

Clean and shining

Suominen revised its outlook upwards for the second time this year. We update our estimates; the announcement has only minor impact in quantitative terms but turns us more confident towards Suominen's sustainable profitability improvement. Our TP is now EUR 4.25 (3.25) and thus we rate the shares BUY (HOLD).

The update reflects conviction in value-add wiping demand
Suominen previously expected comparable FY '20 EBIT to improve clearly from '19. The updated outlook guides significant improvement. The figure amounted to EUR 8.1m last year, and we now expect Suominen to post EUR 24.0m this year (our previous estimate was EUR 23.1m). In our view the outlook update therefore has somewhat limited information value as such, although it's worth mentioning that Suominen also removed the previous disclaimer according to which the result estimate for the second half of the year was uncertain due to the pandemic. In other words, the announcement does not change our estimates quantitatively as much as it does qualitatively. Suominen did not comment on market developments, but in our view the update reflects certain value-add wiping product categories', namely those meant for household and workplace uses, improved prospects due to the pandemic.

Our higher gross margin estimate offsets weaker USD

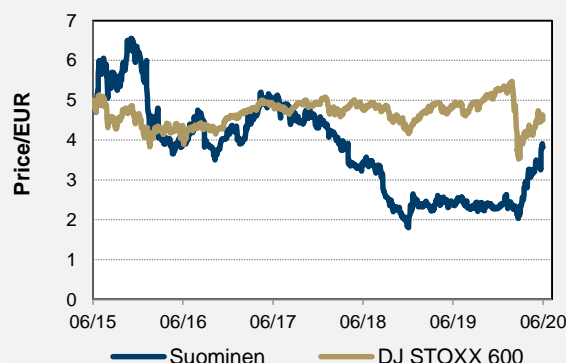
During the last two months USD has declined by about 5% relative to EUR. We thus update our revenue estimate for this year downwards to EUR 443m from the previous EUR 454m. There have been no meaningful interim changes in raw materials prices, and as we expect value-add wiping product demand to remain brisk we revise our FY '20 gross margin estimate up by some 50bps to 12.1%. These changes' net effect on our FY '20 EBIT estimate is an increase to the tune of EUR 0.9m.

Valuation is attractive as profit recovery gains traction

Suominen currently trades at about 5.7x and 4.8x EV/EBITDA on our estimates for this year and next. In our view higher multiples are now warranted as profitability improvement looks increasingly robust. Our new EUR 4.25 (3.25) TP implies the respective multiples at levels of 6.2x and 5.3x. Suominen is also valued clearly below peer group multiples. We now rate the shares BUY (HOLD).

Rating

BUY



Share price, EUR (Last trading day's closing price) 3.81

Target price, EUR 4.25

Latest change in 25-Jun-20

Latest report on company 24-Apr-20

Research paid by issuer: YES

No. of shares outstanding, 58,259

No. of shares fully diluted, 58,259

Market cap, EURm 222

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 12-Aug-20

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BUY HOLD SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2018	431.1	4.6	1.1%	13.3	-0.03	-69.4	0.5	44.1	11.1	0.00
2019	411.4	8.1	2.0%	14.2	0.00	766.1	0.5	27.5	9.2	0.05
2020E	443.2	24.0	5.4%	24.5	0.29	13.1	0.6	11.3	11.0	0.07
2021E	456.5	27.9	6.1%	28.6	0.34	11.2	0.5	8.8	12.9	0.14
2022E	468.0	30.4	6.5%	27.7	0.38	9.9	0.5	7.4	12.5	0.15
Market cap, EURm		222	Gearing 2020E, %			33.3	CAGR EPS 2019-22, %			382.2
Net debt 2020E, EURm		48	Price/book 2020E			1.5	CAGR sales 2019-22, %			4.4
Enterprise value, EURm		270	Dividend yield 2020E, %			1.8	ROE 2020E, %			12.3
Total assets 2020E, EURm		316	Tax rate 2020E, %			9.0	ROCE 2020E, %			10.4
Goodwill 2020E, EURm		15	Equity ratio 2020E, %			45.8	PEG, P/E 20/CAGR			1.1

