

Margin gains, volume losses

Suominen reports Q2 results next week, on Wed, Aug 7. In Q1 the company's gross margin improved to 8.1% (compared to the 6.2% low in Q4'18) as raw material costs remained stable and price hikes came into effect. We expect the gross margin improvement trend to continue throughout 2019, but the main question concerns volume losses following price hikes. We leave our previous estimates unchanged for now. Our target price still stands at EUR 2.85 per share; our new rating is BUY (HOLD).

Volume declines in focus following the hiking of prices

In our view Suominen's declining earnings trend bottomed out in Q1 as price hikes and stabilizing raw material costs drove improvement in gross margin. Q1'19 gross margin stood at 8.1%; we expect Q2 gross margin at 8.7%. However, the company lost significant delivery volumes. We estimate Suominen's delivery volume losses amounted to some 9% in Q1; we expect losses of similar magnitude for the remainder of 2019. Our expectation for Q2 is EUR 113m in revenue and EUR 3.3m in EBIT.

Expect flat input costs and price hikes to lift '19e earnings

While the EURUSD exchange rate has remained steady during the last three months, European softwood pulp prices have declined further, by about 10%. The development is beneficial from Suominen's point of view, softwood pulp being a key nonwovens raw material. Meanwhile polypropylene prices have increased by a roughly similar percentage. According to Lenzing, viscose and polyester prices remained stable during spring (development until Apr 15). All in all, raw material costs have been flat. We expect '19e revenue at EUR 436m and EBIT at EUR 13.3m, assuming stable input costs for the remainder of the year.

We leave our estimates intact ahead of the report

Suominen is valued at ca. 6.0x EV/EBITDA '19e (on our estimates) vs historical average of 6.5x. Suominen's peer group multiples have gained during the last three months, and although there is still uncertainty concerning delivery volumes, we consider the current valuation undemanding. We retain our TP of EUR 2.85 per share, and thus our updated rating is BUY (HOLD).

Rating

BUY



Share price, EUR (Last trading day's closing price) 2.54

Target price, EUR 2.85

Latest change in 29-Jul-19

Latest report on company 25-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 148

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

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	436	13	3.1%	7	0.09	27.3	0.5	4.8	16.5	0.04
2020E	456	18	4.0%	14	0.18	13.8	0.4	4.2	11.0	0.09
2021E	472	24	5.1%	21	0.26	9.6	0.4	3.9	7.7	0.11
Market cap, EURm		148		BV per share 2019E, EUR		2.3		CAGR EPS 2018-21, %		0.0
Net debt 2019E, EURm		72		Price/book 2019E		1.1		CAGR sales 2018-21, %		3.0
Enterprise value, EURm		220		Dividend yield 2019E, %		1.6		ROE 2019E, %		4.1
Total assets 2019E, EURm		325		Tax rate 2019E, %		26.0		ROCE 2019E, %		5.4
Goodwill 2019E, EURm		15		Equity ratio 2019E, %		41.8		PEG, P/E 19/CAGR		0.6

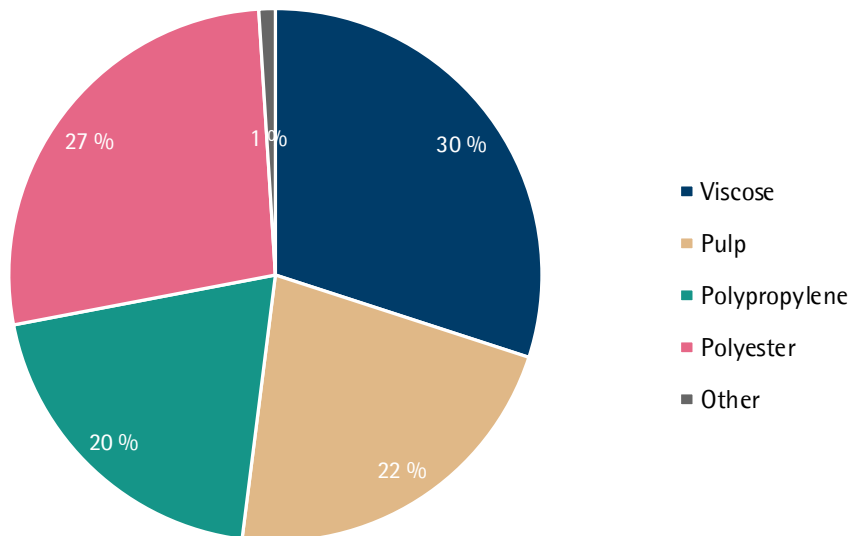
All the important disclosures can be found on the last pages of this report.

