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## Commissioned research: Suominen – Q1 sales and EBITDA below expectations in a challenging market

Marketing material commissioned by Suominen

Suominen reported weaker than expected sales and EBITDA, with costs peaking but not giving as much tailwind as expected. Management sees the near-term outlook remaining challenging, with raw material prices remaining close to Q1 levels and competition remaining fierce, but the company is more optimistic about H2 outlook and maintains its full-year EBITDA guidance unchanged.

### Comparable EBITDA of EUR 2.6m, with margin of 2.2%, misses consensus

- Suominen Q1 23 comparable EBITDA amounted to EUR 2.6m (consensus compiled by Vara EUR 5.8m). Sales came in at EUR 117m, 6% below consensus.
- Management noted that the raw material prices started to decline in Q1, but they were still significantly higher than in the comparison period.

### Challenging near-term outlook, more optimistic about H2 2023

- Management sees the outlook for near future as challenging, and the competition is fierce. The market remains unstable, with regard to raw material, energy and freight costs.
- Raw material prices declined in Q1/2023 from Q4/2022 and Suominen is seeing signs that the raw material prices remain close to Q1 level in the foreseeable future.
- Suominen management is more optimistic about H2 2023, and maintains its full-year guidance unchanged, with comparable EBITDA foreseen to increase in 2023 from EUR 15m in 2022 (consensus EBITDA for 2023 is EUR 34m).

#### SUOMINEN: DEVIATION TABLE

EURm	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual	
	Q1 23	Q1 23E	vs. actual		Q1 23E	vs. actual	Q3 22	q/q	Q4 21	y/y	
Sales	116.8	127.0	-10.2	-8%	124.0	-7.2	-6%	131.9	-11%	115.6	1%
Comparable EBITDA	2.6	6.5	-3.9	-60%	5.8	-3.2	-55%	5.1	-49%	9.0	-71%
EBITDA margin	2.2%	7.5%	-5.3pp		4.7%	-2.5pp		3.9%	-1.7pp	7.8%	-5.6pp
Operating profit	-2.0	1.9	-3.9	n.a.	1.8	-3.8	n.a.	0.2	n.a.	3.9	n.a.
Operating margin	-1.7%	4.1%	-5.9pp		1.5%	-3.2pp		0.2%	-1.9pp	3.4%	-5.1pp
EPS	-0.07	-0.01	-0.06	n.a.	-0.01	-0.06	n.a.	-0.01	n.a.	0.04	n.a.

Source: Company data, Vara Research and Nordea estimates

## SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023E	2024E	2025E
Total revenue	459	443	493	493	510	528
EBITDA (adj)	61	47	15	34	45	48
EBIT (adj)	39	27	-4	14	25	29
EBIT (adj) margin	8.6%	6.1%	-0.8%	2.9%	5.0%	5.5%
EPS (adj, EUR)	0.52	0.36	-0.16	0.17	0.33	0.37
EPS (adj) growth	13,268.1%	-31.6%	-143.7%	207.0%	95.2%	14.5%
DPS (ord, EUR)	0.20	0.20	0.10	0.10	0.13	0.14
EV/Sales	0.7	0.8	0.5	0.4	0.4	0.3
EV/EBIT (adj)	8.4	13.0	n.m.	14.6	7.5	5.9
P/E (adj)	9.8	14.6	n.m.	16.8	8.6	7.5
P/BV	2.0	1.8	1.2	1.1	1.0	1.0
Dividend yield (ord)	3.9%	3.9%	3.3%	3.6%	4.6%	5.0%
FCF Yield bef A&D, lease adj	15.6%	-2.2%	2.4%	9.9%	14.2%	17.6%
Net debt	37	50	55	44	27	6
Net debt/EBITDA	0.6	1.1	3.8	1.5	0.6	0.1
ROIC after tax	14.5%	9.7%	-1.5%	5.3%	10.1%	11.8%

Source: Company data and Nordea estimates

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