Scanfil Oyj

Capital Goods
Finland

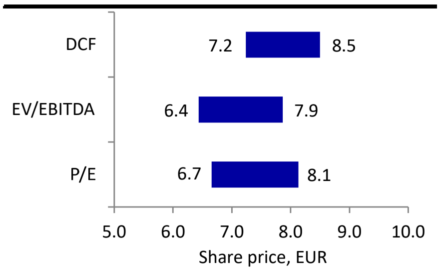
KEY DATA

Stock country	Finland
Bloomberg	SCANFL FH
Reuters	SCANFL.HE
Share price (close)	EUR 7.74
Free Float	25%
Market cap. (bn)	EUR 0.49/EUR 0.49
Website	www.scanfil.com/
Next report date	26 Apr 2023

PERFORMANCE

Scanfil Oyj
Finland OMX Helsinki All-Share (Rebased)
Source: Refinitiv

VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	5%	5%	6%
EBIT (adj)	5%	5%	4%

Source: Nordea estimates

Nordea IB & Equity - Analysts
Pasi Väisänen
Senior Analyst

Profitability should improve y/y in 2023

Net sales and operating profit came in above consensus (Refinitiv) for Q4, although Scanfil's customer segments developed unevenly. Revenue and EBIT are unlikely to improve remarkably y/y in 2023, but guidance was still slightly better than expected. We upgrade our net sales forecast by 5% for 2023. The DPS proposal was for EUR 0.21 (consensus: EUR 0.20). Christophe Sut will start as the new CEO on 1 September 2023, at the latest. 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).

Revenue growth was 25% y/y in Q4

Net sales of EUR 222m came in 2% above consensus (Refinitiv) for Q4, while operating profit of EUR 13.4m was 7% above. The Automation & Safety and Energy & Cleantech segments were positive surprises for the quarter. Weakness in Advanced Consumer Applications could be related to Chinese construction markets. The lower working capital requirement has improved cash flow. Scanfil foresees demand remaining strong in 2023, although the midpoint of the full-year guidance indicates only 1.6% y/y revenue growth and a EUR 6.6m improvement in EBIT. The main reason for this modest growth is improved component availability and declining prices.

Guidance midpoint indicates a 6.1% EBIT margin in 2023

The company's long-term operating profit margin target is 7%, but we do not expect Scanfil to achieve that in the near term. The average EBIT margin for its peer group is 6.1% for 2023E and Scanfil could achieve almost the same. However, the peer group's average sales growth is 7.8% for 2023E, which Scanfil might fall behind on. ~16% of employees are in China, but the focus might shift to other market areas in the future. Scanfil could even look at possibilities for an increased offering in North America if local companies move electronic assembly closer to their own end markets.

Valuation is about in line with the peer group

Return on invested capital was 15% in 2022 (peer group median: 16%). The company's 2023E-24E combined P/E, P/B and EV/EBITDA multiples are 4% on average above its peer group. For now, our fair value range remains EUR 6.8-8.2 per share. There is no reason for Scanfil to trade clearly below the sector's average valuation, even though the company's growth could lag that of its peers in the short term.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	580	595	696	844	862	896	931
EBITDA (adj)	53	55	56	63	71	74	77
EBIT (adj)	39	39	40	45	52	55	58
EBIT (adj) margin	6.7%	6.6%	5.8%	5.4%	6.0%	6.1%	6.2%
EPS (adj, EUR)	0.49	0.49	0.47	0.54	0.61	0.65	0.69
EPS (adj) growth	8.4%	0.0%	-3.8%	14.8%	11.5%	6.6%	6.0%
DPS (ord, EUR)	0.15	0.17	0.19	0.21	0.23	0.25	0.27
EV/Sales	0.6	0.7	0.8	0.6	0.6	0.6	0.6
EV/EBIT (adj)	9.3	11.3	13.5	11.3	10.7	9.7	8.9
P/E (adj)	9.9	13.2	15.7	12.1	12.8	12.0	11.3
P/BV	1.9	2.3	2.3	1.9	2.0	1.8	1.6
Dividend yield (ord)	3.1%	2.6%	2.5%	3.2%	3.0%	3.2%	3.5%
FCF Yield bef A&D, lease	8.2%	5.5%	-5.8%	-2.7%	8.9%	8.0%	6.6%
Net debt	46	18	60	86	55	30	13
Net debt/EBITDA	0.9	0.3	1.1	1.4	0.8	0.4	0.2
ROIC after tax	14.9%	13.9%	12.8%	11.8%	12.6%	13.4%	13.9%

