

## More patience required

Suominen faced another setback on its earnings recovery path as US volumes were missing big time. There are still drivers for higher H2 EBITDA, but more patience is required.

### Another big volume headwind hit earnings in Q2

Suominen's Q2 revenue declined by 16% y/y to EUR 99.8m, significantly below the EUR 119.0m/118.3m Evli/cons. estimates. EMEA was a bit soft relative to our estimates, but the disappointingly low figure was mainly due to the US where the trade war caused nonwovens customers to stock their inventories with Chinese supplies ahead of the announced tariffs. Suominen's volumes suffered further as a result, meaning gross profit fell EUR 3m short of our estimate while the EUR 3.2m comparable EBITDA had no chance to reach the EUR 5.8m/4.8m Evli/cons. estimates. On the positive side sales margins seemed to improve well (and in our view gross profit and EBITDA were relatively strong given the volume headwind), which would be a strong earnings driver should the trend persist and volumes also finally gain in H2.

### H2 continues to have many positive earnings drivers

The additional challenges seen in Q2 will raise the risk of negative guidance revision later this year, however without any further setbacks H2'25 EBITDA could in our view gain by some EUR 6–7m as the cost savings program should already yield results of at least EUR 2m while sales margins and especially volumes have more room to gain. This would leave Suominen's FY'25 EBITDA about EUR 4m higher y/y, still a very modest figure. We expect the US inventory situation to gradually normalize over H2 as some improvement was already seen towards the end of Q2. Suominen also has on-going investments in Spain and the US, which would also support earnings should volumes recover.

### Earnings multiples demand additional patience

FY'25 earnings were already seen to remain quite low, albeit significantly improving, before the report. The soft H1'25 earnings mean Suominen's FY'25 EV/EBIT multiple remains very elevated, some 50x on our estimates, but the expected H2 earnings gains imply meaningfully lower multiples going forward. Suominen is now valued about 9x EV/EBIT on our FY'26 estimates, which wouldn't still be a very low multiple but already somewhat acceptable assuming wiping end-market demand at last begins to improve after a period lacking growth. Our new TP is EUR 1.8 (1.9) as we retain REDUCE rating.

## Rating

Reduce



Share price, EUR (Last trading day's closing price)	1.88
Target price, EUR	1.8
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	110
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	29-Oct-25
Web site	www.suominen.fi/en/investors/
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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	444.3	3.8	0.9%	-20.3	-0.09	-20.0	0.4	49.3	-18.5%	0.01
2026E	466.5	19.6	4.2%	10.6	0.18	10.2	0.4	9.1	9.7%	0.07
2027E	478.2	25.3	5.3%	20.0	0.29	6.5	0.3	6.4	18.3%	0.12
Market cap, EURm	110	Gearing 2025E, %		69.4 %		CAGR EPS 2024–27, %		0.0 %		
Net debt 2025E, EURm	78	Price/book 2025E		1.0		CAGR Sales 2024–27, %		1.1 %		
Enterprise value, EURm	187	Dividend yield 2025E, %		0.5 %		ROE 2025E, %		-4.8 %		
Total assets 2025E, EURm	309	Tax rate 2025E, %		-10.4 %		ROCE 2025E, %		1.7 %		
Goodwill 2025E, EURm	15	Equity ratio 2025E, %		36.3 %		PEG, P/E 25/CAGR		0.0		

