

Credible strategy, reasonable valuation

Suominen's Q1-results were somewhat better than our estimates and a credible strategy including Asian expansion guides the company to the right direction in our opinion. Thus, we retain Suominen's recommendation accumulate and raise target price of reasonably valued share to 5.10 euro (prev. 4.35 euro).

Volume growth drove sales and results above the comparison figures and estimates

Suominen's net sales grew 8.7 % to 112.9 MEUR in Q1, which beat also our estimate. Growth was driven basically by volume as demand was favorable and the company managed to gain market share. In addition, FX (weaker EUR/USD) had some 3 MEUR positive impact on revenue in Q1 while price/mix -component remained intact. Growth came mostly from North America, which is positive for the company after headwinds in US in 2016. Suominen's comparable EBIT increased 13 % y-on-y to 6.3 MEUR corresponding to a reasonable 5.5 % EBIT-margin. Profit improvement was driven by higher sales and slightly improving gross-margin (Q1: 12.1 %), which derived most likely from higher capacity utilization and correspondingly improving operational efficiency. Net financial items dropped exceptionally low as the company activated interest related to Bethune investment to the balance sheet and also tax rate of 31 % was low for Suominen. Thus, reported EPS of 0.08 euro went clearly above our estimates.

Guidance intact even if start-up in Bethune is some weeks late

Suominen retained its guidance for FY'17 in Q1'17 report as we expected. Thus, Suominen expects that its net sales will improve in 2017 from year 2016 (2016: 416.9 MEUR) and comparable EBIT (2016: 25.9 MEUR) will improve in 2017 from year 2016, provided that the new production line at the Bethune plant will be started up as planned. However, negative news was that the start-up is late in Bethune due to technical problems, which require certain modifications in the machinery. Now the company expects to begin deliveries to customers in Q2 (previously in Q1). Otherwise market demand seems to remain healthy and competition intense at least in certain segments (European baby care and flushables). Raw material prices are picking-up, which will cause margin pressure at least during the summer. Given this market framework and delayed start-up we are somewhat worried about short term profit outlook despite positive Q1. However, the company's new strategy somewhat increased our belief on Suominen's medium term profit growth outlook even if our estimates are still clearly below Suominen's aggressive target levels (2017-2017 6 % p.a sales CARG, on average 15 % ROI-%). We made only minor adjustments in our estimates after the Q1-report.

TSR outlook is still cautiously attractive

Suominen's P/E-ratios based on our estimates are 15x ja 14x (includes hybrid bond conversion in 2018) while corresponding EV/EBITDA-multiples are 6x and 5x. Estimated dividend yields are around 3 %. The valuation is reasonable but upside requires profit growth to realize. In addition, there could be significant medium term upside in a positive scenario (i.e the company reaches 600 MEUR sales and 10 % EBIT % in 2021). This attracts to keep shares as short term valuation is not alarming.

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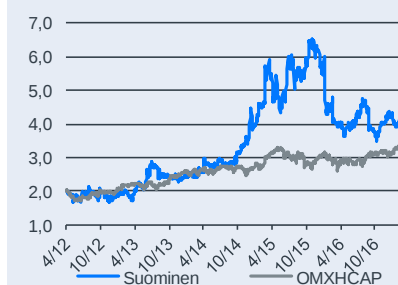
Recommendation Accumulate



Previous: Accumulate

Target price **5,10 EUR**

Previous: 4,35



Last close **4,77 EUR**

12 month range **3,49-4,8 EUR**

Upside **6,9 %**

**Watch CEO's video interview
(in Finnish)**



Key figures

	Net sales	EBIT	EBIT-%	Pre-tax profit	EPS	DPS	EV/S	EV/ EBITDA	EV/ EBIT	P/E	Div. Yield
	MEUR	MEUR	%	MEUR	EUR	EUR	(x)	(x)	(x)	(x)	%
2015	444	31,8	7,2 %	26,5	0,34	0,10	0,8	7,0	10,9	18,9	1,6 %
2016	417	25,6	6,1 %	22,4	0,30	0,11	0,7	6,1	10,4	14,0	2,7 %
2017e	456	27,8	6,1 %	24,6	0,32	0,12	0,6	6,0	10,7	15,1	2,5 %
2018e	488	33,5	6,9 %	30,0	0,35	0,13	0,6	4,9	8,2	13,7	3,1 %
2019e	512	37,2	7,3 %	33,9	0,39	0,14	0,5	4,3	6,9	12,2	3,3 %
MCAP, MEUR			246	Equity / share 2017e, EUR			2,97	CAGR EPS, 2016-2019, %			9,8 %
Net debt 2017e, MEUR			45	P/B 2017e			1,6	CAGR growth, 2016-2019, %			7,1 %
EV, MEUR			291	Gearing 2017e, %			29,2 %	ROE 2017e, %			11,0 %
Balance sheet total 2017e, MEUR			324	Equity ratio 2017e, %			47,4 %	ROCE 2017e, %			11,7 %

The company returned to profit growth after difficult 2016

Sales grew in North America and in Europe

Suominen's net sales grew 8.6 % to 112.9 MEUR in Q1, which exceeded our estimates. Positive y-on-y development was mainly due to high deliveries which reflected good demand but also the company's market share gain. On geographical basis sales grew 9.6 % in US (some 4-5 % points FX tailwind) and 3.5 % Europe. This was positive news for the company as headwinds that the company faced in historically very profitable US market in 2016 seems to be easing out.

