

AUGUST



**Financial performance of Finnish
public and SME companies in Q3 2023**

DECEMBER 2023



How are Finnish companies performing? What are their future prospects?

These questions often arise in the discussions of August consultants with Finnish company leaders, especially due to the uncertainties of the prevailing world situation. For this reason, we provide corporate executives with a comprehensive summary of the current financial situation of Finnish companies based on the latest information from publicly traded companies and real-time financial data from Accountor for SMEs.



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Financial performance of Finnish public and SME companies in Q3 2023



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3	Small and medium-sized companies	14
4	Appendix	20

Q3 2023 saw challenges continue for companies in the Industrials sector, while most Consumer-driven companies and Finance have grown YoY

SUMMARY OF PERFORMANCE OF FINNISH COMPANIES

2023 YTD







- ✓ The combined revenue of publicly traded companies decreased by -2.0% (vs Q1-Q3'22) while operating profits fell by -7.8%
- ✓ Largest declines in revenue were in Materials, Forest, Industrial goods, and Energy sectors
- ✓ Largest revenue gains were in Transportation and logistics, and Hospitality sectors

Forecast



- ✓ Overall, combined revenue of publicly traded companies is expected to decline by -5% compared to peak year 2022
- ✓ Compared to Q2'23 the 2023 full year estimates have continued to decline, dropping by further -1-2% pt. for both revenue and profit
- ✓ Analyst consensus expects a profit rebound of +18% for year 2024, driven by Energy, Telco, and Forest sectors profitability improvements

SECTOR		PUBLIC COMPANIES YTD ¹	PUBLIC COMPANIES Q3 ²
 Consumer	<ul style="list-style-type: none"> • Transportation and logistics companies have grown the most • Consumer products' revenue has been under pressure • Consumer-driven SMEs seem to have outperformed other SME sectors 	0 %	-3 %
 Industrials	<ul style="list-style-type: none"> • Forest, Materials, and Industrial goods' revenue has declined by double-digits • Industrial machinery sector has improved both revenue and profit YTD • Industrial SMEs revenue has decreased, yet they've also cut purchases 	-5 %	-15 %
 Energy	<ul style="list-style-type: none"> • Major declines and fluctuations in both revenue and operating profit • Revenue for Fortum has been on a downward trajectory, while Neste has been steadier 	-12 %	-15 %
 Other	<ul style="list-style-type: none"> • Revenue YTD has increased, driven particularly by Finance • Real estate sector has performed the worst, profits turning negative in Q3 • Mixed results for SMEs; Construction and Real Estate have most issues 	+6 %	-6 %

(1) Change in revenue compared to Q1-Q3'22 based on August's analysis on companies that have reported their earnings

(2) Change in revenue compared to Q3'22

Financial performance of Finnish public and SME companies in Q3 2023

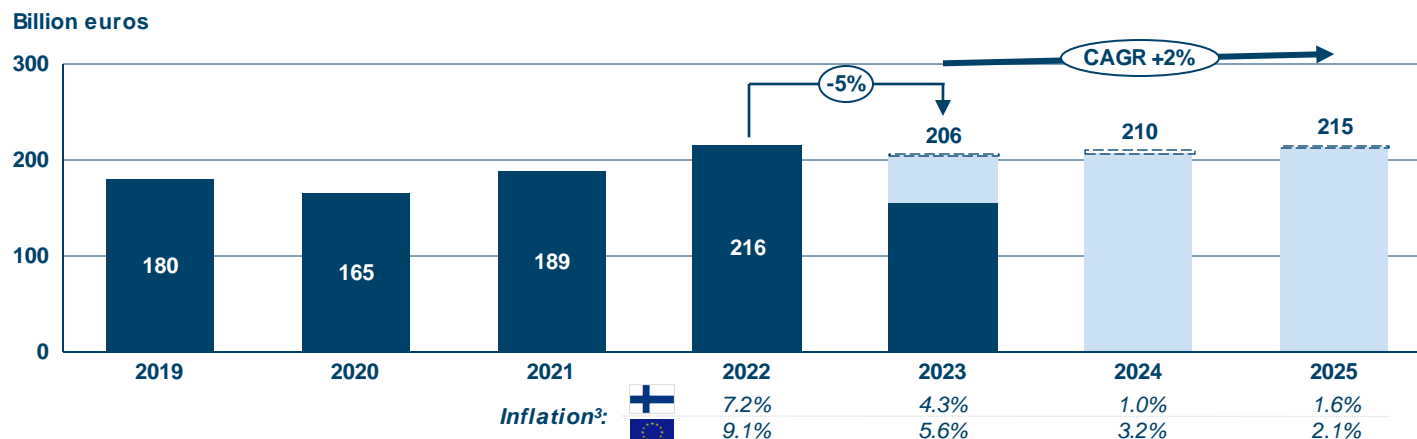


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Year 2023 is expected to see the lowest operating profit after COVID recovery, but already for 2024 analyst consensus is expecting rapid profit growth

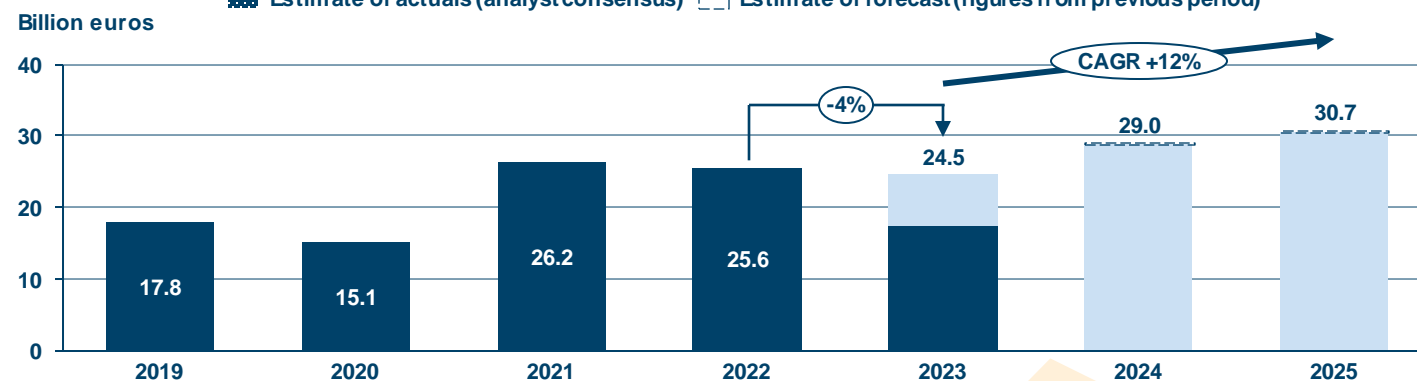
TOTAL OF FINNISH PUBLICLY TRADED COMPANIES^{1,2,4}

REVENUE



A contraction in turnover is predicted for 2023, followed by moderate growth along with slowing inflation

OPERATING PROFIT



2023 performance has been soft, but rapid growth is forecasted for following years

