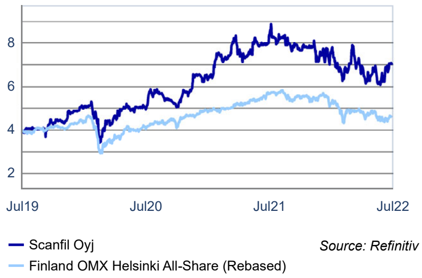
Scanfil Oyj

Capital Goods
Finland

KEY DATA

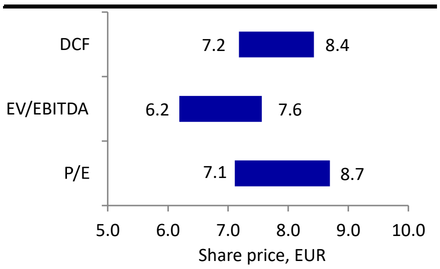
Stock country	Finland
Bloomberg	SCANFL FH
Reuters	SCANFL.HE
Share price (close)	EUR 7.02
Free Float	25%
Market cap. (bn)	EUR 0.45/EUR 0.45
Website	www.scanfil.com/
Next report date	05 Aug 2022

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

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

Source: Nordea estimates

Nordea Markets - Analysts
Pasi Väisänen
Senior Analyst

Weakness in China during Q2

We upgrade our 2022 revenue forecast by 5%. Net sales are supported by high component prices, but this extra through billing does not carry the value-added margin, hence our EBIT margin forecast is only 5.5% for 2022. The Finnish engineering company Kone reported a weak Q2 due to China, but we do not expect Scanfil's Q2 EBIT to be a clear disappointment. Scanfil reaffirmed its full-year EBIT guidance of EUR 43-48m on 13 July. Our fair value range for Scanfil remains at EUR 6.8-8.2 per share, based on three equally weighted valuation approaches (DCF, EV/EBITDA and P/E).

Kone lowered its full-year guidance due to China

We believe that Kone has been Scanfil's biggest customer in past years. Kone reported a 40% y/y drop in revenues from China during Q2, despite saying that its operations in China were fully ramped up in June and running at normal levels. The key risk here is the credibility of order books for all of Scanfil's customers. Global economic worries could eventually wipe out orders and lead to estimate downgrades. As a contract manufacturer, Scanfil's success depends highly on its customers' success.

Scanfil's 2022 guidance should remain same

We estimate net sales of EUR 215m for Q2 (Refinitiv consensus: EUR 204m) while our EBIT estimate is EUR 11.8m (EUR 11m). The company's full-year revenue guidance was recently updated, so we do not expect any changes to its EUR 800-880m guidance for 2022. The most recent guidance indicates 15-26% y/y revenue growth for 2022, but we forecast lower net sales for next year because record-high component prices cannot last forever. Several price indicators in the commodity markets are pointing downwards, and Nokia (customer) projected that the availability of components would improve in H2 2022.

Valuation is in line with peers, according to our estimates

The company's 2022E P/E and EV/EBITDA multiples are about in line with the peer group median. Changes to working capital could remain negative y/y in 2022 but will likely rebound next year if component prices come down. Operating profit should remain in a growth mode next year even if revenues decline y/y. For now, our fair value range is 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	836	799	830
EBITDA (adj)	47	53	55	56	62	64	67
EBIT (adj)	38	39	39	40	46	49	51
EBIT (adj) margin	6.7%	6.7%	6.6%	5.8%	5.5%	6.1%	6.2%
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%	16.0%	6.2%	5.8%
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	11.3	9.6	8.7
P/E (adj)	8.2	9.9	13.2	15.7	12.7	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%	1.8%	13.9%	7.9%
Net debt	30	46	18	60	65	15	-6
Net debt/EBITDA	0.6	0.9	0.3	1.1	1.1	0.2	-0.1
ROIC after tax	16.5%	14.9%	13.9%	12.8%	12.3%	13.0%	14.2%

