Nordea

Commissioned Equity Research

Flash comment

03 February 2022

Commissioned research: Suominen – Guidance for 2022 affected by destocking, supply chain issues and high costs

Marketing material commissioned by Suominen

Suominen Q4 2021 comparable EBITDA of EUR 9.0m improved clearly from the previous quarter, but came in 28% below consensus (Vara Research) of EUR 12.6m. Management sees the start of 2022 affected by destocking, supply chain challenges and high costs, and due to the challenges affecting especially Q1 2022, it guides 2022 EBITDA to decline from EUR 47m in 2021. Management expects demand to stabilise from Q2 onwards and end consumer demand to remain above pre-pandemic levels.

Q4 EBITDA of EUR 9m (consensus EUR 13m), start of 2022 affected by costs, inventory destocking and supply chain issues

- Suominen Q4 21 comparable EBITDA of EUR 9.0m improved clearly from the previous quarter, but came in 28% below consensus (Vara Research) of EUR 12.6m.
- EBITDA was affected by higher cost escalation than expected, as sales of EUR 116m was slightly ahead of consensus of EUR 113m.
- Dividend was proposed at EUR 0.20 (cons 0.17).
- Suominen introduced guidance for 2022, and foresees 2022 comparable EBITDA to decrease from EUR 47m in 2021 (consensus EBITDA for 2022 is EUR 53m). According to the company, inventory levels are still high at some customers, and supply chain challenges will affect earnings especially in Q1 2022. Earnings also continue to be affected by the lag between the rising raw material, energy and logistics costs and the sales prices.
- Management expects the demand for Suominen's products to stabilise from Q2 2022 onwards, as it expects the end consumer demand to remain above pre-pandemic levels.

SUOMINEN: DEVIATION TABLE

	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual	
EURm	Q4 21E	Q4 21E	vs. actual		Q4 21E	vs. actual		Q3 21	q/q	Q4/20	y/y
Sales	115.6	122.4	-6.8	-6%	113.1	2.5	2%	98.7	17%	111.1	4%
Comparable EBITDA	9.0	11.7	-2.7	-23%	12.6	-3.6	-28%	4.2	114%	13.5	-34%
EBITDA margin	7.8%	9.5%		-1.8pp	11.1%		-3.3pp	4.3%	3.5pp	12.2%	-4.4pp
Comparable operating profit	3.9	6.6	-2.7	n.a.	7.1	-3.2	-45%	-0.8	n.a.	8.5	-54%
Operating margin	3.4%	5.4%		-2.0pp	6.2%		-2.9pp	-0.8%	4.2pp	7.7%	-4.3pp
EPS	0.04	0.08	-0.04	n.a.	0.09	-0.04	-51%	-0.03	n.a.	0.13	n.a.

Source: Company data, Vara Research and Nordea estimates

SUMMARY TABLE - KEY FIGURES

EURm	2018	2019	2020	2021E	2022E	2023E
Total revenue	431	411	459	450	478	495
EBITDA (adj)	26	34	61	53	55	56
EBIT (adj)	5	8	39	32	35	36
EBIT (adj) margin	1.1%	2.0%	8.6%	7.2%	7.3%	7.4%
EPS (adj, EUR)	-0.03	0.00	0.52	0.44	0.45	0.47
EPS (adj) growth	-111.8%	113.1%	13,268.1%	-16.3%	2.7%	6.0%
DPS (ord, EUR)	0.00	0.05	0.20	0.20	0.20	0.20
EV/Sales	0.4	0.5	0.7	0.7	0.6	0.5
EV/EBIT (adj)	41.2	24.8	8.4	9.2	8.0	7.1
P/E (adj)	n.m.	n.m.	9.8	11.1	10.8	10.2
P/BV	0.9	1.0	2.0	1.8	1.7	1.5
Dividend yield (ord)	0.0%	2.2%	3.9%	4.1%	4.1%	4.1%
FCF Yield bef A&D, lease adj	14.7%	14.6%	15.6%	7.1%	10.7%	11.6%
Net debt	71	69	37	17	-2	-23
Net debt/EBITDA	2.8	2.0	0.6	0.3	0.0	-0.4
ROIC after tax	1.6%	2.9%	14.5%	12.7%	14.3%	15.3%

Source: Company data and Nordea estimates

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