

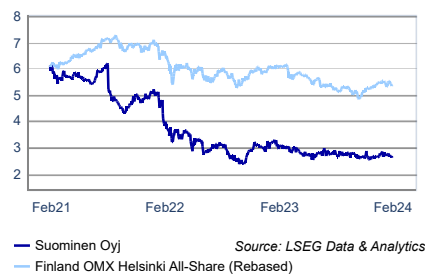
Suominen

Consumer Goods
Finland

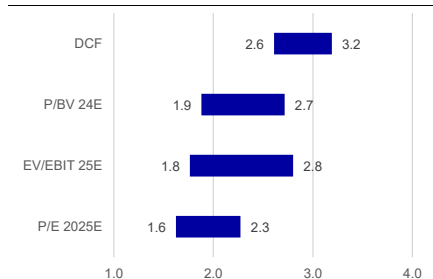
KEY DATA

Stock country	Finland
Bloomberg	SUY1V FH
Reuters	SUY1V.HE
Share price (close)	EUR 2.65
Free float	76%
Market cap. (bn)	EUR 0.15/EUR 0.15
Website	www.suominen.fi
Next report date	07 May 2024

PERFORMANCE



VALUATION APPROACH (EUR/SHARE)



ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	2%	2%	2%
EBIT (adj)	-25%	-10%	-7%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Joni Sandvall
AnalystJukka-Pekka Pesonen
Analyst

Taking marginal steps in the right direction

Suominen's Q4 comparable EBITDA remained virtually intact q/q, but fell short of Vara Research consensus expectations. Volumes improved slightly y/y, while the top line was burdened by lower sales prices. Management continues to see positive signs in the market, despite challenges in the macro environment. Suominen guides for improving comparable EBITDA for 2024, although from a low level of EUR 15.8m in 2023. We cut 2024E EBITDA by 9%, but expect sequentially improving comparable EBITDA for H1, due to a normalising market environment. We derive a slightly lower DCF- and multiples-based fair value range of EUR 2.0-2.7 (2.1-2.9).

Q4 EBITDA fell short of expectations, DPS proposal above

Suominen's net sales declined 14% y/y in Q4, with slightly positive volumes. FX had a EUR 3.5m negative impact in Q4. Comparable EBITDA of EUR 5.3m was virtually flat q/q and rose 6% y/y. The EBITDA margin declined 30bp q/q, but was up 90bp y/y. Q4 cash flows came in ahead of our estimate, with EUR 13.1m in cash flow from operations and EUR 10.1m in free cash flow. Inventories reached pre-COVID-19 levels, and we do not expect any material working capital improvement for 2024. The board of directors proposed a flat DPS of EUR 0.10, slightly above consensus of EUR 0.08. We note that the company completed the Nakkila investment, which could support sustainable non-woven sales and improve the sales mix.

Conservative guidance despite volatile markets

Suominen's guidance for 2024 calls for improving comparable EBITDA, from EUR 15.8m in 2023. Given the low starting point, we view the new guidance as conservative, despite limited visibility for 2024. We were left with the impression that the company could provide further details around its guidance as early as the Q1 report, once it has better visibility into its self-help measures. We cut 2024E EBITDA by 9% and trim 2025E-26E by 4-5%. We model 2024E comparable EBITDA up 66%, to EUR 26m, leaving us 19% below pre-Q4 Vara consensus on adjusted EBITDA. We note the recent positive momentum in pulp prices, which could support the top-line development and hamper EBITDA improvement in 2024.

Fair value range of EUR 2.0-2.7 per share

We calculate a fair value range of EUR 2.0-2.7 (2.1-2.9), based on a combination of four valuation approaches (DCF, 2024E P/BV, 2025E EV/EBIT and 2025E P/E).

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	459	443	493	451	468	488	500
EBITDA (adj)	61	47	15	16	26	34	36
EBIT (adj)	39	27	-4	-3	8	15	18
EBIT (adj) margin	8.6%	6.1%	-0.8%	-0.6%	1.6%	3.1%	3.5%
EPS (adj, EUR)	0.52	0.36	-0.16	-0.14	0.05	0.16	0.20
EPS (adj) growth	13,268.1%	-31.6%	-143.7%	11.5%	132.7%	260.5%	25.8%
DPS (ord, EUR)	0.20	0.20	0.10	0.10	0.10	0.12	0.13
EV/Sales	0.7	0.8	0.5	0.5	0.4	0.4	0.4
EV/EBIT (adj)	8.4	13.0	n.m.	n.m.	25.4	12.4	10.2
P/E (adj)	9.8	14.6	n.m.	n.m.	58.8	16.3	13.0
P/BV	2.0	1.8	1.2	1.3	1.3	1.2	1.2
Dividend yield (ord)	3.9%	3.9%	3.3%	3.5%	3.8%	4.5%	4.9%
FCF Yield bef A&D, lease	15.6%	-2.2%	2.4%	9.9%	6.1%	8.0%	8.6%
Net debt	37	50	55	44	40	33	27
Net debt/EBITDA	0.6	1.1	3.8	3.9	1.5	1.0	0.7
ROIC after tax	14.5%	9.7%	-1.5%	-1.1%	3.4%	7.1%	8.4%

Source: Company data and Nordea estimates

Q4 result takeaways

Suominen's results were largely in line with Q3, but fell short of Vara Research consensus expectations. Management continues to see positive signals in its business environment, despite the weak global economy. The dividend proposal is EUR 0.10 per share, slightly above consensus expectations, at EUR 0.08.

