

Scanfil Oyj

Capital Goods
Finland

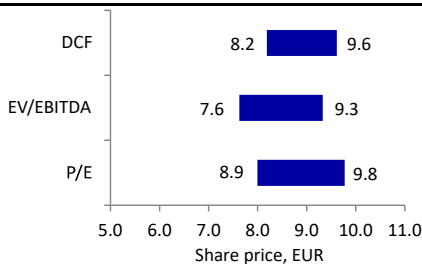
KEY DATA

Stock country	Finland
Bloomberg	SCANFL.FH
Reuters	SCANFL.HE
Share price (close)	EUR 9.67
Free Float	25%
Market cap. (bn)	EUR 0.62/EUR 0.62
Website	www.scanfil.com/
Next report date	04 Aug 2023

PERFORMANCE



VALUATION APPROACH (EUR/SHARE)



Source: Nordea estimates

ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	1%	2%	2%
EBIT (adj)	6%	6%	5%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Pasi Väisänen
Senior Analyst

Customer demand has continued to strengthen

Scanfil reported a very good Q1, and the outlook has improved for the remainder of this year. Positive developments look sustainable, which is why we upgrade our 2023 estimates by 1% for net sales and 6% for EBIT. Our raised fair value range for Scanfil is EUR 7.9-9.6 (7.4-9.0), based on three equally weighted valuation approaches (DCF, EV/EBITDA and P/E). Our valuation range indicates a P/E midpoint of 12.1x for 2023, which is nearly in line with the peer group average of 12.3x.

Revenue growth was 14% y/y in Q1

Net sales of EUR 225m were 7% above Refinitiv consensus for Q1 2023, while operating profit of EUR 15.1m was 15% above. Weakness in Advanced Consumer Applications in Q1 could be related to Chinese construction markets. On the other hand, Energy & Cleantech segment revenue was 11% above our expectation. The good start to the year at the group level is due to improved component availability and an easing-off in delivery volumes of products to customers. Capacity utilisation ratios were at a good level in Q1. Revenue growth was over 20% y/y, excluding pass-through billing from spot purchases. Falling pass-through sales have also improved relative profitability. The EBIT margin was 6.7% (5.3% a year ago), but net cash flow from operations was still negative in Q1, by EUR 1m.

Strong outlook for the full year

Customer demand has continued to strengthen and new investments support growth expectations. The 2023 revenue guidance midpoint signals 8% y/y revenue growth for 2023. The operating profit guidance midpoint yields a 6.6% EBIT margin for 2023 (consensus: 6.4%). We believe that products like heat pumps, drivers for electric motors and bottle reverse vending machines have been growing especially well within Scanfil's portfolio. We estimate that the operating profit margin will stay close to 7% in 2023. Scanfil will concentrate on net working capital and inventory management this year to improve cash flow. However, it is a manufacturing partner, meaning that it offers flexibility to customers when the end demand varies. Changes in visibility can therefore be fast and unexpected.

Valuation slightly over the peer group

Positive momentum in revenue growth and the operating profit margin is visible in the share price. The company's 2023E combined P/E and EV/EBITDA multiples are now above its peer group by 9%, on average. Our fair value range of EUR 7.9-9.6 points to a 2023E P/E of 10.8-13.2x.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	580	595	696	844	921	962	997
EBITDA (adj)	53	55	56	63	80	82	85
EBIT (adj)	39	39	40	45	61	63	66
EBIT (adj) margin	6.7%	6.6%	5.8%	5.4%	6.7%	6.6%	6.6%
EPS (adj, EUR)	0.49	0.49	0.47	0.54	0.73	0.76	0.79
EPS (adj) growth	8.4%	0.0%	-3.8%	14.8%	33.8%	4.3%	3.8%
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	0.7	0.7	0.6
EV/EBIT (adj)	9.3	11.3	13.5	11.3	11.1	10.2	9.5
P/E (adj)	9.9	13.2	15.7	12.1	13.3	12.7	12.3
P/BV	1.9	2.3	2.3	1.9	2.4	2.1	1.9
Dividend yield (ord)	3.1%	2.6%	2.5%	3.2%	2.4%	2.6%	2.8%
FCF Yield bef A&D, lease	8.2%	5.5%	-5.8%	-2.7%	7.6%	6.9%	6.8%
Net debt	46	18	60	86	52	23	-3
Net debt/EBITDA	0.9	0.3	1.1	1.4	0.6	0.3	0.0
ROIC after tax	14.9%	13.9%	12.8%	11.8%	14.8%	15.3%	15.5%