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	59.3	60.4	60.6
Sales growth y/y (%)					38%	33%	44%	28%	28%	11%	9%	15%
Automation & Safety												
Net sales (EURm)	37.9	36.6	33.7	34.0	34.5	36.8	32.5	41.1	42.6	46.0	45.5	44.1
Sales growth y/y (%)					-9%	1%	-4%	21%	23%	25%	40%	7%
Connectivity												
Net sales (EURm)	7.4	7.7	7.1	6.5	8.1	7.3	7.3	10.4	10.8	12.4	11.7	11.5
Sales growth y/y (%)					9%	-5%	3%	60%	33%	70%	60%	10%
Energy & Cleantech												
Net sales (EURm)	34.4	33.8	30.0	37.4	40.3	44.8	43.5	53.4	54.6	60.9	59.2	58.3
Sales growth y/y (%)					17%	33%	45%	43%	35%	36%	36%	9%
Medtec & Life Science												
Net sales (EURm)	27.0	25.4	26.0	29.5	29.1	28.5	29.1	33.9	33.7	35.9	36.7	37.2
Sales growth y/y (%)					8%	12%	12%	15%	16%	26%	26%	10%
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**	**Q421**	**Q122**	**Q222E**	**Q322E**	**Q422E**
Group sales	**144.1**	**155.6**	**141.6**	**154.1**	**163.4**	**172.9**	**167.8**	**191.7**	**196.6**	**214.5**	**213.4**	**211.7**
Sales growth %	10.9%	9.1%	-7.0%	-0.4%	13.4%	11.1%	18.5%	24.4%	20.3%	24.1%	27.2%	10.4%
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	11.8	12.2	11.7
Reported EBIT margin	6.0%	6.6%	15.0%	2.8%	6.1%	6.1%	5.7%	5.0%	5.2%	5.5%	5.7%	5.5%
Group adj. EBIT	**8.6**	**10.2**	**9.9**	**10.4**	**10.0**	**10.6**	**9.5**	**10.2**	**10.3**	**11.8**	**12.2**	**11.7**
Adj. EBIT margin	6.0%	6.6%	7.0%	6.7%	6.1%	6.1%	5.7%	5.3%	5.2%	5.5%	5.7%	5.5%
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	11.0	13.6	10.0
Income tax	-1.2	-1.2	-2.5	0.1	-1.7	-1.8	-3.4	-0.9	-1.3	-2.3	-2.3	-2.2
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	8.0	9.0	9.3	9.0
Adj net profit for the period	7.5	8.4	17.9	3.1	7.6	8.6	5.2	8.4	8.0	9.0	9.3	9.0
Reported EPS	0.12	0.13	0.28	0.05	0.13	0.13	0.09	0.13	0.14	0.14	0.17	0.12
Adj. EPS	**0.12**	**0.13**	**0.10**	**0.14**	**0.13**	**0.13**	**0.09**	**0.13**	**0.14**	**0.14**	**0.17**	**0.12**
Market consensus EPS (Refinitiv)										0.13	0.14	0.14

