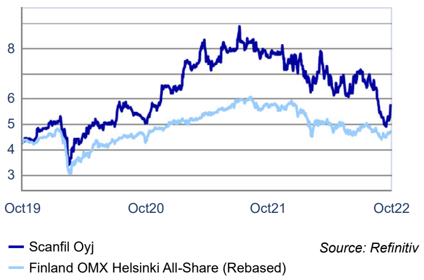
# Scanfil Oyj

**Capital Goods**
Finland

### KEY DATA

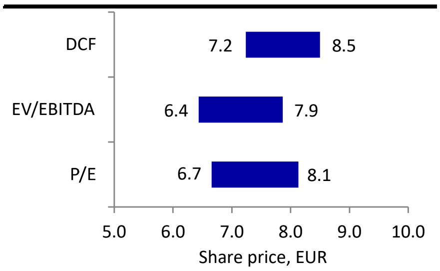
| | |
|---|---|
| Stock country | Finland |
| Bloomberg | SCANFL FH |
| Reuters | SCANFL.HE |
| Share price (close) | EUR 5.84 |
| Free Float | 25% |
| Market cap. (bn) | EUR 0.37/EUR 0.37 |
| Website | www.scanfil.com/ |
| Next report date | |

### PERFORMANCE




*Source: Refinitiv*

### VALUATION APPROACH




*Source: Nordea estimates*

### ESTIMATE CHANGES

| Year | 2022E | 2023E | 2024E |
|---|---|---|---|
| Sales | 1% | 1% | 1% |
| EBIT (adj) | 3% | 1% | 1% |

*Source: Nordea estimates*

**Nordea IB & Equity - Analysts**
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Senior Analyst

# Expecting a strong Q4 2022

Q3 net sales and operating profit from Scanfil were close to consensus (Refinitiv) and the company expects a solid Q4 as it has not yet seen demand weakness. We believe risks to 2023 performance persist, however. Changes in end demand could be on the cards, regardless of whether Scanfil or its customers can identify them yet in October. We lift our 2022 EBIT estimate by EUR 1m because end demand appears healthy in the short term. Our fair value range for Scanfil remains EUR 6.8-8.2, based on three equally weighted valuation approaches (DCF, EV/EBITDA and P/E).

## Q3 offered relief from the worst fears

Net sales of EUR 212m were 2% above consensus (Refinitiv) in Q3, while operating profit of EUR 11.5m was 1% above. Revenue growth was 26% in Q3 y/y and 23% without the transitory invoicing effect. The cost inflation impact was close to 5% in Q3. The availability of components has improved, inventory value build-up has come to an end and cash flows clearly improved in Q3. The Medtec & Life Science segment's net sales were 6.4% above our forecast for Q3. Thermo Fisher Scientific, a key customer for Scanfil, reported 14% y/y organic growth in Q3. Overall, Q3 was better than feared, prompting a 4% rise in the share price on results day (26 October).

## Achieving full-year EBIT guidance midpoint is realistic

Scanfil reaffirmed its full-year EBIT guidance of EUR 43-48m. The company has not seen weakness in China but Kone has said that the market environment there has deteriorated. The overall business environment may indeed become tougher in China due to liquidity constraints, a tighter regime and the tense geopolitical situation. Companies exposed to China could also trade at a clear discount to historical valuation multiples for a while. At least the US markets have been favourable for Scanfil, which will spend EUR 4m to install a new production line in Atlanta, Georgia.