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

## Estimates and peer valuation

Suominen EURm	2016 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2024 FY	2025 Q1	2025 Q2	2025E Q3E	2025E Q4E	2025E FY
Revenue	444	417	426	431	411	459	443	493	451	114	119	112	119	462	118	100	108	119	444
growth, %	11 %	-6 %	2 %	1 %	-5 %	12 %	-3 %	11 %	-9 %	-3 %	5 %	5 %	3 %	3 %	3 %	-16 %	-3 %	0 %	-4 %
<b>Geography</b>																			
EMEA	172	171	174	171	150	170	178	205	163	44	43	42	46	174	44	40	41	44	169
Americas	272	246	252	260	262	289	265	288	288	70	76	70	73	288	74	60	67	75	276
COGS	-386	-365	-384	-400	-377	-389	-392	-475	-428	-105	-110	-106	-111	-433	-109	-93	-98	-107	-407
Gross Profit	58	52	42	31	37	70	51	19	23	8.1	8.9	5.1	7.5	30	8.3	7.0	9.7	11.9	37
Gross-%	13.1 %	12.5 %	9.9 %	7.3 %	9.0 %	15.2 %	11.5 %	3.8 %	5.1 %	7.2 %	7.5 %	4.6 %	6.4 %	6.4 %	7.1 %	7.0 %	9.0 %	10.0 %	8.3 %
SGA & R&D	-28.0	-27.9	-28.9	-29.2	-30.6	-30.7	-28.9	-32.4	-32.3	-8.7	-10.2	-8.3	-8.8	-36.1	-9.2	-9.2	-8.5	-8.0	-34.9
Other	1.8	1.3	1.7	2.5	1.8	0.4	5.0	4.9	2.1	0.7	0.5	1.8	2.2	5.1	0.5	0.6	0.0	0.0	1.1
EBIT ex IAC	31.2	25.6	15.0	4.6	8.1	39.5	26.9	-4.2	-2.8	-0.1	0.4	-1.5	-0.3	-1.4	-0.3	-1.0	1.2	3.9	3.8
EBIT-% ex IAC	7.0 %	6.1 %	3.5 %	1.1 %	2.0 %	8.6 %	6.1 %	-0.8 %	-0.6 %	-0.1 %	0.3 %	-1.3 %	-0.3 %	-0.3 %	-0.3 %	-1.0 %	1.1 %	3.3 %	0.9 %
Depreciation	-17.7	-18.5	-19.4	-21.0	-25.5	-21.4	-20.1	-19.5	-18.7	-4.6	-4.6	-4.8	-4.5	-18.4	-4.4	-4.2	-4.5	-4.5	-17.5
EBITDA ex IAC	48.9	44.2	34.3	25.6	33.6	60.9	47.0	15.3	15.8	4.5	5.0	3.3	4.2	17.0	4.1	3.2	6.7	8.4	21.3
EBITDA-% ex IAC	11.0 %	10.6 %	8.1 %	6.9 %	8.2 %	13.3 %	10.6 %	3.1 %	3.5 %	3.9 %	4.2 %	3.0 %	3.5 %	3.7 %	3.5 %	3.2 %	5.3 %	7.1 %	4.8 %

Source: Suominen, Evli Research

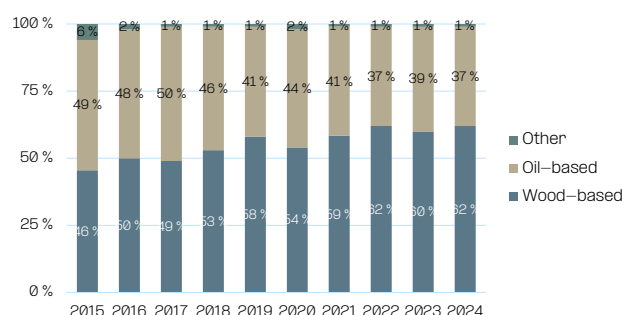
SUOMINEN PEER GROUP	MOAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		24	25	26	24	25	26	24	25	26
Berry Global Group										
Kimberly-Clark	38872	12.7x	14.6x	14.0x	15.7x	19.0x	17.7x	16.1 %	16.4 %	17.0 %
N.R. Spuntech Industries	61									
Mativ Holdings	387	7.5x	6.9x	6.3x	12.8x	12.6x	10.7x	6.5 %	6.0 %	6.9 %
Magnera	363	6.8x	6.2x	5.8x	15.3x	15.8x	14.1x	4.8 %	4.3 %	4.6 %
Peer Group Average	9921	9.0x	9.2x	8.7x	14.6x	15.8x	14.1x	9.1 %	8.9 %	9.5 %
Peer Group Median	375	7.5x	6.9x	6.3x	15.3x	15.8x	14.1x	6.5 %	6.0 %	6.9 %
Suominen (Evli est.)	110	11.2x	8.8x	4.3x	-136.0x	49.3x	9.1x	-0.3 %	0.9 %	4.2 %

