

# SUOMINEN

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## INDERES CORPORATE CUSTOMER COMPANY REPORT



# Improved earnings sought through new savings

*Suominen's Q1 result weakened year-on-year as the market situation was challenging. Despite the new savings program, we believe the company's situation remains difficult and the valuation of the share is high. We reiterate our Sell recommendation and lower our target price to EUR 1.8 (was EUR 1.9) on the back of downgraded estimates.*

## Q1 weakened year-on-year, yet above our expectations

Suominen's revenue increased by 3% year-on-year. The growth was mainly supported by improved selling prices and sales mix. Volumes, on the other hand, decreased slightly. Geographically, growth came mainly from the Americas segment, with EMEA revenue being close to the comparison period. The adjusted EBITDA decreased slightly from the comparison period (4.5 MEUR) to 4.1 MEUR, which was affected by the increase in fixed costs and a small negative currency impact. However, the result was slightly better than our expectations (3.8 MEUR). However, the company's result is at a weak level, with adjusted EBIT still in loss, and the direction of the result is naturally wrong as it weakens.

## The balance sheet situation is becoming worrying

Due to the weak result and ongoing investments, Suominen's cash flow was negative in Q1, as it was for the full year 2024. The company's net debt/adj. EBITDA was about 4x at the end of Q1'25, which in our view is already worryingly high, especially as earnings development has also been negative in recent quarters. This is underscored by the fact that the company has major investments underway, which we believe will keep cash flow negative this year. In our view, the weak balance sheet may cause pressure to reduce working capital, for example, at the expense of margin. The company has not disclosed the covenant levels of its loans. Suominen's loans mature in the summer of 2026 and 2027, so the company does not have an acute need for refinancing, but the renewal of the entire financing will become topical next year at the latest.

10 MEUR savings program to support profit improvement

As expected, Suominen reiterated its full-year guidance for a year-on-year improvement in adjusted EBITDA (2024: 17.0 MEUR). We note that Suominen has failed to significantly improve its earnings level in recent years. The earnings improvement is supported by the 10 MEUR savings program announced by the company in connection with its results. The effects of the program should materialize over the next 24 months. So, the full impact will take a relatively long time to materialize, and we expect some of the savings to be offset by normal cost inflation.

In recent years, Suominen has continuously improved its operations by, e.g., closing one plant and with a smaller efficiency program last year. However, these effects have not been significantly reflected in the company's earnings. Therefore, the new savings program is clearly necessary and significant in scale, but its impact on earnings is very uncertain. We believe that the launch of the savings program, on the other hand, indicates that the company's earnings outlook would remain very weak without it. We also point out that our forecasts already include a significant earnings improvement within a couple of years, which would require such measures to be achieved. Due to the persistently weak earnings level and outlook, we have again clearly lowered our estimates.

## The stock is pricing in a significant earnings improvement; we believe the expected return remains weak

The company's earnings multiples for the next few years are high and not in the range of our acceptable multiples only years from now, so we see many years of expected earnings growth going into the digestion of the multiples. Considering the limited competitive advantages, we do not believe that Suominen is able to achieve a return on capital that is sustainably above the required return in the long term. Assuming a much better margin in the longer term, our DCF model yields a value of EUR 1.8, in line with our target price.

## Recommendation

**Sell**

(was Sell)

## Target price:

**EUR 1.80**

(was EUR 1.90)

## Share price:

Share price: EUR 2.01

## Business risk



## Valuation risk



|                  | 2024   | 2025e | 2026e | 2027e |
|------------------|--------|-------|-------|-------|
| Revenue          | 462    | 467   | 476   | 486   |
| growth-%         | 3%     | 1%    | 2%    | 2%    |
| EBIT adj.        | -1.6   | 0.1   | 6.0   | 10.9  |
| EBIT-% adj.      | -0.3 % | 0.0 % | 1.3 % | 2.2 % |
| Net income       | -5.3   | -7.6  | 0.8   | 3.5   |
| EPS (adj.)       | -0.10  | -0.06 | 0.01  | 0.06  |
|                  |        |       |       |       |
| P/E (adj.)       | neg.   | neg.  | >100  | 32.8  |
| P/B              | 1.1    | 1.1   | 1.0   | 1.0   |
| Dividend yield-% | 0.0 %  | 0.0 % | 0.4 % | 1.0 % |
| EV/EBIT (adj.)   | neg.   | >100  | 32.5  | 17.1  |
| EV/EBITDA        | 11.2   | 13.2  | 7.3   | 5.9   |
| EV/S             | 0.4    | 0.4   | 0.4   | 0.4   |

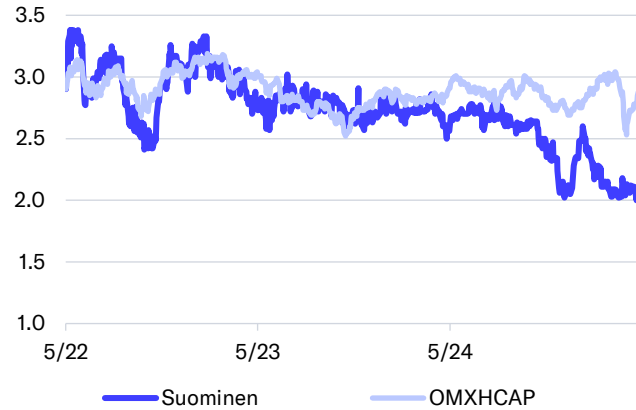
Source: Inderes

## Guidance

(Unchanged)

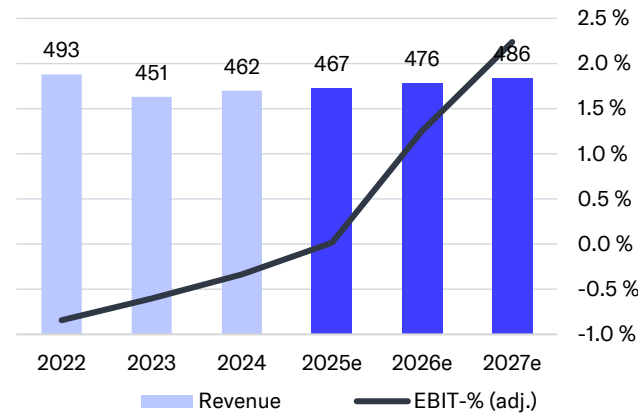
Suominen expects that its comparable EBITDA in 2025 will increase from 2024 (17.0 MEUR).