## Valuation is slightly lower than peers

Scanfil's customer base is well diversified, which should reduce its earnings volatility if the operating environment deteriorates. We expect clean EBIT to improve y/y in 2023 and also believe there is no need for Scanfil to trade below the sector's average valuation. The company's 2023E combined P/E and EV/EBITDA multiples are 13% below its peer group. For now, our fair value range remains 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 | 837 | 793 | 823 |
| 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% | 5.4% | 6.2% | 6.3% |
| EPS (adj, EUR) | 0.45 | 0.49 | 0.49 | 0.48 | 0.54 | 0.59 | 0.63 |
| EPS (adj) growth | 26.5% | 8.4% | 0.0% | -3.5% | 13.9% | 9.1% | 5.8% |
| DPS (ord, EUR) | 0.13 | 0.15 | 0.17 | 0.19 | 0.21 | 0.23 | 0.25 |
| EV/Sales | 0.5 | 0.6 | 0.7 | 0.8 | 0.5 | 0.5 | 0.5 |
| EV/EBIT (adj) | 7.1 | 9.3 | 11.3 | 13.5 | 10.0 | 8.0 | 7.2 |
| P/E (adj) | 8.2 | 9.9 | 13.2 | 15.7 | 10.8 | 9.9 | 9.3 |
| P/BV | 1.7 | 1.9 | 2.3 | 2.3 | 1.6 | 1.5 | 1.4 |
| Dividend yield (ord) | 3.5% | 3.1% | 2.6% | 2.5% | 3.6% | 3.9% | 4.3% |
| FCF Yield bef A&D, lease | 8.1% | 8.2% | 5.5% | -5.8% | -0.1% | 18.4% | 10.0% |
| Net debt | 30 | 46 | 18 | 60 | 73 | 17 | -6 |
| Net debt/EBITDA | 0.6 | 0.9 | 0.3 | 1.1 | 1.2 | 0.3 | -0.1 |
| ROIC after tax | 16.5% | 14.9% | 13.9% | 12.8% | 11.9% | 12.8% | 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 | Q222 | Q322 | 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 | 68.7 | 67.8 | 66.3 |
| Sales growth y/y (%) | | | | | 38% | 33% | 44% | 28% | 28% | 29% | 22% | 25% |
| | | | | | | | | | | | | |
| **Automation & Safety** | | | | | | | | | | | | |
| Net sales (EURm) | 37.9 | 36.6 | 33.7 | 34.0 | 34.5 | 36.8 | 32.5 | 41.1 | 42.6 | 45.6 | 44.2 | 44.4 |
| Sales growth y/y (%) | | | | | -9% | 1% | -4% | 21% | 23% | 24% | 36% | 8% |
| | | | | | | | | | | | | |
| **Connectivity** | | | | | | | | | | | | |
| Net sales (EURm) | 7.4 | 7.7 | 7.1 | 6.5 | 8.1 | 7.3 | 7.3 | 10.4 | 10.8 | 9.1 | 7.8 | 10.7 |
| Sales growth y/y (%) | | | | | 9% | -5% | 3% | 60% | 33% | 25% | 7% | 3% |
| | | | | | | | | | | | | |
| **Energy & Cleantech** | | | | | | | | | | | | |
