

Multiples are still conservative

Suominen reports Q3 results on Tue, Oct 27. Our estimates, EUR 5.5 target price and BUY rating all remain intact.

No clear reason to expect softening wipes demand for now

In our opinion outlook is solid even after an exceptionally strong Q2, when revenues in Americas and Europe grew y/y by 19% and 16%. Fatigue and possibly growing indifference towards hygienic considerations could limit wipes growth at a certain near future point, however many reports suggest this unlikely to happen at least during the next few quarters. According to a New York Times article some consumers in the US prize canisters of Clorox disinfecting wipes as kinds of trophies since the item remains such a rare sight on store shelves. Many companies have formed partnerships with Clorox to reassure employees and customers that surfaces can be kept disinfected. Clorox saw wipes demand grow by 500% in a few months and inventory usually enough for 1-2 months gone in 1-2 weeks. Clorox was able to up production and plans to add more early next year. This is just one brand-specific example from the downstream part of the supply chain, but we believe it's still relevant for upstream nonwovens suppliers. The US is also a key market for Suominen since the Americas BA contributes ca. 65% of revenue. Although European consumers may not be as keen wipers as their American counterparts, we believe the recent pandemic acceleration continues to lift volumes on both sides of the Atlantic.

There are no changes to inform estimate revisions

We view Suominen well-positioned to post double digit y/y growth rates during the next couple of quarters. With regards to H2'20 top line figures we see the uncertainty associated mostly with the scheduled maintenance breaks at several Suominen plants and to what extent exactly these will negatively affect production and delivery volumes. Raw materials prices have continued to develop flat and hence we still expect gross margin to decline from 16% in Q2 to 15% in Q3. There has also been basically no change to FX rates lately and so our EUR 114m revenue and EUR 9.8m EBIT estimates for Q3 remain intact.

We consider the conservative multiples attractive

Suominen continues to trade well below 6x EV/EBITDA on our estimates, compared to a historical average of 6.5x. We find this an attractive level and so retain our EUR 5.5 TP and BUY rating.

Rating

BUY



Share price, EUR (Last trading day's closing price) 4.82

Target price, EUR 5.5

Latest change in 25-Jun-20

Latest report on company 24-Sep-20

Research paid by issuer: YES

No. of shares outstanding, 58,259

No. of shares fully diluted, 58,259

Market cap, EURm 281

Free float, % 62.7

Exchange rate EUR/USD 1.18

Reuters code SUY1V.HE

Bloomberg code SUY1V FH

Average daily volume, EURm 0.2

Next interim report 27-Oct-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	453.4	35.6	7.9%	29.4	0.42	11.5	0.7	9.1	10.5	0.07
2021E	467.0	33.8	7.2%	31.9	0.42	11.4	0.6	8.8	11.4	0.17
2022E	480.0	33.6	7.0%	30.9	0.43	11.1	0.6	8.2	11.0	0.17
Market cap, EURm	281		Gearing 2020E, %	28.4		CAGR EPS 2019-22, %		401.3		
Net debt 2020E, EURm	43		Price/book 2020E	1.8		CAGR sales 2019-22, %		5.3		
Enterprise value, EURm	324		Dividend yield 2020E, %	1.5		ROE 2020E, %		17.2		
Total assets 2020E, EURm	321		Tax rate 2020E, %	18.1		ROCE 2020E, %		15.3		
Goodwill 2020E, EURm	15		Equity ratio 2020E, %	47.4		PEG, P/E 20/CAGR		4.7		

