

5 March 2025

Commissioned research: Suominen Oyj – Soft Q4 owing to slight volume decline

Marketing material commissioned by Suominen Oyj

Suominen Q4 comparable EBITDA of EUR 4.2m fell 40% short of Vara Research consensus expectation of EUR 7m owing to slight volume decline y/y. The company expects its target market to remain solid in 2025 in the short term although some uncertainties related to global economic sentiment remain. Sales prices and mix improved y/y in Q4, while FX had a slight negative impact. Americas sales were weaker than we had anticipated while EMEA came above our expectations. The company has resolved the operational issues seen in Q3 while competition from low-cost countries increased, mainly in Europe. Board of directors propose no dividend for 2024 while consensus had expected EUR 0.02 per share. The company guides for increasing comparable EBITDA in 2025, while consensus has modelled EUR 30.7m in 2025E after EUR 17.0m in 2024. We note operational issues in Q3 while we do not know if the company has been able to resolve these during the quarter. Initially, we anticipate consensus to take down 2025 estimates more than 10%.

Q4 comparable EBITDA of EUR 4.2m fell short of expectations

- Suominen Q4 comparable EBITDA of EUR 4.2m came 40% below Vara Research consensus at EUR 7.0m. The company has been able to resolve the operational issues seen in Q3. There were EUR 1.1m positive items affecting comparability, related to closure of Mozzate plant in Italy.
- Q4 sales of EUR 189m came in line with consensus expectations. According to Suominen, sales prices and mix improved y/y while volumes declined slightly. Americas sales of EUR 73m came slightly below our estimate of EUR 74m while EMEA sales of EUR 46m came slightly above of our EUR 44m estimate.
- Cash flow was weaker than we had anticipated. Q4 cash flow from operations was EUR 6.5m compared to our estimate of EUR 11.8m, driven by lower release of working capital and adjustments. Net debt declined to EUR 60.8m (EUR 63.3m at the end Q3 2024), corresponding to net gearing of 51.7% and leverage of 3.6x.

Guidance for 2025 expects improving comparable EBITDA

- Suominen expects comparable EBITDA to increase in 2025 from EUR 17.0m in 2024. Pre-Q4 Vara consensus expects EUR 30.7m comparable EBITDA in 2025E.
- The company expects market demand to remain solid in 2025.
- Initially, we expect consensus to revise down its 2025E comparable EBITDA more than 10%. We note that gradual recovery of profitability has been slower than we and consensus have anticipated while new production lines coming operational could further increase seasonality of 2025.

SUOMINEN: DEVIATION TABLE

	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual	
EURm	Q4 24	Q4 24E	vs. actual		Q4 24E	vs. actual		Q3 24	q/q	Q4 23	y/y
Sales	118.5	118.4	0.1	0%	119.0	-0.5	0%	111.6	6%	114.9	3%
Comparable EBITDA	4.2	7.0	-2.8	-40%	7.0	-2.8	-40%	3.3	27%	5.3	-20%
EBITDA margin	3.5%	5.9%	-2.3pp		5.9%	-2.3pp		3.0%	0.6pp	4.6%	-1.0pp
Comparable operating profit	-0.3	2.2	-2.5	-114%	2.4	-2.7	-113%	-1.5	-80%	0.7	-145%
Operating margin	-0.3%	1.8%	-2.1pp		2.0%	-2.3pp		-1.3%	1.1pp	0.6%	-0.8pp
EPS	0.01	0.01	0.00	n.m.	0.01	0.00	-25%	-0.05	-118%	-0.02	-141%

Source: Company data, Vara Research and Nordea estimates

SUMMARY TABLE - KEY FIGURES

EURm	2021	2022	2023	2024E	2025E	2026E
Total revenue	443.2	493.3	450.9	462.2	500.3	521.9
EBITDA (adj)	47.0	15.3	15.8	19.7	32.3	37.0
EBIT (adj)	26.9	-4.16	-2.75	0.99	12.5	16.2
EBIT (adj) margin	6.08%	-0.84%	-0.61%	0.21%	2.51%	3.10%
EPS (adj. EUR)	0.36	-0.16	-0.14	-0.07	0.12	0.18
EPS (adj) growth	-31.6%	-143.7%	11.5%	47.4%	265.6%	46.1%
DPS (ord. EUR)	0.20	0.10	0.10	0.00	0.10	0.11
EV/Sales	0.79	0.46	0.46	0.40	0.38	0.36
EV/EBIT (adj)	13.0	nm	nm	185.7	15.3	11.7
P/E (adj)	14.6	nm	nm	nm	17.9	12.3
P/BV	1.85	1.20	1.32	1.10	1.04	1.00
Divident yield (ord)	3.86%	3.34%	3.55%	0.00%	4.65%	5.12%
FCF Yield bef A&D, lease adj	-2.17%	2.44%	9.86%	-7.88%	-6.42%	7.37%
Net debt	49.6	54.6	43.5	59.2	67.3	63.8
Net debt/EBITDA	1.05	3.81	3.90	3.20	2.08	1.73
ROIC after tax	9.72%	-1.47%	-1.09%	0.43%	5.23%	6.46%

Source: Company data and Nordea estimates

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