

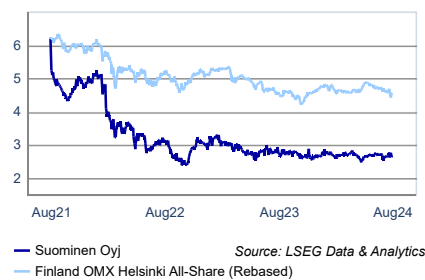
## Suominen

Consumer Goods  
Finland

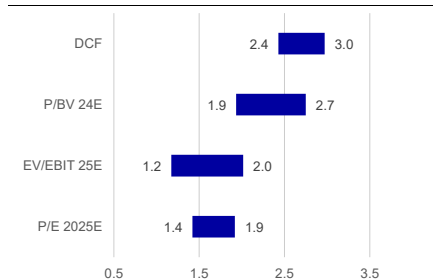
## KEY DATA

Stock country	Finland
Bloomberg	SUY1V FH
Reuters	SUY1V.HE
Share price (close)	EUR 2.68
Free float	76%
Market cap. (bn)	EUR 0.16/EUR 0.16
Website	www.suominen.fi
Next report date	06 Nov 2024

## PERFORMANCE



## VALUATION APPROACH (EUR/SHARE)



## ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	-1%	-2%	-1%
EBIT (adj)	-15%	-1%	2%

Source: Nordea estimates

## Nordea IB &amp; Equity - Analysts

Joni Sandvall  
AnalystJukka-Pekka Pesonen  
Analyst

## Gradual improvement continued in Q2

Suominen's Q2 earnings fell slightly short of Vara consensus expectations, which leaves some uncertainty over the recovery pace heading into important H2. Volume development was positive, with an improving sale mix, but sales prices declined. New products continue to support the mix, and the company announced a EUR 20m investment into a new production line at the Alicante site. The company expected a stable market development, while lower pulp prices could support earnings going into 2025, we believe. Our DCF- and multiples-based fair value range is EUR 1.7-2.4 (1.8-2.5).

## Sequentially improving adjusted EBITDA in Q2

Suominen's Q2 sales were up 5% y/y, supported by improving volumes, especially in the Americas. Sales prices declined y/y. Adjusted EBITDA of EUR 5.0m fell short of Vara consensus of EUR 5.8m but improved from EUR 4.5m in Q1. Sales margins continue to improve, supported by an increasing share of new products (launched within the past three years), and the company expects improvements from internal actions going forward. Overall, markets are expected to remain stable during H2. On top of the EUR 10m Bethune investment (announced in May), the company announced a EUR 20m investment in a new production line in Alicante. This should be completed in H2 2025 and supports Suominen's target to be the front-runner in sustainable products. The company noted that a refined strategy could be released around year-end 2024. We do not expect any material changes, while the above 12% EBITDA margin target by 2025 appears too ambitious in the current environment.

## We trim 2024E slightly – investments to support 2025E-26E

We lower 2024E-26E top line by 1-2%, mainly owing to lower input (pulp) costs. We trim 2024E adjusted EBITDA by 4% but raise 2025E-26E by 1-4%. We note uncertainty related to pulp prices and the ramp-up of investments, which could have a material impact on results.

## Fair value range of EUR 1.7-2.4 per share

We calculate a fair value range of EUR 1.7-2.4 (1.8-2.5), based on the 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. In the short term, lower pulp prices could support earnings, we believe.

## SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	459	443	493	451	463	489	506
EBITDA (adj)	61	47	15	16	24	32	36
EBIT (adj)	39	27	-4	-3	5	12	16
EBIT (adj) margin	8.6%	6.1%	-0.8%	-0.6%	1.1%	2.5%	3.1%
EPS (adj, EUR)	0.52	0.36	-0.16	-0.14	0.01	0.12	0.18
EPS (adj) growth	13,268.1%	-31.6%	-143.7%	11.5%	107.0%	1,185.3%	44.7%
DPS (ord, EUR)	0.20	0.20	0.10	0.10	0.00	0.10	0.11
EV/Sales	0.7	0.8	0.5	0.5	0.5	0.4	0.4
EV/EBIT (adj)	8.4	13.0	n.m.	n.m.	40.2	17.7	13.1
P/E (adj)	9.8	14.6	n.m.	n.m.	n.m.	21.6	15.0
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%	0.0%	3.7%	4.1%
FCF Yield bef A&D, lease	15.6%	-2.2%	2.4%	9.9%	-1.9%	-5.0%	9.0%
Net debt	37	50	55	44	52	60	52
Net debt/EBITDA	0.6	1.1	3.8	3.9	2.3	1.9	1.4
ROIC after tax	14.5%	9.7%	-1.5%	-1.1%	2.3%	5.1%	6.5%

Source: Company data and Nordea estimates

## Q2 result takeaways

Suominen's results showed continued gradual improvement from Q1 but fell short of Vara Research consensus expectations.