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	2020 Q2	2020E Q3E	2020E Q4E	2020E FY	2021E FY
Sales	374	402	444	417	426	431	110	104	104	94	411	110	122	114	107	453	467
Sales growth, %		8 %	11 %	-6 %	2 %	1 %	3 %	-6 %	-1 %	-14 %	-5 %	0 %	18 %	10 %	13 %	10 %	3 %
Geography																	
Europe	150	153	172	171	174	171	42	39	37	32	150	37	45	41	38	161	170
Americas	224	249	272	246	252	260	68	65	66	62	262	73	77	73	69	292	297
COGS	-334	-352	-386	-365	-384	-400	-101	-94	-96	-86	-377	-97	-103	-97	-92	-388	-404
Gross Profit	40	50	58	52	42	31	9.6	9.7	7.7	7.8	35	13.3	19.5	17.1	15.0	65	63
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 %	16.0 %	15.0 %	14.0 %	14.3 %	13.5 %
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	0.7	0.2	0.2	1.3	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	12.4	9.8	7.7	35.6	33.8
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	12.4	9.8	7.7	35.6	33.8
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 %	10.1 %	8.6 %	7.2 %	7.9 %	7.2 %
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	-5.6	-5.5	-5.5	-22.2	-22.0
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	18.0	15.3	13.2	57.8	55.8
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 %	14.7 %	13.4 %	12.3 %	12.7 %	12.0 %

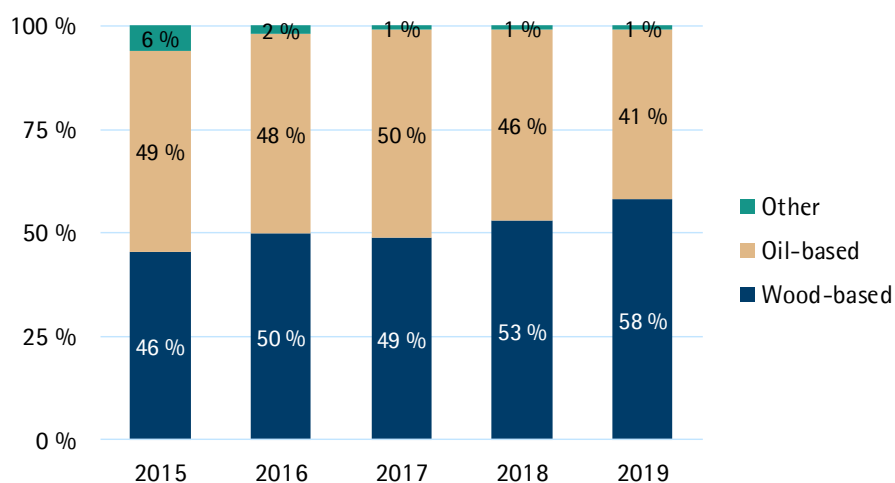
Source: Suominen, Evli Research

SUOMINEN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		19	20	21	19	20	21	19	20	21
Ahlstrom-Munksjo	2049	8.5x	9.4x	8.0x	18.7x	20.6x	14.4x	4.7 %	5.6 %	7.4 %
Berry Global Group	5543	10.6x	8.1x	7.8x	17.3x	13.4x	12.7x	10.6 %	10.8 %	11.1 %
Kimberly-Clark	42616	13.2x	12.8x	12.4x	18.6x	16.0x	15.6x	16.2 %	19.2 %	19.3 %
N.R. Spuntech Industries	190									
Neenah	549	11.2x	9.7x	7.8x	16.8x		12.6x	8.9 %	-2.0 %	8.0 %
Glatfelter	548	9.7x	7.9x	7.6x	18.3x	15.6x	13.0x	6.2 %	6.6 %	7.6 %
PFNonwovens	252									
Peer Group Average	7393	10.6x	9.6x	8.7x	17.9x	16.4x	13.7x	9.3 %	8.0 %	10.7 %
Peer Group Median	549	10.6x	9.4x	7.8x	18.3x	15.8x	13.0x	8.9 %	6.6 %	8.0 %
Suominen (Evli est.)	281	6.6x	5.6x	5.3x	27.5x	9.1x	8.8x	2.0 %	7.9 %	7.2 %

