	115.0	450.9	113.0	115.0	118.0	123.0	469.0	478.4	483.2
EBITDA	2.7	2.7	5.3	5.1	15.8	7.1	8.4	9.6	11.3	36.4	48.9	52.4
<i>EBITDA margin (%)</i>	<i>2.3</i>	<i>2.4</i>	<i>5.0</i>	<i>4.5</i>	<i>3.5</i>	<i>6.3</i>	<i>7.3</i>	<i>8.1</i>	<i>9.2</i>	<i>7.8</i>	<i>10.2</i>	<i>10.9</i>
EBIT	-2.0	-2.1	0.7	0.6	-2.8	2.1	3.4	4.6	6.3	16.4	26.3	31.4
<i>EBIT margin (%)</i>	<i>-1.7</i>	<i>-1.9</i>	<i>0.7</i>	<i>0.5</i>	<i>-0.6</i>	<i>1.9</i>	<i>3.0</i>	<i>3.9</i>	<i>5.1</i>	<i>3.5</i>	<i>5.5</i>	<i>6.5</i>
Net financial items	-1.5	-1.3	-1.2	-2.0	-6.0	-1.3	-1.2	-0.9	-0.9	-4.3	-2.7	-2.0
Pre-tax profit	-3.5	-3.4	-0.5	-1.4	-8.8	0.8	2.2	3.7	5.4	12.1	23.6	29.4
Tax	-0.3	-0.2	1.3	-0.1	0.7	-0.2	-0.5	-0.8	-1.1	-2.5	-5.0	-6.2
<i>Tax rate (%)</i>	<i>-9.0</i>	<i>-5.0</i>	<i>284.7</i>	<i>-5.6</i>	<i>8.2</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	-3.9	-3.6	0.8	-1.5	-8.1	0.6	1.7	2.9	4.3	9.6	18.6	23.3
EPS	-0.07	-0.06	0.01	-0.03	-0.14	0.01	0.03	0.05	0.07	0.16	0.32	0.40
EPS adjusted (diluted no. of shares)	-0.07	-0.06	0.01	-0.03	-0.14	0.01	0.03	0.05	0.07	0.16	0.32	0.40
Dividend per share	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.12	0.13	0.20
SALES, EURm												
Group	116.8	112.7	106.4	115.0	450.9	113.0	115.0	118.0	123.0	469.0	478.4	483.2
Total	116.8	112.7	106.4	115.0	450.9	113.0	115.0	118.0	123.0	469.0	478.4	483.2
SALES GROWTH, Y/Y %												
Group	5.9	-4.5	-19.3	-13.6	-8.6	-3.3	2.0	10.9	7.0	4.0	2.0	1.0
Total	5.9	-4.5	-19.3	-13.6	-8.6	-3.3	2.0	10.9	7.0	4.0	2.0	1.0
EBIT, EURm												
Group	-2.0	-2.1	0.7	0.6	-2.8	2.1	3.4	4.6	6.3	16.4	26.3	31.4
Total	-2.0	-2.1	0.7	0.6	-2.8	2.1	3.4	4.6	6.3	16.4	26.3	31.4
EBIT margin, %												
Group	-1.7	-1.9	0.7	0.5	-0.6	1.9	3.0	3.9	5.1	3.5	5.5	6.5
Total	-1.7	-1.9	0.7	0.5	-0.6	1.9	3.0	3.9	5.1	3.5	5.5	6.5