Estimates and peer group valuation

SUOMINEN EURm	2013 FY	2014 FY	2015 FY	2016 FY	2017 FY	2018 FY	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2019 FY	2020 Q1	2020E Q2E	2020E Q3E	2020E Q4E	2020E FY	2021E FY
Sales	374	402	444	417	426	431	110	104	104	94	411	110	115	110	108	443	456
Sales growth, %		8 %	11 %	-6 %	2 %	1 %	3 %	-6 %	-1 %	-14 %	-5 %	0 %	11 %	6 %	15 %	8 %	3 %
Geography																	
Europe	150	153	172	171	174	171	42	39	37	32	150	37	42	41	40	160	165
Americas	224	249	272	246	252	260	68	65	66	62	262	73	73	69	68	283	291
COGS	-334	-352	-386	-365	-384	-400	-101	-94	-96	-86	-377	-97	-101	-97	-95	-389	-399
Gross Profit	40	50	58	52	42	31	9.6	9.7	7.7	7.8	35	13.3	13.8	13.2	13.5	54	57
Gross-%	10.7 %	12.4 %	13.1 %	12.5 %	9.9 %	7.3 %	8.8 %	9.3 %	7.4 %	8.3 %	8.4 %	12.1 %	12.0 %	12.0 %	12.5 %	12.1 %	12.5 %
SGA & R&D	-22.4	-24.6	-28.0	-27.9	-28.9	-29.2	-7.5	-7.4	-7.1	-6.6	-28.5	-7.8	-7.8	-7.5	-7.5	-30.6	-30.0
Other	1.7	0.8	1.8	1.3	1.7	2.5	0.8	0.4	0.5	0.2	1.9	0.2	0.2	0.2	0.2	0.8	0.8
EBIT	18.9	25.9	31.8	25.6	15.0	4.6	3.0	2.7	1.1	1.4	8.1	5.7	6.2	5.9	6.2	24.0	27.9
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	0.0
EBIT ex IAC	19.4	26.9	31.2	25.6	15.0	4.6	3.0	2.7	1.1	1.4	8.1	5.7	6.2	5.9	6.2	24.0	27.9
EBIT-% ex IAC	5.2 %	6.7 %	7.0 %	6.1 %	3.5 %	1.1 %	2.7 %	2.6 %	1.0 %	1.5 %	2.0 %	5.2 %	5.4 %	5.4 %	5.7 %	5.4 %	6.1 %
Depreciation	-13.9	-15.6	-17.7	-18.5	-19.4	-21.0	-6.3	-6.4	-6.7	-6.0	-25.5	-5.6	-6.0	-6.0	-6.0	-23.6	-23.5
EBITDA ex IAC	33.3	42.5	48.9	44.2	34.3	25.6	9.3	9.1	7.8	7.4	33.6	11.3	12.2	11.9	12.2	47.6	51.4
EBITDA-% ex IAC	8.9 %	10.6 %	11.0 %	10.6 %	8.1 %	5.9 %	8.5 %	8.8 %	7.5 %	7.8 %	8.2 %	10.3 %	10.6 %	10.8 %	11.3 %	10.7 %	11.3 %

SUOMINEN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%			
		19	20	21	19	20	21	19	20	21	
Ahlstrom-Munksjo	1571	8.5x	7.9x	6.7x	18.7x	17.7x	12.4x	4.7 %	5.2 %	7.1 %	
Berry Global Group	4932	10.7x	8.0x	7.7x	17.6x	13.7x	13.0x	10.4 %	10.2 %	10.8 %	
Kimberly-Clark	41652	13.2x	12.4x	12.1x	18.6x	15.5x	15.1x	16.2 %	19.3 %	19.8 %	
Low & Bonar											
Neeah	696	11.2x	11.5x	9.3x	16.8x	23.3x	15.2x	8.9 %	5.6 %	7.8 %	
P. H. Glatfelter	582	9.7x	7.9x	7.4x	18.3x	14.5x	12.4x	6.2 %	7.3 %	8.2 %	
PFNonwovens	232										
Peer Group Average	8277	10.7x	9.5x	8.6x	18.0x	16.9x	13.6x	9.3 %	9.5 %	10.7 %	
Peer Group Median	1133	10.7x	8.0x	7.7x	18.3x	15.5x	13.0x	8.9 %	7.3 %	8.2 %	
Suominen (Evli est.)	222	6.6x	5.7x	4.8x	27.5x	11.3x	8.8x	2.0 %	5.4 %	6.1 %	
<i>Suominen prem./disc. to peer median</i>			-38 %	-29 %	-38 %	50 %	-27 %	-32 %	-78 %	-26 %	-26 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	3.81 PV of Free Cash Flow	194 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	5.89 PV of Horizon value	219 WACC, %	7.9 Market risk premium, %
Share price potential, %	54.7 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	6.5 Marketable securities	33 Minimum WACC, %	7.4 Equity beta coefficient
Minimum value	5.4 Debt - dividend	-103 Maximum WACC, %	8.4 Target debt ratio, %
Horizon value, %	52.9 Value of stock	343 Nr of shares, Mn	58.3 Effective tax rate, %

