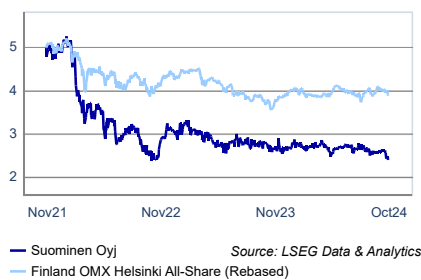


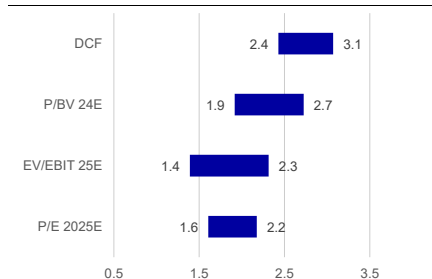
KEY DATA

Stock country	Finland
Bloomberg	SUY1V.FH
Reuters	SUY1V.HE
Share price (close)	EUR 2.42
Free float	76%
Market cap. (bn)	EUR 0.14/EUR 0.14
Website	www.suominen.fi
Next report date	06 Nov 2024

PERFORMANCE



VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	-1%	-1%	-1%
EBIT (adj)	-26%	10%	8%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Joni Sandvall
Analyst

Jukka-Pekka Pesonen
Analyst

Gradual profitability improvement to continue

We expect Suominen to deliver another quarter of improving profitability, driven by increased volumes and sales prices y/y. Declining raw material prices will likely alleviate some margin pressure going forward, as we expect sales prices to lag pulp prices. Overcapacity, especially in the European market, could partly counteract the otherwise improving operating environment. We trim 2024E-26E sales by 1% and cut 2024E adjusted EBITDA by 6%. We raise 2025E-26E EBITDA by 3-4%. Our fair value range increases slightly to EUR 1.8-2.5 (1.7-2.4), based on a combination of DCF- and multiples-based valuation approaches.

We expect Q3 EBITDA to rise by 17% y/y

We estimate Suominen's sales to be up 4% y/y, driven by higher delivery volumes and slightly improved sales prices, with a slightly negative FX impact. Easing raw material costs are not likely yet fully visible in Q3, while we see modestly increased sales prices offsetting the raw material cost inflation. We model adjusted EBITDA of EUR 6.1m for Q3, up 17% y/y, for a margin of 5.5%. We are 4% below post-Q2 Vara Research consensus on sales and 14% below on adjusted EBITDA, but we note that consensus has been only partly updated before the release of the company's Q3 results.

Declining pulp prices could alleviate margin pressure

We adjust our estimates to reflect a quicker-than-expected decline in pulp prices and we lower our delivery volume estimates slightly based on peers' reports. We believe sales prices will follow lower raw material prices with a lag, with most of the impact visible in Q4E, although overcapacity could expedite the transition from raw material prices to end-product prices. We expect a more widespread market recovery for 2025, with 6% sales growth, with the restructuring programme offering gradual support for 2025E earnings, aiming for EUR 1.5m in run-rate savings. As a part of its current strategy, Suominen is targeting an over 12% EBITDA margin by 2025, while we estimate a 7% margin for next year. We expect the company to share a refined strategy soon, potentially in conjunction with the Q3 results.

Fair value range of EUR 1.8-2.5 per share

We calculate a fair value range of EUR 1.8-2.5 (1.7-2.4), based on the combination of four valuation approaches (DCF, 2024E P/BV, 2025E EV/EBIT and 2025E P/E). We believe Suominen could benefit from declining and more stable pulp prices, although overcapacity in the market could hamper the obtainable benefit.

