

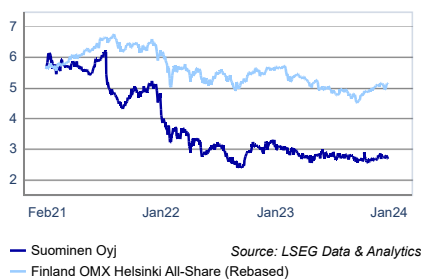
Suominen

Consumer Goods
Finland

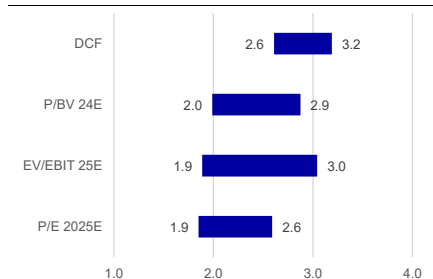
KEY DATA

Stock country	Finland
Bloomberg	SUY1V FH
Reuters	SUY1V.HE
Share price (close)	EUR 2.70
Free float	76%
Market cap. (bn)	EUR 0.16/EUR 0.16
Website	www.suominen.fi
Next report date	06 Feb 2024

PERFORMANCE



VALUATION APPROACH (EUR/SHARE)



ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	0%	-2%	-2%
EBIT (adj)	1%	-13%	5%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Joni Sandvall
Analyst

Jukka-Pekka Pesonen
Analyst

Raw material prices are edging up

We expect Suominen to continue improving its profitability in Q4, driven by lower raw material prices and self-help measures. However, the recent uptick in pulp prices could cause some pressure in 2024 despite a possibly improving operating environment. We make only marginal revisions to our 2023 estimates, while we trim 2024E adjusted EBITDA by 6% due to higher pulp prices and FX. We derive a fair value range of EUR 2.1-2.9 (2.4-3.1), based on DCF- and multiples-based valuation approaches.

We expect Q4 EBITDA to be up 44% y/y

We expect Q4 sales to decline 17% y/y, driven by lower sale prices and a negative FX impact. Raw material costs have eased y/y, which combined with self-help measures should boost margins y/y and sequentially. We model adjusted EBITDA of EUR 7.1m in Q4 2024, up 44% y/y. Suominen was able to improve its net working capital substantially in 2023 and while inventories are close to normalised levels, we expect a slight improvement in net working capital. We model Q4 operating cash flow of EUR 8.8m. We are 2% below post-Q3 Vara consensus on sales for Q4, and 1% below on adjusted EBITDA. We expect Suominen's board of directors to propose a flat DPS of EUR 0.10 from 2023.

More robust end demand required in 2024

Despite the challenging global economy, Suominen noted in Q3 that it sees positive signs in its business environment for 2024 and that it continues to execute its action plan. We believe the company could benefit from improved end demand, although this could take until H2 2024. We note a recent uptick in pulp prices, which will likely cause upward pressure on raw material costs. However, increased raw material costs could be hard to push through unless end demand recovers. For 2024, we model 3% sales growth and adjusted EBIT of EUR 28.9m, up from EUR 17.7m in 2023E. We are in line with consensus on 2024 sales, while we are 14% below consensus on adjusted EBITDA, most likely due to higher pulp prices.

Fair value range of EUR 2.1-2.9 per share

We estimate a fair value range of EUR 2.1-2.9 (2.4-3.1), based on a combination of four valuation approaches (DCF, 2024E P/BV, 2025E EV/EBIT and 2025E P/E). We note that the company is targeting an EBITDA margin of above 12% by 2025, but we think this would require much stronger end demand and lower raw material prices (we model a 7.4% adjusted EBITDA margin in 2025).

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	411	459	443	493	446	460	479
EBITDA (adj)	34	61	47	15	18	29	35
EBIT (adj)	8	39	27	-4	-1	10	17
EBIT (adj) margin	2.0%	8.6%	6.1%	-0.8%	-0.2%	2.2%	3.5%
EPS (adj, EUR)	0.00	0.52	0.36	-0.16	-0.10	0.08	0.19
EPS (adj) growth	113.1%	3,268.1%	-31.6%	-143.7%	38.3%	187.4%	120.9%
DPS (ord, EUR)	0.05	0.20	0.20	0.10	0.10	0.10	0.14
EV/Sales	0.5	0.7	0.8	0.5	0.5	0.4	0.4
EV/EBIT (adj)	24.8	8.4	13.0	n.m.	n.m.	19.9	11.8
P/E (adj)	n.m.	9.8	14.6	n.m.	n.m.	32.2	14.6
P/BV	1.0	2.0	1.8	1.2	1.2	1.2	1.2
Dividend yield (ord)	2.2%	3.9%	3.9%	3.3%	3.7%	3.7%	5.2%
FCF Yield bef A&D, lease	14.6%	15.6%	-2.2%	2.4%	7.6%	4.3%	7.0%
Net debt	69	37	50	55	48	47	41
Net debt/EBITDA	2.0	0.6	1.1	3.8	3.7	1.6	1.2
ROIC after tax	2.9%	14.5%	9.7%	-1.5%	-0.4%	4.3%	7.1%