Reasonable profitability in Q1

Suominen reported comparable EBIT of 6.3 MEUR in Q1, which corresponds to EBIT-margin of 5.4 %. EBIT beat our estimates due to higher sales. Gross-margin improved slightly to 12.1 %

(Q1'16: 11.4 %) as higher volumes improved operational efficiency. OPEX once again remained in control on absolute terms but slightly increasing OPEX (1.1 MEUR y-on-y) reflects the company's growth efforts, which has required some investments especially in R&D and sales&marketing.

Net financial items dropped exceptionally low as the company activated interest expenses related to Bethune investment to its balance sheet as IFRS requires and also tax rate of 31 % was low for Suominen. Thus, reported EPS of 0.08 euro went clearly above our estimates. Cash flow (Q1 cash flow from operations 6.1 MEUR vs. 9.1 MEUR in Q1'16) was supported by low paid taxes but Q1 tied NWC as usually. Gearing jumped back on the target range (40-80 %) to 50 %, but the company's financial position remained solid in Q1 despite dividend payout.

Estimates	Q1'16	Q1'17	Q1'17e	Q1'17e	Consensus	Difference (%)	2017e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low High	Act. vs. Inderes	Inderes
Net sales	103,9	112,9	109,6			3 %	456
EBIT	5,5	6,3	5,9			5 %	27,8
PTP	5,3	6,1	4,9			23 %	24,6
EPS (excl. NRIs)	0,07	0,08	0,06			28 %	0,32
Net sales growth-%	-7,2 %	8,7 %	5,5 %			3,2 %-yks.	9,4 %
EBIT-% (adjusted)	5,3 %	5,5 %	5,4 %			0,1 %-yks.	6,1 %

Source: Inderes

Strategy did not include surprises, company aims to increase speed

High value added nonwovens remain at the core of the strategy, Asia expansion is on radar in 2017-2021

As expected Suominen launched also a new strategy for the strategy period of 2017-2021. Big guidelines remained intact as high value added nonwovens and current main markets and segments remain at the core of the strategy. Basically, the company keeps on increasing share of high value added products carrying higher gross-margins in product mix while intensively competed baby care should gradually diminish in relative terms. An advanced product portfolio reflecting changing consumer needs should keep growth clearly ahead of the market (3 % in Europe and North America). SGA control remain sharp but the company is ready to invest in certain OPEX items to drive growth.

During the new strategy period the company's cornerstones are business excellence ("best in business), R&D and product innovation capability ("creating nonwovens that other cannot) and personnel ("community of change makers"). With these somewhat intangible but logical cornerstones Suominen aims to 6 % net sales CAGR and on average over 15 % ROI-% (prev. over 12 %) in 2017-2021. Gearing ratio target remains in the range of 40-80%. In addition, Suominen aims to distribute at least 30% (prev. approximately 30 %) of its profit for the period in annual dividends. Updated financial targets did not cause surprises as

the company had announced earlier that the targets will raise significantly for the next strategy period.

As a new (but not unexpected) addition to the strategy Suominen announced that the company will examine its opportunities to expand its business to new market regions, primarily to Asia. This could basically mean greenfield investment or M&A, but we believe that the latter has become primary option as M&A enables positive cash flows faster and brings also new customers in the portfolio. Asia is the fastest growing nonwoven market (around 7 % p.a) and expansion would support Suominen's global position, thus we took the addition positively. However, the price/reward-ratio must be right but the management seem to be very focused in this sense.

We consider the strategy credible but financial targets are challenging

In general, we argue the strategy guides the company to the right direction and new guidelines somewhat increased our belief in Suominen's profit growth potential in medium term. In a positive scenario (Suominen reaches 600 MEUR EBIT and 10 % EBIT-% in 2021) upside could be significant for the share, which is attracting even if our medium term estimates stay on the lower

level. We will comment the strategy extensively after the company's CMD in May.

