

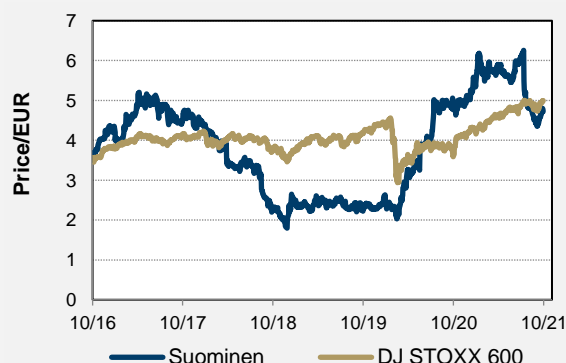
## Volumes and margins recover in Q4

Suominen's Q3 gross margin was hit hard, but the guidance and comments on Q4 volumes prompt us to make some positive estimate revisions for next year.

**Q3 figures were hit hard, but situation is already improving**  
 Q3 revenue fell by 14% y/y to EUR 99m vs the EUR 96m/100m Evli/cons. estimates. Americas' top line declined by 21% y/y and that for Europe 4%. There weren't that many surprises in terms of volumes, but the decline hit gross margin more than expected as the figure fell to 5.5% (vs our 12.0% estimate). Q3 EBITDA thus came in at EUR 4.2m, compared to the EUR 9.5m/9.0m Evli/cons. estimates. Certain (mostly) transient cost measures helped to the tune of EUR 1-2m. According to Suominen there is considerable variation within US customer accounts' demand, which in our view reflects the local logjam situation where certain non-branded wipes inundated the retail channels and thus blocked many Suominen's brand wipe customers' sales.

**Our new FY '22 revenue estimate is EUR 455m (EUR 431m)**  
 We estimate Q4 revenue at EUR 113m (prev. EUR 95m); Suominen sees Q4 volumes a bit lower than in Q2'21, and we expect the respective revenue figures to be similar as nonwovens pricing adjusts to higher raw material prices. Underlying wiping demand remains robust, but there's still a lot of uncertainty regarding short as well as long term financial performance. Pricing adjusts up in Q4 and we believe margins will continue to improve also early next year. The guidance implies Q4 EBITDA will be roughly in the EUR 9-15m range. The midpoint suggests EUR 48m annual EBITDA, and in our view the figure has a good chance of landing in the EUR 45-50m range: we expect continued q/q improvement from Q4, meaning FY '22 EBITDA should be well above EUR 40m even if Q4 EBITDA lands at the low end of the range. We previously estimated FY '22 EBITDA at EUR 48.5m and our revised estimate stands at EUR 50.1m.

**We expect annual EBITDA to stabilize around EUR 50m**  
 The volume recovery also means the completed Cressa line as well as the other two projects will not have to suffer from low utilization rates. Suominen is valued around 5.5x EV/EBITDA and 9.5x EV/EBIT on our FY '21-22 estimates as we expect flat annual profitability development and meaningful volume improvement from the Q3 lows. We retain our EUR 6 TP and BUY rating.

 Rating BUY


Share price, EUR (Last trading day's closing price)	4.72
Target price, EUR	6.0

Latest change in	25-Jun-20
Latest report on company	21-Oct-21
Research paid by issuer:	YES
No. of shares outstanding,	58,259
No. of shares fully diluted,	58,259
Market cap, EURm	275
Free float, %	62.7
Exchange rate EUR/USD	1.17
Reuters code	SUY1V.HE
Bloomberg code	SUY1V FH
Average daily volume, EURm	0.2
Next interim report	03-Feb-22
Web site	<a href="http://www.suominen.fi/en/investors/">www.suominen.fi/en/investors/</a>

