26 October 2022

Commissioned research: Scanfil – Q3 was in line with consensus expectations and FY guidance was repeated

Marketing material commissioned by Scanfil Oyj

The end demand has remained good for Scanfil's services. The company expected the operating profit to develop positively in H2 2022 and that was the case in Q3. Net sales as well as operating profit were in-line with consensus (Refinitiv) in Q3. The availability of components has improved. The company's cash flow has also improved due to halting of inventory growth. Scanfil's end customers have committed to buying the components they ordered, so there is no apparent writedown risk for inventory when component prices decrease. Full year 2022 net sales and EBIT guidance were unchanged. A potential economic downturn in 2023 combined with lower component prices, however, could lead to a y/y decline in net sales of more than 10% we believe. But Scanfil do not yet see demand weakness and the company expects Q4 2022 to be a good one. There are no guidance given for 2023 yet.

Net sales and EBIT were in-line with consensus in Q3

- Revenue growth was 26% in Q3 y/y.
- Operating profit margin was 5.4% (consensus 5.5%) in Q3.
- Medtec & Life Science segment's net sales were even 6.4% above our expectations in Q3.
- Advanced Consumer Application segment's net sales was 2.9% below our forecast in Q3.
- Energy & Cleantech segment's revenue were also slightly below our expectations in Q3.
- Automation & Safety segment reported 4.2% weaker revenues that we expected in Q3.
- Reported EPS was EUR 0.15 (Refinitiv consensus EUR 0.14).
- Net cash flow from operations was EUR 8m in Q3 (Q3 2021: EUR -19m).

Full year 2022 guidance

- Revenue is guided to be EUR 800-880m (unchanged).
- Consensus (Refinitiv) for net sales in 2022 has been EUR 831m.
- Operating profit is guided to be EUR 43-48m (unchanged).
- Consensus for 2022 EBIT has been EUR 44m.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022E	2023E	2024E
Total revenue	580	595	696	830	787	817
EBITDA (adj)	53	55	56	60	64	67
EBIT (adj)	39	39	40	44	49	51
EBIT (adj) margin	6.7%	6.6%	5.8%	5.3%	6.2%	6.3%
EPS (adj, EUR)	0.49	0.49	0.48	0.53	0.59	0.62
EPS (adj) growth	8.4%	0.0%	-3.5%	10.7%	11.4%	5.8%
DPS (ord, EUR)	0.15	0.17	0.19	0.21	0.23	0.25
EV/Sales	0.6	0.7	0.8	0.5	0.5	0.4
EV/EBIT (adj)	9.3	11.3	13.5	9.9	7.8	6.9
P/E (adj)	9.9	13.2	15.7	10.6	9.5	9.0
P/BV	1.9	2.3	2.3	1.6	1.4	1.3
Dividend yield (ord)	3.1%	2.6%	2.5%	3.8%	4.1%	4.5%
FCF Yield bef A&D, lease adj	8.2%	5.5%	-5.8%	0.4%	18.7%	10.4%
Net debt	46	18	60	71	17	-6
Net debt/EBITDA	0.9	0.3	1.1	1.2	0.3	-0.1
ROIC after tax	14.9%	13.9%	12.8%	11.6%	12.8%	14.2%

Source: Company data and Nordea estimates

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Nordea analyst: Pasi Väisänen

Pasi Väisänen
Director I Energy & Renewables

Nordea | Investment Banking & Equities | Equity Research FI
Visit me: Aleksis Kiven katu 7, 00500 HELSINKI, Finland
Write to me: Fleminginkatu 27, 00020 Nordea, Finland
Tel: +358 (0)9-5300 5192 | Mob: +358 (0)50-5399179
E-mail: pasi.vaisanen@nordea.com
Web: nordeamarkets.com

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