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	459	443	493	451	458	485	502
EBITDA (adj)	61	47	15	16	22	33	37
EBIT (adj)	39	27	-4	-3	4	13	17
EBIT (adj) margin	8.6%	6.1%	-0.8%	-0.6%	0.8%	2.8%	3.4%
EPS (adj, EUR)	0.52	0.36	-0.16	-0.14	-0.01	0.14	0.20
EPS (adj) growth	13,268.1%	-31.6%	-143.7%	11.5%	93.9%	1,767.0%	40.0%
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	0.4	0.4	0.4
EV/EBIT (adj)	8.4	13.0	n.m.	n.m.	50.6	15.0	11.2
P/E (adj)	9.8	14.6	n.m.	n.m.	n.m.	17.3	12.4
P/BV	2.0	1.8	1.2	1.3	1.2	1.1	1.1
Dividend yield (ord)	3.9%	3.9%	3.3%	3.5%	0.0%	4.1%	4.5%
FCF Yield bef A&D, lease	15.6%	-2.2%	2.4%	9.9%	-2.6%	-4.9%	10.6%
Net debt	37	50	55	44	53	60	51
Net debt/EBITDA	0.6	1.1	3.8	3.9	2.5	1.8	1.4
ROIC after tax	14.5%	9.7%	-1.5%	-1.1%	1.7%	5.7%	7.0%

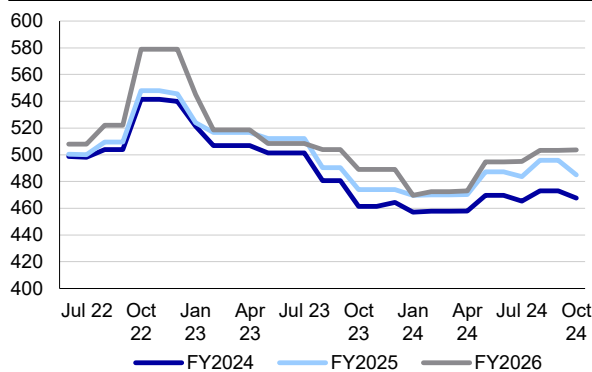
Source: Company data and Nordea estimates

Expectations ahead of the Q3 report

Suominen plans to release its Q3 2024 report on 6 November. We adjust for lower pulp prices, slightly lower volume expectations and FX. For Q3E, we are 4% below partly updated Vara Research consensus on sales and 14% below on adjusted EBITDA. For 2024, we model EUR 22.2m in adjusted EBITDA, up from EUR 15.8m in 2023, against improving adjusted EBITDA guidance.

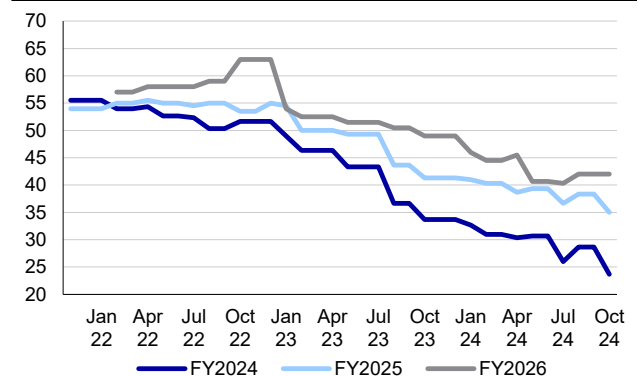
Consensus estimate revision trend

CONSENSUS SALES ESTIMATES (EURm)



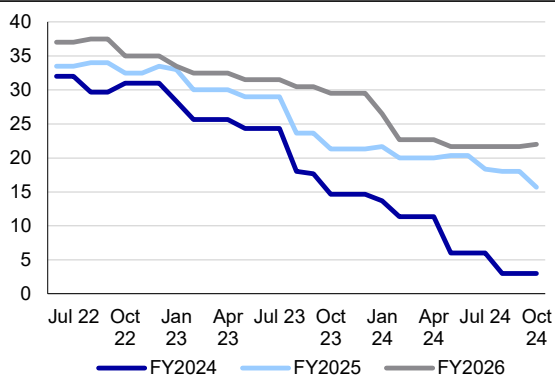
Source: LSEG Data & Analytics

CONSENSUS EBITDA ESTIMATES (EURm)



