

A volume setback

Suominen's earnings will now correct to a lower level from their recent peak. We believe, despite the setback and increased uncertainty, that Suominen's value chain positioning is still good, and decent margins will remain.

US delivery volumes will take a big hit in H2'21

Q2 revenue fell 7% y/y to EUR 114m and missed the estimates, which were at EUR 120m. In our view the softness was due to Americas; the US supply chain has lately been saturated with wipes as the local retailers sourced as much product as possible, including unbranded wipes which then didn't move forward from the shelves and thus blocked volumes for many brand wipes. Suominen's US brand name customers were pushing for max delivery volumes as late as May and June, and by the end of Q2 stocks began to pile up. Suominen says the logjam hasn't for the most part spread beyond the US; LatAm has continued to develop as before while there has been some jamming in Europe. In our view the 14.7% GM was an encouraging sign, considering the metric also benefits from high volumes, as revenue was soft compared to estimates. Suominen thus reached EUR 15.3m in Q2 EBITDA, compared to the EUR 14.8m/13.5m Evli/cons. estimates.

We believe GM will remain near 13% going forward

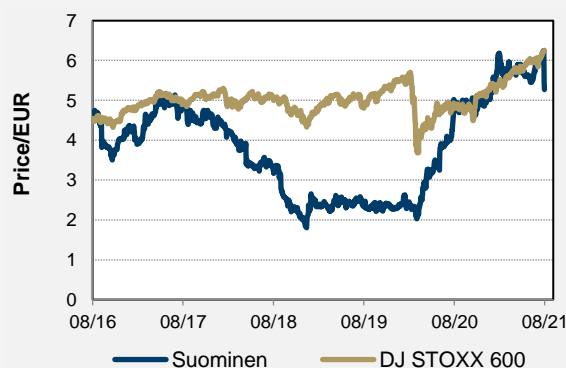
Suominen's nonwovens pricing is now to a large extent locked into mechanisms and so we believe gross margin will remain at a decent level going forward, at around 13% or so. We estimate Q3 revenue to decline by 17% y/y as we see Americas down by 24%. We expect gross margin to decline to 12%, which translates to EUR 9.5m in EBITDA. We expect some stabilization already in Q4, but we revise our FY '22 revenue estimate down to EUR 431m (prev. EUR 473m) and that for EBITDA to EUR 48.5m (prev. EUR 56.0m). It is now clear earnings have peaked and Suominen may not reach EUR 15m quarterly EBITDA for a while. We however believe Suominen can achieve above EUR 10m quarterly EBITDA again soon enough.

The sell-off already neutralized earnings multiples

Suominen's earnings multiples were low already before the profit warning, at about 6x EV/EBITDA and 9x EV/EBIT. We find the net effect of the sell-off and our earnings downgrade has been a marginal increase in multiples. We consider these levels very reasonable. Our TP is now EUR 6 (6.8). We retain our BUY rating.

Rating

BUY



Share price, EUR (Last trading day's closing price) 5.27

Target price, EUR 6.0

Latest change in 25-Jun-20

Latest report on company 04-Aug-21

Research paid by issuer: YES

No. of shares outstanding, 58,259

No. of shares fully diluted, 58,259

Market cap, EURm 307

Free float, % 62.7

Exchange rate EUR/USD 1.19

Reuters code SUY1V.HE

Bloomberg code SUY1V.FH

Average daily volume, EURm 0.3

Next interim report 28-Oct-21

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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
2019	411.4	8.1	2.0%	14.2	0.00	766.1	0.5	27.5	9.2	0.05
2020	458.9	39.5	8.6%	38.3	0.52	9.8	0.7	8.5	12.9	0.10
2021E	420.0	33.5	8.0%	39.9	0.45	11.7	0.7	9.4	13.0	0.11
2022E	431.0	28.0	6.5%	27.1	0.36	14.6	0.7	10.4	8.8	0.12
2023E	439.6	30.8	7.0%	27.6	0.41	12.9	0.6	8.8	9.0	0.13
Market cap, EURm	307			Gearing 2021E, %	3.5			CAGR EPS 2020-23, %	-7.6	
Net debt 2021E, EURm	6			Price/book 2021E	1.8			CAGR sales 2020-23, %	-1.4	
Enterprise value, EURm	313			Dividend yield 2021E, %	2.1			ROE 2021E, %	16.8	
Total assets 2021E, EURm	292			Tax rate 2021E, %	21.9			ROCE 2021E, %	14.9	
Goodwill 2021E, EURm	15			Equity ratio 2021E, %	56.9			PEG, P/E 21/CAGR	-65.8	

