

31 May 2024

Commissioned research: Suominen - Initiates restructuring programme with EUR 1.5m annual cost savings target

Marketing material commissioned by Suominen

Suominen has today announced a restructuring programme that is expected to generate EUR 1.5m annual costs savings from September 2024 onwards. Suominen expects EUR 2m one-off costs related to restructuring. Restructuring is expected to result in a termination of up to 10 positions in the headquarters and global support functions. Suominen announced new operating model end of last year and we view restructuring as a logical next step to align the structure of the company accordingly. Vara Research consensus is modelling EUR 36.7m adjusted EBITDA in 2025E, after EUR 26.5m in 2024E. Hence, mathematically, restructuring could give some low-single digit to consensus estimates. However, we note continued increase in pulp prices, which could mitigate the impact of the restructuring programme, at least in short-term. For Q2E, we are 2% ahead of consensus on top-line and 11% (EUR 0.7m) below on adjusted EBITDA.

SUOMINEN: OUR ESTIMATES VS. CONSENSUS

EURm	Nordea estimates				Consensus estimates				Difference %			
	Q2 24E	2024E	2025E	2026E	Q2 24E	2024E	2025E	2026E	Q2 24E	2024E	2025E	2026E
Sales	118	469	500	513	116	465	483	n.a.	2%	1%	3%	n.a.
Comparable EBITDA	5.2	24.6	31.4	34.9	5.9	26.5	36.7	n.a.	-11%	-7%	-15%	n.a.
EBITDA margin	4%	5%	6.3%	6.8%	5%	6%	7.6%	n.a.	-0.6pp	-0.4pp	-2.5pp	n.a.
Comparable op profit	0.6	6.1	12.4	15.6	1.3	8.1	18.4	n.a.	-58%	-25%	-33%	n.a.
Operating margin	0.5%	1.3%	2.5%	3.0%	1.2%	1.7%	3.8%	n.a.	-0.7pp	-0.4pp	-1.3pp	n.a.
EPS	0.00	0.03	0.13	0.18	0.00	0.10	0.20	n.a.	n.m.	-67%	-37%	n.a.
DPS		0.10	0.10	0.12		0.11	0.12	n.a.		-6%	-14%	n.a.

Source: Vara Research, Nordea estimates

Cons. updated: 10/5/2024

SUMMARY TABLE - KEY FIGURES

EURm	2021	2022	2023	2024E	2025E	2026E
Total revenue	443	493	451	469	500	513
EBITDA (adj)	47	15	16	25	31	35
EBIT (adj)	27	-4	-3	6	12	16
EBIT (adj) margin	6.1%	-0.8%	-0.6%	1.3%	2.5%	3.0%
EPS (adj, EUR)	0.36	-0.16	-0.14	0.03	0.13	0.18
EPS (adj) growth	-31.6%	-143.7%	11.5%	121.8%	318.3%	39.5%
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.	33.2	16.1	12.5
P/E (adj)	14.6	n.m.	n.m.	90.3	21.6	15.5
P/BV	1.8	1.2	1.3	1.3	1.3	1.3
Dividend yield (ord)	3.9%	3.3%	3.5%	3.7%	4.4%	4.8%
FCF Yield bef A&D, lease adj	-2.2%	2.4%	9.9%	3.5%	5.0%	7.7%
Net debt	50	55	44	44	42	36
Net debt/EBITDA	1.1	3.8	3.9	1.8	1.3	1.0
ROIC after tax	9.7%	-1.5%	-1.1%	2.7%	5.6%	7.2%

Source: Company data and Nordea estimates

Completion date: 31/05/2024 09:28:24 CET

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