Estimates

SUOMINEN EURm	2013 FY	2014 FY	2015 FY	2016 FY	2017 FY	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2018E FY	2019 Q1	2019E Q2E	2019E Q3E	2019E Q4E	2019E FY	2020E FY	2021E FY
Sales	374	402	444	417	426	107	110	105	110	431	110	113	105	108	436	456	472
Sales growth, %		8 %	11 %	-6 %	2 %	-6 %	-2 %	2 %	11 %	1 %	3 %	2 %	1 %	-2 %	1 %	5 %	3 %
FX			10 %	0 %	-1 %	-8 %	-5 %	1 %	2 %	-2 %	4 %	3 %	1 %	0 %	2 %	0 %	0 %
Price/mix (indicative)				-3 %	-1 %	0 %	4 %	4 %	9 %	4 %	8 %	9 %	8 %	6 %	8 %	2 %	1 %
Volume (indicative)				-3 %	4 %	2 %	-1 %	-2 %	0 %	-1 %	-9 %	-9 %	-9 %	-8 %	-9 %	3 %	2 %
Convenience	369	412	379	389	98	100	96	103	396	101	103	97	95	397	415	429	
Baby	165	178	158	175	42	41	40	46	168	40	42	37	37	157	157	160	
Personal care	84	98	104	89	25	25	24	21	95	25	25	22	24	96	98	99	
Household	68	75	75	81	21	22	21	22	86	22	23	21	22	87	96	101	
Workplace	44	49	36	38	10	10	9	10	39	11	12	13	14	48	55	59	
Other	8	12	5	5	0	2	1	4	8	4	1	4	-1	9	9	9	
Care	32	32	37	38	9	10	9	7	35	9	9	8	13	39	41	42	
Hygiene & Medical	32	32	37	38	9	10	9	7	35	9	9	8	13	39	41	42	
By geography																	
Finland	2	3	3	2	3	1	1	1	1	2	1	1	1	1	3	3	3
Rest of Europe	138	140	160	158	161	41	39	37	36	153	39	39	35	35	150	157	162
Americas	224	249	272	246	252	63	68	66	71	268	68	71	67	70	274	287	298
ROW	9	11	10	10	10	2	3	1	1	7	2	2	2	2	9	9	9
COGS	-334	-352	-386	-365	-384	-99	-100	-98	-103	-400	-101	-103	-96	-98	-398	-412	-420
Gross Profit	40	50	58	52	42	8	10	7	7	31	9	10	9	10	38	45	51
Gross-%	10.7 %	12.4 %	13.1 %	12.5 %	9.9 %	7.4 %	9.1 %	6.3 %	6.2 %	7.3 %	8.1 %	8.7 %	8.9 %	8.9 %	8.7 %	9.8 %	10.8 %
SGA & R&D	-22.4	-24.6	-28.0	-27.9	-28.9	-6.9	-7.7	-7.0	-7.5	-29.2	-6.8	-7.1	-6.4	-6.9	-27.2	-29.2	-29.7
Other	1.7	0.8	1.8	1.3	1.7	0.6	0.6	0.9	0.4	2.5	0.8	0.6	0.9	0.4	2.7	2.7	2.7
EBIT	18.9	25.9	31.8	25.6	15.0	1.5	2.9	0.5	-0.4	4.6	3.0	3.3	3.9	3.1	13.3	18.4	24.1
IAC	-0.5	-1.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
EBIT ex IAC	19.4	26.9	31.2	25.6	15.0	1.5	2.9	0.5	-0.4	4.6	3.0	3.3	3.9	3.1	13.3	18.4	24.1
EBIT-% ex IAC	5.2 %	6.7 %	7.0 %	6.1 %	3.5 %	1.5 %	2.7 %	0.5 %	-0.3 %	1.1 %	2.7 %	2.9 %	3.7 %	2.9 %	3.0 %	4.0 %	5.1 %
Depreciation	-13.9	-15.6	-17.7	-18.5	-19.4	-5.0	-5.1	-5.3	-5.6	-21.0	-6.3	-5.5	-5.8	-6.0	-23.6	-21.4	-20.7
EBITDA ex IAC	33.3	42.5	48.9	44.2	34.3	6.5	8.0	5.8	5.2	25.6	9.3	8.8	9.7	9.1	36.9	39.8	44.8
EBITDA-% ex IAC	8.9 %	10.6 %	11.0 %	10.6 %	8.1 %	6.1 %	7.3 %	5.5 %	4.8 %	5.9 %	8.5 %	7.8 %	9.2 %	8.4 %	8.5 %	8.7 %	9.5 %

Note: Suominen restated 2016 figures which have a slight impact on the product groups' absolute numbers.