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

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

### Q2 DEVIATION TABLE (EPS IN EUR)

EURm	Actual	NDA est.	Deviation		Consensus	Deviation		Actual	Actual		
	Q2 24	Q2 24	vs. actual		Q2 24	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

### Guidance for 2024 intact – new investment in Alicante

- Suominen expects comparable EBITDA to increase in 2024 from EUR 15.8m in 2023. Pre-Q2 consensus expects EUR 26.3m of comparable EBITDA in 2024E.
- The company does not expect any major changes in the target market, while gradual improvement in production efficiency should continue.
- According to the company, both segments' volumes were growing y/y in Q2, led by the Americas.
- Suominen announced a new EUR 20m investment in its Alicante site. The new production line will likely increase Suominen's card-pulp-card capacity and support efforts to be the front-runner in sustainability. The new line is expected to be completed in H2 2025.
- The company noted that it has increased inventories, owing to global supply chain challenges, while H2 cash flow could benefit from lower inventories.
- Global pulp prices have taken their first step down. The company was still uncertain of the sales price impact in Q3, while lower raw material prices are coming through with roughly a four-month lag. We believe the company could benefit if pulp prices continue to decline, at least in the short term.

# Estimate revisions

Following the Q2 report, we cut our 2024E-26E top line by 1-2% owing to lower pulp price assumption. We trim 2024E comparable EBITDA by 4% and raise 2025E-26E by 1-4%. We continue to expect stronger H2 performance in comparison to H1.

## ESTIMATE REVISIONS

EURm	New estimates				Old estimates				Difference %			
	Q3 24E	2024E	2025E	2026E	Q3 24E	2024E	2025E	2026E	Q3 24E	2024E	2025E	2026E
Sales	114	463	489	506	114	469	500	513	-1%	-1%	-2%	-1%
- growth	7%	3%	6%	3%	7%	4%	7%	3%	-0.6pp	-1.2pp	-0.9pp	0.7pp
Comparable EBITDA	7.0	24	32	36	7.1	25	31	35	-2%	-4%	1%	4%
EBITDA margin	6.1%	5.1%	6.5%	7.2%	6.2%	5.3%	6.3%	6.8%	-0.1pp	-0.2pp	0.2pp	0.4pp
Comparable op profit	2.4	5	12	16	2.5	6	12	16	-4%	-15%	-1%	2%
Operating margin	2.1%	1.1%	2.5%	3.1%	2.2%	1.3%	2.5%	3.0%	-0.1pp	-0.2pp	0.0pp	0.1pp
Pre-tax profit	1.5	1	9	13	1.7	3	9	13	-12%	-82%	-1%	2%
EPS	0.02	-0.01	0.12	0.18	0.02	0.03	0.13	0.18	-12%	-125%	-1%	2%
DPS		0.00	0.10	0.11		0.10	0.12	0.13		-100%	-17%	-15%
Volume growth (est)	5.3%	4.8%	3.0%	2.4%	4.7%	3.4%	2.6%	1.6%	0.7pp	1.4pp	0.4pp	0.7pp
ASP change (est)	1.6%	-1.9%	3.0%	1.0%	3.0%	0.9%	4.0%	1.0%	-1.3pp	-2.9pp	-1.0pp	0.0pp
Organic growth	7.0%	2.9%	6.0%	3.4%	7.6%	4.4%	6.6%	2.6%	-0.7pp	-1.5pp	-0.6pp	0.7pp
FX impact on topline	-0.1%	-0.2%	-0.3%	0.0%	-0.2%	-0.4%	0.0%	0.0%	0.1pp	0.3pp	-0.3pp	0.0pp
Raw material price inflation		-0.2 %	3.0 %	1.0 %		2.3 %	4.5 %	1.0 %		-2.5pp	-1.5pp	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 24	Q2 24	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>119</b>	<b>114</b>	<b>117</b>
growth y/y	-4%	4%	34%	15%	6%	-5%	-19%	-14%	-3%	5%	7%	2%
on constant currencies	-8%	-3%	22%	7%	3%	-3%	-15%	-10%	-2%	5%	7%	3%
Gross profit	7	5	5	2	5	3	6	8	8	9	9	10
gross margin, %	6.0%	4.2%	4.0%	1.4%	4.2%	2.7%	6.0%	7.3%	7.2%	7.5%	8.2%	8.7%
EBITDA	3	2	5	0	3	-2	5	5	5	4	7	7
<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>7</b>
Adj. EBITDA margin, %	3.0%	1.6%	3.9%	0.1%	2.3%	2.4%	4.9%	4.6%	3.9%	4.2%	6.1%	6.1%
D&A	-4.6	-4.8	-4.9	-5.2	-4.7	-4.8	-4.5	-4.6	-4.6	-4.6	-4.6	-4.6
EBIT	-1.3	-2.9	0.2	-5.0	-2.1	-6.7	0.6	0.7	0.1	-0.8	2.4	2.5
<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>0.4</b>	<b>2.4</b>	<b>2.5</b>
Adj. EBIT margin, %	-1.1%	-2.5%	0.2%	-3.7%	-1.7%	-1.9%	0.6%	0.6%	-0.1%	0.3%	2.1%	2.1%
Net financials	-0.9	0.7	-0.1	-2.6	-1.5	-1.3	-1.2	-2.0	-0.8	-1.1	-0.9	-0.8
PTP	-2.2	-2.2	0.1	-7.6	-3.6	-8.0	-0.5	-1.3	-0.7	-1.9	1.5	1.7
Income taxes	-0.1	-0.1	-0.5	-1.2	-0.3	-0.2	1.3	-0.1	-0.3	0.0	-0.3	-0.4
Net profit	-2.3	-2.3	-0.4	-8.8	-3.9	-8.2	0.8	-1.4	-1.0	-1.9	1.2	1.3
<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>-0.03</b>	<b>0.02</b>	<b>0.02</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 24</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	75.7	75.7	73.6
Europe	48.5	53.8	51.7	51.5	41.8	42.9	35.6	42.6	43.5	43.0	38.0	43.5
<b>Sales growth, y/y</b>												
Americas	-14%	-5%	41%	19%	22%	9%	-12%	-12%	-7%	8%	7%	2%
Europe	12%	16%	24%	10%	-14%	-20%	-31%	-17%	4%	0%	7%	2%