DCF valuation, EURm	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Horizon
Net sales	411	443	456	468	477	487	497	507	517	527	538	548
<i>Sales growth, %</i>	-4.6	7.7	3.0	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Operating income (EBIT)	8	24	28	30	31	32	35	35	36	37	38	38
<i>Operating income margin, %</i>	2.0	5.4	6.1	6.5	6.5	6.5	7.0	7.0	7.0	7.0	7.0	7.0
+ Depreciation+amort.	26	24	24	20	18	17	17	17	18	18	19	
EBITDA	34	48	51	50	49	49	52	53	54	55	56	
- Paid taxes	-4	-2	-6	-6	-7	-7	-7	-7	-8	-8	-8	
- Change in NWC	-1	-3	-1	-1	-1	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	9.0	9.0	9.0	9.0	9.0	9.0	8.9	8.9	8.9	8.9	8.9	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-11	-12	-13	-13	-14	-16	-18	-20	-20	-20	-21	
<i>opCAPEX / Sales, %</i>	2.6	3.0	3.0	2.9	3.0	3.4	3.7	4.0	3.9	3.9	4.0	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	18	31	31	30	28	26	26	24	26	27	26	452
= Discounted FCFF		30	28	25	21	18	17	15	14	14	13	219
= DFCF min WACC		30	28	25	22	19	17	15	15	14	13	250
= DFCF max WACC		29	28	24	21	18	16	14	14	13	12	193

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2E	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	109.8	103.8	103.4	94.5	411.4	110.2	115.0	110.0	108.0	443.2	456.5	468.0
EBITDA	9.3	9.0	7.8	7.4	33.6	11.3	12.2	11.9	12.2	47.6	51.4	50.1
<i>EBITDA margin (%)</i>	<i>8.5</i>	<i>8.7</i>	<i>7.6</i>	<i>7.8</i>	<i>8.2</i>	<i>10.3</i>	<i>10.6</i>	<i>10.8</i>	<i>11.3</i>	<i>10.7</i>	<i>11.3</i>	<i>10.7</i>
EBIT	3.0	2.6	1.1	1.4	8.1	5.7	6.2	5.9	6.2	24.0	27.9	30.4
<i>EBIT margin (%)</i>	<i>2.7</i>	<i>2.5</i>	<i>1.1</i>	<i>1.5</i>	<i>2.0</i>	<i>5.2</i>	<i>5.4</i>	<i>5.4</i>	<i>5.7</i>	<i>5.4</i>	<i>6.1</i>	<i>6.5</i>
Net financial items	-1.5	-1.5	-1.1	-1.9	-6.0	-1.9	-1.5	-1.0	-1.0	-5.4	-2.9	-2.0
Pre-tax profit	1.5	1.1	0.0	-0.5	2.1	3.8	4.7	4.9	5.2	18.6	25.0	28.4
Tax	-0.5	-0.6	-0.1	-0.7	-1.9	-0.2	-0.5	-0.5	-0.5	-1.7	-5.2	-6.0
<i>Tax rate (%)</i>	<i>35.9</i>	<i>51.0</i>	<i>357.1</i>	<i>-132.6</i>	<i>90.5</i>	<i>4.6</i>	<i>10.6</i>	<i>10.2</i>	<i>9.6</i>	<i>9.0</i>	<i>21.0</i>	<i>21.0</i>
Net profit	1.0	0.5	-0.1	-1.2	0.2	3.6	4.2	4.4	4.7	16.9	19.7	22.4
EPS	0.02	0.01	0.00	-0.02	0.00	0.06	0.07	0.08	0.08	0.29	0.34	0.38
EPS adjusted (diluted no. of shares)	0.02	0.01	0.00	-0.02	0.00	0.06	0.07	0.08	0.08	0.29	0.34	0.38
Dividend per share	0.00	0.00	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.07	0.14	0.15
SALES, EURm												
Group	109.8	103.8	103.4	94.5	411.4	110.2	115.0	110.0	108.0	443.2	456.5	468.0
Total	109.8	103.8	103.4	94.5	411.4	110.2	115.0	110.0	108.0	443.2	456.5	468.0
SALES GROWTH, Y/Y %												
Group	3.0	-5.6	-1.4	-13.9	-4.6	0.4	10.8	6.4	14.3	7.7	3.0	2.5
Total	3.0	-5.6	-1.4	-13.9	-4.6	0.4	10.8	6.4	14.3	7.7	3.0	2.5
EBIT, EURm												
Group	3.0	2.6	1.1	1.4	8.1	5.7	6.2	5.9	6.2	24.0	27.9	30.4
Total	3.0	2.6	1.1	1.4	8.1	5.7	6.2	5.9	6.2	24.0	27.9	30.4
EBIT margin, %												
Group	2.7	2.5	1.1	1.5	2.0	5.2	5.4	5.4	5.7	5.4	6.1	6.5
Total	2.7	2.5	1.1	1.5	2.0	5.2	5.4	5.4	5.7	5.4	6.1	6.5

