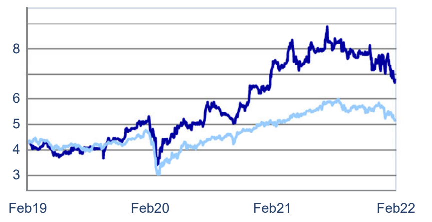
Scanfil Oyj

Capital Goods
Finland

KEY DATA

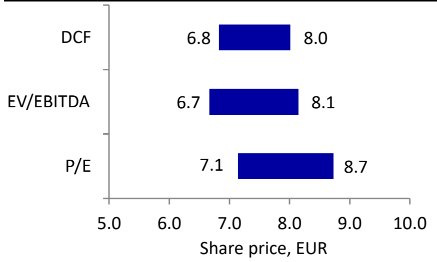
Stock country	Finland
Bloomberg	SCANFL FH
Reuters	SCANFL.HE
Share price (close)	EUR 6.84
Free Float	25%
Market cap. (bn)	EUR 0.44/EUR 0.44
Website	www.scanfil.com/
Next report date	22 Apr 2022

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	3%	4%	5%
EBIT (adj)	-2%	0%	1%

Source: Nordea estimates

Nordea Markets - Analysts
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Senior Analyst

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Analyst

Component problem could persist in H1 2022

Scanfil downgraded its 2021 guidance in December but net sales were 4% above consensus (Infront) and clean EBIT was 6% higher in Q4. We raise our 2022 net sales forecast on account of component prices but trim our EBIT estimate by 2% owing to efficiency problems and cost pressure stemming from component availability. We note that Scanfil has no direct operational contacts in Ukraine or Russia. Our fair value range is still EUR 6.9-8.4, based on three equally weighted valuation approaches (DCF, EV/EBITDA and P/E).

Guidance indicates 2-9% revenue growth in 2022

Reported revenue growth was 24% in Q4. Connectivity and Energy & Cleantech witnessed the best y/y growth in the quarter. Sales growth for 2021 totalled 17%, of which ~7% was volume-related and ~3% price-related, excluding EUR 34m in pass-through component sales. Guidance indicates 2-9% revenue growth for this year. We expect high prices to support revenue growth in H1 2022 but y/y sales growth to become more muted in H2. Scanfil's new long-term annual sales growth target is 5-7%, which strikes us as ambitious. We forecast 4.8% average sales growth for 2022-24.

Long-term EBIT margin target remains at 7%

Scanfil did not enjoy ordinary margins for its excess revenue that stemmed from high component prices, which explains why its Q4 EBIT margin was only 5.3%. The company is not beset by any underlying profitability problems, however, and we forecast an EBIT margin of 5.8% for Q1 2022. Our revised EBIT margin forecast for 2022 is 6.2%, although we still do not expect Scanfil to achieve its financial target of 7% in the coming year.

Valuation not challenging

Scanfil's change in working capital was EUR -55m in 2021 and we forecast a positive EUR 22m in 2022. We estimate ordinary annual free cash flow of EUR 40m after an exceptional period in 2021-22. We believe its FCF yield could then come back down to 8-9%. The proposed dividend of EUR 0.19 was in line with our expectation and a EUR 0.02 upgrade to the dividend next year seems likely. The company's 2022E-23E P/E and EV/EBITDA multiples combined are now 2% below those of our peer group, yet we see no compelling reason to trade at a clear discount to peers.

SUMMARY TABLE - KEY FIGURES

EURm	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	563	580	595	696	742	769	800
EBITDA (adj)	47	53	55	56	61	66	69
EBIT (adj)	38	39	39	40	46	50	53
EBIT (adj) margin	6.7%	6.7%	6.6%	5.8%	6.2%	6.5%	6.6%
EPS (adj, EUR)	0.45	0.49	0.49	0.48	0.55	0.60	0.64
EPS (adj) growth	26.5%	8.4%	0.0%	-3.5%	15.0%	9.9%	6.0%
DPS (ord, EUR)	0.13	0.15	0.17	0.19	0.21	0.23	0.24
EV/Sales	0.5	0.6	0.7	0.8	0.6	0.6	0.5
EV/EBIT (adj)	7.1	9.3	11.3	13.5	10.2	8.8	7.9
P/E (adj)	8.2	9.9	13.2	15.7	12.5	11.4	10.7
P/BV	1.7	1.9	2.3	2.3	1.9	1.7	1.6
Dividend yield (ord)	3.5%	3.1%	2.6%	2.5%	3.1%	3.4%	3.5%
FCF Yield bef A&D, lease	8.1%	8.2%	5.5%	-5.8%	11.4%	8.7%	8.1%
Net debt	30	46	18	60	22	-2	-23
Net debt/EBITDA	0.6	0.9	0.3	1.1	0.4	0.0	-0.3
ROIC after tax	16.5%	14.9%	13.9%	12.8%	13.1%	14.8%	15.5%