Estimates and peer group valuation

Suominen EURm	2013 FY	2014 FY	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2020 FY	2021 Q1	2021 Q2	2021E Q3E	2021E Q4E	2021E FY
Revenue	374	402	444	417	426	431	411	110	122	115	111	459	115	114	96	95	420
growth, %		8 %	11 %	-6 %	2 %	1 %	-5 %	0 %	18 %	11 %	18 %	12 %	5 %	-7 %	-17 %	-14 %	-8 %
Geography																	
Europe	150	153	172	171	174	171	150	37	45	44	44	170	43	46	41	40	171
Americas	224	249	272	246	252	260	262	73	77	72	67	289	72	67	55	55	249
COGS	-334	-352	-386	-365	-384	-400	-377	-97	-103	-96	-94	-389	-95	-97	-84	-83	-359
Gross Profit	40	50	58	52	42	31	37	13.3	19.5	19.7	17.3	70	20.2	16.7	11.5	12.4	61
Gross-%	10.7 %	12.4 %	13.1 %	12.5 %	9.9 %	7.3 %	9.0 %	12.1 %	16.0 %	17.1 %	15.6 %	15.2 %	17.5 %	14.7 %	12.0 %	13.0 %	14.5 %
SGA & R&D	-22.4	-24.6	-28.0	-27.9	-28.9	-29.2	-30.6	-7.8	-7.8	-7.3	-7.8	-30.7	-7.2	-7.5	-7.3	-7.3	-29.3
Other	1.7	0.8	1.8	1.3	1.7	2.5	1.8	0.2	0.7	0.5	-0.9	0.4	0.6	1.1	0.3	0.0	2.0
EBIT	18.9	25.9	31.8	25.6	15.0	4.6	8.1	5.7	12.4	12.9	8.5	39.5	13.6	10.3	4.5	5.1	33.4
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	8.1	5.7	12.4	12.9	8.5	39.5	13.6	10.3	4.5	5.1	33.4
EBIT-% ex IAC	5.2 %	6.7 %	7.0 %	6.1 %	3.5 %	1.1 %	2.0 %	5.2 %	10.1 %	11.2 %	7.7 %	8.6 %	11.8 %	9.1 %	4.7 %	5.3 %	8.0 %
Depreciation	-13.9	-15.6	-17.7	-18.5	-19.4	-21.0	-25.5	-5.6	-5.6	-5.2	-5.0	-21.4	-4.9	-5.0	-5.0	-5.0	-19.9
EBITDA ex IAC	33.3	42.5	48.9	44.2	34.3	25.6	33.6	11.3	18.0	18.1	13.5	60.9	18.5	15.3	9.5	10.1	53.4
EBITDA-% ex IAC	8.9 %	10.6 %	11.0 %	10.6 %	8.1 %	5.9 %	8.2 %	10.3 %	14.7 %	15.7 %	12.2 %	13.3 %	16.1 %	13.5 %	9.9 %	10.6 %	12.7 %

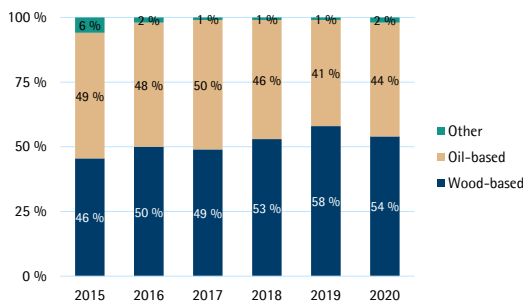
Source: Suominen, Evli Research

SUOMINEN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		20	21	22	20	21	22	20	21	22
Ahlstrom-Munksjo	2058	8.5x			18.2x			6.1 %		
Berry Global Group	7507	8.0x	8.1x	7.9x	12.9x	12.8x	12.3x	11.1 %	10.5 %	10.7 %
Kimberly-Clark	38973	12.5x	14.1x	12.9x	15.4x	18.0x	16.2x	18.7 %	15.8 %	17.1 %
N.R. Spuntech Industries	146									
Neenah	705	11.3x	10.4x	7.6x	17.2x	93.4x	10.8x	8.1 %	1.4 %	11.2 %
Glatfelter	594	7.8x	8.6x	7.7x	13.3x	15.9x	13.2x	7.7 %	6.9 %	8.0 %
PFNonwovens										
Peer Group Average	8331	9.6x	10.3x	9.0x	15.4x	35.0x	13.1x	10.4 %	8.7 %	11.8 %
Peer Group Median	1382	8.5x	9.5x	7.8x	15.4x	17.0x	12.8x	8.1 %	8.7 %	11.0 %
Suominen (Evli est.)	307	5.5x	5.9x	6.0x	8.5x	9.4x	10.4x	8.6 %	8.0 %	6.5 %

