Nordea

Commissioned Equity Research

Flash comment

27 August 2021

Commissioned research: Scanfil Oyj – Planning to double production capacity in Suzhou factory

Marketing material commissioned by Scanfil Oyj

This morning Scanfill announced that it is planning to double production capacity in its factory in Suzhou, China. The expansion relates to increasing customer demand throughout the year, and Scanfil is seeing signs that demand will also remain on a high level for the coming years. According to the company, the possible investment in the expansion amounts to EUR 6m. Construction work is estimated to kick off in 2022 and we believe completion will take place in 2023. The current factory facility has approximately 17,000 m², of which approximately 10,000 m² is dedicated to production and warehouse. The potential investment increases production and warehouse area by around 11,000 m², but will not initially include production lines. We believe this investment facilitates 2-3% additional annual revenue growth after 2022.

SUMMARY TABLE - KEY FIGURES

EURm	2018	2019	2020	2021E	2022E	2023E
Total revenue	563	580	595	668	693	716
EBITDA (adj)	47	53	55	59	62	65
EBIT (adj)	38	39	39	44	47	49
EBIT (adj) margin	6.7%	6.7%	6.6%	6.6%	6.8%	6.9%
EPS (adj, EUR)	0.45	0.49	0.49	0.53	0.57	0.60
EPS (adj) growth	26.5%	8.4%	0.0%	8.0%	6.4%	5.0%
DPS (ord, EUR)	0.13	0.15	0.17	0.19	0.21	0.23
EV/Sales	0.5	0.6	0.7	0.8	0.8	0.7
EV/EBIT (adj)	7.1	9.3	11.3	12.4	11.1	10.1
P/E (adj)	8.2	9.9	13.2	15.3	14.4	13.7
P/BV	1.7	1.9	2.3	2.6	2.3	2.1
Dividend yield (ord)	3.5%	3.1%	2.6%	2.3%	2.6%	2.8%
FCF Yield bef A&D, lease adj	8.1%	8.2%	5.5%	2.9%	6.2%	6.9%
Net debt	30	46	18	14	-6	-29
Net debt/EBITDA	0.6	0.9	0.3	0.2	-0.1	-0.5
ROIC after tax	16.5%	14.9%	13.9%	15.4%	15.9%	16.5%

Source: Company data and Nordea estimates

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