## Share price



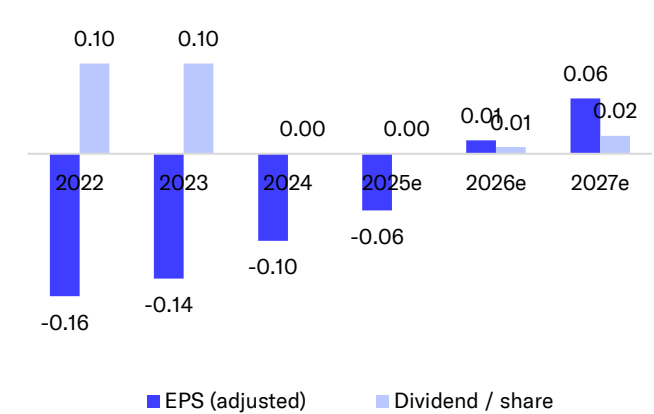
Source: Millistream Market Data AB

## Revenue and EBIT %



Source: Inderes

## EPS and dividend



Source: Inderes

## Value drivers

- Potential reduction in market overcapacity could support margins in the longer term
- Steady end demand for products
- Suominen's expertise and products in sustainable non-wovens

## Risk factors

- Tight competition in the industry
- Low pricing power
- Changes in raw material prices cause earnings fluctuation

| Valuation                  | 2025e | 2026e | 2027e |
|----------------------------|-------|-------|-------|
| Share price                | 2.01  | 2.01  | 2.01  |
| Number of shares, millions | 57.7  | 57.7  | 57.7  |
| Market cap                 | 116   | 116   | 116   |
| EV                         | 194   | 194   | 186   |
| P/E (adj.)                 | neg.  | >100  | 32.8  |
| P/E                        | neg.  | >100  | 32.8  |
| P/B                        | 1.1   | 1.0   | 1.0   |
| P/S                        | 0.2   | 0.2   | 0.2   |
| EV/Sales                   | 0.4   | 0.4   | 0.4   |
| EV/EBITDA                  | 13.2  | 7.3   | 5.9   |
| EV/EBIT (adj.)             | >100  | 32.5  | 17.1  |
| Payout ratio (%)           | 0%    | 50%   | 33%   |
| Dividend yield-%           | 0.0 % | 0.4 % | 1.0 % |

Source: Inderes

# Q1 result down year-on-year, yet above our expectations

## Revenue increased; volumes dropped

Suominen's revenue increased by 3% year-on-year. The growth was mainly supported by improved selling prices and sales mix. Volumes, on the other hand, decreased slightly. Geographically, growth came mainly from the Americas segment, with EMEA revenue being close to the comparison period.

## Result deteriorated slightly less than we expected

The adjusted EBITDA decreased slightly from the comparison period to 4.1 MEUR, which was affected by the increase in fixed costs and a small negative currency impact. However, the result was slightly better than we expected. However, the company's result is at a weak level, with adjusted EBIT still in loss, and the direction of the result is naturally wrong as it weakens.

As far as the US tariffs are concerned, Finland is basically in a good position as it manufactures products locally that

are sold in the US, and we understand that tariffs on raw materials are passed on to prices through indexation clauses. However, tariffs to some extent confuse the market situation and customers' activities, which can be detrimental to Finland and, for example, increase competition in Europe. As a result, the impact of rapidly changing tariff policies on the business is not straightforward.

## The balance sheet situation is getting tight

Due to the weak result and ongoing investments, Suominen's cash flow was negative in Q1, as it was for the full year 2024. The company's net debt/adj. EBITDA was about 4x at the end of Q1'25, which in our view is already worryingly high, especially as earnings development has also been negative in recent quarters. This is underscored by the fact that the company has major investments underway, which we believe will keep cash flow negative this year. In our view, the weak balance sheet may cause

pressure to reduce working capital, for example, at the expense of margin. The company has not disclosed the covenant levels of its loans.

Of Suominen's financing arrangements, the credit facility matures in July 2026, and the bond matures in June 2027. As financing agreements are usually renewed in a timely manner, we believe that at least the refinancing of the credit line will be completed this year. The 50 MEUR bond was issued in 2021 at a very low coupon (1.5%), and its renewal (probably during 2026) will increase Suominen's interest costs. The company is therefore not in urgent need of refinancing, but a full refinancing will be required next year at the latest.

| Estimates        | Q1'24      | Q1'25      | Q1'25e  | Q1'25e    | Consensus | Difference (%)   | 2025e   |
|------------------|------------|------------|---------|-----------|-----------|------------------|---------|
| MEUR / EUR       | Comparison | Actualized | Inderes | Consensus | Low High  | Act. vs. inderes | Inderes |
| Revenue          | 114        | 118        | 115     | 115       |           | 2%               | 467     |
| EBITDA (adj.)    | 4.5        | 4.1        | 3.8     | 4.2       |           | 7%               | 18.7    |
| EBIT (adj.)      | -0.1       | -0.3       | -0.7    | -0.3      |           | 56%              | 0.1     |
| EBIT             | 0.1        | -0.3       | -0.7    | -         |           | 56%              | -3.9    |
| EPS (reported)   | -0.02      | -0.01      | -0.02   | -0.02     |           | 57%              | -0.13   |
| Revenue growth-% | -2.7 %     | 3.4 %      | 1.4 %   | 1.2 %     |           | 2 pp             | 1.0 %   |
| EBIT-% (adj.)    | -0.1 %     | -0.3 %     | -0.6 %  | -0.3 %    |           | 0.3 pp           | 0.0 %   |

Source: Inderes & Vara Research, 3 analysts (consensus)



# Forecasts down again

## Full-year guidance remains unchanged

As expected, Suominen reiterated its full-year guidance for a year-on-year improvement in adjusted EBITDA (2024: 17.0 MEUR). After a weaker performance in the first half of the year, it is clear that performance will need to improve over the rest of the year to reach the target. However, the company noted that the market is currently quite challenging due to changes in tariffs, among other things. We also flag that Suominen has failed to significantly improve its earnings level in recent years. The earnings improvement is supported by the 10 MEUR savings program announced by the company in connection with its results.

## A large-scale savings program to support the result

The impact of Suominen's 10 MEUR savings program should be realized over the next 24 months. Savings will be achieved through reductions in headcount and external

services. So, the full impact will take a relatively long time to materialize, and we expect some of the savings to be offset by normal cost inflation. In recent years, Suominen has continuously improved its operations by, e.g., closing one plant and with a smaller efficiency program last year. However, these effects have not been significantly reflected in the company's earnings. Therefore, the new savings program is clearly necessary and significant in scale, but its impact on earnings is very uncertain. We believe that the launch of the savings program, on the other hand, indicates that the company's earnings outlook would remain very weak without it. We also point out that our forecasts already include a significant earnings improvement within a couple of years, which would require such measures to be achieved.

Kimberly-Clark, which competes to some extent with Suominen, said in its Q1 results that it had cut prices to keep its products competitive in a weak consumer

environment. In our opinion, this indicates price pressure in the market, which may also be reflected in Suominen's development. The weak margin levels in our forecasts for this year also reflect continued pricing pressure.