Source: Company data and Nordea estimates

Quarterly estimates by segment

P&L (EURm; EPS IN EUR)

	Q121	Q221	Q321	Q421	Q122	Q222	Q322	Q422	Q123	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	51.3	56.3	59.7	60.7
Sales growth y/y (%)	38%	33%	44%	28%	28%	29%	22%	6%	-7%	-18%	-12%	8%
Automation & Safety												
Net sales (EURm)	34.5	36.8	32.5	41.1	42.6	45.6	44.2	51.4	52.5	53.8	53.0	55.7
Sales growth y/y (%)	-9%	1%	-4%	21%	23%	24%	36%	25%	23%	18%	20%	8%
Connectivity												
Net sales (EURm)	8.1	7.3	7.3	10.4	10.8	9.1	7.8	10.8	13.2	11.1	9.2	11.9
Sales growth y/y (%)	9%	-5%	3%	60%	33%	25%	7%	4%	22%	22%	18%	10%
Energy & Cleantech												
Net sales (EURm)	40.3	44.8	43.5	53.4	54.6	53.5	53.1	61.3	67.5	66.3	66.4	69.0
Sales growth y/y (%)	17%	33%	45%	43%	35%	19%	22%	15%	24%	24%	25%	13%
Medtec & Life Science												
Net sales (EURm)	29.1	28.5	29.1	33.9	33.7	36.0	39.0	42.5	40.0	39.6	41.3	42.4
Sales growth y/y (%)	8%	12%	12%	15%	16%	26%	34%	25%	19%	10%	6%	0%
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.
Group summary												
	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	224.6	227.2	229.6	239.7
Sales growth %	13.4%	11.1%	18.5%	24.4%	20.3%	23.1%	26.3%	16.0%	14.2%	6.7%	8.4%	7.8%
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	15.1	15.0	14.9	16.2
Reported EBIT margin	6.1%	6.1%	5.7%	5.0%	5.2%	4.7%	5.4%	6.0%	6.7%	6.6%	6.5%	6.8%
Group adj. EBIT	10.0	10.6	9.5	10.2	10.3	10.1	11.5	13.4	15.1	15.0	14.9	16.2
Adj. EBIT margin	6.1%	6.1%	5.7%	5.3%	5.2%	4.7%	5.4%	6.0%	6.7%	6.6%	6.5%	6.8%
Net financials	-0.7	-0.1	-0.9	-0.2	-1.0	-0.3	-1.7	-0.7	-0.6	-0.7	-0.8	-0.7
Pre-tax profit	9.3	10.5	8.6	9.3	9.3	9.8	9.8	12.7	14.5	14.3	14.2	15.5
Income tax	-1.7	-1.8	-3.4	-0.9	-1.3	-2.7	-0.4	-2.2	-2.8	-2.9	-2.8	-3.1
Tax rate %	18%	17%	40%	10%	14%	28%	4%	17%	19%	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	11.7	11.4	11.3	12.4
Adj net profit for the period	7.6	8.6	5.2	8.4	8.0	7.1	9.4	10.5	11.7	11.4	11.3	12.4
Reported EPS	0.12	0.13	0.08	0.13	0.12	0.11	0.15	0.16	0.18	0.18	0.18	0.19
Adj. EPS	0.12	0.13	0.08	0.13	0.12	0.11	0.15	0.16	0.18	0.18	0.18	0.19