Suominen prem./disc. to peer median

-37 % -40 % -32 % 50 % -42 % -32 % -78 % 20 % -10 %

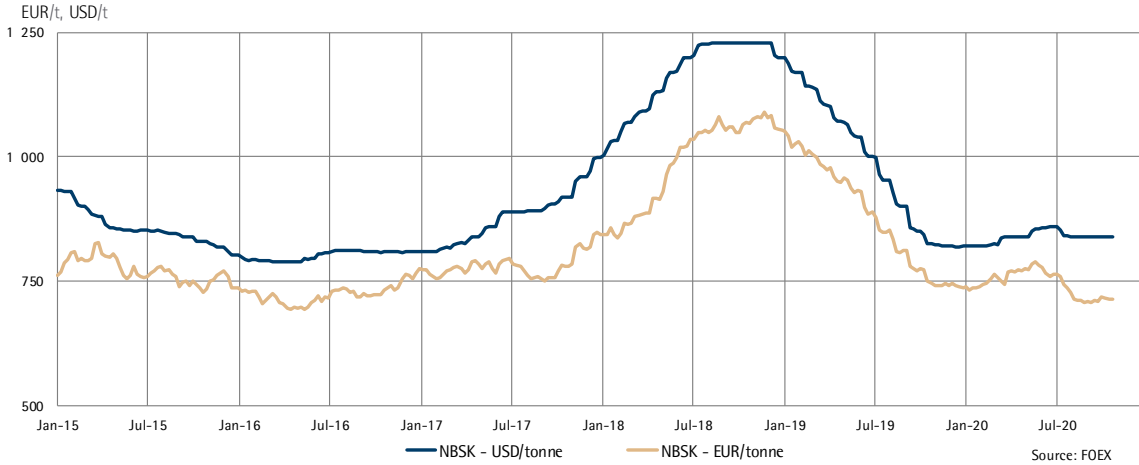
Source FactSet, Evli Research

Suominen raw materials mix development


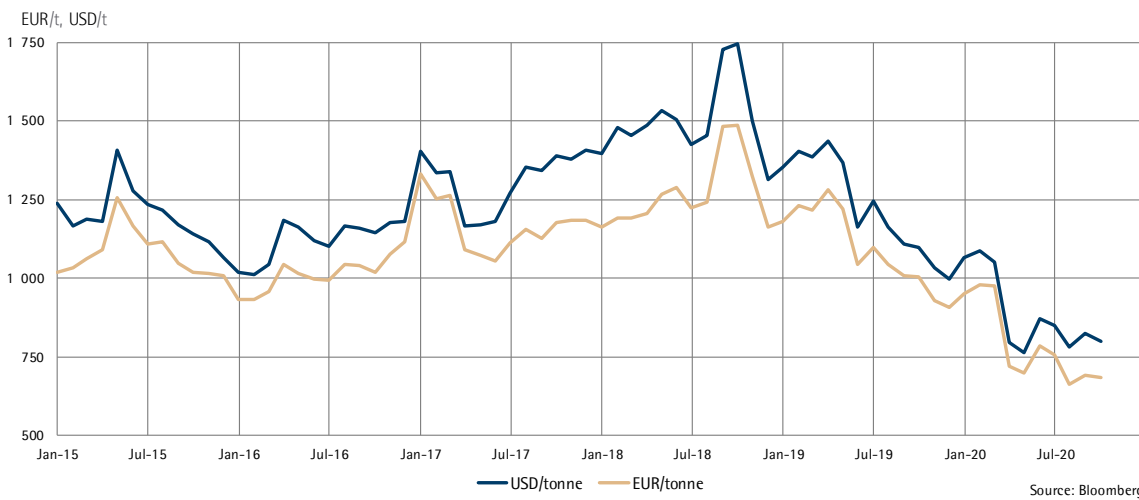
Source: Suominen

Raw materials price development

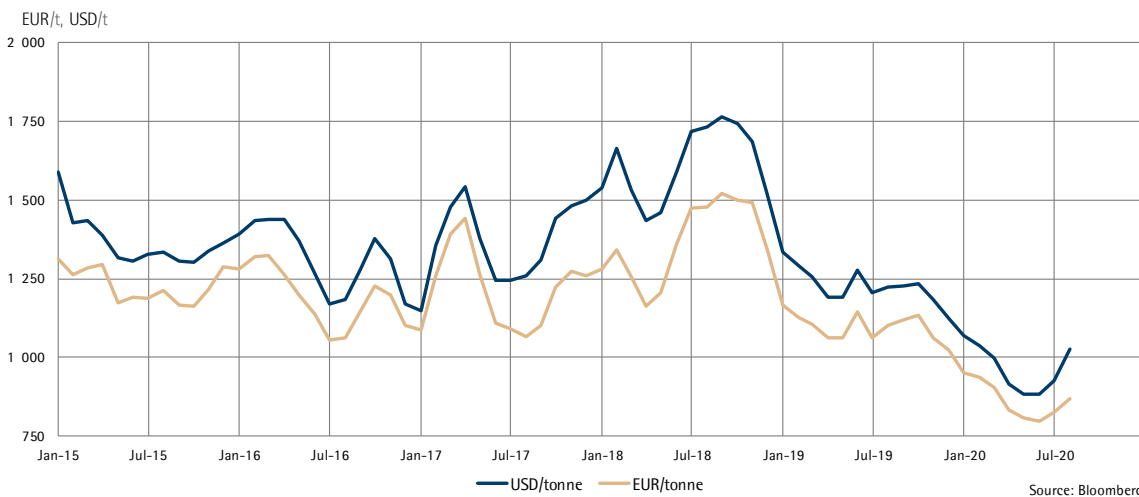
Outlook for pulp prices remains subdued as inventories are still high globally



Chinese polyester prices have not recovered at all



Prices for oil-based polypropylene remain low in the US



VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	4.82 PV of Free Cash Flow	217 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	6.41 PV of Horizon value	227 WACC, %	7.9 Market risk premium, %
Share price potential, %	33.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	7.0 Marketable securities	33 Minimum WACC, %	7.4 Equity beta coefficient
Minimum value	5.9 Debt - dividend	-103 Maximum WACC, %	8.4 Target debt ratio, %
Horizon value, %	51.2 Value of stock	374 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	453	467	480	490	499	509	520	530	541	551	562
<i>Sales growth, %</i>	-4.6	10.2	3.0	2.8	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Operating income (EBIT)	8	36	34	34	34	35	36	36	37	38	39	39
<i>Operating income margin, %</i>	2.0	7.9	7.2	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
+ Depreciation+amort.	26	22	22	20	19	18	17	18	18	18	18	19
EBITDA	34	58	56	54	53	53	53	54	55	56	57	
- Paid taxes	-4	-6	-7	-7	-7	-7	-7	-8	-8	-8	-8	
- Change in NWC	-1	-4	-1	-1	-1	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	9.0	9.0	9.0	9.0	9.0	8.9	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	-22	
<i>opCAPEX / Sales, %</i>	2.6	3.0	2.9	2.8	2.9	3.3	3.6	3.9	3.9	3.8	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	36	35	33	31	29	27	25	26	27	27	457
= Discounted FCFF		35	32	28	24	21	18	16	15	15	13	227
= DFCF min WACC		35	32	28	25	21	18	16	16	15	14	259
= DFCF max WACC		35	31	27	24	20	18	15	15	14	13	200