Source: Company data and Nordea estimates

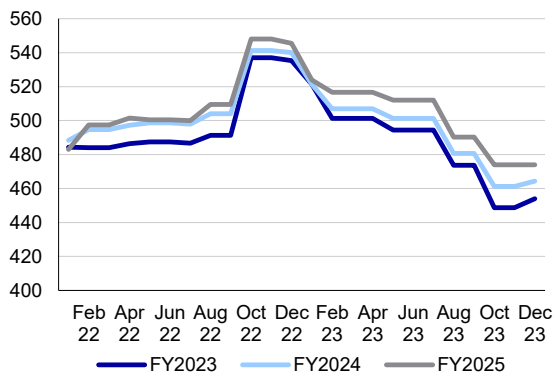
Expectations ahead of the Q4 report

Suominen will issue its Q4 2023 report on 6 February. We adjust for recent uptick in pulp prices and FX changes. For Q4E, we are 2% below Vara Research consensus on sales and 1% below on adjusted EBITDA. For 2023E, we model EUR 17.7m adjusted EBITDA against improving adjusted EBITDA guidance of EUR 15.3m from 2022.

Consensus expectations have been under pressure for past two years

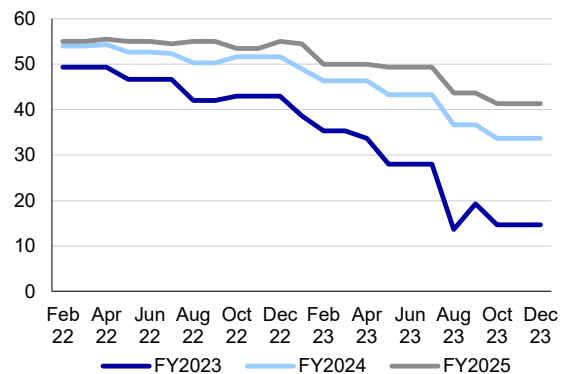
Suominen will publish its Q4 2023 report on 6 February at 9:30 EET. Consensus earnings revisions have been on a negative trend for the past two years.

CONSENSUS SALES ESTIMATES (EURm)



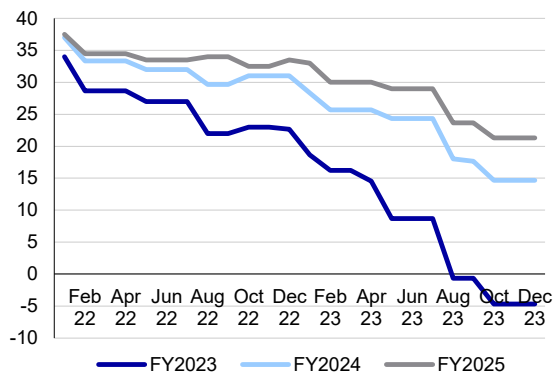
Source: LSEG Data & Analytics

CONSENSUS EBITDA ESTIMATES (EURm)



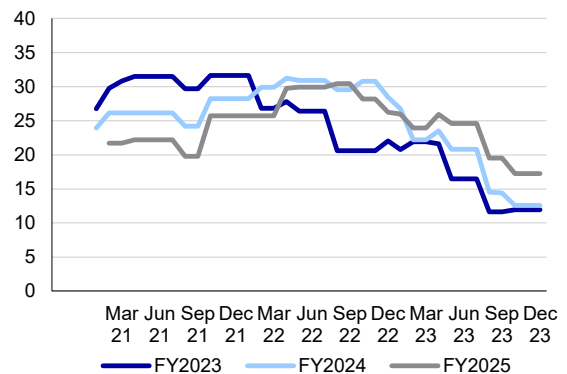
Source: LSEG Data & Analytics

CONSENSUS EBIT ESTIMATES (EURm)



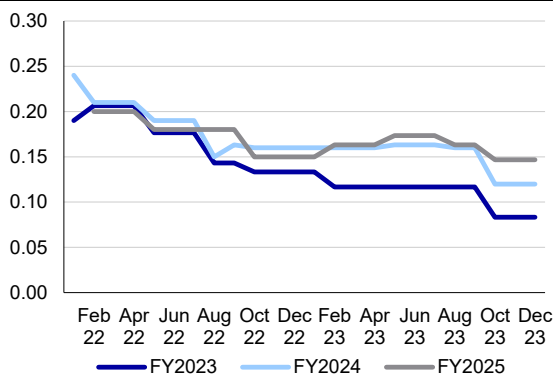
Source: LSEG Data & Analytics

CONSENSUS FCF ESTIMATES (EURm)