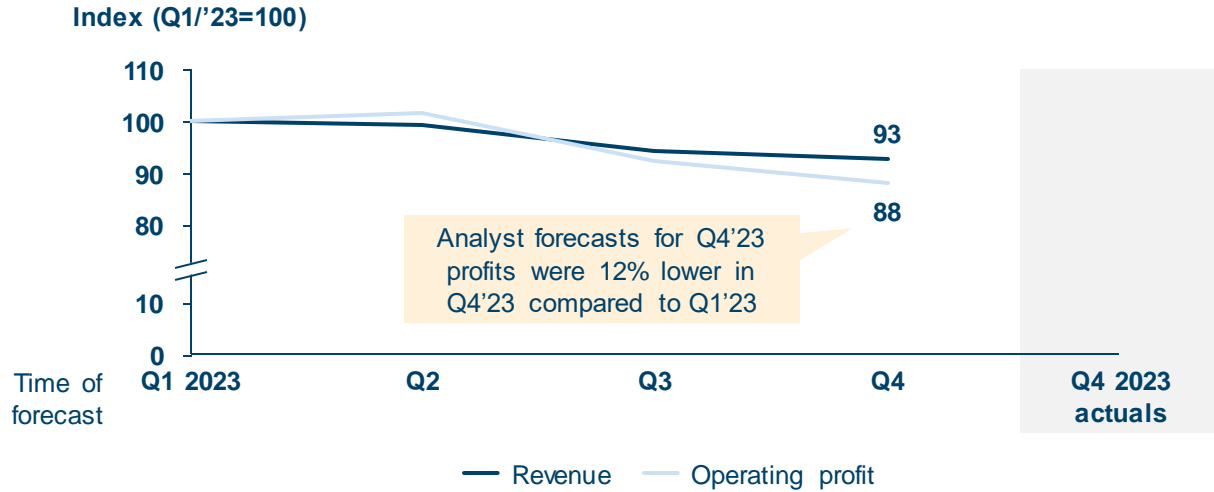
(1) 130 listed companies, data collected from S&P Capital IQ. S&P Capital IQ gathers forecast data from several local actors such as Nordea Markets, Inderes, and Evli. The dates of the forecasts vary by company.
 (2) Fortum's historical figures have been adjusted to exclude the impact of Uniper and the effect of Russian operations.
 (3) Inflation forecasts: Bank of Finland in September 2023, ECB in June 2023.
 (4) Some historical figures revised compared to previous August reporting

Improvement from '23 to '24 driven by Neste (+0.8 BEUR), Nokia (+0.6), and the Forest sector (+1.5) – 78% of all companies are expected to improve relative profitability

Analysts have lowered their forecasts steadily throughout the year, both for Q4'23 and year 2024 – even after that, optimism for 2024 remains high

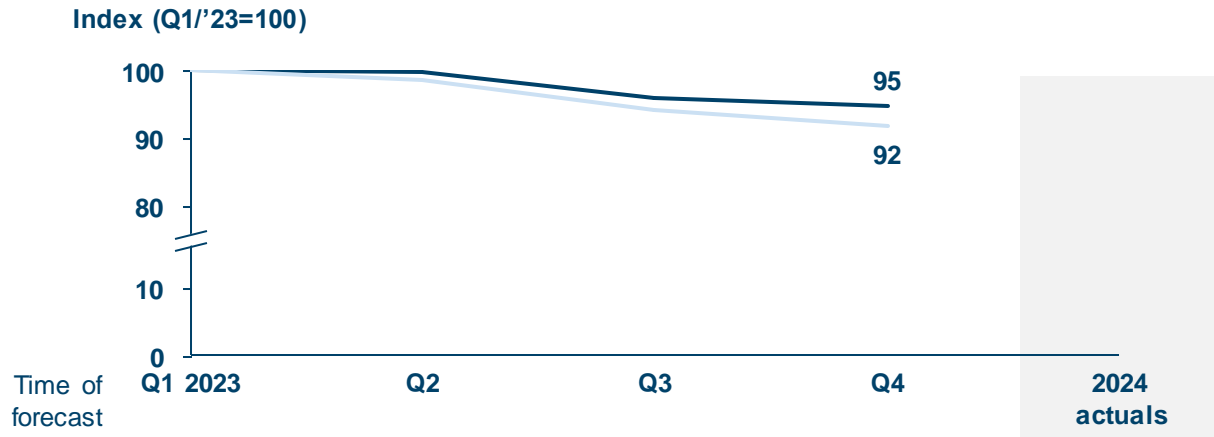
DEVELOPMENT OF FORECASTS FOR Q4'23 AND YEAR 2024 IN DIFFERENT FORECAST TIMES

Q4 2023 FORECASTS¹



Q4'23 forecasts have declined through '23 – profit forecast has declined more than revenue

YEAR 2024 FORECASTS²



Year 2024 forecast has also been revised down as '23 progressed but current forecast is still record high, as shown on previous page

Source: S&P Capital IQ

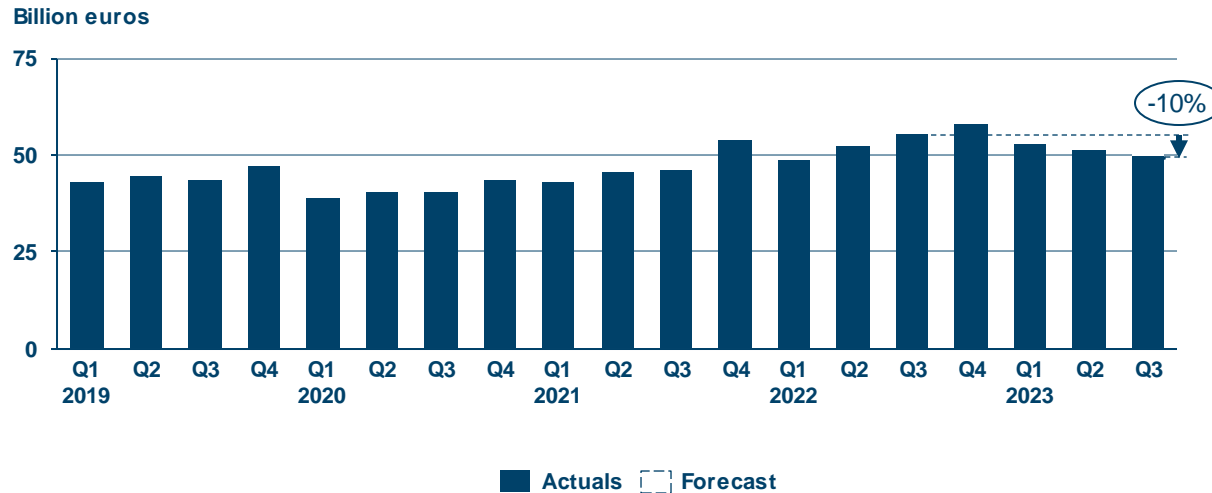
1) Includes companies that have had a forecast available for Q4'23 during all periods (n=68)

2) Includes companies that have had a forecast available for year 2024 during all periods (n=95)

In Q3 total operating profits decreased -18% compared to Q3'22 while revenue declined by -10%; positive sign that the trend of declining operating profits turned

TOTAL OF FINNISH PUBLICLY TRADED COMPANIES^{1,2}

REVENUE

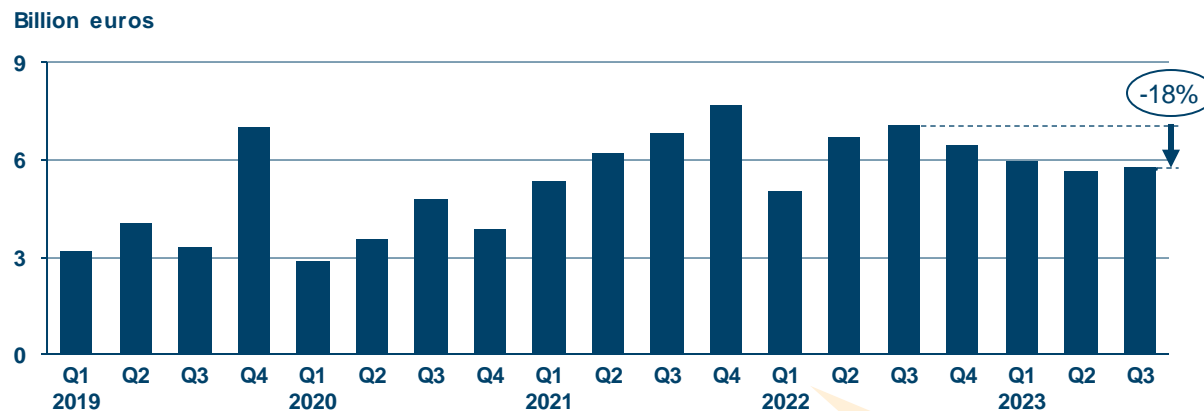


Comments

- Relative decline has been the largest in Materials, Forest, and Telco
- Hospitality and Finance have the largest relative growth

