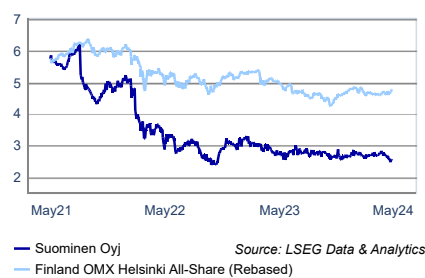


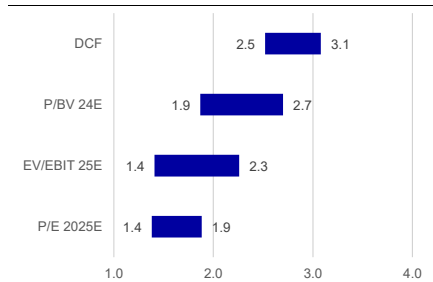
## KEY DATA

Stock country	Finland
Bloomberg	SUY1V FH
Reuters	SUY1V.HE
Share price (close)	EUR 2.56
Free float	76%
Market cap. (bn)	EUR 0.15/EUR 0.15
Website	www.suominen.fi
Next report date	09 Aug 2024

## PERFORMANCE



## VALUATION APPROACH (EUR/SHARE)



## ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	0%	2%	2%
EBIT (adj)	-21%	-18%	-12%

Source: Nordea estimates

## Nordea IB &amp; Equity - Analysts

Joni Sandvall  
AnalystJukka-Pekka Pesonen  
Analyst

## Slow profit improvement pace continued in Q1

Suominen's Q1 2024 adjusted EBITDA fell short of Vara Research consensus. The company has seen improving volumes and noted positive signs of demand in the market. We expect a gradual margin recovery, while high pulp prices create uncertainty. We trim our estimates due to expected higher raw material costs and derive a slightly lower DCF- and multiples-based fair value range of EUR 1.8-2.5 (2.0-2.7).

## Q1 adjusted EBITDA fell short of expectations

Suominen's net sales were down by 3% y/y in Q1 2024 (in line with consensus), driven by the Americas. Volume development was positive, especially in EMEA, where sales were up by 4% y/y. Prices continued to decline, but the company expects an upturn during the summer. Q1 adjusted EBITDA of EUR 4.5m fell 29% short of consensus and the company noted that profitability was slightly below its expectations, as improvement measures have taken slightly longer than anticipated. Port strikes in Finland had less than a EUR 0.5m negative impact on adjusted EBITDA, with a similar effect on working capital. Operating cash flow fell short of our expectation, mainly due to a negative NWC swing. According to Suominen, there have been positive signs of demand recovery in the market. There has been some oversupply in the market following the COVID-19 pandemic, and normalisation tends to take some time. We note the continued increase in pulp prices, which the company should be able to pass through, albeit with some lag. The EUR 10m production line upgrade in Bethune should start to support earnings from H2 2025.

## We trim adjusted EBITDA by 4-7% for 2024E-26E

We maintain our 2024 top-line estimate and raise our 2025-26 forecasts by 2% due to higher pulp prices. For the same reason, we trim the adjusted EBITDA margin by 0.4-0.6pp and adjusted EBITDA by 4-7% for 2024E-26E. We expect 2024E adjusted EBITDA to be up 56%, to EUR 24.6m, from EUR 15.8m in 2023, in line with the higher adjusted EBITDA guidance.

## Fair value range of EUR 1.8-2.5 per share

We calculate a fair value range of EUR 1.8-2.5 (2.0-2.7), based on a combination of four valuation approaches (DCF, 2024E P/BV, 2025E EV/EBIT and 2025E P/E). We believe Suominen would benefit from more stable pulp prices, which does not appear to be in the cards for 2024.

## SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	459	443	493	451	469	500	513
EBITDA (adj)	61	47	15	16	25	31	35
EBIT (adj)	39	27	-4	-3	6	12	16
EBIT (adj) margin	8.6%	6.1%	-0.8%	-0.6%	1.3%	2.5%	3.0%
EPS (adj, EUR)	0.52	0.36	-0.16	-0.14	0.03	0.13	0.18
EPS (adj) growth	13,268.1%	-31.6%	-143.7%	11.5%	121.8%	318.3%	39.5%
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.	31.7	15.4	11.9
P/E (adj)	9.8	14.6	n.m.	n.m.	85.3	20.4	14.6
P/BV	2.0	1.8	1.2	1.3	1.2	1.2	1.2
Dividend yield (ord)	3.9%	3.9%	3.3%	3.5%	3.9%	4.7%	5.1%
FCF Yield bef A&D, lease	15.6%	-2.2%	2.4%	9.9%	3.7%	5.3%	8.2%
Net debt	37	50	55	44	44	42	36
Net debt/EBITDA	0.6	1.1	3.8	3.9	1.8	1.3	1.0
ROIC after tax	14.5%	9.7%	-1.5%	-1.1%	2.7%	5.6%	7.2%

Source: Company data and Nordea estimates

# Q1 result takeaways

Suominen's top line for Q1 2024 was in line with LSEG Data & Analytics consensus, at EUR 113.6m, but comparable EBITDA of EUR 4.5m fell 29% short of consensus.

## Q1 comparable EBITDA of EUR 4.5m was 29% below consensus

- Suominen's Q1 2024 comparable EBITDA of EUR 4.5m came in 29% below Vara Research consensus of EUR 6.3m.
- Q1 sales of EUR 113.6m were in line with consensus. According to Suominen, sales volumes increased y/y, especially in EMEA, while sales prices decreased owing to lower raw material prices.
- Cash flow was weaker than our expectation due to a working capital tie-up. Q1 free cash flow was EUR -4.9m, while cash flow from operations was EUR -2.2m. Net debt increased to EUR 49.2m (EUR 44.1m in Q4 2023), corresponding to net gearing of 35.3%.

## Q1 DEVIATION TABLE

EURm	Actual	NDA est.	Deviation		Consensus	Deviation		Actual	Actual		
	Q1 24	Q1 24E	vs. actual		Q1 24E	vs. actual	Q4 23	q/q	Q1 23	y/y	
Sales	113.6	119.4	-5.8	-5%	113.2	0.4	0%	114.9	-1%	116.8	-3%
Comparable EBITDA	4.5	6.0	-1.5	-26%	6.3	-1.8	-29%	5.3	-15%	2.6	69%
EBITDA margin	3.9%	5.1%	-1.1pp		5.6%	-1.6pp		4.6%	-0.6pp	2.3%	1.7pp
Comparable operating profit	-0.1	1.4	-1.5	n.m.	1.8	-1.9	n.m.	0.7	n.m.	-2.0	n.m.
Operating margin	-0.1%	1.2%	-1.2pp		1.6%	-1.7pp		0.6%	-0.7pp	-1.7%	1.6pp
EPS	-0.02	0.00	-0.02	n.m.	0.00	-0.02	n.m.	-0.02	n.m.	-0.07	n.m.

Source: Company data, Vara Research and Nordea estimates

## Guidance for 2024 intact – positive signs from the market

- Suominen expects comparable EBITDA to increase in 2024 from EUR 15.8m in 2023. Pre-Q1 Vara consensus was for EUR 30.3m in comparable EBITDA for 2024.
- Despite the challenging global economy, Suominen still sees positive signs in its business environment for 2024 and continues to execute its improvement action plan.
- We got the impression from the conference call that the European markets are normalising following the COVID pandemic, despite continued overcapacity, and the tone was more positive than negative. Markets in Latin America have been developing somewhat slowly compared to company expectations, while the stronger economy in the US has kept demand at a good level.

## Q1 CASH FLOW AND BALANCE SHEET

EURm	Actual	NDA est.	Deviation		Actual	Actual		
	Q1 24	Q1 24E	vs. actual		Q4 23	q/q	Q1 23	y/y
Profit for the period	-1.0	0.1			-1.4		-8.8	
Adjustments	5.8	5.0			7.5		12.5	
Cash before WC	4.8	5.1			6.1		3.7	
Change in working capital	-5.8	1.0			9.1		15.0	
Financial items	-1.1	-1.3			-1.1		-2.7	
Income taxes	-0.1	0.0			-1.0		-0.4	
Cash flow from operations	-2.2	4.7	-6.9		13.1		15.6	
Investments	-2.7	-2.0			-3.0		-2.3	
Sales of property, plant, equiprr	0.0	0.0			0.0		0.0	
Sales of equity investments		0.0			0.0		0.0	
Cash from investments	-2.7	-2.0			-3.0		-2.3	
Free cash flow	-4.9	2.7	-7.6		10.1		13.3	
Net debt	49.2	46.6	2.6	6%	44.1	12%	54.6	-10%
Equity	126.0	119.2	6.8	6%	124.9	1%	145.9	-14%
Net gearing	39.0%	39.1%	-0.1pp		35.3%	3.7pp	37%	1.6pp