| Net sales (EURm) | 34.4 | 33.8 | 30.0 | 37.4 | 40.3 | 44.8 | 43.5 | 53.4 | 54.6 | 53.5 | 53.1 | 53.6 |
| Sales growth y/y (%) | | | | | 17% | 33% | 45% | 43% | 35% | 19% | 22% | 0% |
| | | | | | | | | | | | | |
| **Medtec & Life Science** | | | | | | | | | | | | |
| Net sales (EURm) | 27.0 | 25.4 | 26.0 | 29.5 | 29.1 | 28.5 | 29.1 | 33.9 | 33.7 | 36.0 | 39.0 | 40.8 |
| Sales growth y/y (%) | | | | | 8% | 12% | 12% | 15% | 16% | 26% | 34% | 20% |
| | | | | | | | | | | | | |
| **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** | **Q222** | **Q322** | **Q422E** |
| **Group sales** | **144.1** | **155.6** | **141.6** | **154.1** | **163.4** | **172.9** | **167.8** | **191.7** | **196.6** | **212.9** | **211.9** | **215.8** |
| Sales growth % | 10.9% | 9.1% | -7.0% | -0.4% | 13.4% | 11.1% | 18.5% | 24.4% | 20.3% | 23.1% | 26.3% | 12.6% |
| 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 | -4.2 | -4.5 | -4.4 |
| Reported EBIT | 8.6 | 10.2 | 21.2 | 4.3 | 10.0 | 10.6 | 9.5 | 9.5 | 10.3 | 10.1 | 11.5 | 13.3 |
| Reported EBIT margin | 6.0% | 6.6% | 15.0% | 2.8% | 6.1% | 6.1% | 5.7% | 5.0% | 5.2% | 4.7% | 5.4% | 6.2% |
| **Group adj. EBIT** | **8.6** | **10.2** | **9.9** | **10.4** | **10.0** | **10.6** | **9.5** | **10.2** | **10.3** | **10.1** | **11.5** | **13.3** |
| Adj. EBIT margin | 6.0% | 6.6% | 7.0% | 6.7% | 6.1% | 6.1% | 5.7% | 5.3% | 5.2% | 4.7% | 5.4% | 6.2% |
| Net financials | 0.1 | -0.6 | -0.8 | -1.3 | -0.7 | -0.1 | -0.9 | -0.2 | -1.0 | -0.3 | -1.7 | -0.8 |
| Pre-tax profit | 8.7 | 9.6 | 20.4 | 3.0 | 9.3 | 10.5 | 8.6 | 9.3 | 9.3 | 9.8 | 9.8 | 12.5 |
| Income tax | -1.2 | -1.2 | -2.5 | 0.1 | -1.7 | -1.8 | -3.4 | -0.9 | -1.3 | -2.7 | -0.4 | -2.5 |
| Tax rate % | 14% | 13% | 12% | -3% | 18% | 17% | 40% | 10% | 14% | 28% | 4% | 20% |
| Reported net profit for the period | 7.5 | 8.4 | 29.2 | -3.0 | 7.6 | 8.6 | 5.2 | 7.7 | 8.0 | 7.1 | 9.4 | 10.0 |
| Adj net profit for the period | 7.5 | 8.4 | 17.9 | 3.1 | 7.6 | 8.6 | 5.2 | 8.4 | 8.0 | 7.1 | 9.4 | 10.0 |
| Reported EPS | 0.12 | 0.13 | 0.28 | 0.05 | 0.12 | 0.13 | 0.08 | 0.13 | 0.12 | 0.11 | 0.15 | 0.15 |
| **Adj. EPS** | **0.12** | **0.13** | **0.10** | **0.14** | **0.12** | **0.13** | **0.08** | **0.13** | **0.12** | **0.11** | **0.15** | **0.15** |