Q3'23 revenue declined in most sectors while growth was mostly limited to smaller sectors

OPERATING PROFIT



Comments

- Profit for the Forest sector plummeted, Health also saw a substantial decrease
- Transportation, Finance, Energy, and Industrial machinery increased profits

Decrease in operating profit was larger, but downward trend finally reversed

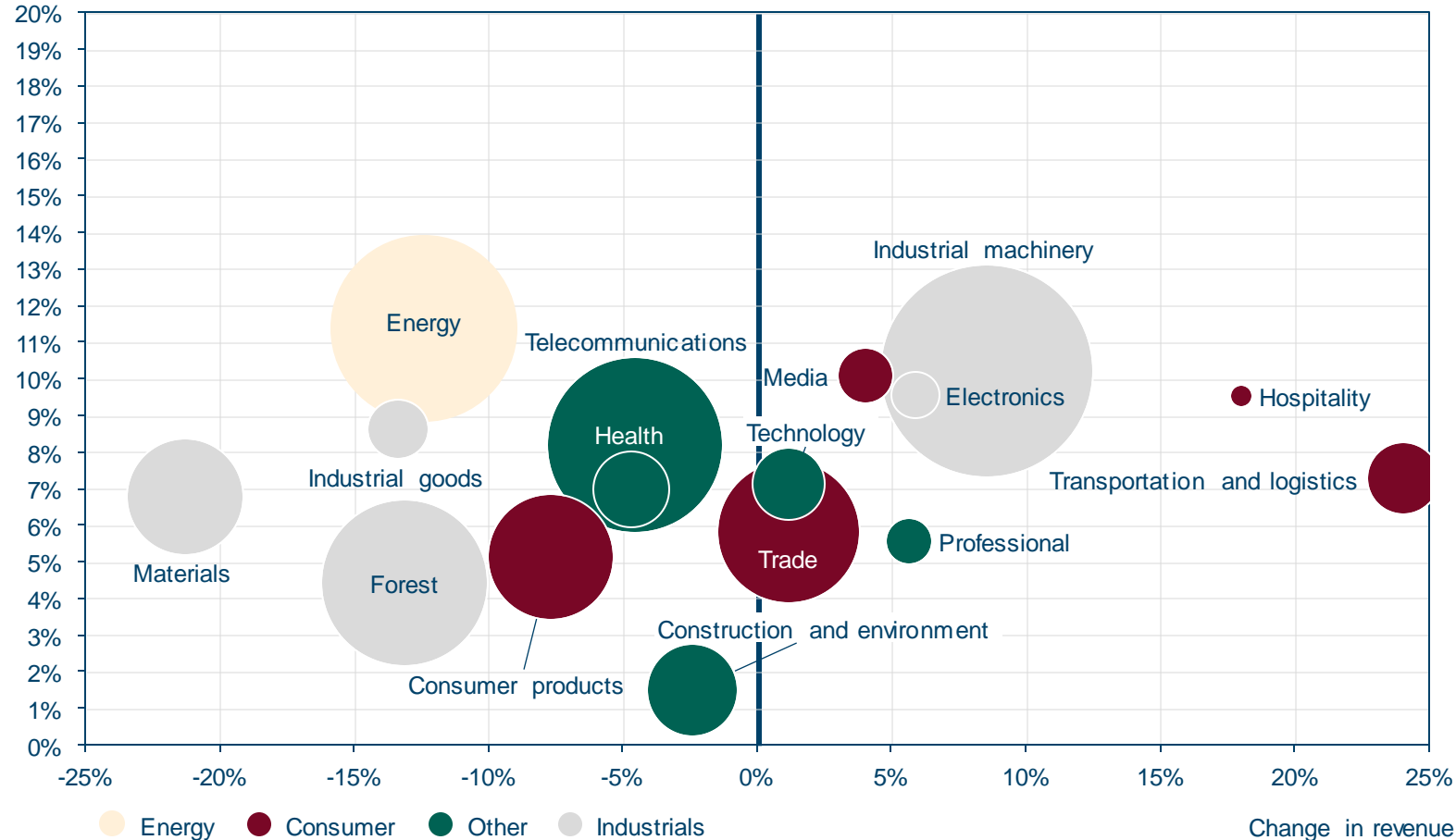
Weak quarter especially for Sampo and Nokia

(1) 130 listed companies, data collected from S&P Capital IQ. S&P Capital IQ gathers forecast data from several local actors such as Nordea Markets, Inderes, and Evli. The dates of the forecasts vary by company.
 (2) Fortum's historical figures have been adjusted to exclude the impact of Uniper and the effect of Russian operations.

Most sectors have grown below the general inflation rate during 2023 – Ind. machinery, Transportation, and Hospitality being the only positive exceptions

CHANGE IN REVENUE Q1-Q3'23 VS Q1-Q3'22, AND OPERATING PROFIT % Q1-Q3'23^{1,2}

Operating profit %



Upward trajectory continues
Transportation and logistics, Hospitality

Growth above inflation
Industrial machinery

Some growth
Electronics, Professional, Media, Technology, Trade

Declining revenue & positive profit
All other sectors e.g. Health, Energy, Forest, Materials

Declining revenue & negative profit
No industry belongs in this category in Q3 2023

Source: S&P Capital IQ

1) Company split to sectors available in Appendix

2) Finance and Real Estate have been omitted due to poor comparability

During the latest reported quarter, the weakest financial performance was in Materials, Forest, Telco, Health, and Industrial goods sectors

COMPARISON OF Q3 RESULTS^{1,2}

SECTOR	CHANGE IN REVENUE		CHANGE IN OPERATING PROFIT %	
	Q3'23 vs Q3'22		Q3'23 vs Q2'22	
Energy	↓	-15 %	↑	5 % pt.
Trade	→	0 %	→	0 % pt.
Consumer products	↓	-12 %	→	-2 % pt.
Transportation	↑	7 %	↑	6 % pt.
Hospitality	↑	12 %	→	-1 % pt.
Media	↑	7 %	→	2 % pt.
Professional	↑	3 %	↓	-3 % pt.
Construction and env.	↓	-3 %	→	1 % pt.
Technology	→	-2 %	→	-1 % pt.
Health	↓	-16 %	↓	-11 % pt.
Telecommunications	↓	-18 %	↓	-3 % pt.
Electronics	↓	-6 %	→	1 % pt.
Industrial machinery	→	-1 %	↑	3 % pt.
Materials	↓	-29 %	↓	-7 % pt.
Forest	↓	-26 %	↓	-18 % pt.
Industrial goods	↓	-17 %	→	0 % pt.



