

# **SUOMINEN**

Paper & Forest Products/Finland, February 4, 2021
News Flash

# No very big surprises

Suominen's Q4 EBIT landed very near our estimate, but all considered the report was perhaps a bit better than we expected.

- Suominen Q4 revenue amounted to EUR 111.1m vs our EUR 106.0m estimate. Top line therefore grew by 18% v/v.
- European revenue was EUR 44.3m vs our EUR 38.0m estimate. Americas recorded EUR 66.8m, compared to our EUR 68.0m estimate.
- Gross profit stood at EUR 17.3m, while we expected EUR 15.9m. Gross margin thus amounted to 15.6% vs our 15.0% estimate.
- Suominen Q4 EBIT amounted to EUR 8.5m, compared to our EUR 8.7m estimate. SGA and other expenses were higher than we estimated, and thus Suominen did not top our EBIT estimate despite bringing in revenue and gross margin higher than we expected.
- Suominen guides FY '21 comparable EBITDA to be in line with FY '20. In our opinion the guidance sits well with our latest estimate and we don't see scope for big estimate revisions. Suominen expects nonwovens demand to remain strong, however volatile raw material and transportation prices increase uncertainty.
- The Board of Directors proposes EUR 0.10 per share dividend distribution for FY '20, compared to our EUR 0.07 expectation. An additional EUR 0.10 per share return of capital is also proposed.

Rating				<b>■</b> BUY			
Q4'20	Actual	Evli	Year ago	Q3'20			
Revenue	111.1	106.0	94.5	115.4			
Gross profit	17.3	15.9	8.5	19.7			
EBIT ex IAC	8.5	8.7	1.4	12.9			
PTP	8.5	7.7	-0.5	10.9			
Deviation	Actual	Evli	Year ago	Q3'20			
Revenue		5 %	18 %	-4 %			
Gross profit		9 %	104 %	-12 %			
EBIT ex IAC		-2 %	507 %	-34 %			
PTP		10 %		-22 %			
Share price, I day's closing price	EUR (Last trading ee)			5.74			
Target price, E	EUR			6.0			
Latest change	: in			25-Jun-20			
Latest report	on company			28-Jan-21			
Research paid	l by issuer:			YES			
No. of shares	outstanding,		58,259				
No. of shares	fully diluted,		58,259				
Market cap, E	URm		334				
Free float, %	·····			62.7			
Exchange rate	FIIR/IISD			1.21			
Reuters code	LONGOSD			SUY1V.HE			
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■ BUY □ HOLD ■ SELL

PRE-REP	ORT KEY FIG	URES								
	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	453.8	39.7	8.7%	33.6	0.50	11.5	8.0	9.4	10.0	0.07
2021E	462.9	33.3	7.2%	32.2	0.42	13.7	0.7	10.4	9.6	0.17
2022E	474.0	33.2	7.0%	31.0	0.43	13.4	0.7	9.8	9.3	0.17
Market cap, EURm 334			334 B	BV per share 2020E, EUR			24.9 CAGR EPS 2019-22, %			400.1
Net debt 2020E, EURm 39			39 P	Price/book 2020E			2.1 CAGR sales 2019-22, %			4.8
Enterprise value, EURm 373			373 D	Dividend yield 2020E, %			1.2 ROE 2020E, %			20.2
Total assets 2020E, EURm 322			322 T	Tax rate 2020E, %			12.4 ROCE 2020E, %			17.1
Goodwill 2020E, EURm			15 E	Equity ratio 2020E, %			48.8 PEG, P/E 20/CAGR			-3.2

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

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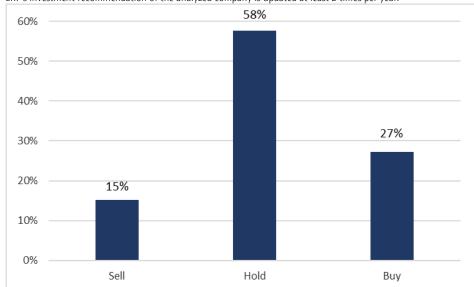
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Target price compared to share price Recommendation

< -10 % SELL -10 - (+10) % HOLD > 10 % BUY

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

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