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	228.0
Sales growth y/y (%)						35%	21%	-8%
Automation & Safety								
Net sales (EURm)					142.2	144.9	183.8	215.0
Sales growth y/y (%)						2%	27%	17%
Connectivity								
Net sales (EURm)					28.7	33.1	38.5	45.4
Sales growth y/y (%)						15%	16%	18%
Energy & Cleantech								
Net sales (EURm)					135.6	182.0	222.5	269.2
Sales growth y/y (%)						34%	22%	21%
Medtec & Life Science								
Net sales (EURm)					107.9	120.6	151.2	163.3
Sales growth y/y (%)						12%	25%	8%
Discontinued								
Net sales (EURm)					29.9	10.5	0.0	0.0
Sales growth y/y (%)						-65%	n.a.	n.a.
Group								
Net sales	508.0	529.8	563.0	579.5	595.4	695.7	843.8	921.0
Sales growth %	34.6%	4.3%	6.3%	2.9%	2.7%	16.8%	21.3%	9.1%
Other operating income	1.0	2.7	0.4	1.0	12.5	1.1	1.0	0.4
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	61.2
Reported EBIT margin	1.4%	5.9%	6.7%	6.1%	7.4%	5.7%	5.4%	6.7%
Group adj. EBIT	22.3	31.3	37.8	38.9	39.1	40.3	45.4	61.2
Adj. EBIT margin	4.4%	5.9%	6.7%	6.7%	6.6%	5.8%	5.4%	6.7%
Net financials	-1.2	1.3	-1.7	-1.3	-2.6	-1.9	-3.7	-2.8
Pre-tax profit	6.1	32.6	36.1	34.0	41.7	37.7	41.7	58.4
Income tax	-6.0	-6.8	-7.1	-5.9	-4.8	-7.9	-6.7	-11.6
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	46.8
Adj net profit for the period	15.2	22.9	29.0	31.7	31.7	30.5	35.0	46.8
Reported EPS	0.00	0.40	0.45	0.44	0.57	0.46	0.54	0.73
Adj. EPS	0.24	0.36	0.45	0.49	0.49	0.47	0.54	0.73

Source: Company data and Nordea estimates

Peer group

EMS PEER GROUP: FINANCIALS

	SALES (EURm)				GROWTH				EBIT MARGIN			
	2021	2022	2023E	2024E	2021	2022	2023E	2024E	2021	2022	2023E	2024E
Hon Hai Precision Industry Co Ltd	190,273	202,514	201,531	211,600	12%	11%	2%	5%	2%	3%	3%	3%
Delta Electronics Inc	9,989	11,748	12,660	14,130	11%	22%	12%	12%	10%	11%	11%	12%
Pegatron Corp	40,040	40,264	40,228	41,212	-10%	4%	0%	2%	1%	2%	2%	2%
Venture Corporation Ltd	2,026	2,695	2,630	2,775	3%	24%	3%	6%	11%	12%	11%	11%
Universal Scientific Industrial	7,658	9,282	9,408	10,388	16%	24%	2%	10%	4%	5%	4%	4%
Jabil Inc	24,803	33,288	32,381	33,296	7%	14%	5%	3%	4%	5%	5%	5%
Compal Electronics Inc	39,224	32,797	30,386	31,430	18%	-13%	-8%	3%	1%	1%	1%	1%
Foxconn Interconnect Technology	3,950	4,233	4,245	4,582	4%	1%	3%	8%	3%	4%	6%	6%
Inventec Corp	16,498	16,555	17,163	18,048	2%	4%	3%	5%	1%	1%	1%	1%
Micro-Star International Co Ltd	6,406	5,513	5,562	6,066	38%	-11%	3%	9%	10%	7%	6%	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%	11%	n.a.	n.a.
Sanmina Corp	5,828	8,052	8,478	8,740	-3%	17%	18%	3%	5%	5%	6%	0%
Incap Oyj	170	264	237	266	59%	55%	-12%	12%	15%	15%	13%	14%
Celestica Inc	4,957	6,774	6,995	7,334	-2%	29%	6%	5%	4%	5%	5%	5%
SIIX Corp	1,734	1,974	2,024	2,168	25%	22%	14%	7%	2%	3%	0%	0%
Fabrinet	1,575	2,143	2,457	2,645	14%	20%	20%	8%	9%	10%	11%	11%
Sercomm Corp	1,393	1,973	2,160	2,257	22%	47%	9%	5%	2%	4%	4%	5%
TT Electronics	567	697	710	714	10%	30%	6%	1%	7%	7%	8%	9%
Alpha Networks Inc	884	1,028	1,069	1,132	-13%	21%	3%	6%	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	644	704	-6%	75%	15%	9%	6%	7%	8%	8%
Lacroix Group SA	501	708	761	793	14%	41%	7%	4%	3%	3%	4%	4%
Hanza AB	245	319	347	377	17%	41%	16%	9%	5%	6%	6%	7%
Group median					10.3%	20.7%	5.1%	6.1%	5.0%	5.2%	5.4%	5.7%
Scanfil (Nordea)	696	844	921	962	16.8%	21.3%	9.1%	4.4%	5.8%	5.4%	6.7%	6.6%
diff. from median (pp)					6.6	0.6	4.0	-1.7	0.8	0.2	1.2	0.9