Source: Company data and Nordea estimates

# Estimate revisions

Following the Q1 report, we cut 2024E-26E comparable EBITDA by 4-7%. We raise the 2024E-26E top line by 0-2% owing to higher pulp prices. Given the low base, we lower our EPS estimates by 14-26%. We continue to expect stronger H2 performance in comparison to H1.

## ESTIMATE REVISIONS

EURm	New estimates				Old estimates				Difference %			
	Q2 24E	2024E	2025E	2026E	Q2 24E	2024E	2025E	2026E	Q2 24E	2024E	2025E	2026E
Sales	118	469	500	513	117	468	488	500	0%	0%	2%	2%
- growth	5%	4%	7%	3%	4%	4%	4%	3%	0.4pp	0.2pp	2.4pp	0.0pp
Comparable EBITDA	5.2	25	31	35	6.1	26	34	36	-14%	-6%	-7%	-4%
EBITDA margin	4.4%	5.3%	6.3%	6.8%	5.2%	5.6%	6.9%	7.3%	-0.8pp	-0.4pp	-0.6pp	-0.5pp
Comparable op profit	0.6	6	12	16	1.4	8	15	18	-61%	-21%	-18%	-12%
Operating margin	0.5%	1.3%	2.5%	3.0%	1.2%	1.6%	3.1%	3.5%	-0.8pp	-0.3pp	-0.6pp	-0.5pp
Pre-tax profit	-0.2	3	9	13	0.4	3	12	15	-160%	-9%	-23%	-14%
EPS	0.00	0.03	0.13	0.18	0.01	0.05	0.16	0.20	-160%	-26%	-23%	-14%
DPS		0.10	0.12	0.13		0.10	0.12	0.13		0%	0%	0%
Volume growth (est)	3.4%	3.4%	2.6%	1.6%	3.0%	3.0%	2.6%	1.6%	0.4pp	0.5pp	0.0pp	0.0pp
ASP change (est)	1.4%	0.9%	4.0%	1.0%	1.4%	1.3%	1.6%	1.0%	0.0pp	-0.4pp	2.4pp	0.0pp
Organic growth	4.8%	4.4%	6.6%	2.6%	4.4%	4.3%	4.3%	2.6%	0.4pp	0.0pp	2.4pp	0.0pp
FX impact on topline	-0.2%	-0.4%	0.0%	0.0%	-0.2%	-0.6%	0.0%	0.0%	0.0pp	0.2pp	0.0pp	0.0pp
Raw material price inflation		2.3 %	4.5 %	1.0 %		0.2 %	1.0 %	1.2 %		2.2pp	3.5pp	-0.2pp

