

Improvement pace still quite slow

Suominen's Q1 earnings gained y/y, however the improvement pace was slower than we estimated as EBITDA did not improve q/q. Gross profit came in EUR 1.5m lower than we estimated while comparable EBITDA fell short by some EUR 2m.

- Suominen Q1 revenue decreased by 3% y/y to EUR 113.6m, compared to the EUR 113.5m/113.3m Evli/consensus estimates. Americas was EUR 70.0m vs our EUR 73.5m estimate, while Europe amounted to EUR 43.5m vs our EUR 40.0m estimate. Sales volumes increased especially in EMEA. Sales margins also improved while sales prices decreased following lower raw materials prices.
- Gross profit was EUR 8.1m vs our EUR 9.6m estimate. Gross margin amounted to 7.2%, compared to our 8.5% estimate. Gradual improvements are expected in production performance and line efficiencies. Suominen also adds to its sustainable products capabilities by enhancing and upgrading one production line in Bethune, SC, which is to cost some EUR 10m and be ready in H1'25.
- Comparable EBITDA landed at EUR 4.5m vs the EUR 6.6m/6.0m Evli/consensus estimates, whereas comparable EBIT was EUR -0.1m vs the EUR 2.1m/1.8m Evli/consensus estimates.
- Suominen guides comparable FY '24 EBITDA will increase y/y (EUR 15.8m previous year).

Rating 🟡 HOLD

Q1'24	Actual	Evli	Year ago	Q4'23
Revenue	113.6	113.5	116.8	114.9
Gross profit	8.1	9.6	4.9	8.4
Comparable EBITDA	4.5	6.6	2.6	5.3
Comparable EBIT	-0.1	2.1	-2.0	0.7

Deviation	Actual	Evli	Year ago	Q4'23
Revenue		0 %	-3 %	-1 %
Gross profit		-15 %	66 %	-4 %
Comparable EBITDA		-32 %	73 %	-15 %
Comparable EBIT		-105 %	-95 %	-114 %

Share price, EUR (Last trading day's closing price) 2.58

Target price, EUR 2.5

Latest change in 27-Jan-23

Latest report on company 30-Apr-24

Research paid by issuer: YES

No. of shares outstanding, 58,259

No. of shares fully diluted, 58,259

Market cap, EURm 150

Free float, % 62.7

Exchange rate EUR/USD 1.07

Reuters code SUY1V.HE

Bloomberg code SUY1V FH

Average daily volume, EURm 0.1

Next interim report 07-May-24

Web site www.suominen.fi/en/investor

Analyst Joonas Ilvonen

E-mail joonas.ilvonen@evli.com

Telephone +358 44 430 9071

🟢 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
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	469.5	16.4	3.5%	4.7	0.16	15.7	0.4	11.7	3.1	0.12
2025E	478.9	26.3	5.5%	20.5	0.32	8.1	0.4	6.8	13.6	0.13
2026E	483.7	31.4	6.5%	30.0	0.40	6.5	0.3	5.0	19.9	0.20

Market cap, EURm	150	BV per share 2024E, EUR	32.4	CAGR EPS 2023-26, %	0.0
Net debt 2024E, EURm	42	Price/book 2024E	1.2	CAGR sales 2023-26, %	2.4
Enterprise value, EURm	192	Dividend yield 2024E, %	4.7	ROE 2024E, %	7.5
Total assets 2024E, EURm	300	Tax rate 2024E, %	21.0	ROCE 2024E, %	7.6
Goodwill 2024E, EURm	15	Equity ratio 2024E, %	42.8	PEG, P/E 24/CAGR	0.4

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

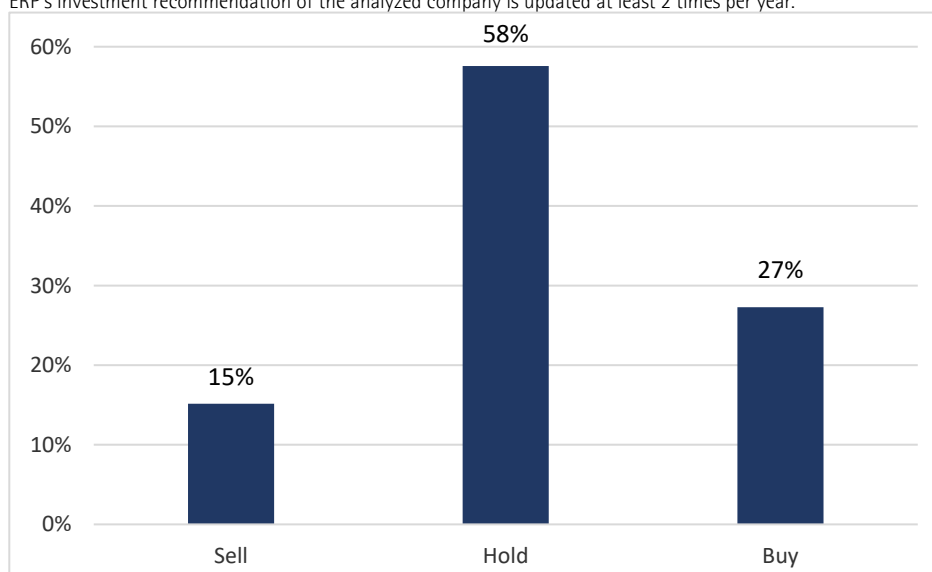
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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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