Source: Refinitiv and Nordea estimates

EMS PEER GROUP: VALUATION

	P/E				EV/EBITDA				P/B			
	2021	2022	2023E	2024E	2021	2022	2023E	2024E	2021	2022	2023E	2024E
Hon Hai Precision Industry Co Ltd	10.5	9.9	9.5	8.5	6.5	6.0	5.6	5.0	1.0	0.9	0.9	0.8
Delta Electronics Inc	26.8	22.9	20.4	17.7	15.3	12.7	11.6	10.2	4.7	4.2	3.9	3.5
Pegatron Corp	8.9	11.2	10.6	9.8	6.7	5.7	6.1	5.7	1.1	1.0	1.0	0.9
Venture Corporation Ltd	17.1	13.5	13.6	13.0	11.7	8.9	8.9	8.4	1.9	1.7	1.7	1.6
Universal Scientific Industrial	19.3	12.0	11.3	9.6	11.7	8.4	7.1	6.2	2.5	2.0	1.8	1.6
Jabil Inc	13.5	8.7	9.0	8.4	5.2	4.2	4.4	4.3	5.6	4.0	3.5	2.7
Compal Electronics Inc	8.5	13.9	13.1	11.8	9.2	8.8	8.7	8.0	0.9	0.9	0.9	0.9
Foxconn Interconnect Technology	9.8	11.0	7.6	7.2	4.5	3.7	3.0	2.6	0.6	0.5	0.5	0.5
Inventec Corp	13.8	15.5	17.0	15.7	14.8	12.4	12.1	11.0	2.2	2.0	1.9	1.9
Micro-Star International Co Ltd	8.1	10.3	12.4	10.4	5.4	6.1	7.1	6.1	2.7	2.4	2.3	2.1
Plexus Corp	19.1	18.0	15.9	13.2	10.6	10.8	9.2	8.3	2.5	2.3	1.9	1.7
Note AB (publ)	34.4	20.4	n.a.	n.a.	20.6	11.4	n.a.	n.a.	8.3	4.7	n.a.	n.a.
Sanmina Corp	9.8	11.4	8.1	7.3	5.4	5.1	4.3	4.1	1.3	1.4	n.a.	n.a.
Incap Oyj	21.8	18.1	13.4	10.7	15.7	12.0	9.0	7.3	4.7	3.4	2.7	2.2
Celestica Inc	13.6	9.6	5.6	5.2	6.0	4.3	3.6	3.4	1.1	0.8	n.a.	n.a.
SIIX Corp	14.7	12.8	8.1	6.8	9.9	6.6	5.5	5.0	1.0	0.9	0.7	0.7
Fabrinet	24.1	15.5	12.3	11.4	16.0	10.6	8.9	8.4	3.1	2.7	2.3	2.0
Sercomm Corp	22.9	10.6	9.3	7.7	11.5	6.1	5.5	4.7	2.5	2.1	1.9	0.0
TT Electronics	35.6	10.8	9.3	8.3	9.9	6.8	6.6	6.0	0.9	0.9	1.0	0.9
Alpha Networks Inc	42.0	16.8	14.7	12.0	14.4	7.7	8.1	7.1	1.8	1.9	1.8	n.a.
Ducommun Inc	4.2	21.5	17.6	13.5	9.8	9.7	8.0	7.1	1.8	1.2	1.1	1.0
Valuetronics Holdings Ltd	8.1	11.9	11.2	10.6	1.5	2.2	0.8	0.7	1.1	1.0	n.a.	n.a.
Kitron ASA	28.0	19.6	17.9	15.5	15.1	14.9	11.8	10.9	5.8	4.4	3.8	3.2
Lacroix Group SA	9.6	10.9	9.4	7.1	10.2	6.9	6.3	5.6	1.0	0.7	n.a.	n.a.
Hanza AB	n.a.	15.5	18.8	16.3	12.7	8.2	9.5	8.2	4.8	3.7	2.9	2.6
Group average	17.7	14.1	12.3	10.7	10.4	8.0	7.1	6.4	2.6	2.1	1.9	1.6
Scanfil (Nordea)	15.7	12.1	13.0	12.4	9.7	8.1	8.1	7.3	2.3	1.9	2.3	2.0
diff. from average	-11%	-14%	5%	16%	-6%	2%	13%	14%	-10%	-9%	19%	22%

