29 January 2026

Commissioned research: Suominen Oyj – Weak Q4 - targets 10% EBITDA margin by 2028

Marketing material commissioned by Suominen Oyj

Suominen Q4 comparable EBITDA of EUR 1.9m came 60% below Vara Research consensus expectations. Net sales of EUR 95m were down 20% y/y and came 12% below consensus. FX had EUR 4.8m negative impact on sales and EUR 0.4m positive impact on EBITDA. Imports have remained high while the company continued to be burdened by earlier US incidents that have caused some US customers to seek alternative suppliers. We believe this could continue to burden H1 performance. The company expects improving comparable EBITDA in 2026 from EUR 12.6m in 2025 while consensus is at EUR 28.6m. Board of Directors does not propose any dividend for 2025. The company launches three-year profitability programme with aim to reach 10% EBITDA margin by 2028 (we model 7.4%). Target is aimed to be reached through e.g. new functioanal operating model and includes EUR 30m investments. Furthermore, the company is making changes to managent with new CFO taking up the position latest 1 June. Initially, we expect consensus estimates to come down more than 10%.

Q4 comparable EBITDA fell clearly short of expectations

- Suominen Q4 comparable EBITDA of EUR 1.9m came 60% below Vara Research consensus expectations. There were EUR -0.6m of items affecting comparability in EBITDA, related to restructuring programmes. Incidents in US during Q3 continued to impact in Q4 and the company noted that some US customers have seek alternative suppliers. FX had positive EUR EUR 0.4m impact on EBITDA.
- Q4 sales of EUR 95m were down 20% y/y and came 12% below consensus expectations. According to Suominen, import pressure have remained high. Americas sales of EUR 59m came below our estimate of EUR 66m while EMEA sales of EUR 37m came in below our estimate of EUR 44m.
- Q4 cash flow from operations was EUR 7m while we had anticipated EUR 9.6m operating cash flow. Net debt stabds at EUR 77.6m (EUR 76.1m at the end Q3), corresponding to net gearing of 81% and leverage of 6.2x.

Three-year profitability improvement programme, new operating model and changes to management

Following the ongoing EUR 10m profitability improvement programme, Suominen is launching new three-year profitability improvement programme with new operating model and leadership team. The company targets 10% EBITDA margin by 2028 while aims to reach 2-3x leverage level. New strategy and financial targets will be communicated later this year. The new functional operating model has dedicated focus on customers and factories to strengthen expertise and effectiveness.

The new profitability improvement programme aims to reset profitability in the first phase by fostering a culture of accountability, driving transformative initiatives and renewing its operating model. The programme involve estimates EUR 30m investments of which transformative costs are estimated at EUR 10m and capex to upgrade manufacturing capabilities around EUR 20m (no capacity expansion).

Furthermore, the company is renewing its top management team. CFO Janne Silosaari will leave by 31 May while new CFO, Kimmo Raunio is taking the position latest by 1 June. Mr. Raunio comes from Fortaco Group where he acted as CFO from 2023. In addition, Mark Ushpol, EVP of Americas is leaving the company within six months. The new COO is taking command of all factoies while commercial functions are brought together to reinforce focus on growth. We view changes as not surprising following the change of CEO and introduction of COO in 2025.

Positive guidance, as expected

- Suominen expects comparable EBITDA to improve in 2026 from EUR 12.6m in 2025. Consensus models EUR 28.6m comparable EBITDA in 2026E. Given weak market and headwinds from incidents in US, improving comparable EBITDA guidance does not offer much visibility into 2026. In its outlook comments, the company expects nonwovens market to grow in 2026 while we note challenges in 2025 which have likely resulted in material market share losses that could even continue early in 2026 given challenges in the US.

Initially, we expect consensus to trim estimates more than 10%. Profitability improvement measures can be viewed positively while we remain slightly cautious over the 10% EBITDA margin target given high leverage and challenging market conditions that could challenge targeted actions.

SUOMINEN: Q4 DEVIATION TABLE

EURm	Actual Q4 25	NDA est. Q4 25E	Deviation vs. actual		Consensus Q4 25E	Deviation vs. actual		Actual Q3 25	q/q	Actual Q4 24	y/y
Sales	95.3	110.0	-14.7	-13%	108.3	-13.0	-12%	99.8	-4%	118.5	-20%
Comparable EBITDA	1.9	4.7	-2.8	-59%	4.7	-2.8	-60%	3.4	-45%	4.2	-55%
EBITDA margin	2.0%	4.3%		-2.3pp	4.3%		-2.3pp	3.4%	-1.4pp	3.6%	-1.6pp
Comparable operating profit	-2.2	0.5	-2.7	-554%	0.2	-2.4	-1200%	-0.7	226%	-0.3	730%
Operating margin	-2.3%	0.4%		-2.7pp	0.2%		-2.5pp	-0.7%	-1.6pp	-0.2%	-2.1pp
EPS	-0.07	-0.03	-0.04	n.m.	-0.03	-0.04	133%	-0.03	105%	0.01	-583%

Source: Company data, Vara Research and Nordea estimates

SUMMARY TABLE - KEY FIGURES

EURm	2021	2022	2023	2024	2025E	2026E	2027E
Total revenues	443	493	451	462	427	460	481
EBITDA (adj.)	47.0	15.3	15.8	17.0	15.4	27.9	34.2
EBIT (adj.)	26.9	-4.16	-2.75	-1.43	-1.45	10.1	16.4
EBIT (adj.) margin	6.08%	-0.84%	-0.61%	-0.31%	-0.34%	2.19%	3.40%
EPS (adj.)	0.36	-0.16	-0.14	-0.09	-0.13	0.06	0.15
EPS (adj.) growth	-31.6%	-144%	11.5%	31.9%	-35.2%	147%	153%
DPS	0.20	0.10	0.10	0.00	0.00	0.00	0.05
EV/Sales	0.79	0.46	0.46	0.42	0.40	0.38	0.34
EV/EBIT (adj.)	13.0	n.m.	n.m.	n.m.	n.m.	17.3	10.1
P/E (adj.)	14.6	n.m.	n.m.	n.m.	n.m.	27.2	10.8
P/BV	1.85	1.20	1.32	1.13	0.88	0.85	0.79
Dividend yield	3.86%	3.34%	3.55%	0.00%	0.00%	0.00%	3.09%
FCF yield before AD, lease adj	-2.17%	2.44%	12.0%	-7.84%	-16.1%	-3.84%	8.90%
Net interest bearing debt	49.6	54.6	43.5	60.4	75.6	79.2	70.8
Net debt/EBITDA	1.05	3.81	3.90	3.52	5.98	2.84	2.07
ROIC	9.72%	-1.47%	-1.09%	-0.61%	-0.60%	4.07%	6.50%

Source: Company data and Nordea estimates

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