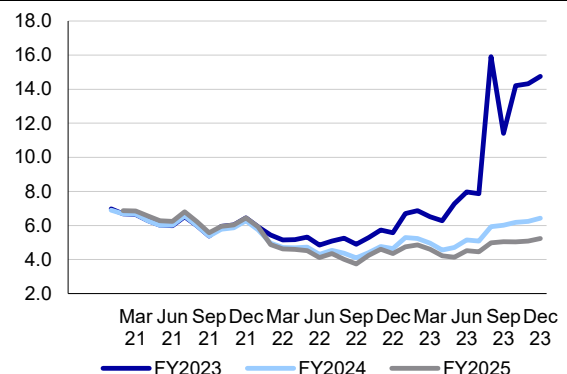
Source: LSEG Data & Analytics

CONSENSUS DPS ESTIMATES (EUR)



Source: LSEG Data & Analytics

CONSENSUS EV/EBITDA (x)



Source: LSEG Data & Analytics

We are below consensus for 2024E

For Q4E, we are 2% below post-Q3 Vara Research consensus on sales and 1% below on adjusted EBITDA. However, for 2024E, we are 14% below consensus on adjusted EBITDA despite in-line sales expectations. We believe this is due to recent uptick in pulp prices.

OUR ESTIMATES VERSUS CONSENSUS

EURm	Nordea estimates				Consensus estimates				Difference %			
	Q4 23E	2023E	2024E	2025E	Q4 23E	2023E	2024E	2025E	Q4 23E	2023E	2024E	2025E
Sales	110	446	460	479	113	449	461	n.a.	-2%	-1%	0%	n.a.
Comparable EBITDA	7.1	17.7	28.9	35.4	7.2	17.8	33.7	n.a.	-1%	-1%	-14%	n.a.
EBITDA margin	6%	4%	6%	7%	6%	4%	7%	n.a.	0.1pp	0.0pp	-0.9pp	n.a.
Comparable op profit	2.6	-0.9	10.3	16.8	2.4	-1.1	15.7	n.a.	9%	-16%	-35%	n.a.
Operating margin	2.4%	-0.2%	2.2%	3.5%	2.1%	-0.2%	3.4%	n.a.	0.2pp	0.0pp	-1.2pp	n.a.
EPS	0.02	-0.18	0.08	0.19	0.02	-0.15	0.15	n.a.	-3%	18%	-44%	n.a.
DPS		0.10	0.10	0.14		0.09	0.12	n.a.		11%	-17%	n.a.

Source: Vara Research, Nordea estimates

Cons. updated: 11/1/2024

Estimate revisions

We leave 2023 estimates largely intact, while we trim 2024E-25E top line by 2%, mainly due to FX. For 2024E, we trim adjusted EBITDA by 6% owing to higher pulp prices, while we nudge up 2025E adjusted EBITDA by 2%. In addition, we cut 2024E DPS by 23% and expect the company to also maintain a flat dividend from 2024E.

ESTIMATE REVISIONS

EURm	New estimates				Old estimates				Difference %			
	Q4 23E	2023E	2024E	2025E	Q4 23E	2023E	2024E	2025E	Q4 23E	2023E	2024E	2025E
Sales	110	446	460	479	111	447	469	489	-1%	0%	-2%	-2%
- growth	-17%	-10%	3%	4%	-16%	-9%	5%	4%	-1.0pp	-0.3pp	-1.8pp	0.0pp
Comparable EBITDA	7.1	18	29	35	7.4	18	31	35	-3%	-1%	-6%	2%
EBITDA margin	6.5%	4.0%	6.3%	7.4%	6.6%	4.0%	6.5%	7.1%	-0.1pp	0.0pp	-0.2pp	0.3pp
Comparable op profit	2.6	-1	10	17	2.5	-1	12	16	4%	-1%	-13%	5%
Operating margin	2.4%	-0.2%	2.2%	3.5%	2.3%	-0.2%	2.5%	3.3%	0.1pp	0.0pp	-0.3pp	0.2pp
Pre-tax profit	1.4	-11	6	14	1.3	-11	8	13	7%	0%	-19%	6%
EPS	0.02	-0.18	0.08	0.19	0.02	-0.18	0.10	0.17	7%	1%	-19%	6%
DPS		0.10	0.10	0.14		0.10	0.13	0.14		0%	-23%	0%
Volume growth (est)	0.0%	-3.4%	2.6%	2.6%	0.0%	-3.4%	2.6%	2.7%	0.0pp	0.0pp	0.0pp	0.0pp
ASP change (est)	-14.0%	-4.7%	1.0%	1.6%	-14.2%	-4.7%	1.0%	1.7%	0.2pp	0.0pp	0.0pp	0.0pp
Organic growth	-14.0%	-8.1%	3.6%	4.3%	-14.2%	-8.1%	3.6%	4.3%	0.2pp	0.0pp	0.0pp	0.0pp
FX impact on topline	-3.3%	-1.5%	-0.6%	0.0%	-2.1%	-1.2%	1.2%	0.0%		-0.3pp	-1.8pp	0.0pp
Raw material price inflation		-8.0 %	-0.7 %	1.2 %		-8.0 %	-1.6 %	2.0 %		0.0pp	0.9pp	-0.8pp