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 24	Q2 24E	Q3 24E	Q4 24E
<b>Net sales</b>	<b>110</b>	<b>118</b>	<b>132</b>	<b>133</b>	<b>117</b>	<b>113</b>	<b>106</b>	<b>115</b>	<b>114</b>	<b>118</b>	<b>114</b>	<b>123</b>
growth y/y	-4%	4%	34%	15%	6%	-5%	-19%	-14%	-3%	5%	7%	7%
on constant currencies	-8%	-3%	22%	7%	3%	-3%	-15%	-10%	-2%	5%	8%	8%
Gross profit	7	5	5	2	5	3	6	8	8	9	9	11
gross margin, %	6.0%	4.2%	4.0%	1.4%	4.2%	2.7%	6.0%	7.3%	7.2%	7.7%	8.2%	8.9%
EBITDA	3	2	5	0	3	-2	5	5	5	5	7	8
<b>Adj. EBITDA</b>	<b>3</b>	<b>2</b>	<b>5</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>7</b>	<b>8</b>
Adj. EBITDA margin, %	3.0%	1.6%	3.9%	0.1%	2.3%	2.4%	4.9%	4.6%	3.9%	4.4%	6.2%	6.3%
D&A	-4.6	-4.8	-4.9	-5.2	-4.7	-4.8	-4.5	-4.6	-4.6	-4.7	-4.7	-4.7
EBIT	-1.3	-2.9	0.2	-5.0	-2.1	-6.7	0.6	0.7	0.1	0.6	2.5	3.1
<b>Adj. EBIT</b>	<b>-1.3</b>	<b>-2.9</b>	<b>0.2</b>	<b>-5.0</b>	<b>-2.0</b>	<b>-2.1</b>	<b>0.7</b>	<b>0.7</b>	<b>-0.1</b>	<b>0.6</b>	<b>2.5</b>	<b>3.1</b>
Adj. EBIT margin, %	-1.1%	-2.5%	0.2%	-3.7%	-1.7%	-1.9%	0.6%	0.6%	-0.1%	0.5%	2.2%	2.6%
Net financials	-0.9	0.7	-0.1	-2.6	-1.5	-1.3	-1.2	-2.0	-0.8	-0.8	-0.8	-0.8
PTP	-2.2	-2.2	0.1	-7.6	-3.6	-8.0	-0.5	-1.3	-0.7	-0.2	1.7	2.3
Income taxes	-0.1	-0.1	-0.5	-1.2	-0.3	-0.2	1.3	-0.1	-0.3	0.1	-0.4	-0.5
Net profit	-2.3	-2.3	-0.4	-8.8	-3.9	-8.2	0.8	-1.4	-1.0	-0.2	1.3	1.8
<b>EPS, EUR</b>	<b>-0.04</b>	<b>-0.04</b>	<b>-0.01</b>	<b>-0.15</b>	<b>-0.07</b>	<b>-0.14</b>	<b>0.01</b>	<b>-0.02</b>	<b>-0.02</b>	<b>0.00</b>	<b>0.02</b>	<b>0.03</b>
DPS, EUR												
<b>Geographical split</b>	<b>Q1 22</b>	<b>Q2 22</b>	<b>Q3 22</b>	<b>Q4 22</b>	<b>Q1 23</b>	<b>Q2 23</b>	<b>Q3 23</b>	<b>Q4 23</b>	<b>Q1 24</b>	<b>Q2 24E</b>	<b>Q3 24E</b>	<b>Q4 24E</b>
<b>Net sales, EURm</b>												
Americas	61.7	64.2	80.3	81.8	75.0	69.8	70.9	72.3	70.0	72.4	74.9	77.1
Europe	48.5	53.8	51.7	51.5	41.8	42.9	35.6	42.6	43.5	45.5	39.5	45.6
<b>Sales growth, y/y</b>												
Americas	-14%	-5%	41%	19%	22%	9%	-12%	-12%	-7%	4%	6%	7%
Europe	12%	16%	24%	10%	-14%	-20%	-31%	-17%	4%	6%	11%	7%

Source: Company data and Nordea estimates

**ANNUAL ESTIMATES**

<b>EURm</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>Net sales</b>	<b>426</b>	<b>431</b>	<b>411</b>	<b>459</b>	<b>443</b>	<b>493</b>	<b>451</b>	<b>469</b>	<b>500</b>	<b>513</b>
growth y/y	2%	1%	-5%	12%	-3%	11%	-9%	4%	7%	3%
on constant currencies	3%	4%	-7%	14%	-1%	4%	-7%	4%	7%	3%
Gross profit	42	31	34	70	51	19	23	37	47	54
gross margin, %	9.9%	7.3%	8.3%	15.2%	11.5%	3.8%	5.0%	8.0%	9.5%	10.5%
EBITDA	34	26	34	61	47	14	11	25	31	35
<b>Adj. EBITDA</b>	<b>34</b>	<b>26</b>	<b>34</b>	<b>61</b>	<b>47</b>	<b>15</b>	<b>16</b>	<b>25</b>	<b>31</b>	<b>35</b>
Adj. EBITDA margin, %	8.1%	5.9%	8.2%	13.3%	10.6%	3.1%	3.5%	5.3%	6.3%	6.8%
D&A	-19	-21	-26	-21	-20	-23	-19	-19	-19	-19
EBIT	15	5	8	39	27	-9	-8	6	12	16
<b>Adj. EBIT</b>	<b>15</b>	<b>5</b>	<b>8</b>	<b>39</b>	<b>27</b>	<b>-4</b>	<b>-3</b>	<b>6</b>	<b>12</b>	<b>16</b>
Adj. EBIT margin, %	3.5%	1.1%	2.0%	8.6%	6.1%	-0.8%	-0.6%	1.3%	2.5%	3.0%
Net financials	-3	-6	-6	-6	0	-3	-6	-3	-3	-3
PTP	12	-1	2	34	27	-12	-14	3	9	13
Income taxes	2	-1	-2	-4	-6	-2	1	-1	-2	-3
Net profit	14	-2	0	30	21	-14	-13	2	7	10
<b>EPS, EUR</b>	<b>0.25</b>	<b>-0.03</b>	<b>0.00</b>	<b>0.52</b>	<b>0.36</b>	<b>-0.24</b>	<b>-0.22</b>	<b>0.03</b>	<b>0.13</b>	<b>0.18</b>
DPS, EUR	0.11	0.00	0.05	0.20	0.20	0.10	0.10	0.10	0.12	0.13
<b>Geographical split</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>Net sales, EURm</b>										
Americas			262	289	265	288	288	294	315	324
Europe			150	170	178	206	163	174	185	188
<b>Sales growth, y/y</b>										
Americas				10%	-8%	9%	0%	2%	7%	3%
Europe				13%	5%	15%	-21%	7%	6%	2%

