

Scanfil Oyj

Capital Goods
Finland

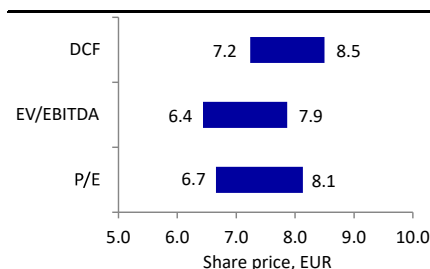
KEY DATA

Stock country	Finland
Bloomberg	SCANFL FH
Reuters	SCANFL.HE
Share price (close)	EUR 7.36
Free Float	25%
Market cap. (bn)	EUR 0.47/EUR 0.47
Website	www.scanfil.com/
Next report date	21 Feb 2023

PERFORMANCE



VALUATION APPROACH



ESTIMATE CHANGES

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

Source: Nordea estimates

Nordea IB & Equity - Analysts

Pasi Väisänen
Senior Analyst

We forecast volume growth for Q4

The availability of electronic components has improved and end demand has been relatively healthy, so our EBIT estimate is slightly above Refinitiv consensus for Q4. The Chinese construction market could be a weak spot in Scanfil's Q4 report, but we expect other customer segments to offset this. We believe the guidance midpoint for 2023 EBIT could be set to EUR 49m, but reported revenue growth may stay negative this year due to declining component prices. 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).

We forecast that Q4 clean EBIT will improve q/q and y/y

We forecast net sales of EUR 220m for Q4 (Refinitiv consensus: EUR 218m), while our EBIT estimate is EUR 13.0m (consensus: EUR 12.5m). We expect the company's full-year guidance for 2023 to indicate improving EBIT y/y, so flat EBIT guidance would be disappointing. Our dividend expectation is EUR 0.21 per share (consensus: EUR 0.20).

We expect volume growth to stay in 2023 y/y

Weakness in China led Kone to report declining orders in Q4. Kone expects activity in China to improve around summer 2023, but Kone still guides for flat growth in 2023 y/y. Scanfil could be facing similar issues and has thus pulled back on its plans to expand production in China. Thermo Fisher Scientific, however, posted 14% core organic revenue growth in Q4 y/y and is guiding for 7% growth y/y in 2023. Due to strong demand, Scanfil is adding a new PCBA line to its factory in Atlanta in 2023. Our analysis finds that Scanfil should be able to reach good volume growth this year but declining component prices could keep reported revenue growth negative.

2023E-24E P/E valuation is close to peer group median

We still expect the 2023 EBIT margin to remain below the company's long-term financial target of 7%, but absolute EBIT should continue to grow after the stagnant period of 2008-21. A rebound in working capital could support cash flow in 2023 but we believe the FCF yield could stabilise close to 8% in 2024. The company's 2023E-24E P/E multiples of 11-12x are in line with those of our peer group and we see no reason for Scanfil to trade below the sector's average valuation. 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	841	818	849
EBITDA (adj)	47	53	55	56	60	65	68
EBIT (adj)	38	39	39	40	45	49	52
EBIT (adj) margin	6.7%	6.7%	6.6%	5.8%	5.3%	6.0%	6.1%
EPS (adj, EUR)	0.45	0.49	0.49	0.48	0.54	0.59	0.62
EPS (adj) growth	26.5%	8.4%	0.0%	-3.5%	13.2%	9.7%	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	0.7	0.6	0.6
EV/EBIT (adj)	7.1	9.3	11.3	13.5	12.3	10.2	9.2
P/E (adj)	8.2	9.9	13.2	15.7	13.7	12.5	11.8
P/BV	1.7	1.9	2.3	2.3	2.1	1.9	1.7
Dividend yield (ord)	3.5%	3.1%	2.6%	2.5%	2.9%	3.1%	3.4%
FCF Yield bef A&D, lease	8.1%	8.2%	5.5%	-5.8%	-0.4%	13.6%	7.9%
Net debt	30	46	18	60	74	23	1
Net debt/EBITDA	0.6	0.9	0.3	1.1	1.2	0.4	0.0
ROIC after tax	16.5%	14.9%	13.9%	12.8%	11.8%	12.7%	13.9%