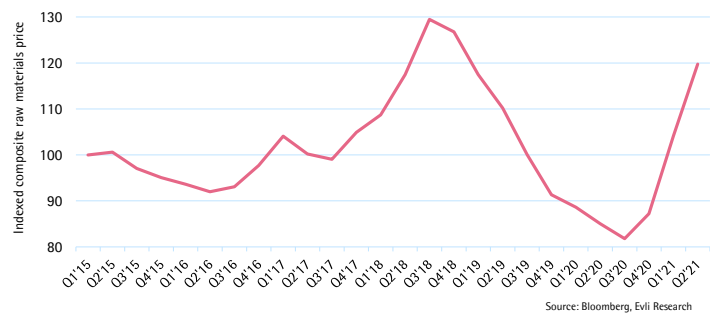
Suominen prem./disc. to peer median

-35 % -38 % -23 % -45 % -45 % -18 % 6 % -8 % -41 %

Source FactSet, Evli Research

Suominen raw materials mix and composite price development


Source: Suominen



Source: Bloomberg, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	5.27 PV of Free Cash Flow	202 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	6.95 PV of Horizon value	242 WACC, %	7.9 Market risk premium, %
Share price potential, %	31.8 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	7.6 Marketable securities	58 Minimum WACC, %	7.4 Equity beta coefficient
Minimum value	6.4 Debt - dividend	-98 Maximum WACC, %	8.4 Target debt ratio, %
Horizon value, %	54.5 Value of stock	405 Nr of shares, Mn	58.3 Effective tax rate, %

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	459	420	431	440	448	457	467	476	485	495	505	515
<i>Sales growth, %</i>	<i>11.5</i>	<i>-8.5</i>	<i>2.6</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>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	40	33	28	31	34	34	35	36	36	37	38	39
<i>Operating income margin, %</i>	<i>8.6</i>	<i>8.0</i>	<i>6.5</i>	<i>7.0</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>
+ Depreciation+amort.	21	20	21	19	18	18	18	18	19	19	19	
EBITDA	61	53	49	50	52	52	53	54	55	56	57	
- Paid taxes	-5	-7	-6	-6	-7	-7	-7	-7	-8	-8	-8	
- Change in NWC	-1	5	-1	-1	-1	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	<i>8.3</i>	<i>7.8</i>	<i>7.8</i>	<i>7.8</i>	<i>7.8</i>	<i>7.9</i>	<i>7.9</i>	<i>7.9</i>	<i>7.9</i>	<i>7.9</i>	<i>7.9</i>	
+ Change in other liabs	1	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-10	-13	-13	-14	-16	-18	-20	-20	-20	-20	-19	
<i>opCAPEX / Sales, %</i>	<i>2.6</i>	<i>2.7</i>	<i>3.1</i>	<i>3.3</i>	<i>3.6</i>	<i>4.0</i>	<i>4.4</i>	<i>4.3</i>	<i>4.2</i>	<i>4.1</i>	<i>3.9</i>	
- 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	46	38	29	29	28	26	24	26	26	27	29	495
= Discounted FCFF		37	26	24	21	19	16	16	15	14	14	242
= DFCF min WACC		37	26	24	22	19	17	16	16	15	15	276
= DFCF max WACC		37	26	24	21	18	16	15	15	14	13	214