*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 | 257.8 | 237.2 |
| Sales growth y/y (%) | | | | | | 35% | 26% | -8% |
| | | | | | | | | |
| **Automation & Safety** | | | | | | | | |
| Net sales (EURm) | | | | | 142.2 | 144.9 | 176.8 | 166.2 |
| Sales growth y/y (%) | | | | | | 2% | 22% | -6% |
| | | | | | | | | |
| **Connectivity** | | | | | | | | |
| Net sales (EURm) | | | | | 28.7 | 33.1 | 38.4 | 36.5 |
| Sales growth y/y (%) | | | | | | 15% | 16% | -5% |
| | | | | | | | | |
| **Energy & Cleantech** | | | | | | | | |
| Net sales (EURm) | | | | | 135.6 | 182.0 | 214.8 | 206.2 |
| Sales growth y/y (%) | | | | | | 34% | 18% | -4% |
| | | | | | | | | |
| **Medtec & Life Science** | | | | | | | | |
| Net sales (EURm) | | | | | 107.9 | 120.6 | 149.5 | 146.6 |
| Sales growth y/y (%) | | | | | | 12% | 24% | -2% |
| | | | | | | | | |
| **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** | **837.3** | **792.5** |
| Sales growth % | 34.6% | 4.3% | 6.3% | 2.9% | 2.7% | 16.8% | 20.3% | -5.3% |
| 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 | 45.2 | 49.1 |
| Reported EBIT margin | 1.4% | 5.9% | 6.7% | 6.1% | 7.4% | 5.7% | 5.4% | 6.2% |
| **Group adj. EBIT** | **22.3** | **31.3** | **37.8** | **38.9** | **39.1** | **40.3** | **45.2** | **49.1** |
| Adj. EBIT margin | 4.4% | 5.9% | 6.7% | 6.7% | 6.6% | 5.8% | 5.4% | 6.2% |
| 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 | 43.3 | 47.2 |
| Income tax | -6.0 | -6.8 | -7.1 | -5.9 | -4.8 | -7.8 | -8.4 | -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 | 34.9 | 38.0 |
| Adj net profit for the period | 15.2 | 22.9 | 29.0 | 31.7 | 31.7 | 30.6 | 34.9 | 38.0 |
| 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** | **0.54** | **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 | 200,514 | 204,198 | 0% | 12% | 8% | 2% | 2% | 2% | 3% | 3% |
| Delta Electronics Inc | 8,242 | 9,989 | 11,712 | 12,758 | 5% | 11% | 19% | 9% | 11% | 10% | 11% | 12% |
| Pegatron Corp | 40,811 | 40,114 | 43,075 | 42,919 | 2% | -10% | 11% | 0% | 1% | 1% | 2% | 2% |
| Venture Corporation Ltd | 1,868 | 2,026 | 2,563 | 2,716 | -17% | 3% | 16% | 6% | 11% | 11% | 12% | 12% |
| Universal Scientific Industrial | 5,985 | 7,658 | 9,617 | 10,578 | 28% | 16% | 21% | 10% | 4% | 4% | 4% | 4% |
| Jabil Inc | 22,844 | 24,803 | 33,288 | 35,136 | 8% | 7% | 14% | 5% | 3% | 4% | 5% | 5% |
| Compal Electronics Inc | 30,592 | 39,224 | 36,981 | 36,593 | 7% | 18% | -6% | -1% | 1% | 1% | 1% | 1% |
| Foxconn Interconnect Technology | 3,533 | 3,950 | 4,735 | 4,947 | -1% | 4% | 8% | 4% | 4% | 3% | 4% | 4% |
| Inventec Corp | 14,824 | 16,498 | 17,399 | 17,904 | 1% | 2% | 6% | 3% | 1% | 1% | 1% | 1% |
| Micro-Star International Co Ltd | 4,273 | 6,406 | 5,706 | 5,777 | 22% | 38% | -8% | 1% | 7% | 10% | 8% | 7% |
| Plexus Corp | 2,895 | 2,906 | 3,698 | 4,122 | 7% | -1% | 8% | 11% | 5% | 5% | 5% | 5% |
| Accton Technology Corp | 1,588 | 1,892 | 2,389 | 2,650 | -2% | 9% | 26% | 11% | 12% | 9% | 12% | 13% |
| Sanmina Corp | 5,942 | 5,828 | 7,572 | 7,968 | -15% | -3% | 13% | 5% | 4% | 5% | 5% | 5% |
| Incap Oyj | 106 | 170 | 253 | 276 | 50% | 59% | 49% | 9% | 10% | 15% | 9% | 16% |
| Celestica Inc | 4,707 | 4,957 | 7,195 | 7,598 | -2% | -2% | 27% | 6% | 3% | 4% | 5% | 5% |
| SIIX Corp | 1,440 | 1,734 | 1,785 | 2,031 | -19% | 25% | 19% | 9% | 2% | 2% | 0% | 0% |
| Fabrinet | 1,464 | 1,575 | 2,143 | 2,608 | 4% | 14% | 20% | 14% | 9% | 9% | 10% | 10% |
| Sercomm Corp | 1,053 | 1,393 | 2,034 | 2,209 | 14% | 22% | 50% | 9% | 3% | 2% | 4% | 4% |
| TT Electronics | 483 | 567 | 648 | 681 | -10% | 10% | 18% | 5% | 6% | 7% | 7% | 9% |
| Alpha Networks Inc | 938 | 884 | 1,033 | 1,118 | 103% | -13% | 0% | 7% | 3% | 3% | 5% | 5% |
| Ducommun Inc | 515 | 568 | 684 | 746 | -13% | 3% | 8% | 6% | 8% | 8% | 8% | 9% |
| Valuetronics Holdings Ltd | 275 | 250 | 234 | 262 | -17% | -3% | -11% | 0% | 7% | 9% | 6% | 6% |
| Kitron ASA | 378 | 371 | 581 | 651 | 20% | -6% | 63% | 12% | 8% | 6% | 6% | 7% |
| Lacroix Group SA | 566 | 501 | 678 | 711 | -9% | 14% | 35% | 5% | 2% | 3% | 3% | 4% |
| Hanza AB | 215 | 245 | 315 | 327 | 4% | 17% | 34% | 4% | 2% | 5% | 6% | 7% |
| **Group median** | | | | | **2.4%** | **9.4%** | **16.4%** | **5.6%** | **3.8%** | **5.0%** | **4.9%** | **5.3%** |
| Scanfil (Nordea) | 595 | 696 | 837 | 793 | 2.7% | 16.8% | 20.3% | -5.3% | 6.6% | 5.8% | 5.4% | 6.2% |
| **diff. from median (pp)** | | | | | **0.3** | **7.4** | **3.9** | **-10.9** | **2.8** | **0.8** | **0.5** | **0.9** |