Source: Company data and Nordea estimates

# Valuation

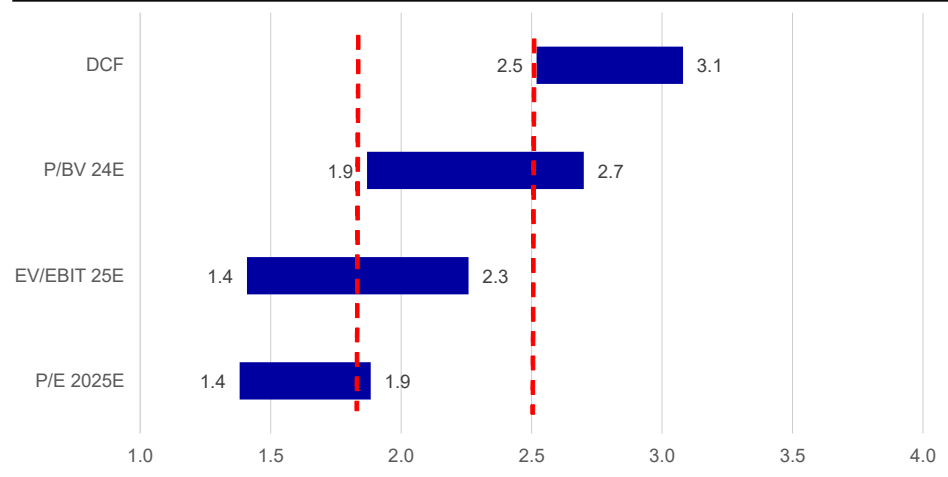
We estimate a fair value range of EUR 1.8-2.5 (2.0-2.7), based on a combination of four valuation approaches (DCF, 2024E P/BV, 2025E EV/EBIT and 2025E P/E).

## Fair value range of EUR 1.8-2.5

Our multiples-based valuation supports a valuation range of EUR 1.4-2.7, while our DCF-based valuation yields a range of EUR 2.5-3.1.

### VALUATION APPROACH (EUR/SHARE)

We derive a fair value range of EUR 1.8-2.5 per share



Source: Nordea estimates

## DCF yields range of EUR 2.5-3.1 per share

The outcome of our DCF valuation is EUR 2.5-3.1. 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%
<b>WACC</b>	<b>8.5-7.3%</b>