Guidance intact even if start-up in Bethune is some weeks late

Suominen retained its guidance for FY'17 as we expected. Thus, Suominen expects that its net sales will improve in 2017 from year 2016 (2016: 416.9 MEUR) and comparable EBIT (2016: 25.9 MEUR) will improve in 2017 from year 2016, provided that the new production line at the Bethune plant will be started up as planned. However, negative news was that the start-up is late in Bethune due to technical problems deriving from the machinery supplier. Certain modifications in the machinery is required, which delay the start-up and commissioning of the machine few weeks. Currently the company expects to begin deliveries to the customers in Q2 (previously in Q1). Therefore, depreciation begins most likely from Q3 onwards. The management remained confident the machine will manage to manufacture planned amount in volumes in 2017 despite the delay (some start-up preparation can be done in the most challenging parts of the process during waiting time, which could make the start-up curve steeper) but we argue risks in this sense have grown up.

Otherwise market demand seems to remain healthy and competition intense at least in certain segments (European baby care and flushables). However, raw material prices (pulp, viscose and polypropylene) are picking-up, which will cause margin pressure during the summer as there is certain lag in when raw material price increases can be transferred to the sales prices. In addition, we are somewhat worried about the company's capability to pass cost inflation quickly to prices in the current competitive environment even if there should be pass through clauses in the segments (i.e. baby care) where competition is the most intense and pricing power weakest. Given this market framework and delayed start-up in Bethune, Suominen's short term profit outlook remains fairly uncertain in our opinion despite positive Q1. The company's new strategy somewhat increased our belief on Suominen medium term profit growth outlook even if our estimates are still clearly below Suominen's aggressive target levels (2017-2017 6 % p.a. sales CARG, on average 15 % ROI-%). However, we made only minor adjustments in our estimates after the Q1-report despite certain short term negative and medium term positive risks.

Estimate revisions	2017e	2017e	Change	2018e	2018e	Change	2019e	2019e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Net sales	451	456	1 %	482	488	1 %	501	512	2 %
EBITDA	49,9	48,9	-2 %	56,2	55,7	-1 %	57,5	59,4	3 %
EBIT (exc. NRIs)	28,4	27,8	-2 %	32,8	33,5	2 %	35,0	37,2	6 %
EBIT	28,4	27,8	-2 %	32,8	33,5	2 %	35,0	37,2	6 %
PTP	24,4	24,6	1 %	29,2	30,0	3 %	31,7	33,9	7 %
EPS (excl. NRIs)	0,31	0,32	2 %	0,32	0,35	7 %	0,35	0,39	12 %
DPS	0,12	0,12	0 %	0,13	0,13	0 %	0,14	0,14	0 %

Source: Inderes

Valuation remains reasonable

Realization of upside requires profit growth in 2017 and in 2018

Suominen's P/E-ratios based on our estimates for FY'17 and FY'18 (the latter includes increase in number of share resulting from hybrid bond conversion in 2018) are 15x and 14x while corresponding EV/EBITDA-ratios are 6x and 5x. Multiples have expanded recently and 2017 figures are on historical levels while profit growth pushes 2018 multiples below historical medians. We also expect the company to keep its DPS on a slight uphill track in the next years and should offer dividend yield in the range of around 3 % for the current share price. Altogether, we argue that the valuation remains fairly reasonable despite recent share price appreciation. Relatively Suominen is clearly

undervalued compared to the peer group but this is only a secondary metric to us as the peer group is very loosely related to Suominen.

To realize estimated upside, the company must stay on track for growth and on the profit growth path in 2017 and especially in 2018. In addition, we remind there could be significant medium term upside in the share in a positive scenario (i.e. the company reaches 600 MEUR sales and 10 % EBIT % in 2021), which attracts to keep the shares so far as short term valuation has not gone out of borders.

Company	MCAP	EV	EV/EBIT		EV/EBITDA		EV/Sales		P/E		Dividend yield-%		P/B
	MEUR	MEUR	2017e	2018e	2017e	2018e	2017e	2018e	2017e	2018e	2017e	2018e	2017e
Suominen	242	308	10,4	8,7	5,9	4,8	0,6	0,5	17,1	14,7	2,5	2,8	1,7
Huhtamäki	3677	4406	14,5	13,1	10,2	9,2	1,4	1,3	17,5	15,7	2,4	2,7	2,8
Duni	624	683	13,0	13,0	10,2	9,7	1,5	1,5	16,1	15,1	4,1	4,3	2,3
Sealed Air	8022	11679	14,1	13,1	10,8	10,2	1,9	1,8	16,6	14,9	1,4	1,7	9,4
Riverstone	422	400	13,3	12,1	10,7	9,9	2,5	2,2	16,6	15,4	2,4	2,5	
Pegas	287	449	16,1	15,1	10,1	9,5	2,1	2,0	14,3	12,2	4,1	4,4	
Halyard	1666	2092	13,8	12,3	10,7	9,8	1,4	1,3	21,1	19,2			1,6
Suominen (Inderes)	246	291	10,7	8,2	6,0	4,9	0,6	0,6	15,1	13,7	2,5	3,1	1,6
Average			13,6	12,5	9,8	9,0	1,6	1,5	17,0	15,3	2,8	3,1	3,6
Median			13,8	13,0	10,2	9,7	1,5	1,5	16,6	15,1	2,5	2,7	2,3
Premium/discount -% vs. mediaan			-23 %	-37 %	-41 %	-49 %	-58 %	-61 %	-9 %	-9 %	2 %	11 %	-31 %