Source: Company data and Nordea estimates

Quarterly segment estimates

P&L (EURm, EPS IN EUR)												
	Q121	Q221	Q321	Q421	Q122	Q222	Q322	Q422E	Q123E	Q223E	Q323E	Q423E
Advanced Consumer Applications												
Net sales (EURm)	42.9	53.4	55.4	52.9	55.0	68.7	67.8	66.3	58.9	61.8	61.0	63.2
Sales growth y/y (%)	38%	33%	44%	28%	28%	29%	22%	25%	7%	-10%	-10%	-5%
Automation & Safety												
Net sales (EURm)	34.5	36.8	32.5	41.1	42.6	45.6	44.2	45.8	43.9	42.4	42.0	44.6
Sales growth y/y (%)	-9%	1%	-4%	21%	23%	24%	36%	12%	3%	-7%	-5%	-3%
Connectivity												
Net sales (EURm)	8.1	7.3	7.3	10.4	10.8	9.1	7.8	10.7	9.8	9.3	8.0	9.8
Sales growth y/y (%)	9%	-5%	3%	60%	33%	25%	7%	3%	-9%	2%	2%	-8%
Energy & Cleantech												
Net sales (EURm)	40.3	44.8	43.5	53.4	54.6	53.5	53.1	55.4	52.4	52.4	52.0	53.2
Sales growth y/y (%)	17%	33%	45%	43%	35%	19%	22%	4%	-4%	-2%	-2%	-4%
Medtec & Life Science												
Net sales (EURm)	29.1	28.5	29.1	33.9	33.7	36.0	39.0	41.4	34.4	36.7	39.8	42.3
Sales growth y/y (%)	8%	12%	12%	15%	16%	26%	34%	22%	2%	2%	2%	2%
Discontinued												
Net sales (EURm)	8.5	2.0	0.0	0.0	0.0	0.0	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.	n.a.	n.a.	n.a.	n.a.
	Q121	Q221	Q321	Q421	Q122	Q222	Q322	Q422E	Q123E	Q223E	Q323E	Q423E
Group sales	163.4	172.9	167.8	191.7	196.6	212.9	211.9	219.6	199.3	202.7	202.8	213.1
Sales growth %	13.4%	11.1%	18.5%	24.4%	20.3%	23.1%	26.3%	14.6%	1.4%	-4.8%	-4.3%	-3.0%
Other operating income	0.3	0.1	0.4	0.3	0.2	0.3	0.3	0.3	0.0	0.0	0.0	0.0
Depreciation and amortisation	-3.8	-3.8	-3.8	-4.0	-4.0	-4.2	-4.5	-4.4	-4.4	-4.4	-4.4	-4.4
Reported EBIT	10.0	10.6	9.5	9.5	10.3	10.1	11.5	13.0	11.8	12.4	12.4	12.6
Reported EBIT margin	6.1%	6.1%	5.7%	5.0%	5.2%	4.7%	5.4%	5.9%	5.9%	6.1%	6.1%	5.9%
Group adj. EBIT	10.0	10.6	9.5	10.2	10.3	10.1	11.5	13.0	11.8	12.4	12.4	12.6
Adj. EBIT margin	6.1%	6.1%	5.7%	5.3%	5.2%	4.7%	5.4%	5.9%	5.9%	6.1%	6.1%	5.9%
Net financials	-0.7	-0.1	-0.9	-0.2	-1.0	-0.3	-1.7	-0.8	-0.7	-0.8	-0.8	-0.8
Pre-tax profit	9.3	10.5	8.6	9.3	9.3	9.8	9.8	12.2	11.1	11.6	11.6	11.8
Income tax	-1.7	-1.8	-3.4	-0.9	-1.3	-2.7	-0.4	-2.4	-2.2	-2.3	-2.3	-2.4
Tax rate %	18%	17%	40%	10%	14%	28%	4%	20%	20%	20%	20%	20%
Reported net profit for the period	7.6	8.6	5.2	7.7	8.0	7.1	9.4	9.8	8.9	9.3	9.3	9.4
Adj net profit for the period	7.6	8.6	5.2	8.4	8.0	7.1	9.4	9.8	8.9	9.3	9.3	9.4
Reported EPS	0.12	0.13	0.08	0.13	0.12	0.11	0.15	0.15	0.14	0.14	0.14	0.15
Adj. EPS	0.12	0.13	0.08	0.13	0.12	0.11	0.15	0.15	0.14	0.14	0.14	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	244.9
Sales growth y/y (%)						35%	26%	-5%
Automation & Safety								
Net sales (EURm)					142.2	144.9	178.2	172.9
Sales growth y/y (%)						2%	23%	-3%
Connectivity								
Net sales (EURm)					28.7	33.1	38.4	36.9
Sales growth y/y (%)						15%	16%	-4%
Energy & Cleantech								
Net sales (EURm)					135.6	182.0	216.6	210.1
Sales growth y/y (%)						34%	19%	-3%
Medtec & Life Science								
Net sales (EURm)					107.9	120.6	150.1	153.1
Sales growth y/y (%)						12%	25%	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	841.1	817.9
Sales growth %	34.6%	4.3%	6.3%	2.9%	2.7%	16.8%	20.9%	-2.8%
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	44.9	49.1
Reported EBIT margin	1.4%	5.9%	6.7%	6.1%	7.4%	5.7%	5.3%	6.0%
Group adj. EBIT	22.3	31.3	37.8	38.9	39.1	40.3	44.9	49.1
Adj. EBIT margin	4.4%	5.9%	6.7%	6.7%	6.6%	5.8%	5.3%	6.0%
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	43.0	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	34.6	38.0
Adj net profit for the period	15.2	22.9	29.0	31.7	31.7	30.6	34.6	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
Market consensus EPS (Refinitiv)							0.53	0.59