Source: Suominen, Evli Research

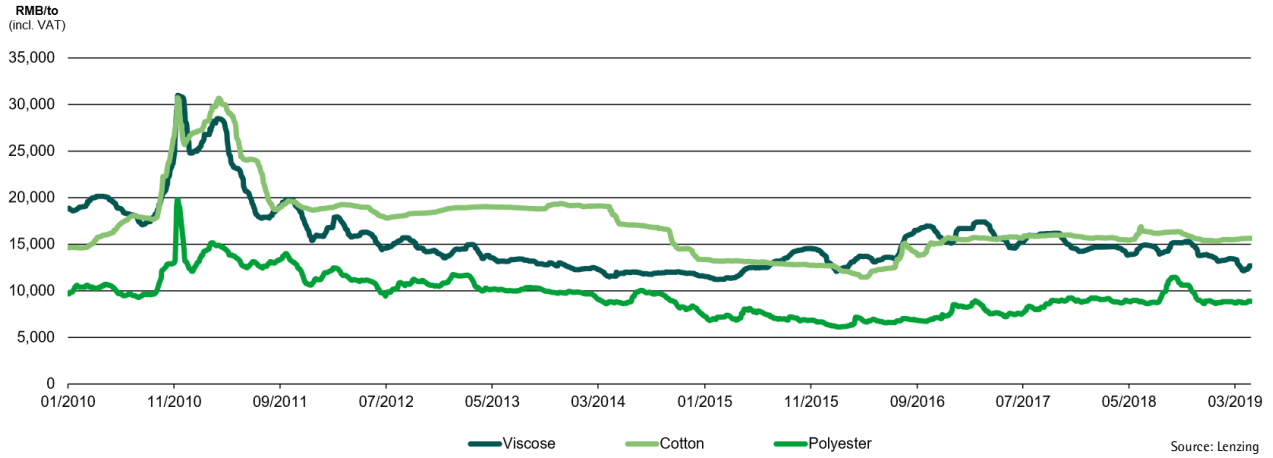
Raw material mix (in tonnes)


Total raw material consumption 134kt (2018)