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	235.3	230.6
Sales growth y/y (%)						35%	15%	-2%
Automation & Safety								
Net sales (EURm)					142.2	144.9	178.2	167.5
Sales growth y/y (%)						2%	23%	-6%
Connectivity								
Net sales (EURm)					28.7	33.1	46.3	43.1
Sales growth y/y (%)						15%	40%	-7%
Energy & Cleantech								
Net sales (EURm)					135.6	182.0	233.0	219.0
Sales growth y/y (%)						34%	28%	-6%
Medtec & Life Science								
Net sales (EURm)					107.9	120.6	143.5	139.2
Sales growth y/y (%)						12%	19%	-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**	**836.3**	**799.4**
Sales growth %	34.6%	4.3%	6.3%	2.9%	2.7%	16.8%	20.2%	-4.4%
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	45.9	48.8
Reported EBIT margin	1.4%	5.9%	6.7%	6.1%	7.4%	5.7%	5.5%	6.1%
Group adj. EBIT	**22.3**	**31.3**	**37.8**	**38.9**	**39.1**	**40.3**	**46.0**	**48.8**
Adj. EBIT margin	4.4%	5.9%	6.7%	6.7%	6.6%	5.8%	5.5%	6.1%
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	44.0	46.9
Income tax	-6.0	-6.8	-7.1	-5.9	-4.8	-7.8	-8.6	-9.1
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	35.5	37.7
Adj net profit for the period	15.2	22.9	29.0	31.7	31.7	30.6	35.5	37.7
Reported EPS	0.00	0.40	0.45	0.44	0.57	0.47	0.55	0.59
Adj. EPS	**0.24**	**0.36**	**0.45**	**0.49**	**0.49**	**0.48**	**0.55**	**0.59**
Market consensus EPS (Refinitiv)							0.53	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	190,273	205,797	213,802	0%	12%	5%	4%	2%	2%	3%	3%
Delta Electronics Inc	8,242	9,989	11,800	12,881	5%	11%	14%	9%	11%	10%	10%	11%
Pegatron Corp	40,811	40,114	44,050	44,850	2%	-10%	7%	2%	1%	1%	2%	2%
Venture Corporation Ltd	1,868	2,026	2,413	2,571	-17%	3%	14%	7%	11%	11%	12%	12%
Universal Scientific Industrial	5,985	7,658	9,425	10,598	28%	16%	17%	12%	4%	4%	4%	4%
Jabil Inc	22,844	24,803	31,778	33,001	8%	7%	9%	4%	3%	4%	5%	5%
Compal Electronics Inc	30,592	39,224	38,705	38,047	7%	18%	-3%	-2%	1%	1%	1%	1%
Foxconn Interconnect Technology	3,533	3,950	4,484	4,681	-1%	4%	8%	4%	4%	3%	3%	4%
Inventec Corp	14,824	16,498	18,410	18,765	1%	2%	8%	2%	1%	1%	1%	1%
Micro-Star International Co Ltd	4,273	6,406	6,735	7,100	22%	38%	3%	5%	7%	10%	8%	8%
Plexus Corp	2,895	2,906	3,374	3,742	7%	-1%	4%	11%	5%	5%	4%	5%
Accton Technology Corp	1,588	1,892	2,351	2,622	-2%	9%	19%	13%	12%	9%	11%	12%
Sanmina Corp	5,942	5,828	7,076	7,432	-15%	-3%	9%	5%	4%	5%	5%	5%
Incap Oyj	106	170	223	246	50%	59%	31%	10%	10%	15%	14%	15%
Celestica Inc	4,707	4,957	6,662	7,105	-2%	-2%	20%	7%	3%	4%	5%	5%
SIIX Corp	1,440	1,734	1,900	2,087	-19%	25%	19%	10%	2%	2%	0%	0%
Fabrinet	1,464	1,575	2,124	2,491	4%	14%	21%	11%	9%	9%	10%	10%
Sercomm Corp	1,053	1,393	1,899	2,170	14%	22%	33%	15%	3%	2%	3%	4%
TT Electronics	483	567	623	656	-10%	10%	10%	5%	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	652	693	-13%	3%	8%	6%	8%	8%	8%	9%
Valuetronics Holdings Ltd	275	250	234	262	-17%	-3%	n.a.	0%	7%	9%	6%	6%
Unable to collect data for the field 'TR	0	0	0	0	0%	0%	0%	0%	0%	0%	0%	0%
Lacroix Group SA	566	501	668	715	-9%	14%	33%	7%	2%	3%	4%	5%
Hanza AB	215	245	308	320	4%	17%	32%	4%	2%	5%	6%	7%
Group median					**1.5%**	**9.4%**	**10.5%**	**5.8%**	**3.8%**	**4.2%**	**4.7%**	**4.9%**
Scanfil (Nordea)	595	696	836	799	2.7%	16.8%	20.2%	-4.4%	6.6%	5.8%	5.5%	6.1%
diff. from median (pp)					**1.3**	**7.4**	**9.7**	**-10.2**	**2.8**	**1.6**	**0.8**	**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	10.1	9.0	5.7	6.5	5.8	5.1	1.1	1.1	1.0	1.0
Delta Electronics Inc	26.9	26.8	21.6	18.4	14.8	15.3	12.3	10.6	4.3	4.0	3.7	3.3
Pegatron Corp	8.8	9.1	10.3	8.8	5.0	6.8	5.0	4.6	0.9	0.9	0.9	0.9
Venture Corporation Ltd	19.0	17.1	14.4	13.4	12.5	11.7	10.1	9.5	1.9	1.9	1.8	1.7
Universal Scientific Industrial	24.2	19.3	16.3	13.7	15.9	11.7	10.4	8.9	3.2	2.8	2.4	2.1
Jabil Inc	98.4	13.5	7.3	6.9	4.0	5.2	4.0	3.8	5.1	4.1	3.3	2.6
Compal Electronics Inc	9.8	8.5	10.3	10.4	7.0	9.2	8.7	8.7	1.0	0.9	0.9	0.9
Foxconn Interconnect Technology	56.2	9.8	9.7	8.8	8.9	4.5	4.5	4.2	0.5	0.5	0.5	0.4
Inventec Corp	11.5	13.8	13.3	12.4	12.5	14.8	12.1	10.7	1.5	1.6	1.5	1.4
Micro-Star International Co Ltd	14.2	8.1	6.8	7.0	9.4	5.4	4.9	4.8	2.8	2.2	1.9	1.7
Plexus Corp	18.2	19.1	20.8	15.7	9.7	10.6	11.7	9.5	2.6	2.4	2.2	1.9
Accton Technology Corp	35.2	31.1	22.3	18.3	23.6	22.5	15.8	12.8	9.4	9.0	7.7	6.6
Sanmina Corp	13.5	9.8	9.7	8.9	4.2	5.4	5.2	5.0	1.1	1.3	n.a.	n.a.
Incap Oyj	9.1	21.8	15.0	13.2	7.1	15.7	11.0	9.7	9.4	6.2	4.7	3.6
Celestica Inc	17.2	13.6	5.9	5.4	4.8	6.0	3.9	3.6	0.7	0.9	n.a.	n.a.
SIIX Corp	43.6	14.7	7.9	6.6	9.3	9.9	6.3	5.5	0.8	0.8	0.7	0.6
Fabrinet	19.7	24.1	14.9	13.7	11.7	16.0	11.0	9.8	3.5	3.0	2.6	2.2
Sercomm Corp	21.9	22.9	13.7	11.0	9.6	11.5	9.2	7.6	2.8	2.7	2.4	n.a.
TT Electronics	265.2	35.6	11.0	9.1	9.3	9.9	7.6	6.6	1.0	1.0	0.9	0.9
Alpha Networks Inc	30.5	42.0	19.0	n.a.	11.0	14.4	n.a.	n.a.	1.6	1.6	n.a.	n.a.
Ducommun Inc	22.0	4.2	12.8	10.7	11.5	9.8	8.9	8.0	1.7	1.6	1.1	1.0
Valuetronics Holdings Ltd	6.8	8.1	11.9	11.4	0.5	1.5	2.2	2.6	1.1	1.1	1.0	1.0
Unable to collect data for the field 'TR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lacroix Group SA	22.5	9.6	8.0	7.7	13.8	10.2	6.0	5.1	1.2	1.0	0.9	0.9
Hanza AB	0.0	n.a.	18.1	14.3	5.1	12.7	9.2	8.1	3.8	3.5	2.9	2.5
Group median	**19.0**	**13.7**	**11.9**	**10.5**	**9.3**	**9.9**	**8.2**	**7.1**	**1.6**	**1.6**	**1.6**	**1.4**
Scanfil (Nordea)	13.2	15.7	12.9	12.1	8.0	9.7	8.3	6.9	2.3	2.3	1.9	1.7
diff. from average	-30%	14%	8%	15%	-14%	-2%	2%	-3%	44%	44%	19%	17%