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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	440.6	30.2	6.9%	35.0	0.41	11.6	0.6	9.5	12.7	0.11	
2022E	455.0	29.6	6.5%	27.7	0.38	12.5	0.6	8.9	10.1	0.12	
2023E	464.1	32.5	7.0%	28.8	0.43	11.0	0.5	7.5	10.5	0.13	
Market cap, EURm				275	Gearing 2021E, %				6.6	CAGR EPS 2020-23, %	-6.0
Net debt 2021E, EURm				11	Price/book 2021E				1.7	CAGR sales 2020-23, %	0.4
Enterprise value, EURm				286	Dividend yield 2021E, %				2.3	ROE 2021E, %	15.3
Total assets 2021E, EURm				299	Tax rate 2021E, %				21.9	ROCE 2021E, %	13.3
Goodwill 2021E, EURm				15	Equity ratio 2021E, %				54.7	PEG, P/E 21/CAGR	2.3

**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	2021 Q3	2021E Q4E	2021E FY
<b>Revenue</b>	<b>374</b>	<b>402</b>	<b>444</b>	<b>417</b>	<b>426</b>	<b>431</b>	<b>411</b>	<b>110</b>	<b>122</b>	<b>115</b>	<b>111</b>	<b>459</b>	<b>115</b>	<b>114</b>	<b>99</b>	<b>113</b>	<b>441</b>
growth, %		8 %	11 %	-6 %	2 %	1 %	-5 %	0 %	18 %	11 %	18 %	12 %	5 %	-7 %	-14 %	2 %	-4 %
<b>Geography</b>																	
Europe	150	153	172	171	174	171	150	37	45	44	44	170	43	46	42	47	178
Americas	224	249	272	246	252	260	262	73	77	72	67	289	72	67	57	66	262
COGS	-334	-352	-386	-365	-384	-400	-377	-97	-103	-96	-94	-389	-95	-97	-93	-99	-384
Gross Profit	40	50	58	52	42	31	37	13.3	19.5	19.7	17.3	70	20.2	16.7	5.5	14.4	57
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 %	5.5 %	12.7 %	12.9 %
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	-6.7	-7.3	-28.7
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	0.4	0.0	2.1
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	-0.8	7.1	30.1
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	0.0
<b>EBIT ex IAC</b>	<b>19.4</b>	<b>26.9</b>	<b>31.2</b>	<b>25.6</b>	<b>15.0</b>	<b>4.6</b>	<b>8.1</b>	<b>5.7</b>	<b>12.4</b>	<b>12.9</b>	<b>8.5</b>	<b>39.5</b>	<b>13.6</b>	<b>10.3</b>	<b>-0.8</b>	<b>7.1</b>	<b>30.2</b>
<b>EBIT-% ex IAC</b>	<b>5.2 %</b>	<b>6.7 %</b>	<b>7.0 %</b>	<b>6.1 %</b>	<b>3.5 %</b>	<b>1.1 %</b>	<b>2.0 %</b>	<b>5.2 %</b>	<b>10.1 %</b>	<b>11.2 %</b>	<b>7.7 %</b>	<b>8.6 %</b>	<b>11.8 %</b>	<b>9.1 %</b>	<b>-0.9 %</b>	<b>6.3 %</b>	<b>6.9 %</b>
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	-5.1	-5.0	-20.0
<b>EBITDA ex IAC</b>	<b>33.3</b>	<b>42.5</b>	<b>48.9</b>	<b>44.2</b>	<b>34.3</b>	<b>25.6</b>	<b>33.6</b>	<b>11.3</b>	<b>18.0</b>	<b>18.1</b>	<b>13.5</b>	<b>60.9</b>	<b>18.5</b>	<b>15.3</b>	<b>4.2</b>	<b>12.1</b>	<b>50.2</b>
<b>EBITDA-% ex IAC</b>	<b>8.9 %</b>	<b>10.6 %</b>	<b>11.0 %</b>	<b>10.6 %</b>	<b>8.1 %</b>	<b>5.9 %</b>	<b>8.2 %</b>	<b>10.3 %</b>	<b>14.7 %</b>	<b>15.7 %</b>	<b>12.2 %</b>	<b>13.3 %</b>	<b>16.1 %</b>	<b>13.5 %</b>	<b>4.3 %</b>	<b>10.7 %</b>	<b>11.4 %</b>