Q4 comparable EBITDA of EUR 5.3m, 25% below consensus expectations

- Suominen's Q4 comparable EBITDA of EUR 5.3m came in 25% below Vara Research consensus, at EUR 7m.
- Q4 sales of EUR 115m were 3% below consensus expectations. According to Suominen, sales volumes increased slightly y/y, while sales prices decreased, owing to lower raw material prices. FX impacted net sales negatively by EUR 3.5m.
- Cash flow was stronger than we had anticipated, due to a positive change in working capital. Q4 free cash flow was EUR 10.1m, while cash flow from operations was EUR 13.1m. Net debt declined to EUR 44.1m (EUR 51.8m at the end of Q3 2023), corresponding to net gearing of 35.3%.
- The DPS proposal was EUR 0.10, slightly above consensus, at EUR 0.08.

Q4 DEVIATION TABLE

EURm	Actual		NDA est.		Deviation		Consensus		Deviation		Actual		Actual	
	Q4 23	Q4 23E	Q4 23E	vs. actual	Q4 23E	vs. actual	Q3 23	q/q	Q4 22	y/y				
Sales	114.9	110.0	110.0	4.9	4%	112.0	2.9	3%	106.4	8%	133.1	-14%		
Comparable EBITDA	5.3	7.1	-1.9	-26%	7.0	-1.7	-25%	5.2	1%	5.0	6%			
EBITDA margin	4.6%	6.5%	-1.9pp		6.3%	-1.7pp		4.9%	-0.3pp	3.7%	0.9pp			
Comparable operating profit	0.7	2.6	-1.9	n.a.	2.4	-1.7	-72%	0.7	1%	-0.2	-445%			
Operating margin	0.6%	2.4%	-1.8pp		2.1%	-1.6pp		0.6%	0.0pp	-0.1%	0.7pp			
EPS	-0.02	0.02	-0.04	n.a.	0.02	-0.04	n.a.	0.01	-250%	-0.15	n.a.			

Source: Company data, Vara Research and Nordea estimates

Positive guidance for 2024 – positive signs from the market

- Suominen expects comparable EBITDA to increase in 2024 from EUR 15.8m in 2023. Pre-Q4 consensus expects EUR 32.6m in comparable EBITDA for 2024.
- Despite the challenging global economy, Suominen continues to see positive signs in its business environment for 2024, and it continues to execute its improvement action plan.

Q4 CASH FLOW AND BALANCE SHEET

EURm	Actual Q4 23	NDA est. Q4 23E	Deviation vs. actual		Actual Q3 23	q/q	Actual Q3 22	y/y
Profit for the period	-1.4	1.1			0.8		-8.8	
Adjustments	7.5	6.2			4.7		12.5	
Cash before WC	6.1	7.3			5.5		3.7	
Change in working capital	9.1	3.0			4.5		15.0	
Financial items	-1.1	-1.2			-1.0		-2.7	
Income taxes	-1.0	-0.3			-1.0		-0.4	
Cash flow from operations	13.1	8.8	4.2		8.0		15.6	
Investments	-3.0	-2.9			-4.4		-2.3	
Sales of property, plant, equipm	0.0	0.0			0.0		0.0	
Sales of equity investments		0.0			0.0		0.0	
Cash from investments	-3.0	-3.0			-4.4		-2.3	
Free cash flow	10.1	5.9	4.2		3.6		13.3	
Dividends	0.0	0.0			0.0		0.0	
Net debt	44.1	46.4	-2.3	-5%	52.2	-16%	54.6	-19%
Equity	124.9	131.4	-6.5	-5%	130.3	-4%	145.9	-14%
Net gearing	35.3%	35.3%	0.0pp		40.1	-4.8pp	37.4	-2.1pp

Source: Company data and Nordea estimates

Estimate revisions

Following the Q4 report, we cut 2024E comparable EBITDA by 9%, while we trim our 2025-26 estimates by 4-5%. We raise the 2024E-26E top line by 2%. In addition, owing to lower EPS estimates, we cut 2025E-26E DPS by 13-14% and expect the company to also maintain a flat dividend from 2024.

ESTIMATE REVISIONS

EURm	New estimates				Old estimates				Difference %			
	Q1 24E	2024E	2025E	2026E	Q1 24E	2024E	2025E	2026E	Q1 24E	2024E	2025E	2026E
Sales	119	468	488	500	n.a.	460	479	492	n.a.	2%	2%	2%
- growth	2%	4%	4%	3%	n.a.	3%	4%	3%	n.a.	0.7pp	0.0pp	0.0pp
Comparable EBITDA	6.0	26	34	36	n.a.	29	35	38	n.a.	-9%	-5%	-4%
EBITDA margin	5.1%	5.6%	6.9%	7.3%	n.a.	6.3%	7.4%	7.7%	n.a.	-0.7pp	-0.5pp	-0.4pp
Comparable op profit	1.4	8	15	18	n.a.	10	17	19	n.a.	-25%	-10%	-7%
Operating margin	1.2%	1.6%	3.1%	3.5%	n.a.	2.2%	3.5%	3.9%	n.a.	-0.6pp	-0.4pp	-0.3pp
Pre-tax profit	0.1	3	12	15	n.a.	6	14	17	n.a.	-46%	-12%	-8%
EPS	0.00	0.05	0.16	0.20	n.a.	0.08	0.19	0.22	n.a.	-46%	-12%	-8%
DPS		0.10	0.12	0.13		0.10	0.14	0.15		0%	-14%	-13%
Volume growth (est)	2.0%	3.0%	2.6%	1.6%	n.a.	2.6%	2.6%	1.6%	n.a.	0.3pp	0.0pp	0.0pp
ASP change (est)	1.4%	1.3%	1.6%	1.0%	n.a.	1.0%	1.6%	1.0%	n.a.	0.3pp	0.0pp	0.0pp
Organic growth	3.4%	4.3%	4.3%	2.6%	n.a.	3.6%	4.3%	2.6%	n.a.	0.7pp	0.0pp	0.0pp
FX impact on topline	-1.1%	-0.6%	0.0%	0.0%	n.a.	-0.6%	0.0%	0.0%	n.a.	0.0pp	0.0pp	0.0pp
Raw material price inflation		0.2 %	1.0 %	1.2 %		-0.7 %	1.2 %	1.2 %		0.8pp	-0.2pp	0.0pp

