

## Looking for more margin expansion

Suominen's earnings recovery continues, although still at a somewhat slower pace than we had previously estimated.

### Earnings improved, but not as much as was expected

Suominen's EUR 113.6m Q1 revenue was as estimated as volumes improved, but the EUR 8.1m gross profit didn't meet our EUR 9.6m estimate while comparable EBITDA was EUR 4.5m vs the EUR 6.6m/6.0m Evli/cons. estimates. The result was somewhat softer than the company itself expected, and the Finnish political strikes also had a negative impact on EBITDA (although less than EUR 0.5m) as there were some additional operating cost elements. Europe meanwhile performed better than we estimated as Italian and Spanish plants produced some of the volumes which Finland couldn't. Sales margins improved while nonwovens prices declined in the wake of lower raw materials prices.

### We estimate EUR 12m EBITDA gain for the year

Sales margins should hold also in the short-term, despite higher raw materials prices going forward and the common lag in pricing mechanisms, as new sustainable products represent a significant share of sales mix; we believe sales margins should have upside again in H2'24 even if Q2 may be a bit more challenging quarter from this perspective. H2 volumes are often higher than in H1 as the autumn months provide some seasonal demand tailwinds. The EUR 10m Bethune investment will add sustainable capacity in H1'25 and should have a relatively short payback period as Suominen has developed a comprehensive portfolio of such products. Market outlook is quite flat and continued recovery relies on Suominen's own initiatives. In our view all the factors at work suggest Suominen's earnings recovery will continue throughout the year, however we make some downward revisions to our margin estimates due to the softness seen in Q1 figures.

### Valuation continues to demand patience at least until H2

Suominen is valued 20x EV/EBIT on our FY '24 estimates as earnings continue to recover from the very low comparison period. We estimate the company to reach above EUR 20m EBIT next year, assuming gross margin reaches 10% by the end of this year. On that basis Suominen would be valued some 8x EV/EBIT on our FY '25 estimates, which isn't too high but the valuation demands patience. We retain our EUR 2.5 TP and HOLD rating.