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	109.8	103.8	103.4	94.5	411.4	110.2	122.2	114.0	107.0	453.4	467.0	480.0
EBITDA	9.3	9.0	7.8	7.4	33.6	11.3	18.0	15.3	13.2	57.8	55.8	53.9
<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>14.7</i>	<i>13.4</i>	<i>12.3</i>	<i>12.7</i>	<i>12.0</i>	<i>11.2</i>
EBIT	3.0	2.6	1.1	1.4	8.1	5.7	12.4	9.8	7.7	35.6	33.8	33.6
<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>10.1</i>	<i>8.6</i>	<i>7.2</i>	<i>7.9</i>	<i>7.2</i>	<i>7.0</i>
Net financial items	-1.5	-1.5	-1.1	-1.9	-6.0	-1.9	-1.9	-1.0	-1.0	-5.8	-2.6	-1.7
Pre-tax profit	1.5	1.1	0.0	-0.5	2.1	3.8	10.5	8.8	6.7	29.8	31.2	31.9
Tax	-0.5	-0.6	-0.1	-0.7	-1.9	-0.2	-2.2	-1.5	-1.5	-5.4	-6.6	-6.7
<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>21.1</i>	<i>17.0</i>	<i>22.4</i>	<i>18.1</i>	<i>21.0</i>	<i>21.0</i>
Net profit	1.0	0.5	-0.1	-1.2	0.2	3.6	8.3	7.3	5.2	24.4	24.6	25.2
EPS	0.02	0.01	0.00	-0.02	0.00	0.06	0.14	0.13	0.09	0.42	0.42	0.43
EPS adjusted (diluted no. of shares)	0.02	0.01	0.00	-0.02	0.00	0.06	0.14	0.13	0.09	0.42	0.42	0.43
Dividend per share	0.00	0.00	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.07	0.17	0.17
SALES, EURm												
Group	109.8	103.8	103.4	94.5	411.4	110.2	122.2	114.0	107.0	453.4	467.0	480.0
Total	109.8	103.8	103.4	94.5	411.4	110.2	122.2	114.0	107.0	453.4	467.0	480.0
SALES GROWTH, Y/Y %												
Group	3.0	-5.6	-1.4	-13.9	-4.6	0.4	17.7	10.3	13.3	10.2	3.0	2.8
Total	3.0	-5.6	-1.4	-13.9	-4.6	0.4	17.7	10.3	13.3	10.2	3.0	2.8
EBIT, EURm												
Group	3.0	2.6	1.1	1.4	8.1	5.7	12.4	9.8	7.7	35.6	33.8	33.6
Total	3.0	2.6	1.1	1.4	8.1	5.7	12.4	9.8	7.7	35.6	33.8	33.6
EBIT margin, %												
Group	2.7	2.5	1.1	1.5	2.0	5.2	10.1	8.6	7.2	7.9	7.2	7.0
Total	2.7	2.5	1.1	1.5	2.0	5.2	10.1	8.6	7.2	7.9	7.2	7.0