## Estimates cut

As Suominen's earnings performance remains persistently weak, we have once again lowered our forecasts for the next few years throughout the forecast cycle. We also added the expectation of a one-time charge of 4 MEUR for the end of this year related to the efficiency program. We have removed the 2026 dividend as we believe the company needs to prioritize balance sheet improvement and refinancing. For this year, we now expect an adjusted EBITDA of around 19 MEUR, a very slight improvement year-on-year.

| Estimate revisions | 2025e | 2025e | Change | 2026e | 2026e | Change | 2027e | 2027e | Change |
|--------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| MEUR / EUR         | Old   | New   | %      | Old   | New   | %      | Old   | New   | %      |
| Revenue            | 476   | 467   | -2%    | 485   | 476   | -2%    | 495   | 486   | -2%    |
| EBITDA             | 21.7  | 14.7  | -32%   | 29.9  | 26.6  | -11%   | 32.4  | 31.5  | -3%    |
| EBIT (exc. NRIs)   | 2.9   | 0.1   | -98%   | 9.2   | 6.0   | -35%   | 11.8  | 10.9  | -8%    |
| EBIT               | 2.9   | -3.9  | -236%  | 9.2   | 6.0   | -35%   | 11.8  | 10.9  | -8%    |
| PTP                | -1.9  | -9.7  | -413%  | 4.7   | 1.1   | -76%   | 6.1   | 4.7   | -23%   |
| EPS (excl. NRIs)   | -0.02 | -0.06 | -165%  | 0.06  | 0.01  | -76%   | 0.08  | 0.06  | -23%   |
| DPS                | 0.00  | 0.00  |        | 0.02  | 0.00  | -100%  | 0.05  | 0.02  | -60%   |

Source: Inderes

## Suominen, Audiocast with teleconference, Q1'25



# Valuation is high

## Better expectations already priced in

We value Suominen using earnings- and balance sheet-based multiples and the DCF model. The earnings improvement we forecast will be spent digesting multiples over the next few years, and even at a much better earnings level (2027), we think the valuation is high. With dividends at zero in the coming years, it also does not provide much support for earnings expectations in the coming years. Thus, we see the expected return as weak.

## Multiples remain high through the forecast years

Due to the poor result, valuation multiples for 2022-25 cannot be calculated or they are high, and we feel the earnings level does not depict the company's potential. We have previously considered an EBIT level of 15-20 MEUR to be a more normal and realistic level for the company. In light of the company's persistently loss-making performance in recent years, this assumption seems optimistic and we do not expect the company to achieve it in the coming years. For our forecast years 2025-27, earnings multiples are high, whether we look at earnings-based P/E, EV/EBIT, or balance sheet-based P/B. In the coming years, we expect Suominen's return on equity to remain well below the required return, and thus the P/B ratio to be well below 1x. We feel Suominen's acceptable valuation multiples are P/E around 10-12x and EV/EBIT 9-11x. The multiples fall within this range in our projections only in the 2030s and require a significant earnings improvement.

## DCF model value EUR 1.8

The value of the DCF model is around EUR 1.8, which is in line with our target price. The model assumes a longer-term EBIT-% of 4.0% and thus an EBIT of ~20 MEUR. We note that the long-term margin assumption is well above the levels achieved in recent years and projected for the coming years. We use a WACC of 8.6% for Suominen, which is slightly higher than before (8.4%) due to increased economic uncertainty. The value of the company's share capital will be approximately 100 MEUR.

## Longer-term potential is also moderate

In the longer term, we believe that Suominen's return on capital will be roughly at the level of the required return. We believe that the company will be able to achieve small earnings growth, but in the absence of clear competitive advantages, with strong competition in the sector and volatile raw material prices swaying profitability, we do not believe in significant and sustainable earnings growth nor return on capital that exceeds the required return in the long-term. In our view, return on capital remains below 10% in both the short and long term and therefore does not exceed our required return.

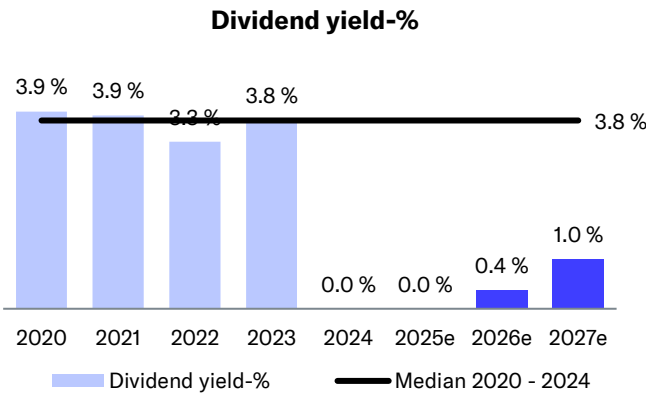
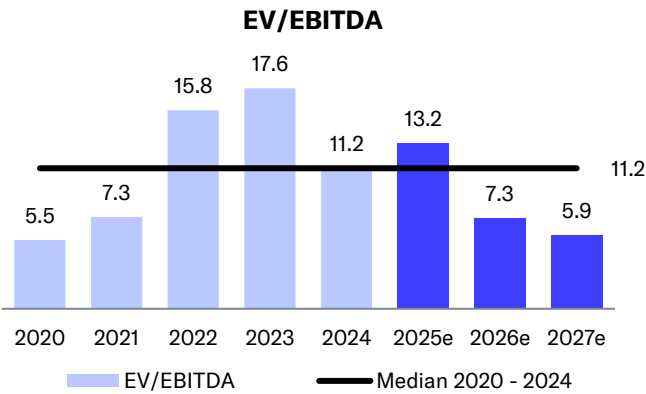
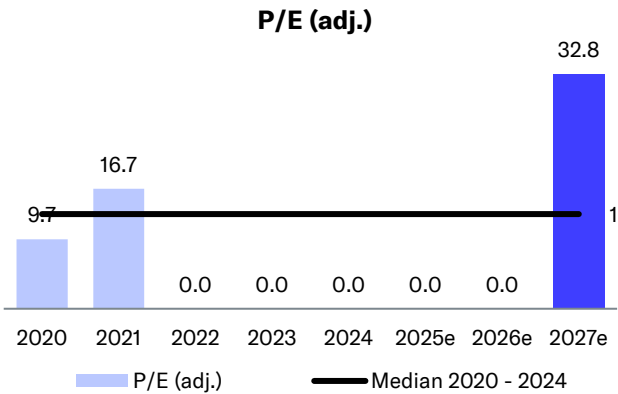
| Valuation                  | 2025e | 2026e | 2027e |
|----------------------------|-------|-------|-------|
| Share price                | 2.01  | 2.01  | 2.01  |
| Number of shares, millions | 57.7  | 57.7  | 57.7  |
| Market cap                 | 116   | 116   | 116   |
| EV                         | 194   | 194   | 186   |
| P/E (adj.)                 | neg.  | >100  | 32.8  |
| P/E                        | neg.  | >100  | 32.8  |
| P/B                        | 1.1   | 1.0   | 1.0   |
| P/S                        | 0.2   | 0.2   | 0.2   |
| EV/Sales                   | 0.4   | 0.4   | 0.4   |
| EV/EBITDA                  | 13.2  | 7.3   | 5.9   |
| EV/EBIT (adj.)             | >100  | 32.5  | 17.1  |
| Payout ratio (%)           | 0%    | 50%   | 33%   |
| Dividend yield-%           | 0.0 % | 0.4 % | 1.0 % |