*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 | 9.4 | 8.7 | 5.7 | 6.5 | 5.5 | 5.2 | 1.1 | 1.0 | 1.0 | 0.9 |
| Delta Electronics Inc | 26.9 | 26.8 | 20.7 | 18.0 | 14.8 | 15.3 | 11.2 | 9.9 | 4.3 | 4.1 | 3.8 | 3.4 |
| Pegatron Corp | 8.8 | 9.1 | 9.6 | 8.3 | 5.0 | 6.8 | 5.4 | 5.3 | 0.8 | 0.9 | 0.8 | 0.8 |
| Venture Corporation Ltd | 19.0 | 17.1 | 12.9 | 12.1 | 12.5 | 11.7 | 8.5 | 8.1 | 1.8 | 1.7 | 1.6 | 1.5 |
| Universal Scientific Industrial | 24.2 | 19.3 | 16.7 | 15.3 | 15.9 | 11.7 | 10.9 | 9.7 | 3.6 | 3.2 | 2.7 | 2.3 |
| Jabil Inc | 98.4 | 13.5 | 8.7 | 7.9 | 4.0 | 5.2 | 4.1 | 4.0 | 6.0 | 4.8 | 3.4 | 2.9 |
| Compal Electronics Inc | 9.8 | 8.5 | 9.4 | 9.7 | 7.0 | 9.2 | 8.7 | 8.5 | 0.9 | 0.8 | 0.8 | 0.8 |
| Foxconn Interconnect Technology | 56.2 | 9.8 | 6.0 | 5.9 | 8.9 | 4.5 | 3.4 | 3.2 | 0.4 | 0.4 | 0.3 | 0.3 |
| Inventec Corp | 11.5 | 13.8 | 13.4 | 12.7 | 12.5 | 14.8 | 12.0 | 10.9 | 1.5 | 1.6 | 1.5 | 1.5 |
| Micro-Star International Co Ltd | 14.2 | 8.1 | 7.8 | 8.4 | 9.4 | 5.4 | 5.4 | 5.5 | 2.7 | 2.1 | 1.9 | 1.8 |
| Plexus Corp | 18.2 | 19.1 | 21.9 | 17.3 | 9.7 | 10.6 | 12.4 | 10.1 | 3.0 | 2.7 | 2.5 | 2.2 |
| Accton Technology Corp | 35.2 | 31.1 | 16.7 | 14.7 | 23.6 | 22.5 | 11.2 | 9.7 | 8.2 | 7.9 | 6.6 | 5.6 |
| Sanmina Corp | 13.5 | 9.8 | 11.7 | 10.5 | 4.2 | 5.4 | 6.2 | 5.9 | 1.1 | 1.3 | n.a. | n.a. |
| Incap Oyj | 9.1 | 21.8 | 15.3 | 13.5 | 7.1 | 15.7 | 11.0 | 9.9 | 11.1 | 7.3 | 5.3 | 4.0 |
| Celestica Inc | 17.2 | 13.6 | 6.0 | 5.6 | 4.8 | 6.0 | 3.9 | 3.7 | 0.7 | 1.1 | n.a. | n.a. |
| SIIX Corp | 43.6 | 14.7 | 9.3 | 7.6 | 9.3 | 9.9 | 6.7 | 5.9 | 0.9 | 0.9 | 0.8 | 0.7 |
| Fabrinet | 19.7 | 24.1 | 15.5 | 16.1 | 11.7 | 16.0 | 10.6 | 11.9 | 4.4 | 3.7 | 3.2 | 2.9 |
| Sercomm Corp | 21.9 | 22.9 | 9.8 | 8.8 | 9.6 | 11.5 | 7.2 | 6.3 | 2.3 | 2.3 | 1.9 | 1.7 |
| TT Electronics | 265.2 | 35.6 | 8.6 | 7.1 | 9.3 | 9.9 | 6.7 | 5.9 | 0.7 | 0.7 | 0.7 | 0.7 |
| Alpha Networks Inc | 30.5 | 42.0 | 14.7 | 10.9 | 11.0 | 14.4 | 8.7 | 7.6 | 1.4 | 1.4 | 1.4 | 1.3 |
| Ducommun Inc | 22.0 | 4.2 | 14.4 | 12.1 | 11.5 | 9.8 | 7.9 | 6.9 | 1.7 | 1.7 | 1.1 | 1.0 |
| Valuetronics Holdings Ltd | 6.8 | 8.1 | 11.9 | 9.1 | 0.5 | 1.5 | 2.2 | 1.3 | 0.9 | 1.1 | 1.0 | 0.8 |
| Kitron ASA | 15.4 | 28.1 | 17.0 | 11.2 | 9.5 | 15.1 | 10.3 | 8.9 | 3.8 | 3.3 | 2.6 | 2.2 |
| Lacroix Group SA | 16.8 | 9.6 | 9.6 | 6.9 | 14.3 | 10.2 | 6.9 | 6.0 | 0.9 | 0.8 | n.a. | n.a. |
| Hanza AB | n.a. | 28.6 | 14.8 | 11.3 | 5.1 | 12.7 | 7.6 | 6.4 | 3.2 | 3.0 | 2.3 | 1.9 |
| **Group median** | **18.6** | **14.7** | **11.9** | **10.5** | **9.4** | **10.2** | **7.6** | **6.4** | **1.7** | **1.7** | **1.8** | **1.6** |
| Scanfil (Nordea) | 13.2 | 15.7 | 10.3 | 9.5 | 8.0 | 9.7 | 6.9 | 5.4 | 2.3 | 2.3 | 1.5 | 1.3 |
| **diff. from average** | -29% | 7% | -13% | -10% | -16% | -4% | -9% | -15% | 34% | 39% | -14% | -18% |