- Comparing Q3'23 to Q3'22, many sectors have performed poorly: most notably Materials, Forest, Telco, Health and Industrial goods
- Materials and Forest companies' revenue has declined by over a quarter, following the downwards trend of global commodity prices
- Only Hospitality, Transportation, and Media generate above inflation revenue growth in Q3
- Decline in operating profit-% is not as widespread, with most companies seeing a change near zero or growth
- Materials, and Forest sectors' performance has significantly deteriorated in terms of profitability, as well

Source: S&P Capital IQ

1) Figures based on companies that have reported their Q3'23 and Q2'22 earnings; includes sectors where over 50% of companies have published their interim reports by 10.11.2023

2) Finance and Real Estate have been omitted due to poor comparability


Consumer sector's total revenue has remained steady but operating profits were once again strong in Q3 thanks to e.g. Transportation sector

SECTOR REVIEW: Q1-Q3'23

Consumer
(36 BEUR¹)




Industrials
(80 BEUR¹)



Energy
(33 BEUR¹)



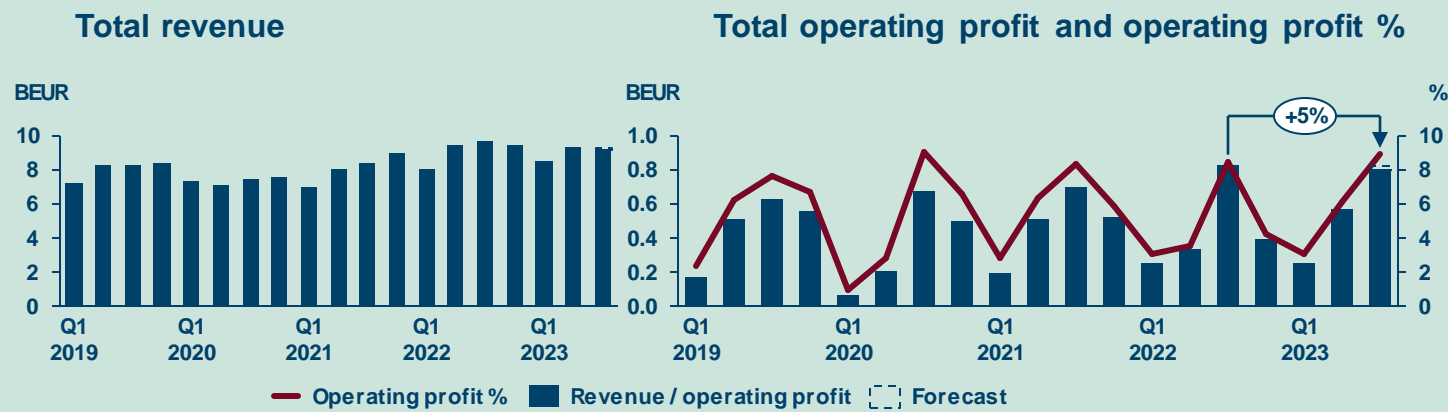
Other
(65 BEUR¹)



CONSUMER SECTORS TOTAL

PER SECTOR²

COMMENTS



Sector	# of companies ³	Revenue Q1-Q3'23 BEUR	Change in revenue Q1-Q3'23 vs. Q1-Q3'22	Operating profit % Q1-Q3'23	Change in op. profit % Q1-Q3'23 vs. Q1-Q3'22
Trade	7 (7)	12.1	↑ 1.2 %	6 %	↓ -0.6 % pt.
Consumer products	15 (17)	9.5	↓ -7.7 %	5 %	↑ 0.0 % pt.
Transportation	3 (4)	3.0	↑ 24.1 %	7 %	↑ 14.1 % pt.
Hospitality	1 (1)	0.27	↑ 18.0 %	10 %	↓ -0.8 % pt.
Media	6 (7)	1.8	↑ 4.0 %	10 %	↓ -3.4 % pt.

- Trade companies have grown moderately. Kamux profit has declined (-27 %), while Verkkokauppa.com has improved (+98%)
- Consumer products companies are mixed; Nokian Renkaat revenue has declined a large share (-41 %) due to Russia exit, while many food companies have improved profitability after a difficult '22 (Atria +24 %, HKScan +192 %, Raisio +33 %)
- In Transportation Finnair has had a strong bounceback both in terms of revenue (+35 %) and profit (from -13 % to +7 %)
- Media is buoyed by a strong Q3 result from Sanoma compared to previous '23 quarters

Source: S&P Capital IQ

1) Combined revenue in 2022 (Energy excluding Uniper for Fortum). Sector split done by August

2) Table includes only companies that have reported both Q1-Q3'23 and Q1-Q3'22 earnings

3) Number of companies that have reported earnings (total number of companies in sector)

Total operating profit generated by Industrials sector has almost halved due to the weakened Forest and Materials sectors; Ind. machinery and Electronics doing well

SECTOR REVIEW: Q1-Q3'23

Consumer
(36 BEUR¹)

Industrials
(80 BEUR¹)

Energy
(33 BEUR¹)

Other
(65 BEUR¹)

INDUSTRIALS SECTORS TOTAL

Sector	# of companies ³	Revenue Q1-Q3'23 BEUR	Change in revenue Q1-Q3'23 vs. Q1-Q3'22	Operating profit % Q1-Q3'23	Change in op. profit % Q1-Q3'23 vs. Q1-Q3'22
Electronics	4 (4)	1.3	↑ 5.9 %	9.5 %	↑ 0.3 % pt.
Industrial machinery	10 (10)	27.7	↑ 8.6 %	10.2 %	↑ 4.2 % pt.
Materials	3 (5)	8.0	↓ -21.3 %	6.8 %	↓ -4.6 % pt.
Forest	4 (4)	16.9	↓ -13.1 %	4.4 %	↓ -11.6 % pt.
Industrial goods	8 (9)	2.1	↓ -13.4 %	8.6 %	↑ 0.2 % pt.

PER SECTOR²

COMMENTS

- Industrial machinery companies have almost all increased their revenue – Konecranes (+20 %) Cargotec (+18 %), and Kesla (+18 %) lead the pack. Profits have likewise improved for most companies in the sector
- Forest and Materials companies are struggling. Revenue has declined for all companies in the sector and largest companies have seen their profits plunge; Outokumpu -78 %, Stora Enso -92 %, UPM -57 %

Source: S&P Capital IQ

1) Combined revenue in 2022 (Energy excluding Uniper for Fortum). Sector split done by August


2) Table includes only companies that have reported both Q1-Q3'23 and Q1-Q3'22 earnings

3) Number of companies that have reported earnings (total number of companies in sector)


Energy sector seems to be headed towards more normal times – Neste has been able to retain the revenue gains of last year better than Fortum

SECTOR REVIEW: Q1-Q3'23


Consumer
(36 BEUR¹)




Industrials
(80 BEUR¹)



Energy
(33 BEUR¹)



Other
(65 BEUR¹)

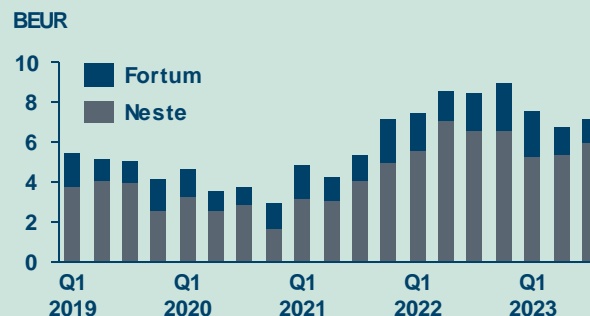


ENERGY TOTAL

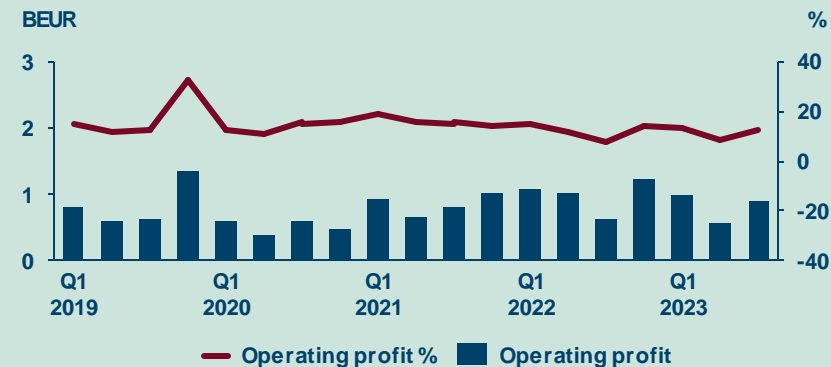
PER COMPANY²

COMMENTS

Total revenue



Total operating profit and operating profit %



Sector	# of companies ³	Revenue Q1-Q3'23 BEUR	Change in revenue Q1-Q3'23 vs. Q1-Q3'22	Operating profit % Q1-Q3'23	Change in op. profit % Q1-Q3'23 vs. Q1-Q3'22
Fortum	N/A	4.9	↓ -16.8%	24.4%	↑ 2.4 % pt.
Neste	N/A	16.6	↓ -17.6%	7.6%	↓ -0.5 % pt.