Suominen prem./disc. to peer median

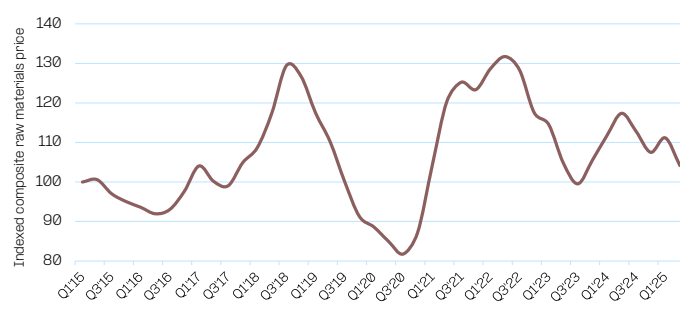
Source FactSet, Evli Research

48 % 28 % -32 % -989 % 212 % -36 % -105 % -86 % -39 %

## 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	1.88 PV of Free Cash Flow	159 Long-term growth, %	2.0 % Risk-free interest rate, %	2.25 %
DCF share value	4.36 PV of Horizon value	152 WACC, %	7.9 % Market risk premium, %	5.8 %
Share price potential, %	131.9 % Unconsolidated equity	0 Spread, %	0.5 % Debt risk premium %	2.8 %
Maximum value	4.8 Marketable securities	41 Minimum WACC, %	7.4 % Equity beta coefficient	1.00
Minimum value	4.0 Debt – dividend	–99 Maximum WACC, %	8.4 % Target debt ratio, %	20 %
Horizon value, %	48.8 % Value of stock	254 No. of shares, Mn	58.3 Effective tax rate, %	28 %

DCF valuation, EURm	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	TERMINAL
Net sales	462	444	467	478	488	497	507	518	528	539	549	560
Sales growth (%)	2.5%	–3.9%	5.0%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Operating income (EBIT)	–1	4	20	25	32	37	38	39	40	40	41	42
Operating income margin %	–0.3%	0.9%	4.2%	5.3%	6.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
+ Depreciation+amort.	18	18	22	25	25	24	23	22	22	21	21	
EBITDA	17	21	42	50	57	61	61	61	61	62	62	
– Paid taxes	–2	0	–4	–5	–7	–8	–8	–8	–8	–8	–9	
– Change in NWC	–4	–6	–7	–1	1	4	–1	–1	–1	–1	–1	
NWC / Sales, %	6.8%	8.4%	9.4%	9.4%	8.9%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	
+ Change in other liabs	0											
– Operative CAPEX	–14	–27	–15	–20	–20	–20	–20	–20	–20	–20	–35	
opCAPEX / Sales, %	3.1%	6.0%	3.3%	4.2%	4.2%	4.1%	4.0%	3.9%	3.8%	3.8%	6.4%	
– Acquisitions												
+ Divestments												
– Other items												
= FCFF	–3	–11	16	23	31	37	32	32	32	32	18	311
= Discounted FCFF		–11	14	19	24	27	21	20	18	17	9	152
= DFCF min WACC		–11	14	20	25	27	22	20	19	18	9	174
= DFCF max WACC		–11	14	19	24	26	21	19	18	16	8	134

## Sensitivity analysis, EUR

		Terminal WACC				
		5.92 %	6.92 %	7.92 %	8.92 %	9.92 %
Terminal EBIT–%	5.50 %	3.89	3.24	2.77	2.42	2.13
	6.50 %	5.32	4.28	3.57	3.04	2.63
	7.50 %	6.75	5.32	4.36	3.66	3.13
	8.50 %	8.17	6.36	5.15	4.29	3.63
	9.50 %	9.60	7.40	5.95	4.91	4.13