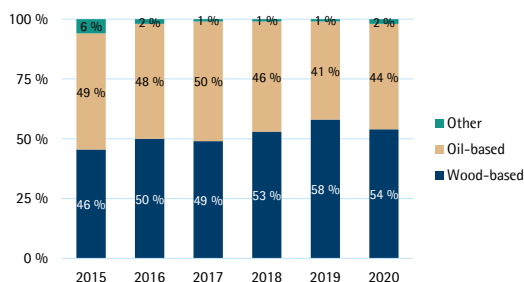
Source: Suominen, Evli Research

SUOMINEN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		20	21	22	20	21	22	20	21	22
Ahlstrom-Munksjo		8.5x			18.2x			6.1 %		
Berry Global Group	7813	8.0x	8.2x	8.0x	12.9x	13.0x	12.5x	11.1 %	10.4 %	10.7 %
Kimberly-Clark	37506	12.5x	14.3x	13.1x	15.4x	18.6x	16.8x	18.7 %	14.6 %	15.6 %
N.R. Spuntech Industries	149									
Neenah	731	11.3x	10.5x	7.7x	17.2x	95.0x	11.0x	8.1 %	1.4 %	11.2 %
Glatfelter	621	7.8x	8.8x	7.9x	13.3x	16.3x	13.5x	7.7 %	6.9 %	8.0 %
PFNonwovens										
Peer Group Average	9364	9.6x	10.5x	9.2x	15.4x	35.7x	13.4x	10.4 %	8.3 %	11.4 %
Peer Group Median	731	8.5x	9.7x	7.9x	15.4x	17.5x	13.0x	8.1 %	8.7 %	11.0 %
Suominen (Evli est.)	275	5.5x	5.7x	5.3x	8.5x	9.5x	8.9x	8.6 %	6.9 %	6.5 %

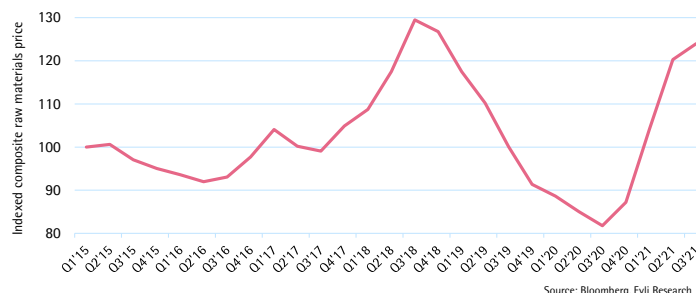
Suominen prem./disc. to peer median

-35 %   -41 %   -33 %   -45 %   -46 %   -32 %   6 %   -21 %   -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	4.72 PV of Free Cash Flow	210 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	7.25 PV of Horizon value	253 WACC, %	7.9 Market risk premium, %
Share price potential, %	53.7 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	7.9 Marketable securities	58 Minimum WACC, %	7.4 Equity beta coefficient
Minimum value	6.7 Debt - dividend	-98 Maximum WACC, %	8.4 Target debt ratio, %
Horizon value, %	54.7 Value of stock	423 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	441	455	464	473	483	493	502	512	523	533	544
<i>Sales growth, %</i>	<i>11.5</i>	<i>-4.0</i>	<i>3.3</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	30	30	32	36	36	37	38	38	39	40	41
<i>Operating income margin, %</i>	<i>8.6</i>	<i>6.9</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	17	18	18	19	19	19	
EBITDA	61	50	50	51	53	54	55	56	57	58	59	
- Paid taxes	-5	-7	-6	-7	-7	-8	-8	-8	-8	-8	-8	
- Change in NWC	-1	4	-1	-1	-1	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	<i>8.3</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>	<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	-20	
<i>opCAPEX / Sales, %</i>	<i>2.6</i>	<i>2.8</i>	<i>3.0</i>	<i>3.1</i>	<i>3.5</i>	<i>3.8</i>	<i>4.1</i>	<i>4.1</i>	<i>4.0</i>	<i>3.9</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	34	30	30	29	27	26	27	28	29	30	509
= Discounted FCFF		34	27	25	23	20	18	17	16	16	15	253
= DFCF min WACC		34	27	26	23	20	18	17	17	16	15	288
= DFCF max WACC		34	27	25	23	19	17	16	16	15	14	223