Source: Company data and Nordea estimates

Quarterly estimates by segment

P&L (EURm, EPS IN EUR)	Q121	Q221	Q321	Q421	Q122	Q222	Q322	Q422	Q123E	Q223E	Q323E	Q423E
Advanced Consumer Applications												
Net sales (EURm)	42.9	53.4	55.4	52.9	55.0	68.7	67.8	56.3	56.1	61.8	61.7	55.8
Sales growth y/y (%)	38%	33%	44%	28%	28%	29%	22%	6%	2%	-10%	-9%	-1%
Automation & Safety												
Net sales (EURm)	34.5	36.8	32.5	41.1	42.6	45.6	44.2	51.4	49.8	48.8	47.7	50.3
Sales growth y/y (%)	-9%	1%	-4%	21%	23%	24%	36%	25%	17%	7%	8%	-2%
Connectivity												
Net sales (EURm)	8.1	7.3	7.3	10.4	10.8	9.1	7.8	10.8	9.9	8.9	7.9	10.2
Sales growth y/y (%)	9%	-5%	3%	60%	33%	25%	7%	4%	-8%	-2%	1%	-5%
Energy & Cleantech												
Net sales (EURm)	40.3	44.8	43.5	53.4	54.6	53.5	53.1	61.3	58.4	57.2	57.3	58.4
Sales growth y/y (%)	17%	33%	45%	43%	35%	19%	22%	15%	7%	7%	8%	-5%
Medtec & Life Science												
Net sales (EURm)	29.1	28.5	29.1	33.9	33.7	36.0	39.0	42.5	41.1	40.3	40.2	40.2
Sales growth y/y (%)	8%	12%	12%	15%	16%	26%	34%	25%	22%	12%	3%	-5%
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**	**Q422**	**Q123E**	**Q223E**	**Q323E**	**Q423E**
Group sales	**163.4**	**172.9**	**167.8**	**191.7**	**196.6**	**212.9**	**211.9**	**222.3**	**215.4**	**217.1**	**214.8**	**214.9**
Sales growth %	13.4%	11.1%	18.5%	24.4%	20.3%	23.1%	26.3%	16.0%	9.6%	2.0%	1.4%	-3.3%
Other operating income	0.3	0.1	0.4	0.3	0.2	0.3	0.3	0.2	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	-4.7	-4.7	-4.7	-4.7	-4.7
Reported EBIT	10.0	10.6	9.5	9.5	10.3	10.1	11.5	13.4	12.7	13.2	13.1	12.7
Reported EBIT margin	6.1%	6.1%	5.7%	5.0%	5.2%	4.7%	5.4%	6.0%	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**	**13.4**	**12.7**	**13.2**	**13.1**	**12.7**
Adj. EBIT margin	6.1%	6.1%	5.7%	5.3%	5.2%	4.7%	5.4%	6.0%	5.9%	6.1%	6.1%	5.9%
Net financials	-0.7	-0.1	-0.9	-0.2	-1.0	-0.3	-1.7	-0.7	-0.7	-0.7	-0.8	-0.8
Pre-tax profit	9.3	10.5	8.6	9.3	9.3	9.8	9.8	12.7	12.0	12.5	12.3	11.9
Income tax	-1.7	-1.8	-3.4	-0.9	-1.3	-2.7	-0.4	-2.2	-2.4	-2.5	-2.5	-2.4
Tax rate %	18%	17%	40%	10%	14%	28%	4%	17%	20%	20%	20%	20%
Reported net profit for the period	7.6	8.6	5.2	7.7	8.0	7.1	9.4	10.5	9.6	10.0	9.9	9.5
Adj net profit for the period	7.6	8.6	5.2	8.4	8.0	7.1	9.4	10.5	9.6	10.0	9.9	9.5
Reported EPS	0.12	0.13	0.08	0.13	0.12	0.11	0.15	0.16	0.15	0.15	0.15	0.15
Adj. EPS	**0.12**	**0.13**	**0.08**	**0.13**	**0.12**	**0.11**	**0.15**	**0.16**	**0.15**	**0.15**	**0.15**	**0.15**