Source: Nordea estimates

Detailed estimates

QUARTERLY ESTIMATES

EURm	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24E	Q2 24E	Q3 24E	Q4 24E
Net sales	110	118	132	133	117	113	106	115	119	117	113	118
growth y/y	-4%	4%	34%	15%	6%	-5%	-19%	-14%	2%	4%	6%	3%
on constant currencies	-8%	-3%	22%	7%	3%	-3%	-15%	-10%	3%	4%	6%	4%
Gross profit	7	5	5	2	5	3	6	8	9	10	10	11
gross margin, %	6.0%	4.2%	4.0%	1.4%	4.2%	2.7%	6.0%	7.3%	7.8%	8.3%	8.8%	9.2%
EBITDA	3	2	5	0	3	-2	5	5	6	6	7	7
Adj. EBITDA	3	2	5	0	3	3	5	5	6	6	7	7
Adj. EBITDA margin, %	3.0%	1.6%	3.9%	0.1%	2.3%	2.4%	4.9%	4.6%	5.1%	5.2%	6.6%	5.7%
D&A	-4.6	-4.8	-4.9	-5.2	-4.7	-4.8	-4.5	-4.6	-4.7	-4.7	-4.7	-4.7
EBIT	-1.3	-2.9	0.2	-5.0	-2.1	-6.7	0.6	0.7	1.4	1.4	2.8	2.0
Adj. EBIT	-1.3	-2.9	0.2	-5.0	-2.0	-2.1	0.7	0.7	1.4	1.4	2.8	2.0
Adj. EBIT margin, %	-1.1%	-2.5%	0.2%	-3.7%	-1.7%	-1.9%	0.6%	0.6%	1.2%	1.2%	2.5%	1.7%
Net financials	-0.9	0.7	-0.1	-2.6	-1.5	-1.3	-1.2	-2.0	-1.3	-1.1	-1.0	-1.0
PTP	-2.2	-2.2	0.1	-7.6	-3.6	-8.0	-0.5	-1.3	0.1	0.4	1.8	1.0
Income taxes	-0.1	-0.1	-0.5	-1.2	-0.3	-0.2	1.3	-0.1	0.0	-0.1	-0.4	-0.2
Net profit	-2.3	-2.3	-0.4	-8.8	-3.9	-8.2	0.8	-1.4	0.1	0.3	1.4	0.8
EPS, EUR	-0.04	-0.04	-0.01	-0.15	-0.07	-0.14	0.01	-0.02	0.00	0.01	0.02	0.01
DPS, EUR												
Geographical split	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24E	Q2 24E	Q3 24E	Q4 24E
Net sales, EURm												
Americas	61.7	64.2	80.3	81.8	75.0	69.8	70.9	72.3	76.0	72.4	73.5	74.2
Europe	48.5	53.8	51.7	51.5	41.8	42.9	35.6	42.6	43.4	45.0	39.1	43.9
Sales growth, y/y												
Americas	-14%	-5%	41%	19%	22%	9%	-12%	-12%	1%	4%	4%	3%
Europe	12%	16%	24%	10%	-14%	-20%	-31%	-17%	4%	5%	10%	3%

Source: Company data and Nordea estimates

ANNUAL ESTIMATES

EURm	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Net sales	426	431	411	459	443	493	451	468	488	500
growth y/y	2%	1%	-5%	12%	-3%	11%	-9%	4%	4%	3%
on constant currencies	3%	4%	-7%	14%	-1%	4%	-7%	4%	4%	3%
Gross profit	42	31	34	70	51	19	23	40	49	53
gross margin, %	9.9%	7.3%	8.3%	15.2%	11.5%	3.8%	5.0%	8.5%	10.0%	10.5%
EBITDA	34	26	34	61	47	14	11	26	34	36
Adj. EBITDA	34	26	34	61	47	15	16	26	34	36
Adj. EBITDA margin, %	8.1%	5.9%	8.2%	13.3%	10.6%	3.1%	3.5%	5.6%	6.9%	7.3%
D&A	-19	-21	-26	-21	-20	-23	-19	-19	-19	-19
EBIT	15	5	8	39	27	-9	-8	8	15	18
Adj. EBIT	15	5	8	39	27	-4	-3	8	15	18
Adj. EBIT margin, %	3.5%	1.1%	2.0%	8.6%	6.1%	-0.8%	-0.6%	1.6%	3.1%	3.5%
Net financials	-3	-6	-6	-6	0	-3	-6	-4	-3	-3
PTP	12	-1	2	34	27	-12	-14	3	12	15
Income taxes	2	-1	-2	-4	-6	-2	1	-1	-3	-3
Net profit	14	-2	0	30	21	-14	-13	3	9	12
EPS, EUR	0.25	-0.03	0.00	0.52	0.36	-0.24	-0.22	0.05	0.16	0.20
DPS, EUR	0.11	0.00	0.05	0.20	0.20	0.10	0.10	0.10	0.12	0.13
Geographical split	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Net sales, EURm										
Americas			262	289	265	288	288	296	311	320
Europe			150	170	178	206	163	171	177	180
Sales growth, y/y										
Americas				10%	-8%	9%	0%	3%	5%	3%
Europe				13%	5%	15%	-21%	5%	3%	2%

