

10 January 2023

## Commissioned research: Suominen – Planned closure of Mozzate manufacturing site speeds up transition from standard nonwovens towards higher-value products

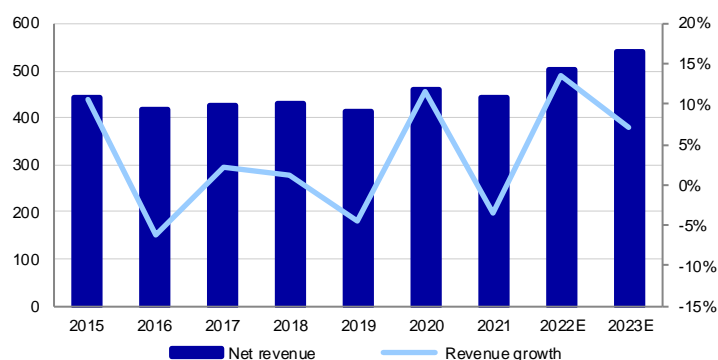
*Marketing material commissioned by Suominen*

Suominen has initiated a consultation process to close manufacturing at its Mozzate plant in Italy in Q2 2023, amidst high cost and tough competition in the market for standard nonwovens wipes. Suominen sees a positive annualised EBITDA impact of EUR 3m, as the company steers from standard blended fibre products towards more sustainable product range.

### Planned closure of Mozzate plant in speeds up transition from standard nonwovens to higher-value sustainable products

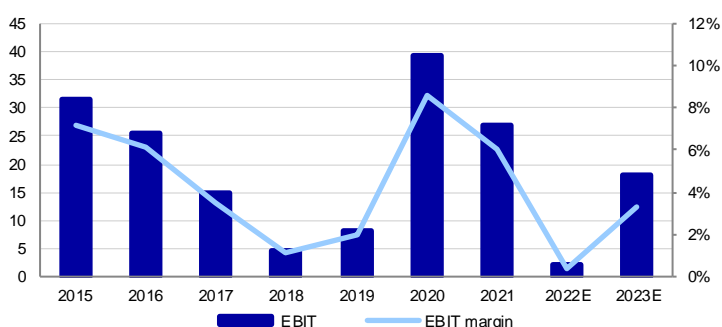
- Suominen has initiated a consultation process to close one of its two manufacturing sites in Italy, Mozzate plant, in Q2 2023. The site employs 92 people.
- Suominen cites increased competition in the wipes nonwovens market and pressure from imports from Turkey and China, affecting especially the traditional blended fibre products, and cost competitiveness in Italy suffering due to high energy cost. Suominen focuses on increase the sales of sustainable products and to innovate new environmentally friendly nonwovens, and steer away from the competitive market for standard blended fibre products.
- The company indicates EUR 12m one-time cost, of which EUR 9m cash, and a positive annualised EBITDA impact of approximately EUR 3m as a result of the planned closure. The EBITDA impact equals 15% of our EBITDA estimate for 2022E and 8% of EBITDA 2023E. The indicated cost of EUR 12m equals 7% of equity. Cash one-off cost equals 14% of net debt, and net gearing post one-offs equals 49% (vs Q3 net gearing of 40%), we calculate.
- Whilst the indicated positive EBITDA impact demonstrates the need to rationalise Suominen's asset base, the market remains challenging and it takes time to steer output towards segments with stronger demand outlook, we believe.

## SALES & GROWTH



Source: Company data, Nordea estimates

## OPERATING PROFIT & MARGIN



Source: Company data, Nordea estimates

## SUMMARY TABLE - KEY FIGURES

| EURm                         | 2019   | 2020      | 2021   | 2022E   | 2023E    | 2024E |
|------------------------------|--------|-----------|--------|---------|----------|-------|
| Total revenue                | 411    | 459       | 443    | 504     | 540      | 545   |
| EBITDA (adj)                 | 34     | 61        | 47     | 21      | 37       | 48    |
| EBIT (adj)                   | 8      | 39        | 27     | 2       | 18       | 29    |
| EBIT (adj) margin            | 2.0%   | 8.6%      | 6.1%   | 0.4%    | 3.3%     | 5.4%  |
| EPS (adj, EUR)               | 0.00   | 0.52      | 0.36   | -0.02   | 0.23     | 0.39  |
| EPS (adj) growth             | 113.1% | 13,268.1% | -31.6% | -104.2% | 1,651.4% | 68.1% |
| DPS (ord, EUR)               | 0.05   | 0.20      | 0.20   | 0.10    | 0.10     | 0.13  |
| EV/Sales                     | 0.5    | 0.7       | 0.8    | 0.5     | 0.4      | 0.4   |
| EV/EBIT (adj)                | 24.8   | 8.4       | 13.0   | 126.2   | 12.9     | 7.1   |
| P/E (adj)                    | n.m.   | 9.8       | 14.6   | n.m.    | 13.9     | 8.3   |
| P/BV                         | 1.0    | 2.0       | 1.8    | 1.1     | 1.1      | 1.0   |
| Dividend yield (ord)         | 2.2%   | 3.9%      | 3.9%   | 3.1%    | 3.1%     | 4.0%  |
| FCF Yield bef A&D, lease adj | 14.6%  | 15.6%     | -2.2%  | 1.3%    | 11.2%    | 16.2% |
| Net debt                     | 69     | 37        | 50     | 59      | 43       | 19    |
| Net debt/EBITDA              | 2.0    | 0.6       | 1.1    | 2.8     | 1.2      | 0.4   |
| ROIC after tax               | 2.9%   | 14.5%     | 9.7%   | 0.7%    | 6.0%     | 10.1% |

Source: Company data and Nordea estimates

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