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## Commissioned research: Suominen - 14% miss on adjusted EBITDA – target market expected to remain stable

Marketing material commissioned by Suominen

Suominen's results continued gradual improvement from Q1, while fell short of Vara Research consensus expectations. The company expects its target market to remains stable in the short term although some uncertainties related to global economic sentiment remain. Sales volumes increased y/y in Q2, while sale prices were down due to lower raw material prices. Americas sales were stronger than we had anticipated while EMEA fell short of our expectations. Guidance of improving comparable EBITDA was maintained intact, while consensus has modelled EUR 26.3m in 2024E after EUR 15.8m in 2023. Initially, we anticipate consensus to take down 2024 estimates to the tune of mid- to high-single digits.

### SUOMINEN: DEVIATION TABLE

EURm	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual	
	Q2 24	Q2 24E	vs. actual		Q2 24E	vs. actual		Q1 24	q/q	Q2 23	y/y
Sales	118.7	117.9	0.8	1%	116.0	2.7	2%	113.6	5%	112.7	5%
Comparable EBITDA	5.0	5.2	-0.2	-4%	5.8	-0.8	-14%	4.5	12%	2.7	86%
EBITDA margin	4.2%	4.4%	-0.2pp		5.0%	-0.8pp		3.9%	0.3pp	2.4%	1.8pp
Comparable operating profit	0.4	0.6	-0.2	-29%	1.3	-0.9	n.m.	-0.1	n.m.	-2.1	n.m.
Operating margin	0.3%	0.5%	-0.1pp		1.1%	-0.8pp		-0.1%	0.4pp	-1.9%	2.2pp
EPS	-0.03	0.00	-0.03	n.m.	0.00	-0.03	n.m.	-0.02	n.m.	-0.14	n.m.

Source: Company data, Vara Research and Nordea estimates

### Q2 comparable EBITDA of EUR 5.0m, 14% below consensus expectations

- Suominen Q2 comparable EBITDA of EUR 5.0m came 14% below Vara Research consensus at EUR 5.8m.
- Q2 sales of EUR 119m came 2% ahead of consensus expectations. According to Suominen, sales volumes increases y/y while sales prices decreased. Americas sales of EUR 76m came above our estimate of EUR 72m while EMEA sales of EUR 43m fell short of our EUR 45m estimate.
- Cash flow was weaker than we had anticipated due to negative change in working capital. Q2 cash flow from operations was EUR 2.1m compared to our estimate of EUR 6.1m, burdened by EUR -1.2m change in working capital while we anticipated EUR 2m positive impact. Net debt increased to EUR 56.6m (EUR 49.2m at the end Q1 2024), corresponding to net gearing of 47.9%.

### Guidance for 2024 reiterated – consensus likely to revise 2024 estimates down

- Suominen expects comparable EBITDA to increase in 2024 from EUR 15.8m in 2023. Pre-Q2 consensus expects EUR 26.3m comparable EBITDA in 2024E.

- The company does not expect any major changes in the target market while gradual improvement in production efficiency should continue.
- We note recent indications of lower pulp prices which could support earnings development in from 2025.

#### 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.	33.9	16.5	12.8
P/E (adj)	14.6	n.m.	n.m.	92.9	22.2	15.9
P/BV	1.8	1.2	1.3	1.3	1.3	1.3
Dividend yield (ord)	3.9%	3.3%	3.5%	3.6%	4.3%	4.7%
FCF Yield bef A&D, lease adj	-2.2%	2.4%	9.9%	3.4%	4.9%	7.5%
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

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