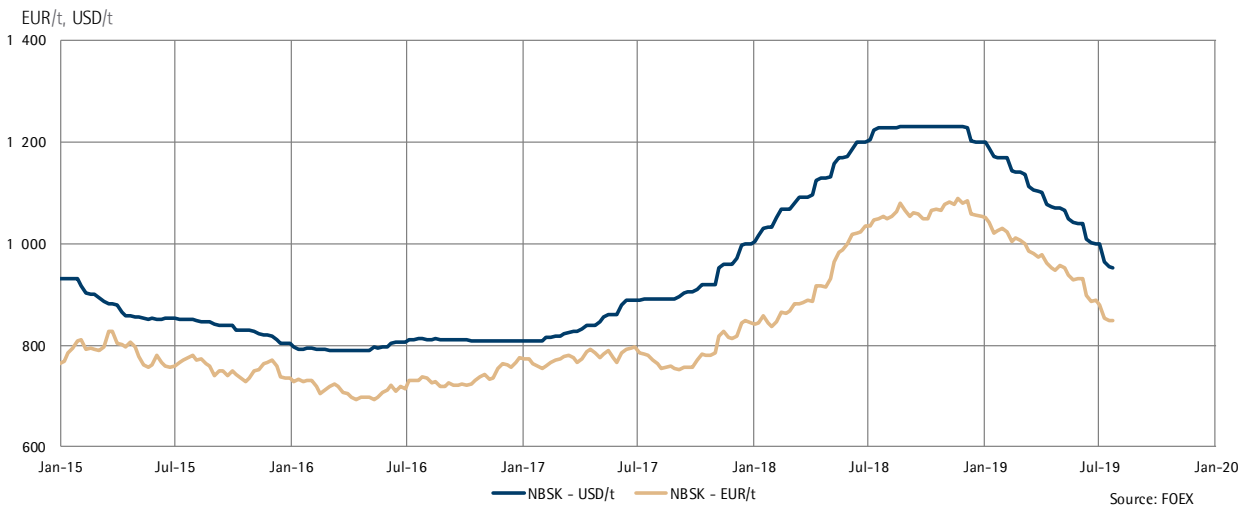
Source: Suominen

Raw material price development

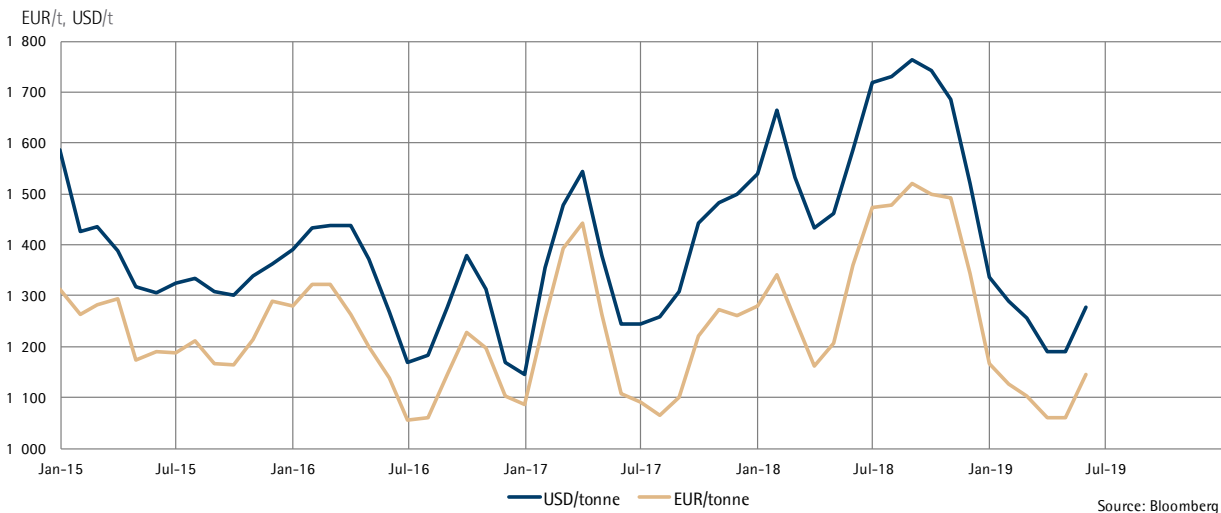
Fiber prices in China have declined by 10–20% from their 2018 highs but remained stable during spring



European softwood pulp prices have declined further so far this year



Polypropylene prices developed favorably from Suomenen's perspective during the Q4'18-Q1'19 period



Valuation

Note: EV-based comparisons are currently challenging to carry out, as peer multiples may not yet reflect the impact of IFRS 16. We have accounted for IFRS 16 in our estimates for Suominen – the company estimates that the carrying amounts of lease liabilities and right-of-use assets arising from IFRS 16 will be about EUR 15-17m.

SUOMINEN PEER GROUP	MCAP local FX	EV/EBITDA			EV/EBIT			P/E			P/B		
		19	20	21	19	20	21	19	20	21	19	20	21
Ahlstrom-Munksjo Oyj	1706	7.9x	6.4x	5.8x	15.0x	10.8x	9.5x	15.2x	11.1x	10.1x	1.4x	1.3x	1.2x
Berry Global Group Inc	7263	11.1x	9.7x	8.1x	18.0x	16.3x	15.8x	15.2x	13.9x	9.5x	4.0x	3.4x	2.5x
Kimberly-Clark Corporation	47586	13.0x	12.5x	12.1x	16.7x	15.9x	15.3x	20.2x	19.1x	18.2x			208.9x
Low & Bonar PLC	67	5.2x	4.3x	3.7x	11.5x	8.7x	7.3x	10.7x	6.2x	4.9x			
Neenah Inc	1069							18.2x	15.3x				
P. H. Glatfelter Company	749	8.5x	6.9x	5.8x	15.4x	11.2x	8.8x	23.0x	16.2x	12.8x	1.4x	1.3x	1.2x
PFNonwovens a.s.	6222												
Peer Group Median		8.5x	6.9x	5.8x	15.4x	11.2x	9.5x	16.7x	14.6x	10.1x	1.4x	1.3x	1.9x
Peer Group Average		9.2x	8.0x	7.1x	15.3x	12.6x	11.4x	17.1x	13.7x	11.1x	2.3x	2.0x	53.5x
Suominen (Evli est)		6.0x	4.9x	4.1x	16.5x	11.0x	7.7x	27.3x	13.8x	9.6x	1.1x	1.0x	1.0x
<i>Suominen discount/premium to peer group median</i>		<i>-30 %</i>	<i>-29 %</i>	<i>-30 %</i>	<i>7 %</i>	<i>-1 %</i>	<i>-19 %</i>	<i>63 %</i>	<i>-5 %</i>	<i>-5 %</i>	<i>-24 %</i>	<i>-23 %</i>	<i>-49 %</i>