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**	**836**	**799**	**830**
Revenue growth	13.8%	75.9%	34.6%	4.3%	6.3%	2.9%	2.7%	16.8%	20.2%	-4.4%	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	64	67
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	51	53
Amortisation and impairments	-2	-5	-2	-2	-2	-2	-2	-2	-2	-2	-2
EBIT	16	14	7	31	38	35	44	40	46	49	51
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**	**47**	**50**
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	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**	**0.55**	**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%	7.4%	8.1%	8.1%
EBITA	8.7%	5.1%	1.8%	6.3%	7.1%	6.4%	7.8%	6.0%	5.7%	6.4%	6.4%
EBIT	7.6%	3.8%	1.4%	5.9%	6.7%	6.1%	7.4%	5.7%	5.5%	6.1%	6.2%
Adjusted earnings											
EBITDA (adj)	25	33	33	40	47	53	55	56	62	64	67
EBITA (adj)	19	25	24	33	40	37	41	42	48	51	53
EBIT (adj)	16	20	22	31	38	39	39	40	46	49	51
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%	7.4%	8.1%	8.1%
EBITA (adj)	8.8%	6.6%	4.8%	6.3%	7.1%	6.4%	6.9%	6.1%	5.7%	6.4%	6.4%
EBIT (adj)	7.6%	5.3%	4.4%	5.9%	6.7%	6.7%	6.6%	5.8%	5.5%	6.1%	6.2%
Performance metrics											
CAGR last 5 years											
Net revenue	1.7%	11.5%	19.2%	24.0%	24.5%	22.0%	9.6%	6.5%	9.6%	7.3%	7.5%
EBITDA	3.4%	7.0%	-4.8%	14.2%	16.3%	16.4%	17.3%	24.8%	9.0%	6.4%	4.9%
EBIT	0.4%	0.0%	-4.5%	31.0%	26.1%	16.8%	25.2%	40.5%	8.0%	5.2%	7.8%
EPS	-2.8%	-5.1%	-58.0%	32.7%	26.1%	15.5%	31.7%	218.0%	6.4%	5.2%	7.3%
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%	6.2%	6.1%	6.1%
Average EBITDA margin	10.9%	10.1%	7.7%	7.3%	7.2%	7.3%	7.9%	8.6%	8.5%	8.4%	8.2%