Source: Company data and Nordea estimates

Quarterly segment estimates

P&L (EURm; EPS IN EUR)	Q120	Q220	Q320	Q420	Q121	Q221	Q321	Q421	Q122E	Q222E	Q322E	Q422E
Advanced Consumer Applications												
Net sales (EURm)	31.1	40.1	38.6	41.4	42.9	53.4	55.4	52.9	53.6	53.9	55.4	53.9
Sales growth y/y (%)					38%	33%	44%	28%	25%	1%	0%	2%
Automation & Safety												
Net sales (EURm)	37.9	36.6	33.7	34.0	34.5	36.8	32.5	41.1	40.0	39.0	38.0	38.0
Sales growth y/y (%)					-9%	1%	-4%	21%	16%	6%	17%	-8%
Connectivity												
Net sales (EURm)	7.4	7.7	7.1	6.5	8.1	7.3	7.3	10.4	9.0	8.9	8.9	8.9
Sales growth y/y (%)					9%	-5%	3%	60%	11%	22%	22%	-14%
Energy & Cleantech												
Net sales (EURm)	34.4	33.8	30.0	37.4	40.3	44.8	43.5	53.4	50.8	51.1	51.3	50.7
Sales growth y/y (%)					17%	33%	45%	43%	26%	14%	18%	-5%
Medtec & Life Science												
Net sales (EURm)	27.0	25.4	26.0	29.5	29.1	28.5	29.1	33.9	33.2	32.8	32.0	32.3
Sales growth y/y (%)					8%	12%	12%	15%	14%	15%	10%	-5%
Discontinued												
Net sales (EURm)	6.3	12.0	6.3	5.3	8.5	2.0	0.0	0.0	0.0	0.0	0.0	0.0
Sales growth y/y (%)					35%	-83%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Q120	**Q220**	**Q320**	**Q420**	**Q121**	**Q221**	**Q321**	**Q321**	**Q122E**	**Q222E**	**Q322E**	**Q322E**
Group sales	**144.1**	**155.6**	**141.6**	**154.1**	**163.4**	**172.9**	**167.8**	**191.7**	**186.6**	**185.7**	**185.7**	**183.8**
Sales growth %	10.9%	9.1%	-7.0%	-0.4%	13.4%	11.1%	18.5%	24.4%	14.2%	7.4%	10.7%	-4.1%
Other operating income	0.2	0.2	11.8	0.3	0.3	0.1	0.4	0.3	0.3	0.3	0.3	0.3
Depreciation and amortisation	-3.8	-3.8	-3.7	-4.8	-3.8	-3.8	-3.8	-4.0	-3.9	-3.9	-3.9	-3.9
Reported EBIT	8.6	10.2	21.2	4.3	10.0	10.6	9.5	9.5	10.8	11.1	11.5	12.1
Reported EBIT margin	6.0%	6.6%	15.0%	2.8%	6.1%	6.1%	5.7%	5.0%	5.8%	6.0%	6.2%	6.6%
Group adj. EBIT	**8.6**	**10.2**	**9.9**	**10.4**	**10.0**	**10.6**	**9.5**	**10.2**	**10.8**	**11.1**	**11.5**	**12.1**
Adj. EBIT margin	6.0%	6.6%	7.0%	6.7%	6.1%	6.1%	5.7%	5.3%	5.8%	6.0%	6.2%	6.6%
Net financials	0.1	-0.6	-0.8	-1.3	0.0	-0.1	-0.6	-0.3	-0.2	-0.8	1.4	-1.7
Pre-tax profit	8.7	9.6	20.4	3.0	10.0	10.5	8.9	9.2	10.6	10.3	12.9	10.4
Income tax	-1.2	-1.2	-2.5	0.1	-1.7	-1.8	-3.4	-0.9	-2.1	-2.1	-2.2	-2.3
Tax rate %	14%	13%	12%	-3%	17%	17%	38%	10%	19%	21%	17%	22%
Reported net profit for the period	7.5	8.4	29.2	-3.0	7.6	8.6	5.2	7.7	8.3	8.5	8.8	9.3
Adj net profit for the period	7.5	8.4	17.9	3.1	7.6	8.6	5.2	8.4	8.3	8.5	8.8	9.3
Reported EPS	0.12	0.13	0.28	0.05	0.13	0.13	0.09	0.13	0.13	0.13	0.17	0.13
Adj. EPS	**0.12**	**0.13**	**0.10**	**0.14**	**0.13**	**0.13**	**0.09**	**0.13**	**0.13**	**0.13**	**0.17**	**0.13**