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	110.2	122.2	115.4	111.1	458.9	115.3	113.7	96.0	95.0	420.0	431.0	439.6
EBITDA	11.3	18.0	18.1	13.5	60.9	18.5	15.3	9.5	10.1	53.4	48.5	49.7
<i>EBITDA margin (%)</i>	<i>10.3</i>	<i>14.7</i>	<i>15.7</i>	<i>12.2</i>	<i>13.3</i>	<i>16.1</i>	<i>13.4</i>	<i>9.9</i>	<i>10.6</i>	<i>12.7</i>	<i>11.3</i>	<i>11.3</i>
EBIT	5.7	12.4	12.9	8.5	39.5	13.6	10.3	4.5	5.1	33.5	28.0	30.8
<i>EBIT margin (%)</i>	<i>5.2</i>	<i>10.1</i>	<i>11.2</i>	<i>7.7</i>	<i>8.6</i>	<i>11.8</i>	<i>9.1</i>	<i>4.7</i>	<i>5.3</i>	<i>8.0</i>	<i>6.5</i>	<i>7.0</i>
Net financial items	-1.9	-1.9	-1.7	-0.1	-5.6	3.3	-1.6	-1.0	-0.6	0.1	-1.5	-0.7
Pre-tax profit	3.8	10.5	11.2	8.4	33.9	16.9	8.7	3.5	4.5	33.5	26.5	30.0
Tax	-0.2	-2.2	-0.2	-1.2	-3.8	-3.1	-2.6	-0.7	-0.9	-7.3	-5.6	-6.3
<i>Tax rate (%)</i>	<i>4.6</i>	<i>21.1</i>	<i>2.0</i>	<i>14.0</i>	<i>11.2</i>	<i>18.3</i>	<i>29.7</i>	<i>21.0</i>	<i>21.0</i>	<i>21.9</i>	<i>21.0</i>	<i>21.0</i>
Net profit	3.6	8.3	11.0	7.2	30.1	13.8	6.1	2.8	3.5	26.2	21.0	23.7
EPS	0.06	0.14	0.19	0.12	0.52	0.24	0.10	0.05	0.06	0.45	0.36	0.41
EPS adjusted (diluted no. of shares)	0.06	0.14	0.19	0.12	0.52	0.24	0.10	0.05	0.06	0.45	0.36	0.41
Dividend per share	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.11	0.12	0.13
SALES, EURm												
Group	110.2	122.2	115.4	111.1	458.9	115.3	113.7	96.0	95.0	420.0	431.0	439.6
Total	110.2	122.2	115.4	111.1	458.9	115.3	113.7	96.0	95.0	420.0	431.0	439.6
SALES GROWTH, Y/Y %												
Group	0.4	17.7	11.7	17.6	11.5	4.6	-7.0	-16.8	-14.5	-8.5	2.6	2.0
Total	0.4	17.7	11.7	17.6	11.5	4.6	-7.0	-16.8	-14.5	-8.5	2.6	2.0
EBIT, EURm												
Group	5.7	12.4	12.9	8.5	39.5	13.6	10.3	4.5	5.1	33.5	28.0	30.8
Total	5.7	12.4	12.9	8.5	39.5	13.6	10.3	4.5	5.1	33.5	28.0	30.8
EBIT margin, %												
Group	5.2	10.1	11.2	7.7	8.6	11.8	9.1	4.7	5.3	8.0	6.5	7.0
Total	5.2	10.1	11.2	7.7	8.6	11.8	9.1	4.7	5.3	8.0	6.5	7.0