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>463</b>	<b>489</b>	<b>506</b>
growth y/y	2%	1%	-5%	12%	-3%	11%	-9%	3%	6%	3%
on constant currencies	3%	4%	-7%	14%	-1%	4%	-7%	3%	6%	3%
Gross profit	42	31	34	70	51	19	23	37	46	53
gross margin, %	9.9%	7.3%	8.3%	15.2%	11.5%	3.8%	5.0%	7.9%	9.5%	10.5%
EBITDA	34	26	34	61	47	14	11	22	32	36
<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>24</b>	<b>32</b>	<b>36</b>
Adj. EBITDA margin, %	8.1%	5.9%	8.2%	13.3%	10.6%	3.1%	3.5%	5.1%	6.5%	7.2%
D&A	-19	-21	-26	-21	-20	-23	-19	-18	-19	-20
EBIT	15	5	8	39	27	-9	-8	4	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>5</b>	<b>12</b>	<b>16</b>
Adj. EBIT margin, %	3.5%	1.1%	2.0%	8.6%	6.1%	-0.8%	-0.6%	1.1%	2.5%	3.1%
Net financials	-3	-6	-6	-6	0	-3	-6	-4	-3	-3
PTP	12	-1	2	34	27	-12	-14	1	9	13
Income taxes	2	-1	-2	-4	-6	-2	1	-1	-2	-3
Net profit	14	-2	0	30	21	-14	-13	0	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>-0.01</b>	<b>0.12</b>	<b>0.18</b>
DPS, EUR	0.11	0.00	0.05	0.20	0.20	0.10	0.10	0.00	0.10	0.11
<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	295	311	321
Europe			150	170	178	206	163	168	178	185
<b>Sales growth, y/y</b>										
Americas				10%	-8%	9%	0%	2%	6%	3%
Europe				13%	5%	15%	-21%	3%	6%	4%