Source: Company data and Nordea estimates

Annual estimates by segment

P&L (EURm, EPS IN EUR)

Segments	2016	2017	2018	2019	2020	2021	2022	2023E
Advanced Consumer Applications								
Net sales (EURm)					151.2	204.6	247.8	235.4
Sales growth y/y (%)						35%	21%	-5%
Automation & Safety								
Net sales (EURm)					142.2	144.9	183.8	196.7
Sales growth y/y (%)						2%	27%	7%
Connectivity								
Net sales (EURm)					28.7	33.1	38.5	37.0
Sales growth y/y (%)						15%	16%	-4%
Energy & Cleantech								
Net sales (EURm)					135.6	182.0	222.5	231.4
Sales growth y/y (%)						34%	22%	4%
Medtec & Life Science								
Net sales (EURm)					107.9	120.6	151.2	161.8
Sales growth y/y (%)						12%	25%	7%
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**	**2022**	**2023E**
Net sales	**508.0**	**529.8**	**563.0**	**579.5**	**595.4**	**695.7**	**843.8**	**862.2**
Sales growth %	34.6%	4.3%	6.3%	2.9%	2.7%	16.8%	21.3%	2.2%
Other operating income	1.0	2.7	0.4	1.0	12.5	1.1	1.0	0.8
Depreciation and amortisation	-8.8	-6.7	-7.5	-15.7	-14.1	-12.6	-14.8	-16.5
Reported EBIT	7.2	31.3	37.8	35.3	44.3	39.6	45.4	51.7
Reported EBIT margin	1.4%	5.9%	6.7%	6.1%	7.4%	5.7%	5.4%	6.0%
Group adj. EBIT	**22.3**	**31.3**	**37.8**	**38.9**	**39.1**	**40.3**	**45.4**	**51.7**
Adj. EBIT margin	4.4%	5.9%	6.7%	6.7%	6.6%	5.8%	5.4%	6.0%
Net financials	-1.2	1.3	-1.7	-1.3	-2.6	-1.9	-3.7	-3.0
Pre-tax profit	6.1	32.6	36.1	34.0	41.7	37.7	41.7	48.8
Income tax	-6.0	-6.8	-7.1	-5.9	-4.8	-7.9	-6.7	-9.8
Tax rate %	99%	21%	20%	17%	12%	21%	16%	20%
Reported net profit for the period	0.1	25.8	29.0	28.1	36.9	29.8	35.0	39.0
Adj net profit for the period	15.2	22.9	29.0	31.7	31.7	30.5	35.0	39.0
Reported EPS	0.00	0.40	0.45	0.44	0.57	0.46	0.54	0.61
Adj. EPS	**0.24**	**0.36**	**0.45**	**0.49**	**0.49**	**0.47**	**0.54**	**0.61**

