

26 April 2023

Commissioned research: Scanfil – Outlook looks strong for 2023

Marketing material commissioned by Scanfil Oyj

Scanfil reported 1% above our net sales forecast in Q1. Operating profit was even 10% above our estimates in Q1. Capacity utilization ratios have been in a good level in Q1. Guidance was same as published on 12 April 2023. Full year 2023 revenue guidance midpoint indicates 8% y/y revenue growth in 2023. Operating profit guidance midpoint gives 6.6% EBIT margin for 2023 (consensus 6.4%). The main reason for a good development has been European energy efficiency and the green transition customer segments. The company will also get more capacity online in Atlanta and in Sieradz sites in Q3 2023. Overall, operating profit margin improvement seen in Q1 2023 looks sustainable.

Net sales and EBIT were above market consensus (Refinitiv) in Q1

- Revenue growth was 14% in Q1 y/y.
- Operating profit margin was 6.7% (consensus 6.3%) in Q1.
- Advanced Consumer Application segment's net sales was 9% below our forecast in Q1. One explanation could be volumes in China and Kone we believe.
- Energy & Cleantech segment's revenue were 11% above our expectations in Q1. The segment includes customers like Nibe, Danfoss, ABB and Tomra.
- Automation & Safety segment reported about in-line with our expectations.
- Medtec & Life Science segment's net sales was a bit surprisingly 8% below our expectations in Q1.
- Reported EPS was EUR 0.18 (Refinitiv consensus EUR 0.15).
- Net cash flow from operations was EUR -1m in Q1 (EUR -14m).

Full year 2023 guidance

- Revenue is guided to be EUR 880-940m (unchanged).
- Consensus (Refinitiv) for net sales in 2023 has been EUR 890m.
- Operating profit is guided to be EUR 56-64m (unchanged).
- Consensus for 2023 EBIT has been EUR 57m.

SCANFIL: DEVIATION TABLE

| | Actual | NDA est. | Deviation | | Consensus | Deviation | | Actual | Actual | | |
|------------------|---------|----------|------------|-----|-----------|------------|-----|---------|--------|---------|-------|
| EURm | Q1 2023 | Q1 2023 | vs. actual | | Q1 2023 | vs. actual | | Q4 2022 | q/q | Q1 2022 | y/y |
| Sales | 225 | 222 | 2 | 1% | 210 | 14 | 7% | 222 | 1% | 197 | 14% |
| Adj. EBIT | 15.1 | 13.8 | 1.3 | 10% | 13.2 | 2.0 | 15% | 13.4 | 13% | 10.3 | 47% |
| Adj. EBIT margin | 6.7% | 6.2% | 0.5pp | | 6.3% | 0.5pp | | 6.0% | 0.7pp | 5.2% | 1.5pp |
| Adj. EPS | 0.18 | 0.16 | 0.02 | 11% | 0.15 | 0.03 | 20% | 0.16 | 11% | 0.12 | 46% |

Source: Company data, Refinitiv and Nordea estimates

SUMMARY TABLE - KEY FIGURES

| EURm | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|------------------------------|-------|-------|-------|-------|-------|-------|
| Total revenue | 595 | 696 | 844 | 909 | 944 | 981 |
| EBITDA (adj) | 55 | 56 | 63 | 76 | 79 | 82 |
| EBIT (adj) | 39 | 40 | 45 | 58 | 60 | 63 |
| EBIT (adj) margin | 6.6% | 5.8% | 5.4% | 6.3% | 6.4% | 6.4% |
| EPS (adj, EUR) | 0.49 | 0.47 | 0.54 | 0.68 | 0.71 | 0.75 |
| EPS (adj) growth | 0.0% | -3.8% | 14.8% | 25.1% | 4.8% | 5.0% |
| DPS (ord, EUR) | 0.17 | 0.19 | 0.21 | 0.23 | 0.25 | 0.27 |
| EV/Sales | 0.7 | 0.8 | 0.6 | 0.7 | 0.7 | 0.6 |
| EV/EBIT (adj) | 11.3 | 13.5 | 11.3 | 11.7 | 10.8 | 10.0 |
| P/E (adj) | 13.2 | 15.7 | 12.1 | 13.9 | 13.2 | 12.6 |
| P/BV | 2.3 | 2.3 | 1.9 | 2.4 | 2.1 | 1.9 |
| Dividend yield (ord) | 2.6% | 2.5% | 3.2% | 2.4% | 2.6% | 2.9% |
| FCF Yield bef A&D, lease adj | 5.5% | -5.8% | -2.7% | 5.9% | 6.9% | 5.6% |
| Net debt | 18 | 60 | 86 | 63 | 35 | 17 |
| Net debt/EBITDA | 0.3 | 1.1 | 1.4 | 0.8 | 0.4 | 0.2 |
| ROIC after tax | 13.9% | 12.8% | 11.8% | 13.8% | 14.1% | 14.4% |

Source: Company data and Nordea estimates

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