*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** | **837** | **793** | **823** |
| Revenue growth | 13.8% | 75.9% | 34.6% | 4.3% | 6.3% | 2.9% | 2.7% | 16.8% | 20.3% | -5.3% | 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** | **0.63** |
| DPS, EUR | 0.07 | 0.08 | 0.09 | 0.11 | 0.13 | 0.15 | 0.17 | 0.19 | 0.21 | 0.23 | 0.25 |
| of which ordinary | 0.07 | 0.08 | 0.09 | 0.11 | 0.13 | 0.15 | 0.17 | 0.19 | 0.21 | 0.23 | 0.25 |
| 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% | 7.3% | 8.2% | 8.2% |
| EBITA | 8.7% | 5.1% | 1.8% | 6.3% | 7.1% | 6.4% | 7.8% | 6.0% | 5.6% | 6.5% | 6.5% |
| EBIT | 7.6% | 3.8% | 1.4% | 5.9% | 6.7% | 6.1% | 7.4% | 5.7% | 5.4% | 6.2% | 6.3% |
| **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 | 0.54 | 0.59 | 0.63 |
| **Adjusted profit margins in percent** | | | | | | | | | | | |
| EBITDA (adj) | 11.7% | 8.7% | 6.6% | 7.6% | 8.4% | 9.1% | 9.3% | 8.0% | 7.3% | 8.2% | 8.2% |
| EBITA (adj) | 8.8% | 6.6% | 4.8% | 6.3% | 7.1% | 6.4% | 6.9% | 6.1% | 5.6% | 6.5% | 6.5% |
| EBIT (adj) | 7.6% | 5.3% | 4.4% | 5.9% | 6.7% | 6.7% | 6.6% | 5.8% | 5.4% | 6.2% | 6.3% |
| **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% | 7.1% | 7.3% |
| EBITDA | 3.4% | 7.0% | -4.8% | 14.2% | 16.3% | 16.4% | 17.3% | 24.8% | 8.7% | 6.5% | 5.0% |
| EBIT | 0.4% | 0.0% | -4.5% | 31.0% | 26.1% | 16.8% | 25.2% | 40.5% | 7.6% | 5.4% | 8.0% |
| EPS | -2.8% | -5.1% | -58.0% | 32.7% | 26.1% | 15.5% | 31.7% | 218.0% | 6.0% | 5.4% | 7.4% |
| DPS | -10.2% | -7.8% | 8.4% | 22.4% | 21.1% | 16.5% | 16.3% | 16.1% | 13.8% | 12.1% | 10.8% |
| 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 | 10.8 | 9.9 | 9.3 |
| EV/EBITDA (adj) | 5.3 | 8.7 | 7.9 | 7.8 | 5.7 | 6.8 | 8.0 | 9.7 | 7.4 | 6.1 | 5.5 |
| EV/EBITA (adj) | 7.0 | 11.6 | 10.7 | 9.4 | 6.8 | 9.7 | 10.7 | 12.8 | 9.6 | 7.7 | 6.9 |
| EV/EBIT (adj) | 7.2 | 13.6 | 11.7 | 10.0 | 7.1 | 9.3 | 11.3 | 13.5 | 10.0 | 8.0 | 7.2 |