Source: Company data and Nordea estimates

Yearly segment estimates

P&L (EURm, EPS IN EUR)

Segments	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**
Advanced Consumer Applications								
Net sales (EURm)					151.2	204.6	216.9	225.6
Sales growth y/y (%)						35%	6%	4%
Automation & Safety								
Net sales (EURm)					142.2	144.9	155.0	159.7
Sales growth y/y (%)						2%	7%	3%
Connectivity								
Net sales (EURm)					28.7	33.1	35.7	37.2
Sales growth y/y (%)						15%	8%	4%
Energy & Cleantech								
Net sales (EURm)					135.6	182.0	203.8	212.0
Sales growth y/y (%)						34%	12%	4%
Medtec & Life Science								
Net sales (EURm)					107.9	120.6	130.2	134.2
Sales growth y/y (%)						12%	8%	3%
Discontinued								
Net sales (EURm)					29.9	10.5	0.0	0.0
Sales growth y/y (%)						-65%	n.a.	n.a.
Group	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**
Net sales	**508.0**	**529.8**	**563.0**	**579.5**	**595.4**	**695.7**	**741.8**	**768.6**
Sales growth %	75.9%	34.6%	4.3%	6.3%	2.9%	2.7%	16.8%	6.6%
Other operating income	1.0	2.7	0.4	1.0	12.5	1.1	1.1	1.1
Depreciation and amortisation	-8.8	-6.7	-7.5	-15.7	-14.1	-13.4	-13.6	-13.7
Reported EBIT	7.2	31.3	37.8	35.3	44.3	39.6	45.6	50.0
Reported EBIT margin	1.4%	5.9%	6.7%	6.1%	7.4%	5.7%	6.2%	6.5%
Group adj. EBIT	**22.3**	**31.3**	**37.8**	**38.9**	**39.1**	**40.3**	**45.6**	**50.0**
Adj. EBIT margin	4.4%	5.9%	6.7%	6.7%	6.6%	5.8%	6.2%	6.5%
Net financials	-1.2	1.3	-1.7	-1.3	-2.6	-1.9	-1.9	-1.9
Pre-tax profit	6.1	32.6	36.1	34.0	41.7	37.7	43.7	48.1
Income tax	-6.0	-6.8	-7.1	-5.9	-4.8	-7.8	-8.5	-9.4
Tax rate %	99%	21%	20%	17%	12%	21%	20%	20%
Reported net profit for the period	0.1	25.8	29.0	28.1	36.9	29.9	35.2	38.7
Adj net profit for the period	15.2	22.9	29.0	31.7	31.7	30.6	35.2	38.7
Reported EPS	0.00	0.40	0.45	0.44	0.57	0.47	0.55	0.60
Adj. EPS	**0.24**	**0.36**	**0.45**	**0.49**	**0.49**	**0.48**	**0.55**	**0.60**
Market consensus EPS (Company collected)							0.54	0.60