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	11,767	13,022	14,324	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	10,430	11,502	16%	26%	9%	10%	4%	5%	5%	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	16,765	17,338	18,132	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	2,072	2,237	25%	22%	12%	8%	2%	3%	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	666	697	742	3%	10%	5%	6%	8%	7%	0%	8%
Valuetronics Holdings Ltd	250	234	263	281	-3%	-11%	0%	7%	9%	6%	6%	6%
Kitron ASA	371	619	661	722	-6%	76%	12%	9%	6%	7%	7%	8%
Lacroix Group SA	501	708	726	755	14%	40%	4%	4%	3%	3%	4%	4%
Hanza AB	245	319	342	370	17%	41%	13%	8%	5%	6%	6%	7%
Group median					**10.3%**	**20.4%**	**5.6%**	**6.6%**	**5.0%**	**5.2%**	**5.2%**	**5.7%**
Scanfil (Nordea)	696	844	862	896	16.8%	21.3%	2.2%	3.9%	5.8%	5.4%	6.0%	6.1%
diff. from median (pp)					**6.6**	**0.9**	**-3.4**	**-2.8**	**0.8**	**0.2**	**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	1.0	0.9	0.8
Delta Electronics Inc	26.8	22.8	20.3	17.8	15.3	13.2	11.7	10.3	4.7	4.2	3.8	3.4
Pegatron Corp	9.1	11.3	10.3	9.4	6.8	5.2	5.3	5.2	1.0	1.0	0.9	0.9
Venture Corporation Ltd	17.1	14.4	14.0	13.3	11.7	9.7	9.4	8.9	2.0	1.9	1.8	1.7
Universal Scientific Industrial	19.3	12.0	11.8	10.2	11.7	8.9	8.5	7.7	2.8	2.3	2.0	1.7
Jabil Inc	13.5	8.7	10.0	9.3	5.2	4.2	4.8	4.8	6.3	4.4	3.9	3.0
Compal Electronics Inc	8.5	12.5	12.4	12.0	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	6.2	5.8	5.5	0.8	0.8	0.7	0.7
Inventec Corp	13.8	15.3	14.2	13.4	14.8	13.5	12.4	11.7	1.8	1.6	1.6	1.6
Micro-Star International Co Ltd	8.1	10.4	11.1	9.4	5.4	7.6	7.6	6.6	2.6	2.3	2.1	1.9
Plexus Corp	19.1	18.0	18.0	15.0	10.6	10.8	10.5	9.5	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	9.9	8.8	5.4	5.1	5.4	5.1	1.3	1.4	n.a.	n.a.
Incap Oyj	21.8	21.2	18.5	17.0	15.7	14.6	13.1	12.4	9.9	7.2	5.4	4.3
Celestica Inc	13.6	9.6	6.5	6.0	6.0	4.3	4.2	4.0	1.2	0.8	n.a.	n.a.
SIIX Corp	14.7	12.8	8.9	7.8	9.9	6.5	6.6	6.2	1.2	1.0	0.9	0.8
Fabrinet	24.1	15.5	16.0	14.5	16.0	10.6	12.1	11.3	4.1	3.5	3.0	2.6
Sercomm Corp	22.9	11.3	9.6	8.6	11.5	8.0	6.9	6.4	2.6	2.2	1.8	1.1
TT Electronics	35.6	11.0	9.5	8.4	9.9	8.1	7.1	6.6	1.0	0.9	0.9	0.8
Alpha Networks Inc	42.0	15.0	12.4	11.4	14.4	8.9	8.3	8.0	1.7	1.7	1.6	n.a.
Ducommun Inc	4.2	21.5	18.6	14.2	9.8	9.7	8.5	7.5	1.9	1.3	1.1	1.1
Valuetronics Holdings Ltd	8.1	11.9	11.8	11.2	1.5	2.2	1.3	1.3	1.1	1.0	n.a.	n.a.
Kitron ASA	28.1	20.0	17.6	16.0	15.1	0.0	0.0	0.0	5.6	4.2	3.7	3.2
Lacroix Group SA	9.6	12.3	9.0	7.7	10.2	n.a.	n.a.	n.a.	1.0	n.a.	n.a.	n.a.
Hanza AB	n.a.	15.5	18.4	16.3	12.7	8.1	9.0	7.9	4.3	3.3	2.7	2.4
Group median	**14.2**	**12.5**	**12.1**	**10.7**	**10.2**	**8.1**	**7.6**	**6.6**	**1.9**	**1.8**	**1.8**	**1.7**
Scanfil (Nordea)	15.7	12.1	12.6	11.8	9.7	8.1	7.6	6.7	2.3	1.9	1.9	1.7
diff. from average	10%	-3%	4%	11%	-4%	1%	0%	2%	20%	6%	7%	-1%