| 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 | 10.8 | 9.9 | 9.3 |
| EV/Sales | 0.62 | 0.76 | 0.52 | 0.59 | 0.48 | 0.63 | 0.74 | 0.78 | 0.54 | 0.50 | 0.45 |
| EV/EBITDA | 4.9 | 10.1 | 14.4 | 7.8 | 5.7 | 6.8 | 7.3 | 9.9 | 7.4 | 6.1 | 5.5 |
| EV/EBITA | 6.4 | 14.2 | 28.0 | 9.4 | 6.8 | 9.7 | 9.5 | 13.0 | 9.6 | 7.7 | 6.9 |
| EV/EBIT | 7.3 | 18.5 | 36.2 | 10.0 | 7.1 | 10.3 | 9.9 | 13.7 | 10.0 | 8.0 | 7.2 |
| Dividend yield (ord.) | 2.8% | 2.1% | 2.6% | 2.6% | 3.5% | 3.1% | 2.6% | 2.5% | 3.6% | 3.9% | 4.3% |
| FCF yield | 2.1% | -17.3% | 5.8% | 3.9% | 8.1% | 5.8% | 9.3% | -5.2% | 0.6% | 19.2% | 10.8% |
| FCF Yield bef A&D, lease adj | 2.1% | -17.3% | 5.8% | 3.9% | 8.1% | 8.2% | 5.5% | -5.8% | -0.1% | 18.4% | 10.0% |
| Payout ratio | 32.3% | 33.1% | 37.7% | 30.6% | 28.6% | 30.4% | 34.5% | 39.9% | 38.7% | 38.9% | 40.0% |