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	921	962	997
Revenue growth	75.9%	34.6%	4.3%	6.3%	2.9%	2.7%	16.8%	21.3%	9.1%	4.4%	3.6%
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	80	82	85
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	64	65	67
Amortisation and impairments	-5	-2	-2	-2	-2	-2	-3	-3	-2	-2	-2
EBIT	14	7	31	38	35	44	40	45	61	63	66
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	58	61	63
Reported taxes	-5	-6	-7	-7	-6	-5	-8	-7	-12	-12	-12
Net profit from continued operations	8	0	26	29	28	37	30	35	47	49	51
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	47	49	51
EPS, EUR	0.15	0.00	0.40	0.45	0.44	0.57	0.46	0.54	0.73	0.76	0.79
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%	8.7%	8.6%	8.5%
EBITA	5.1%	1.8%	6.3%	7.1%	6.4%	7.8%	6.1%	5.7%	6.9%	6.8%	6.8%
EBIT	3.8%	1.4%	5.9%	6.7%	6.1%	7.4%	5.7%	5.4%	6.7%	6.6%	6.6%

Adjusted earnings

EBITDA (adj)	33	33	40	47	53	55	56	63	80	82	85
EBITA (adj)	25	24	33	40	37	41	43	48	64	65	67
EBIT (adj)	20	22	31	38	39	39	40	45	61	63	66
EPS (adj, EUR)	0.24	0.24	0.36	0.45	0.49	0.49	0.47	0.54	0.73	0.76	0.79

Adjusted profit margins in percent

EBITDA (adj)	8.7%	6.6%	7.6%	8.4%	9.1%	9.3%	8.0%	7.4%	8.7%	8.6%	8.5%
EBITA (adj)	6.6%	4.8%	6.3%	7.1%	6.4%	6.9%	6.2%	5.7%	6.9%	6.8%	6.8%
EBIT (adj)	5.3%	4.4%	5.9%	6.7%	6.7%	6.6%	5.8%	5.4%	6.7%	6.6%	6.6%