## 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%	25.5	-0.14	-20.4	0.5	-73.1	15.5	0.10
2024E	469.6	10.1	2.2%	-5.4	0.08	33.3	0.4	19.9	-3.6	0.12
2025E	483.7	24.2	5.0%	17.9	0.28	9.1	0.4	7.9	12.0	0.13
2026E	495.8	29.7	6.0%	25.0	0.36	7.0	0.3	5.8	16.8	0.20
Market cap, EURm	149			Gearing 2024E, %	41.8			CAGR EPS 2023-26, %	0.0	
Net debt 2024E, EURm	52			Price/book 2024E	1.2			CAGR sales 2023-26, %	3.2	
Enterprise value, EURm	201			Dividend yield 2024E, %	4.7			ROE 2024E, %	3.6	
Total assets 2024E, EURm	305			Tax rate 2024E, %	28.9			ROCE 2024E, %	4.6	
Goodwill 2024E, EURm	15			Equity ratio 2024E, %	40.5			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	2024 Q1	2024E Q2E	2024E Q3E	2024E Q4E	2024E FY
<b>Revenue</b>	<b>444</b>	<b>417</b>	<b>426</b>	<b>431</b>	<b>411</b>	<b>459</b>	<b>443</b>	<b>493</b>	<b>117</b>	<b>113</b>	<b>106</b>	<b>115</b>	<b>451</b>	<b>114</b>	<b>116</b>	<b>117</b>	<b>123</b>	<b>470</b>
growth, %	11 %	-6 %	2 %	1 %	-5 %	12 %	-3 %	11 %	6 %	-4 %	-19 %	-14 %	-9 %	-3 %	3 %	10 %	7 %	4 %
<b>Geography</b>																		
Europe	172	171	174	171	150	170	178	205	42	43	36	43	163	44	44	42	44	174
Americas	272	246	252	260	262	289	265	288	75	70	71	72	288	70	72	75	79	296
COGS	-386	-365	-384	-400	-377	-389	-392	-475	-112	-110	-100	-106	-428	-105	-107	-106	-111	-429
Gross Profit	58	52	42	31	37	70	51	19	4.9	3.1	6.4	8.4	23	8.1	9.3	10.5	12.3	40
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 %	7.2 %	8.0 %	9.0 %	10.0 %	8.6 %
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	-8.7	-7.5	-7.3	-7.3	-30.7
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	0.7	0.0	0.0	0.0	0.7
<b>EBIT ex IAC</b>	<b>31.2</b>	<b>25.6</b>	<b>15.0</b>	<b>4.6</b>	<b>8.1</b>	<b>39.5</b>	<b>26.9</b>	<b>-4.2</b>	<b>-2.0</b>	<b>-2.1</b>	<b>0.7</b>	<b>0.7</b>	<b>-2.8</b>	<b>-0.1</b>	<b>1.8</b>	<b>3.3</b>	<b>5.1</b>	<b>10.0</b>
<b>EBIT-% ex IAC</b>	<b>7.0 %</b>	<b>6.1 %</b>	<b>3.5 %</b>	<b>1.1 %</b>	<b>2.0 %</b>	<b>8.6 %</b>	<b>6.1 %</b>	<b>-0.8 %</b>	<b>-1.7 %</b>	<b>-1.9 %</b>	<b>0.6 %</b>	<b>0.6 %</b>	<b>-0.6 %</b>	<b>-0.1 %</b>	<b>1.5 %</b>	<b>2.8 %</b>	<b>4.1 %</b>	<b>2.1 %</b>
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	-4.6	-4.5	-4.5	-4.5	-18.1
<b>EBITDA ex IAC</b>	<b>48.9</b>	<b>44.2</b>	<b>34.3</b>	<b>25.6</b>	<b>33.6</b>	<b>60.9</b>	<b>47.0</b>	<b>15.3</b>	<b>2.6</b>	<b>2.7</b>	<b>5.2</b>	<b>5.3</b>	<b>15.8</b>	<b>4.5</b>	<b>6.3</b>	<b>7.8</b>	<b>9.6</b>	<b>28.1</b>
<b>EBITDA-% ex IAC</b>	<b>11.0 %</b>	<b>10.6 %</b>	<b>8.1 %</b>	<b>5.9 %</b>	<b>8.2 %</b>	<b>13.3 %</b>	<b>10.6 %</b>	<b>3.1 %</b>	<b>2.3 %</b>	<b>2.4 %</b>	<b>4.9 %</b>	<b>4.6 %</b>	<b>3.5 %</b>	<b>3.9 %</b>	<b>5.4 %</b>	<b>6.6 %</b>	<b>7.8 %</b>	<b>6.0 %</b>