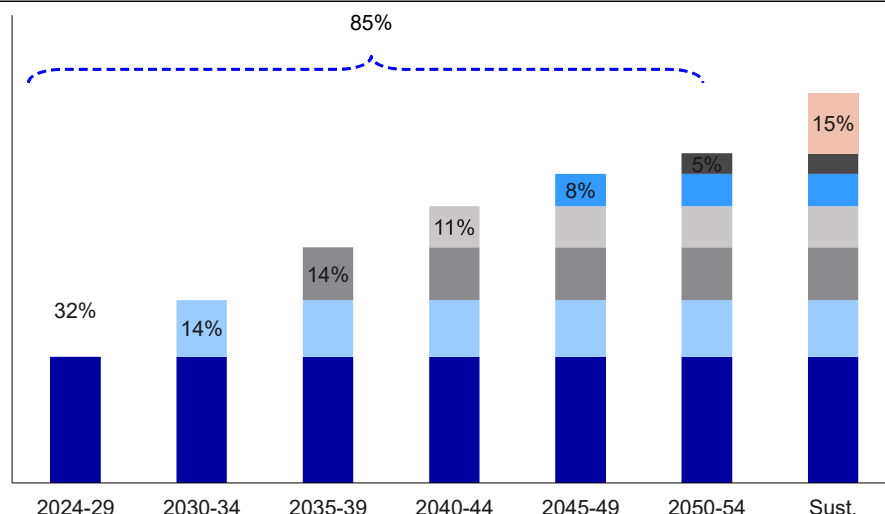
Source: Nordea estimates

### DCF VALUE (EURm AND EUR)

DCF value	Value	Per share
NPV FCFF	186-218	3.2-3.7
(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	5	0.1
<b>DCF Value</b>	<b>147-180</b>	<b>2.5-3.1</b>

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  $\pm 1$ pp for WACC,  $\pm 1$ pp for sales growth and  $\pm 1$ pp for the EBIT margin, our DCF model yields a value range of EUR 1.6-4.7 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	4.6	3.7	3.1
	1.0pp	6.3	4.7	3.7	3.0	2.5
	0.0pp	4.6	3.5	2.8	2.3	1.9
	-1.0pp	2.9	2.3	1.9	1.6	1.4
	-2.0pp	1.2	1.1	1.0	0.9	0.8

- 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	5.8	4.3	3.3	2.7	2.2
	1.0pp	5.1	3.8	3.0	2.5	2.1
	0.0pp	4.6	3.5	2.8	2.3	1.9
	-1.0pp	4.1	3.2	2.6	2.2	1.8
	-2.0pp	3.7	3.0	2.4	2.0	1.7

- A +/-1pp EBIT margin change translates into a change of +/-32% 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	3.8	4.2	4.6	5.1	5.7
	1.0pp	3.1	3.4	3.7	4.1	4.5
	0.0pp	2.4	2.6	2.8	3.0	3.3
	-1.0pp	1.7	1.8	1.9	2.0	2.1
	-2.0pp	1.0	1.0	1.0	1.0	0.9

Source: Nordea estimates

# Reported numbers and forecasts

## INCOME STATEMENT

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
<b>Total revenue</b>	<b>417</b>	<b>426</b>	<b>431</b>	<b>411</b>	<b>459</b>	<b>443</b>	<b>493</b>	<b>451</b>	<b>469</b>	<b>500</b>	<b>513</b>
Revenue growth	-6.1%	2.2%	1.2%	-4.6%	11.5%	-3.4%	11.3%	-8.6%	3.9%	6.6%	2.6%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.9%	-7.2%	4.4%	6.6%	2.6%
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7.4%	-1.4%	-0.4%	0.0%	0.0%
EBITDA	44	34	26	34	61	47	14	11	25	31	35
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	6	12	16
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	26	15	5	8	39	27	-9	-8	6	12	16
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	-3	-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
<b>Pre-tax profit</b>	<b>22</b>	<b>12</b>	<b>-1</b>	<b>2</b>	<b>34</b>	<b>27</b>	<b>-12</b>	<b>-14</b>	<b>3</b>	<b>9</b>	<b>13</b>
Reported taxes	-7	2	-1	-2	-4	-6	-2	1	-1	-2	-3
Net profit from continued operations	15	14	-2	0	30	21	-14	-13	2	7	10
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	2	7	10
<b>EPS, EUR</b>	<b>0.30</b>	<b>0.25</b>	<b>-0.03</b>	<b>0.00</b>	<b>0.52</b>	<b>0.36</b>	<b>-0.24</b>	<b>-0.22</b>	<b>0.03</b>	<b>0.13</b>	<b>0.18</b>
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%	5.3%	6.3%	6.8%
EBITA	6.1%	3.5%	1.1%	2.0%	8.6%	6.1%	-1.8%	-1.7%	1.3%	2.5%	3.0%
EBIT	6.1%	3.5%	1.1%	2.0%	8.6%	6.1%	-1.8%	-1.7%	1.3%	2.5%	3.0%

