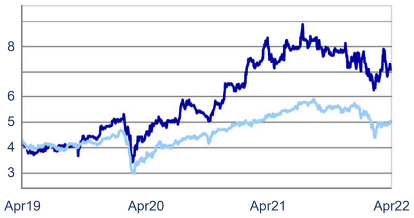
Scanfil Oyj

Capital Goods
Finland

KEY DATA

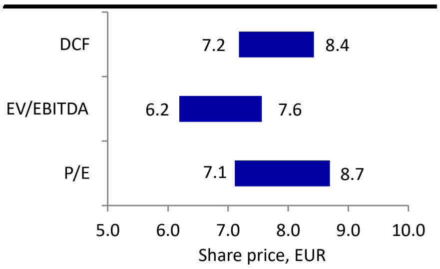
Stock country	Finland
Bloomberg	SCANFL FH
Reuters	SCANFL.HE
Share price (close)	EUR 7.06
Free Float	25%
Market cap. (bn)	EUR 0.45/EUR 0.45
Website	www.scanfil.com/
Next report date	05 Aug 2022

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	1%	1%	1%
EBIT (adj)	-1%	1%	1%

Source: Nordea estimates

Nordea Markets - Analysts
Pasi Väisänen
Senior Analyst

End demand has been good

Revenue growth was strong but clean EBIT came in largely the same as one year ago, bringing the EBIT margin down to 5.3% in Q1. Higher component prices, which helped sales growth, do not carry the same relative margin. We expect the strong revenue growth trend to continue in Q2 and Q3. Scanfil has not seen demand weaken, despite consumer confidence indicators pointing downwards. Our fair value range for Scanfil remains at EUR 6.8-8.2, based on three equally weighted valuation approaches (DCF, EV/EBITDA and P/E).

No clear hit from raw material prices

End-product pricing is adjusted almost on an monthly basis owing to the tight market situation. End customers do pay for higher raw materials but Scanfil does not receive an ordinary value-added margin for this excess revenue. It also only buys components to fulfil customer orders, which is why inventory-related risks are low. High component prices tie up more working capital, however, hurting operating cash flow. Moreover, the low availability of semiconductors reduces efficiency, cutting ~40 bp from the EBIT margin. Overall, the company's business model is resilient and the volatility of its operating profit margin is low.

Sales growth could reach 15% in 2022 y/y

The company reported better clean EBIT and net sales in Q1 than Refinitiv consensus expected. Organic volume growth surpassed 5% in the quarter. We leave our full-year estimates largely unchanged because they were already above consensus. The company also reaffirmed its full-year guidance. Scanfil has been able to keep its factories running without breaks in China, and it now expects operating profit to develop positively towards the end of the year, which we consider a realistic assumption. The availability of semiconductors should improve in the medium term, either thanks to improved supply or reduced demand. This is also why we forecast a decrease in net sales for next year, due to declining pass-on revenues.

Valuation in line with peers

Operating profit should grow more this year than 2019-21. We also consider the downside risks relatively modest for 2022. The company's combined 2022E P/E and EV/EBITDA multiples are 2% above those of our peer group. For now, our fair value range remains at EUR 6.8-8.2 per share.

SUMMARY TABLE - KEY FIGURES

EURm	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	563	580	595	696	797	778	808
EBITDA (adj)	47	53	55	56	61	65	68
EBIT (adj)	38	39	39	40	45	49	52
EBIT (adj) margin	6.7%	6.7%	6.6%	5.8%	5.7%	6.3%	6.4%
EPS (adj, EUR)	0.45	0.49	0.49	0.48	0.55	0.59	0.62
EPS (adj) growth	26.5%	8.4%	0.0%	-3.5%	14.5%	8.2%	5.7%
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	0.6
EV/EBIT (adj)	7.1	9.3	11.3	13.5	11.3	9.5	8.6
P/E (adj)	8.2	9.9	13.2	15.7	13.0	12.0	11.3
P/BV	1.7	1.9	2.3	2.3	2.0	1.8	1.6
Dividend yield (ord)	3.5%	3.1%	2.6%	2.5%	3.0%	3.3%	3.4%
FCF Yield bef A&D, lease	8.1%	8.2%	5.5%	-5.8%	3.9%	12.9%	8.0%
Net debt	30	46	18	60	55	10	-12
Net debt/EBITDA	0.6	0.9	0.3	1.1	0.9	0.1	-0.2
ROIC after tax	16.5%	14.9%	13.9%	12.8%	12.3%	13.4%	14.6%