Source: Nordea estimates

Detailed estimates

QUARTERLY ESTIMATES

EURm	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23E
Net sales	115	114	99	116	110	118	132	133	117	113	106	110
growth y/y	5%	-7%	-15%	4%	-4%	4%	34%	15%	6%	-5%	-19%	-17%
on constant currencies	12%	-1%	-14%	2%	-8%	-3%	22%	7%	3%	-3%	-15%	-14%
Gross profit	20	17	5	8	7	5	5	2	5	3	6	10
gross margin, %	17.6%	14.7%	5.5%	7.3%	6.0%	4.2%	4.0%	1.4%	4.2%	2.7%	6.0%	9.3%
EBITDA	19	15	4	9	3	2	5	0	3	-2	5	7
Adj. EBITDA	19	15	4	9	3	2	5	0	3	3	5	7
Adj. EBITDA margin, %	16.0%	13.5%	4.3%	7.8%	3.0%	1.6%	3.9%	0.1%	2.3%	2.4%	4.9%	6.5%
D&A	-4.9	-5.0	-5.0	-5.1	-4.6	-4.8	-4.9	-5.2	-4.7	-4.8	-4.5	-4.5
EBIT	13.6	10.3	-0.8	3.9	-1.3	-2.9	0.2	-5.0	-2.1	-6.7	0.6	2.6
Adj. EBIT	13.6	10.3	-0.8	3.9	-1.3	-2.9	0.2	-5.0	-2.0	-2.1	0.7	2.6
Adj. EBIT margin, %	11.8%	9.1%	-0.8%	3.4%	-1.1%	-2.5%	0.2%	-3.7%	-1.7%	-1.9%	0.6%	2.4%
Net financials	3.3	-1.6	-1.0	-1.1	-0.9	0.7	-0.1	-2.6	-1.5	-1.3	-1.2	-1.2
PTP	16.9	8.7	-1.8	2.8	-2.2	-2.2	0.1	-7.6	-3.6	-8.0	-0.5	1.4
Income taxes	-3.1	-2.6	0.1	-0.3	-0.1	-0.1	-0.5	-1.2	-0.3	-0.2	1.3	-0.3
Net profit	13.8	6.1	-1.7	2.5	-2.3	-2.3	-0.4	-8.8	-3.9	-8.2	0.8	1.1
EPS, EUR	0.24	0.11	-0.03	0.04	-0.04	-0.04	-0.01	-0.15	-0.07	-0.14	0.01	0.02
DPS, EUR												
Geographical split	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23E
Net sales, EURm												
Americas	71.9	67.4	57.0	68.9	61.7	64.2	80.3	81.8	75.0	69.8	70.9	72.0
Europe	43.4	46.3	41.6	46.7	48.5	53.8	51.7	51.5	41.8	42.9	35.6	38.0
Sales growth, y/y												
Americas	-2%	-13%	-21%	3%	-14%	-5%	41%	19%	22%	9%	-12%	-12%
Europe	17%	3%	-4%	6%	12%	16%	24%	10%	-14%	-20%	-31%	-26%

Source: Company data and Nordea estimates

ANNUAL ESTIMATES

EURm	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Net sales	426	431	411	459	443	493	446	460	479
growth y/y	2%	1%	-5%	12%	-3%	11%	-10%	3%	4%
on constant currencies	3%	4%	-7%	14%	-1%	4%	-8%	4%	4%
Gross profit	42	31	34	70	51	19	25	44	48
gross margin, %	9.9%	7.3%	8.3%	15.2%	11.5%	3.8%	5.5%	9.5%	10.0%
EBITDA	34	26	34	61	47	14	13	29	35
Adj. EBITDA	34	26	34	61	47	15	18	29	35
Adj. EBITDA margin, %	8.1%	5.9%	8.2%	13.3%	10.6%	3.1%	3.9%	6.3%	7.4%
D&A	-19	-21	-26	-21	-20	-23	-19	-19	-19
EBIT	15	5	8	39	27	-9	-6	10	17
Adj. EBIT	15	5	8	39	27	-4	-1	10	17
Adj. EBIT margin, %	3.5%	1.1%	2.0%	8.6%	6.1%	-0.8%	-0.2%	2.2%	3.5%
Net financials	-3	-6	-6	-6	0	-3	-5	-4	-3
PTP	12	-1	2	34	27	-12	-11	6	14
Income taxes	2	-1	-2	-4	-6	-2	1	-1	-3
Net profit	14	-2	0	30	21	-14	-10	5	11
EPS, EUR	0.25	-0.03	0.00	0.52	0.36	-0.24	-0.18	0.08	0.19
DPS, EUR	0.11	0.00	0.05	0.20	0.20	0.10	0.10	0.10	0.14
Geographical split	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Net sales, EURm									
Americas			262	289	265	288	288	297	311
Europe			150	170	178	206	158	163	168
Sales growth, y/y									
Americas				10%	-8%	9%	0%	3%	5%
Europe				13%	5%	15%	-23%	3%	3%