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	444.0	416.9	426.0	431.1	411.4	443.2	456.5	468.0
<i>Sales growth (%)</i>	<i>10.5</i>	<i>-6.1</i>	<i>2.2</i>	<i>1.2</i>	<i>-4.6</i>	<i>7.7</i>	<i>3.0</i>	<i>2.5</i>
EBITDA	48.9	44.1	34.3	25.6	33.6	47.6	51.4	50.1
<i>EBITDA margin (%)</i>	<i>11.0</i>	<i>10.6</i>	<i>8.1</i>	<i>5.9</i>	<i>8.2</i>	<i>10.7</i>	<i>11.3</i>	<i>10.7</i>
Depreciation	-17.7	-18.5	-19.3	-21.0	-25.5	-23.6	-23.5	-19.7
EBITA	31.2	25.6	15.0	4.6	8.1	24.0	27.9	30.4
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	31.2	25.6	15.0	4.6	8.1	24.0	27.9	30.4
<i>EBIT margin (%)</i>	<i>7.0</i>	<i>6.1</i>	<i>3.5</i>	<i>1.1</i>	<i>2.0</i>	<i>5.4</i>	<i>6.1</i>	<i>6.5</i>
Reported EBIT	31.8	25.6	15.0	4.6	8.1	24.0	27.9	30.4
<i>EBIT margin (reported) (%)</i>	<i>7.2</i>	<i>6.1</i>	<i>3.5</i>	<i>1.1</i>	<i>2.0</i>	<i>5.4</i>	<i>6.1</i>	<i>6.5</i>
Net financials	-5.3	-3.2	-2.6	-5.6	-6.0	-5.4	-2.9	-2.0
Pre-tax profit	25.9	22.4	12.4	-1.0	2.1	18.6	25.0	28.4
Taxes	-9.5	-7.2	2.0	-0.8	-1.9	-1.7	-5.2	-6.0
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	17.0	15.2	14.5	-1.7	0.2	16.9	19.7	22.4
Cash NRIs	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	122	160	160	156	143	131	121	114
Goodwill	15	15	15	15	15	15	15	15
Right of use assets	0	0	0	17	16	18	18	19
Inventory	33	43	44	52	45	49	50	51
Receivables	53	56	66	63	61	65	67	68
Liquid funds	64	38	35	32	33	35	37	37
Total assets	292	316	326	338	316	316	310	308
Liabilities								
Shareholder's equity	108	126	136	131	131	145	160	175
Minority interest	0	0	0	0	0	0	0	0
Convertibles	18	17	0	0	0	0	0	0
Lease liabilities	0	0	0	13	16	18	18	19
Deferred taxes	11	11	15	12	12	12	12	12
Interest bearing debt	97	94	110	102	86	66	42	23
Non-interest bearing current liabilities	56	65	63	75	66	71	73	75
Other interest-free debt	2	2	1	3	3	3	3	3
Total liabilities	292	316	326	338	316	316	310	308
CASH FLOW, EURm								
+ EBITDA	49	44	34	26	34	48	51	50
- Net financial items	-5	-3	-3	-6	-6	-5	-3	-2
- Taxes	-8	-6	0	6	-2	-2	-5	-6
- Increase in Net Working Capital	-8	-6	-8	6	-1	-3	-1	-1
+/- Other	-4	-2	-5	-3	0	0	0	0
= Cash flow from operations	23	26	19	28	25	38	42	41
- Capex	-22	-50	-34	-15	-11	-13	-14	-13
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	1	-23	-14	13	14	25	29	28
+/- New issues/buybacks	3	8	1	3	0	0	0	0
- Paid dividend	-2	-5	-6	-6	0	-3	-4	-8
+/- Other	16	-7	16	-12	-13	-19	-23	-19
Change in cash	17	-26	-3	-3	1	3	1	1