Source: Company data and Nordea estimates

Peer group

EMS PEER GROUP: FINANCIALS

	SALES (EURm)				GROWTH				EBIT MARGIN			
	2020	2021	2022E	2023E	2020	2021	2022E	2023E	2020	2021	2022E	2023E
Hon Hai Precision Industry Co Ltd	156,265	187,109	190,795	200,175	0%	11%	2%	5%	2%	2%	3%	3%
Delta Electronics Inc	8,242	9,909	10,901	11,990	5%	12%	10%	10%	11%	10%	11%	12%
Pegatron Corp	40,811	39,433	41,114	41,347	2%	-11%	4%	1%	1%	1%	2%	2%
Venture Corporation Ltd	1,868	2,002	2,187	2,332	-17%	-1%	9%	7%	11%	11%	12%	12%
Universal Scientific Industrial	5,985	7,743	8,748	9,756	28%	24%	13%	12%	4%	4%	4%	4%
Jabil Inc	22,844	24,803	28,147	29,402	8%	7%	8%	4%	3%	4%	4%	5%
Compal Electronics Inc	30,592	38,413	38,014	37,706	7%	17%	-1%	-1%	1%	1%	1%	1%
Foxconn Interconnect Technology	3,533	3,721	3,893	3,924	-1%	-1%	5%	1%	4%	3%	4%	5%
Inventec Corp	14,824	16,505	17,418	17,724	1%	1%	6%	2%	1%	1%	1%	1%
Micro-Star International Co Ltd	4,273	6,290	6,494	6,913	22%	36%	3%	5%	7%	10%	9%	8%
Plexus Corp	2,895	2,906	3,096	3,467	7%	-1%	1%	12%	5%	5%	4%	5%
Accton Technology Corp	1,588	1,887	2,186	2,598	-2%	10%	16%	19%	12%	9%	11%	13%
Sanmina Corp	5,942	5,828	6,294	6,536	-15%	-3%	4%	4%	4%	5%	5%	5%
Incap Oyj	106	170	207	232	50%	62%	22%	12%	10%	15%	15%	16%
Celestica Inc	4,707	4,957	5,630	6,000	-2%	-2%	13%	7%	3%	4%	4%	4%
SIIX Corp	1,440	1,734	1,805	1,975	-19%	25%	10%	11%	2%	2%	0%	0%
Fabrinet	1,464	1,575	2,020	2,224	4%	14%	23%	10%	9%	9%	10%	10%
Sercomm Corp	1,053	1,361	1,648	1,411	14%	19%	21%	-11%	3%	2%	3%	4%
TT Electronics	483	566	608	634	-10%	11%	7%	4%	6%	7%	9%	10%
Alpha Networks Inc	938	0	0	0	103%	0%	0%	0%	3%	0%	0%	0%
Ducommun Inc	515	572	616	648	-13%	3%	8%	5%	8%	7%	8%	9%
Valuetronics Holdings Ltd	275	250	218	232	-17%	-3%	0%	6%	7%	9%	6%	7%
Kitron ASA	378	371	567	648	20%	-6%	55%	14%	8%	6%	7%	8%
Lacroix Group SA	566	502	611	652	-9%	14%	22%	7%	2%	3%	4%	5%
Hanza Holding AB	215	240	273	287	4%	11%	18%	5%	2%	5%	6%	6%
Group median					**2.4%**	**10.3%**	**8.2%**	**5.5%**	**3.8%**	**5.0%**	**4.4%**	**5.1%**
Scanfil (Nordea)	595	696	742	769	2.7%	16.8%	6.6%	3.6%	6.6%	5.8%	6.2%	6.5%
diff. from median (pp)					**0.3**	**6.6**	**-1.6**	**-1.9**	**2.8**	**0.8**	**1.7**	**1.4**