Source: Company data and Nordea estimates

Valuation

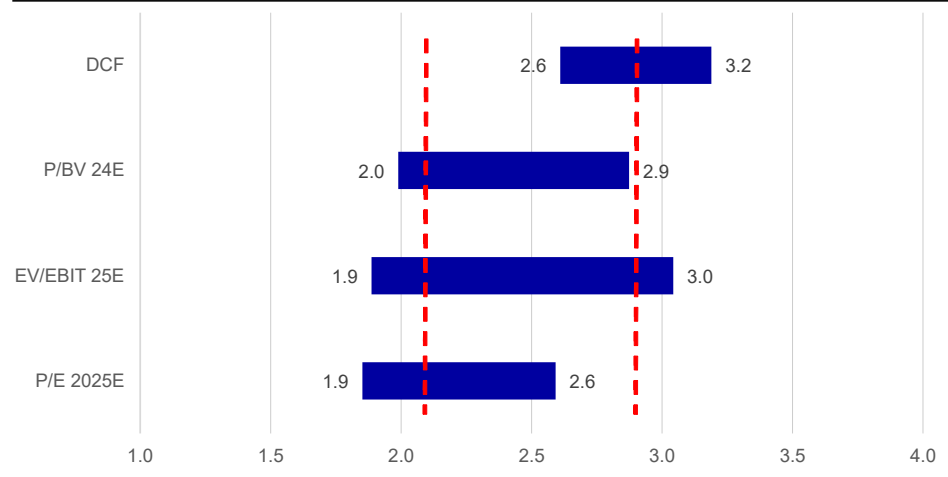
We estimate a fair value range of EUR 2.1-2.9, based on a combination of four valuation approaches (DCF, 2024E P/BV, 2025E EV/EBIT and 2025E P/E).

Fair value range of EUR 2.1-2.9

We move our multiples-based valuation approach to 2025, which we believe better reflects Suominen's earnings potential.

VALUATION APPROACH (EUR/SHARE)

We derive a fair value range of EUR 2.1-2.9 per share



Source: Nordea estimates

DCF yields range of EUR 2.1-2.9 per share

The outcome of our DCF valuation is EUR 2.1-2.9. We use a WACC of 7.3-8.5%, assuming a terminal growth rate of 2.5% with an EBIT margin of 3.2%.

WACC COMPONENTS

WACC components	
Risk-free interest rate	4.0%
Market risk premium	3.0%
Equity beta	1.5-2.0
Cost of equity	8.5-10.0%
Cost of debt	3.0%
Tax-rate used in WACC	22%
Equity weight	80%
WACC	8.5-7.3%

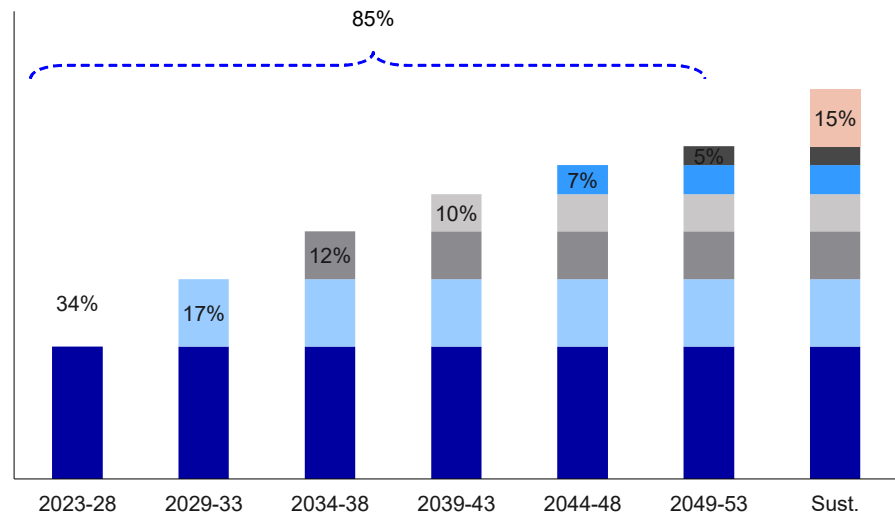
Source: Nordea estimates

DCF VALUE (EURm AND EUR)

DCF value	Value	Per share
NPV FCFF	193-227	3.3-3.9
(Net debt)	-55	-0.9
Market value of associate	0	0.0
(Market value of minoritie)	0	0.0
Surplus values	0	0.0
(Market value preference)	0	0.0
Share based adjustments	0	0.0
Other adjustments	0	0.0
Time value	15	0.3
DCF Value	153-187	2.6-3.2

Source: Nordea estimates

DCF VALUATION COMPOSITION



Source: Nordea estimates

DCF valuation sensitivity

To highlight the sensitivity of our DCF valuation, we provide sensitivity matrices that model variations in revenue growth, margin assumptions and cost of capital. The sensitivities in our WACC are outlined in the following table. Using changes of ± 1 pp for WACC, ± 1 pp for sales growth, and ± 1 pp for the EBIT margin, our DCF model yields a value range of EUR 1.7-4.8 per share.

