

## The results look promising

Suominen posted Q1 adj. EBIT, at EUR 3.0m (vs. our EUR 2.0m estimate), substantially above our expectations. The company's gross profit (and margin) improved due to higher prices and stabilizing input costs. Volumes were lost, yet the results point to Suominen having achieved a turnaround in earnings.

- Q1 revenue amounted to EUR 110m vs. our estimate of EUR 116m. Revenue grew by 3% y/y (EUR 3.2m in absolute terms). The EUR/USD exchange rate accounted for EUR +4.7m, quite in line with our EUR 4.3m positive expectation. This means organic growth was roughly EUR -1.5m. We expected clearly positive organic growth (around EUR 4m), estimating improved pricing would outweigh volume losses.
- Gross profit totaled EUR 8.9m (8.1% margin) vs. our EUR 8.0m (7.0% margin) projection.
- In other words, even though Suominen lost substantial volumes, price hikes and stabilizing input costs helped the company to achieve a major profitability improvement.
- Adj. EBIT reached EUR 3.0m (2.7% margin) vs. our EUR 2.0m (1.8% margin) estimate.
- Suominen retains its 2019 guidance for flat revenue and improving adj. EBIT.
- The company also announced the appointment of Mr. Toni Tamminen as CFO (effective 30 Jul 2019).

**Rating** 🟡 HOLD

Q1'19	Actual	Evli	Year ago	Q4'18
Net sales	110	116	107	110
Gross profit	8.9	8.0	7.8	6.8
EBIT ex IAC	3.0	2.0	1.5	-0.4
PTP	1.7	0.5	-0.3	-1.9

Deviation	Actual	Evli	Year ago	Q4'18
Net sales		-5 %	3 %	0 %
Gross profit		11 %	14 %	31 %
EBIT ex IAC		50 %	100 %	-850 %
PTP		233 %	-655 %	-188 %

 Share price, EUR (Last trading day's closing price) 2.48

 Target price, EUR 2.40

 Latest change in 01-Aug-18

 Latest report on company 16-Apr-19

 Research paid by issuer: YES

 No. of shares outstanding, '000's 58,259

 No. of shares fully diluted, '000's 58,259

 Market cap, EURm 144

 Free float, % -

 Exchange rate EUR/USD 1.13

 Reuters code SUY1V.HE

 Bloomberg code SUY1V.FH

 Average daily volume, EURm 0.1

 Next interim report 07-Aug-19

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+ BUY + HOLD - SELL

### PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2017	426	15	3.5%	12	0.25	17.8	0.8	11.6	22.2	0.11
2018	431	5	1.1%	-1	-0.03	-69.4	0.5	3.7	44.8	0.00
2019E	444	13	2.8%	7	0.08	29.8	0.5	5.0	17.4	0.04
2020E	464	19	4.1%	15	0.19	12.9	0.4	4.1	10.5	0.09
2021E	480	25	5.2%	22	0.27	9.0	0.4	3.7	7.3	0.11
Market cap, EURm		144	BV per share 2019E, EUR		2.3	CAGR EPS 2018-21, %		n/m		
Net debt 2019E, EURm		74	Price/book 2019E		1.1	CAGR sales 2018-21, %		3.6		
Enterprise value, EURm		219	Dividend yield 2019E, %		1.6	ROE 2019E, %		3.6		
Total assets 2019E, EURm		329	Tax rate 2019E, %		26.0	ROCE 2019E, %		5.1		
Goodwill 2019E, EURm		15	Equity ratio 2019E, %		41.2	PEG, P/E 19/CAGR		0.5		

All the important disclosures can be found on the last pages of this report.

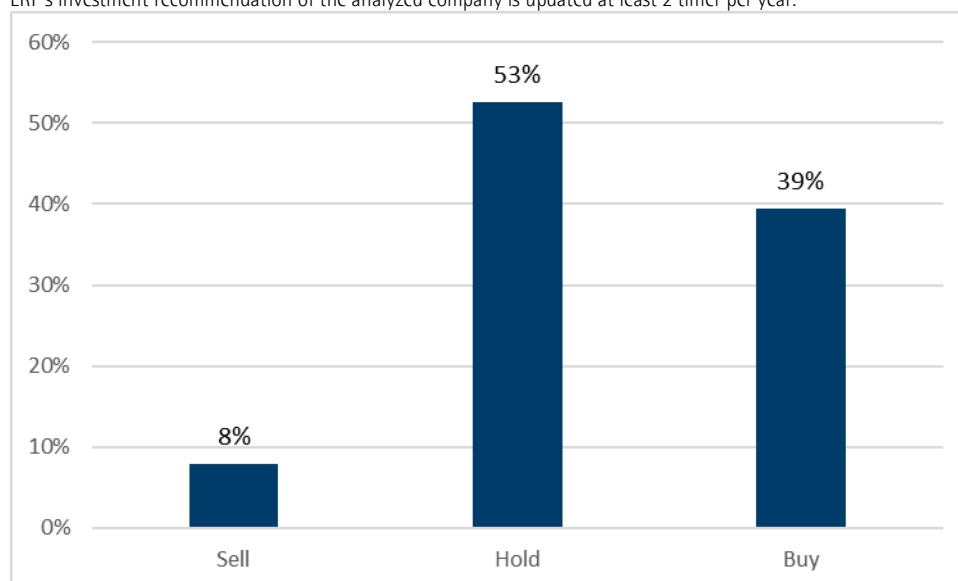
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 - (+10) %	HOLD
> 10 %	BUY

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