Source: Company data and Nordea estimates

Valuation

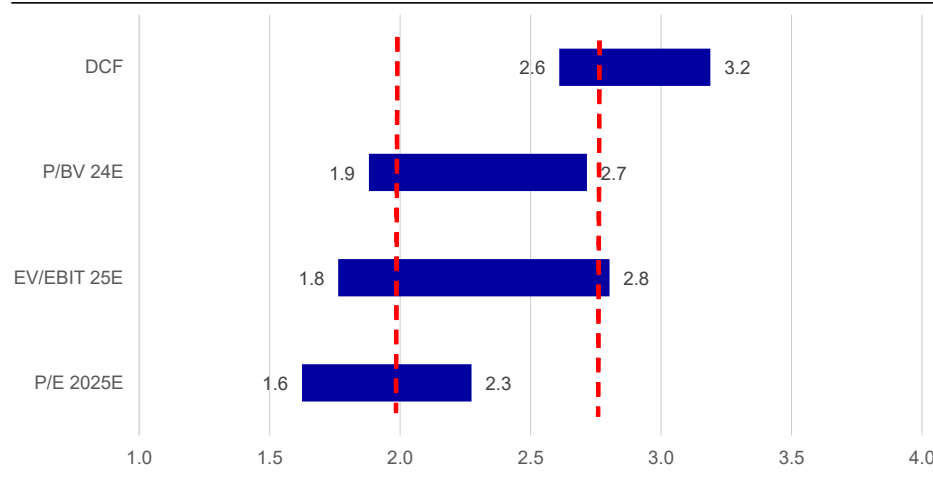
We estimate a fair value range of EUR 2.0-2.7 (2.1-2.9), based on a combination of four valuation approaches (DCF, 2024E P/BV, 2025E EV/EBIT and 2025E P/E).

Fair value range of EUR 2.0-2.7

Our multiples-based valuation supports a valuation range of EUR 1.8-2.6, while our DCF-based valuation yields a range of EUR 2.6-3.2.

VALUATION APPROACH (EUR/SHARE)

We derive a fair value range of EUR 2.0-2.7 per share



Source: Nordea estimates

DCF yields range of EUR 2.6-3.2 per share

The outcome of our DCF valuation is EUR 2.6-3.2. 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%

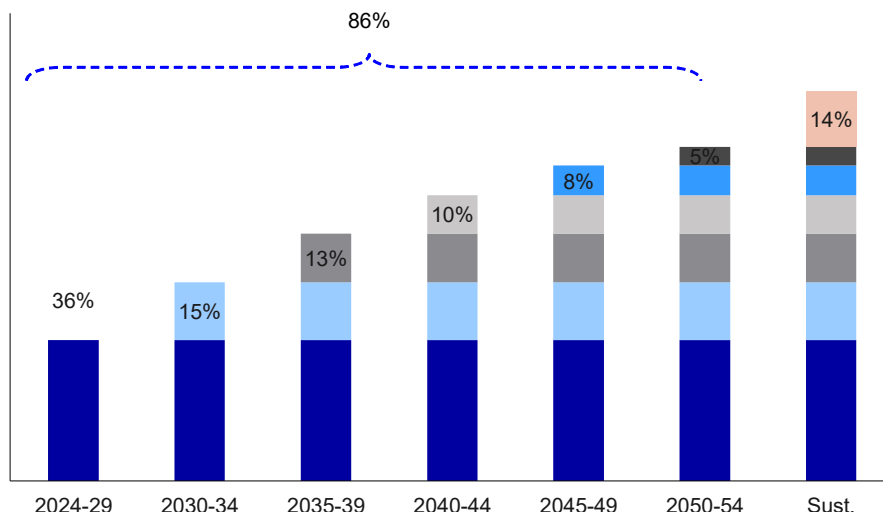
Source: Nordea estimates

DCF VALUE (EURm AND EUR)

DCF value	Value	Per share
NPV FCFF	196-230	3.4-4
(Net debt)	-44	-0.7
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	2	0.0
DCF Value	154-188	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 1.8-4.8 per share.

SENSITIVITY OF OUR 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	7.9	5.9	4.7	3.8	3.2
	1.0pp	6.3	4.8	3.8	3.1	2.6
	0.0pp	4.7	3.6	2.9	2.5	2.1
	-1.0pp	3.1	2.5	2.1	1.8	1.6
	-2.0pp	1.5	1.3	1.2	1.1	1.0

- A +/-1pp sales growth change translates to a change of +8/-6% 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	5.8	4.3	3.4	2.8	2.3
	1.0pp	5.2	3.9	3.2	2.6	2.2
	0.0pp	4.7	3.6	2.9	2.5	2.1
	-1.0pp	4.2	3.3	2.8	2.3	2.0
	-2.0pp	3.9	3.1	2.6	2.2	1.9

- A +/-1pp EBIT margin change translates into a change of +/-29% 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	5.1	5.7
	1.0pp	3.3	3.5	3.8	4.2	4.6
	0.0pp	2.6	2.8	2.9	3.2	3.4
	-1.0pp	1.9	2.0	2.1	2.2	2.3
	-2.0pp	1.3	1.2	1.2	1.2	1.1