Source: Inderes

# Valuation table

| Valuation                  | 2020   | 2021   | 2022  | 2023  | 2024  | 2025e | 2026e  | 2027e  | 2028e  |
|----------------------------|--------|--------|-------|-------|-------|-------|--------|--------|--------|
| Share price                | 5.08   | 5.18   | 3.00  | 2.66  | 2.28  | 2.01  | 2.01   | 2.01   | 2.01   |
| Number of shares, millions | 57.5   | 57.5   | 57.5  | 57.7  | 57.7  | 57.7  | 57.7   | 57.7   | 57.7   |
| Market cap                 | 292    | 298    | 172   | 153   | 132   | 116   | 116    | 116    | 116    |
| EV                         | 334    | 345    | 226   | 197   | 192   | 194   | 194    | 186    | 176    |
| P/E (adj.)                 | 9.7    | 16.7   | neg.  | neg.  | neg.  | neg.  | >100   | 32.8   | 18.6   |
| P/E                        | 9.7    | 14.4   | neg.  | neg.  | neg.  | neg.  | >100   | 32.8   | 18.6   |
| P/B                        | 2.0    | 1.8    | 1.2   | 1.2   | 1.1   | 1.1   | 1.0    | 1.0    | 1.0    |
| P/S                        | 0.6    | 0.7    | 0.3   | 0.3   | 0.3   | 0.2   | 0.2    | 0.2    | 0.2    |
| EV/Sales                   | 0.7    | 0.8    | 0.5   | 0.4   | 0.4   | 0.4   | 0.4    | 0.4    | 0.4    |
| EV/EBITDA                  | 5.5    | 7.3    | 15.8  | 17.6  | 11.2  | 13.2  | 7.3    | 5.9    | 5.3    |
| EV/EBIT (adj.)             | 8.5    | 12.8   | neg.  | neg.  | neg.  | >100  | 32.5   | 17.1   | 13.1   |
| Payout ratio (%)           | 38.2 % | 55.4 % | neg.  | neg.  | 0.0 % | 0.0 % | 50.0 % | 32.6 % | 46.2 % |
| Dividend yield-%           | 3.9 %  | 3.9 %  | 3.3 % | 3.8 % | 0.0 % | 0.0 % | 0.4 %  | 1.0 %  | 2.5 %  |

Source: Inderes



The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

# Peer group valuation

| Peer group valuation | Market cap | EV   | EV/EBIT |       | EV/EBITDA |       | EV/S  |       | P/E   |       | Dividend yield-% |       | P/B   |
|----------------------|------------|------|---------|-------|-----------|-------|-------|-------|-------|-------|------------------|-------|-------|
| Company              | MEUR       | MEUR | 2025e   | 2026e | 2025e     | 2026e | 2025e | 2026e | 2025e | 2026e | 2025e            | 2026e | 2025e |
| Huhtamäki            | 3507       | 4876 | 11.8    | 10.9  | 7.7       | 7.3   | 1.2   | 1.1   | 12.7  | 11.7  | 3.6              | 3.7   | 1.6   |
| Duni                 | 416        | 611  | 12.0    | 11.0  | 7.9       | 7.4   | 0.8   | 0.8   | 12.9  | 13.4  | 5.4              | 5.4   | 1.3   |
| Sealed Air           | 3854       | 7433 | 10.0    | 9.6   | 7.6       | 7.3   | 1.6   | 1.6   | 9.6   | 9.0   | 2.7              | 2.8   | 4.6   |
| Riverstone           | 946        | 798  | 10.0    | 9.4   | 8.6       | 8.1   | 3.1   | 2.9   | 14.8  | 13.8  | 7.5              | 7.8   | 0.6   |
| Magnera              | 389        | 1956 | 13.7    | 11.6  | 5.8       | 5.4   | 0.7   | 0.7   | 19.0  | 6.9   |                  |       |       |
| Suominen (Inderes)   | 116        | 194  | 2950.5  | 32.5  | 13.2      | 7.3   | 0.4   | 0.4   | -32.0 | 136.5 | 0.0              | 0.4   | 1.1   |
| Average              |            |      | 11.5    | 10.5  | 7.5       | 7.1   | 1.5   | 1.4   | 13.8  | 11.0  | 4.8              | 4.9   | 2.0   |
| Median               |            |      | 11.8    | 10.9  | 7.7       | 7.3   | 1.2   | 1.1   | 12.9  | 11.7  | 4.5              | 4.6   | 1.4   |
| Diff-% to median     |            |      | 25010%  | 198%  | 72%       | -1%   | -64%  | -64%  | -348% | 1067% | -100%            | -92%  | -26%  |

Source: Refinitiv / Inderes



# Income statement

| Income statement    | 2023  | Q1'24 | Q2'24 | Q3'24 | Q4'24 | 2024  | Q1'25 | Q2'25e | Q3'25e | Q4'25e | 2025e | 2026e | 2027e | 2028e |
|---------------------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|-------|-------|-------|-------|
| Revenue             | 451   | 114   | 119   | 112   | 119   | 462   | 118   | 120    | 111    | 118    | 467   | 476   | 486   | 496   |
| EBITDA              | 11.2  | 4.7   | 3.7   | 3.4   | 5.3   | 17.1  | 4.0   | 4.1    | 2.9    | 3.6    | 14.7  | 26.6  | 31.5  | 33.3  |
| Depreciation        | -18.7 | -4.6  | -4.5  | -4.8  | -4.5  | -18.4 | -4.4  | -4.5   | -4.8   | -5.0   | -18.7 | -20.7 | -20.6 | -19.8 |
| EBIT (excl. NRI)    | -2.7  | -0.1  | 0.4   | -1.5  | -0.4  | -1.6  | -0.3  | -0.4   | 0.1    | 0.6    | 0.1   | 6.0   | 10.9  | 13.5  |
| EBIT                | -7.5  | 0.1   | -0.8  | -1.4  | 0.8   | -1.3  | -0.3  | -0.4   | -1.9   | -1.4   | -3.9  | 6.0   | 10.9  | 13.5  |
| Net financial items | -6.0  | -0.8  | -1.1  | -1.9  | -0.3  | -4.1  | -1.9  | -1.3   | -1.3   | -1.3   | -5.8  | -4.8  | -6.2  | -5.2  |
| PTP                 | -13.5 | -0.7  | -1.9  | -3.3  | 0.6   | -5.3  | -2.2  | -1.7   | -3.2   | -2.7   | -9.7  | 1.1   | 4.7   | 8.3   |
| Taxes               | 0.7   | -0.3  | 0.0   | 0.1   | 0.3   | 0.1   | 0.0   | 0.5    | 0.9    | 0.7    | 2.1   | -0.3  | -1.2  | -2.1  |
| Minority interest   | 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   |
| Net earnings        | -12.8 | -1.0  | -1.9  | -3.2  | 0.8   | -5.3  | -2.2  | -1.2   | -2.3   | -1.9   | -7.6  | 0.8   | 3.5   | 6.2   |
| EPS (adj.)          | -0.14 | -0.02 | -0.01 | -0.06 | -0.01 | -0.10 | -0.04 | -0.02  | -0.01  | 0.00   | -0.06 | 0.01  | 0.06  | 0.11  |
| EPS (rep.)          | -0.22 | -0.02 | -0.03 | -0.06 | 0.01  | -0.09 | -0.04 | -0.02  | -0.04  | -0.03  | -0.13 | 0.01  | 0.06  | 0.11  |