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2	2021Q3	2021Q4E	2021E	2022E	2023E
Net sales	110.2	122.2	115.4	111.1	458.9	115.3	113.7	98.6	113.0	440.6	455.0	464.1
EBITDA	11.3	18.0	18.1	13.5	60.9	18.5	15.3	4.3	12.1	50.2	50.1	51.4
<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>4.4</i>	<i>10.7</i>	<i>11.4</i>	<i>11.0</i>	<i>11.1</i>
EBIT	5.7	12.4	12.9	8.5	39.5	13.6	10.3	-0.8	7.1	30.2	29.6	32.5
<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>-0.8</i>	<i>6.3</i>	<i>6.9</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	-1.8	-0.9
Pre-tax profit	3.8	10.5	11.2	8.4	33.9	16.9	8.7	-1.8	6.5	30.3	27.8	31.6
Tax	-0.2	-2.2	-0.2	-1.2	-3.8	-3.1	-2.6	0.1	-1.4	-6.6	-5.8	-6.6
<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>6.6</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	-1.6	5.1	23.6	21.9	25.0
EPS	0.06	0.14	0.19	0.12	0.52	0.24	0.10	-0.03	0.09	0.41	0.38	0.43
EPS adjusted (diluted no. of shares)	0.06	0.14	0.19	0.12	0.52	0.24	0.10	-0.03	0.09	0.41	0.38	0.43
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
<b>SALES, EURm</b>												
Group	110.2	122.2	115.4	111.1	458.9	115.3	113.7	98.6	113.0	440.6	455.0	464.1
Total	110.2	122.2	115.4	111.1	458.9	115.3	113.7	98.6	113.0	440.6	455.0	464.1
<b>SALES GROWTH, Y/Y %</b>												
Group	0.4	17.7	11.7	17.6	11.5	4.6	-7.0	-14.6	1.7	-4.0	3.3	2.0
Total	0.4	17.7	11.7	17.6	11.5	4.6	-7.0	-14.6	1.7	-4.0	3.3	2.0
<b>EBIT, EURm</b>												
Group	5.7	12.4	12.9	8.5	39.5	13.6	10.3	-0.8	7.1	30.2	29.6	32.5
Total	5.7	12.4	12.9	8.5	39.5	13.6	10.3	-0.8	7.1	30.2	29.6	32.5
<b>EBIT margin, %</b>												
Group	5.2	10.1	11.2	7.7	8.6	11.8	9.1	-0.8	6.3	6.9	6.5	7.0
Total	5.2	10.1	11.2	7.7	8.6	11.8	9.1	-0.8	6.3	6.9	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	440.6	455.0	464.1
<i>Sales growth (%)</i>	<i>-6.1</i>	<i>2.2</i>	<i>1.2</i>	<i>-4.6</i>	<i>11.5</i>	<i>-4.0</i>	<i>3.3</i>	<i>2.0</i>
EBITDA	44.1	34.3	25.6	33.6	60.9	50.2	50.1	51.4
<i>EBITDA margin (%)</i>	<i>10.6</i>	<i>8.1</i>	<i>5.9</i>	<i>8.2</i>	<i>13.3</i>	<i>11.4</i>	<i>11.0</i>	<i>11.1</i>
Depreciation	-18.5	-19.3	-21.0	-25.5	-21.4	-20.0	-20.5	-18.9
EBITA	25.6	15.0	4.6	8.1	39.5	30.2	29.6	32.5
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	30.2	29.6	32.5
<i>EBIT margin (%)</i>	<i>6.1</i>	<i>3.5</i>	<i>1.1</i>	<i>2.0</i>	<i>8.6</i>	<i>6.9</i>	<i>6.5</i>	<i>7.0</i>
Reported EBIT	25.6	15.0	4.6	8.1	39.5	30.2	29.6	32.5
<i>EBIT margin (reported) (%)</i>	<i>6.1</i>	<i>3.5</i>	<i>1.1</i>	<i>2.0</i>	<i>8.6</i>	<i>6.9</i>	<i>6.5</i>	<i>7.0</i>
Net financials	-3.2	-2.6	-5.6	-6.0	-5.6	0.1	-1.8	-0.9
Pre-tax profit	22.4	12.4	-1.0	2.1	33.9	30.3	27.8	31.6
Taxes	-7.2	2.0	-0.8	-1.9	-3.8	-6.6	-5.8	-6.6
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	23.6	21.9	25.0
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
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
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	17	18	18
Inventory	43	44	52	45	35	48	50	51
Receivables	56	66	63	61	61	60	62	63
Liquid funds	38	35	32	33	58	35	36	50
Total assets	316	326	338	316	317	299	297	309
<b>Liabilities</b>								
Shareholder's equity	126	136	131	131	146	164	179	197
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	17	18	18
Deferred taxes	11	15	12	12	13	13	13	13
Interest bearing debt	94	110	102	86	83	29	8	0
Non-interest bearing current liabilities	65	63	75	66	55	70	73	74
Other interest-free debt	2	1	3	3	3	3	3	3
Total liabilities	316	326	338	316	317	299	297	309
<b>CASH FLOW, EURm</b>								
+ EBITDA	44	34	26	34	61	50	50	51
- Net financial items	-3	-3	-6	-6	-6	0	-2	-1
- Taxes	-6	0	6	-2	-4	-7	-6	-7
- Increase in Net Working Capital	-6	-8	6	-1	-1	4	-1	-1
+/- Other	-2	-5	-3	0	0	0	0	0
= Cash flow from operations	26	19	28	25	50	47	41	43
- Capex	-50	-34	-15	-11	-12	-12	-14	-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	35	28	29
+/- 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	-52	-20	-8
Change in cash	-26	-3	-3	1	25	-23	1	14