Source: Company data and Nordea estimates

Quarterly segment estimates

P&L (EURm; EPS IN EUR)

	Q120	Q220	Q320	Q420	Q121	Q221	Q321	Q421	Q122	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	55.0	56.6	56.5	56.9
Sales growth y/y (%)					38%	33%	44%	28%	28%	6%	2%	8%
Automation & Safety												
Net sales (EURm)	37.9	36.6	33.7	34.0	34.5	36.8	32.5	41.1	42.6	42.3	41.9	41.2
Sales growth y/y (%)					-9%	1%	-4%	21%	23%	15%	29%	0%
Connectivity												
Net sales (EURm)	7.4	7.7	7.1	6.5	8.1	7.3	7.3	10.4	10.8	10.4	10.2	10.2
Sales growth y/y (%)					9%	-5%	3%	60%	33%	43%	40%	-1%
Energy & Cleantech												
Net sales (EURm)	34.4	33.8	30.0	37.4	40.3	44.8	43.5	53.4	54.6	55.6	55.7	56.2
Sales growth y/y (%)					17%	33%	45%	43%	35%	24%	28%	5%
Medtec & Life Science												
Net sales (EURm)	27.0	25.4	26.0	29.5	29.1	28.5	29.1	33.9	33.7	35.1	35.2	35.9
Sales growth y/y (%)					8%	12%	12%	15%	16%	23%	21%	6%
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**	**196.6**	**200.0**	**199.5**	**200.6**
Sales growth %	10.9%	9.1%	-7.0%	-0.4%	13.4%	11.1%	18.5%	24.4%	20.3%	15.7%	18.9%	4.6%
Other operating income	0.2	0.2	11.8	0.3	0.3	0.1	0.4	0.3	0.2	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	-4.0	-4.0	-4.0	-4.0
Reported EBIT	8.6	10.2	21.2	4.3	10.0	10.6	9.5	9.5	10.3	11.4	11.8	11.9
Reported EBIT margin	6.0%	6.6%	15.0%	2.8%	6.1%	6.1%	5.7%	5.0%	5.2%	5.7%	5.9%	6.0%
Group adj. EBIT	**8.6**	**10.2**	**9.9**	**10.4**	**10.0**	**10.6**	**9.5**	**10.2**	**10.3**	**11.4**	**11.8**	**11.9**
Adj. EBIT margin	6.0%	6.6%	7.0%	6.7%	6.1%	6.1%	5.7%	5.3%	5.2%	5.7%	5.9%	6.0%
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	10.1	10.6	13.2	10.2
Income tax	-1.2	-1.2	-2.5	0.1	-1.7	-1.8	-3.4	-0.9	-1.3	-2.2	-2.2	-2.3
Tax rate %	14%	13%	12%	-3%	17%	17%	38%	10%	13%	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	7.9	8.7	9.0	9.1
Adj net profit for the period	7.5	8.4	17.9	3.1	7.6	8.6	5.2	8.4	8.0	8.7	9.0	9.1
Reported EPS	0.12	0.13	0.28	0.05	0.13	0.13	0.09	0.13	0.14	0.13	0.17	0.12
Adj. EPS	**0.12**	**0.13**	**0.10**	**0.14**	**0.13**	**0.13**	**0.09**	**0.13**	**0.14**	**0.13**	**0.17**	**0.12**