SUOMINEN PEER GROUP	Ticker	Div yield			EBIT-%			ROCE-%			ROE-%		
		19	20	21	19	20	21	19	20	21	19	20	21
Ahlstrom-Munksjo Oyj	AM1-FI	3.7%	4.0%	4.2%	5.9%	7.7%	8.1%	7.2%	9.5%	10.1%	9.4%	12.0%	12.3%
Berry Global Group Inc	BERY-US	0.0%	0.0%	0.0%	11.1%	11.4%	11.7%	7.8%	8.1%	7.3%	26.5%	24.6%	26.7%
Kimberly-Clark Corporation	KMB-US	3.0%	3.1%	3.2%	17.8%	18.3%	18.6%	38.0%	38.8%	39.3%			1150.0%
Low & Bonar PLC	LWB-GB	5.5%	6.8%	7.8%	3.5%	4.4%	5.0%						
Neenah Inc	NP-US				8.4%	9.6%		11.3%	13.1%				
P. H. Glatfelter Company	GLT-US	3.1%	3.1%	3.1%	6.2%	7.4%	8.7%	5.8%	7.5%		6.0%	8.1%	9.7%
PFNonwovens a.s.	PEGAS-CZ												
Peer Group Median		3.1%	3.1%	3.2%	7.3%	8.6%	8.7%	7.8 %	9.5 %	10.1 %	9.4%	12.0%	19.5%
Peer Group Average		3.0%	3.4%	3.6%	8.8%	9.8%	10.4%	14.0 %	15.4 %	18.9 %	14.0%	14.9%	299.7%
Suominen (Evli est)	SUY1V-FI	1.6%	3.5%	4.2%	3.1%	4.0%	5.1%	5.4%	7.7%	10.4%	4.1%	7.6%	10.3%

Source: FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	2.54 PV of Free Cash Flow	146 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	3.44 PV of Horizon value	141 WACC, %	7.9 Market risk premium, %
Share price potential, %	35.4 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	3.8 Marketable securities	32 Minimum WACC, %	7.4 Equity beta coefficient
Minimum value	3.1 Debt - dividend	-118 Maximum WACC, %	8.4 Target debt ratio, %
Horizon value, %	49.1 Value of stock	200 Nr of shares, Mn	58.3 Effective tax rate, %

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	431	436	456	472	483	492	502	512	523	533	544	555
<i>Sales growth, %</i>	<i>1.2</i>	<i>1.1</i>	<i>4.7</i>	<i>3.3</i>	<i>2.4</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	5	13	18	24	27	25	25	26	26	27	27	28
<i>EBIT margin, %</i>	<i>1.1</i>	<i>3.1</i>	<i>4.0</i>	<i>5.1</i>	<i>5.6</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>
+ Depreciation+amort.	21	24	23	21	21	19	18	18	18	18	19	
- Income taxes	4	-3	-5	-6	-7	-6	-7	-7	-7	-7	-7	
- Change in NWC	6	-3	-2	-1	-1	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	<i>9.1</i>	<i>9.6</i>	<i>9.6</i>	<i>9.6</i>	<i>9.5</i>	<i>9.5</i>	<i>9.5</i>	<i>9.5</i>	<i>9.5</i>	<i>9.4</i>	<i>9.4</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	-15	-12	-12	-13	-13	-14	-16	-18	-20	-20	-21	-21
<i>Investments / Sales, %</i>	<i>3.4</i>	<i>2.8</i>	<i>2.6</i>	<i>2.8</i>	<i>2.7</i>	<i>2.8</i>	<i>3.2</i>	<i>3.5</i>	<i>3.8</i>	<i>3.8</i>	<i>3.9</i>	<i>3.9</i>
- Other items	-3	0	0	0	0	0	0	0	0	0	0	
= Unlevered Free CF (FCF)	17	19	23	25	27	22	20	18	16	17	17	289
= Discounted FCF (DFCF)		18	20	21	21	16	13	11	9	9	8	141
= DFCF min WACC		18	21	21	21	16	13	11	9	9	9	161
= DFCF max WACC		18	20	20	20	16	13	11	9	9	8	124

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2E	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	107	110	105	110	431	110	113	105	108	436	456	472
EBITDA	7	8	6	5	26	9	9	10	9	37	41	45
<i>EBITDA margin (%)</i>	<i>6.1</i>	<i>7.3</i>	<i>5.5</i>	<i>4.7</i>	<i>5.9</i>	<i>8.5</i>	<i>7.8</i>	<i>9.2</i>	<i>8.4</i>	<i>8.5</i>	<i>9.1</i>	<i>9.6</i>
EBIT	2	3	0	0	5	3	3	4	3	13	18	24
<i>EBIT margin (%)</i>	<i>1.5</i>	<i>2.7</i>	<i>0.5</i>	<i>-0.4</i>	<i>1.1</i>	<i>2.7</i>	<i>2.9</i>	<i>3.7</i>	<i>2.9</i>	<i>3.1</i>	<i>4.0</i>	<i>5.1</i>
Net financial items	-2	-1	-2	-2	-6	-1	-1	-1	-1	-6	-4	-3
Pre-tax profit	0	2	-1	-2	-1	2	2	2	2	7	14	21
Tax	0	-1	0	0	-1	0	0	-1	0	-2	-4	-5
<i>Tax rate (%)</i>	<i>-13.4</i>	<i>24.5</i>	<i>-0.6</i>	<i>-5.6</i>	<i>-78.6</i>	<i>26.0</i>	<i>26.0</i>	<i>26.0</i>	<i>26.0</i>	<i>26.0</i>	<i>26.0</i>	<i>26.0</i>
Net profit	0	2	-1	-2	-2	1	1	2	1	5	11	15
EPS	-0.01	0.03	-0.02	-0.04	-0.03	0.02	0.02	0.03	0.02	0.09	0.18	0.26
EPS adjusted (diluted no. of shares)	-0.01	0.03	-0.02	-0.04	-0.03	0.02	0.02	0.03	0.02	0.09	0.18	0.26
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.09	0.11
SALES, EURm												
Group	107	110	105	110	431	110	113	105	108	436	456	472
Total	107	110	105	110	431	110	113	105	108	436	456	472
SALES GROWTH, Y/Y %												
Group	-5.6	-1.8	2.3	11.2	1.2	3.0	2.4	0.6	-1.5	1.1	4.7	3.3
Total	-5.6	-1.8	2.3	11.2	1.2	3.0	2.4	0.6	-1.5	1.1	4.7	3.3
EBIT, EURm												
Group	2	3	0	0	5	3	3	4	3	13	18	24
Total	2	3	0	0	5	3	3	4	3	13	18	24
EBIT margin, %												
Group	1.5	2.7	0.5	-0.4	1.1	2.7	2.9	3.7	2.9	3.1	4.0	5.1
Total	1.5	2.7	0.5	-0.4	1.1	2.7	2.9	3.7	2.9	3.1	4.0	5.1