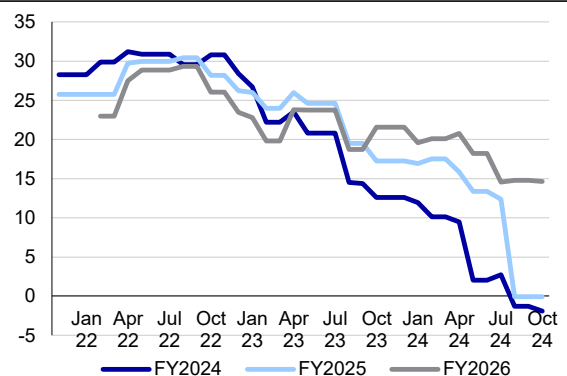
Source: LSEG Data & Analytics

CONSENSUS EBIT ESTIMATES (EURm)



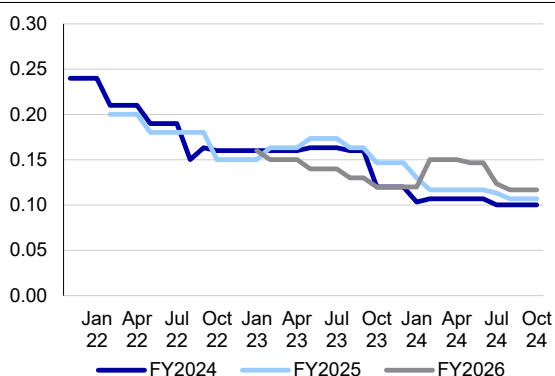
Source: LSEG Data & Analytics

CONSENSUS FCF ESTIMATES (EURm)



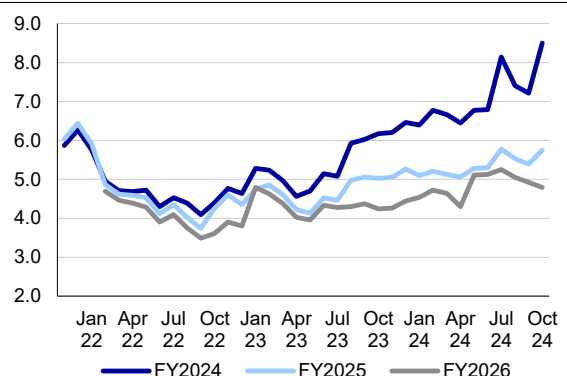
Source: LSEG Data & Analytics

CONSENSUS DPS ESTIMATES (EUR)



Source: LSEG Data & Analytics

CONSENSUS EV/EBITDA (x)



Source: LSEG Data & Analytics

We are below consensus for 2024E

For Q3E, we are 4% below post-Q2 partly updated Vara Research consensus on sales and 14% below on adjusted EBITDA. For 2024E, we are 9% below consensus on adjusted EBITDA. We believe consensus is likely to revise estimates down on volumes and declining pulp prices.

OUR ESTIMATES VERSUS CONSENSUS (EPS AND DPS IN EUR)

EURm	Nordea estimates				Consensus estimates				Difference %			
	Q3 24E	2024E	2025E	2026E	Q3 24E	2024E	2025E	2026E	Q3 24E	2024E	2025E	2026E
Sales	111	458	485	502	116	468	485	n.a.	-4%	-2%	0%	n.a.
Comparable EBITDA	6.1	22.2	32.8	37.5	7.1	24.4	34.9	n.a.	-14%	-9%	-6%	n.a.
EBITDA margin	5%	5%	6.8%	7.5%	6%	5%	7.2%	n.a.	-0.7pp	-0.4pp	-1.1pp	n.a.
Comparable op profit	1.5	3.8	13.4	17.1	2.6	6.0	15.7	n.a.	-43%	-36%	-14%	n.a.
Operating margin	1.3%	0.8%	2.8%	3.4%	2.2%	1.3%	3.2%	n.a.	-0.9pp	-0.4pp	-0.5pp	n.a.
EPS	0.01	-0.03	0.14	0.20	0.02	-0.03	0.16	n.a.	n.m.	-13%	-13%	n.a.
DPS		0.00	0.10	0.11		0.07	0.11	n.a.		-100%	-9%	n.a.

