26 October 2021

Commissioned research: Scanfil - Good growth but weak profitability in Q3

Marketing material commissioned by Scanfil Oyj

Scanfil reported better net sales than market consensus expected but operating profit came a bit under consensus in Q3. Revenues were supported by robust customer demand and rising material prices. Operating profit was burden by component prices, material availability and costs related to the Hamburg factory production transfer and closure. Cash flow was weak in Q3 due to inventory build-up and component pricing. The company already upgraded its full year guidance on October 13 and the most latest guidance was confirmed in Q3 earnings release. Scanfil expects a strong end demand and increasing material prices for the remainder of the year.

Net sales was 4.6% above consensus and EBIT was 14.4% under consensus

- Revenue growth was 18.5% in Q3 y/y.
- Operating profit margin was 5.7%.
- Advanced Consumer Applications segment reported better net sales than we expected in Q3.
- Net sales was slightly under our expectations in Automation & Safety segments in Q3.
- Reported EPS was EUR 0.10 (consensus EUR 0.13).
- Net cash flow from operations was EUR -19.2m in Q3.

Full year 2021 guidance was confirmed

- Revenue is guided to be EUR 670-710m.
- Consensus for net sales in 2021 has been EUR 663m.
- Operating profit is guided to be EUR 41-44m.
- Consensus for 2021 EBIT has been EUR 43.5m (2020: clean EBIT EUR 39m).

SUMMARY TABLE - KEY FIGURES

EURm	2018	2019	2020	2021E	2022E	2023E
Total revenue	563	580	595	693	719	743
EBITDA (adj)	47	53	55	59	64	66
EBIT (adj)	38	39	39	44	48	51
EBIT (adj) margin	6.7%	6.7%	6.6%	6.4%	6.7%	6.8%
EPS (adj, EUR)	0.45	0.49	0.49	0.53	0.58	0.61
EPS (adj) growth	26.5%	8.4%	0.0%	8.5%	8.4%	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	0.7	0.7	0.6
EV/EBIT (adj)	7.1	9.3	11.3	11.8	10.3	9.4
P/E (adj)	8.2	9.9	13.2	14.4	13.3	12.7
P/BV	1.7	1.9	2.3	2.4	2.2	1.9
Dividend yield (ord)	3.5%	3.1%	2.6%	2.5%	2.7%	3.0%
FCF Yield bef A&D, lease adj	8.1%	8.2%	5.5%	2.0%	6.6%	7.4%
Net debt	30	46	18	19	-1	-25
Net debt/EBITDA	0.6	0.9	0.3	0.3	0.0	-0.4
ROIC after tax	16.5%	14.9%	13.9%	15.3%	15.9%	16.4%

Source: Company data and Nordea estimates

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