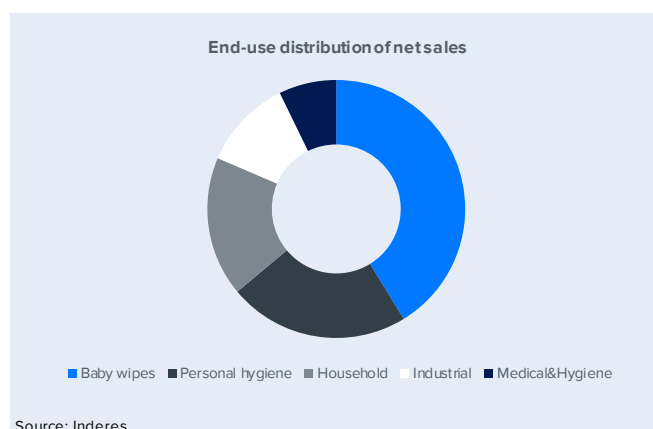
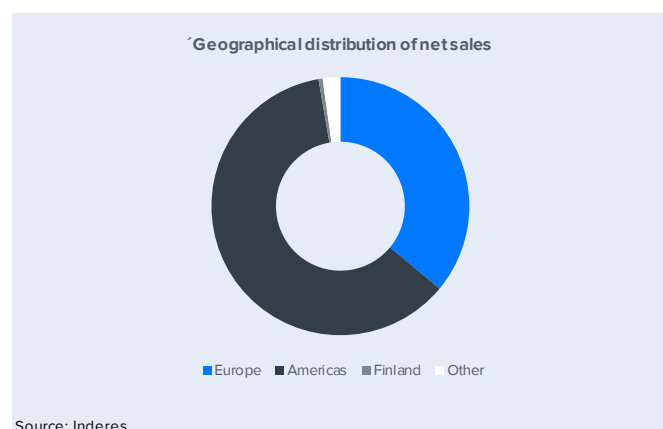
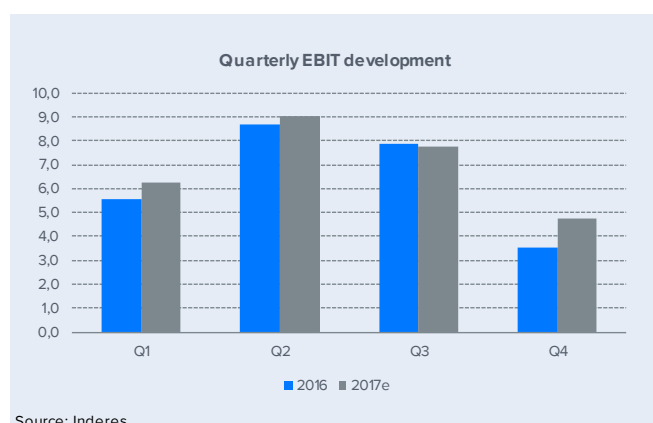
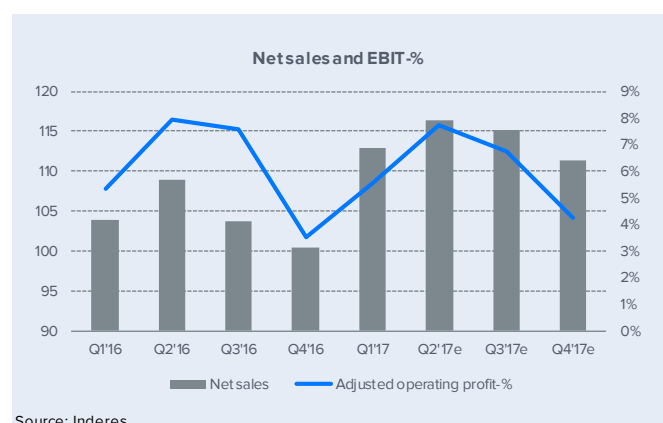
Source: Bloomberg / Inderes. Notification: Inderes' MCAP does not include treasury shares