Source: Vara Research, Nordea estimates

Cons. updated: 31/10/2024

Estimate revisions

ESTIMATE REVISIONS (EPS AND DPS IN EUR)

EURm	New estimates				Old estimates				Difference %			
	Q3 24E	2024E	2025E	2026E	Q3 24E	2024E	2025E	2026E	Q3 24E	2024E	2025E	2026E
Sales	111	458	485	502	114	463	489	506	-2%	-1%	-1%	-1%
- growth	4%	2%	6%	3%	7%	3%	6%	3%	-2.6pp	-1.1pp	0.3pp	0.0pp
Comparable EBITDA	6.1	22	33	37	7.0	24	32	36	-13%	-6%	4%	3%
EBITDA margin	5.5%	4.8%	6.8%	7.5%	6.1%	5.1%	6.5%	7.2%	-0.7pp	-0.2pp	0.3pp	0.3pp
Comparable op profit	1.5	4	13	17	2.4	5	12	16	-38%	-26%	10%	8%
Operating margin	1.3%	0.8%	2.8%	3.4%	2.1%	1.1%	2.5%	3.1%	-0.8pp	-0.3pp	0.3pp	0.3pp
Pre-tax profit	0.6	-1	10	15	1.5	1	9	13	-61%	-240%	13%	9%
EPS	0.01	-0.03	0.14	0.20	0.02	-0.01	0.12	0.18	-61%	221%	13%	9%
DPS		0.00	0.10	0.11		0.00	0.10	0.11		n.m.	0%	0%
Volume growth (est)	3.7%	4.2%	3.7%	2.4%	5.3%	4.8%	3.0%	2.4%	-1.7pp	-0.6pp	0.7pp	0.0pp
ASP change (est)	1.3%	-2.3%	2.3%	1.0%	1.6%	-1.9%	3.0%	1.0%	-0.3pp	-0.4pp	-0.7pp	0.0pp
Organic growth	5.0%	1.9%	6.0%	3.4%	7.0%	2.9%	6.0%	3.4%	-2.0pp	-1.0pp	0.0pp	0.0pp
FX impact on topline	-0.7%	-0.3%	0.0%	0.0%	-0.1%	-0.2%	-0.3%	0.0%	-0.6pp	-0.1pp	0.3pp	0.0pp
Raw material price inflation		-0.6 %	1.5 %	1.0 %		-0.2 %	3.0 %	1.0 %		-0.4pp	-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
Net sales	110	118	132	133	117	113	106	115	114	119	111	115
growth y/y	-4%	4%	34%	15%	6%	-5%	-19%	-14%	-3%	5%	4%	0%
on constant currencies	-8%	-3%	22%	7%	3%	-3%	-15%	-10%	-2%	5%	5%	1%
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	6	7
Adj. EBITDA	3	2	5	0	3	3	5	5	4	5	6	7
Adj. EBITDA margin, %	3.0%	1.6%	3.9%	0.1%	2.3%	2.4%	4.9%	4.6%	3.9%	4.2%	5.5%	5.8%
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	1.5	2.0
Adj. EBIT	-1.3	-2.9	0.2	-5.0	-2.0	-2.1	0.7	0.7	-0.1	0.4	1.5	2.0
Adj. EBIT margin, %	-1.1%	-2.5%	0.2%	-3.7%	-1.7%	-1.9%	0.6%	0.6%	-0.1%	0.3%	1.3%	1.8%
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	0.6	1.2
Income taxes	-0.1	-0.1	-0.5	-1.2	-0.3	-0.2	1.3	-0.1	-0.3	0.0	-0.1	-0.3
Net profit	-2.3	-2.3	-0.4	-8.8	-3.9	-8.2	0.8	-1.4	-1.0	-1.9	0.5	1.0
EPS, EUR	-0.04	-0.04	-0.01	-0.15	-0.07	-0.14	0.01	-0.02	-0.02	-0.03	0.01	0.02
DPS, EUR												
Geographical split	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24E	Q4 24E
Net sales, EURm												
Americas	61.7	64.2	80.3	81.8	75.0	69.8	70.9	72.3	70.0	75.7	73.7	72.0
Europe	48.5	53.8	51.7	51.5	41.8	42.9	35.6	42.6	43.5	43.0	37.3	42.8
Sales growth, y/y												
Americas	-14%	-5%	41%	19%	22%	9%	-12%	-12%	-7%	8%	4%	0%
Europe	12%	16%	24%	10%	-14%	-20%	-31%	-17%	4%	0%	5%	0%