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	12.7	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	7.3	6.7
EV/EBITA (adj)	7.0	11.6	10.7	9.4	6.8	9.7	10.7	12.8	10.8	9.2	8.4
EV/EBIT (adj)	7.2	13.6	11.7	10.0	7.1	9.3	11.3	13.5	11.3	9.6	8.7

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	12.7	12.0	11.3
EV/Sales	0.62	0.76	0.52	0.59	0.48	0.63	0.74	0.78	0.62	0.59	0.54
EV/EBITDA	4.9	10.1	14.4	7.8	5.7	6.8	7.3	9.9	8.4	7.3	6.7
EV/EBITA	6.4	14.2	28.0	9.4	6.8	9.7	9.5	13.0	10.8	9.2	8.4
EV/EBIT	7.3	18.5	36.2	10.0	7.1	10.3	9.9	13.7	11.3	9.6	8.7
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%	2.4%	14.5%	8.5%
FCF Yield bef A&D, lease adj	2.1%	-17.3%	5.8%	3.9%	8.1%	8.2%	5.5%	-5.8%	1.8%	13.9%	7.9%
Payout ratio	32.3%	33.1%	37.7%	30.6%	28.6%	30.4%	34.5%	39.9%	38.0%	39.2%	38.7%

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	80	85	91
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	108	111	115
Inventory	36	91	85	101	99	102	103	193	211	165	155
Accounts receivable	41	105	88	106	108	112	113	149	175	160	164
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	16	60	76
Total current assets	96	220	197	230	228	237	245	372	405	389	399
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**	**514**	**500**	**514**
Shareholders equity	95	100	108	125	145	167	183	207	231	255	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	231	255	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	194	161	155
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	217	184	177
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**	**514**	**500**	**514**
Balance sheet and debt metrics											
Net debt	-10	66	40	43	30	46	18	60	65	15	-6
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	195	166	167
Invested capital	85	170	157	173	181	221	212	275	303	277	281
Capital employed	104	188	168	188	194	233	227	293	311	330	350
ROE	14.0%	8.6%	0.1%	22.2%	21.5%	18.0%	21.1%	15.3%	16.2%	15.5%	14.9%
ROIC	16.2%	12.1%	10.5%	14.6%	16.5%	14.9%	13.9%	12.8%	12.3%	13.0%	14.2%
ROCE	16.7%	17.3%	18.9%	23.1%	19.8%	18.3%	17.0%	15.6%	15.3%	15.3%	15.2%
Net debt/EBITDA	-0.4	2.4	2.2	1.1	0.6	0.9	0.3	1.1	1.1	0.2	-0.1
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%	44.9%	50.9%	54.4%
Net gearing	n.a.	n.a.	n.a.	34.4%	20.7%	27.7%	10.0%	28.9%	28.0%	5.9%	-2.1%

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**	**64**	**67**
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	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**	**52**	**53**	**56**
Change in NWC	-5	-8	-6	-6	-10	-8	-8	-53	-22	29	-1
Cash flow from operations (CFO)	**11**	**13**	**16**	**21**	**29**	**36**	**35**	**-13**	**30**	**82**	**55**
Capital expenditure	-8	-51	-4	-11	-10	-7	-9	-13	-19	-16	-17
Free cash flow before A&D	**3**	**-38**	**13**	**11**	**19**	**29**	**26**	**-25**	**11**	**66**	**38**
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	11	66	38
Free cash flow bef A&D, lease adj	3	-38	13	11	19	26	23	-28	8	63	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	-10	45	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.	n.m.	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	454	454	454
Enterprise value	132	286	262	314	269	362	440	543	519	469	448
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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Nordea Bank Abp

Nordea Markets Division, Research
Visiting address:
Aleksis Kiven katu 7, Helsinki
FI-00020 Nordea
Finland

Tel: +358 9 1651
Fax: +358 9 165 59710

Reg.no. 2858394-9
Satamaradankatu 5
Helsinki

Nordea Bank Abp, filial i Sverige

Nordea Markets Division, Research
Visiting address:
Smålandsgatan 17
SE-105 71 Stockholm
Sweden

Tel: +46 8 614 7000
Fax: +46 8 534 911 60

Nordea Danmark, Filial af Nordea Bank Abp, Finland

Nordea Markets Division, Research
Visiting address:
Grønjordsvej 10
DK-2300 Copenhagen S
Denmark

Tel: +45 3333 3333
Fax: +45 3333 1520

Nordea Bank Abp, filial i Norge

Nordea Markets Division, Research
Visiting address:
Essendropsgate 7
N-0107 Oslo
Norway

Tel: +47 2248 5000
Fax: +47 2256 8650