Income statement and quarterly estimates

Quarterly earnings	2015	Q1'16	Q2'16	Q3'16	Q4'16	2016	Q1'17	Q2'17e	Q3'17e	Q4'17e	2017e	2018e	2019e
Net sales	444,0	103,9	108,8	103,8	100,4	416,9	112,9	116,5	115,2	111,4	456,0	487,9	512,3
Nonwovens	444,0	103,9	108,8	103,8	100,4	416,9	112,9	116,5	115,2	111,4	456,0	487,9	512,3
EBITDA	49,5	10,1	13,2	12,6	8,2	44,1	10,9	14,5	13,3	10,2	48,9	55,7	59,4
Depreciation	-17,7	-4,6	-4,5	-4,7	-4,6	-18,5	-4,7	-5,5	-5,5	-5,5	-21,2	-22,2	-22,1
EBIT (excl. NRI)	31,3	5,5	8,7	7,9	3,5	25,6	6,3	9,0	7,8	4,7	27,8	33,5	37,2
EBIT	31,8	5,5	8,7	7,9	3,5	25,6	6,3	9,0	7,8	4,7	27,8	33,5	37,2
Nonwovens	31,8	5,5	8,7	7,9	3,5	25,6	6,3	9,0	7,8	4,7	27,8	33,5	37,2
NRI	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
Net financial items	-5,3	-0,2	-1,0	-0,8	-1,1	-3,2	-0,2	-1,0	-1,0	-1,0	-3,2	-3,5	-3,3
PTP	26,5	5,3	7,7	7,0	2,4	22,4	6,1	8,0	6,8	3,7	24,6	30,0	33,9
Taxes	-9,5	-1,9	-2,5	-2,1	-0,8	-7,2	-1,9	-2,7	-2,4	-1,3	-8,3	-9,9	-11,2
Minority interest	0,0	0,0	0,0	-0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Net earnings	17,0	3,4	5,3	4,9	1,6	15,2	4,2	5,3	4,4	2,4	16,4	20,1	22,7
EPS (adj.)	0,07	0,07	0,10	0,09	0,03	0,30	0,08	0,10	0,09	0,05	0,32	0,35	0,39
EPS (rep.)	0,07	0,01	0,02	0,02	0,01	0,06	0,02	0,02	0,02	0,01	0,32	0,39	0,39

Key figures	2015	Q1'16	Q2'16	Q3'16	Q4'16	2016	Q1'17	Q2'17e	Q3'17e	Q4'17e	2017e	2018e	2019e
Revenue growth-%	10,5 %	-7,2 %	-3,6 %	-9,7 %	-3,7 %	-6,1 %	8,7 %	7,0 %	11,0 %	11,0 %	9,4 %	7,0 %	5,0 %
Adjusted revenue growth-%	16,5 %	-24,1 %	-12,8 %	-19,5 %	-17,4 %	-18,2 %	12,9 %	3,9 %	-1,3 %	34,8 %	8,5 %	20,6 %	11,1 %
EBITDA-%	11,1 %	9,8 %	12,1 %	12,1 %	8,1 %	10,6 %	9,7 %	12,5 %	11,5 %	9,2 %	10,7 %	11,4 %	11,6 %
Adjusted operating profit-%	7,0 %	5,3 %	8,0 %	7,6 %	3,5 %	6,1 %	5,5 %	7,7 %	6,8 %	4,3 %	6,1 %	6,9 %	7,3 %
Net profit-%	3,8 %	3,3 %	4,8 %	4,7 %	1,6 %	3,6 %	3,8 %	4,5 %	3,8 %	2,2 %	3,6 %	4,1 %	4,4 %