| Key figures            | 2023    | Q1'24   | Q2'24    | Q3'24    | Q4'24    | 2024    | Q1'25  | Q2'25e | Q3'25e | Q4'25e | 2025e  | 2026e | 2027e  | 2028e  |
|------------------------|---------|---------|----------|----------|----------|---------|--------|--------|--------|--------|--------|-------|--------|--------|
| Revenue growth-%       | -8.6 %  | -2.7 %  | 5.3 %    | 4.8 %    | 3.1 %    | 2.6 %   | 3.4 %  | 0.9 %  | 0.0 %  | -0.1 % | 1.0 %  | 2.0 % | 2.0 %  | 2.0 %  |
| Adjusted EBIT growth-% | -34.6 % | -95.0 % | -119.0 % | -314.3 % | -152.9 % | -42.6 % | 209%   | -191%  | -107%  | -275%  | -104%  | 8937% | 82.6 % | 24.2 % |
| EBITDA-%               | 2.5 %   | 4.1 %   | 3.1 %    | 3.0 %    | 4.5 %    | 3.7 %   | 3.4 %  | 3.5 %  | 2.6 %  | 3.1 %  | 3.2 %  | 5.6 % | 6.5 %  | 6.7 %  |
| Adjusted EBIT-%        | -0.6 %  | -0.1 %  | 0.3 %    | -1.3 %   | -0.3 %   | -0.3 %  | -0.3 % | -0.3 % | 0.1 %  | 0.5 %  | 0.0 %  | 1.3 % | 2.2 %  | 2.7 %  |
| Net earnings-%         | -2.8 %  | -0.9 %  | -1.6 %   | -2.9 %   | 0.7 %    | -1.1 %  | -1.9 % | -1.0 % | -2.1 % | -1.6 % | -1.6 % | 0.2 % | 0.7 %  | 1.3 %  |

Source: Inderes

# Balance sheet

| Assets                     | 2023       | 2024       | 2025e      | 2026e      | 2027e      |
|----------------------------|------------|------------|------------|------------|------------|
| <b>Non-current assets</b>  | <b>148</b> | <b>152</b> | <b>163</b> | <b>163</b> | <b>157</b> |
| Goodwill                   | 15.5       | 15.5       | 15.5       | 15.5       | 15.5       |
| Intangible assets          | 6.1        | 2.8        | 2.9        | 3.0        | 3.1        |
| Tangible assets            | 124        | 131        | 143        | 142        | 136        |
| Associated companies       | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |
| Other investments          | 0.5        | 0.6        | 0.5        | 0.5        | 0.5        |
| Other non-current assets   | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |
| Deferred tax assets        | 2.0        | 2.3        | 1.7        | 1.7        | 1.7        |
| <b>Current assets</b>      | <b>168</b> | <b>158</b> | <b>149</b> | <b>161</b> | <b>145</b> |
| Inventories                | 37.9       | 47.5       | 44.4       | 45.3       | 46.2       |
| Other current assets       | 9.4        | 6.6        | 6.6        | 6.6        | 6.6        |
| Receivables                | 62.3       | 62.5       | 60.7       | 61.9       | 63.2       |
| Cash and equivalents       | 58.8       | 41.3       | 37.4       | 47.6       | 29.2       |
| <b>Balance sheet total</b> | <b>316</b> | <b>310</b> | <b>312</b> | <b>324</b> | <b>302</b> |

Source: Inderes

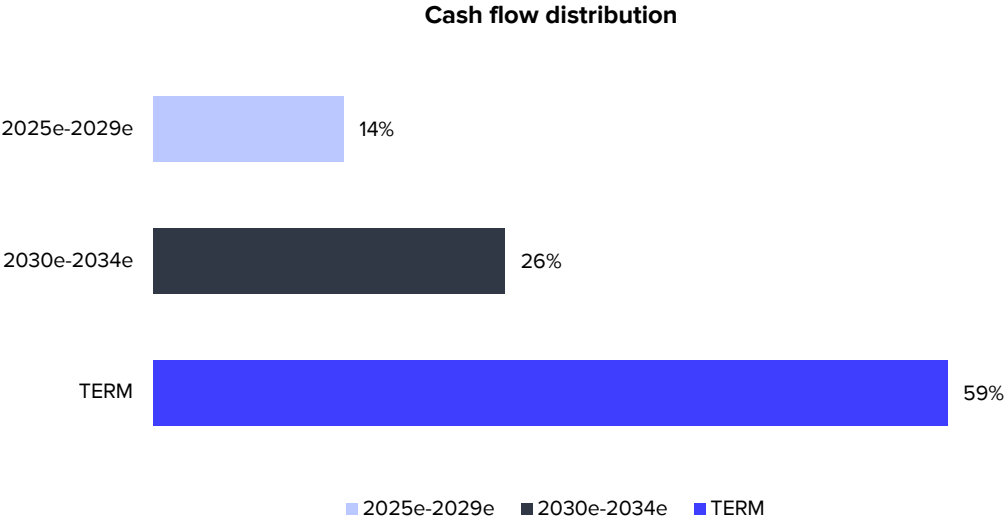
| Liabilities & equity           | 2023        | 2024        | 2025e       | 2026e       | 2027e       |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Equity</b>                  | <b>125</b>  | <b>118</b>  | <b>110</b>  | <b>111</b>  | <b>114</b>  |
| Share capital                  | 11.9        | 11.9        | 11.9        | 11.9        | 11.9        |
| Retained earnings              | 12.3        | 1.6         | -6.0        | -5.2        | -2.1        |
| Hybrid bonds                   | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Revaluation reserve            | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Other equity                   | 101         | 104         | 104         | 104         | 104         |
| Minorities                     | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>Non-current liabilities</b> | <b>69.4</b> | <b>67.9</b> | <b>76.9</b> | <b>115</b>  | <b>94.0</b> |
| Deferred tax liabilities       | 9.4         | 8.0         | 8.0         | 8.0         | 8.0         |
| Provisions                     | 0.6         | 0.8         | 0.8         | 0.8         | 0.8         |
| Interest bearing debt          | 59.2        | 58.9        | 67.9        | 106         | 85.0        |
| Convertibles                   | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Other long term liabilities    | 0.2         | 0.2         | 0.2         | 0.2         | 0.2         |
| <b>Current liabilities</b>     | <b>122</b>  | <b>125</b>  | <b>125</b>  | <b>98.1</b> | <b>94.3</b> |
| Interest bearing debt          | 43.1        | 42.9        | 47.9        | 19.1        | 13.8        |
| Payables                       | 75.1        | 81.8        | 77.1        | 78.6        | 80.2        |
| Other current liabilities      | 4.0         | 0.4         | 0.4         | 0.4         | 0.4         |
| <b>Balance sheet total</b>     | <b>317</b>  | <b>311</b>  | <b>312</b>  | <b>324</b>  | <b>302</b>  |

