

Q2 results ruined by trade war

Suominen's Q2 revenue dropped steeply as the tariff situation caused volatility in the US supply chain since customers stocked their inventories with supplies from China. This caused another major profitability headwind and the EUR 3.2m comparable EBITDA fell short of estimates. Suominen retains its guidance as the cost savings program delivers results, in addition to which sales margins were still improving at least in Q2.

- Suominen Q2 revenue decreased by 16% y/y to EUR 99.8m vs the EUR 119.0m/118.3m Evli/consensus estimates. Americas amounted to EUR 59.9m, compared to our EUR 75.0m estimate, whereas EMEA was EUR 40.0m vs our EUR 44.0m estimate. US nonwoven customers stocked their inventories, mainly with supply from China, ahead of the announced tariffs. This built up inventories throughout the supply chain, although a gradual demand recovery happened towards the end of Q2. Currencies had a negative revenue impact of EUR 3.6m.
- Gross profit came in at EUR 7.0m, compared to our EUR 10.1m estimate, meaning gross margin was 7.0% vs our 8.5% estimate. In our view higher sales prices continued to help sales margins while lower sales volumes had a negative impact on gross margin.
- Comparable EBITDA was EUR 3.2m vs the EUR 5.8m/4.8m Evli/consensus estimates, while comparable EBIT landed at EUR -1.0m vs the EUR 1.3m/0.4m Evli/consensus estimates. The Bethune investment ramp-up phase and costs related to the change of CEO also burdened results besides the lower sales volumes. The majority of the cost saving program actions will be implemented by the end of the year.
- Suominen guides its FY'25 comparable EBITDA to increase from the EUR 17.0m comparison figure (unchanged).

Rating ■ Reduce

Q2'25	Actual	Evli	Year ago	Q1'25
Revenue	99.8	119.0	118.7	117.5
Gross profit	7.0	10.1	8.9	8.3
Comparable EBITDA	3.2	5.8	5.0	4.1
Comparable EBIT	-1.0	1.3	0.4	-0.3

Share price, EUR (Last trading day's closing price)	1.90
Target price, EUR	1.9
Latest change in recommendation	25-Feb-25
Latest report on company	01-Aug-25
Research paid by issuer:	YES
No. of shares outstanding, '000's	58 259
No. of shares fully diluted, '000's	58 259
Market cap, EURm	111
Free float, %	62.7 %
Exchange rate	1.16
Reuters code	SUY1V.HE
Bloomberg code	SUY1V FH
Average daily volume, EURm	0.1
Next interim report	07-Aug-25
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++ BUY + ACCUMULATE - REDUCE -- 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
2023	450.9	-2.8	-0.6%	25.5	-0.14	-20.4	0.5	-73.1	15.5%	0.10
2024	462.3	-1.4	-0.3%	-6.9	-0.09	-24.4	0.4	-136.0	-5.2%	
2025E	475.5	9.6	2.0%	-10.4	0.05	37.9	0.4	18.6	-9.4%	0.03
2026E	499.3	22.5	4.5%	11.6	0.25	7.6	0.3	7.5	10.5%	0.07
2027E	511.8	28.1	5.5%	19.8	0.33	5.7	0.3	5.4	17.9%	0.12
Market cap, EURm	111	Gearing 2025E, %		56.4 %	CAGR EPS 2024-27, %		0.0 %			
Net debt 2025E, EURm	68	Price/book 2025E		0.9	CAGR Sales 2024-27, %		3.5 %			
Enterprise value, EURm	179	Dividend yield 2025E, %		1.6 %	ROE 2025E, %		2.5 %			
Total assets 2025E, EURm	315	Tax rate 2025E, %		34.0 %	ROCE 2025E, %		4.3 %			
Goodwill 2025E, EURm	15	Equity ratio 2025E, %		38.3 %	PEG, P/E 25/CAGR		0.3			

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

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Target price compared to share price

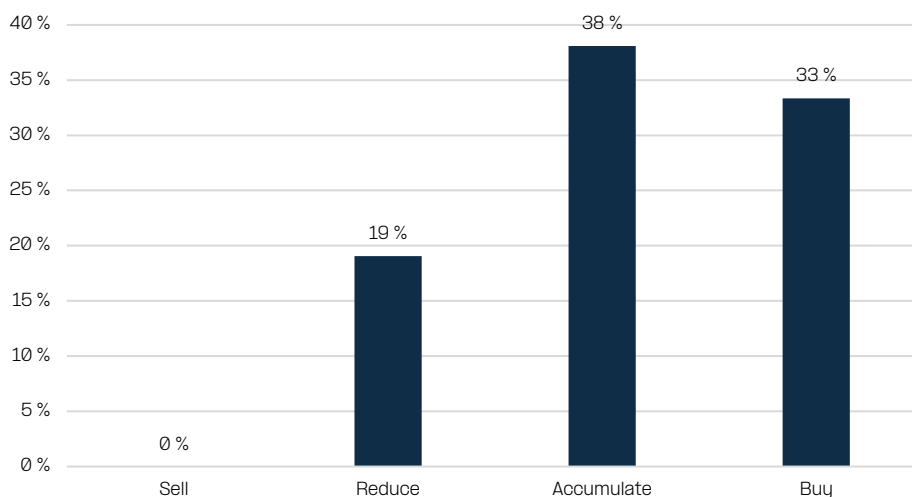
< -10 %
-10 - 0 %
0 - (+10) %
> 10 %

Recommendation

SELL
RECUDE
ACCUMULATE
BUY

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