Source: Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	417	426	431	411	459	443	493	451	468	488	500
Revenue growth	-6.1%	2.2%	1.2%	-4.6%	11.5%	-3.4%	11.3%	-8.6%	3.7%	4.3%	2.6%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.9%	-7.2%	4.3%	4.3%	2.6%
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7.4%	-1.4%	-0.6%	0.0%	0.0%
EBITDA	44	34	26	34	61	47	14	11	26	34	36
Depreciation and impairments PPE	-18	-19	-21	-26	-21	-20	-23	-19	-19	-19	-19
of which leased assets	0	0	0	0	0	0	0	-4	-4	-4	-4
EBITA	26	15	5	8	39	27	-9	-8	8	15	18
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	26	15	5	8	39	27	-9	-8	8	15	18
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	-3	-3	-6	-6	-6	0	-3	-6	-4	-3	-3
of which lease interest	0	0	0	0	0	0	0	-1	-1	-1	-1
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	22	12	-1	2	34	27	-12	-14	3	12	15
Reported taxes	-7	2	-1	-2	-4	-6	-2	1	-1	-3	-3
Net profit from continued operations	15	14	-2	0	30	21	-14	-13	3	9	12
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	15	14	-2	0	30	21	-14	-13	3	9	12
EPS, EUR	0.30	0.25	-0.03	0.00	0.52	0.36	-0.24	-0.22	0.05	0.16	0.20
DPS, EUR	0.11	0.11	0.00	0.05	0.20	0.20	0.10	0.10	0.10	0.12	0.13
of which ordinary	0.11	0.11	0.00	0.05	0.20	0.20	0.10	0.10	0.10	0.12	0.13
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	10.6%	8.1%	5.9%	8.2%	13.3%	10.6%	2.9%	2.5%	5.6%	6.9%	7.3%
EBITA	6.1%	3.5%	1.1%	2.0%	8.6%	6.1%	-1.8%	-1.7%	1.6%	3.1%	3.5%
EBIT	6.1%	3.5%	1.1%	2.0%	8.6%	6.1%	-1.8%	-1.7%	1.6%	3.1%	3.5%

Adjusted earnings

EBITDA (adj)	44	34	26	34	61	47	15	16	26	34	36
EBITA (adj)	26	15	5	8	39	27	-4	-3	8	15	18
EBIT (adj)	26	15	5	8	39	27	-4	-3	8	15	18
EPS (adj, EUR)	0.30	0.25	-0.03	0.00	0.52	0.36	-0.16	-0.14	0.05	0.16	0.20

Adjusted profit margins in percent

EBITDA (adj)	10.6%	8.1%	5.9%	8.2%	13.3%	10.6%	3.1%	3.5%	5.6%	6.9%	7.3%
EBITA (adj)	6.1%	3.5%	1.1%	2.0%	8.6%	6.1%	-0.8%	-0.6%	1.6%	3.1%	3.5%
EBIT (adj)	6.1%	3.5%	1.1%	2.0%	8.6%	6.1%	-0.8%	-0.6%	1.6%	3.1%	3.5%

Performance metrics

CAGR last 5 years											
Net revenue	n.a.	-1.3%	-0.6%	0.5%	0.7%	1.2%	3.0%	0.9%	2.6%	1.2%	2.5%
EBITDA	n.m.	3.8%	-5.4%	-4.1%	4.3%	1.3%	-16.0%	-15.3%	-4.8%	-11.2%	-5.0%
EBIT	n.a.	6.3%	-23.3%	-20.7%	4.5%	1.0%	n.m.	n.m.	-1.2%	-17.5%	-8.0%
EPS	n.a.	n.m.	n.m.	-47.9%	9.0%	3.5%	n.m.	n.m.	63.2%	-20.8%	-10.5%
DPS	n.m.	n.m.	n.m.	0.0%	14.9%	12.7%	-1.9%	n.m.	14.9%	-9.7%	-8.3%
Average last 5 years											
Average EBIT margin	5.2%	5.4%	4.9%	4.0%	4.3%	4.3%	3.1%	2.6%	2.5%	1.4%	1.0%
Average EBITDA margin	9.1%	9.5%	9.2%	8.8%	9.3%	9.3%	8.1%	7.4%	6.9%	5.7%	5.1%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
P/E (adj)	13.8	17.5	n.m.	n.m.	9.8	14.6	n.m.	n.m.	58.8	16.3	13.0
EV/EBITDA (adj)	6.1	9.7	7.4	6.0	5.5	7.5	14.9	13.1	7.4	5.6	5.0
EV/EBITA (adj)	10.5	22.3	41.2	24.8	8.4	13.0	n.m.	n.m.	25.4	12.4	10.2
EV/EBIT (adj)	10.5	22.3	41.2	24.8	8.4	13.0	n.m.	n.m.	25.4	12.4	10.2