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	258	119	153	296	275	275	275
Net debt (excl. convertibles)	76	83	70	40	11	-11	-32
Enterprise value	333	203	223	336	286	264	243
Sales	426	431	411	459	441	455	464
EBITDA	34	26	34	61	50	50	51
EBIT	15	5	8	40	30	30	32
Pre-tax	12	-1	2	34	30	28	32
Earnings	14	-2	0	30	24	22	25
Equity book value (excl. minorities)	136	131	131	146	164	179	197
<b>Valuation multiples</b>							
EV/sales	0.8	0.5	0.5	0.7	0.6	0.6	0.5
EV/EBITDA	9.7	7.9	6.6	5.5	5.7	5.3	4.7
EV/EBITA	22.2	44.1	27.5	8.5	9.5	8.9	7.5
EV/EBIT	22.2	44.1	27.5	8.5	9.5	8.9	7.5
EV/OCF	17.3	7.2	8.9	6.7	6.0	6.4	5.6
EV/FCFF	-29.4	11.7	12.3	7.4	8.4	8.9	8.1
P/FCFE	-18.0	9.0	10.8	7.7	7.9	9.9	9.6
P/E	17.8	-69.4	766.1	9.8	11.6	12.5	11.0
P/B	1.9	0.9	1.2	2.0	1.7	1.5	1.4
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.2	6.8	6.2
Target EV/EBIT	0.0	0.0	0.0	0.0	11.9	11.5	9.8
Target EV/FCF	0.0	0.0	0.0	0.0	10.3	12.3	11.0
Target P/B	0.0	0.0	0.0	0.0	2.1	2.0	1.8
Target P/E	0.0	0.0	0.0	0.0	14.8	15.9	14.0
<b>Per share measures</b>							
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	0.41	0.38	0.43
Operating cash flow per share	0.33	0.48	0.43	0.86	0.81	0.71	0.74
Free cash flow per share	-0.25	0.23	0.24	0.66	0.60	0.47	0.49
Book value per share	2.34	2.24	2.24	2.50	2.81	3.08	3.38
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	27.1	31.9	30.3
Dividend yield, %	2.5	0.0	1.9	2.1	2.3	2.5	2.8
FCF yield, %	-5.6	11.1	9.2	12.9	12.7	10.1	10.5
<b>Efficiency measures</b>							
ROE	11.0	-1.3	0.2	21.8	15.3	12.8	13.3
ROCE	6.2	1.9	3.4	16.6	13.3	14.3	15.5
<b>Financial ratios</b>							
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	7.9	7.9
Operative CAPEX/sales, %	7.9	3.5	2.6	2.6	2.8	3.0	3.1
CAPEX/sales (incl. acquisitions), %	7.9	3.5	2.6	2.6	2.8	3.0	3.1
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	0.2	-0.2	-0.6
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	54.7	60.3	63.9
Gearing, %	55.6	63.7	53.3	27.3	6.6	-5.9	-16.4