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	416.9	426.0	431.1	411.4	458.9	420.0	431.0	439.6
<i>Sales growth (%)</i>	-6.1	2.2	1.2	-4.6	11.5	-8.5	2.6	2.0
EBITDA	44.1	34.3	25.6	33.6	60.9	53.4	48.5	49.7
<i>EBITDA margin (%)</i>	10.6	8.1	5.9	8.2	13.3	12.7	11.3	11.3
Depreciation	-18.5	-19.3	-21.0	-25.5	-21.4	-19.9	-20.5	-18.9
EBITA	25.6	15.0	4.6	8.1	39.5	33.5	28.0	30.8
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	25.6	15.0	4.6	8.1	39.5	33.5	28.0	30.8
<i>EBIT margin (%)</i>	6.1	3.5	1.1	2.0	8.6	8.0	6.5	7.0
Reported EBIT	25.6	15.0	4.6	8.1	39.5	33.5	28.0	30.8
<i>EBIT margin (reported) (%)</i>	6.1	3.5	1.1	2.0	8.6	8.0	6.5	7.0
Net financials	-3.2	-2.6	-5.6	-6.0	-5.6	0.1	-1.5	-0.7
Pre-tax profit	22.4	12.4	-1.0	2.1	33.9	33.5	26.5	30.0
Taxes	-7.2	2.0	-0.8	-1.9	-3.8	-7.3	-5.6	-6.3
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	15.2	14.5	-1.7	0.2	30.1	26.2	21.0	23.7
Cash NRIs	0.0	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	160	160	156	143	126	119	112	107
Goodwill	15	15	15	15	15	15	15	15
Right of use assets	0	0	17	16	18	16	17	17
Inventory	43	44	52	45	35	46	47	48
Receivables	56	66	63	61	61	57	58	60
Liquid funds	38	35	32	33	58	34	34	53
Total assets	316	326	338	316	317	292	288	304
Liabilities								
Shareholder's equity	126	136	131	131	146	166	181	198
Minority interest	0	0	0	0	0	0	0	0
Convertibles	17	0	0	0	0	0	0	0
Lease liabilities	0	0	13	16	15	16	17	17
Deferred taxes	11	15	12	12	13	13	13	13
Interest bearing debt	94	110	102	86	83	23	3	0
Non-interest bearing current liabilities	65	63	75	66	55	67	69	70
Other interest-free debt	2	1	3	3	3	3	3	3
Total liabilities	316	326	338	316	317	292	288	304
CASH FLOW, EURm								
+ EBITDA	44	34	26	34	61	53	49	50
- Net financial items	-3	-3	-6	-6	-6	0	-1	-1
- Taxes	-6	0	6	-2	-4	-7	-6	-6
- Increase in Net Working Capital	-6	-8	6	-1	-1	5	-1	-1
+/- Other	-2	-5	-3	0	0	0	0	0
= Cash flow from operations	26	19	28	25	50	51	41	42
- Capex	-50	-34	-15	-11	-12	-11	-13	-14
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-23	-14	13	14	38	40	27	28
+/- New issues/buybacks	8	1	3	0	-12	0	0	0
- Paid dividend	-5	-6	-6	0	-3	-6	-6	-7
+/- Other	-7	16	-12	-13	2	-58	-20	-2
Change in cash	-26	-3	-3	1	25	-24	1	18

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	258	119	153	296	307	307	307
Net debt (excl. convertibles)	76	83	70	40	6	-15	-36
Enterprise value	333	203	223	336	313	292	271
Sales	426	431	411	459	420	431	440
EBITDA	34	26	34	61	53	49	50
EBIT	15	5	8	40	33	28	31
Pre-tax	12	-1	2	34	34	27	30
Earnings	14	-2	0	30	26	21	24
Equity book value (excl. minorities)	136	131	131	146	166	181	198
Valuation multiples							
EV/sales	0.8	0.5	0.5	0.7	0.7	0.7	0.6
EV/EBITDA	9.7	7.9	6.6	5.5	5.9	6.0	5.5
EV/EBITA	22.2	44.1	27.5	8.5	9.4	10.4	8.8
EV/EBIT	22.2	44.1	27.5	8.5	9.4	10.4	8.8
EV/OCF	17.3	7.2	8.9	6.7	6.1	7.2	6.5
EV/FCFF	-29.4	11.7	12.3	7.4	8.1	10.2	9.5
P/FCFE	-18.0	9.0	10.8	7.7	7.7	11.3	11.1
P/E	17.8	-69.4	766.1	9.8	11.7	14.6	12.9
P/B	1.9	0.9	1.2	2.0	1.8	1.7	1.6
Target EV/EBITDA	0.0	0.0	0.0	0.0	6.7	6.9	6.3
Target EV/EBIT	0.0	0.0	0.0	0.0	10.6	11.9	10.2
Target EV/FCF	0.0	0.0	0.0	0.0	8.9	12.3	11.4
Target P/B	0.0	0.0	0.0	0.0	2.1	1.9	1.8
Target P/E	0.0	0.0	0.0	0.0	13.4	16.7	14.7
Per share measures							
Number of shares	58,259	58,259	58,259	58,259	58,259	58,259	58,259
Number of shares (diluted)	65,259	58,259	58,259	58,259	58,259	58,259	58,259
EPS	0.25	-0.03	0.00	0.52	0.45	0.36	0.41
Operating cash flow per share	0.33	0.48	0.43	0.86	0.88	0.70	0.72
Free cash flow per share	-0.25	0.23	0.24	0.66	0.69	0.47	0.47
Book value per share	2.34	2.24	2.24	2.50	2.85	3.10	3.39
Dividend per share	0.11	0.00	0.05	0.10	0.11	0.12	0.13
Dividend payout ratio, %	44.3	0.0	1,456.5	19.4	24.5	33.3	31.9
Dividend yield, %	2.5	0.0	1.9	1.9	2.1	2.3	2.5
FCF yield, %	-5.6	11.1	9.2	12.9	13.0	8.8	9.0
Efficiency measures							
ROE	11.0	-1.3	0.2	21.8	16.8	12.1	12.5
ROCE	6.2	1.9	3.4	16.6	14.9	13.8	14.8
Financial ratios							
Inventories as % of sales	10.4	12.0	11.0	7.7	11.0	11.0	11.0
Receivables as % of sales	15.6	14.7	14.7	13.2	13.6	13.6	13.6
Non-interest bearing liabilities as % of sales	14.8	17.5	16.0	11.9	16.0	16.0	16.0
NWC/sales, %	11.1	8.5	9.0	8.3	7.8	7.8	7.8
Operative CAPEX/sales, %	7.9	3.5	2.6	2.6	2.7	3.1	3.3
CAPEX/sales (incl. acquisitions), %	7.9	3.5	2.6	2.6	2.7	3.1	3.3
FCFF/EBITDA	-0.3	0.7	0.5	0.7	0.7	0.6	0.6
Net debt/EBITDA, book-weighted	2.2	3.2	2.1	0.7	0.1	-0.3	-0.7
Debt/equity, market-weighted	0.4	0.9	0.6	0.3	0.1	0.0	0.0
Equity ratio, book-weighted	41.8	38.7	41.4	46.0	56.9	62.7	65.0
Gearing, %	55.6	63.7	53.3	27.3	3.5	-8.3	-18.0