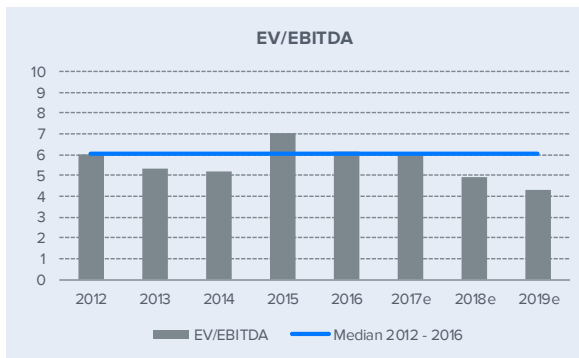
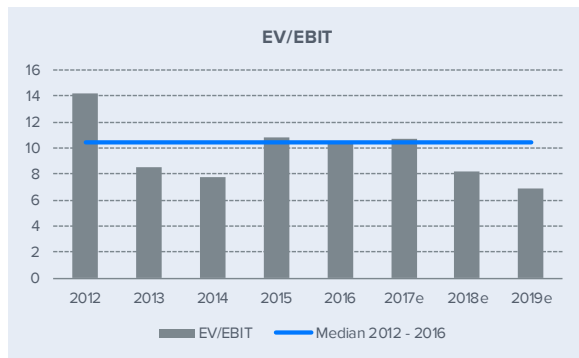
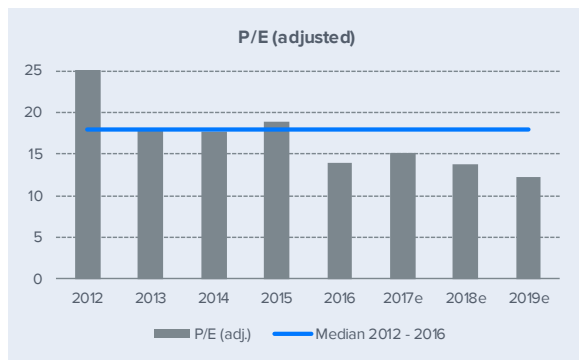
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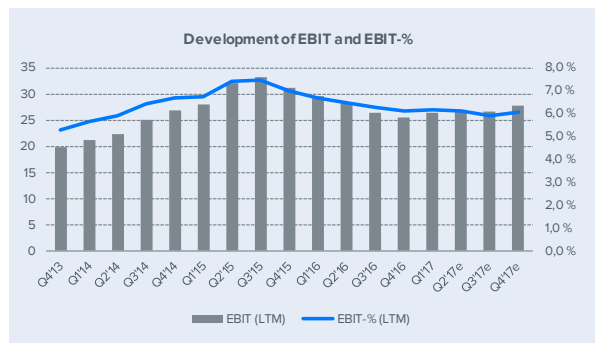
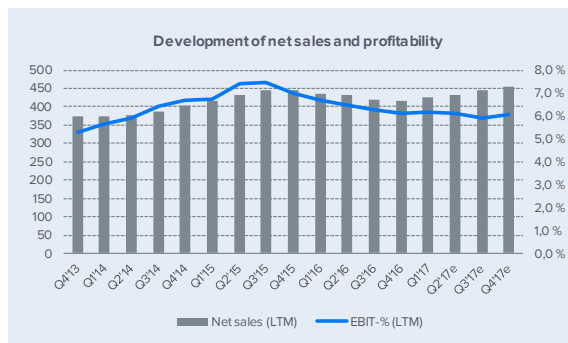
Valuation

Valuation	2012	2013	2014	2015	2016	2017e	2018e	2019e
Share price	1,75	2,40	4,00	6,20	4,14	4,77	4,77	4,77
MCAP	86	118	197	313	212	246	246	246
EV	183	194	243	354	277	291	275	255
P/E (adj.)	259,3	17,9	17,7	18,9	14,0	15,1	13,7	12,2
P/E	neg.	20,7	19,3	18,4	14,0	15,1	13,7	12,2
P/FCF	1,4	4,4	13,7	36,9	-9,1	8,8	10,0	8,3
P/B	0,9	1,5	1,8	2,5	1,5	1,6	1,5	1,3
P/S	0,2	0,3	0,5	0,7	0,5	0,5	0,5	0,5
EV/S	0,4	0,5	0,6	0,8	0,7	0,6	0,6	0,5
EV/EBITDA	6,0	5,3	5,2	7,0	6,1	6,0	4,9	4,3
EV/EBIT	14,2	8,6	7,8	10,9	10,4	10,7	8,2	6,9
Payout (%)	0,0 %	0,0 %	24,2 %	29,7 %	37,1 %	37,9 %	37,4 %	35,7 %
Dividend yield-%	0,0 %	0,0 %	1,3 %	1,6 %	2,7 %	2,5 %	3,1 %	3,3 %

Source: Inderes



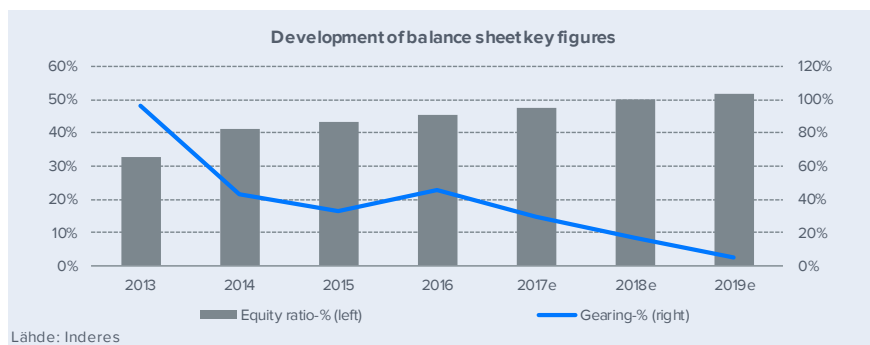
Earnings trend (rolling 12 months)