Source: Company data and Nordea estimates

# Valuation

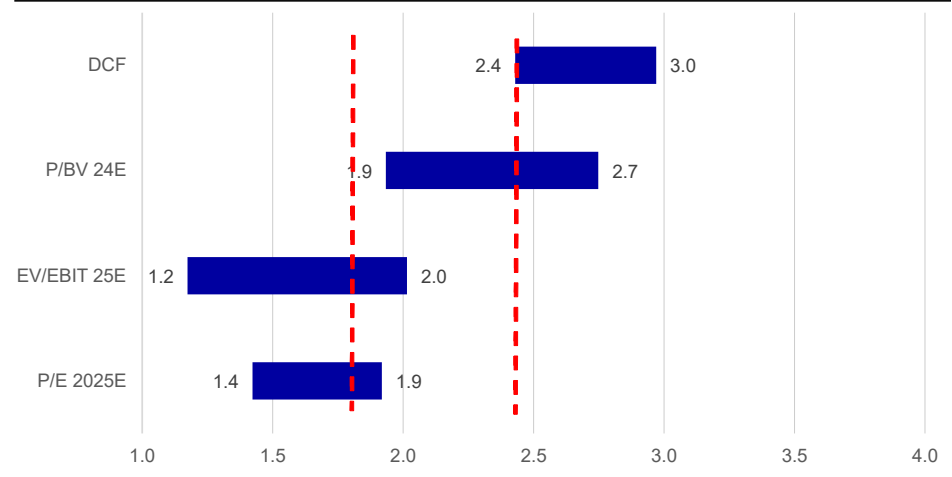
We estimate a fair value range of EUR 1.7-2.4, based on a combination of four valuation approaches (DCF, 2024E P/BV, 2025E EV/EBIT and 2025E P/E).

## Fair value yields range of EUR 1.7-2.4

Our multiples-based valuation supports a valuation range of EUR 1.2-2.7, while our DCF-based valuation yields a range of EUR 2.4-3.0.

### VALUATION APPROACH (EUR/SHARE)

We derive a fair value range of EUR 1.7-2.4 per share



Source: Nordea estimates

## DCF yields range of EUR 2.4-3.0 per share

The outcome of our DCF valuation is EUR 2.4-3.0. 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>

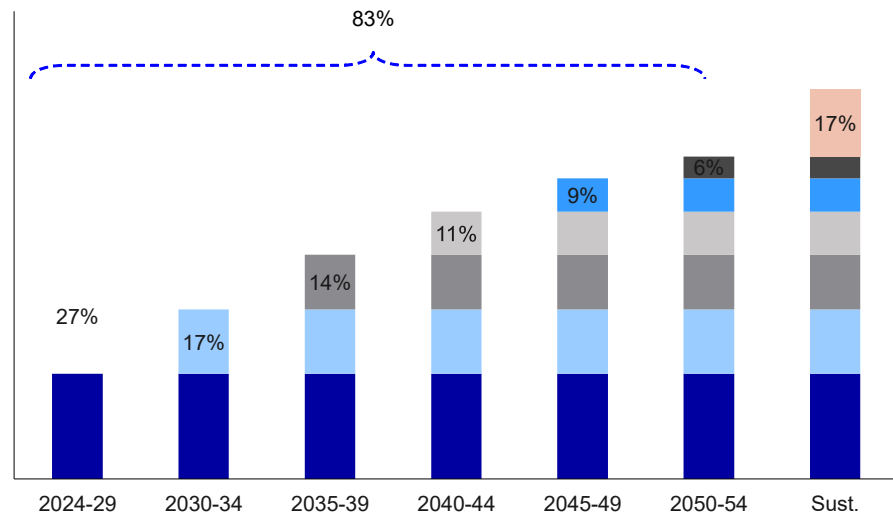
Source: Nordea estimates

### DCF VALUE (EURm AND EUR)

DCF value	Value	Per share
NPV FCFF	176-208	3-3.6
(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	8	0.1
<b>DCF Value</b>	<b>141-172</b>	<b>2.4-3</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 1.5-4.6 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	8.0	5.8	4.5	3.6	2.9
	1.0pp	6.3	4.6	3.6	2.9	2.4
	0.0pp	4.6	3.4	2.7	2.2	1.8
	-1.0pp	2.9	2.2	1.8	1.5	1.2
	-2.0pp	1.2	1.0	0.9	0.7	0.6

- A +/-1pp sales growth change translates to a change of +9%/-8% 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	5.9	4.2	3.2	2.5	2.0
	1.0pp	5.2	3.8	2.9	2.3	1.9
	0.0pp	4.6	3.4	2.7	2.2	1.8
	-1.0pp	4.1	3.1	2.5	2.0	1.7
	-2.0pp	3.7	2.9	2.3	1.9	1.6