- After a booming '22 both companies in the sector have decreased in revenue considerably – however, revenue is still substantially higher than in the years before that
- Profitability peaked for Fortum seems to be behind now and energy prices as energy prices are returning to normal
- Neste reported a strong Q3, but previous quarters were weaker compared to '22

Source: S&P Capital IQ

1) Combined revenue in 2022 (Energy excluding Uniper for Fortum). Sector split done by August


2) Only two companies in the sector

3) Number of companies that have reported earnings (total number of companies in sector)


Among Other sectors Finance has had a great year, also Technology is doing well. Telco is under pressure, while in Construction performance has been uneven

SECTOR REVIEW: Q1-Q3'23


Consumer
(36 BEUR¹)



Industrials
(80 BEUR¹)



Energy
(33 BEUR¹)



Other
(65 BEUR¹)



OTHER SECTORS TOTAL

PER SECTOR²

COMMENTS

Total revenue



Total operating profit and operating profit %



— Operating profit % ■ Revenue / operating profit □ Forecast

Sector	# of companies ³	Revenue Q1-Q3'23 BEUR	Change in revenue Q1-Q3'23 vs. Q1-Q3'22	Operating profit % Q1-Q3'23	Change in op. profit % Q1-Q3'23 vs. Q1-Q3'22
Professional	9 (9)	1.3	↑ 5.7 %	5.6 %	↓ -1.6 % pt.
Finance ⁴	9 (13)	16.7	↑ 28.6 %	39.4 %	↓ -2.7 % pt.
Construction and env.	7 (8)	5.0	↓ -2.4 %	1.5 %	↓ -0.3 % pt.
Technology	15 (15)	3.0	↑ 1.2 %	7.1 %	↑ 0.8 % pt.
Health	6 (7)	3.5	↓ -4.7 %	7.0 %	↓ -5.5 % pt.
Telecommunications	4 (4)	18.3	↓ -4.5 %	8.2 %	↓ -1.1 % pt.

- Nokia, largest company in the Other sector, has seen its profitability decline by -21 %
- Finance has performed well: Nordea has grown by +20 % in revenue and +35 % in profit; Sampo has grown even faster at +42 % compared to last year, but its relatively profitability has shrunk by -24%
- Construction is split; YIT and SRV profits have plunged by -80 %, while Caverion and Consti, more focused on services and renovation of buildings, have improved both in terms of revenue and profitability

Source: S&P Capital IQ

1) Combined revenue in 2022 (Energy excluding Uniper for Fortum). Sector split done by August
 2) Table includes only companies that have reported both Q1-Q3'23 and Q1-Q3'22 earnings. Real estate has been omitted due to poor comparability
 3) Number of companies that have reported earnings (total number of companies in sector)
 4) Revenue figure is total operating income

Financial performance of Finnish public and SME companies in Q3 2023

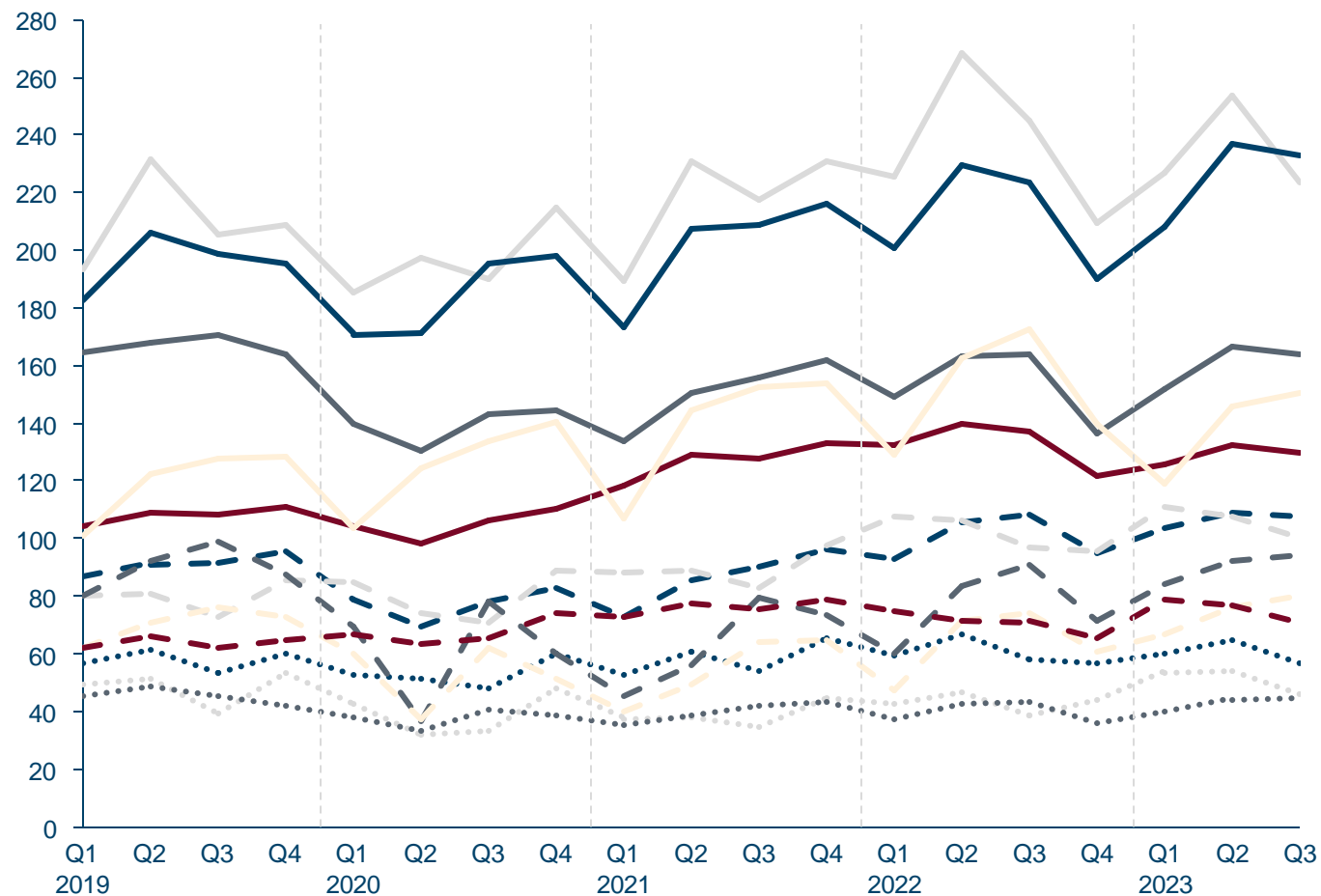


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In Q3 SMEs' revenue increased YoY in the Education and Arts sectors; similar to listed companies, decreases took place in Construction and Industry sectors

QUARTERLY AVERAGE REVENUE PER SECTOR¹

(kEUR / company)