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	444.0	416.9	426.0	431.1	411.4	453.4	467.0	480.0
<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>10.2</i>	<i>3.0</i>	<i>2.8</i>
EBITDA	48.9	44.1	34.3	25.6	33.6	57.8	55.8	53.9
<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>12.7</i>	<i>12.0</i>	<i>11.2</i>
Depreciation	-17.7	-18.5	-19.3	-21.0	-25.5	-22.2	-22.0	-20.3
EBITA	31.2	25.6	15.0	4.6	8.1	35.6	33.8	33.6
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	35.6	33.8	33.6
<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>7.9</i>	<i>7.2</i>	<i>7.0</i>
Reported EBIT	31.8	25.6	15.0	4.6	8.1	35.6	33.8	33.6
<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>7.9</i>	<i>7.2</i>	<i>7.0</i>
Net financials	-5.3	-3.2	-2.6	-5.6	-6.0	-5.8	-2.6	-1.7
Pre-tax profit	25.9	22.4	12.4	-1.0	2.1	29.8	31.2	31.9
Taxes	-9.5	-7.2	2.0	-0.8	-1.9	-5.4	-6.6	-6.7
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	24.4	24.6	25.2
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	132	123	116
Goodwill	15	15	15	15	15	15	15	15
Right of use assets	0	0	0	17	16	18	19	19
Inventory	33	43	44	52	45	50	51	53
Receivables	53	56	66	63	61	66	68	70
Liquid funds	64	38	35	32	33	36	37	38
Total assets	292	316	326	338	316	321	317	314
Liabilities								
Shareholder's equity	108	126	136	131	131	152	173	188
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	19	19
Deferred taxes	11	11	15	12	12	12	12	12
Interest bearing debt	97	94	110	102	86	61	34	14
Non-interest bearing current liabilities	56	65	63	75	66	73	75	77
Other interest-free debt	2	2	1	3	3	3	3	3
Total liabilities	292	316	326	338	316	321	317	314
CASH FLOW, EURm								
+ EBITDA	49	44	34	26	34	58	56	54
- Net financial items	-5	-3	-3	-6	-6	-6	-3	-2
- Taxes	-8	-6	0	6	-2	-5	-7	-7
- Increase in Net Working Capital	-8	-6	-8	6	-1	-4	-1	-1
+/- Other	-4	-2	-5	-3	0	0	0	0
= Cash flow from operations	23	26	19	28	25	43	45	44
- Capex	-22	-50	-34	-15	-11	-14	-14	-14
- 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	29	32	31
+/- New issues/buybacks	3	8	1	3	0	0	0	0
- Paid dividend	-2	-5	-6	-6	0	-3	-4	-10
+/- Other	16	-7	16	-12	-13	-23	-27	-20
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	281	281	281
Net debt (excl. convertibles)	57	76	83	70	43	15	-6
Enterprise value	287	333	203	223	324	296	275
Sales	417	426	431	411	453	467	480
EBITDA	44	34	26	34	58	56	54
EBIT	26	15	5	8	36	34	34
Pre-tax	22	12	-1	2	30	31	32
Earnings	15	14	-2	0	24	25	25
Equity book value (excl. minorities)	126	136	131	131	152	173	188
Valuation multiples							
EV/sales	0.7	0.8	0.5	0.5	0.7	0.6	0.6
EV/EBITDA	6.5	9.7	7.9	6.6	5.6	5.3	5.1
EV/EBITA	11.2	22.2	44.1	27.5	9.1	8.8	8.2
EV/EBIT	11.2	22.2	44.1	27.5	9.1	8.8	8.2
EV/OCF	10.9	17.3	7.2	8.9	7.5	6.5	6.2
EV/FCFF	-15.6	-29.4	11.7	12.3	9.1	8.6	8.4
P/FCFE	-9.4	-18.0	9.0	10.8	9.6	8.8	9.1
P/E	14.0	17.8	-69.4	766.1	11.5	11.4	11.1
P/B	1.7	1.9	0.9	1.2	1.8	1.6	1.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	6.3	6.0	5.8
Target EV/EBIT	0.0	0.0	0.0	0.0	10.2	9.9	9.4
Target EV/FCF	0.0	0.0	0.0	0.0	12.4	10.5	10.2
Target P/B	0.0	0.0	0.0	0.0	2.1	1.9	1.7
Target P/E	0.0	0.0	0.0	0.0	13.1	13.0	12.7
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	0.42	0.42	0.43
Operating cash flow per share	0.51	0.33	0.48	0.43	0.74	0.78	0.76
Free cash flow per share	-0.44	-0.25	0.23	0.24	0.50	0.55	0.53
Book value per share	2.44	2.34	2.24	2.24	2.61	2.97	3.23
Dividend per share	0.11	0.11	0.00	0.05	0.07	0.17	0.17
Dividend payout ratio, %	37.3	44.3	0.0	1,456.5	16.7	40.0	40.0
Dividend yield, %	2.7	2.5	0.0	1.0	1.5	3.5	3.6
FCF yield, %	-10.6	-5.6	11.1	9.2	10.5	11.4	11.0
Efficiency measures							
ROE	13.0	11.0	-1.3	0.2	17.2	15.2	14.0
ROCE	11.4	6.2	1.9	3.4	15.3	14.8	15.1
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	2.9	2.8
CAPEX/sales (incl. acquisitions), %	11.9	7.9	3.5	2.6	3.0	2.9	2.8
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	0.7	0.3	-0.1
Debt/equity, market-weighted	0.4	0.4	0.9	0.6	0.2	0.1	0.0
Equity ratio, book-weighted	45.3	41.8	38.7	41.4	47.4	54.5	59.8
Gearing, %	39.6	55.6	63.7	53.3	28.4	8.9	-3.0

