

27 October 2023

## Commissioned research: Suominen – Q3 EBITDA improving from Q2, 2023 outlook unchanged, positive signs tentatively indicated for 2024

Marketing material commissioned by Suominen

Suominen's result improved from Q2, albeit slightly less than factored in consensus estimates, and management claims it is seeing positive signs in its business environment, despite the weak global economy. We anticipate no material revisions to consensus estimates, based on the result and guidance.

### EBITDA of EUR 5.2m improved from Q2, but slightly less than factored in consensus

- Suominen reported Q3 23 comparable EBITDA at EUR 5.2m, a tad below consensus (by Vara Research) of EUR 6.5m,
- Q3 sales of EUR 106m were 11% below consensus expectation. According to Suominen, sales prices decreased following the decline in raw material prices and the closure of the Mozzate plant in Italy in Q2. FX impacted the net sales negatively by EUR 5.2m.
- Cash flow was marginally stronger than we had anticipated, with free cash flow of EUR 3.6m and cash flow from operations at EUR 8.0m. Net debt declined to EUR 51.8m (from 55.4m end of Q2), corresponding to net gearing of 0.40x.

### Unchanged outlook for 2023 underpins consensus estimates, seeing positive signs for 2024

- Suominen keeps its guidance unchanged, as management foresees comparable EBITDA to increase in 2023 from EUR 15m in 2022. Consensus estimate for 2023 EBITDA is EUR 18m.
- Despite the challenging global economy, Suominen sees at the moment positive signs in its business environment for 2024, and continues to execute its improvement action plan. Consensus for 2024 is factoring in an improvement in EBITDA to EUR 36m.

#### SUOMINEN: DEVIATION TABLE

EURm	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual	
	Q3 23E	Q3 23E	vs. actual		Q3 23E	vs. actual	Q2 23	q/q	Q3 22	y/y	
Sales	106.4	114.3	-7.9	-7%	119.6	-13.2	-11%	112.7	-6%	131.9	-19%
Comparable EBITDA	5.2	7.0	-1.8	-26%	4.3	0.9	21%	2.7	93%	5.1	1%
EBITDA margin	4.9%	6.1%	-1.2pp		3.6%	1.3pp		2.4%	2.5pp	3.9%	1.0pp
Reported operating profit	0.6	2.2	-1.6	n.a.	0.7	-0.1	n.a.	-2.1	n.a.	0.2	n.a.
Operating margin	0.6%	1.9%	-1.4pp		0.6%	0.0pp		-1.9%	2.4pp	0.2%	0.4pp
EPS	0.01	0.01	0.00	n.a.	-0.02	0.03	n.a.	-0.14	n.a.	-0.01	n.a.

Source: Company data, Vara Research and Nordea estimates

## SUOMINEN: CASH FLOW AND BALANCE SHEET

EURm	Actual	NDA est.	Deviation		Actual	Actual		
	Q3 23E	Q3 23E	vs. actual		Q2 23	q/q	Q3 22	y/y
Profit for the period	0.8	0.8			-8.2		-0.4	
Adjustments	4.7	4.0			8.1		5.7	
Cash before WC	5.5	4.8			-0.1		5.3	
Change in working capital	4.5	3.0			9.0		-13.9	
Financial items	-1.0	-1.2			-1.7		-0.2	
Income taxes	-1.0	-0.2			-0.9		-1.9	
Cash flow from operations	8.0	6.4	1.6		6.4		-10.8	
Investments	-4.4	-3.0			-1.8		-2.9	
Sales of property, plant, equip	0.0	0.0			0.0		0.0	
Sales of equity investments	0.0	0.0			0.0		0.0	
Cash from investments	-4.4	-3.0			-1.8		-2.9	
Free cash flow	3.6	3.4			4.6		-13.7	
Dividends	0.0	0.0			-5.8		0.0	
Net debt	51.8	52.0	-0.2	0%	55.4	-6%	65.8	-21%
Equity	128.1	128.1	0.0	0%	127.3	1%	165.2	-22%
Net gearing	40.4	40.6	-0.1pp		43.5	-3.1pp	39.9	0.6pp

Source: Company data and Nordea estimates

## SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023E	2024E	2025E
Total revenue	459	443	493	457	472	492
EBITDA (adj)	61	47	15	20	33	37
EBIT (adj)	39	27	-4	1	14	18
EBIT (adj) margin	8.6%	6.1%	-0.8%	0.3%	3.0%	3.6%
EPS (adj, EUR)	0.52	0.36	-0.16	-0.09	0.13	0.20
EPS (adj) growth	13,268.1%	-31.6%	-143.7%	45.1%	256.9%	46.7%
DPS (ord, EUR)	0.20	0.20	0.10	0.10	0.13	0.14
EV/Sales	0.7	0.8	0.5	0.5	0.4	0.4
EV/EBIT (adj)	8.4	13.0	n.m.	152.6	14.1	10.6
P/E (adj)	9.8	14.6	n.m.	n.m.	19.4	13.2
P/BV	2.0	1.8	1.2	1.2	1.1	1.1
Dividend yield (ord)	3.9%	3.9%	3.3%	3.8%	5.0%	5.4%
FCF Yield bef A&D, lease adj	15.6%	-2.2%	2.4%	3.2%	9.8%	11.8%
Net debt	37	50	55	56	47	36
Net debt/EBITDA	0.6	1.1	3.8	3.5	1.4	1.0
ROIC after tax	14.5%	9.7%	-1.5%	0.5%	5.6%	7.4%

Source: Company data and Nordea estimates

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