Source: Company data and Nordea estimates

Peer group

EMS PEER GROUP: FINANCIALS

	SALES (EURm)				GROWTH				EBIT MARGIN			
	2021	2022E	2023E	2024E	2021	2022E	2023E	2024E	2021	2022E	2023E	2024E
Hon Hai Precision Industry Co Ltd	190,273	203,626	206,605	218,146	12%	10%	1%	6%	2%	3%	3%	3%
Delta Electronics Inc	9,989	11,874	13,079	14,356	11%	22%	11%	10%	10%	11%	12%	12%
Pegatron Corp	40,114	41,839	41,750	43,327	-10%	9%	0%	4%	1%	2%	2%	2%
Venture Corporation Ltd	2,026	2,637	2,729	2,932	3%	22%	3%	7%	11%	12%	12%	11%
Universal Scientific Industrial	7,658	9,530	10,454	11,552	16%	26%	8%	11%	4%	5%	4%	5%
Jabil Inc	24,803	33,288	32,581	32,996	7%	14%	5%	3%	4%	5%	5%	5%
Compal Electronics Inc	39,224	34,021	32,935	32,938	18%	-10%	-3%	0%	1%	1%	1%	1%
Foxconn Interconnect Technology	3,950	4,166	4,374	4,676	4%	7%	5%	7%	3%	4%	4%	5%
Inventec Corp	16,498	16,607	17,158	17,931	2%	5%	3%	5%	1%	1%	1%	1%
Micro-Star International Co Ltd	6,406	5,486	5,566	6,076	38%	-10%	2%	9%	10%	7%	7%	7%
Plexus Corp	2,906	3,890	3,946	4,272	-1%	13%	16%	8%	5%	5%	5%	6%
Note AB (publ)	257	331	n.a.	n.a.	41%	39%	n.a.	n.a.	10%	9%	n.a.	n.a.
Sanmina Corp	5,828	8,052	8,443	8,995	-3%	17%	19%	7%	5%	5%	6%	6%
Incap Oyj	170	268	294	321	59%	58%	10%	9%	15%	15%	15%	15%
Celestica Inc	4,957	6,774	6,995	7,334	-2%	29%	6%	5%	4%	5%	5%	5%
SIIX Corp	1,734	1,974	2,001	2,204	25%	23%	9%	10%	2%	0%	0%	0%
Fabrinet	1,575	2,143	2,537	2,759	14%	20%	21%	9%	9%	10%	11%	11%
Sercomm Corp	1,393	1,979	2,227	2,204	22%	51%	11%	1%	2%	4%	4%	4%
TT Electronics	567	674	708	730	10%	25%	5%	3%	7%	7%	8%	8%
Alpha Networks Inc	884	1,070	1,163	1,146	-13%	0%	9%	-1%	3%	5%	6%	6%
Ducommun Inc	568	670	712	742	3%	9%	6%	6%	8%	0%	0%	9%
Valuetronics Holdings Ltd	250	234	263	281	-3%	-11%	0%	7%	9%	6%	6%	6%
Kitron ASA	371	609	662	719	-6%	76%	9%	9%	6%	7%	7%	8%
Lacroix Group SA	501	708	726	755	14%	40%	4%	4%	3%	3%	4%	4%
Hanza AB	245	312	317	336	17%	39%	2%	6%	5%	6%	6%	7%
Group median					10.3%	20.4%	5.6%	6.3%	5.0%	4.9%	5.2%	5.7%
Scanfil (Nordea)	696	841	818	849	16.8%	20.9%	-2.8%	3.9%	5.8%	5.3%	6.0%	6.1%
diff. from median (pp)					6.6	0.5	-8.3	-2.4	0.8	0.5	0.8	0.4