Source: Company data and Nordea estimates

ANNUAL ESTIMATES

EURm	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Net sales	426	431	411	459	443	493	451	458	485	502
growth y/y	2%	1%	-5%	12%	-3%	11%	-9%	2%	6%	3%
on constant currencies	3%	4%	-7%	14%	-1%	4%	-7%	2%	6%	3%
Gross profit	42	31	34	70	51	19	23	36	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	21	33	37
Adj. EBITDA	34	26	34	61	47	15	16	22	33	37
Adj. EBITDA margin, %	8.1%	5.9%	8.2%	13.3%	10.6%	3.1%	3.5%	4.8%	6.8%	7.5%
D&A	-19	-21	-26	-21	-20	-23	-19	-18	-19	-20
EBIT	15	5	8	39	27	-9	-8	3	13	17
Adj. EBIT	15	5	8	39	27	-4	-3	4	13	17
Adj. EBIT margin, %	3.5%	1.1%	2.0%	8.6%	6.1%	-0.8%	-0.6%	0.8%	2.8%	3.4%
Net financials	-3	-6	-6	-6	0	-3	-6	-4	-3	-3
PTP	12	-1	2	34	27	-12	-14	-1	10	15
Income taxes	2	-1	-2	-4	-6	-2	1	-1	-2	-3
Net profit	14	-2	0	30	21	-14	-13	-2	8	11
EPS, EUR	0.25	-0.03	0.00	0.52	0.36	-0.24	-0.22	-0.03	0.14	0.20
DPS, EUR	0.11	0.00	0.05	0.20	0.20	0.10	0.10	0.00	0.10	0.11
Geographical split	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Net sales, EURm										
Americas			262	289	265	288	288	291	309	318
Europe			150	170	178	206	163	167	177	184
Sales growth, y/y										
Americas				10%	-8%	9%	0%	1%	6%	3%
Europe				13%	5%	15%	-21%	2%	6%	4%

Source: Company data and Nordea estimates

Valuation

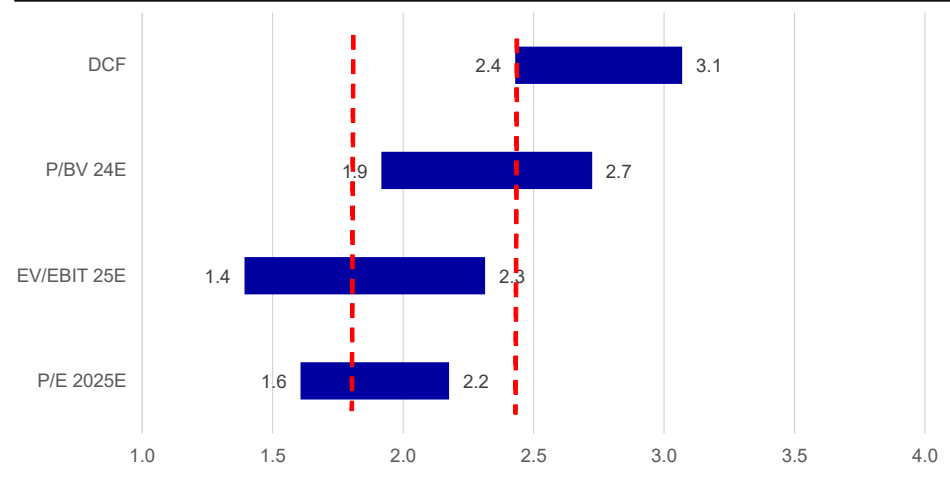
We estimate a fair value range of EUR 1.8-2.5, based on a combination of four valuation approaches (DCF, 2024E P/BV, 2025E EV/EBIT and 2025E P/E).

Fair value yields range of EUR 1.8-2.5

Our multiples-based valuation supports a valuation range of EUR 1.4-2.7, while our DCF-based valuation yields a range of EUR 2.4-3.0.