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	214	258	119	153	222	222	222
Net debt (excl. convertibles)	57	76	83	70	48	24	4
Enterprise value	287	333	203	223	270	246	226
Sales	417	426	431	411	443	456	468
EBITDA	44	34	26	34	48	51	50
EBIT	26	15	5	8	24	28	30
Pre-tax	22	12	-1	2	19	25	28
Earnings	15	14	-2	0	17	20	22
Equity book value (excl. minorities)	126	136	131	131	145	160	175
Valuation multiples							
EV/sales	0.7	0.8	0.5	0.5	0.6	0.5	0.5
EV/EBITDA	6.5	9.7	7.9	6.6	5.7	4.8	4.5
EV/EBITA	11.2	22.2	44.1	27.5	11.3	8.8	7.4
EV/EBIT	11.2	22.2	44.1	27.5	11.3	8.8	7.4
EV/OCF	10.9	17.3	7.2	8.9	7.1	5.8	5.5
EV/FCFF	-15.6	-29.4	11.7	12.3	8.8	7.8	7.6
P/FCFE	-9.4	-18.0	9.0	10.8	9.1	7.8	8.0
P/E	14.0	17.8	-69.4	766.1	13.1	11.2	9.9
P/B	1.7	1.9	0.9	1.2	1.5	1.4	1.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	6.2	5.3	5.0
Target EV/EBIT	0.0	0.0	0.0	0.0	12.3	9.7	8.3
Target EV/FCF	0.0	0.0	0.0	0.0	12.1	9.5	9.1
Target P/B	0.0	0.0	0.0	0.0	1.7	1.5	1.4
Target P/E	0.0	0.0	0.0	0.0	14.7	12.5	11.0
Per share measures							
Number of shares	51,666	58,259	58,259	58,259	58,259	58,259	58,259
Number of shares (diluted)	51,666	65,259	58,259	58,259	58,259	58,259	58,259
EPS	0.29	0.25	-0.03	0.00	0.29	0.34	0.38
Operating cash flow per share	0.51	0.33	0.48	0.43	0.65	0.72	0.71
Free cash flow per share	-0.44	-0.25	0.23	0.24	0.42	0.49	0.48
Book value per share	2.44	2.34	2.24	2.24	2.48	2.75	3.00
Dividend per share	0.11	0.11	0.00	0.05	0.07	0.14	0.15
Dividend payout ratio, %	37.3	44.3	0.0	1,456.5	24.2	40.0	40.0
Dividend yield, %	2.7	2.5	0.0	1.3	1.8	3.6	4.0
FCF yield, %	-10.6	-5.6	11.1	9.2	11.0	12.9	12.5
Efficiency measures							
ROE	13.0	11.0	-1.3	0.2	12.3	12.9	13.4
ROCE	11.4	6.2	1.9	3.4	10.4	12.4	13.9
Financial ratios							
Inventories as % of sales	10.2	10.4	12.0	11.0	11.0	11.0	11.0
Receivables as % of sales	13.5	15.6	14.7	14.7	14.6	14.6	14.6
Non-interest bearing liabilities as % of sales	15.7	14.8	17.5	16.0	16.0	16.0	16.0
NWC/sales, %	8.0	11.1	8.5	9.0	9.0	9.0	9.0
Operative CAPEX/sales, %	11.9	7.9	3.5	2.6	3.0	3.0	2.9
CAPEX/sales (incl. acquisitions), %	11.9	7.9	3.5	2.6	3.0	3.0	2.9
FCFF/EBITDA	-0.4	-0.3	0.7	0.5	0.6	0.6	0.6
Net debt/EBITDA, book-weighted	1.3	2.2	3.2	2.1	1.0	0.5	0.1
Debt/equity, market-weighted	0.4	0.4	0.9	0.6	0.3	0.2	0.1
Equity ratio, book-weighted	45.3	41.8	38.7	41.4	45.8	51.7	56.8
Gearing, %	39.6	55.6	63.7	53.3	33.3	14.7	2.2

