

## EBITDA outlook lower than expected

Suominen's Q4 revenue topped expectations, but profitability didn't reach estimates. Suominen also guides decreasing EBITDA for FY '22, particularly due to challenging Q1, while we had expected flat development.

- Q4 revenue was EUR 115.6m vs the EUR 113.0m/113.3m Evli/consensus estimates. Top line grew by 4% y/y. Europe amounted to EUR 46.7m vs our EUR 47.0m estimate, while Americas was EUR 68.9m vs our EUR 66.0m estimate.
- Gross profit was EUR 8.4m, compared to our EUR 14.4m estimate. Gross margin was therefore 7.3% vs our 12.7% estimate.
- EBITDA amounted to EUR 9.0m vs the EUR 12.1m/12.6m Evli/consensus estimates. EBIT was EUR 3.9m vs the EUR 7.1m/7.1m Evli/consensus estimates. Nonwovens' sales prices were higher y/y, but sales volumes were lower and raw material, freight and energy prices also increased. Manufacturing and SG&A cost savings actions had a positive impact on the result. Other operating income and expenses were positively impacted by insurance compensations and adjustments to certain previous year accruals. Currencies impacted EBITDA negatively by EUR 0.5m.
- Suominen guides comparable EBITDA to decrease in FY '22 (EUR 47.0m in 2021). Inventory levels remain high at certain customers, and the entire supply chain still faces operational issues due to the pandemic. These factors continue to have a negative impact on the result especially in Q1. We had estimated EUR 50.9m EBITDA for FY '22.
- The BoD proposes EUR 0.20 per share dividend to be distributed.

### Rating + BUY

Q4'21	Actual	Evli	Year ago	Q3'21
Revenue	115.6	113.0	111.1	98.7
Gross profit	8.4	14.4	17.3	5.5
EBITDA	9.0	12.1	13.5	4.2
EBIT	3.9	7.1	8.5	-0.8

Deviation	Actual	Evli	Year ago	Q3'21
Revenue		2 %	4 %	17 %
Gross profit		-42 %	-51 %	53 %
EBITDA		-26 %	-33 %	114 %
EBIT		-45 %	-54 %	-588 %

Share price, EUR (Last trading day's closing price) 4.85

Target price, EUR 6.0

Latest change in	25-Jun-20
Latest report on company	01-Feb-22
Research paid by issuer:	YES
No. of shares outstanding,	58,259
No. of shares fully diluted,	58,259
Market cap, EURm	283
Free float, %	62.7
Exchange rate EUR/USD	1.11
Reuters code	SUY1V.HE
Bloomberg code	SUY1V.FH
Average daily volume, EURm	0.2
Next interim report	03-Feb-22
Web site	www.suominen.fi/en/investors/

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+ BUY   + HOLD   - SELL

### PRE-REPORT 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	12.0	0.7	9.7	12.4	0.11
2022E	467.0	30.4	6.5%	26.8	0.39	12.5	0.6	9.0	9.5	0.12
2023E	476.3	33.3	7.0%	29.4	0.44	11.0	0.5	7.5	10.4	0.13

Market cap, EURm	283	BV per share 2021E, EUR	6.6	CAGR EPS 2020-23, %	-5.2
Net debt 2021E, EURm	11	Price/book 2021E	1.7	CAGR sales 2020-23, %	1.3
Enterprise value, EURm	293	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	2.0

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

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