*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 | 86 | 92 |
| 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 | 112 | 116 |
| Inventory | 36 | 91 | 85 | 101 | 99 | 102 | 103 | 193 | 219 | 166 | 154 |
| Accounts receivable | 41 | 105 | 88 | 106 | 108 | 112 | 113 | 149 | 167 | 158 | 163 |
| 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 | 19 | 60 | 68 |
| Total current assets | 96 | 220 | 197 | 230 | 228 | 237 | 245 | 372 | 409 | 388 | 389 |
| 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** | **517** | **500** | **505** |
| | | | | | | | | | | | |
| 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 | 34 | 24 | 13 |
| 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 | 63 | 53 | 42 |
| Short-term provisions | 0 | 0 | 5 | 0 | 0 | 0 | 4 | 2 | 2 | 2 | 2 |
| Accounts payable | 30 | 108 | 90 | 113 | 104 | 96 | 100 | 172 | 186 | 160 | 154 |
| 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 | 35 | 30 | 26 |
| Total current liabilities | 38 | 146 | 117 | 149 | 136 | 122 | 116 | 199 | 224 | 193 | 183 |
| 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** | **517** | **500** | **505** |
| | | | | | | | | | | | |
| **Balance sheet and debt metrics** | | | | | | | | | | | |
| Net debt | -10 | 66 | 40 | 43 | 30 | 46 | 18 | 60 | 73 | 17 | -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 | 203 | 167 | 165 |
| Invested capital | 85 | 170 | 157 | 173 | 181 | 221 | 212 | 275 | 311 | 279 | 281 |
| Capital employed | 104 | 188 | 168 | 188 | 194 | 233 | 227 | 293 | 322 | 332 | 342 |
| ROE | 14.0% | 8.6% | 0.1% | 22.2% | 21.5% | 18.0% | 21.1% | 15.3% | 15.9% | 15.7% | 15.1% |
| ROIC | 16.2% | 12.1% | 10.5% | 14.6% | 16.5% | 14.9% | 13.9% | 12.8% | 11.9% | 12.8% | 14.2% |
| ROCE | 16.7% | 17.3% | 18.9% | 23.1% | 19.8% | 18.3% | 17.0% | 15.6% | 14.7% | 15.1% | 15.4% |
| | | | | | | | | | | | |
| Net debt/EBITDA | -0.4 | 2.4 | 2.2 | 1.1 | 0.6 | 0.9 | 0.3 | 1.1 | 1.2 | 0.3 | -0.1 |
| Interest coverage | 19.7 | 3.3 | 1.5 | 4.8 | 21.1 | 25.3 | 16.5 | 19.9 | 22.7 | 24.6 | 26.0 |
| Equity ratio | 70.6% | 33.2% | 40.6% | 40.7% | 47.6% | 49.0% | 53.9% | 43.8% | 44.5% | 50.8% | 55.4% |
| Net gearing | n.a. | n.a. | n.a. | 34.4% | 20.7% | 27.7% | 10.0% | 28.9% | 31.8% | 6.8% | -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** | **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 | -30 | 35 | 2 |
| **Cash flow from operations (CFO)** | **11** | **13** | **16** | **21** | **29** | **36** | **35** | **-13** | **21** | **89** | **58** |
| Capital expenditure | -8 | -51 | -4 | -11 | -10 | -7 | -9 | -13 | -19 | -17 | -17 |
| **Free cash flow before A&D** | **3** | **-38** | **13** | **11** | **19** | **29** | **26** | **-25** | **2** | **72** | **41** |
| 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 | 2 | 72 | 41 |
| Free cash flow bef A&D, lease adj | 3 | -38 | 13 | 11 | 19 | 26 | 23 | -28 | -1 | 70 | 38 |
| | | | | | | | | | | | |
| 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 | 7 | -15 | -15 |
| 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 | -6 | 41 | 8 |
| | | | | | | | | | | | |
| **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% | 2.1% | 2.1% |
| | | | | | | | | | | | |
| **Key information** | | | | | | | | | | | |
| Share price year end (/current) | 2 | 4 | 3 | 4 | 4 | 5 | 7 | 7 | 6 | 6 | 6 |
| Market cap. | 142 | 220 | 222 | 271 | 239 | 316 | 422 | 483 | 378 | 378 | 378 |
| Enterprise value | 132 | 286 | 262 | 314 | 269 | 362 | 440 | 543 | 451 | 395 | 372 |
| 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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### Completion Date
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