Source: Refinitiv and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	**377**	**508**	**530**	**563**	**580**	**595**	**696**	**844**	**862**	**896**	**931**
Revenue growth	75.9%	34.6%	4.3%	6.3%	2.9%	2.7%	16.8%	21.3%	2.2%	3.9%	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	27	18	40	47	53	60	55	63	71	74	77
Depreciation and impairments PPE	-8	-9	-7	-8	-16	-14	-13	-15	-16	-17	-17
of which leased assets	0	0	0	0	-3	-3	-3	-3	-3	-3	-3
EBITA	19	9	33	40	37	46	42	48	54	57	59
Amortisation and impairments	-5	-2	-2	-2	-2	-2	-3	-3	-2	-2	-2
EBIT	14	7	31	38	35	44	40	45	52	55	58
of which associates	-1	0	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	-1	-1	1	-2	-1	-3	-2	-4	-3	-3	-3
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	**14**	**6**	**33**	**36**	**34**	**42**	**38**	**42**	**49**	**52**	**55**
Reported taxes	-5	-6	-7	-7	-6	-5	-8	-7	-10	-10	-11
Net profit from continued operations	8	0	26	29	28	37	30	35	39	42	44
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	8	0	26	29	28	37	30	35	39	42	44
EPS, EUR	**0.15**	**0.00**	**0.40**	**0.45**	**0.44**	**0.57**	**0.46**	**0.54**	**0.61**	**0.65**	**0.69**
DPS, EUR	0.08	0.09	0.11	0.13	0.15	0.17	0.19	0.21	0.23	0.25	0.27
of which ordinary	0.08	0.09	0.11	0.13	0.15	0.17	0.19	0.21	0.23	0.25	0.27
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	7.2%	3.6%	7.6%	8.4%	9.1%	10.1%	7.9%	7.4%	8.2%	8.2%	8.3%
EBITA	5.1%	1.8%	6.3%	7.1%	6.4%	7.8%	6.1%	5.7%	6.3%	6.3%	6.4%
EBIT	3.8%	1.4%	5.9%	6.7%	6.1%	7.4%	5.7%	5.4%	6.0%	6.1%	6.2%
Adjusted earnings											
EBITDA (adj)	33	33	40	47	53	55	56	63	71	74	77
EBITA (adj)	25	24	33	40	37	41	43	48	54	57	59
EBIT (adj)	20	22	31	38	39	39	40	45	52	55	58
EPS (adj, EUR)	0.24	0.24	0.36	0.45	0.49	0.49	0.47	0.54	0.61	0.65	0.69
Adjusted profit margins in percent											
EBITDA (adj)	8.7%	6.6%	7.6%	8.4%	9.1%	9.3%	8.0%	7.4%	8.2%	8.2%	8.3%
EBITA (adj)	6.6%	4.8%	6.3%	7.1%	6.4%	6.9%	6.2%	5.7%	6.3%	6.3%	6.4%
EBIT (adj)	5.3%	4.4%	5.9%	6.7%	6.7%	6.6%	5.8%	5.4%	6.0%	6.1%	6.2%
Performance metrics											
CAGR last 5 years											
Net revenue	11.5%	19.2%	24.0%	24.5%	22.0%	9.6%	6.5%	9.8%	8.9%	9.1%	9.3%
EBITDA	7.0%	-4.8%	14.2%	16.3%	16.4%	17.3%	24.8%	9.4%	8.3%	6.8%	4.9%
EBIT	0.0%	-4.5%	31.0%	26.1%	16.8%	25.2%	40.5%	7.7%	6.5%	9.1%	5.4%
EPS	-5.1%	-58.0%	32.7%	26.1%	15.5%	31.7%	217.8%	6.1%	5.9%	8.2%	3.6%
DPS	-7.8%	8.4%	22.4%	21.1%	16.5%	16.3%	16.1%	13.8%	12.1%	10.8%	9.7%
Average last 5 years											
Average EBIT margin	5.1%	3.9%	4.5%	4.9%	4.9%	5.6%	6.4%	6.2%	6.0%	6.1%	5.9%
Average EBITDA margin	10.1%	7.7%	7.3%	7.2%	7.3%	7.9%	8.6%	8.5%	8.4%	8.3%	8.0%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E (adj)	15.7	14.6	11.8	8.2	9.9	13.2	15.7	12.1	12.8	12.0	11.3
EV/EBITDA (adj)	8.7	7.9	7.8	5.7	6.8	8.0	9.7	8.1	7.9	7.2	6.7
EV/EBITA (adj)	11.6	10.7	9.4	6.8	9.7	10.7	12.6	10.7	10.3	9.4	8.6
EV/EBIT (adj)	13.6	11.7	10.0	7.1	9.3	11.3	13.5	11.3	10.7	9.7	8.9