Source: Refinitiv and Nordea estimates

EMS PEER GROUP: VALUATION

	P/E				EV/EBITDA				P/B			
	2021	2022E	2023E	2024E	2021	2022E	2023E	2024E	2021	2022E	2023E	2024E
Hon Hai Precision Industry Co Ltd	10.5	9.9	9.1	8.2	6.5	5.8	5.5	5.0	1.0	0.9	0.9	0.8
Delta Electronics Inc	26.8	22.4	20.0	17.6	15.3	12.9	11.5	10.2	4.7	4.2	3.7	3.4
Pegatron Corp	9.1	11.1	10.1	9.3	6.8	5.2	5.3	5.1	1.0	1.0	0.9	0.8
Venture Corporation Ltd	17.1	14.6	14.1	13.4	11.7	9.9	9.6	9.1	2.0	1.9	1.8	1.7
Universal Scientific Industrial	19.3	12.2	12.4	10.8	11.7	9.0	8.8	8.0	2.8	2.4	2.0	1.7
Jabil Inc	13.5	8.7	10.0	9.4	5.2	4.2	4.8	4.8	6.3	4.4	3.9	3.0
Compal Electronics Inc	8.5	12.4	12.3	11.9	9.2	11.3	10.4	10.1	0.9	0.9	0.9	0.9
Foxconn Interconnect Technology	9.8	12.1	12.4	9.5	4.5	6.1	5.8	5.4	0.8	0.8	0.7	0.7
Inventec Corp	13.8	14.9	14.0	13.1	14.8	13.5	12.2	11.6	1.8	1.6	1.6	1.5
Micro-Star International Co Ltd	8.1	10.3	11.0	9.3	5.4	7.0	6.9	6.0	2.5	2.3	2.1	1.9
Plexus Corp	19.1	18.0	17.9	14.9	10.6	10.8	10.4	9.4	2.8	2.6	2.2	1.9
Note AB (publ)	34.4	20.4	n.a.	n.a.	20.6	13.2	n.a.	n.a.	8.3	4.7	n.a.	n.a.
Sanmina Corp	9.8	11.4	10.1	8.9	5.4	5.1	5.5	5.1	1.3	1.4	n.a.	n.a.
Incap Oyj	21.8	19.9	17.3	15.9	15.7	13.7	12.3	11.6	9.3	6.8	5.1	4.0
Celestica Inc	13.6	9.6	6.7	6.2	6.0	4.3	4.3	4.1	1.3	0.8	n.a.	n.a.
SIIX Corp	14.7	11.1	9.2	7.8	9.9	4.5	4.0	3.8	1.2	1.0	0.9	0.8
Fabrinet	24.1	15.5	16.4	14.9	16.0	10.6	12.5	11.6	4.2	3.6	3.1	2.7
Sercomm Corp	22.9	11.0	9.3	8.4	11.5	7.3	6.3	5.8	2.5	2.1	1.8	1.1
TT Electronics	35.6	11.3	9.7	8.5	9.9	8.1	7.2	6.7	1.0	1.0	0.9	0.9
Alpha Networks Inc	42.0	14.5	12.0	11.0	14.4	8.6	8.0	7.7	1.6	1.6	1.5	n.a.
Ducommun Inc	4.2	17.6	17.7	14.8	9.8	9.8	8.8	8.0	2.1	1.4	1.2	1.1
Valuetronics Holdings Ltd	8.1	11.9	12.0	11.4	1.5	2.2	1.4	1.3	1.1	1.0	n.a.	n.a.