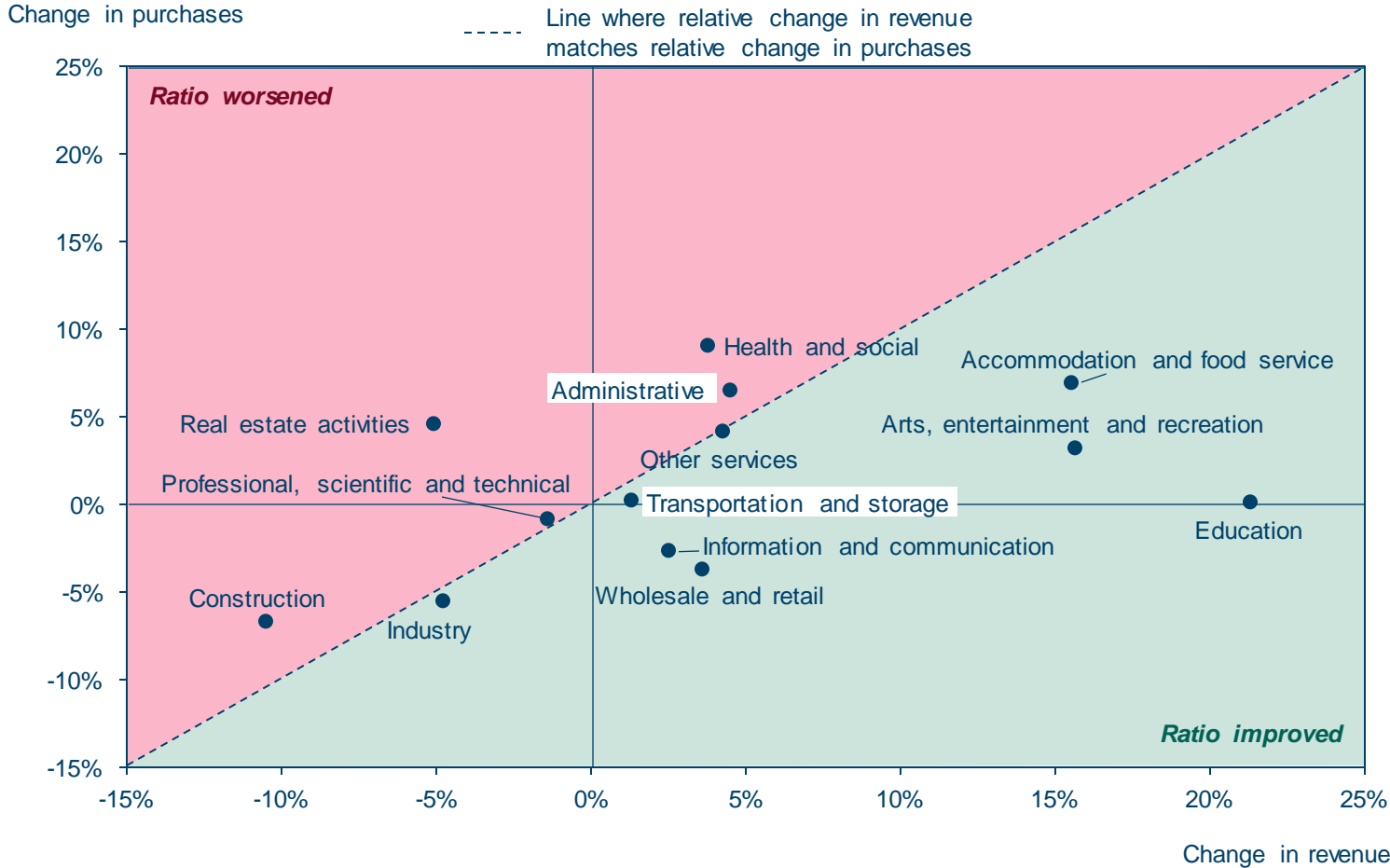


Sector	Q3'23 vs. Q3'22
Wholesale and retail	4 %
Industry	-9 %
Transportation and storage	0 %
Construction	-13 %
Real estate activities	-5 %
Administrative	0 %
Information and communication	3 %
Accommodation and food service	4 %
Arts, entertainment and recreation	8 %
Health and social services	-1 %
Professional, scientific and technical	-3 %
Education	19 %
Other service activities	2 %

Source: Financial figures from Accountor covering a random sample of ~10,000 SMEs
 1) Average revenue of companies in the sector

During Q1-Q3 most sectors seem to have improved or maintained their ratio of revenue to purchases; Real estate and Construction are the exceptions

CHANGE IN REVENUE AND PURCHASES Q1-Q3'23 VS Q1-Q3'22



Based on revenue and purchases it seems that margins may have improved in several sectors:

- Education
- Arts, entertainment and recreation
- Accommodation and food service
- Wholesale and retail
- Information and communication

Margins seems to have deteriorated in:

- Real estate
- Construction

Limitations of this analysis: The improvement in margins could be partly explained by a deliberate decrease in purchases for discretionary spending. This analysis does not provide a complete picture of the profit development, as it does not include other items affecting profitability such as personnel costs or depreciation. The estimate of the revenue change is also not fully comprehensive, as the data from Accountor is missing billing that occurs in external invoicing systems.

The decrease in the value of sales invoices while the number of invoices remains unchanged suggests a decline in trade between SMEs

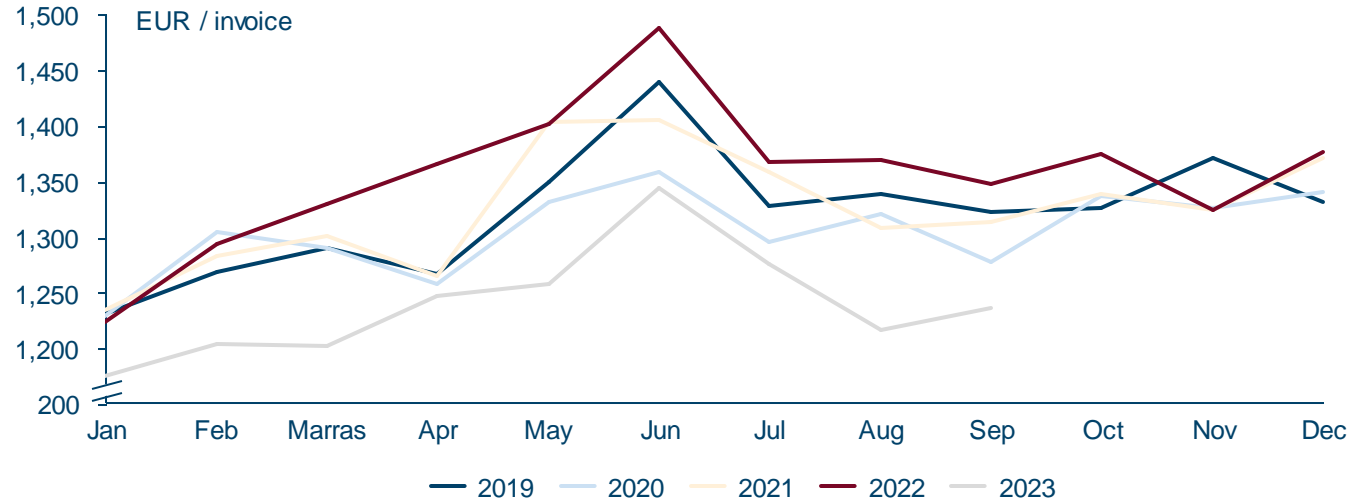
MONTHLY TOTAL SALES INVOICING OF ALL SMEs