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	402	444	417	426	431	436	456	472
<i>Sales growth (%)</i>	<i>7.5</i>	<i>10.5</i>	<i>-6.1</i>	<i>2.2</i>	<i>1.2</i>	<i>1.1</i>	<i>4.7</i>	<i>3.3</i>
Costs	-359	-395	-373	-392	-406	-399	-415	-426
Reported EBITDA	42	49	44	34	26	37	41	45
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>10.6</i>	<i>11.0</i>	<i>10.6</i>	<i>8.1</i>	<i>5.9</i>	<i>8.5</i>	<i>9.1</i>	<i>9.6</i>
Depreciation	-16	-18	-19	-19	-21	-24	-23	-21
EBITA	27	31	26	15	5	13	18	24
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	27	31	26	15	5	13	18	24
<i>EBIT margin (%)</i>	<i>6.7</i>	<i>7.0</i>	<i>6.1</i>	<i>3.5</i>	<i>1.1</i>	<i>3.1</i>	<i>4.0</i>	<i>5.1</i>
Net financials	-8	-5	-3	-3	-6	-6	-4	-3
Pre-tax profit	19	26	22	12	-1	7	14	21
Extraordinary items	-6	1	0	0	0	0	0	0
Taxes	-8	-9	-7	2	-1	-2	-4	-5
Minority shares	0	0	0	0	0	0	0	0
Net profit	5	17	15	14	-2	5	11	15
BALANCE SHEET, EURm								
Assets								
Fixed assets	114	122	160	160	172	160	150	141
<i>% of sales</i>	<i>28</i>	<i>28</i>	<i>38</i>	<i>37</i>	<i>40</i>	<i>37</i>	<i>33</i>	<i>30</i>
Goodwill	15	15	15	15	15	15	15	15
<i>% of sales</i>	<i>4</i>	<i>3</i>	<i>4</i>	<i>4</i>	<i>4</i>	<i>4</i>	<i>3</i>	<i>3</i>
Inventory	32	33	43	44	52	48	50	52
<i>% of sales</i>	<i>8</i>	<i>7</i>	<i>10</i>	<i>10</i>	<i>12</i>	<i>11</i>	<i>11</i>	<i>11</i>
Receivables	50	53	56	66	63	64	67	69
<i>% of sales</i>	<i>13</i>	<i>12</i>	<i>14</i>	<i>16</i>	<i>15</i>	<i>15</i>	<i>15</i>	<i>15</i>
Liquid funds	47	64	38	35	32	35	37	38
<i>% of sales</i>	<i>12</i>	<i>14</i>	<i>9</i>	<i>8</i>	<i>7</i>	<i>8</i>	<i>8</i>	<i>8</i>
Total assets	265	292	316	326	337	325	321	318
Liabilities								
Equity	90	108	126	136	131	136	144	154
<i>% of sales</i>	<i>22</i>	<i>24</i>	<i>30</i>	<i>32</i>	<i>30</i>	<i>31</i>	<i>32</i>	<i>33</i>
Deferred taxes	9	11	11	15	12	12	12	12
<i>% of sales</i>	<i>2</i>	<i>2</i>	<i>3</i>	<i>3</i>	<i>3</i>	<i>3</i>	<i>3</i>	<i>3</i>
Interest bearing debt	103	115	111	110	118	107	91	75
<i>% of sales</i>	<i>26</i>	<i>26</i>	<i>27</i>	<i>26</i>	<i>27</i>	<i>25</i>	<i>20</i>	<i>16</i>
Non-interest bearing current liabilities	60	56	65	63	75	70	73	75
<i>% of sales</i>	<i>15</i>	<i>13</i>	<i>16</i>	<i>15</i>	<i>17</i>	<i>16</i>	<i>16</i>	<i>16</i>
Other interest free debt	2	2	2	1	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total liabilities	265	292	316	326	337	325	321	318
CASH FLOW, EURm								
+ EBITDA	42	49	44	34	26	37	41	45
- Net financial items	-8	-5	-3	-3	-6	-6	-4	-3
- Taxes	-7	-8	-6	0	6	-2	-4	-5
- Increase in Net Working Capital	6	-8	-6	-8	6	-3	-2	-1
+/- Other	2	-1	0	-2	1	0	0	0
= Cash flow from operations	35	26	28	22	32	26	32	35
- Capex	-8	-22	-50	-34	-15	-12	-12	-13
- Acquisitions	-19	0	0	0	0	0	0	0
+ Divestments	5	0	0	0	0	0	0	0
= Net cash flow	13	4	-21	-11	17	14	20	22
+/- Change in interest-bearing debt	10	11	-4	-1	8	-11	-16	-16
+/- New issues/buybacks	7	3	8	1	3	0	0	0
- Paid dividend	0	-2	-5	-6	-6	0	-2	-5
+/- Change in loan receivables	0	0	0	0	0	0	0	0
Change in cash	30	16	-21	-17	21	3	2	1