Source: Suominen, Evli Research

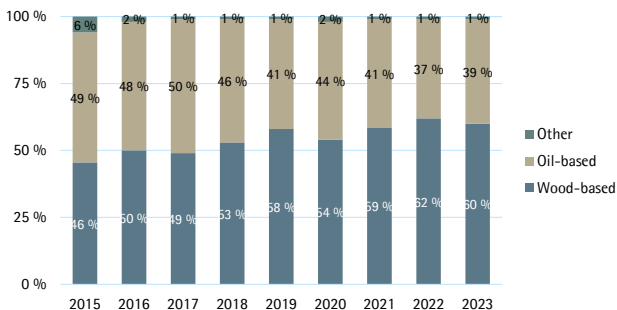
SUOMINEN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		23	24	25	23	24	25	23	24	25
Berry Global Group	6476	8.3x	7.7x	7.5x	13.9x	13.1x	12.4x	9.7 %	9.8 %	10.2 %
Kimberly-Clark	42552	13.3x	13.5x	13.0x	16.5x	16.8x	16.1x	14.5 %	15.5 %	15.9 %
N.R. Spuntech Industries	84									
Mativ Holdings	929	8.0x	8.1x	7.0x	15.3x	12.8x	10.0x	6.1 %	7.6 %	9.1 %
Glatfelter	68	9.7x								
Peer Group Average	10022	<b>9.8x</b>	<b>9.8x</b>	<b>9.1x</b>	<b>15.2x</b>	<b>14.3x</b>	<b>12.9x</b>	<b>10.1 %</b>	<b>11.0 %</b>	<b>11.7 %</b>
Peer Group Median	929	<b>9.0x</b>	<b>8.1x</b>	<b>7.5x</b>	<b>15.3x</b>	<b>13.1x</b>	<b>12.4x</b>	<b>9.7 %</b>	<b>9.8 %</b>	<b>10.2 %</b>
Suominen (Evli est.)	<b>149</b>	<b>12.9x</b>	<b>7.1x</b>	<b>4.5x</b>	<b>-73.1x</b>	<b>19.8x</b>	<b>7.8x</b>	<b>-0.6 %</b>	<b>2.2 %</b>	<b>5.0 %</b>

Suominen prem./disc. to peer median

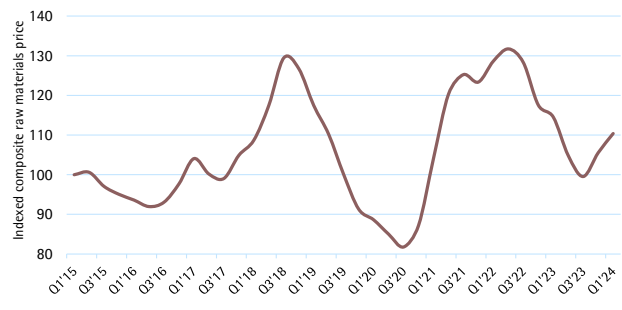
43 % -13 % -40 % -578 % 51 % -37 % -106 % -78 % -51 %

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	2.56 PV of Free Cash Flow	169 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	5.23 PV of Horizon value	176 WACC, %	7.9 Market risk premium, %	5.8
Share price potential, %	104.4 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, %	51.1 Value of stock	305 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	470	484	496	506	516	526	537	547	558	569	581
<i>Sales growth, %</i>	-8.6	4.1	3.0	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Operating income (EBIT)	-3	10	24	30	35	39	39	40	41	42	43	44
<i>Operating income margin, %</i>	-0.6	2.2	5.0	6.0	7.0	7.5	7.5	7.5	7.5	7.5	7.5	7.5
+ Depreciation+amort.	19	18	18	20	22	22	21	21	21	21	21	
EBITDA	16	28	42	50	58	61	61	61	62	63	63	
- Paid taxes	-3	-3	-5	-6	-7	-8	-8	-8	-9	-9	-9	
- Change in NWC	29	-7	-1	-1	-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	7.6	7.6	7.6	7.6	
+ Change in other liabs	-2	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-11	-20	-15	-15	-20	-20	-20	-20	-20	-20	-32	
<i>opCAPEX / Sales, %</i>	2.3	4.4	3.2	3.1	4.0	3.9	3.8	3.8	3.7	3.6	5.7	
- 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	29	-2	21	28	29	32	32	32	32	33	21	368
= Discounted FCFF		-2	18	23	22	22	21	19	18	17	10	176
= DFCF min WACC		-2	19	23	23	23	21	20	19	18	11	202
= DFCF max WACC		-2	18	22	22	22	20	19	17	16	10	156