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	225.1	222.8
Sales growth y/y (%)						35%	10%	-1%
Automation & Safety								
Net sales (EURm)					142.2	144.9	168.1	163.0
Sales growth y/y (%)						2%	16%	-3%
Connectivity								
Net sales (EURm)					28.7	33.1	41.7	40.0
Sales growth y/y (%)						15%	26%	-4%
Energy & Cleantech								
Net sales (EURm)					135.6	182.0	222.0	213.2
Sales growth y/y (%)						34%	22%	-4%
Medtec & Life Science								
Net sales (EURm)					107.9	120.6	139.9	138.5
Sales growth y/y (%)						12%	16%	-1%
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**	**796.8**	**777.5**
Sales growth %	34.6%	4.3%	6.3%	2.9%	2.7%	16.8%	14.5%	-2.4%
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	45.4	49.0
Reported EBIT margin	1.4%	5.9%	6.7%	6.1%	7.4%	5.7%	5.7%	6.3%
Group adj. EBIT	**22.3**	**31.3**	**37.8**	**38.9**	**39.1**	**40.3**	**45.4**	**49.0**
Adj. EBIT margin	4.4%	5.9%	6.7%	6.7%	6.6%	5.8%	5.7%	6.3%
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	43.5	47.1
Income tax	-6.0	-6.8	-7.1	-5.9	-4.8	-7.8	-8.5	-9.2
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	35.0	37.9
Adj net profit for the period	15.2	22.9	29.0	31.7	31.7	30.6	35.0	37.9
Reported EPS	0.00	0.40	0.45	0.44	0.57	0.47	0.54	0.59
Adj. EPS	**0.24**	**0.36**	**0.45**	**0.49**	**0.49**	**0.48**	**0.55**	**0.59**

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	190,273	192,802	200,869	0%	12%	3%	4%	2%	2%	3%	3%
Delta Electronics Inc	8,242	9,989	11,201	12,320	5%	11%	13%	10%	11%	10%	11%	11%
Pegatron Corp	40,811	40,114	43,127	43,192	2%	-10%	10%	0%	1%	1%	2%	2%
Venture Corporation Ltd	1,868	2,026	2,262	2,418	-17%	3%	10%	7%	11%	11%	11%	12%
Universal Scientific Industrial	5,985	7,658	9,049	9,759	28%	16%	13%	9%	4%	4%	4%	4%
Jabil Inc	22,844	24,803	30,062	31,457	8%	7%	11%	5%	3%	4%	5%	5%
Compal Electronics Inc	30,592	39,224	39,772	39,061	7%	18%	3%	-2%	1%	1%	1%	1%
Foxconn Interconnect Technology	3,533	3,950	4,159	4,379	-1%	4%	7%	5%	4%	3%	3%	4%
Inventec Corp	14,824	16,498	17,214	17,608	1%	2%	5%	2%	1%	1%	1%	1%
Micro-Star International Co Ltd	4,273	6,406	6,729	7,034	22%	38%	6%	5%	7%	10%	8%	8%
Plexus Corp	2,895	2,906	3,096	3,467	7%	-1%	1%	12%	5%	5%	4%	5%
Accton Technology Corp	1,588	1,892	2,128	2,486	-2%	9%	14%	17%	12%	9%	10%	12%
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%	59%	22%	12%	10%	15%	15%	16%
Celestica Inc	4,707	4,957	5,708	6,068	-2%	-2%	13%	6%	3%	4%	4%	4%
SIIX Corp	1,440	1,734	1,776	2,033	-19%	25%	13%	9%	2%	2%	0%	0%
Fabrinet	1,464	1,575	2,116	2,325	4%	14%	23%	10%	9%	9%	10%	10%
Sercomm Corp	1,053	1,393	1,733	1,830	14%	22%	27%	5%	3%	2%	3%	4%
TT Electronics	483	567	623	651	-10%	10%	10%	4%	6%	7%	8%	9%
Alpha Networks Inc	938	884	1,002	n.a.	103%	-13%	n.a.	n.a.	3%	3%	4%	n.a.
Ducommun Inc	515	568	628	678	-13%	3%	7%	6%	8%	8%	8%	10%
Valuetronics Holdings Ltd	275	250	218	232	-17%	-3%	n.a.	6%	7%	9%	6%	7%
Kitron ASA	378	371	602	690	20%	-6%	54%	15%	8%	6%	7%	7%
Lacroix Group SA	566	501	669	716	-9%	14%	33%	7%	2%	4%	4%	5%
Hanza Holding AB	215	245	271	284	4%	17%	20%	5%	2%	5%	6%	6%
Group median					**2.4%**	**9.4%**	**10.7%**	**6.2%**	**3.8%**	**5.0%**	**4.5%**	**5.1%**
Scanfil (Nordea)	595	696	797	778	2.7%	16.8%	14.5%	-2.4%	6.6%	5.8%	5.7%	6.3%
diff. from median (pp)					**0.3**	**7.4**	**3.9**	**-8.6**	**2.8**	**0.8**	**1.2**	**1.2**