1

Invoicing particularly reflects trade between businesses

Excluding cash transactions

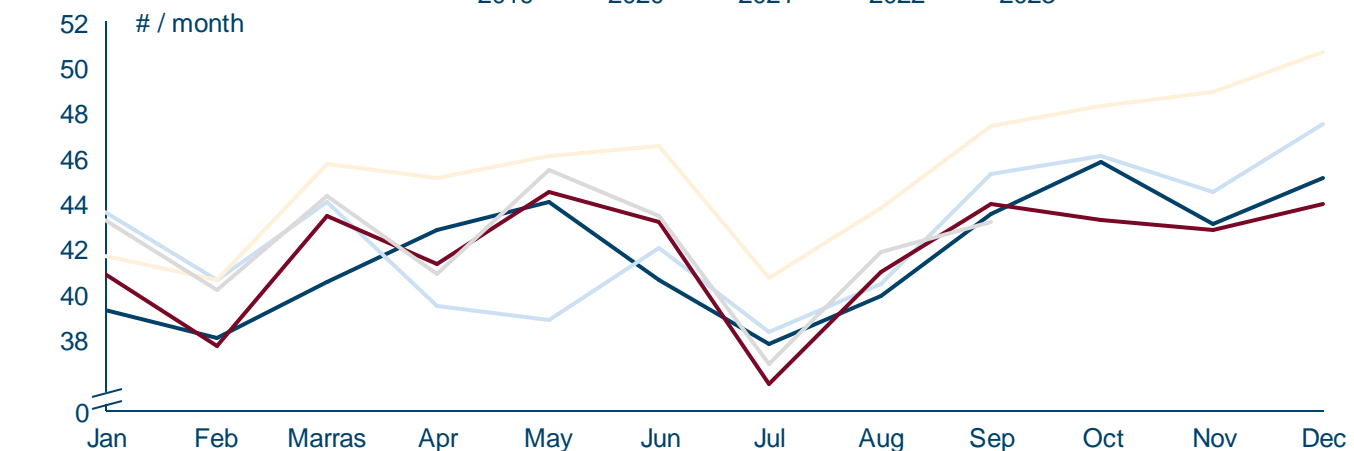
AVERAGE INVOICE VALUE



YEARLY AVERAGE

'19: 1,322 EUR
 '20: 1,306 EUR
 '21: 1,325 EUR
 '22: 1,355 EUR
 '23: 1,228 EUR

NUMBER OF INVOICES



YEARLY AVERAGE

'19: 42
 '20: 43
 '21: 45
 '22: 42
 '23: 42

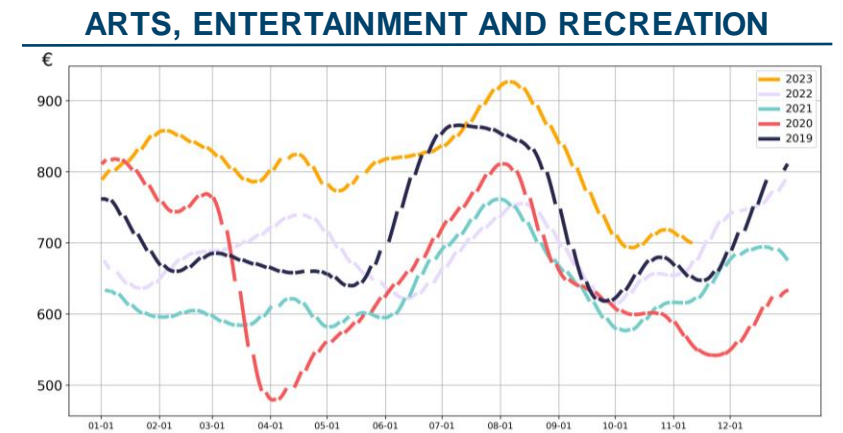
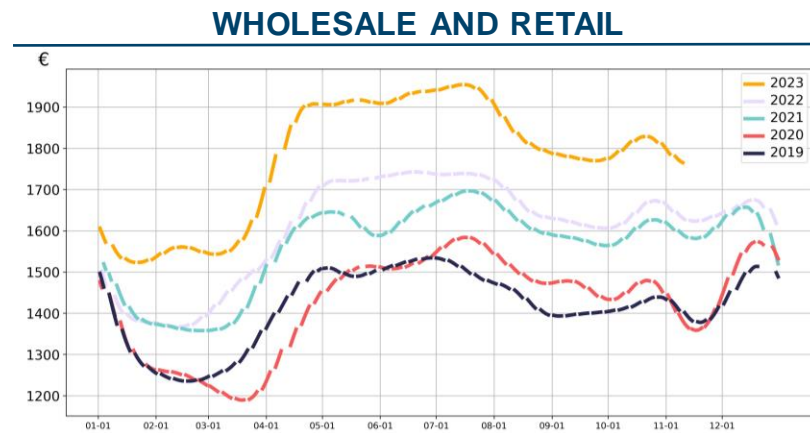
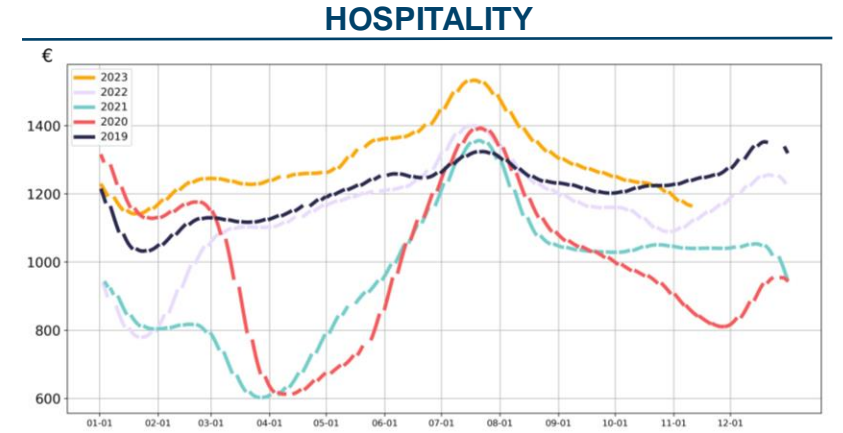
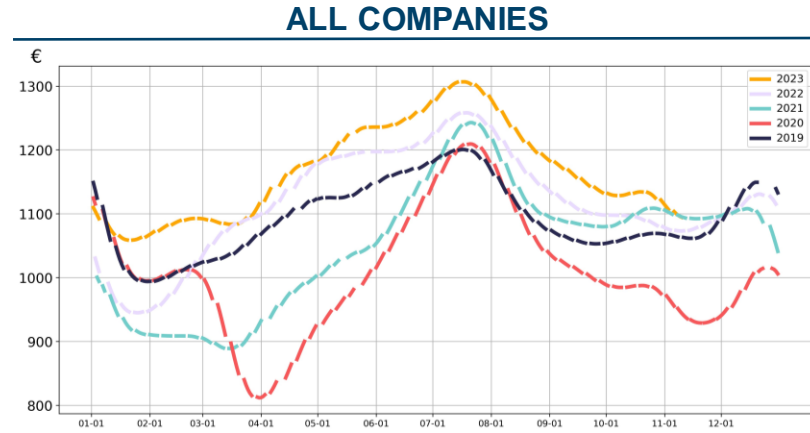
In the first three quarters of the year cash transactions were on record level, but in Q4 they have returned to previous years' level apart from wholesale and retail