## Adjusted earnings

EBITDA (adj)	44	34	26	34	61	47	15	16	25	31	35
EBITA (adj)	26	15	5	8	39	27	-4	-3	6	12	16
EBIT (adj)	26	15	5	8	39	27	-4	-3	6	12	16
EPS (adj, EUR)	0.30	0.25	-0.03	0.00	0.52	0.36	-0.16	-0.14	0.03	0.13	0.18

## Adjusted profit margins in percent

EBITDA (adj)	10.6%	8.1%	5.9%	8.2%	13.3%	10.6%	3.1%	3.5%	5.3%	6.3%	6.8%
EBITA (adj)	6.1%	3.5%	1.1%	2.0%	8.6%	6.1%	-0.8%	-0.6%	1.3%	2.5%	3.0%
EBIT (adj)	6.1%	3.5%	1.1%	2.0%	8.6%	6.1%	-0.8%	-0.6%	1.3%	2.5%	3.0%

## 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%	1.7%	3.0%
EBITDA	n.m.	3.8%	-5.4%	-4.1%	4.3%	1.3%	-16.0%	-15.3%	-5.9%	-12.4%	-5.8%
EBIT	n.a.	6.3%	-23.3%	-20.7%	4.5%	1.0%	n.m.	n.m.	-5.1%	-20.7%	-10.4%
EPS	n.a.	n.m.	n.m.	-47.9%	9.0%	3.5%	n.m.	n.m.	53.6%	-24.7%	-13.2%
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%	2.4%	1.2%	0.7%
Average EBITDA margin	9.1%	9.5%	9.2%	8.8%	9.3%	9.3%	8.1%	7.4%	6.8%	5.5%	4.8%

## 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.	85.3	20.4	14.6
EV/EBITDA (adj)	6.1	9.7	7.4	6.0	5.5	7.5	14.9	13.1	7.8	6.1	5.3
EV/EBITA (adj)	10.5	22.3	41.2	24.8	8.4	13.0	n.m.	n.m.	31.7	15.4	11.9
EV/EBIT (adj)	10.5	22.3	41.2	24.8	8.4	13.0	n.m.	n.m.	31.7	15.4	11.9

## 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.	77.0	20.4	14.6
EV/Sales	0.64	0.79	0.44	0.49	0.73	0.79	0.46	0.46	0.41	0.38	0.36
EV/EBITDA	6.1	9.7	7.4	6.0	5.5	7.5	16.0	18.6	7.8	6.1	5.3
EV/EBITA	10.5	22.3	41.2	24.8	8.4	13.0	n.m.	n.m.	30.8	15.4	11.9
EV/EBIT	10.5	22.3	41.2	24.8	8.4	13.0	n.m.	n.m.	30.8	15.4	11.9
Dividend yield (ord.)	2.7%	2.5%	0.0%	2.2%	3.9%	3.9%	3.3%	3.5%	3.9%	4.7%	5.1%
FCF yield	-10.0%	-4.6%	14.7%	14.6%	15.6%	-1.4%	2.4%	12.0%	6.1%	7.7%	10.5%
FCF Yield bef A&D, lease adj	-10.0%	-4.6%	14.7%	14.6%	15.6%	-2.2%	2.4%	9.9%	3.7%	5.3%	8.2%
Payout ratio	36.6%	43.6%	0.0%	1,284.7%	38.4%	56.2%	n.m.	n.m.	333.1%	95.6%	74.2%