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	9.8	8.8	5.7	6.5	6.2	5.5	1.1	1.0	0.9	0.9
Delta Electronics Inc	26.9	26.8	20.7	17.5	14.8	15.3	12.1	10.4	4.2	3.9	3.6	3.2
Pegatron Corp	8.8	9.1	10.6	9.9	5.0	6.8	5.3	5.2	1.1	1.1	1.1	1.0
Venture Corporation Ltd	19.0	17.1	14.5	13.5	12.5	11.7	9.9	9.3	1.9	1.8	1.7	1.7
Universal Scientific Industrial	24.2	19.3	11.2	9.6	15.9	11.7	7.5	6.4	2.1	1.9	1.7	1.5
Jabil Inc	98.4	13.5	7.9	7.5	4.0	5.2	4.1	3.9	5.3	4.3	3.4	2.6
Compal Electronics Inc	9.8	8.5	9.3	9.6	7.0	9.2	8.7	8.8	1.0	0.9	0.9	0.8
Foxconn Interconnect Technology	56.2	9.8	8.0	6.5	8.9	4.3	3.8	3.5	0.4	0.4	0.4	0.3
Inventec Corp	11.5	13.8	14.0	12.8	12.5	14.8	12.3	11.0	1.6	1.7	1.6	1.5
Micro-Star International Co Ltd	14.2	8.1	7.2	7.0	9.4	5.4	4.4	4.3	2.9	2.3	2.0	1.8
Plexus Corp	18.2	19.1	20.1	14.0	9.7	10.6	11.3	8.8	2.4	2.2	2.0	1.8
Accton Technology Corp	35.2	31.1	21.3	15.7	23.6	22.5	14.9	11.4	8.5	8.1	7.0	5.8
Sanmina Corp	13.5	9.8	9.2	8.5	4.2	5.4	5.0	4.8	1.1	1.3	n.a.	n.a.
Incap Oyj	9.1	21.8	17.3	15.6	7.1	15.7	12.6	11.3	10.8	7.0	5.3	4.2
Celestica Inc	17.2	13.6	6.9	6.3	4.8	6.0	4.6	4.3	0.7	1.0	n.a.	n.a.
SIIX Corp	43.6	14.7	8.3	6.8	9.3	9.9	6.1	5.3	0.8	0.8	0.7	0.6
Fabrinet	19.7	24.1	16.2	15.2	11.7	16.0	11.7	11.4	3.8	3.2	2.7	2.4
Sercomm Corp	21.9	22.9	14.8	11.5	9.6	11.5	8.9	7.6	2.7	2.6	2.4	n.a.
TT Electronics	265.2	35.6	11.5	9.6	9.3	9.9	8.0	6.8	1.1	1.2	1.0	1.0
Alpha Networks Inc	30.5	42.0	19.1	n.a.	11.0	14.4	n.a.	n.a.	1.6	1.6	n.a.	n.a.
Ducommun Inc	22.0	4.2	17.7	14.0	11.5	9.8	9.0	7.8	2.1	2.0	1.3	1.5
Valuetronics Holdings Ltd	6.8	8.1	12.7	10.7	0.5	1.5	1.7	1.5	1.1	1.1	0.9	0.9
Kitron ASA	15.4	28.1	14.5	11.7	9.5	15.1	8.3	7.2	3.9	3.4	2.8	2.4
Lacroix Group SA	28.0	9.6	11.7	9.5	15.6	10.2	6.7	5.7	1.5	1.2	1.2	1.1
Hanza Holding AB	0.0	n.a.	14.7	12.9	5.1	12.7	8.1	7.3	3.1	2.8	2.3	2.0
Group median	**19.0**	**14.2**	**12.7**	**10.3**	**9.4**	**10.2**	**8.0**	**7.0**	**1.9**	**1.8**	**1.7**	**1.5**
Scanfil (Nordea)	13.2	15.7	13.0	12.0	8.0	9.7	8.2	6.8	2.3	2.3	1.9	1.7
diff. from average	-30%	10%	2%	16%	-16%	-4%	2%	-3%	21%	26%	13%	10%