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3E	2025Q4E	2025E	2026E	2027E
Net sales	113.6	118.7	111.5	118.5	462.3	117.5	99.8	108.0	119.0	444.3	466.5	478.2
EBITDA	4.5	5.0	3.3	4.3	17.0	4.1	3.2	5.7	8.4	21.3	41.7	49.9
EBITDA margin (%)	3.9%	4.2%	2.9%	3.6%	3.7%	3.5%	3.2%	5.3%	7.1%	4.8%	8.9%	10.4%
EBIT	-0.1	0.4	-1.5	-0.2	-1.4	-0.3	-1.0	1.2	3.9	3.8	19.6	25.3
EBIT margin (%)	-0.1%	0.3%	-1.4%	-0.2%	-0.3%	-0.3%	-1.0%	1.1%	3.3%	0.9%	4.2%	5.3%
Net financial items	-0.8	-1.1	-1.9	-0.3	-4.1	-1.9	-2.9	-2.0	-2.0	-8.8	-6.0	-3.9
Pre-tax profit	-0.9	-0.7	-3.4	-0.5	-5.5	-2.2	-3.9	-0.8	1.9	-5.0	13.6	21.4
Tax	-0.3	0.0	0.1	0.3	0.1	0.0	0.5	-0.5	-0.5	-0.5	-2.9	-4.5
Tax rate (%)	-35.2%	-4.0%	4.2%	52.8%	1.0%	-0.3%	12.7%	-62.5%	26.3%	-10.4%	21.0%	21.0%
Net profit	-1.2	-0.7	-3.3	-0.2	-5.4	-2.2	-3.4	-1.3	1.4	-5.5	10.7	16.9
EPS	-0.02	-0.01	-0.06	0.00	-0.09	-0.04	-0.06	-0.02	0.02	-0.09	0.18	0.29
EPS adj. (diluted)	-0.02	-0.01	-0.06	0.00	-0.09	-0.04	-0.06	-0.02	0.02	-0.09	0.18	0.29
Dividend per share										0.01	0.07	0.12
<b>SALES, EURm</b>	<b>2024Q1</b>	<b>2024Q2</b>	<b>2024Q3</b>	<b>2024Q4</b>	<b>2024</b>	<b>2025Q1</b>	<b>2025Q2</b>	<b>2025Q3E</b>	<b>2025Q4E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
Group	113.6	118.7	111.5	118.5	462.3	117.5	99.8	108.0	119.0	444.3	466.5	478.2
Total	113.6	118.7	111.5	118.5	462.3	117.5	99.8	108.0	119.0	444.3	466.5	478.2
<b>SALES GROWTH, Y/Y%</b>	<b>2024Q1</b>	<b>2024Q2</b>	<b>2024Q3</b>	<b>2024Q4</b>	<b>2024</b>	<b>2025Q1</b>	<b>2025Q2</b>	<b>2025Q3E</b>	<b>2025Q4E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
Group	-2.7%	5.3%	4.8%	3.0%	2.5%	3.4%	-15.9%	-3.1%	0.4%	-3.9%	5.0%	2.5%
Total	-2.7%	5.3%	4.8%	3.0%	2.5%	3.4%	-15.9%	-3.1%	0.4%	-3.9%	5.0%	2.5%
<b>EBIT, EURm</b>	<b>2024Q1</b>	<b>2024Q2</b>	<b>2024Q3</b>	<b>2024Q4</b>	<b>2024</b>	<b>2025Q1</b>	<b>2025Q2</b>	<b>2025Q3E</b>	<b>2025Q4E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
Group	-0.1	0.4	-1.5	-0.2	-1.4	-0.3	-1.0	1.2	3.9	3.8	19.6	25.3
Total	-0.1	0.4	-1.5	-0.2	-1.4	-0.3	-1.0	1.2	3.9	3.8	19.6	25.3
<b>EBIT margin %</b>	<b>2024Q1</b>	<b>2024Q2</b>	<b>2024Q3</b>	<b>2024Q4</b>	<b>2024</b>	<b>2025Q1</b>	<b>2025Q2</b>	<b>2025Q3E</b>	<b>2025Q4E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
Group	-0.1%	0.3%	-1.4%	-0.2%	-0.3%	-0.3%	-1.0%	1.1%	3.3%	0.9%	4.2%	5.3%
Total	-0.1%	0.3%	-1.4%	-0.2%	-0.3%	-0.3%	-1.0%	1.1%	3.3%	0.9%	4.2%	5.3%