MONTHLY TOTAL CASH TRANSACTIONS OF ALL SMEs

2

Cash transactions particularly depict consumer-driven trade

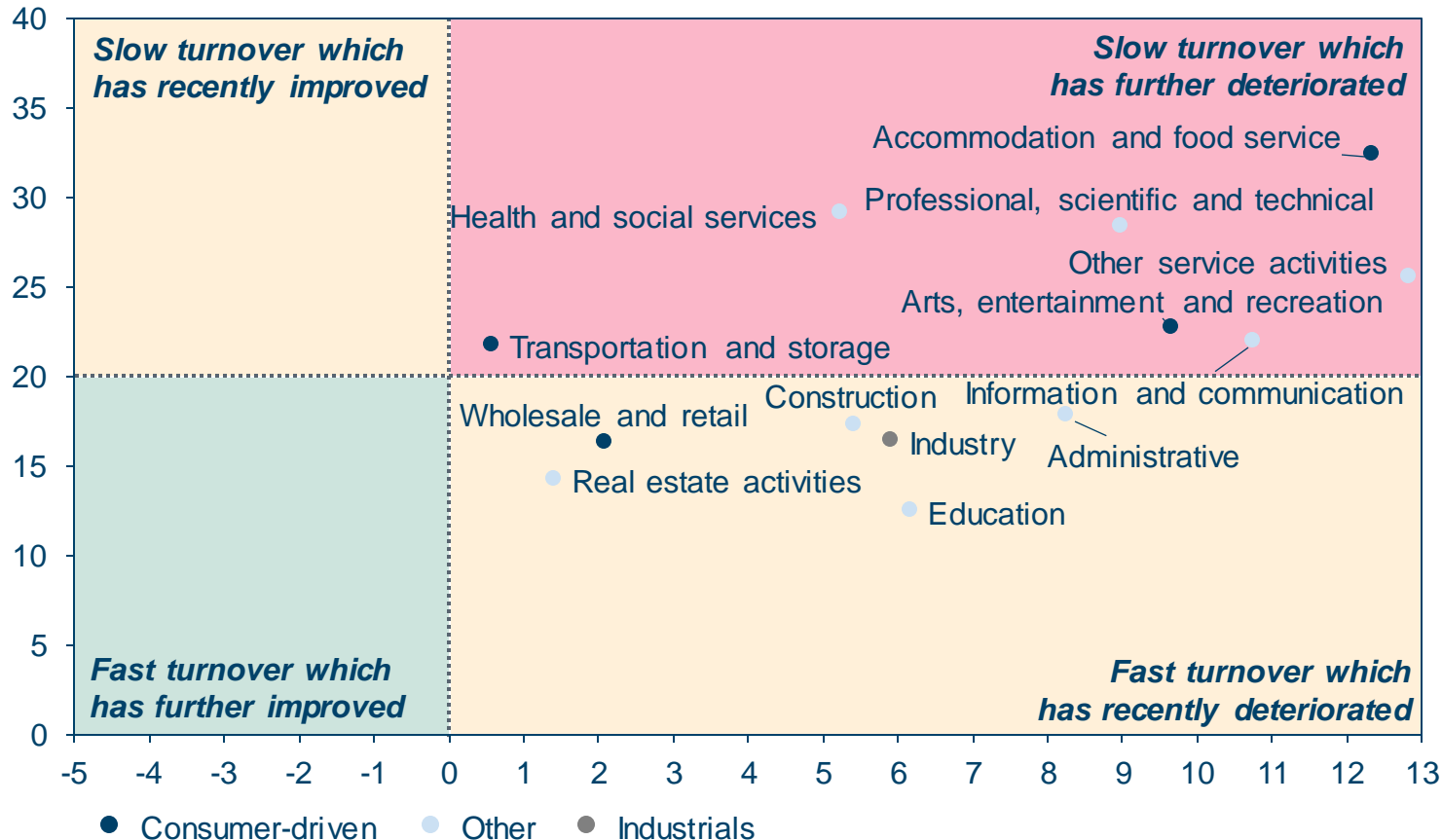
DAILY AVERAGE CASH TRANSACTIONS PER COMPANY



Accounts payable turnover has slowed down in all sectors, indicating that liquidity may be an issue for many companies

ACCOUNTS PAYABLE TURNOVER RATE (DAYS)

2022 average (days)



Based on the turnover of purchase invoices, the following sectors seem to have the most challenging liquidity situation:

- Accommodation and food service
- Professional, scientific and technical
- Other service activities
- Health and social services
- Arts, entertainment and recreation
- Information and communication

Change Q3'23 vs '22 average (days)

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We have analyzed both publicly listed companies and SMEs

Publicly listed companies

SOURCE

- S&P Capital IQ
- Financial statements and consensus forecasts

SAMPLE

- 130 listed companies
- Companies whose headquarters are not in Finland or for which there was not enough data in S&P Capital IQ have been excluded from the main list. First North companies have been completely excluded.
- Revenue in 2022 was approximately 216 billion euros

NOTES

- The revenue data is standardized by S&P Capital IQ and may differ from the figures reported by companies
- For instance, excise taxes have been deducted from the reported revenue, which can affect the figures for e.g. companies in the energy sector

Small and medium-sized companies

SOURCE

- Accountor
- Real-time financial data for SMEs

SAMPLE

- Approximately 10,000 companies from various industries

NOTES

- The data is real-time for cash sales and for sent and received invoices.
- Not all items affecting companies' revenue and profitability are included in the dataset.
- The sample includes companies with observations for the entire review period – therefore, companies that have ceased operations are not included (survival bias)

Division of listed companies into different sectors

Consumer (36 BEUR)		Industrials (80 BEUR)		Energy (33 BEUR)	Other (65 BEUR)		
Trade	Transportation and logistics	Electronics	Forest	Energy	Professional	Construction and environment	Real estate
Kamux Oyj	Aspo Oyj	Aspocomp Group Oyj	Koskisen Oyj	Fortum Oyj	Dovre Group Oyj	Caverion Oyj	Citycon Oyj
Kesko Oyj	Finnair Oyj	Incap Oyj	Metsä Board Oyj	Neste Oyj	Eezy Oyj	Consti Oyj	Investors House Oyj
Musti Group Oyj	Nurminen Logistics Oyj	Scanfil Oyj	Stora Enso Oyj		Enento Group Oyj	Honkarakenne Oyj	Kojamo Oyj
Puuhilo Oyj	Viking Line Abp	Vaisala Oyj	UPM-Kymmene Oyj		Enersense International Oyj	Kreate Group Oyj	Ovako Kiinteistosijoitus Oyj
Stockmann Oyj Abp	Hospitality	Industrial machinery	Industrial goods		Etteplan Oyj	Lassila & Tikanoja Oyj	Health
Tokmanni Group Oyj	NoHo Partners Oyj	Cargotec Corporation	Boreo Oyj		Sitowise Group Oyj	Lehto Group Oyj	Biohit Oyj
Verkkokauppa.com Oyj	Media	Glaston Oyj Abp	Componenta Oyj		Talenom Oyj	SRV Yhtiöt Oyj	Optomed Oyj
Consumer products	Alma Media Oyj	Kesla Oyj	Elecster Oyj		Trainers' House Oyj	YIT Oyj	Oriola Oyj
Anora Group Oyj	Ilkka Oyj	KONE Oyj	Exel Composites Oyj		Wulff-Yhtiöt Oyj	Technology	Orion Oyj
Apetit Oyj	Keskisuomalainen Oyj	Konecranes Plc	Purmo Group Oyj		Finance	Digia Oyj	Pihlajalinna Oyj
Atria Oyj	PunaMusta Media Oyj	Metso Outotec Oyj	Reka Industrial oyj		Aktia Pankki Oyj	Digitalist Group Plc	Revenio Group Oyj
Fiskars Oyj Abp	Remedy Entertainment Oyj	Ponsse Oyj	Relais Group Oyj		Ålandsbanken Abp	F-Secure Oyj	Terveystalo Oyj
Harvia Oyj	Rovio Entertainment Oyj	Raute Oyj	Robit Oyj		Alisa Pankki Oyj	Gofore Oyj	Telecommunications
HKScan Oyj	Sanoma Oyj	Valmet Oyj	Uponor Oyj		CapMan Oyj	Innofactor Oyj	Bittium Oyj
Huhtamäki Oyj		Wärtsilä Oyj Abp			eQ Oyj	Nixu Oy	Elisa Oyj
Marimekko Oyj		Materials			Evli Oyj	QPR Software Oyj	Nokia Oyj
Martela Oyj		Afarak Group SE			KH Group Oyj	Qt Group Plc	Teleste Corporation
Nokian Renkaat Oyj		Endomines Finland Oyj			Nordea Bank Abp	Silli Solutions Oyj	
Ovi Oyj		Kemira Oyj			Oma Säästöpankki	Solteq Oyj	
Orthex Oyj		Outokumpu Oyj			Panostaja Oyj	SSH Communications Security Oyj	
Raisio plc		Sotkamo Silver Ab			Sampo Oyj	Tecnotree Oyj	
Rapala VMC Corporation					Taaleri Oyj	TietoEVRY Oyj	
Saga Furs Oyj					United Bankers Oyj	Valoe Oyj	
Suominen Oyj						WithSecure Oyj	
Tulikivi Corporation							