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**	**797**	**778**	**808**
Revenue growth	13.8%	75.9%	34.6%	4.3%	6.3%	2.9%	2.7%	16.8%	14.5%	-2.4%	3.9%
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	65	68
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	47	51	54
Amortisation and impairments	-2	-5	-2	-2	-2	-2	-2	-2	-2	-2	-2
EBIT	16	14	7	31	38	35	44	40	45	49	52
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**	**43**	**47**	**50**
Reported taxes	-4	-5	-6	-7	-7	-6	-5	-8	-8	-9	-10
Net profit from continued operations	12	8	0	26	29	28	37	30	35	38	40
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	38	40
EPS, EUR	**0.21**	**0.15**	**0.00**	**0.40**	**0.45**	**0.44**	**0.57**	**0.47**	**0.54**	**0.59**	**0.62**
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%	7.6%	8.3%	8.4%
EBITA	8.7%	5.1%	1.8%	6.3%	7.1%	6.4%	7.8%	6.0%	5.9%	6.6%	6.6%
EBIT	7.6%	3.8%	1.4%	5.9%	6.7%	6.1%	7.4%	5.7%	5.7%	6.3%	6.4%
Adjusted earnings											
EBITDA (adj)	25	33	33	40	47	53	55	56	61	65	68
EBITA (adj)	19	25	24	33	40	37	41	42	47	51	54
EBIT (adj)	16	20	22	31	38	39	39	40	45	49	52
EPS (adj, EUR)	0.22	0.24	0.24	0.36	0.45	0.49	0.49	0.48	0.55	0.59	0.62
Adjusted profit margins in percent											
EBITDA (adj)	11.7%	8.7%	6.6%	7.6%	8.4%	9.1%	9.3%	8.0%	7.7%	8.3%	8.4%
EBITA (adj)	8.8%	6.6%	4.8%	6.3%	7.1%	6.4%	6.9%	6.1%	6.0%	6.6%	6.6%
EBIT (adj)	7.6%	5.3%	4.4%	5.9%	6.7%	6.7%	6.6%	5.8%	5.7%	6.3%	6.4%
Performance metrics											
CAGR last 5 years											
Net revenue	1.7%	11.5%	19.2%	24.0%	24.5%	22.0%	9.6%	6.5%	8.5%	6.7%	6.9%
EBITDA	3.4%	7.0%	-4.8%	14.2%	16.3%	16.4%	17.3%	24.8%	8.8%	6.5%	5.0%
EBIT	0.4%	0.0%	-4.5%	31.0%	26.1%	16.8%	25.2%	40.5%	7.7%	5.3%	7.9%
EPS	-2.8%	-5.1%	-58.0%	32.7%	26.1%	15.5%	31.7%	218.0%	6.1%	5.3%	7.4%
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%	6.3%	6.2%	6.3%
Average EBITDA margin	10.9%	10.1%	7.7%	7.3%	7.2%	7.3%	7.9%	8.6%	8.6%	8.5%	8.4%

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	13.0	12.0	11.3
EV/EBITDA (adj)	5.3	8.7	7.9	7.8	5.7	6.8	8.0	9.7	8.4	7.2	6.6
EV/EBITA (adj)	7.0	11.6	10.7	9.4	6.8	9.7	10.7	12.8	10.8	9.1	8.3
EV/EBIT (adj)	7.2	13.6	11.7	10.0	7.1	9.3	11.3	13.5	11.3	9.5	8.6