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	%
Ahlstrom Capital Bv	13,953,357	73.534	24.0%
Oy Etra Invest Ab	8,700,000	45.849	14.9%
Nordea Nordic Small Cap Fund	3,415,147	17.998	5.9%
Ilmarinen Mutual Pension Insurance Company	3,046,892	16.057	5.2%
Mandatum Life Insurance Company Limited	2,834,508	14.938	4.9%
Nordea Life Assurance Finland Ltd.	2,462,591	12.978	4.2%
Tiiviste-Group Oy	2,100,000	11.067	3.6%
Elo Mutual Pension Insurance Company	1,944,651	10.248	3.3%
Varma Mutual Pension Insurance Company	1,689,751	8.905	2.9%
Oy H. Kuningas & Co Ab	1,567,416	8.260	2.7%
Ten largest	41,714,313	219.834	72%
Residual	16,544,906	87.192	28%
Total	58,259,219	307.026	100%

EARNINGS CALENDAR

October 28, 2021

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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

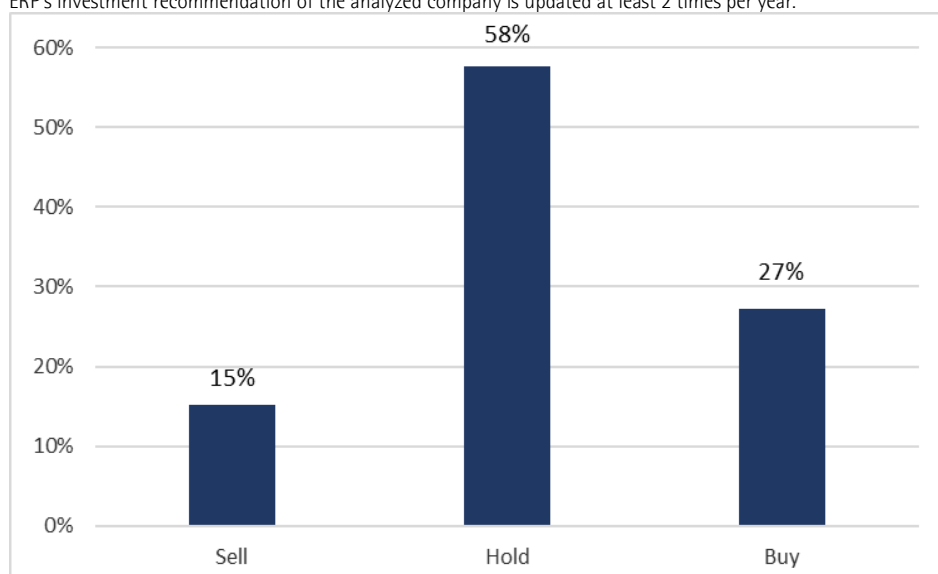
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Investment recommendations are defined as follows:

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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