Balance sheet and cash flow statement

Balance sheet

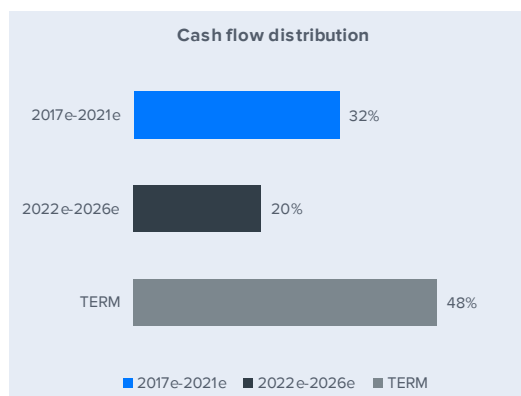
Assets (MEUR)	2014	2015	2016	2017e	2018e	Liabilities (MEUR)	2014	2015	2016	2017e	2018e
Non-current assets	134,6	142,2	178,7	177,8	174,0	Equity	108,7	125,7	142,8	153,6	167,5
Goodwill	15,5	15,5	15,5	15,5	15,5	Share capital	11,9	11,9	11,9	11,9	11,9
Intangible assets	12,5	13,3	14,1	14,4	14,7	Retained earnings	-46,9	66,4	76,5	87,3	101,2
Tangible assets	88,7	97,9	135,5	134,4	130,2	Shares repurchased	0,0	0,0	0,0	0,0	0,0
Associated companies	0,0	0,0	0,0	0,0	0,0	Revaluation reserve	0,0	0,0	0,0	0,0	0,0
Other investments	1,6	0,8	0,8	0,8	0,8	Other equity	143,8	47,4	54,4	54,4	54,4
Other non-current assets	10,8	10,2	9,4	9,4	9,4	Minorities	0,0	0,0	0,0	0,0	0,0
Deferred tax assets	5,5	4,5	3,4	3,4	3,4	Non-current debt	92,2	106,2	99,2	94,7	87,6
Current assets	130,0	149,6	136,9	146,0	160,9	Deferred tax liabilities	8,8	10,9	11,2	11,2	11,2
Inventories	32,4	32,6	42,6	35,1	37,6	Provisions	0,0	0,0	0,0	0,0	0,0
Other current assets	6,9	9,9	10,8	10,8	10,8	Long term debt	81,7	93,5	86,6	82,1	75,0
Receivables	52,3	51,5	53,9	59,0	63,1	Convertible debt	0,0	0,0	0,0	0,0	0,0
Cash and equivalents	38,4	55,6	29,5	41,0	49,4	Other long term liabilities	1,7	1,8	1,4	1,4	1,4
Balance sheet total	264,6	291,8	315,6	323,8	334,9	Current debt	63,7	59,9	73,6	75,6	79,8
						Short term debt	3,3	3,4	7,9	3,8	3,0
						Payables	60,1	56,5	65,4	71,5	76,5
						Other current liabilities	0,2	0,0	0,3	0,3	0,3
						Balance sheet total	264,6	291,8	315,6	323,8	334,9



DCF model

DCF model (MEUR)	2016	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	TERM
EBIT (operating profit)	25,6	27,8	33,5	37,2	39,5	42,3	41,3	39,5	36,5	34,4	35,1	
+ Depreciation	18,5	21,2	22,2	22,1	21,1	20,6	20,1	19,9	19,4	19,2	19,0	
- Paid taxes	-5,8	-8,3	-9,9	-11,2	-11,9	-12,9	-12,5	-12,0	-11,0	-10,3	-10,5	
- Tax, financial expenses	-1,0	-1,1	-1,2	-1,1	-1,1	-1,1	-1,1	-1,1	-1,1	-1,1	-1,1	
+ Tax, financial income	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1	
- Change in working capital	-4,3	8,6	-1,6	-1,2	-1,1	-1,1	-0,8	-0,9	-0,9	-0,9	-0,6	
Operating cash flow	33,0	48,2	43,0	45,9	46,4	47,8	46,9	45,6	43,0	41,4	41,9	
+ Change in other long-term liabilities	-0,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
- Gross CAPEX	-56,1	-20,3	-18,3	-16,3	-18,3	-18,3	-19,3	-17,3	-18,3	-18,3	-23,4	
Free operating cash flow	-23,4	27,9	24,7	29,6	28,1	29,5	27,6	28,3	24,7	23,1	18,5	
+/- Other	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
FCFF	-23,4	27,9	24,7	29,6	28,1	29,5	27,6	28,3	24,7	23,1	18,5	344,1
Discounted FCFF		26,6	21,9	24,3	21,5	21,0	18,3	17,4	14,1	12,3	9,2	170,3
Sum of FCFF present value		356,9	330,4	308,5	284,1	262,6	241,6	223,3	205,9	191,7	179,5	170,3
Debt free DCF		356,9										
- Interest bearing debt												
+ Cash and equivalents												
- Minorities												
- Dividend/capital return												
Equity value DCF												286,3
Equity value DCF per share												5,54