VALUATION RATIOS - REPORTED EARNINGS

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
P/E	13.8	17.5	n.m.	n.m.	9.8	14.6	n.m.	n.m.	58.8	16.3	13.0
EV/Sales	0.64	0.79	0.44	0.49	0.73	0.79	0.46	0.46	0.42	0.39	0.36
EV/EBITDA	6.1	9.7	7.4	6.0	5.5	7.5	16.0	18.6	7.4	5.6	5.0
EV/EBITA	10.5	22.3	41.2	24.8	8.4	13.0	n.m.	n.m.	25.4	12.4	10.2
EV/EBIT	10.5	22.3	41.2	24.8	8.4	13.0	n.m.	n.m.	25.4	12.4	10.2
Dividend yield (ord.)	2.7%	2.5%	0.0%	2.2%	3.9%	3.9%	3.3%	3.5%	3.8%	4.5%	4.9%
FCF yield	-10.0%	-4.6%	14.7%	14.6%	15.6%	-1.4%	2.4%	12.0%	8.4%	10.3%	10.8%
FCF Yield bef A&D, lease adj	-10.0%	-4.6%	14.7%	14.6%	15.6%	-2.2%	2.4%	9.9%	6.1%	8.0%	8.6%
Payout ratio	36.6%	43.6%	0.0%	1,284.7%	38.4%	56.2%	n.m.	n.m.	222.0%	73.9%	63.6%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Intangible assets	30	33	37	36	32	29	25	22	22	22	22
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	14	17	21	20	17	13	10	6	6	6	6
of which goodwill	16	16	16	15	15	15	15	15	15	15	15
Tangible assets	136	137	129	136	122	131	128	124	115	111	109
of which leased assets	0	0	0	14	18	16	12	11	8	8	8
Shares associates	0	0	0	0	0	0	0	0	0	0	0
Interest bearing assets	7	3	3	4	4	0	0	0	0	0	0
Deferred tax assets	3	5	3	2	4	2	1	2	2	2	2
Other non-IB non-current assets	1	1	1	1	1	0	0	0	0	0	0
Other non-current assets	3	2	1	0	0	0	0	0	0	0	0
Total non-current assets	179	180	174	178	164	162	155	148	139	135	133
Inventory	43	44	52	39	35	50	63	38	39	41	42
Accounts receivable	54	58	58	47	51	65	67	62	60	63	64
Short-term leased assets	0	0	0	0	0	0	0	0	4	4	4
Other current assets	11	16	9	8	9	8	9	9	9	10	10
Cash and bank	30	27	28	38	58	101	50	59	47	39	45
Total current assets	137	145	147	132	154	225	188	168	159	156	165
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	316	326	321	310	317	387	343	316	299	291	298
Shareholders equity	143	136	131	132	146	163	146	125	122	125	130
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	143	136	131	132	146	163	146	125	122	125	130
Deferred tax	11	15	12	13	13	14	12	9	9	9	9
Long term interest bearing debt	87	95	81	82	83	49	49	49	34	19	19
Pension provisions	1	1	1	1	1	1	0	0	0	0	0
Other long-term provisions	0	0	0	0	2	2	2	1	1	1	1
Other long-term liabilities	0	0	0	2	0	0	0	0	0	0	0
Non-current lease debt	0	0	0	10	15	13	11	10	9	9	9
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	99	111	94	107	114	79	75	69	54	39	39
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	65	63	75	53	55	57	79	75	76	79	81
Current lease debt	0	0	0	3	3	3	3	3	4	4	4
Other current liabilities	0	0	0	0	0	0	0	4	4	4	4
Short term interest bearing debt	8	15	21	14	0	84	40	40	40	40	40
Total current liabilities	74	78	96	70	58	145	122	122	123	127	129
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	316	326	321	310	317	387	343	316	299	291	298
Balance sheet and debt metrics											
Net debt	58	81	71	69	37	50	55	44	40	33	27
of which lease debt	0	0	0	13	17	16	14	13	13	13	13
Working capital	42	55	43	41	41	66	59	31	29	30	31
Invested capital	220	235	217	219	204	228	214	179	168	165	164
Capital employed	237	247	232	242	246	312	249	227	209	198	203
ROE	11.4%	10.4%	-1.3%	0.2%	21.6%	13.4%	-9.0%	-9.4%	2.1%	7.7%	9.3%
ROIC	10.0%	5.1%	1.6%	2.9%	14.5%	9.7%	-1.5%	-1.1%	3.4%	7.1%	8.4%
ROCE	11.1%	6.2%	1.9%	3.4%	16.2%	9.6%	-1.5%	-1.2%	3.5%	7.4%	8.9%
Net debt/EBITDA	1.3	2.4	2.8	2.0	0.6	1.1	3.8	3.9	1.5	1.0	0.8
Interest coverage	8.1	5.8	0.8	1.4	7.1	69.1	-3.1	-1.5	2.3	7.6	11.7
Equity ratio	45.3%	41.8%	40.7%	42.7%	46.0%	42.2%	42.6%	39.5%	40.7%	43.1%	43.7%
Net gearing	40.7%	59.6%	54.7%	51.9%	25.4%	30.4%	37.4%	34.8%	32.8%	26.7%	20.9%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
EBITDA (adj) for associates	44	34	26	34	61	47	14	11	26	34	36
Paid taxes	-7	2	6	-1	-2	-7	-3	-4	-1	-3	-3
Net financials	-3	-3	-5	-5	-4	-5	-5	-5	-4	-3	-3
Change in provisions	0	0	0	0	2	0	0	-2	0	0	0
Change in other LT non-IB	1	-1	3	3	-4	3	1	-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	0	-3	-3	-2	5	-1	-1	6	0	0	0
Funds from operations (FFO)	35	30	27	28	58	36	6	5	21	28	30
Change in NWC	-6	-8	6	2	-1	-25	8	26	2	-1	-1
Cash flow from operations (CFO)	29	22	32	30	57	11	14	31	23	27	30
Capital expenditure	-50	-34	-15	-11	-11	-18	-10	-11	-10	-11	-13
Free cash flow before A&D	-21	-12	17	19	46	-7	4	20	13	16	17
Proceeds from sale of assets	0	0	0	0	0	2	0	0	0	0	0
Acquisitions	0	0	0	0	0	0	0	0	0	0	0
Free cash flow	-21	-12	17	19	46	-4	4	20	13	16	17
Free cash flow bef A&D, lease adj	-21	-12	17	19	46	-7	4	16	9	12	13
Dividends paid	-5	-6	-6	0	-3	-12	-11	-6	-6	-6	-7
Equity issues / buybacks	0	0	0	0	0	0	0	0	0	0	0
Net change in debt	0	0	-8	-10	-17	57	-48	-3	-15	-15	0
Other financing adjustments	0	0	0	0	0	0	0	0	-4	-4	-4
Other non-cash adjustments	0	15	-3	0	-6	3	3	-1	0	0	0
Change in cash	-26	-2	1	10	20	43	-52	9	-11	-8	6
Cash flow metrics											
Capex/D&A	n.m.	n.m.	70.6%	41.2%	50.8%	87.9%	41.9%	59.0%	53.8%	59.1%	69.9%
Capex/Sales	11.9%	7.9%	3.4%	2.6%	2.4%	4.0%	2.0%	2.4%	2.1%	2.3%	2.6%
Key information											
Share price year end (/current)	4	4	2	2	5	5	3	3	3	3	3
Market cap.	210	254	118	133	296	302	174	164	154	154	154
Enterprise value	268	335	189	202	333	351	229	208	194	188	182
Diluted no. of shares, year-end (m)	50.8	57.4	57.5	57.5	58.3	58.3	58.3	58.3	58.3	58.3	58.3

