

2 May 2024

Commissioned research: Suominen – EUR 10m investment into Bethune – we are slightly below consensus on adjusted EBITDA for Q1E

Marketing material commissioned by Suominen

Ahead of Suominen's Q1 report, due on 7 May, we maintain our estimates intact. The company announced on 2 May that it will make EUR 10m investment in strengthening its capabilities in sustainable products in Bethune, USA. Investment will be completed in H1 2025. We have modelled EUR 10-11m annual capex for 2024E-25E. Initially, we see some upside to our capex estimates for 2024E-25E. For Q1E, we are 6% ahead of Vara consensus on sales and 7% below on adjusted EBITDA. We model Americas sales up 1% y/y while we expect Europe sales to be up 4% y/y. The focus in the report will be on management comments on market recovery and price levels going forward. Pulp prices have continued to increase which could put some margin pressure on Suominen, we believe. Suominen guides for improving comparable EBITDA in 2024 (from EUR 15.8m in 2023), which we view somewhat cautious given the low starting point. We model EUR 26m adjusted EBITDA in 2024E, a 66% increase y/y, leaving us 15% below consensus at EUR 31m. Depending of progress of self-help measures, there is possibility that the company could give additional color on its guidance in conjunction with its Q1 report.

SUOMINEN: OUR ESTIMATES VS. CONSENSUS

| EURm | Nordea estimates | | | | Consensus estimates | | | | Difference % | | | |
|----------------------|------------------|-------|-------|-------|---------------------|-------|-------|-------|--------------|--------|--------|-------|
| | Q1 24E | 2024E | 2025E | 2026E | Q1 24E | 2024E | 2025E | 2026E | Q1 24E | 2024E | 2025E | 2026E |
| Sales | 119 | 468 | 488 | 500 | 113 | 460 | 473 | n.a. | 6% | 2% | 3% | n.a. |
| Comparable EBITDA | 6.0 | 26.3 | 33.7 | 36.4 | 6.5 | 31.0 | 39.9 | n.a. | -7% | -15% | -15% | n.a. |
| EBITDA margin | 5% | 6% | 6.9% | 7% | 6% | 7% | 8.4% | n.a. | -0.7pp | -1.1pp | -2.7pp | n.a. |
| Comparable op profit | 1.4 | 7.7 | 15.1 | 17.8 | 1.8 | 12.3 | 20.1 | n.a. | -23% | -38% | -25% | n.a. |
| Operating margin | 1.2% | 1.6% | 3.1% | 3.5% | 1.6% | 2.7% | 4.2% | n.a. | -0.4pp | -1.0pp | -1.1pp | n.a. |
| EPS | 0.00 | 0.05 | 0.16 | 0.20 | 0.00 | 0.08 | 0.22 | n.a. | n.m. | -44% | -26% | n.a. |
| DPS | | 0.10 | 0.10 | 0.12 | | 0.11 | 0.12 | n.a. | | -9% | -17% | n.a. |

Source: Vara Research, Nordea estimates

Cons. updated: 9/2/2024

SUMMARY TABLE - KEY FIGURES

| EURm | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
|------------------------------|--------|---------|-------|--------|--------|-------|
| Total revenue | 443 | 493 | 451 | 468 | 488 | 500 |
| EBITDA (adj) | 47 | 15 | 16 | 26 | 34 | 36 |
| EBIT (adj) | 27 | -4 | -3 | 8 | 15 | 18 |
| EBIT (adj) margin | 6.1% | -0.8% | -0.6% | 1.6% | 3.1% | 3.5% |
| EPS (adj, EUR) | 0.36 | -0.16 | -0.14 | 0.05 | 0.16 | 0.20 |
| EPS (adj) growth | -31.6% | -143.7% | 11.5% | 132.7% | 260.5% | 25.8% |
| DPS (ord, EUR) | 0.20 | 0.10 | 0.10 | 0.10 | 0.12 | 0.13 |
| EV/Sales | 0.8 | 0.5 | 0.5 | 0.4 | 0.4 | 0.4 |
| EV/EBIT (adj) | 13.0 | n.m. | n.m. | 25.0 | 12.3 | 10.1 |
| P/E (adj) | 14.6 | n.m. | n.m. | 57.9 | 16.1 | 12.8 |
| P/BV | 1.8 | 1.2 | 1.3 | 1.2 | 1.2 | 1.2 |
| Dividend yield (ord) | 3.9% | 3.3% | 3.5% | 3.8% | 4.6% | 5.0% |
| FCF Yield bef A&D, lease adj | -2.2% | 2.4% | 9.9% | 6.2% | 8.1% | 8.7% |
| Net debt | 50 | 55 | 44 | 40 | 33 | 27 |
| Net debt/EBITDA | 1.1 | 3.8 | 3.9 | 1.5 | 1.0 | 0.7 |
| ROIC after tax | 9.7% | -1.5% | -1.1% | 3.4% | 7.1% | 8.4% |

Source: Company data and Nordea estimates

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