VALUATION RATIOS - REPORTED EARNINGS

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E	26.3	n.m.	10.5	8.2	11.2	11.4	16.1	12.1	12.8	12.0	11.3
EV/Sales	0.76	0.52	0.59	0.48	0.63	0.74	0.78	0.61	0.64	0.59	0.55
EV/EBITDA	10.1	14.4	7.8	5.7	6.8	7.3	9.9	8.1	7.9	7.2	6.7
EV/EBITA	14.2	28.0	9.4	6.8	9.7	9.5	12.8	10.7	10.3	9.4	8.6
EV/EBIT	18.5	36.2	10.0	7.1	10.3	9.9	13.7	11.3	10.7	9.7	8.9
Dividend yield (ord.)	2.1%	2.6%	2.6%	3.5%	3.1%	2.6%	2.5%	3.2%	3.0%	3.2%	3.5%
FCF yield	-17.3%	5.8%	3.9%	8.1%	5.8%	9.3%	-5.2%	-2.1%	9.4%	8.6%	7.1%
FCF Yield bef A&D, lease adj	-17.3%	5.8%	3.9%	8.1%	8.2%	5.5%	-5.8%	-2.7%	8.9%	8.0%	6.6%
Payout ratio	33.1%	37.7%	30.6%	28.6%	30.4%	34.5%	40.1%	38.6%	37.9%	38.6%	39.4%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Intangible assets	29	27	25	22	25	23	21	19	16	14	13
of which R&D	n.a.	n.a.	n.a.	0	0	0	0	0	0	0	0
of which other intangibles	18	16	15	12	17	14	13	11	9	7	5
of which goodwill	11	11	10	10	8	8	8	8	8	8	8
Tangible assets	48	41	48	49	72	65	72	80	84	89	94
of which leased assets	0	0	0	0	21	18	22	24	24	24	24
Shares associates	n.a.	n.a.	n.a.	0	1	1	1	1	1	1	1
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	3	2	4	4	6	7	9	8	8	8	8
Other non-IB non-current assets	n.a.	n.a.	0	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	80	70	77	76	103	95	102	107	109	111	114
Inventory	91	85	101	99	102	103	193	229	207	188	195
Accounts receivable	105	88	106	108	112	113	149	165	168	175	182
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	2	4	2	2	3	2	4	4	4	4	5
Cash and bank	22	20	21	19	20	26	25	21	37	42	43
Total current assets	220	197	230	228	237	245	372	419	416	409	425
Assets held for sale	1	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	**302**	**267**	**307**	**304**	**340**	**339**	**474**	**526**	**525**	**520**	**540**
Shareholders equity	100	108	125	145	167	183	207	227	252	279	307
Of which preferred stocks	n.a.	n.a.	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	n.a.	n.a.	0	0	0	0	0	0	0	0	0
Minority interest	n.a.	n.a.	0	0	0	0	0	0	0	0	0
Total Equity	n.a.	n.a.	125	145	167	183	207	227	252	279	307
Deferred tax	3	3	5	6	7	6	5	5	5	5	5
Long term interest bearing debt	50	38	27	17	25	18	42	36	31	21	16
Pension provisions	n.a.	n.a.	0	0	0	0	0	0	0	0	0
Other long-term provisions	1	0	0	0	0	0	0	1	1	1	1
Other long-term liabilities	0	0	0	0	0	0	0	0	0	0	0
Non-current lease debt	0	0	0	0	19	16	20	20	20	20	20
Convertible debt	n.a.	n.a.	0	0	0	0	0	0	0	0	0
Shareholder debt	n.a.	n.a.	0	0	0	0	0	0	0	0	0
Hybrid debt	n.a.	n.a.	0	0	0	0	0	0	0	0	0
Total non-current liabilities	55	41	33	23	51	40	67	62	57	47	42
Short-term provisions	0	5	0	0	0	4	2	0	0	0	0
Accounts payable	108	90	113	104	96	100	172	184	172	161	168
Current lease debt	0	0	0	0	4	4	3	4	4	4	4
Other current liabilities	n.a.	n.a.	n.a.	0	3	2	1	3	3	3	3
Short term interest bearing debt	38	22	36	33	20	6	20	46	36	26	16
Total current liabilities	146	117	149	136	122	116	199	237	216	195	191
Liabilities for assets held for sale	1	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**302**	**267**	**307**	**304**	**340**	**339**	**473**	**526**	**525**	**520**	**540**