# DCF-calculation

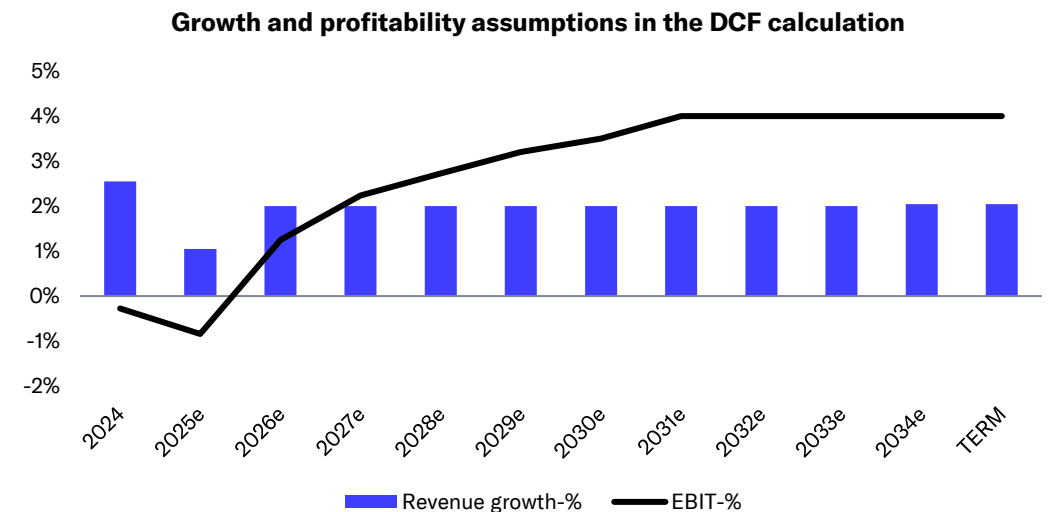
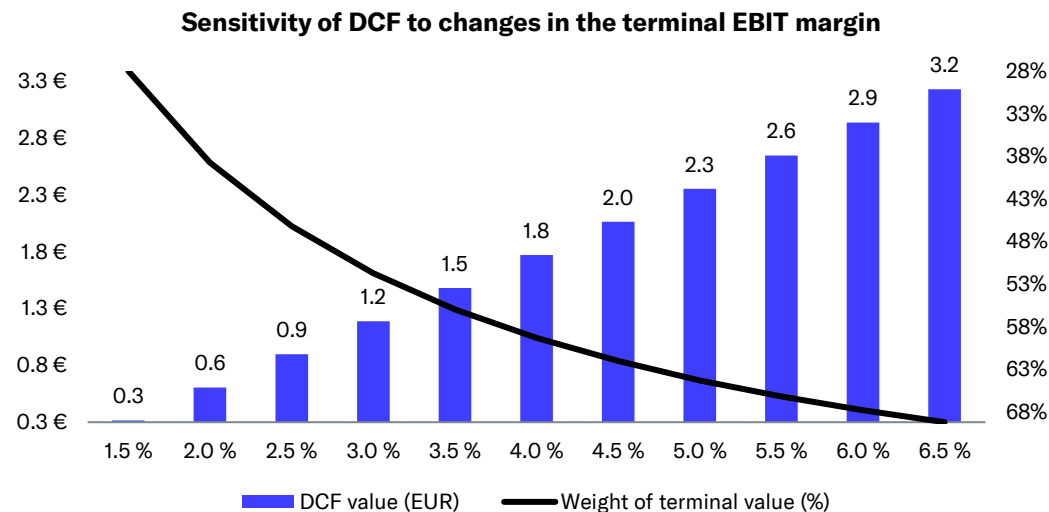
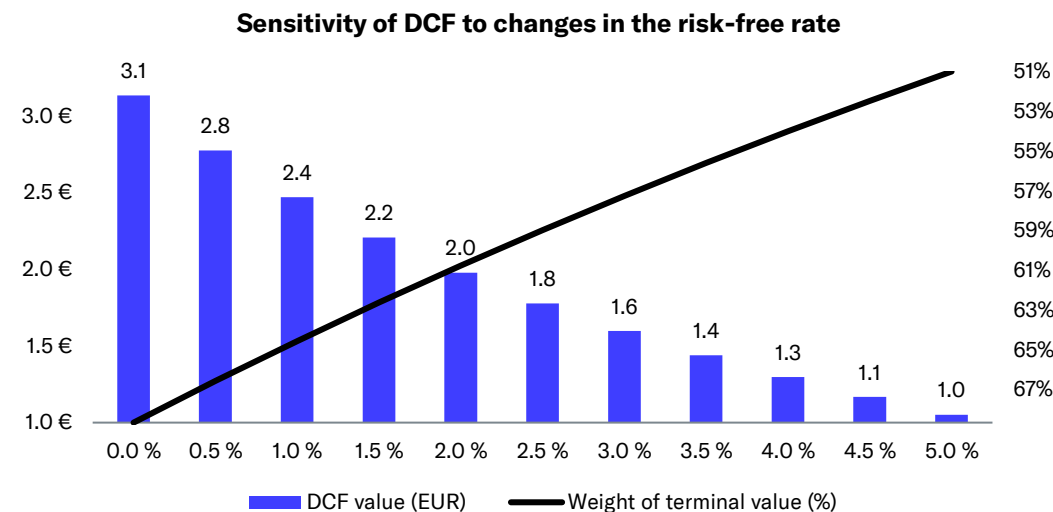
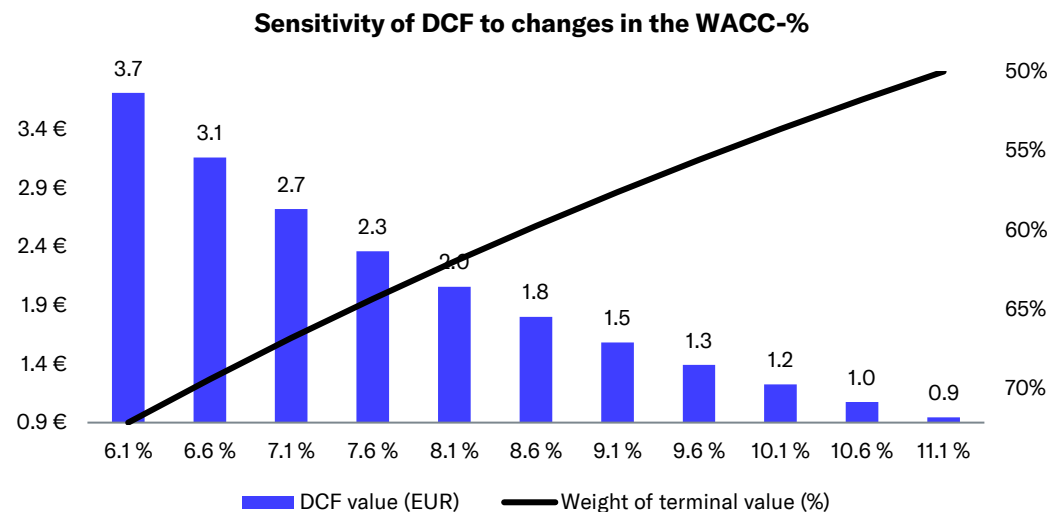
| DCF model                               | 2024         | 2025e        | 2026e       | 2027e       | 2028e       | 2029e       | 2030e       | 2031e       | 2032e       | 2033e       | 2034e       | TERM      |
|-----------------------------------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|
| Revenue growth-%                        | 2.6 %        | 1.0 %        | 2.0 %       | 2.0 %       | 2.0 %       | 2.0 %       | 2.0 %       | 2.0 %       | 2.0 %       | 2.0 %       | 2.0 %       | 2.0 %     |
| EBIT-%                                  | -0.3 %       | -0.8 %       | 1.3 %       | 2.2 %       | 2.7 %       | 3.2 %       | 3.5 %       | 4.0 %       | 4.0 %       | 4.0 %       | 4.0 %       | 4.0 %     |
| <b>EBIT (operating profit)</b>          | <b>-1.3</b>  | <b>-3.9</b>  | <b>6.0</b>  | <b>10.9</b> | <b>13.5</b> | <b>16.2</b> | <b>18.1</b> | <b>21.0</b> | <b>21.5</b> | <b>21.9</b> | <b>22.3</b> |           |
| + Depreciation                          | 18.4         | 18.7         | 20.7        | 20.6        | 19.8        | 19.7        | 19.0        | 18.6        | 18.2        | 18.1        | 18.1        |           |
| - Paid taxes                            | -1.6         | 2.7          | -0.3        | -1.2        | -2.1        | -2.9        | -3.5        | -4.3        | -4.5        | -4.8        | -4.9        |           |
| - Tax, financial expenses               | 0.0          | -1.3         | -1.2        | -1.5        | -1.3        | -1.2        | -1.1        | -0.9        | -0.8        | -0.7        | -0.7        |           |
| + Tax, financial income                 | 0.0          | 0.0          | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |           |
| - Change in working capital             | -3.8         | 0.1          | -0.6        | -0.6        | -0.6        | -0.6        | -0.6        | -0.6        | -0.6        | -0.6        | -0.7        |           |
| <b>Operating cash flow</b>              | <b>11.7</b>  | <b>16.3</b>  | <b>24.6</b> | <b>28.2</b> | <b>29.3</b> | <b>31.3</b> | <b>32.0</b> | <b>33.7</b> | <b>33.6</b> | <b>33.9</b> | <b>34.1</b> |           |
| + Change in other long-term liabilities | 0.2          | 0.0          | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |           |
| - Gross CAPEX                           | -22.7        | -30.0        | -20.1       | -15.1       | -15.1       | -15.1       | -16.3       | -15.9       | -18.0       | -17.9       | -20.6       |           |
| <b>Free operating cash flow</b>         | <b>-10.8</b> | <b>-13.7</b> | <b>4.5</b>  | <b>13.1</b> | <b>14.2</b> | <b>16.2</b> | <b>15.7</b> | <b>17.9</b> | <b>15.7</b> | <b>16.0</b> | <b>13.6</b> |           |