Source: Refinitiv and Nordea estimates

EMS PEER GROUP: VALUATION

	P/E				EV/EBITDA				P/B			
	2020	2021	2022E	2023E	2020	2021	2022E	2023E	2020	2021	2022E	2023E
Hon Hai Precision Industry Co Ltd	12.6	10.5	9.6	8.6	5.7	6.6	6.0	5.3	1.1	1.0	1.0	0.9
Delta Electronics Inc	26.9	24.3	20.9	17.8	14.8	14.3	12.6	11.0	4.4	4.1	3.7	3.4
Pegatron Corp	8.8	10.2	10.6	9.9	5.0	4.9	2.6	3.8	1.0	1.1	1.0	1.0
Venture Corporation Ltd	19.0	16.8	15.3	14.1	12.5	11.2	10.2	9.5	2.0	1.9	1.8	1.8
Universal Scientific Industrial	24.2	16.9	13.6	11.8	15.9	11.8	9.6	8.2	2.7	2.4	2.1	1.9
Jabil Inc	98.4	13.5	9.0	8.3	4.0	5.2	4.3	4.1	5.5	4.4	3.7	2.9
Compal Electronics Inc	9.8	9.0	10.9	11.0	7.0	9.3	9.3	9.2	1.1	1.0	1.0	1.0
Foxconn Interconnect Technology	56.2	9.0	10.0	8.2	8.9	4.3	3.8	3.4	0.5	0.6	0.5	0.5
Inventec Corp	11.5	14.1	14.1	13.1	12.5	13.4	11.3	10.6	1.6	1.7	1.7	1.7
Micro-Star International Co Ltd	14.2	7.7	8.9	8.8	9.4	5.6	6.4	6.4	3.7	2.9	2.7	2.6
Plexus Corp	18.2	19.1	21.2	14.7	9.7	10.6	11.3	8.8	2.5	2.3	2.1	1.9
Accton Technology Corp	35.2	31.6	23.7	17.2	23.6	22.8	16.5	12.5	10.0	9.6	8.6	7.1
Sanmina Corp	13.5	9.8	9.3	8.6	4.2	5.4	4.8	4.6	1.1	1.3	n.a.	n.a.
Incap Oyj	9.1	18.8	15.2	13.5	7.0	13.6	11.3	10.1	9.3	6.1	4.6	3.6
Celestica Inc	17.2	13.6	7.8	6.9	4.8	5.9	4.9	4.6	0.7	1.2	n.a.	n.a.
SIIX Corp	43.6	14.7	8.7	6.9	9.3	9.7	6.7	5.8	0.9	0.9	0.8	0.7
Fabrinet	19.7	24.1	16.9	15.8	11.7	16.0	12.2	11.3	4.0	3.4	2.9	2.5
Sercomm Corp	21.9	21.9	13.7	11.4	9.6	10.4	7.1	7.7	2.3	2.3	2.1	0.0
TT Electronics	265.2	15.4	12.4	10.3	9.3	9.6	8.2	7.0	1.3	1.3	1.3	1.2
Alpha Networks Inc	n.a.	18.3	0.0	0.0	11.0	0.0	0.0	0.0	1.6	1.6	0.0	0.0
Ducommun Inc	22.0	16.3	13.7	11.8	11.5	10.3	9.2	8.9	1.7	1.7	1.6	1.5
Valuetronics Holdings Ltd	6.8	8.1	12.6	10.6	0.5	1.5	1.3	1.1	1.1	1.1	0.9	0.9
Kitron ASA	15.4	30.6	14.2	11.6	9.5	15.3	8.4	7.2	3.8	3.4	2.7	2.4
Lacroix Group SA	30.4	18.0	12.7	10.3	0.0	0.0	0.0	0.0	1.6	1.4	1.3	1.2
Hanza Holding AB	0.0	n.a.	12.0	10.6	5.1	7.3	6.2	5.7	2.6	2.3	2.1	1.8
Group median	**18.6**	**15.8**	**12.6**	**10.6**	**9.3**	**9.6**	**7.1**	**7.0**	**1.7**	**1.7**	**1.8**	**1.7**
Scanfil (Nordea)	13.2	15.7	12.2	11.1	8.0	9.7	7.2	6.1	2.3	2.3	1.8	1.6
diff. from average	-29%	-1%	-3%	5%	-14%	1%	1%	-13%	34%	33%	-1%	-7%