INCOME STATEMENT, EURm	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sales	458.9	443.2	493.3	450.9	462.3	444.3	466.5	478.2
<i>Sales growth (%)</i>	11.5%	-3.4%	11.3%	-8.6%	2.5%	-3.9%	5.0%	2.5%
EBITDA	60.9	47.0	15.2	15.9	17.0	21.3	41.7	49.9
<i>EBITDA margin (%)</i>	13.3%	10.6%	3.1%	3.5%	3.7%	4.8%	8.9%	10.4%
Depreciation	-21.4	-20.1	-23.2	-18.7	-18.4	-17.5	-22.1	-24.6
EBITA	39.5	26.9	-8.0	-2.8	-1.4	3.8	19.6	25.3
Goodwill amortization / writedown			3.8					
EBIT	39.5	26.9	-4.2	-2.8	-1.4	3.8	19.6	25.3
<i>EBIT margin (%)</i>	8.6%	6.1%	-0.9%	-0.6%	-0.3%	0.9%	4.2%	5.3%
Reported EBIT	39.5	26.9	-4.2	-2.8	-1.4	3.8	19.6	25.3
<i>EBIT margin (reported) (%)</i>	8.6%	6.1%	-0.9%	-0.6%	-0.3%	0.9%	4.2%	5.3%
Net financials	-5.6	-0.4	-2.9	-6.0	-4.1	-8.8	-6.0	-3.9
Pre-tax profit	33.9	26.5	-7.1	-8.8	-5.5	-5.0	13.6	21.4
Taxes	-3.8	-5.8	-2.0	0.7	0.1	-0.5	-2.9	-4.5
Minority shares								
Net profit	30.1	20.7	-9.1	-8.1	-5.4	-5.5	10.7	16.9
Cash NRIs								
Non-cash NRIs								
BALANCE SHEET, EURm								
Assets								
Fixed assets	126	129	126	119	124	133	126	122
Goodwill	15	15	15	15	15	15	15	15
Right of use assets	18	16	12	11	11	11	11	11
Inventory	35	50	63	38	47	53	58	60
Receivables	61	73	76	72	69	58	63	65
Liquid funds	58	101	50	59	41	36	37	38
Total assets	317	387	343	316	310	309	314	314
Liabilities								
Shareholders' equity	146	163	146	125	118	112	122	135
Minority interest								
Convertibles								
Lease liabilities	15	13	11	10	9	11	11	11
Deferred taxes	13	14	12	9	8	8	8	8
Interest bearing debt	83	133	89	89	90	103	94	79
Non-interest bearing current liabilities	55	57	80	75	82	71	75	77
Other interest-free debt	3	3	3	7	3	3	3	3
Total liabilities	317	387	343	316	310	309	314	314
CASH FLOW, EURm								
+ EBITDA	61	47	15	16	17	21	42	50
- Net financial items	-6	0	-3	-6	-4	-9	-6	-4
- Taxes	-4	-3	-3	-3	-2	-1	-3	-5
- Increase in Net Working Capital	-1	-25	6	29	-4	-6	-7	-1
+/- Other								
= Cash flow from operations	50	19	15	36	7	6	26	40
- Capex	-12	-16	-6	-10	-14	-27	-16	-20
- Acquisitions								
+ Divestments								
= Free cash flow	38	4	9	26	-7	-20	11	20
+/- New issues/buybacks	-12	8	3	-7	4			
- Paid dividend	12	12	6	6		1	4	7
+/- Other	2	43	-53	-3	-9	14	-8	-15
Change in cash	25	43	-52	9	-17	-6	2	1

KEY FIGURES	2021	2022	2023	2024	2025E	2026E	2027E
M-cap	302	181	164	133	110	110	110
Net debt (excl. convertibles)	45	51	40	58	78	68	52
Enterprise value	347	232	205	190	187	177	161
Sales	443	493	451	462	444	467	478
EBITDA	47	15	16	17	21	42	50
EBIT	27	-4	-3	-1	4	20	25
Pre-tax	27	-7	-9	-5	-5	14	21
Earnings	21	-9	-8	-5	-5	11	17
Equity book value (excl. minorities)	163	146	125	118	112	122	135