Source: Company data and Nordea estimates

Disclaimer and legal disclosures

Origin of the report

This publication or report originates from: Nordea Bank Abp, including its branches Nordea Danmark, Filial af Nordea Bank Abp, Finland, Nordea Bank Abp, filial i Norge and Nordea Bank Abp, filial i Sverige (together "Nordea") acting through their units Nordea Markets and Equity Sales & Research.

Nordea Bank Abp is supervised by the European Central Bank and the Finnish Financial Supervisory Authority and the branches are supervised by the European Central Bank and the Finnish Financial Supervisory Authority and the Financial Supervisory Authorities in their respective countries.

Content of report

This report has been prepared solely by Nordea Markets or Equity Sales & Research.

Opinions or suggestions from Nordea Markets credit and equity research may deviate from one another or from opinions presented by other departments in Nordea. This may typically be the result of differing time horizons, methodologies, contexts or other factors.

The information provided herein is not intended to constitute and does not constitute investment advice nor is the information intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has no regard to the specific investment objectives, the financial situation or particular needs of any particular recipient. Relevant and specific professional advice should always be obtained before making any investment or credit decision.

Opinions or ratings are based on one or more methods of valuation, for instance cash flow analysis, use of multiples, behavioural technical analyses of underlying market movements in combination with considerations of the market situation and the time horizon. Key assumptions of forecasts or ratings in research cited or reproduced appear in the research material from the named sources. The date of publication appears from the research material cited or reproduced. Opinions and estimates may be updated in subsequent versions of the report, provided that the relevant company/issuer is treated anew in such later versions of the report.

Validity of the report

All opinions and estimates in this report are, regardless of source, given in good faith, and may only be valid as of the stated date of this report and are subject to change without notice.

No individual investment or tax advice

The report is intended only to provide general and preliminary information to investors and shall not be construed as the basis for any investment decision. This report has been prepared by Nordea Markets or Equity Sales & Research as general information for private use of investors to whom the report has been distributed, but it is not intended as a personal recommendation of particular financial instruments or strategies and thus it does not provide individually tailored investment advice, and does not take into account the individual investor's particular financial situation, existing holdings or liabilities, investment knowledge and experience, investment objective and horizon or risk profile and preferences. The investor must particularly ensure the suitability of an investment as regards his/her financial and fiscal situation and investment objectives. The investor bears the risk of losses in connection with an investment.

Before acting on any information in this report, it is recommendable to consult (without being limited to) one's financial, legal, tax, accounting, or regulatory advisor in any relevant jurisdiction.

The information contained in this report does not constitute advice on the tax consequences of making any particular investment decision. Each investor shall make his/her own appraisal of the tax and other financial merits of his/her investment.

Sources

This report may be based on or contain information, such as opinions, estimates and valuations which emanate from: Nordea Markets' or Equity Sales & Research analysts or representatives, publicly available information, information from other units of Nordea, or other named sources.

To the extent this publication or report is based on or contain information emanating from other sources ("Other Sources") than Nordea Markets or Equity Sales & Research ("External Information"), Nordea Markets or Equity Sales & Research has deemed the Other Sources to be reliable but neither Nordea, others associated or affiliated with Nordea nor any other person, do guarantee the accuracy, adequacy or completeness of the External Information.

Limitation of liability

Nordea or other associated and affiliated companies assume no liability as regards to any investment, divestment or retention decision taken by the investor on the basis of this report. In no event will Nordea or other associated and affiliated companies be liable for direct, indirect or incidental, special or consequential damages (regardless of whether being considered as foreseeable or not) resulting from the information in this report.

Risk information

The risk of investing in certain financial instruments, including those mentioned in this report, is generally high, as their market value is exposed to a lot of different factors such as the operational and financial conditions of the relevant company, growth prospects, change in interest rates, the economic and political environment, foreign exchange rates, shifts in market sentiments etc. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. Past performance is not a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. When investing in individual shares, the investor may lose all or part of the investments.

Conflicts of interest

Readers of this document should note that Nordea Markets or Equity Sales & Research has received remuneration from the company mentioned in this document for the production of the report. The remuneration is not dependent on the content of the report. Nordea, affiliates or staff in Nordea, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the report.