| +/- Other                               | 0.0          | 0.0          | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |           |
| FCFF                                    | -10.8        | -13.7        | 4.5         | 13.1        | 14.2        | 16.2        | 15.7        | 17.9        | 15.7        | 16.0        | 13.6        | 212       |
| <b>Discounted FCFF</b>                  |              | <b>-13.0</b> | <b>3.9</b>  | <b>10.5</b> | <b>10.5</b> | <b>11.1</b> | <b>9.9</b>  | <b>10.4</b> | <b>8.4</b>  | <b>7.9</b>  | <b>6.1</b>  | <b>96</b> |
| Sum of FCFF present value               |              | 162          | 175         | 171         | 160         | 150         | 139         | 129         | 118         | 110         | 102         | 96        |
| <b>Enterprise value DCF</b>             |              | <b>162</b>   |             |             |             |             |             |             |             |             |             |           |
| - Interest bearing debt                 |              | -102         |             |             |             |             |             |             |             |             |             |           |
| + Cash and cash equivalents             |              | 41           |             |             |             |             |             |             |             |             |             |           |
| -Minorities                             |              | 0.0          |             |             |             |             |             |             |             |             |             |           |
| -Dividend/capital return                |              | 0.0          |             |             |             |             |             |             |             |             |             |           |
| <b>Equity value DCF</b>                 |              | <b>101</b>   |             |             |             |             |             |             |             |             |             |           |
| <b>Equity value DCF per share</b>       |              | <b>1.8</b>   |             |             |             |             |             |             |             |             |             |           |

| WACC                                           |              |
|------------------------------------------------|--------------|
| Tax-% (WACC)                                   | 25.0 %       |
| Target debt ratio (D/(D+E))                    | 20.0 %       |
| Cost of debt                                   | 4.0 %        |
| Equity Beta                                    | 1.36         |
| Market risk premium                            | 4.75%        |
| Liquidity premium                              | 1.00%        |
| Risk free interest rate                        | 2.5 %        |
| <b>Cost of equity</b>                          | <b>9.9 %</b> |
| <b>Weighted average cost of capital (WACC)</b> | <b>8.6 %</b> |