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 recent challenges with nonwovens' gross margins and delivery volumes are no longer present. In our view the demand outlook for household wiping products is especially strong. Suominen also seems to be making good progress with sustainable wiping products, meaning the company is increasingly able to replace synthetic raw materials with wood-based fibers. Although supply will no doubt grow in the long-term, the surge in wiping demand has nevertheless turned the current supply-demand balance much more favorable also from a nonwovens manufacturer's point of view. We view Suominen's long-term financial targets realistic.

OWNERSHIP STRUCTURE	SHARES	EURm	%
AC Invest two B.V.	13,953,357	67.255	24.0%
Oy Etra Invest Ab	7,770,000	37.451	13.3%
Varma Mutual Pension Insurance Company	4,500,000	21.690	7.7%
Euroclear Bank Sa/Nv	3,382,604	16.304	5.8%
Ilmarinen Mutual Pension Insurance Company	3,046,892	14.686	5.2%
Elo Mutual Pension Insurance Company	3,024,651	14.579	5.2%
Mandatum Life Insurance Company Limited	1,927,536	9.291	3.3%
Nordea Life Assurance Finland Ltd.	1,812,000	8.734	3.1%
Oy H. Kuningas Et Co Ab	1,567,416	7.555	2.7%
Evald and Hilda Nissi's Foundation	1,000,000	4.820	1.7%
Ten largest	41,984,456	202.365	72%
Residual	16,274,763	78.444	28%
Total	58,259,219	280.809	100%

EARNINGS CALENDAR

October 27, 2020	Q3 report
February 04, 2021	FY 2020 Results
April 28, 2021	Q1 report
August 13, 2021	Q2 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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

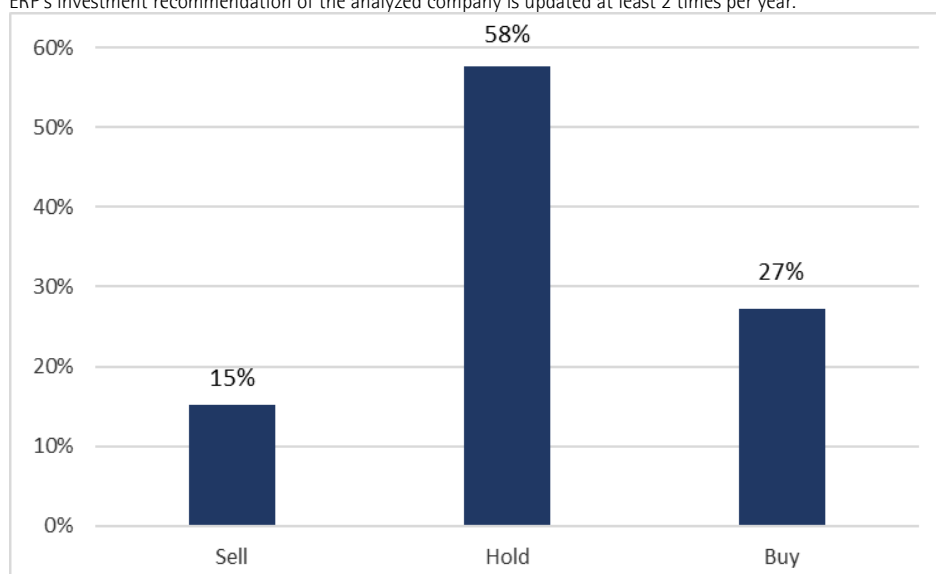
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Investment recommendations are defined as follows:

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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