Source: Refinitiv and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT											
EURm	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
Total revenue	**215**	**377**	**508**	**530**	**563**	**580**	**595**	**696**	**742**	**769**	**800**
Revenue growth	13.8%	75.9%	34.6%	4.3%	6.3%	2.9%	2.7%	16.8%	6.6%	3.6%	4.1%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	25	27	18	40	47	53	60	55	61	66	69
Depreciation and impairments PPE	-6	-8	-9	-7	-8	-16	-14	-13	-14	-14	-14
of which leased assets	0	0	0	0	0	-3	-3	-3	-3	-3	-3
EBITA	19	19	9	33	40	37	46	42	48	52	55
Amortisation and impairments	-2	-5	-2	-2	-2	-2	-2	-2	-2	-2	-2
EBIT	16	14	7	31	38	35	44	40	46	50	53
of which associates	-2	-1	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	0	-1	-1	1	-2	-1	-3	-2	-2	-2	-2
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	**16**	**14**	**6**	**33**	**36**	**34**	**42**	**38**	**44**	**48**	**51**
Reported taxes	-4	-5	-6	-7	-7	-6	-5	-8	-9	-9	-10
Net profit from continued operations	12	8	0	26	29	28	37	30	35	39	41
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Net profit to equity	12	8	0	26	29	28	37	30	35	39	41
EPS, EUR	**0.21**	**0.15**	**0.00**	**0.40**	**0.45**	**0.44**	**0.57**	**0.47**	**0.55**	**0.60**	**0.64**
DPS, EUR	0.07	0.08	0.09	0.11	0.13	0.15	0.17	0.19	0.21	0.23	0.24
of which ordinary	0.07	0.08	0.09	0.11	0.13	0.15	0.17	0.19	0.21	0.23	0.24
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit margin in percent											
EBITDA	11.6%	7.2%	3.6%	7.6%	8.4%	9.1%	10.1%	7.9%	8.2%	8.5%	8.6%
EBITA	8.7%	5.1%	1.8%	6.3%	7.1%	6.4%	7.8%	6.0%	6.4%	6.8%	6.8%
EBIT	7.6%	3.8%	1.4%	5.9%	6.7%	6.1%	7.4%	5.7%	6.2%	6.5%	6.6%
Adjusted earnings											
EBITDA (adj)	25	33	33	40	47	53	55	56	61	66	69
EBITA (adj)	19	25	24	33	40	37	41	42	48	52	55
EBIT (adj)	16	20	22	31	38	39	39	40	46	50	53
EPS (adj, EUR)	0.22	0.24	0.24	0.36	0.45	0.49	0.49	0.48	0.55	0.60	0.64
Adjusted profit margins in percent											
EBITDA (adj)	11.7%	8.7%	6.6%	7.6%	8.4%	9.1%	9.3%	8.0%	8.2%	8.5%	8.6%
EBITA (adj)	8.8%	6.6%	4.8%	6.3%	7.1%	6.4%	6.9%	6.1%	6.4%	6.8%	6.8%
EBIT (adj)	7.6%	5.3%	4.4%	5.9%	6.7%	6.7%	6.6%	5.8%	6.2%	6.5%	6.6%
Performance metrics											
CAGR last 5 years											
Net revenue	1.7%	11.5%	19.2%	24.0%	24.5%	22.0%	9.6%	6.5%	7.0%	6.4%	6.7%
EBITDA	3.4%	7.0%	-4.8%	14.2%	16.3%	16.4%	17.3%	24.8%	8.8%	6.8%	5.3%
EBIT	0.4%	0.0%	-4.5%	31.0%	26.1%	16.8%	25.2%	40.5%	7.8%	5.7%	8.4%
EPS	-2.8%	-5.1%	-58.0%	32.7%	26.1%	15.5%	31.7%	218.0%	6.2%	5.8%	7.8%
DPS	-10.2%	-7.8%	8.4%	22.4%	21.1%	16.5%	16.3%	16.1%	13.8%	12.1%	9.9%
Average last 5 years											
Average EBIT margin	5.9%	5.1%	3.9%	4.5%	4.9%	4.9%	5.6%	6.4%	6.4%	6.4%	6.4%
Average EBITDA margin	10.9%	10.1%	7.7%	7.3%	7.2%	7.3%	7.9%	8.6%	8.7%	8.7%	8.6%

VALUATION RATIOS - ADJUSTED EARNINGS											
EURm	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
P/E (adj)	11.4	15.7	14.6	11.8	8.2	9.9	13.2	15.7	12.5	11.4	10.7
EV/EBITDA (adj)	5.3	8.7	7.9	7.8	5.7	6.8	8.0	9.7	7.6	6.7	6.1
EV/EBITA (adj)	7.0	11.6	10.7	9.4	6.8	9.7	10.7	12.8	9.8	8.5	7.6
EV/EBIT (adj)	7.2	13.6	11.7	10.0	7.1	9.3	11.3	13.5	10.2	8.8	7.9