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	116.8	112.7	106.4	115.0	450.9	113.6	116.0	117.0	123.0	469.6	483.7	495.8
EBITDA	2.7	2.7	5.3	5.2	15.9	4.5	6.3	7.8	9.6	28.2	42.2	49.8
<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>3.9</i>	<i>5.4</i>	<i>6.7</i>	<i>7.8</i>	<i>6.0</i>	<i>8.7</i>	<i>10.1</i>
EBIT	-2.0	-2.1	0.7	0.6	-2.8	-0.1	1.8	3.3	5.1	10.1	24.2	29.7
<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>-0.1</i>	<i>1.6</i>	<i>2.8</i>	<i>4.1</i>	<i>2.2</i>	<i>5.0</i>	<i>6.0</i>
Net financial items	-1.5	-1.3	-1.2	-2.0	-6.0	-0.8	-1.2	-0.9	-0.9	-3.8	-3.4	-2.8
Pre-tax profit	-3.5	-3.4	-0.5	-1.4	-8.8	-0.9	0.6	2.4	4.2	6.3	20.8	26.9
Tax	-0.3	-0.2	1.3	-0.1	0.7	-0.3	-0.1	-0.5	-0.9	-1.8	-4.4	-5.6
<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>-35.2</i>	<i>21.0</i>	<i>21.0</i>	<i>21.0</i>	<i>28.9</i>	<i>21.0</i>	<i>21.0</i>
Net profit	-3.9	-3.6	0.8	-1.5	-8.1	-1.2	0.5	1.9	3.3	4.5	16.4	21.3
EPS	-0.07	-0.06	0.01	-0.03	-0.14	-0.02	0.01	0.03	0.06	0.08	0.28	0.36
EPS adjusted (diluted no. of shares)	-0.07	-0.06	0.01	-0.03	-0.14	-0.02	0.01	0.03	0.06	0.08	0.28	0.36
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
<b>SALES, EURm</b>												
Group	116.8	112.7	106.4	115.0	450.9	113.6	116.0	117.0	123.0	469.6	483.7	495.8
Total	116.8	112.7	106.4	115.0	450.9	113.6	116.0	117.0	123.0	469.6	483.7	495.8
<b>SALES GROWTH, Y/Y %</b>												
Group	5.9	-4.5	-19.3	-13.6	-8.6	-2.7	2.9	10.0	7.0	4.1	3.0	2.5
Total	5.9	-4.5	-19.3	-13.6	-8.6	-2.7	2.9	10.0	7.0	4.1	3.0	2.5
<b>EBIT, EURm</b>												
Group	-2.0	-2.1	0.7	0.6	-2.8	-0.1	1.8	3.3	5.1	10.1	24.2	29.7
Total	-2.0	-2.1	0.7	0.6	-2.8	-0.1	1.8	3.3	5.1	10.1	24.2	29.7
<b>EBIT margin, %</b>												
Group	-1.7	-1.9	0.7	0.5	-0.6	-0.1	1.6	2.8	4.1	2.2	5.0	6.0
Total	-1.7	-1.9	0.7	0.5	-0.6	-0.1	1.6	2.8	4.1	2.2	5.0	6.0