To limit possible conflicts of interest and counter the abuse of inside knowledge, the analysts of Nordea Markets and Equity Sales & Research are subject to internal rules on sound ethical conduct, the management of inside information, handling of unpublished research material, contact with other units of Nordea and personal account dealing. The internal rules have been prepared in accordance with applicable legislation and relevant industry standards. The object of the internal rules is for example to ensure that no analyst will abuse or cause others to abuse confidential information. It is the policy of Nordea that no link exists between revenues from capital markets activities and individual analyst remuneration. Nordea and the branches are members of national stockbrokers' associations in each of the countries in which Nordea has head offices. Internal rules have been developed in accordance with recommendations issued by the stockbrokers associations. This material has been prepared following the Nordea Conflict of Interest Policy, which may be viewed at www.nordea.com/mifid.

Please find a list of all recommendations disseminated by Nordea Equities during the preceding 12-month period here: <https://research.nordea.com/compliance>

Distribution restrictions

The securities referred to in this report may not be eligible for sale in some jurisdictions. This report is not intended for, and must not be distributed to private customers in the UK or the US or to customers in any other jurisdiction where restrictions may apply.

This research report has not been prepared for distribution outside the EU, the UK or the US. The content of this research report is not a product disclosure statement or other regulated document for the purposes of the Australian Corporations Act 2001 (CTH). The distribution of this research report in Australia has not been authorised by any regulatory authority in Australia, and Nordea bank Abp is not licensed by the Australian Securities and Investment Commission to provide financial services in Australia.

This publication or report may be distributed in the UK to institutional investors by Nordea Bank Abp London Branch of 6th Floor, 5 Aldermanbury Square, London, EC2V 7AZ, which is under supervision of the European Central Bank, Finanssivalvonta (Financial Supervisory Authority) in Finland and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority in the United Kingdom. Details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available upon request.

Nordea Bank Abp ("Nordea") research is not "globally branded" research. Nordea research reports are intended for distribution in the United States solely to "major U.S. institutional investors," as defined in Rule 15a-6 under the Securities Exchange Act of 1934. Any transactions in securities discussed within the research reports will be chaperoned by Nordea Securities LLC ("Nordea Securities"), an affiliate of Nordea and a SEC registered broker dealer and member of FINRA. Nordea Securities does not employ research analysts and has no contractual relationship with Nordea that is reasonably likely to inform the content of Nordea research reports. Nordea makes all research content determinations without any input from Nordea Securities.

The research analyst(s) named on this report are not registered/qualified as research analysts with FINRA. Such research analyst(s) are also not registered with Nordea Securities and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

This report may not be mechanically duplicated, photocopied or otherwise reproduced, in full or in part, under applicable copyright laws.

Analyst Shareholding

Nordea analysts do not hold shares in the companies that they cover. No holdings or other affiliations by analysts or associates.

Fair value and sensitivity

We calculate our fair values by weighting DCF, DDM, SOTP, asset-based and other standard valuation methods. Our fair values are sensitive to changes in valuation assumptions, of which growth, margins, tax rates, working capital ratios, investment-to-sales ratios and cost of capital are typically the most sensitive. It should be noted that our fair values would change by a disproportionate factor if changes are made to any or all valuation assumptions, owing to the non-linear nature of the standard valuation models applied (mentioned above). As a consequence of the standard valuation models we apply, changes of 1-2 percentage points in any single valuation assumption can change the derived fair value by as much as 30% or more. All research is produced on an ad hoc basis and will be updated when the circumstances require it.

Marketing Material

This research report should be considered marketing material, as it has been commissioned and paid for by the subject company, and has not been prepared in accordance with the regulations designed to promote the independence of investment research and it is not subject to any legal prohibition on dealing ahead of the dissemination of the report. However, Nordea Markets analysts are according to internal policies not allowed to hold shares in the companies/sectors that they cover.

Market-making obligations and other significant financial interest

Nordea has no market-making obligations in Suominen Oyj shares.

As of 06/02/2024, Nordea Abp holds no positions of 0.5% or more of shares issued by Suominen Oyj.

As of the publication of this report, the issuer does not hold a position exceeding 5% of the total shares issued in Nordea Abp.

Investment banking transactions and/or services

In view of Nordea's position in its markets, readers should assume that the bank may currently or may in the coming three months and beyond be providing or seeking to provide confidential investment banking and/or ancillary services to the company/ companies.

Issuer Review

This report has not been reviewed by the Issuer prior to publication.

Completion Date

07 Feb 2024, 00:57 CET

Nordea Bank Abp	Nordea Bank Abp, filial i Sverige	Nordea Danmark, Filial af Nordea Bank Abp, Finland	Nordea Bank Abp, filial i Norge
Nordea IB & Equity Division, Equity Research Visiting address: Aleksis Kiven katu 7, Helsinki FI-00020 Nordea Finland	Nordea IB & Equity Division, Equity Research Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden	Nordea IB & Equity Division, Equity Research Visiting address: Grønjørdsvej 10 DK-2300 Copenhagen S Denmark	Nordea IB & Equity Division, Equity Research Visiting address: Essendropsgate 7 N-0107 Oslo Norway
Tel: +358 9 1651 Fax: +358 9 165 59710	Tel: +46 8 614 7000 Fax: +46 8 534 911 60	Tel: +45 3333 3333 Fax: +45 3333 1520	Tel: +47 2248 5000 Fax: +47 2256 8650
Reg.no. 2858394-9 Satamaradankatu 5 Helsinki			