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	411.4	458.9	443.2	493.3	450.9	469.0	478.4	483.2
<i>Sales growth (%)</i>	-4.6	11.5	-3.4	11.3	-8.6	4.0	2.0	1.0
EBITDA	33.6	60.9	47.0	15.2	15.8	36.4	48.9	52.4
<i>EBITDA margin (%)</i>	8.2	13.3	10.6	3.1	3.5	7.8	10.2	10.9
Depreciation	-25.5	-21.4	-20.1	-23.2	-18.6	-20.0	-22.6	-21.0
EBITA	8.1	39.5	26.9	-8.0	-2.8	16.4	26.3	31.4
Goodwill amortization / writedown	0.0	0.0	0.0	3.8	0.0	0.0	0.0	0.0
EBIT	8.1	39.5	26.9	-4.2	-2.8	16.4	26.3	31.4
<i>EBIT margin (%)</i>	2.0	8.6	6.1	-0.9	-0.6	3.5	5.5	6.5
Reported EBIT	8.1	39.5	26.9	-4.2	-2.8	16.4	26.3	31.4
<i>EBIT margin (reported) (%)</i>	2.0	8.6	6.1	-0.9	-0.6	3.5	5.5	6.5
Net financials	-6.0	-5.6	-0.4	-2.9	-6.0	-4.3	-2.7	-2.0
Pre-tax profit	2.1	33.9	26.5	-7.1	-8.8	12.1	23.6	29.4
Taxes	-1.9	-3.8	-5.8	-2.0	0.7	-2.5	-5.0	-6.2
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.2	30.1	20.7	-9.1	-8.1	9.6	18.6	23.3
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	143	126	129	126	119	114	107	101
Goodwill	15	15	15	15	15	15	15	15
Right of use assets	16	18	16	12	11	12	12	12
Inventory	45	35	50	63	38	52	53	53
Receivables	61	61	73	76	72	65	67	67
Liquid funds	33	58	101	50	59	38	38	39
Total assets	316	317	387	343	316	298	294	289
Liabilities								
Shareholder's equity	131	146	163	146	125	129	140	156
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	16	15	13	11	10	12	12	12
Deferred taxes	12	13	14	12	9	9	9	9
Interest bearing debt	86	83	133	89	89	66	48	27
Non-interest bearing current liabilities	66	55	57	80	75	75	77	77
Other interest-free debt	3	3	3	3	7	7	7	7
Total liabilities	316	317	387	343	316	298	294	289
CASH FLOW, EURm								
+ EBITDA	34	61	47	15	16	36	49	52
- Net financial items	-6	-6	0	-3	-6	-4	-3	-2
- Taxes	-2	-4	-3	-3	-3	-3	-5	-6
- Increase in Net Working Capital	-1	-1	-25	6	29	-7	-1	0
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	25	50	19	15	36	22	40	44
- Capex	-11	-12	-16	-6	-10	-15	-15	-15
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	14	38	4	9	25	7	25	29
+/- New issues/buybacks	0	-12	8	3	-7	0	0	0
- Paid dividend	0	-3	-12	-12	-6	-6	-7	-8
+/- Other	-13	2	43	-53	-3	-22	-17	-21
Change in cash	1	25	43	-52	9	-21	1	0

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	296	302	181	164	154	154	154
Net debt (excl. convertibles)	40	45	51	40	40	21	0
Enterprise value	336	347	232	205	194	176	155
Sales	459	443	493	451	469	478	483
EBITDA	61	47	15	16	36	49	52
EBIT	40	27	-4	-3	16	26	31
Pre-tax	34	27	-7	-9	12	24	29
Earnings	30	21	-9	-8	10	19	23
Equity book value (excl. minorities)	146	163	146	125	129	140	156
Valuation multiples							
EV/sales	0.7	0.8	0.5	0.5	0.4	0.4	0.3
EV/EBITDA	5.5	7.4	15.2	13.0	5.3	3.6	2.9
EV/EBITA	8.5	12.9	-29.0	-73.1	11.8	6.7	4.9
EV/EBIT	8.5	12.9	-55.1	-73.1	11.8	6.7	4.9
EV/OCF	6.7	18.0	15.2	5.7	8.8	4.3	3.5
EV/FCFF	7.4	195.7	26.3	7.2	18.4	6.4	5.1
P/FCFE	7.7	86.1	19.2	6.5	23.0	6.1	5.4
P/E	9.8	14.6	-19.8	-20.4	16.2	8.3	6.6
P/B	2.0	1.8	1.2	1.3	1.2	1.1	1.0
Target EV/EBITDA	0.0	0.0	0.0	0.0	5.1	3.4	2.8
Target EV/EBIT	0.0	0.0	0.0	0.0	11.3	6.3	4.6
Target EV/FCF	0.0	0.0	0.0	0.0	27.6	6.6	5.1
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	15.2	7.8	6.3
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	0.52	0.36	-0.16	-0.14	0.16	0.32	0.40
Operating cash flow per share	0.86	0.33	0.26	0.62	0.38	0.69	0.75
Free cash flow per share	0.66	0.06	0.16	0.44	0.12	0.43	0.49
Book value per share	2.50	2.80	2.50	2.14	2.21	2.41	2.68
Dividend per share	0.20	0.20	0.10	0.10	0.12	0.13	0.20
Dividend payout ratio, %	38.7	56.3	-64.0	-72.2	73.1	40.7	50.1
Dividend yield, %	3.9	3.9	3.2	3.8	4.5	4.9	7.5
FCF yield, %	12.9	1.2	5.2	15.5	4.3	16.3	18.6
Efficiency measures							
ROE	21.8	13.4	-5.9	-6.0	7.5	13.9	15.7
ROCE	16.6	9.7	-1.5	-1.2	7.6	13.0	15.9
Financial ratios							
Inventories as % of sales	7.7	11.2	12.8	8.4	11.0	11.0	11.0
Receivables as % of sales	13.2	16.6	15.4	15.9	14.0	13.9	13.9
Non-interest bearing liabilities as % of sales	11.9	12.9	16.2	16.7	16.0	16.0	16.0
NWC/sales, %	8.3	14.1	11.5	6.1	7.4	7.5	7.5
Operative CAPEX/sales, %	2.6	3.6	1.2	2.3	3.3	3.2	3.1
CAPEX/sales (incl. acquisitions), %	2.6	3.6	1.2	2.3	3.3	3.2	3.1
FCFF/EBITDA	0.7	0.0	0.6	1.8	0.3	0.6	0.6
Net debt/EBITDA, book-weighted	0.7	1.0	3.3	2.6	1.1	0.4	0.0
Debt/equity, market-weighted	0.3	0.4	0.5	0.5	0.4	0.3	0.2
Equity ratio, book-weighted	46.0	42.2	42.5	39.5	43.2	47.8	53.9
Gearing, %	27.3	27.6	35.0	32.4	30.8	15.2	0.1