Source: Inderes



# DCF sensitivity calculations and key assumptions in graphs



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

# Summary

| Income statement          | 2022  | 2023  | 2024  | 2025e | 2026e | Per share data           | 2022   | 2023   | 2024   | 2025e  | 2026e  |
|---------------------------|-------|-------|-------|-------|-------|--------------------------|--------|--------|--------|--------|--------|
| Revenue                   | 493.3 | 450.8 | 462.3 | 467.2 | 476.5 | EPS (reported)           | -0.24  | -0.22  | -0.09  | -0.13  | 0.01   |
| EBITDA                    | 14.3  | 11.2  | 17.1  | 14.7  | 26.6  | EPS (adj.)               | -0.16  | -0.14  | -0.10  | -0.06  | 0.01   |
| EBIT                      | -9.0  | -7.5  | -1.3  | -3.9  | 6.0   | OCF / share              | 0.31   | 0.64   | 0.20   | 0.28   | 0.43   |
| PTP                       | -11.9 | -13.5 | -5.3  | -9.7  | 1.1   | OFCF / share             | 0.13   | 0.42   | -0.19  | -0.24  | 0.08   |
| Net Income                | -13.9 | -12.8 | -5.3  | -7.6  | 0.8   | Book value / share       | 2.54   | 2.17   | 2.04   | 1.91   | 1.92   |
| Extraordinary items       | -4.8  | -4.8  | 0.3   | -4.0  | 0.0   | Dividend / share         | 0.10   | 0.10   | 0.00   | 0.00   | 0.00   |
| Balance sheet             | 2022  | 2023  | 2024  | 2025e | 2026e | Growth and profitability | 2022   | 2023   | 2024   | 2025e  | 2026e  |
| Balance sheet total       | 343.5 | 316.4 | 310.4 | 312.3 | 324.1 | Revenue growth-%         | 11%    | -9%    | 3%     | 1%     | 2%     |
| Equity capital            | 146.0 | 124.9 | 117.6 | 109.9 | 110.8 | EBITDA growth-%          | -70%   | -22%   | 53%    | -14%   | 81%    |
| Goodwill                  | 15.5  | 15.5  | 15.5  | 15.5  | 15.5  | EBIT (adj.) growth-%     | -115%  | -35%   | -43%   | -104%  | 8937%  |
| Net debt                  | 53.9  | 43.5  | 60.5  | 78.5  | 77.6  | EPS (adj.) growth-%      | -151%  | -12%   | -30%   | -35%   | -123%  |
| Cash flow                 | 2022  | 2023  | 2024  | 2025e | 2026e | EBITDA-%                 | 2.9 %  | 2.5 %  | 3.7 %  | 3.2 %  | 5.6 %  |
| EBITDA                    | 14.3  | 11.2  | 17.1  | 14.7  | 26.6  | EBIT (adj.)-%            | -0.8 % | -0.6 % | -0.3 % | 0.0 %  | 1.3 %  |
| Change in working capital | 6.0   | 28.9  | -3.8  | 0.1   | -0.6  | EBIT-%                   | -1.8 % | -1.7 % | -0.3 % | -0.8 % | 1.3 %  |
| Operating cash flow       | 17.7  | 36.8  | 11.7  | 16.3  | 24.6  | ROE-%                    | -9.0 % | -9.4 % | -4.3 % | -6.7 % | 0.8 %  |
| CAPEX                     | -9.8  | -10.8 | -22.7 | -30.0 | -20.1 | ROI-%                    | -3.2 % | -3.2 % | -0.6 % | -1.8 % | 2.6 %  |
| Free cash flow            | 7.7   | 24.4  | -10.8 | -13.7 | 4.5   | Equity ratio             | 42.5 % | 39.5 % | 37.9 % | 35.2 % | 34.2 % |
|                           |       |       |       |       |       | Gearing                  | 36.9 % | 34.8 % | 51.5 % | 71.4 % | 70.1 % |

Source: Inderes

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|            |                                                                                        |
|------------|----------------------------------------------------------------------------------------|
| Buy        | The 12-month risk-adjusted expected shareholder return of the share is very attractive |
| Accumulate | The 12-month risk-adjusted expected shareholder return of the share is attractive      |
| Reduce     | The 12-month risk-adjusted expected shareholder return of the share is weak            |
| Sell       | The 12-month risk-adjusted expected shareholder return of the share is very weak       |

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## Recommendation history (>12 mo)

| Date            | Recommendation | Target | Share price |
|-----------------|----------------|--------|-------------|
| 8/8/2019        | Reduce         | 2.40 € | 2.48 €      |
| 10/23/2019      | Reduce         | 2.25 € | 2.33 €      |
| 1/30/2020       | Reduce         | 2.35 € | 2.48 €      |
| 4/24/2020       | Accumulate     | 3.25 € | 3.02 €      |
| 5/13/2020       | Accumulate     | 3.40 € | 3.17 €      |
| 6/18/2020       | Accumulate     | 4.00 € | 3.69 €      |
| 8/13/2020       | Accumulate     | 5.40 € | 5.00 €      |
| 10/28/2020      | Accumulate     | 5.40 € | 5.06 €      |
| 2/5/2021        | Accumulate     | 6.00 € | 5.74 €      |
| 4/29/2021       | Accumulate     | 6.25 € | 5.87 €      |
| 6/24/2021       | Accumulate     | 6.25 € | 5.45 €      |
| 8/16/2021       | Accumulate     | 5.60 € | 5.27 €      |
| 10/29/2021      | Accumulate     | 5.25 € | 4.72 €      |
| 2/4/2022        | Reduce         | 4.50 € | 4.33 €      |
| 5/5/2022        | Reduce         | 3.30 € | 3.12 €      |
| 7/15/2022       | Reduce         | 3.30 € | 3.12 €      |
| 8/10/2022       | Reduce         | 3.30 € | 3.18 €      |
| Analyst changed |                |        |             |
| 10/27/2022      | Accumulate     | 3.00 € | 2.48 €      |
| 12/14/2022      | Reduce         | 3.00 € | 3.10 €      |
| 1/11/2023       | Reduce         | 3.00 € | 3.00 €      |
| 2/6/2023        | Reduce         | 3.00 € | 3.08 €      |
| 5/5/2023        | Reduce         | 2.80 € | 2.88 €      |
| 8/10/2023       | Sell           | 2.60 € | 2.94 €      |
| 9/20/2023       | Sell           | 2.60 € | 2.84 €      |
| 10/30/2023      | Reduce         | 2.60 € | 2.66 €      |
| 2/7/2024        | Reduce         | 2.50 € | 2.66 €      |
| 5/8/2024        | Reduce         | 2.50 € | 2.56 €      |
| 8/12/2024       | Reduce         | 2.45 € | 2.68 €      |
| 11/7/2024       | Sell           | 2.00 € | 2.48 €      |
| 3/6/2025        | Sell           | 1.90 € | 2.10 €      |
| 5/8/2025        | Sell           | 1.80 € | 2.01 €      |





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