Balance sheet and debt metrics											
Net debt	66	40	43	30	46	18	60	86	55	30	13
of which lease debt	0	0	0	0	22	20	23	25	25	25	25
Working capital	90	87	96	105	118	117	173	211	204	203	211
Invested capital	170	157	173	181	221	212	275	318	313	314	325
Capital employed	188	168	188	194	233	227	293	333	343	350	363
ROE	8.6%	0.1%	22.2%	21.5%	18.0%	21.1%	15.3%	16.1%	16.3%	15.7%	15.1%
ROIC	12.1%	10.5%	14.6%	16.5%	14.9%	13.9%	12.8%	11.8%	12.6%	13.4%	13.9%
ROCE	17.3%	18.9%	23.1%	19.8%	18.3%	17.0%	15.6%	14.5%	15.3%	15.8%	16.2%
Net debt/EBITDA	2.4	2.2	1.1	0.6	0.9	0.3	1.1	1.4	0.8	0.4	0.2
Interest coverage	3.3	1.5	4.8	21.1	25.3	16.5	19.9	12.0	17.0	17.9	19.0
Equity ratio	33.2%	40.6%	40.7%	47.6%	49.0%	53.9%	43.8%	43.1%	48.0%	53.6%	56.8%
Net gearing	n.a.	n.a.	34.4%	20.7%	27.7%	10.0%	28.9%	37.7%	21.7%	10.6%	4.2%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT											
EURm	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**	**2025E**
EBITDA (adj) for associates	**28**	**18**	**40**	**47**	**53**	**60**	**55**	**63**	**71**	**74**	**77**
Paid taxes	-4	-5	-8	-7	-8	-7	-11	-4	-10	-10	-11
Net financials	-2	-2	-2	-2	-2	-2	-1	-2	-3	-3	-3
Change in provisions	1	4	-5	0	0	4	-3	0	0	0	0
Change in other LT non-IB	-2	1	-2	0	-1	-1	-2	1	0	0	0
Cash flow to/from associates	n.a.	n.a.	n.a.	0	0	0	0	0	0	0	0
Dividends paid to minorities	n.a.	n.a.	n.a.	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	-1	7	4	0	2	-11	2	-3	0	0	0
Funds from operations (FFO)	**21**	**23**	**27**	**39**	**44**	**43**	**40**	**53**	**58**	**61**	**63**
Change in NWC	-8	-6	-6	-10	-8	-8	-53	-43	7	1	-8
Cash flow from operations (CFO)	**13**	**16**	**21**	**29**	**36**	**35**	**-13**	**10**	**65**	**62**	**55**
Capital expenditure	-51	-4	-11	-10	-7	-9	-13	-19	-18	-19	-20
Free cash flow before A&D	**-38**	**13**	**11**	**19**	**29**	**26**	**-25**	**-9**	**47**	**43**	**36**
Proceeds from sale of assets	n.a.	n.a.	0	0	0	13	0	0	0	0	0
Acquisitions	n.a.	n.a.	0	0	-10	0	0	0	0	0	0
Free cash flow	-38	13	11	19	18	39	-25	-9	47	43	36
Free cash flow bef A&D, lease adj	-38	13	11	19	26	23	-28	-12	44	40	33
Dividends paid	n.a.	n.a.	-6	-7	-8	-10	-11	-12	-14	-15	-16
Equity issues / buybacks	n.a.	n.a.	0	0	0	0	0	0	0	0	0
Net change in debt	44	-26	-4	-14	-43	-21	39	20	-15	-20	-15
Other financing adjustments	n.a.	n.a.	n.a.	0	0	0	0	0	-3	-3	-3
Other non-cash adjustments	1	-1	-1	0	34	-3	-4	-3	0	0	0
Change in cash	3	-2	0	-1	1	5	-1	-5	16	5	2
Cash flow metrics											
Capex/D&A	n.m.	32.3%	n.m.	n.m.	41.2%	58.4%	83.8%	n.m.	96.3%	99.0%	n.m.
Capex/Sales	13.5%	0.7%	2.0%	1.7%	1.3%	1.6%	1.9%	2.3%	2.1%	2.1%	2.1%
Key information											
Share price year end (/current)	4	3	4	4	5	7	7	7	8	8	8
Market cap.	220	222	271	239	316	422	483	426	501	501	501
Enterprise value	286	262	314	269	362	440	543	511	556	530	514
Diluted no. of shares, year-end (m)	57.7	63.7	63.8	63.8	64.7	64.7	64.7	64.7	64.7	64.7	64.7

Source: Company data and Nordea estimates

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