Valuation multiple	2021	2022	2023	2024	2025E	2026E	2027E
EV/Sales	0.8	0.5	0.5	0.4	0.4	0.4	0.3
EV/EBITDA	7.4	15.2	12.9	11.2	8.8	4.3	3.2
EV/EBITA	12.9	-29.0	-73.1	-136.0	49.3	9.1	6.4
EV/EBIT	12.9	-55.1	-73.1	-136.0	49.3	9.1	6.4
EV/OCF	18.0	15.2	5.7	25.7	29.8	6.8	4.0
EV/FCF	195.7	26.3	7.2	-65.1	-17.0	11.2	6.9
P/FCFR	86.1	19.2	6.4	-19.3	-5.4	10.3	5.5
P/E	14.6	-19.8	-20.4	-24.4	-20.0	10.2	6.5
P/BV	1.8	1.2	1.3	1.1	1.0	0.9	0.8
Target EV/EBITDA					8.6	4.1	3.1
Target EV/EBIT					48.1	8.8	6.2
Target EV/FCFF					-9.0	16.3	7.8
Target P/BV					0.9	0.9	0.8
Target P/E, diluted	14.8	-77880.4	-31.4	-33.7	-19.2	9.8	6.2

Per share measures	2021	2022	2023	2024	2025E	2026E	2027E
Number of shares (million)	58.26	58.26	58.26	58.26	58.26	58.26	58.26
Number of shares (diluted, million)	58.26	58.26	58.26	58.26	58.26	58.26	58.26
EPS	0.36	-0.16	-0.14	-0.09	-0.09	0.18	0.29
Operating cash flow per share	0.33	0.26	0.62	0.13	0.11	0.45	0.69
Free cash flow per share	0.06	0.16	0.44	-0.12	-0.35	0.18	0.34
Book value per share	2.80	2.50	2.14	2.02	1.92	2.10	2.32
Dividend per share	0.20	0.10	0.10		0.01	0.07	0.12
Dividend payout ratio, %	56.3%	-64.0%	-72.2%		-10.6%	38.0%	41.3%
Dividend yield, %	3.9%	3.2%	3.6%		0.5%	3.7%	6.4%
FCF yield, %	1.2%	5.2%	15.5%	-5.2%	-18.5%	9.7%	18.3%

Efficiency measures	2021	2022	2023	2024	2025E	2026E	2027E
ROE	13.4%	-5.9%	-6.0%	-4.5%	-4.8%	9.2%	13.2%
ROCE	9.7%	-1.5%	-1.2%	-0.6%	1.7%	8.6%	11.2%

Financial ratios	2021	2022	2023	2024	2025E	2026E	2027E
Inventories as % of sales	11.2%	12.8%	8.4%	10.3%	12.0%	12.5%	12.5%
Receivables as % of sales	16.6%	15.4%	15.9%	15.0%	13.1%	13.6%	13.6%
Non-int. bearing liabilities as % of sales	12.9%	16.2%	16.7%	17.7%	16.0%	16.0%	16.0%
NWC/sales, %	14.1%	11.5%	6.1%	6.8%	8.4%	9.4%	9.4%
Operative CAPEX/Sales, %	3.6%	1.2%	2.3%	3.1%	6.0%	3.3%	4.2%
CAPEX/sales (incl. acquisitions), %	3.6%	1.2%	2.3%	3.1%	6.0%	3.3%	4.2%
FCFF/EBITDA	0.0	0.6	1.8	-0.2	-0.5	0.4	0.5
Net Debt/EBITDA, book-weighted	1.0	3.3	2.5	3.4	3.6	1.6	1.0
Debt/equity, market-weighted	0.4	0.5	0.5	0.7	0.9	0.9	0.7
Equity ratio, book-weighted	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Gearing, %	27.6%	35.0%	32.4%	48.9%	69.4%	55.5%	38.4%

**COMPANY DESCRIPTION:** Suominen manufactures nonwovens for global consumer brands on seven 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	14 113 633	26.534	24.2 %
Etola Group Oy	7 414 000	13.938	12.7 %
Oy Etra Invest Ab	7 000 000	13.160	12.0 %
OP Life Assurance Company Ltd	4 217 221	7.928	7.2 %
Nordea Nordic Small Cap Fund	3 435 147	6.458	5.9 %
Mandatum Life Insurance Company Limited	2 882 540	5.419	4.9 %
Ilmarinen Mutual Pension Insurance Company	1 912 000	3.595	3.3 %
Varma Mutual Pension Insurance Company	1 689 751	3.177	2.9 %
Nordea Life Assurance Finland Ltd.	1 462 000	2.749	2.5 %
Oy H. Kuningas & Co Ab	1 400 000	2.632	2.4 %
Ten largest	45 526 292	85.589	78.1 %
Residual	12 732 927	23.938	21.9 %
Total	58 259 219	109.527	100%