VALUATION RATIOS - REPORTED EARNINGS											
EURm	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
P/E	11.5	26.3	n.m.	10.5	8.2	11.2	11.4	16.0	12.5	11.4	10.7
EV/Sales	0.62	0.76	0.52	0.59	0.48	0.63	0.74	0.78	0.63	0.57	0.52
EV/EBITDA	4.9	10.1	14.4	7.8	5.7	6.8	7.3	9.9	7.6	6.7	6.1
EV/EBITA	6.4	14.2	28.0	9.4	6.8	9.7	9.5	13.0	9.8	8.5	7.6
EV/EBIT	7.3	18.5	36.2	10.0	7.1	10.3	9.9	13.7	10.2	8.8	7.9
Dividend yield (ord.)	2.8%	2.1%	2.6%	2.6%	3.5%	3.1%	2.6%	2.5%	3.1%	3.4%	3.5%
FCF yield	2.1%	-17.3%	5.8%	3.9%	8.1%	5.8%	9.3%	-5.2%	12.0%	9.3%	8.7%
FCF Yield bef A&D, lease adj	2.1%	-17.3%	5.8%	3.9%	8.1%	8.2%	5.5%	-5.8%	11.4%	8.7%	8.1%
Payout ratio	32.3%	33.1%	37.7%	30.6%	28.6%	30.4%	34.5%	39.9%	38.4%	38.2%	37.6%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Intangible assets	11	29	27	25	22	25	23	21	19	17	15
of which R&D	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0	0
of which other intangibles	5	18	16	15	12	17	14	13	11	9	7
of which goodwill	6	11	11	10	10	8	8	8	8	8	8
Tangible assets	27	48	41	48	49	72	65	72	78	82	87
of which leased assets	0	0	0	0	0	21	18	22	22	22	22
Shares associates	n.a.	n.a.	n.a.	n.a.	0	1	1	1	1	1	1
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	3	2	4	4	6	7	9	9	9	9
Other non-IB non-current assets	n.a.	n.a.	n.a.	0	0	0	0	0	0	0	0
Other non-current assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	38	80	70	77	76	103	95	102	106	108	111
Inventory	36	91	85	101	99	102	103	193	168	151	149
Accounts receivable	41	105	88	106	108	112	113	149	148	146	152
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	2	4	2	2	3	2	4	4	4	4
Cash and bank	19	22	20	21	19	20	26	25	60	82	100
Total current assets	96	220	197	230	228	237	245	372	380	382	405
Assets held for sale	0	1	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	**134**	**302**	**267**	**307**	**304**	**340**	**339**	**474**	**486**	**491**	**516**
Shareholders equity	95	100	108	125	145	167	183	207	230	255	282
Of which preferred stocks	n.a.	n.a.	n.a.	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	n.a.	n.a.	n.a.	0	0	0	0	0	0	0	0
Minority interest	n.a.	n.a.	n.a.	0	0	0	0	0	0	0	0
Total Equity	n.a.	n.a.	n.a.	125	145	167	183	207	230	255	282
Deferred tax	0	3	3	5	6	7	6	5	5	5	5
Long term interest bearing debt	1	50	38	27	17	25	18	42	40	37	35
Pension provisions	n.a.	n.a.	n.a.	0	0	0	0	0	0	0	0
Other long-term provisions	0	1	0	0	0	0	0	0	0	0	0
Other long-term liabilities	0	0	0	0	0	0	0	0	0	0	0
Non-current lease debt	0	0	0	0	0	19	16	20	23	23	23
Convertible debt	n.a.	n.a.	n.a.	0	0	0	0	0	0	0	0
Shareholder debt	n.a.	n.a.	n.a.	0	0	0	0	0	0	0	0
Hybrid debt	n.a.	n.a.	n.a.	0	0	0	0	0	0	0	0
Total non-current liabilities	1	55	41	33	23	51	40	67	68	66	63
Short-term provisions	0	0	5	0	0	0	4	2	2	2	2
Accounts payable	30	108	90	113	104	96	100	172	164	147	149
Current lease debt	0	0	0	0	0	4	4	3	0	0	0
Other current liabilities	n.a.	n.a.	n.a.	n.a.	0	3	2	1	1	2	2
Short term interest bearing debt	9	38	22	36	33	20	6	20	20	19	19
Total current liabilities	38	146	117	149	136	122	116	199	187	170	172