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	13.0	12.0	11.3
EV/Sales	0.62	0.76	0.52	0.59	0.48	0.63	0.74	0.78	0.64	0.60	0.55
EV/EBITDA	4.9	10.1	14.4	7.8	5.7	6.8	7.3	9.9	8.4	7.2	6.6
EV/EBITA	6.4	14.2	28.0	9.4	6.8	9.7	9.5	13.0	10.8	9.1	8.3
EV/EBIT	7.3	18.5	36.2	10.0	7.1	10.3	9.9	13.7	11.3	9.5	8.6
Dividend yield (ord.)	2.8%	2.1%	2.6%	2.6%	3.5%	3.1%	2.6%	2.5%	3.0%	3.3%	3.4%
FCF yield	2.1%	-17.3%	5.8%	3.9%	8.1%	5.8%	9.3%	-5.2%	4.5%	13.6%	8.6%
FCF Yield bef A&D, lease adj	2.1%	-17.3%	5.8%	3.9%	8.1%	8.2%	5.5%	-5.8%	3.9%	12.9%	8.0%
Payout ratio	32.3%	33.1%	37.7%	30.6%	28.6%	30.4%	34.5%	39.9%	38.5%	39.0%	38.5%

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	79	84	89
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	107	110	113
Inventory	36	91	85	101	99	102	103	193	201	161	151
Accounts receivable	41	105	88	106	108	112	113	149	167	155	160
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	25	66	82
Total current assets	96	220	197	230	228	237	245	372	397	385	397
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**	**504**	**495**	**510**
Shareholders equity	95	100	108	125	145	167	183	207	230	254	280
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	254	280
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	38	33	29
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	66	62	57
Short-term provisions	0	0	5	0	0	0	4	2	2	2	2
Accounts payable	30	108	90	113	104	96	100	172	185	157	151
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	2	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	208	179	173
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**	**504**	**495**	**510**
Balance sheet and debt metrics											
Net debt	-10	66	40	43	30	46	18	60	55	10	-12
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	185	161	162
Invested capital	85	170	157	173	181	221	212	275	293	271	275
Capital employed	104	188	168	188	194	233	227	293	310	330	350
ROE	14.0%	8.6%	0.1%	22.2%	21.5%	18.0%	21.1%	15.3%	16.0%	15.6%	15.0%
ROIC	16.2%	12.1%	10.5%	14.6%	16.5%	14.9%	13.9%	12.8%	12.3%	13.4%	14.6%
ROCE	16.7%	17.3%	18.9%	23.1%	19.8%	18.3%	17.0%	15.6%	15.1%	15.3%	15.2%
Net debt/EBITDA	-0.4	2.4	2.2	1.1	0.6	0.9	0.3	1.1	0.9	0.1	-0.2
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%	45.7%	51.4%	54.9%
Net gearing	n.a.	n.a.	n.a.	34.4%	20.7%	27.7%	10.0%	28.9%	23.9%	3.8%	-4.3%

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**	**65**	**68**
Paid taxes	-3	-4	-5	-8	-7	-8	-7	-11	-8	-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	1	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**	**56**
Change in NWC	-5	-8	-6	-6	-10	-8	-8	-53	-13	24	-1
Cash flow from operations (CFO)	**11**	**13**	**16**	**21**	**29**	**36**	**35**	**-13**	**38**	**77**	**55**
Capital expenditure	-8	-51	-4	-11	-10	-7	-9	-13	-18	-16	-16
Free cash flow before A&D	**3**	**-38**	**13**	**11**	**19**	**29**	**26**	**-25**	**20**	**62**	**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	20	62	39
Free cash flow bef A&D, lease adj	3	-38	13	11	19	26	23	-28	18	59	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	-5	-5	-5
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	0	41	16
Cash flow metrics											
Capex/D&A	92.9%	n.m.	32.3%	n.m.	n.m.	41.2%	58.4%	83.8%	n.m.	99.0%	n.m.
Capex/Sales	3.7%	13.5%	0.7%	2.0%	1.7%	1.3%	1.6%	1.9%	2.3%	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	457	457	457
Enterprise value	132	286	262	314	269	362	440	543	512	466	445
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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