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	312	214	258	119	148	148	148
Net debt	50	73	76	87	72	55	37
Enterprise value	362	287	333	206	220	203	185
Sales	444	417	426	431	436	456	472
EBITDA	49	44	34	26	37	41	45
EBIT	31	26	15	5	13	18	24
Pre-tax	26	22	12	-1	7	14	21
Earnings	16	15	14	-2	5	11	15
Book value	108	126	136	131	136	144	154
Valuation multiples							
EV/sales	0.8	0.7	0.8	0.5	0.5	0.4	0.4
EV/EBITDA	7.4	6.5	9.7	8.0	6.0	4.9	4.1
EV/EBITA	11.6	11.2	22.2	44.8	16.5	11.0	7.7
EV/EBIT	11.6	11.2	22.2	44.8	16.5	11.0	7.7
EV/operating cash flow	13.7	10.1	15.0	6.4	7.2	5.8	4.9
EV/cash earnings	9.7	8.2	9.4	10.5	7.6	6.0	5.0
P/E	19.0	14.0	17.8	-69.4	27.3	13.8	9.6
P/E excl. goodwill	19.0	14.0	17.8	-69.4	27.3	13.8	9.6
P/B	2.9	1.7	1.9	0.9	1.1	1.0	1.0
P/sales	0.7	0.5	0.6	0.3	0.3	0.3	0.3
P/CF	11.8	7.5	11.6	3.7	4.8	4.2	3.9
Target EV/EBIT	0.0	0.0	0.0	0.0	17.9	12.0	8.4
Target P/E	0.0	16.6	23.8	374.2	30.6	15.5	10.8
Target P/B	0.0	0.0	0.0	0.0	1.2	1.2	1.1
Per share measures							
Number of shares	50,302	51,666	58,259	58,259	58,259	58,259	58,259
Number of shares (diluted)	50,302	51,666	65,259	58,259	58,259	58,259	58,259
EPS	0.33	0.29	0.25	-0.03	0.09	0.18	0.26
EPS excl. goodwill	0.33	0.29	0.25	-0.03	0.09	0.18	0.26
Cash EPS	0.74	0.68	0.61	0.34	0.50	0.58	0.63
Operating cash flow per share	0.52	0.55	0.38	0.55	0.53	0.60	0.65
Capital employed per share	3.15	3.86	3.64	3.73	3.57	3.42	3.29
Book value per share	2.15	2.44	2.34	2.24	2.33	2.48	2.65
Book value excl. goodwill	1.84	2.14	2.07	1.97	2.07	2.21	2.39
Dividend per share	0.10	0.11	0.11	0.00	0.04	0.09	0.11
Dividend payout ratio, %	30.6	37.3	44.3	0.0	42.9	49.1	40.0
Dividend yield, %	1.6	2.7	2.5	0.0	1.6	3.5	4.2
Efficiency measures							
ROE	16.6	13.0	11.0	-1.3	4.1	7.6	10.3
ROCE	15.0	11.4	6.2	1.9	5.4	7.7	10.4
Financial ratios							
Capex/sales, %	5.0	11.8	7.9	3.4	2.8	2.6	2.8
Capex/depreciation excl. goodwill,%	125.5	265.0	173.4	70.7	50.7	52.3	60.9
Net debt/EBITDA, book-weighted	1.0	1.7	2.2	3.4	2.0	1.3	0.8
Debt/equity, market-weighted	0.4	0.5	0.4	1.0	0.7	0.6	0.5
Equity ratio, book-weighted	37.0	40.0	41.8	38.8	41.8	45.0	48.6
Gearing	0.46	0.58	0.56	0.66	0.53	0.38	0.24
Number of employees, average	614	614	614	614	614	614	614
Sales per employee, EUR	723,195	678,928	693,805	702,132	710,001	743,338	767,977
EBIT per employee, EUR	50,814	41,730	24,430	7,482	21,714	29,982	39,310