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
Cost of equity	8.5-10%
Cost of debt	3.0%
Tax-rate used in WACC	22%
Equity weight	80%
WACC	7.3-8.5%

Source: Nordea estimates

DCF VALUE (EURm AND EUR PER SHARE)

DCF value	Value	Per share
NPV FCFF	179-212	3.1-3.6
(Net debt)	-44	-0.7
Market value of associate	0	0.0
(Market value of minoritie)	0	0.0
Surplus values	0	0.0
(Mkt. value pref. shs)	0	0.0
Share based adjustments	0	0.0
Other adjustments	0	0.0
Time value	11	0.2
DCF Value	147-180	2.5-3.1

Source: Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	417	426	431	411	459	443	493	451	458	485	502
Revenue growth	-6.1%	2.2%	1.2%	-4.6%	11.5%	-3.4%	11.3%	-8.6%	1.6%	6.0%	3.4%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.9%	-7.2%	1.9%	6.0%	3.4%
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7.4%	-1.4%	-0.3%	0.0%	0.0%
EBITDA	44	34	26	34	61	47	14	11	21	33	37
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	3	13	17
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	26	15	5	8	39	27	-9	-8	3	13	17
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
Pre-tax profit	22	12	-1	2	34	27	-12	-14	-1	10	15
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	8	11
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	8	11
EPS, EUR	0.30	0.25	-0.03	0.00	0.52	0.36	-0.24	-0.22	-0.03	0.14	0.20
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%	4.6%	6.8%	7.5%
EBITA	6.1%	3.5%	1.1%	2.0%	8.6%	6.1%	-1.8%	-1.7%	0.6%	2.8%	3.4%
EBIT	6.1%	3.5%	1.1%	2.0%	8.6%	6.1%	-1.8%	-1.7%	0.6%	2.8%	3.4%

Adjusted earnings

EBITDA (adj)	44	34	26	34	61	47	15	16	22	33	37
EBITA (adj)	26	15	5	8	39	27	-4	-3	4	13	17
EBIT (adj)	26	15	5	8	39	27	-4	-3	4	13	17
EPS (adj, EUR)	0.30	0.25	-0.03	0.00	0.52	0.36	-0.16	-0.14	-0.01	0.14	0.20

Adjusted profit margins in percent

EBITDA (adj)	10.6%	8.1%	5.9%	8.2%	13.3%	10.6%	3.1%	3.5%	4.8%	6.8%	7.5%
EBITA (adj)	6.1%	3.5%	1.1%	2.0%	8.6%	6.1%	-0.8%	-0.6%	0.8%	2.8%	3.4%
EBIT (adj)	6.1%	3.5%	1.1%	2.0%	8.6%	6.1%	-0.8%	-0.6%	0.8%	2.8%	3.4%

Performance metrics

CAGR last 5 years											
Net revenue	n.a.	-1.3%	-0.6%	0.5%	0.7%	1.2%	3.0%	0.9%	2.2%	1.1%	2.5%
EBITDA	n.m.	3.8%	-5.4%	-4.1%	4.3%	1.3%	-16.0%	-15.3%	-8.9%	-11.7%	-4.4%
EBIT	n.a.	6.3%	-23.3%	-20.7%	4.5%	1.0%	n.m.	n.m.	-19.2%	-19.4%	-8.7%
EPS	n.a.	n.m.	n.m.	-47.9%	9.0%	3.5%	n.m.	n.m.	n.m.	-23.1%	-11.3%
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%	6.7%	5.4%	4.9%

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.	17.3	12.4
EV/EBITDA (adj)	6.1	9.7	7.4	6.0	5.5	7.5	14.9	13.1	8.7	6.1	5.1
EV/EBITA (adj)	10.5	22.3	41.2	24.8	8.4	13.0	n.m.	n.m.	50.6	15.0	11.2
EV/EBIT (adj)	10.5	22.3	41.2	24.8	8.4	13.0	n.m.	n.m.	50.6	15.0	11.2