Liabilities for assets held for sale	0	1	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**134**	**302**	**267**	**307**	**304**	**340**	**339**	**473**	**486**	**491**	**516**
Balance sheet and debt metrics											
Net debt	-10	66	40	43	30	46	18	60	22	-2	-23
of which lease debt	0	0	0	0	0	22	20	23	23	23	23
Working capital	47	90	87	96	105	118	117	173	154	152	154
Invested capital	85	170	157	173	181	221	212	275	260	260	266
Capital employed	104	188	168	188	194	233	227	293	312	335	358
ROE	14.0%	8.6%	0.1%	22.2%	21.5%	18.0%	21.1%	15.3%	16.1%	15.9%	15.3%
ROIC	16.2%	12.1%	10.5%	14.6%	16.5%	14.9%	13.9%	12.8%	13.1%	14.8%	15.5%
ROCE	16.7%	17.3%	18.9%	23.1%	19.8%	18.3%	17.0%	15.6%	15.1%	15.5%	15.3%
Net debt/EBITDA	-0.4	2.4	2.2	1.1	0.6	0.9	0.3	1.1	0.4	0.0	-0.3
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	70.6%	33.2%	40.6%	40.7%	47.6%	49.0%	53.9%	43.8%	47.4%	52.0%	54.5%
Net gearing	n.a.	n.a.	n.a.	34.4%	20.7%	27.7%	10.0%	28.9%	9.7%	-0.9%	-8.3%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
EBITDA (adj) for associates	**27**	**28**	**18**	**40**	**47**	**53**	**60**	**55**	**61**	**66**	**69**
Paid taxes	-3	-4	-5	-8	-7	-8	-7	-11	-9	-9	-10
Net financials	0	-2	-2	-2	-2	-2	-2	-1	-2	-2	-2
Change in provisions	0	1	4	-5	0	0	4	-3	0	0	0
Change in other LT non-IB	0	-2	1	-2	0	-1	-1	-2	0	0	0
Cash flow to/from associates	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0	0
Dividends paid to minorities	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	-7	-1	7	4	0	2	-11	2	0	0	0
Funds from operations (FFO)	**16**	**21**	**23**	**27**	**39**	**44**	**43**	**40**	**51**	**54**	**57**
Change in NWC	-5	-8	-6	-6	-10	-8	-8	-53	19	2	-2
Cash flow from operations (CFO)	**11**	**13**	**16**	**21**	**29**	**36**	**35**	**-13**	**70**	**57**	**55**
Capital expenditure	-8	-51	-4	-11	-10	-7	-9	-13	-17	-15	-16
Free cash flow before A&D	**3**	**-38**	**13**	**11**	**19**	**29**	**26**	**-25**	**53**	**41**	**39**
Proceeds from sale of assets	n.a.	n.a.	n.a.	0	0	0	13	0	0	0	0
Acquisitions	n.a.	n.a.	n.a.	0	0	-10	0	0	0	0	0
Free cash flow	3	-38	13	11	19	18	39	-25	53	41	39
Free cash flow bef A&D, lease adj	3	-38	13	11	19	26	23	-28	50	38	36
Dividends paid	n.a.	n.a.	n.a.	-6	-7	-8	-10	-11	-12	-14	-15
Equity issues / buybacks	n.a.	n.a.	n.a.	0	0	0	0	0	0	0	0
Net change in debt	-10	44	-26	-4	-14	-43	-21	39	-3	-3	-3
Other financing adjustments	n.a.	n.a.	n.a.	n.a.	0	0	0	0	-3	-3	-3
Other non-cash adjustments	1	1	-1	-1	0	34	-3	-4	0	0	0
Change in cash	-9	3	-2	0	-1	1	5	-1	34	22	18
Cash flow metrics											
Capex/D&A	92.9%	n.m.	32.3%	n.m.	n.m.	41.2%	58.4%	83.8%	n.m.	97.8%	n.m.
Capex/Sales	3.7%	13.5%	0.7%	2.0%	1.7%	1.3%	1.6%	1.9%	2.2%	2.0%	2.0%
Key information											
Share price year end (/current)	2	4	3	4	4	5	7	7	7	7	7
Market cap.	142	220	222	271	239	316	422	483	443	443	443
Enterprise value	132	286	262	314	269	362	440	543	465	440	419
Diluted no. of shares, year-end (m)	57.7	57.7	63.7	63.8	63.8	64.7	64.7	64.7	64.7	64.7	64.7

Source: Company data and Nordea estimates

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