- A +/-1pp EBIT margin change translates to a +/-34% 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	3.7	4.1	4.5	5.0	5.6
	1.0pp	3.0	3.3	3.6	4.0	4.4
	0.0pp	2.3	2.5	2.7	2.9	3.2
	-1.0pp	1.6	1.7	1.8	1.9	2.0
	-2.0pp	0.9	0.9	0.9	0.8	0.8

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>463</b>	<b>489</b>	<b>506</b>
Revenue growth	-6.1%	2.2%	1.2%	-4.6%	11.5%	-3.4%	11.3%	-8.6%	2.7%	5.7%	3.4%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.9%	-7.2%	2.9%	6.0%	3.4%
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7.4%	-1.4%	-0.2%	-0.3%	0.0%
EBITDA	44	34	26	34	61	47	14	11	22	32	36
Depreciation and impairments PPE	-18	-19	-21	-26	-21	-20	-23	-19	-18	-19	-20
of which leased assets	0	0	0	0	0	0	0	-4	-3	-3	-3
EBITA	26	15	5	8	39	27	-9	-8	4	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	4	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	-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
<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>1</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	0	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	0	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>-0.01</b>	<b>0.12</b>	<b>0.18</b>
DPS, EUR	0.11	0.11	0.00	0.05	0.20	0.20	0.10	0.10	0.00	0.10	0.11
of which ordinary	0.11	0.11	0.00	0.05	0.20	0.20	0.10	0.10	0.00	0.10	0.11
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%	4.9%	6.5%	7.2%
EBITA	6.1%	3.5%	1.1%	2.0%	8.6%	6.1%	-1.8%	-1.7%	0.9%	2.5%	3.1%
EBIT	6.1%	3.5%	1.1%	2.0%	8.6%	6.1%	-1.8%	-1.7%	0.9%	2.5%	3.1%

## Adjusted earnings

EBITDA (adj)	44	34	26	34	61	47	15	16	24	32	36
EBITA (adj)	26	15	5	8	39	27	-4	-3	5	12	16
EBIT (adj)	26	15	5	8	39	27	-4	-3	5	12	16
EPS (adj, EUR)	0.30	0.25	-0.03	0.00	0.52	0.36	-0.16	-0.14	0.01	0.12	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%	5.1%	6.5%	7.2%
EBITA (adj)	6.1%	3.5%	1.1%	2.0%	8.6%	6.1%	-0.8%	-0.6%	1.1%	2.5%	3.1%
EBIT (adj)	6.1%	3.5%	1.1%	2.0%	8.6%	6.1%	-0.8%	-0.6%	1.1%	2.5%	3.1%

## Performance metrics

CAGR last 5 years											
Net revenue	n.a.	-1.3%	-0.6%	0.5%	0.7%	1.2%	3.0%	0.9%	2.4%	1.3%	2.7%
EBITDA	n.m.	3.8%	-5.4%	-4.1%	4.3%	1.3%	-16.0%	-15.3%	-7.7%	-12.3%	-5.1%
EBIT	n.a.	6.3%	-23.3%	-20.7%	4.5%	1.0%	n.m.	n.m.	-12.6%	-20.9%	-10.0%
EPS	n.a.	n.m.	n.m.	-47.9%	9.0%	3.5%	n.m.	n.m.	n.m.	-25.0%	-12.8%
DPS	n.m.	n.m.	n.m.	0.0%	14.9%	12.7%	-1.9%	n.m.	n.m.	-12.9%	-11.3%
Average last 5 years											
Average EBIT margin	5.2%	5.4%	4.9%	4.0%	4.3%	4.3%	3.1%	2.6%	2.3%	1.1%	0.7%
Average EBITDA margin	9.1%	9.5%	9.2%	8.8%	9.3%	9.3%	8.1%	7.4%	6.8%	5.4%	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.	n.m.	21.6	15.0
EV/EBITDA (adj)	6.1	9.7	7.4	6.0	5.5	7.5	14.9	13.1	8.9	6.8	5.7
EV/EBITA (adj)	10.5	22.3	41.2	24.8	8.4	13.0	n.m.	n.m.	40.2	17.7	13.1
EV/EBIT (adj)	10.5	22.3	41.2	24.8	8.4	13.0	n.m.	n.m.	40.2	17.7	13.1