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	411.4	458.9	443.2	493.3	450.9	469.6	483.7	495.8
<i>Sales growth (%)</i>	<i>-4.6</i>	<i>11.5</i>	<i>-3.4</i>	<i>11.3</i>	<i>-8.6</i>	<i>4.1</i>	<i>3.0</i>	<i>2.5</i>
EBITDA	33.6	60.9	47.0	15.2	15.9	28.2	42.2	49.8
<i>EBITDA margin (%)</i>	<i>8.2</i>	<i>13.3</i>	<i>10.6</i>	<i>3.1</i>	<i>3.5</i>	<i>6.0</i>	<i>8.7</i>	<i>10.1</i>
Depreciation	-25.5	-21.4	-20.1	-23.2	-18.7	-18.1	-18.0	-20.1
EBITA	8.1	39.5	26.9	-8.0	-2.8	10.1	24.2	29.7
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	10.1	24.2	29.7
<i>EBIT margin (%)</i>	<i>2.0</i>	<i>8.6</i>	<i>6.1</i>	<i>-0.9</i>	<i>-0.6</i>	<i>2.2</i>	<i>5.0</i>	<i>6.0</i>
Reported EBIT	8.1	39.5	26.9	-4.2	-2.8	10.1	24.2	29.7
<i>EBIT margin (reported) (%)</i>	<i>2.0</i>	<i>8.6</i>	<i>6.1</i>	<i>-0.9</i>	<i>-0.6</i>	<i>2.2</i>	<i>5.0</i>	<i>6.0</i>
Net financials	-6.0	-5.6	-0.4	-2.9	-6.0	-3.8	-3.4	-2.8
Pre-tax profit	2.1	33.9	26.5	-7.1	-8.8	6.3	20.8	26.9
Taxes	-1.9	-3.8	-5.8	-2.0	0.7	-1.8	-4.4	-5.6
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	4.5	16.4	21.3
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
<b>BALANCE SHEET, EURm</b>								
Assets								
Fixed assets	143	126	129	126	119	121	118	113
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	55
Receivables	61	61	73	76	72	66	67	69
Liquid funds	33	58	101	50	59	38	39	40
Total assets	316	317	387	343	316	305	307	306
Liabilities								
Shareholder's equity	131	146	163	146	125	124	133	147
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	78	68	51
Non-interest bearing current liabilities	66	55	57	80	75	75	77	79
Other interest-free debt	3	3	3	3	7	7	7	7
Total liabilities	316	317	387	343	316	305	307	306
<b>CASH FLOW, EURm</b>								
+ EBITDA	34	61	47	15	16	28	42	50
- Net financial items	-6	-6	0	-3	-6	-4	-3	-3
- Taxes	-2	-4	-3	-3	-3	-2	-4	-6
- Increase in Net Working Capital	-1	-1	-25	6	29	-7	-1	-1
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	25	50	19	15	36	15	33	40
- Capex	-11	-12	-16	-6	-10	-20	-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	26	-5	18	25
+/- 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	-10	-10	-16
Change in cash	1	25	43	-52	9	-21	1	1

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	296	302	181	164	149	149	149
Net debt (excl. convertibles)	40	45	51	40	52	41	23
Enterprise value	336	347	232	205	201	190	172
Sales	459	443	493	451	470	484	496
EBITDA	61	47	15	16	28	42	50
EBIT	40	27	-4	-3	10	24	30
Pre-tax	34	27	-7	-9	6	21	27
Earnings	30	21	-9	-8	4	16	21
Equity book value (excl. minorities)	146	163	146	125	124	133	147
<b>Valuation multiples</b>							
EV/sales	0.7	0.8	0.5	0.5	0.4	0.4	0.3
EV/EBITDA	5.5	7.4	15.2	12.9	7.1	4.5	3.5
EV/EBITA	8.5	12.9	-29.0	-73.1	19.9	7.9	5.8
EV/EBIT	8.5	12.9	-55.1	-73.1	19.9	7.9	5.8
EV/OCF	6.7	18.0	15.2	5.7	13.3	5.7	4.3
EV/FCFF	7.4	195.7	26.3	7.2	-91.3	9.1	6.3
P/FCFE	7.7	86.1	19.2	6.4	-27.9	8.3	6.0
P/E	9.8	14.6	-19.8	-20.4	33.3	9.1	7.0
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	7.0	4.4	3.4
Target EV/EBIT	0.0	0.0	0.0	0.0	19.5	7.7	5.7
Target EV/FCF	0.0	0.0	0.0	0.0	-36.8	10.4	6.8
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	32.5	8.9	6.9
<b>Per share measures</b>							
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	0.08	0.28	0.36
Operating cash flow per share	0.86	0.33	0.26	0.62	0.26	0.57	0.69
Free cash flow per share	0.66	0.06	0.16	0.44	-0.09	0.31	0.43
Book value per share	2.50	2.80	2.50	2.14	2.12	2.28	2.52
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	155.9	46.1	54.8
Dividend yield, %	3.9	3.9	3.2	3.9	4.7	5.1	7.8
FCF yield, %	12.9	1.2	5.2	15.5	-3.6	12.0	16.8
<b>Efficiency measures</b>							
ROE	21.8	13.4	-5.9	-6.0	3.6	12.8	15.2
ROCE	16.6	9.7	-1.5	-1.2	4.6	11.4	14.1
<b>Financial ratios</b>							
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	4.4	3.2	3.1
CAPEX/sales (incl. acquisitions), %	2.6	3.6	1.2	2.3	4.4	3.2	3.1
FCFF/EBITDA	0.7	0.0	0.6	1.8	-0.1	0.5	0.6
Net debt/EBITDA, book-weighted	0.7	1.0	3.3	2.5	1.8	1.0	0.5
Debt/equity, market-weighted	0.3	0.4	0.5	0.5	0.5	0.5	0.3
Equity ratio, book-weighted	46.0	42.2	42.5	39.5	40.5	43.3	47.9
Gearing, %	27.3	27.6	35.0	32.4	41.8	30.6	15.9