SENSITIVITY OF OUT DCF MODEL (EUR)

Sensitivity analysis: WACC vs EBIT margin

		WACC				
		5.7%	6.7%	7.7%	8.7%	9.7%
EBIT marg. change	2.0pp	8.1	6.0	4.7	3.8	3.2
	1.0pp	6.5	4.8	3.8	3.1	2.6
	0.0pp	4.8	3.7	2.9	2.4	2.0
	-1.0pp	3.1	2.5	2.0	1.7	1.5
	-2.0pp	1.4	1.3	1.1	1.0	0.9

- A +/-1pp sales growth change translates to a change of +8/-7% in the fair value

Sensitivity analysis: WACC vs Sales growth

		WACC				
		7.2%	7.5%	7.7%	8.0%	8.2%
Sales growth change	2.0pp	6.0	4.4	3.4	2.8	2.3
	1.0pp	5.3	4.0	3.2	2.6	2.1
	0.0pp	4.8	3.7	2.9	2.4	2.0
	-1.0pp	4.3	3.4	2.7	2.3	1.9
	-2.0pp	3.9	3.1	2.5	2.1	1.8

- A +/-1pp EBIT margin change translates into a change of +/-31% change in the fair value

Sensitivity analysis: Sales growth vs EBIT margin

		Sales growth change				
		-0.5pp	-0.3pp	0.0pp	0.3pp	0.5pp
EBIT margin change	2.0pp	3.9	4.3	4.7	5.2	5.8
	1.0pp	3.2	3.5	3.8	4.2	4.6
	0.0pp	2.5	2.7	2.9	3.2	3.4
	-1.0pp	1.9	1.9	2.0	2.1	2.3
	-2.0pp	1.2	1.1	1.1	1.1	1.1

Source: Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	444	417	426	431	411	459	443	493	446	460	479
Revenue growth	10.5%	-6.1%	2.2%	1.2%	-4.6%	11.5%	-3.4%	11.3%	-9.6%	3.1%	4.3%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.9%	-8.1%	3.6%	4.3%
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7.4%	-1.5%	-0.6%	0.0%
EBITDA	49	44	34	26	34	61	47	14	13	29	35
Depreciation and impairments PPE	-18	-18	-19	-21	-26	-21	-20	-23	-19	-19	-19
of which leased assets	0	0	0	0	0	0	0	0	-4	-4	-4
EBITA	32	26	15	5	8	39	27	-9	-6	10	17
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	32	26	15	5	8	39	27	-9	-6	10	17
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	-5	-3	-3	-6	-6	-6	0	-3	-5	-4	-3
of which lease interest	0	0	0	0	0	0	0	0	-1	-1	-1
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	26	22	12	-1	2	34	27	-12	-11	6	14
Reported taxes	-9	-7	2	-1	-2	-4	-6	-2	1	-1	-3
Net profit from continued operations	17	15	14	-2	0	30	21	-14	-10	5	11
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Net profit to equity	17	15	14	-2	0	30	21	-14	-10	5	11
EPS, EUR	0.34	0.30	0.25	-0.03	0.00	0.52	0.36	-0.24	-0.18	0.08	0.19
DPS, EUR	0.02	0.11	0.11	0.00	0.05	0.20	0.20	0.10	0.10	0.10	0.14
of which ordinary	0.02	0.11	0.11	0.00	0.05	0.20	0.20	0.10	0.10	0.10	0.14
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Profit margin in percent

EBITDA	11.1%	10.6%	8.1%	5.9%	8.2%	13.3%	10.6%	2.9%	2.9%	6.3%	7.4%
EBITA	7.1%	6.1%	3.5%	1.1%	2.0%	8.6%	6.1%	-1.8%	-1.3%	2.2%	3.5%
EBIT	7.1%	6.1%	3.5%	1.1%	2.0%	8.6%	6.1%	-1.8%	-1.3%	2.2%	3.5%

Adjusted earnings

EBITDA (adj)	49	44	34	26	34	61	47	15	18	29	35
EBITA (adj)	32	26	15	5	8	39	27	-4	-1	10	17
EBIT (adj)	32	26	15	5	8	39	27	-4	-1	10	17
EPS (adj, EUR)	0.34	0.30	0.25	-0.03	0.00	0.52	0.36	-0.16	-0.10	0.08	0.19

Adjusted profit margins in percent

EBITDA (adj)	11.1%	10.6%	8.1%	5.9%	8.2%	13.3%	10.6%	3.1%	3.9%	6.3%	7.4%
EBITA (adj)	7.1%	6.1%	3.5%	1.1%	2.0%	8.6%	6.1%	-0.8%	-0.2%	2.2%	3.5%
EBIT (adj)	7.1%	6.1%	3.5%	1.1%	2.0%	8.6%	6.1%	-0.8%	-0.2%	2.2%	3.5%

Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	-1.3%	-0.6%	0.5%	0.7%	1.2%	3.0%	0.7%	2.2%	0.9%
EBITDA	n.m.	n.m.	3.8%	-5.4%	-4.1%	4.3%	1.3%	-16.0%	-12.8%	-3.0%	-10.3%
EBIT	n.a.	n.a.	6.3%	-23.3%	-20.7%	4.5%	1.0%	n.m.	n.m.	4.8%	-15.7%
EPS	n.a.	n.a.	n.m.	n.m.	-47.9%	9.0%	3.5%	n.m.	n.m.	84.8%	-18.7%
DPS	n.m.	n.m.	n.m.	n.m.	0.0%	14.9%	12.7%	-1.9%	n.m.	14.9%	-6.9%
Average last 5 years											
Average EBIT margin	n.a.	5.2%	5.4%	4.9%	4.0%	4.3%	4.3%	3.1%	2.7%	2.7%	1.7%
Average EBITDA margin	n.a.	9.1%	9.5%	9.2%	8.8%	9.3%	9.3%	8.1%	7.5%	7.1%	6.0%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E (adj)	18.4	13.8	17.5	n.m.	n.m.	9.8	14.6	n.m.	n.m.	32.2	14.6
EV/EBITDA (adj)	7.0	6.1	9.7	7.4	6.0	5.5	7.5	14.9	11.7	7.1	5.6
EV/EBITA (adj)	10.9	10.5	22.3	41.2	24.8	8.4	13.0	n.m.	n.m.	19.9	11.8
EV/EBIT (adj)	10.9	10.5	22.3	41.2	24.8	8.4	13.0	n.m.	n.m.	19.9	11.8