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.	17.3	12.4
EV/Sales	0.64	0.79	0.44	0.49	0.73	0.79	0.46	0.46	0.42	0.41	0.38
EV/EBITDA	6.1	9.7	7.4	6.0	5.5	7.5	16.0	18.6	9.2	6.1	5.1
EV/EBITA	10.5	22.3	41.2	24.8	8.4	13.0	n.m.	n.m.	69.3	15.0	11.2
EV/EBIT	10.5	22.3	41.2	24.8	8.4	13.0	n.m.	n.m.	69.3	15.0	11.2
Dividend yield (ord.)	2.7%	2.5%	0.0%	2.2%	3.9%	3.9%	3.3%	3.5%	0.0%	4.1%	4.5%
FCF yield	-10.0%	-4.6%	14.7%	14.6%	15.6%	-1.4%	2.4%	12.0%	-0.6%	-3.0%	12.6%
FCF Yield bef A&D, lease adj	-10.0%	-4.6%	14.7%	14.6%	15.6%	-2.2%	2.4%	9.9%	-2.6%	-4.9%	10.6%
Payout ratio	36.6%	43.6%	0.0%	1,284.7%	38.4%	56.2%	n.m.	n.m.	0.0%	71.6%	56.2%

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	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	42
Accounts receivable	54	58	58	47	51	65	67	62	59	62	64
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	34	27	36
Total current assets	137	145	147	132	154	225	188	168	143	143	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.
Total assets	316	326	321	310	317	387	343	316	293	306	314
Shareholders equity	143	136	131	132	146	163	146	125	118	126	131
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	118	126	131
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	74	78	81
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	4
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	121	126	128
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	316	326	321	310	317	387	343	316	293	306	314
Balance sheet and debt metrics											
Net debt	58	81	71	69	37	50	55	44	53	60	51
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	28	30	31
Invested capital	220	235	217	219	204	228	214	179	178	193	189
Capital employed	237	247	232	242	246	312	249	227	205	213	219
ROE	11.4%	10.4%	-1.3%	0.2%	21.6%	13.4%	-9.0%	-9.4%	-1.3%	6.7%	8.9%
ROIC	10.0%	5.1%	1.6%	2.9%	14.5%	9.7%	-1.5%	-1.1%	1.7%	5.7%	7.0%
ROCE	11.1%	6.2%	1.9%	3.4%	16.2%	9.6%	-1.5%	-1.2%	1.8%	6.4%	7.9%
Net debt/EBITDA	1.3	2.4	2.8	2.0	0.6	1.1	3.8	3.9	2.5	1.8	1.4
Interest coverage	8.1	5.8	0.8	1.4	7.1	69.1	-3.1	-1.5	1.1	6.7	11.4
Equity ratio	45.3%	41.8%	40.7%	42.7%	46.0%	42.2%	42.6%	39.5%	40.1%	41.1%	41.8%
Net gearing	40.7%	59.6%	54.7%	51.9%	25.4%	30.4%	37.4%	34.8%	45.1%	47.8%	38.8%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
EBITDA (adj) for associates	44	34	26	34	61	47	14	11	21	33	37
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
Funds from operations (FFO)	35	30	27	28	58	36	6	5	17	27	32
Change in NWC	-6	-8	6	2	-1	-25	8	26	2	-2	-1
Cash flow from operations (CFO)	29	22	32	30	57	11	14	31	19	26	31
Capital expenditure	-50	-34	-15	-11	-11	-18	-10	-11	-20	-30	-13
Free cash flow before A&D	-21	-12	17	19	46	-7	4	20	-1	-4	18
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	-1	-4	18
Free cash flow bef A&D, lease adj	-21	-12	17	19	46	-7	4	16	-4	-7	15
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	-25	-7	9
Cash flow metrics											
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%	4.4%	6.2%	2.6%
Key information											
Share price year end (/current)	4	4	2	2	5	5	3	3	2	2	2
Market cap.	210	254	118	133	296	302	174	164	141	141	141
Enterprise value	268	335	189	202	333	351	229	208	194	201	192
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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Nordea Bank Abp	Nordea Bank Abp, filial i Sverige	Nordea Danmark, Filial af Nordea Bank Abp, Finland	Nordea Bank Abp, filial i Norge
Nordea IB & Equity Division, Equity Research Visiting address: Aleksis Kiven katu 7, Helsinki FI-00020 Nordea Finland	Nordea IB & Equity Division, Equity Research Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden	Nordea IB & Equity Division, Equity Research Visiting address: Grønjørdsvej 10 DK-2300 Copenhagen S Denmark	Nordea IB & Equity Division, Equity Research 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			