COMPANY DESCRIPTION: Suominen manufactures nonwovens for global consumer brands on eight production plants located on three continents. The company sources the raw materials from fiber producers and sells the output as roll goods to global consumer brand manufacturers. Suominen's nonwovens are mainly used in wiping products such as wet wipes for baby care, personal hygiene, and household and workplace wiping. Other end-uses include hygiene and medical applications such as sanitary pads, diapers, and surgical drapes and swabs.

INVESTMENT CASE: Suominen's profitability took a hit as raw material price inflation ate into the company's gross margin. Suominen decided to respond by raising nonwovens delivery prices, a move which improved margins but also led to delivery volume losses. Recently raw material prices have stabilized, however Suominen still needs to work on improving margins and, even more importantly, achieve higher delivery volumes. Long-term demand outlook for nonwovens is positive, yet the market looks well supplied in the short-term.

OWNERSHIP STRUCTURE	SHARES	EURm	%
AC Invest two B.V.	13,953,357	53.162	24.0%
Oy Etra Invest Ab	7,770,000	29.604	13.3%
Varma Mutual Pension Insurance Company	4,500,000	17.145	7.7%
Nordea Bank ABP	3,729,456	14.209	6.4%
Ilmarinen Mutual Pension Insurance Company	3,046,892	11.609	5.2%
Elo Mutual Pension Insurance Company	3,024,651	11.524	5.2%
Mandatum Life Insurance Company Limited	1,876,957	7.151	3.2%
Oy H. Kuningas & Co Ab	1,567,416	5.972	2.7%
Nordea Life Assurance Finland Ltd.	1,272,000	4.846	2.2%
Evald and Hilda Nissi's Foundation	1,000,000	3.810	1.7%
Ten largest	41,740,729	159.032	72%
Residual	16,518,490	62.935	28%
Total	58,259,219	221.968	100%

EARNINGS CALENDAR

August 12, 2020

Q2 report

October 22, 2020

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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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	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

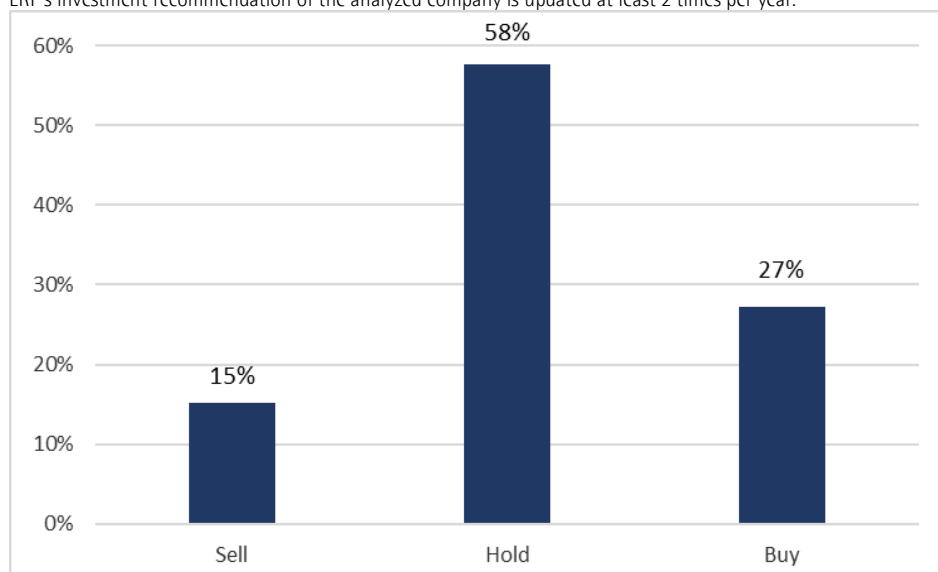
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Investment recommendations are defined as follows:

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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