Kitron ASA	28.1	16.6	15.4	13.7	15.1	11.4	10.2	9.3	4.6	3.5	3.0	2.6
Lacroix Group SA	9.6	12.9	9.5	8.1	10.2	n.a.	n.a.	n.a.	1.1	n.a.	n.a.	n.a.
Hanza AB	n.a.	21.3	18.5	16.0	12.7	9.8	8.7	7.8	4.2	3.2	2.8	2.5
Group median	14.2	12.4	12.2	10.9	10.2	8.8	8.0	7.7	2.0	1.8	1.8	1.7
Scanfil (Nordea)	15.7	13.6	12.4	11.7	9.7	8.9	7.3	6.4	2.3	2.0	1.8	1.5
diff. from average	10%	10%	2%	7%	-4%	1%	-9%	-17%	17%	15%	-1%	-9%

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	841	818	849
Revenue growth	13.8%	75.9%	34.6%	4.3%	6.3%	2.9%	2.7%	16.8%	20.9%	-2.8%	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	60	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	0.25
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%	7.2%	7.9%	8.0%
EBITA	8.7%	5.1%	1.8%	6.3%	7.1%	6.4%	7.8%	6.0%	5.6%	6.2%	6.3%
EBIT	7.6%	3.8%	1.4%	5.9%	6.7%	6.1%	7.4%	5.7%	5.3%	6.0%	6.1%

Adjusted earnings

EBITDA (adj)	25	33	33	40	47	53	55	56	60	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	0.62

Adjusted profit margins in percent

EBITDA (adj)	11.7%	8.7%	6.6%	7.6%	8.4%	9.1%	9.3%	8.0%	7.2%	7.9%	8.0%
EBITA (adj)	8.8%	6.6%	4.8%	6.3%	7.1%	6.4%	6.9%	6.1%	5.6%	6.2%	6.3%
EBIT (adj)	7.6%	5.3%	4.4%	5.9%	6.7%	6.7%	6.6%	5.8%	5.3%	6.0%	6.1%

Performance metrics

CAGR last 5 years											
Net revenue	1.7%	11.5%	19.2%	24.0%	24.5%	22.0%	9.6%	6.5%	9.7%	7.8%	7.9%
EBITDA	3.4%	7.0%	-4.8%	14.2%	16.3%	16.4%	17.3%	24.8%	8.6%	6.5%	5.0%
EBIT	0.4%	0.0%	-4.5%	31.0%	26.1%	16.8%	25.2%	40.5%	7.5%	5.4%	8.0%
EPS	-2.8%	-5.1%	-58.0%	32.7%	26.1%	15.5%	31.7%	218.0%	5.9%	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%	6.0%	6.0%
Average EBITDA margin	10.9%	10.1%	7.7%	7.3%	7.2%	7.3%	7.9%	8.6%	8.4%	8.3%	8.1%