## 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.	n.m.	21.6	15.0
EV/Sales	0.64	0.79	0.44	0.49	0.73	0.79	0.46	0.46	0.45	0.44	0.41
EV/EBITDA	6.1	9.7	7.4	6.0	5.5	7.5	16.0	18.6	9.3	6.8	5.7
EV/EBITA	10.5	22.3	41.2	24.8	8.4	13.0	n.m.	n.m.	50.3	17.7	13.1
EV/EBIT	10.5	22.3	41.2	24.8	8.4	13.0	n.m.	n.m.	50.3	17.7	13.1
Dividend yield (ord.)	2.7%	2.5%	0.0%	2.2%	3.9%	3.9%	3.3%	3.5%	0.0%	3.7%	4.1%
FCF yield	-10.0%	-4.6%	14.7%	14.6%	15.6%	-1.4%	2.4%	12.0%	-0.1%	-3.2%	10.7%
FCF Yield bef A&D, lease adj	-10.0%	-4.6%	14.7%	14.6%	15.6%	-2.2%	2.4%	9.9%	-1.9%	-5.0%	9.0%
Payout ratio	36.6%	43.6%	0.0%	1,284.7%	38.4%	56.2%	n.m.	n.m.	0.0%	80.8%	61.4%

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	125	139	134
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	150	163	158
Inventory	43	44	52	39	35	50	63	38	39	41	43
Accounts receivable	54	58	58	47	51	65	67	62	59	63	65
Short-term leased assets	0	0	0	0	0	0	0	0	3	3	3
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	35	27	35
Total current assets	137	145	147	132	154	225	188	168	145	144	156
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>295</b>	<b>307</b>	<b>314</b>
Shareholders equity	143	136	131	132	146	163	146	125	119	126	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	119	126	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	34	34
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	10	10	10
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	55	55	55
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	65	63	75	53	55	57	79	75	75	79	82
Current lease debt	0	0	0	3	3	3	3	3	3	3	3
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	122	126	129
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>295</b>	<b>307</b>	<b>314</b>
<b>Balance sheet and debt metrics</b>											
Net debt	58	81	71	69	37	50	55	44	52	60	52
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	178	193	190
Capital employed	237	247	232	242	246	312	249	227	206	213	218
ROE	11.4%	10.4%	-1.3%	0.2%	21.6%	13.4%	-9.0%	-9.4%	-0.4%	5.9%	8.1%
ROIC	10.0%	5.1%	1.6%	2.9%	14.5%	9.7%	-1.5%	-1.1%	2.3%	5.1%	6.5%
ROCE	11.1%	6.2%	1.9%	3.4%	16.2%	9.6%	-1.5%	-1.2%	2.4%	5.8%	7.4%
Net debt/EBITDA	1.3	2.4	2.8	2.0	0.6	1.1	3.8	3.9	2.3	1.9	1.4
Interest coverage	8.1	5.8	0.8	1.4	7.1	69.1	-3.1	-1.5	1.6	6.1	10.6
Equity ratio	45.3%	41.8%	40.7%	42.7%	46.0%	42.2%	42.6%	39.5%	40.2%	41.0%	41.5%
Net gearing	40.7%	59.6%	54.7%	51.9%	25.4%	30.4%	37.4%	34.8%	44.1%	47.8%	39.9%

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>22</b>	<b>32</b>	<b>36</b>
Paid taxes	-7	2	6	-1	-2	-7	-3	-4	-1	-2	-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
<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>18</b>	<b>27</b>	<b>31</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>20</b>	<b>25</b>	<b>30</b>
Capital expenditure	-50	-34	-15	-11	-11	-18	-10	-11	-20	-30	-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>0</b>	<b>-5</b>	<b>17</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	0	-5	17
Free cash flow bef A&D, lease adj	-21	-12	17	19	46	-7	4	16	-3	-8	14
Dividends paid	-5	-6	-6	0	-3	-12	-11	-6	-6	0	-6
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	0	0
Other financing adjustments	0	0	0	0	0	0	0	0	-3	-3	-3
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	-24	-8	8
<b>Cash flow metrics</b>											
Capex/D&A	n.m.	n.m.	70.6%	41.2%	50.8%	87.9%	41.9%	59.0%	n.m.	n.m.	63.9%
Capex/Sales	11.9%	7.9%	3.4%	2.6%	2.4%	4.0%	2.0%	2.4%	4.3%	6.1%	2.6%
<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	156	156	156
Enterprise value	268	335	189	202	333	351	229	208	208	216	208
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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