VALUATION RATIOS - REPORTED EARNINGS

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E	18.4	13.8	17.5	n.m.	n.m.	9.8	14.6	n.m.	n.m.	32.2	14.6
EV/Sales	0.78	0.64	0.79	0.44	0.49	0.73	0.79	0.46	0.46	0.44	0.41
EV/EBITDA	7.0	6.1	9.7	7.4	6.0	5.5	7.5	16.0	15.9	7.1	5.6
EV/EBITA	10.9	10.5	22.3	41.2	24.8	8.4	13.0	n.m.	n.m.	19.9	11.8
EV/EBIT	10.9	10.5	22.3	41.2	24.8	8.4	13.0	n.m.	n.m.	19.9	11.8
Dividend yield (ord.)	1.6%	2.7%	2.5%	0.0%	2.2%	3.9%	3.9%	3.3%	3.7%	3.7%	5.2%
FCF yield	1.6%	-10.0%	-4.6%	14.7%	14.6%	15.6%	-1.4%	2.4%	9.8%	6.5%	9.3%
FCF Yield bef A&D, lease adj	1.6%	-10.0%	-4.6%	14.7%	14.6%	15.6%	-2.2%	2.4%	7.6%	4.3%	7.0%
Payout ratio	29.6%	36.6%	43.6%	0.0%	1,284.7%	38.4%	56.2%	n.m.	n.m.	119.3%	75.6%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Intangible assets	29	30	33	37	36	32	29	25	25	25	25
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	13	14	17	21	20	17	13	10	10	10	10
of which goodwill	16	16	16	16	15	15	15	15	15	15	15
Tangible assets	98	136	137	129	136	122	131	128	120	117	115
of which leased assets	0	0	0	0	14	18	16	12	8	8	8
Shares associates	0	0	0	0	0	0	0	0	0	0	0
Interest bearing assets	8	7	3	3	4	4	0	0	0	0	0
Deferred tax assets	4	3	5	3	2	4	2	1	1	1	1
Other non-IB non-current assets	1	1	1	1	1	1	0	0	0	0	0
Other non-current assets	2	3	2	1	0	0	0	0	0	0	0
Total non-current assets	142	179	180	174	178	164	162	155	147	144	142
Inventory	33	43	44	52	39	35	50	63	42	44	46
Accounts receivable	52	54	58	58	47	51	65	67	60	62	65
Short-term leased assets	0	0	0	0	0	0	0	0	4	4	4
Other current assets	10	11	16	9	8	9	8	9	8	8	9
Cash and bank	56	30	27	28	38	58	101	50	41	27	32
Total current assets	150	137	145	147	132	154	225	188	155	144	154
Assets held for sale	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	292	316	326	321	310	317	387	343	302	288	296
Shareholders equity	126	143	136	131	132	146	163	146	130	129	134
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Minority interest	0	0	0	0	0	0	0	0	0	0	0
Total Equity	126	143	136	131	132	146	163	146	130	129	134
Deferred tax	11	11	15	12	13	13	14	12	12	12	12
Long term interest bearing debt	94	87	95	81	82	83	49	49	34	19	19
Pension provisions	1	1	1	1	1	1	1	0	0	0	0
Other long-term provisions	0	0	0	0	0	2	2	2	2	2	2
Other long-term liabilities	0	0	0	0	2	0	0	0	0	0	0
Non-current lease debt	0	0	0	0	10	15	13	11	11	11	11
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	106	99	111	94	107	114	79	75	59	44	44
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	56	65	63	75	53	55	57	79	69	71	74
Current lease debt	0	0	0	0	3	3	3	3	4	4	4
Other current liabilities	0	0	0	0	0	0	0	0	0	0	0
Short term interest bearing debt	3	8	15	21	14	0	84	40	40	40	40
Total current liabilities	60	74	78	96	70	58	145	122	113	115	118
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	292	316	326	321	310	317	387	343	302	288	296
Balance sheet and debt metrics											
Net debt	34	58	81	71	69	37	50	55	48	47	41
of which lease debt	0	0	0	0	13	17	16	14	14	14	14
Working capital	37	42	55	43	41	41	66	59	41	42	44
Invested capital	180	220	235	217	219	204	228	214	188	186	186
Capital employed	223	237	247	232	242	246	312	249	218	202	207
ROE	14.5%	11.4%	10.4%	-1.3%	0.2%	21.6%	13.4%	-9.0%	-7.5%	3.8%	8.2%
ROIC	14.4%	10.0%	5.1%	1.6%	2.9%	14.5%	9.7%	-1.5%	-0.4%	4.3%	7.1%
ROCE	15.2%	11.1%	6.2%	1.9%	3.4%	16.2%	9.6%	-1.5%	-0.4%	4.9%	8.2%
Net debt/EBITDA	0.7	1.3	2.4	2.8	2.0	0.6	1.1	3.8	3.7	1.6	1.2
Interest coverage	6.0	8.1	5.8	0.8	1.4	7.1	69.1	-3.1	-1.4	3.4	8.4
Equity ratio	43.1%	45.3%	41.8%	40.7%	42.7%	46.0%	42.2%	42.6%	43.0%	44.7%	45.2%
Net gearing	26.6%	40.7%	59.6%	54.7%	51.9%	25.4%	30.4%	37.4%	36.7%	36.3%	31.0%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
EBITDA (adj) for associates	49	44	34	26	34	61	47	14	13	29	35
Paid taxes	-9	-7	2	6	-1	-2	-7	-3	1	-1	-3
Net financials	-5	-3	-3	-5	-5	-4	-5	-5	-5	-4	-3
Change in provisions	0	0	0	0	0	2	0	0	0	0	0
Change in other LT non-IB	1	1	-1	3	3	-4	3	1	0	0	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	-1	0	-3	-3	-2	5	-1	-1	0	0	0
Funds from operations (FFO)	35	35	30	27	28	58	36	6	8	23	29
Change in NWC	-8	-6	-8	6	2	-1	-25	8	18	-1	-2
Cash flow from operations (CFO)	27	29	22	32	30	57	11	14	26	22	28
Capital expenditure	-22	-50	-34	-15	-11	-11	-18	-10	-11	-12	-13
Free cash flow before A&D	5	-21	-12	17	19	46	-7	4	15	10	15
Proceeds from sale of assets	0	0	0	0	0	0	2	0	0	0	0
Acquisitions	0	0	0	0	0	0	0	0	0	0	0
Free cash flow	5	-21	-12	17	19	46	-4	4	15	10	15
Free cash flow bef A&D, lease adj	5	-21	-12	17	19	46	-7	4	12	7	11
Dividends paid	-3	-5	-6	-6	0	-3	-12	-11	-6	-6	-6
Equity issues / buybacks	0	0	0	0	0	0	0	0	0	0	0
Net change in debt	0	0	0	-8	-10	-17	57	-48	-15	-15	0
Other financing adjustments	0	0	0	0	0	0	0	0	-3	-4	-4
Other non-cash adjustments	15	0	15	-3	0	-6	3	3	0	0	0
Change in cash	17	-26	-2	1	10	20	43	-52	-9	-14	5
Cash flow metrics											
Capex/D&A	n.m.	n.m.	n.m.	70.6%	41.2%	50.8%	87.9%	41.9%	59.1%	64.5%	69.9%
Capex/Sales	5.0%	11.9%	7.9%	3.4%	2.6%	2.4%	4.0%	2.0%	2.5%	2.6%	2.7%
Key information											
Share price year end (/current)	6	4	4	2	2	5	5	3	3	3	3
Market cap.	312	210	254	118	133	296	302	174	157	157	157
Enterprise value	345	268	335	189	202	333	351	229	205	204	199
Diluted no. of shares, year-end (m)	50.3	50.8	57.4	57.5	57.5	58.3	58.3	58.3	58.3	58.3	58.3

Source: Company data and Nordea estimates

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Completion Date

30 Jan 2024, 21:26 CET

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