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	118	116	113
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	142	140	137
Inventory	43	44	52	39	35	50	63	38	39	42	43
Accounts receivable	54	58	58	47	51	65	67	62	60	64	66
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	44	31	36
Total current assets	137	145	147	132	154	225	188	168	156	150	158
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.
<b>Total assets</b>	<b>316</b>	<b>326</b>	<b>321</b>	<b>310</b>	<b>317</b>	<b>387</b>	<b>343</b>	<b>316</b>	<b>298</b>	<b>290</b>	<b>296</b>
Shareholders equity	143	136	131	132	146	163	146	125	121	123	126
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	121	123	126
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	81	83
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	5
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	129	131
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>316</b>	<b>326</b>	<b>321</b>	<b>310</b>	<b>317</b>	<b>387</b>	<b>343</b>	<b>316</b>	<b>298</b>	<b>290</b>	<b>296</b>
<b>Balance sheet and debt metrics</b>											
Net debt	58	81	71	69	37	50	55	44	44	42	36
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	31	32
Invested capital	220	235	217	219	204	228	214	179	171	171	169
Capital employed	237	247	232	242	246	312	249	227	208	195	198
ROE	11.4%	10.4%	-1.3%	0.2%	21.6%	13.4%	-9.0%	-9.4%	1.6%	6.0%	8.2%
ROIC	10.0%	5.1%	1.6%	2.9%	14.5%	9.7%	-1.5%	-1.1%	2.7%	5.6%	7.2%
ROCE	11.1%	6.2%	1.9%	3.4%	16.2%	9.6%	-1.5%	-1.2%	2.8%	6.1%	7.9%
Net debt/EBITDA	1.3	2.4	2.8	2.0	0.6	1.1	3.8	3.9	1.8	1.3	1.0
Interest coverage	8.1	5.8	0.8	1.4	7.1	69.1	-3.1	-1.5	2.9	6.2	10.4
Equity ratio	45.3%	41.8%	40.7%	42.7%	46.0%	42.2%	42.6%	39.5%	40.6%	42.2%	42.5%
Net gearing	40.7%	59.6%	54.7%	51.9%	25.4%	30.4%	37.4%	34.8%	36.2%	34.0%	29.0%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
<b>EBITDA (adj) for associates</b>	<b>44</b>	<b>34</b>	<b>26</b>	<b>34</b>	<b>61</b>	<b>47</b>	<b>14</b>	<b>11</b>	<b>25</b>	<b>31</b>	<b>35</b>
Paid taxes	-7	2	6	-1	-2	-7	-3	-4	-1	-2	-3
Net financials	-3	-3	-5	-5	-4	-5	-5	-5	-3	-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
<b>Funds from operations (FFO)</b>	<b>35</b>	<b>30</b>	<b>27</b>	<b>28</b>	<b>58</b>	<b>36</b>	<b>6</b>	<b>5</b>	<b>20</b>	<b>26</b>	<b>29</b>
Change in NWC	-6	-8	6	2	-1	-25	8	26	2	-2	-1
<b>Cash flow from operations (CFO)</b>	<b>29</b>	<b>22</b>	<b>32</b>	<b>30</b>	<b>57</b>	<b>11</b>	<b>14</b>	<b>31</b>	<b>22</b>	<b>24</b>	<b>29</b>
Capital expenditure	-50	-34	-15	-11	-11	-18	-10	-11	-13	-13	-13
<b>Free cash flow before A&amp;D</b>	<b>-21</b>	<b>-12</b>	<b>17</b>	<b>19</b>	<b>46</b>	<b>-7</b>	<b>4</b>	<b>20</b>	<b>9</b>	<b>11</b>	<b>16</b>
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	9	11	16
Free cash flow bef A&D, lease adj	-21	-12	17	19	46	-7	4	16	6	8	12
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	-15	-13	5
<b>Cash flow metrics</b>											
Capex/D&A	n.m.	n.m.	70.6%	41.2%	50.8%	87.9%	41.9%	59.0%	70.2%	68.3%	67.4%
Capex/Sales	11.9%	7.9%	3.4%	2.6%	2.4%	4.0%	2.0%	2.4%	2.8%	2.6%	2.5%
<b>Key information</b>											
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	149	149	149
Enterprise value	268	335	189	202	333	351	229	208	193	191	186
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

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**Completion Date**

07 May 2024, 22:06 CET

Nordea Bank Abp	Nordea Bank Abp, filial i Sverige	Nordea Danmark, Filial af Nordea Bank Abp, Finland	Nordea Bank Abp, filial i Norge
<b>Nordea IB &amp; Equity Division, Equity Research</b> Visiting address: Aleksis Kiven katu 7, Helsinki FI-00020 Nordea Finland	<b>Nordea IB &amp; Equity Division, Equity Research</b> Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden	<b>Nordea IB &amp; Equity Division, Equity Research</b> Visiting address: Grønjordsvej 10 DK-2300 Copenhagen S Denmark	<b>Nordea IB &amp; Equity Division, Equity Research</b> 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			