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	37.087	24.0%
Etola Group Oy	7,414,000	19.647	12.7%
Oy Etra Invest Ab	7,000,000	18.550	12.0%
OP Life Assurance Company Ltd	4,128,708	10.941	7.1%
Nordea Nordic Small Cap Fund	3,435,147	9.103	5.9%
Mandatum Life Insurance Company Limited	2,908,287	7.707	5.0%
Ilmarinen Mutual Pension Insurance Company	1,912,000	5.067	3.3%
Varma Mutual Pension Insurance Company	1,689,751	4.478	2.9%
Oy H. Kuningas & Co Ab	1,400,000	3.710	2.4%
Nordea Life Assurance Finland Ltd.	1,379,866	3.657	2.4%
Ten largest	45,262,772	119.946	78%
Residual	12,996,447	34.441	22%
Total	58,259,219	154.387	100%

EARNINGS CALENDAR

May 07, 2024	Q1 report
August 09, 2024	Q2 report
October 29, 2024	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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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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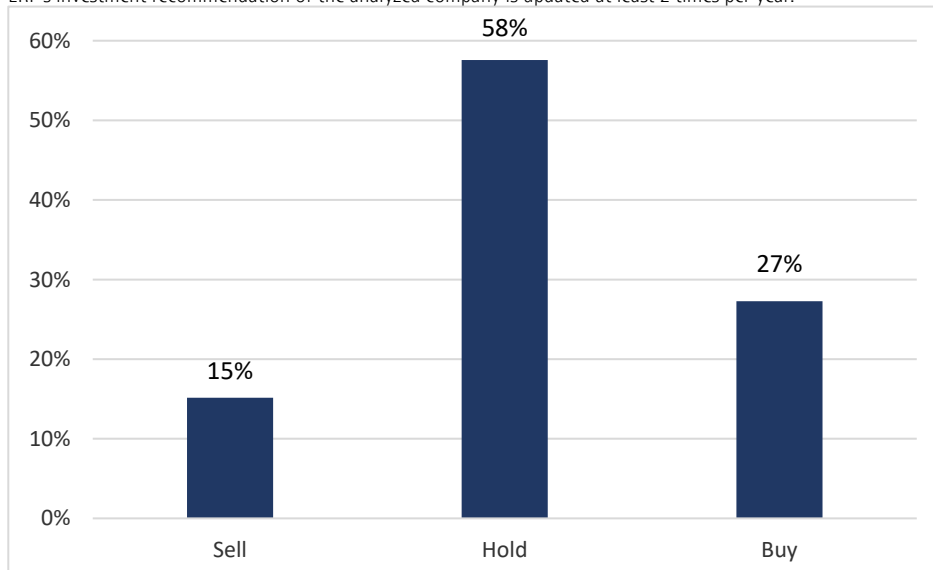
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Investment recommendations are defined as follows:

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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