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	13.7	12.5	11.8
EV/EBITDA (adj)	5.3	8.7	7.9	7.8	5.7	6.8	8.0	9.7	9.1	7.7	7.0
EV/EBITA (adj)	7.0	11.6	10.7	9.4	6.8	9.7	10.7	12.8	11.7	9.8	8.9
EV/EBIT (adj)	7.2	13.6	11.7	10.0	7.1	9.3	11.3	13.5	12.3	10.2	9.2

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	13.7	12.5	11.8
EV/Sales	0.62	0.76	0.52	0.59	0.48	0.63	0.74	0.78	0.65	0.61	0.56
EV/EBITDA	4.9	10.1	14.4	7.8	5.7	6.8	7.3	9.9	9.1	7.7	7.0
EV/EBITA	6.4	14.2	28.0	9.4	6.8	9.7	9.5	13.0	11.7	9.8	8.9
EV/EBIT	7.3	18.5	36.2	10.0	7.1	10.3	9.9	13.7	12.3	10.2	9.2
Dividend yield (ord.)	2.8%	2.1%	2.6%	2.6%	3.5%	3.1%	2.6%	2.5%	2.9%	3.1%	3.4%
FCF yield	2.1%	-17.3%	5.8%	3.9%	8.1%	5.8%	9.3%	-5.2%	0.2%	14.2%	8.4%
FCF Yield bef A&D, lease adj	2.1%	-17.3%	5.8%	3.9%	8.1%	8.2%	5.5%	-5.8%	-0.4%	13.6%	7.9%
Payout ratio	32.3%	33.1%	37.7%	30.6%	28.6%	30.4%	34.5%	39.9%	39.0%	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	93
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	113	117
Inventory	36	91	85	101	99	102	103	193	220	172	159
Accounts receivable	41	105	88	106	108	112	113	149	168	163	168
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	18	54	61
Total current assets	96	220	197	230	228	237	245	372	409	393	392
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	518	505	509
Shareholders equity	95	100	108	125	145	167	183	207	230	254	279
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	279
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	165	158
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	225	199	188
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	518	505	509
Balance sheet and debt metrics											
Net debt	-10	66	40	43	30	46	18	60	74	23	1
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	172	171
Invested capital	85	170	157	173	181	221	212	275	312	285	288
Capital employed	104	188	168	188	194	233	227	293	322	331	342
ROE	14.0%	8.6%	0.1%	22.2%	21.5%	18.0%	21.1%	15.3%	15.8%	15.7%	15.1%
ROIC	16.2%	12.1%	10.5%	14.6%	16.5%	14.9%	13.9%	12.8%	11.8%	12.7%	13.9%
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	0.4	0.0
Interest coverage	19.7	3.3	1.5	4.8	21.1	25.3	16.5	19.9	22.5	24.6	26.0
Equity ratio	70.6%	33.2%	40.6%	40.7%	47.6%	49.0%	53.9%	43.8%	44.4%	50.3%	54.9%
Net gearing	n.a.	n.a.	n.a.	34.4%	20.7%	27.7%	10.0%	28.9%	32.4%	9.2%	0.3%

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	60	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	-31	31	2
Cash flow from operations (CFO)	11	13	16	21	29	36	35	-13	20	85	58
Capital expenditure	-8	-51	-4	-11	-10	-7	-9	-13	-19	-17	-18
Free cash flow before A&D	3	-38	13	11	19	29	26	-25	1	67	40
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	1	67	40
Free cash flow bef A&D, lease adj	3	-38	13	11	19	26	23	-28	-2	65	37
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	-8	36	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	7	7	7
Market cap.	142	220	222	271	239	316	422	483	476	476	476
Enterprise value	132	286	262	314	269	362	440	543	551	500	477
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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