**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	65.860	24.0%
Oy Etra Invest Ab	8,700,000	41.064	14.9%
Nordea Nordic Small Cap Fund	3,435,147	16.214	5.9%
Ilmarinen Mutual Pension Insurance Company	3,046,892	14.381	5.2%
Etola Group Oy	2,900,000	13.688	5.0%
Mandatum Life Insurance Company Limited	2,830,788	13.361	4.9%
Nordea Life Assurance Finland Ltd.	2,732,106	12.896	4.7%
Elo Mutual Pension Insurance Company	1,944,651	9.179	3.3%
Varma Mutual Pension Insurance Company	1,689,751	7.976	2.9%
Oy H. Kuningas & Co Ab	1,567,416	7.398	2.7%
Ten largest	42,800,108	202.017	73%
Residual	15,459,111	72.967	27%
Total	58,259,219	274.984	100%

**EARNINGS CALENDAR**

February 03, 2022	FY 2021 Results
May 04, 2022	Q1 report
August 09, 2022	Q2 report
October 26, 2022	Q3 report

**OTHER EVENTS****COMPANY MISCELLANEOUS**

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



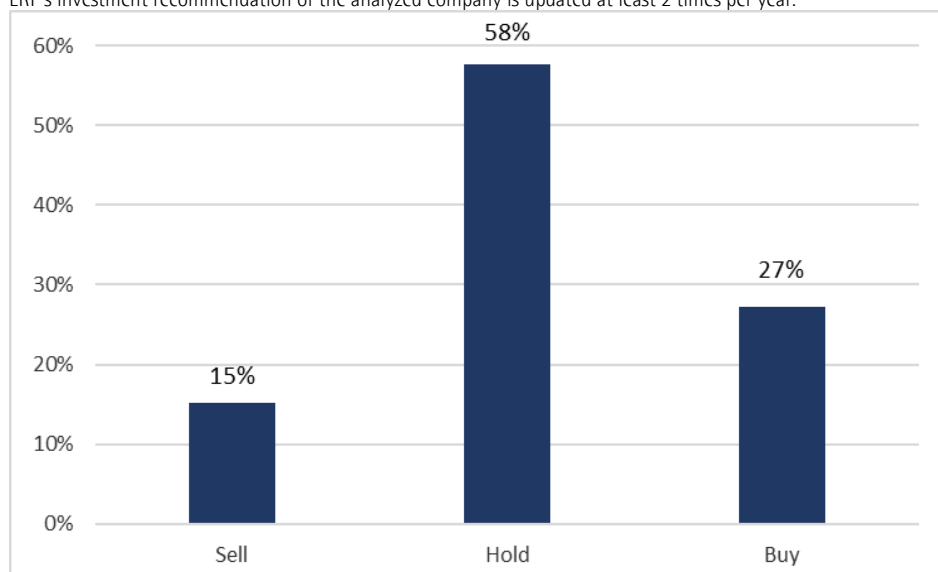
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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