WACC	
Tax-% (WACC)	35,0 %
Target debt ratio (D/(D+E))	25,0 %
Cost of debt	6,0 %
Equity Beta	1,00
Market risk premium	4,75 %
Liquidity premium	1,00 %
Risk free interest rate	3,0 %
Cost of equity	8,8 %
Average cost of capital (WACC)	7,5 %



Summary

Income statement	2014	2015	2016	2017e	2018e
Sales	401,8	444,0	416,9	456,0	487,9
EBITDA	41,5	49,5	44,1	48,9	55,7
EBITDA-%	10,3	11,1	10,6	10,7	11,4
EBIT	25,9	31,8	25,6	27,8	33,5
PTP	17,8	26,5	22,4	24,6	30,0
Net earnings	5,0	17,0	15,2	16,4	20,1
Non-recurring items	-1,0	0,5	0,0	0,0	0,0

Balance sheet	2014	2015	2016	2017e	2018e
Balance sheet total	264,6	291,8	315,6	323,8	334,9
Equity	108,7	125,7	142,8	153,6	167,5
Goodwill	15,5	15,5	15,5	15,5	15,5
Interest-bearing debt	85,0	96,9	94,5	85,8	78,0

Cash flow	2014	2015	2016	2017e	2018e
EBITDA	41,5	49,5	44,1	48,9	55,7
Change in NWC	6,1	-7,9	-4,3	8,6	-1,6
Operating cash flow	41,7	30,7	33,0	48,2	43,0
Free cash flow	14,3	8,5	-23,4	27,9	24,7

Company description
Suominen supplies its industrial and retail customers with nonwovens products worldwide. Suominen is the global market leader in nonwovens for wipes. The company employs around 600 people in Europe and in the Americas.

Share based key figures	2014	2015	2016	2017e	2018e
EPS	0,21	0,34	0,30	0,32	0,35
EPS (adj.)	0,23	0,33	0,30	0,32	0,35
Oper. cash flow per share	0,85	0,61	0,64	0,93	0,74
Book value per share	2,21	2,49	2,79	2,97	2,89
Dividend per share	0,01	0,02	0,11	0,12	0,13
Payout ratio (%)	24	30	37	38	37
Dividend yield (%)	1,3	1,6	2,7	2,5	2,7

Key figures	2014	2015	2016	2017e	2018e
P/E	19,3	18,4	14,0	15,1	12,3
P/B	1,8	2,5	1,5	1,6	1,5
P/S	0,5	0,7	0,5	0,5	0,6
P/CF	4,7	10,2	6,4	5,1	6,4
EV/S	0,6	0,8	0,7	0,6	0,6
EV/EBITDA	5,9	7,2	6,3	6,0	4,9
EV/EBIT	9,4	11,1	10,8	10,5	8,2

Largest shareholders	% of shares
AC Invest two B.V	26,8 %
Oy Etra Invest Ab	9,9 %
Varma Mutual Pension Insurance Company	8,8 %
Ilmarinen Mutual Pension Insurance Company	6,4 %
Elo Pension Company	5,9 %

Recommendation history, last 12 months

Päivämäärä	Suositus	Tavoite	Osakekurssi
23.10.2013	Lisää	0,52 €	0,48 €
16.1.2014	Lisää	0,55 €	0,49 €
30.1.2014	Lisää	0,57 €	0,50 €
30.4.2014	Lisää	0,65 €	0,58 €
27.5.2014	Lisää	0,65 €	0,56 €
14.7.2014	Osta	0,70 €	0,58 €
21.7.2014	Osta	0,70 €	0,60 €
27.10.2014	Lisää	0,72 €	0,64 €
13.11.2014	Lisää	0,72 €	0,67 €
8.1.2015	Vähennä	0,82 €	0,88 €
2.2.2015	Lisää	0,88 €	0,80 €
17.3.2015	Lisää	1,00 €	0,95 €
28.4.2015	Lisää	1,10 €	1,04 €
18.6.2015	Osta	1,10 €	0,90 €
20.7.2015	Lisää	1,20 €	1,13 €
27.10.2015	Vähennä	1,20 €	1,19 €
12.11.2015	Vähennä	1,25 €	1,27 €
1.2.2016	Vähennä	1,05 €	1,07 €
17.3.2016	Lisää	0,95 €	0,84 €
29.4.2016	Lisää	4,50 €	4,03 €
29.6.2016	Lisää	4,50 €	3,93 €
9.8.2016	Vähennä	4,80 €	4,58 €
21.9.2016	Lisää	4,20 €	3,80 €
27.10.2016	Lisää	4,60 €	4,34 €
1.2.2017	Lisää	4,35 €	4,00 €
27.4.2017	Lisää	5,10 €	4,77 €

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Recommendation Upside potential*

Buy	> 15 %
Accumulate	5 - 15 %
Reduce	-5 - 5 %
Sell	< -5 %

Potential regarding to 12 month target price

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