**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	14,080,625	36.046	24.2%
Etola Group Oy	7,414,000	18.980	12.7%
Oy Etra Invest Ab	7,000,000	17.920	12.0%
OP Life Assurance Company Ltd	4,148,521	10.620	7.1%
Nordea Nordic Small Cap Fund	3,435,147	8.794	5.9%
Mandatum Life Insurance Company Limited	2,881,280	7.376	4.9%
Ilmarinen Mutual Pension Insurance Company	1,912,000	4.895	3.3%
Varma Mutual Pension Insurance Company	1,689,751	4.326	2.9%
Nordea Life Assurance Finland Ltd.	1,462,000	3.743	2.5%
Oy H. Kuningas & Co Ab	1,400,000	3.584	2.4%
Ten largest	45,423,324	116.284	78%
Residual	12,835,895	32.860	22%
Total	58,259,219	149.144	100%

**EARNINGS CALENDAR**

August 09, 2024

Q2 report

November 06, 2024

Q3 report

**OTHER EVENTS****COMPANY MISCELLANEOUS**

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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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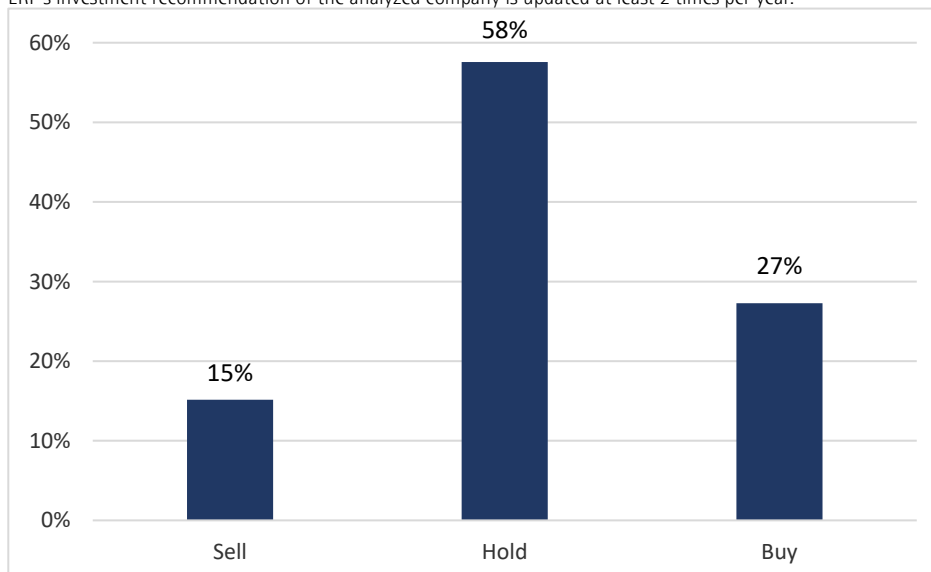
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Investment recommendations are defined as follows:

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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