COMPANY DESCRIPTION: Suominen is the globally leading producer of nonwovens for wipes. The company has operations in Europe, United States and Brazil.

INVESTMENT CASE:

OWNERSHIP STRUCTURE	SHARES	EURm	%
AC Invest two B.V.	13,953,357	35.442	24.0%
Oy Etra Invest Ab	7,770,000	19.736	13.3%
Varma Mutual Pension Insurance Company	4,500,000	11.430	7.7%
Nordea Bank ABP	3,914,182	9.942	6.7%
Ilmarinen Mutual Pension Insurance Company	3,546,892	9.009	6.1%
Elo Pension Company	3,024,651	7.683	5.2%
Oy H. Kuningas Et Co Ab	1,500,000	3.810	2.6%
Nordea Life Assurance Finland Ltd.	1,128,317	2.866	1.9%
Evald and Hilda Nissi's Foundation	1,000,000	2.540	1.7%
Nordea Nordic Small Cap Fund	989,909	2.514	1.7%
Ten largest	41,327,308	104.971	71%
Residual	16,931,911	43.007	29%
Total	58,259,219	147.978	100%

EARNINGS CALENDAR

August 07, 2019

Q2 report

October 22, 2019

Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

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Karvaamokuja 2 B, FI-00380 Helsinki

CFO: Toni Tamminen

Tel: +358 (0)10 214 300

IR: Emilia Peltola

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales	$\frac{\text{Market cap}}{\text{Sales}}$	DPS	Dividend for the financial period per share
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	Sales/Share	$\frac{\text{Sales}}{\text{Number of shares}}$
Net debt	Interest bearing debt – financial assets	EBITDA/Share	$\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Number of shares}}$
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share	$\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortisation}}$	EAFI/Share	$\frac{\text{Pretax profit}}{\text{Number of shares}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share	$\frac{\text{Total assets} - \text{non interest bearing debt}}{\text{Number of shares}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets	Balance sheet total
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x)	$\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share	$\frac{\text{Financial assets} - \text{interest bearing debt}}{\text{Number of shares}}$	Asset turnover (x)	$\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, %	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non interest bearing debt (average)}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest free loans}}$
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

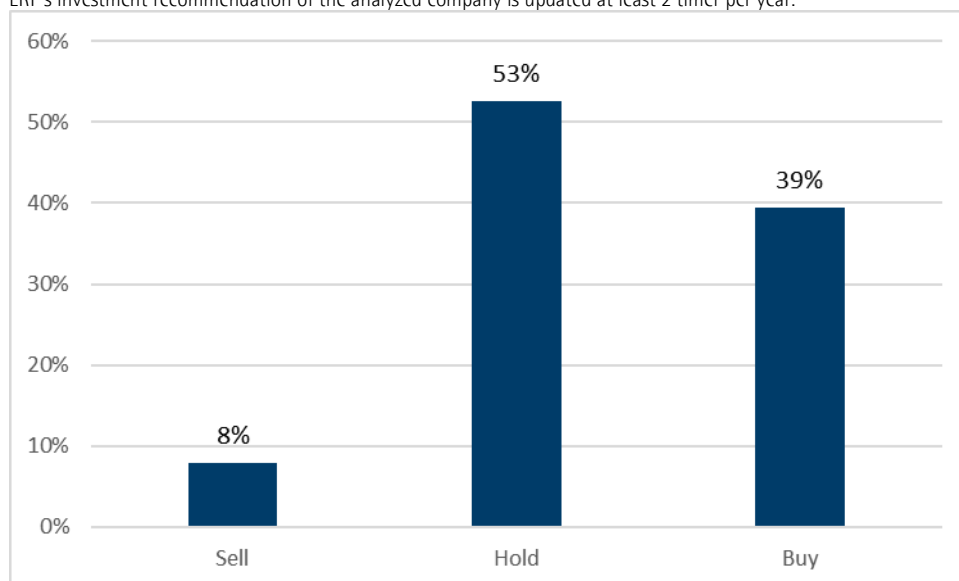
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Investment recommendations are defined as follows:

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

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Name(s) of the analyst(s): Ilvonen

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