#### EARNINGS CALENDAR

October 29, 2025

Q3 report

#### OTHER EVENTS

#### COMPANY MISCELLANEOUS

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CFO: Janne Silonsaari  
IR: Minna Rouru

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## DEFINITIONS

<b>P/E</b>  $\frac{\text{Price per share}}{\text{Earnings per share}}$	<b>EPS</b>  $\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
<b>P/BV</b>  $\frac{\text{Price per share}}{\text{Shareholder's equity} + \text{taxed provisions per share}}$	<b>DPS</b>  Dividend for the financial period per share
<b>Market cap</b>  Price per share * Number of shares	<b>OCF (Operating cash flow)</b>  EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
<b>EV (Enterprise value)</b>  Market cap + net debt + minority interest at market value – share of associated companies at market value	<b>FCF (Free cash flow)</b>  Operating cash flow – Operative CAPEX – acquisitions + divestments
<b>EV/Sales</b>  $\frac{\text{Enterprise value}}{\text{Sales}}$	<b>FCF yield, %</b>  $\frac{\text{Free cash flow}}{\text{Market cap}}$
<b>EV/EBITDA</b>  $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	<b>Operative CAPEX / Sales</b>  $\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
<b>EV/EBIT</b>  $\frac{\text{Enterprise value}}{\text{Operating profit}}$	<b>Net working capital</b>  Current assets – current liabilities
<b>Net debt</b>  Interest bearing debt – financial assets	<b>Capital employed / Share</b>  $\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
<b>Total assets</b>  Balance sheet total	<b>Gearing</b>  $\frac{\text{Net debt}}{\text{Equity}}$
<b>Div yield, %</b>  $\frac{\text{Dividend per share}}{\text{Price per share}}$	<b>Debt/Equity, %</b>  $\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
<b>Payout ratio, %</b>  $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	<b>Equity ratio, %</b>  $\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
<b>ROCE, %</b>  $\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	<b>CAGR, %</b>  Cumulative annual growth rate = Average growth rate per year
<b>ROE, %</b>  $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	



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Investment recommendations are defined as follows:

Target price compared to share price

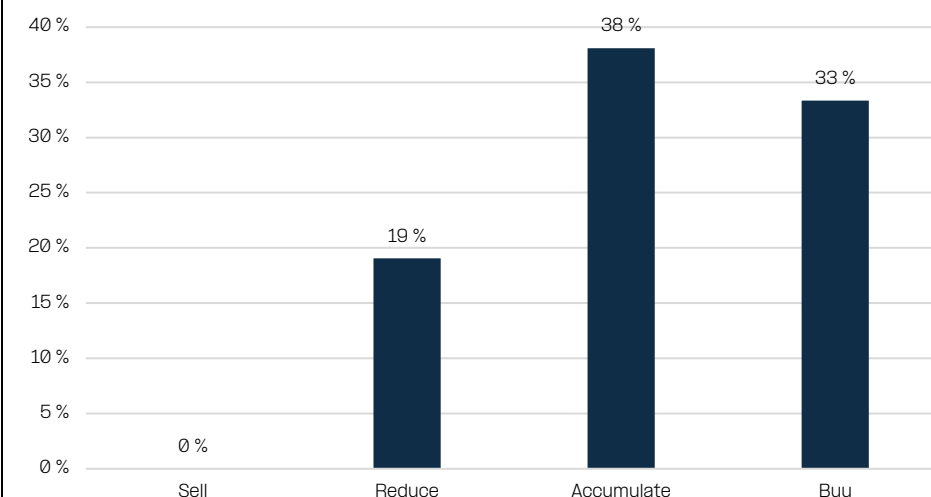
< -10 %  
-10 - 0 %  
0 - (+10) %  
> 10 %

Recommendation

SELL  
RECUDE  
ACCUMULATE  
BUY

ERP may temporarily suspend the rating and, if applicable, the target price to comply with regulations and/or firm policies, in which case a NOT RATED classification is used.

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

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