Performance metrics

CAGR last 5 years											
Net revenue	11.5%	19.2%	24.0%	24.5%	22.0%	9.6%	6.5%	9.8%	10.3%	10.7%	10.9%
EBITDA	7.0%	-4.8%	14.2%	16.3%	16.4%	17.3%	24.8%	9.4%	11.1%	9.2%	7.1%
EBIT	0.0%	-4.5%	31.0%	26.1%	16.8%	25.2%	40.5%	7.7%	10.1%	12.5%	8.2%
EPS	-5.1%	-58.0%	32.7%	26.1%	15.5%	31.7%	217.8%	6.1%	9.9%	11.7%	6.5%
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%	6.2%	6.3%	6.2%
Average EBITDA margin	10.1%	7.7%	7.3%	7.2%	7.3%	7.9%	8.6%	8.5%	8.6%	8.5%	8.3%

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	13.3	12.7	12.3
EV/EBITDA (adj)	8.7	7.9	7.8	5.7	6.8	8.0	9.7	8.1	8.5	7.9	7.3
EV/EBITA (adj)	11.6	10.7	9.4	6.8	9.7	10.7	12.6	10.7	10.7	9.9	9.2
EV/EBIT (adj)	13.6	11.7	10.0	7.1	9.3	11.3	13.5	11.3	11.1	10.2	9.5

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	13.3	12.7	12.3
EV/Sales	0.76	0.52	0.59	0.48	0.63	0.74	0.78	0.61	0.74	0.67	0.62
EV/EBITDA	10.1	14.4	7.8	5.7	6.8	7.3	9.9	8.1	8.5	7.9	7.3
EV/EBITA	14.2	28.0	9.4	6.8	9.7	9.5	12.8	10.7	10.7	9.9	9.2
EV/EBIT	18.5	36.2	10.0	7.1	10.3	9.9	13.7	11.3	11.1	10.2	9.5
Dividend yield (ord.)	2.1%	2.6%	2.6%	3.5%	3.1%	2.6%	2.5%	3.2%	2.4%	2.6%	2.8%
FCF yield	-17.3%	5.8%	3.9%	8.1%	5.8%	9.3%	-5.2%	-2.1%	8.0%	7.4%	7.3%
FCF Yield bef A&D, lease adj	-17.3%	5.8%	3.9%	8.1%	8.2%	5.5%	-5.8%	-2.7%	7.6%	6.9%	6.8%
Payout ratio	33.1%	37.7%	30.6%	28.6%	30.4%	34.5%	40.1%	38.6%	31.6%	32.9%	34.3%

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	86	93	101
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	111	116	121
Inventory	91	85	101	99	102	103	193	229	221	207	209
Accounts receivable	105	88	106	108	112	113	149	165	178	186	193
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	5	5
Cash and bank	22	20	21	19	20	26	25	21	39	48	59
Total current assets	220	197	230	228	237	245	372	419	443	445	466
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	554	561	587
Shareholders equity	100	108	125	145	167	183	207	227	260	294	328
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	260	294	328
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	193	187	193
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	4	4
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	237	220	217
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	554	561	587
Balance sheet and debt metrics											
Net debt	66	40	43	30	46	18	60	86	52	23	-3
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	207	207	210
Invested capital	170	157	173	181	221	212	275	318	318	323	331
Capital employed	188	168	188	194	233	227	293	333	351	365	385
ROE	8.6%	0.1%	22.2%	21.5%	18.0%	21.1%	15.3%	16.1%	19.3%	17.6%	16.3%
ROIC	12.1%	10.5%	14.6%	16.5%	14.9%	13.9%	12.8%	11.8%	14.8%	15.3%	15.5%
ROCE	17.3%	18.9%	23.1%	19.8%	18.3%	17.0%	15.6%	14.5%	17.9%	17.8%	17.6%
Net debt/EBITDA	2.4	2.2	1.1	0.6	0.9	0.3	1.1	1.4	0.6	0.3	0.0
Interest coverage	3.3	1.5	4.8	21.1	25.3	16.5	19.9	12.0	20.8	21.6	22.4
Equity ratio	33.2%	40.6%	40.7%	47.6%	49.0%	53.9%	43.8%	43.1%	46.9%	52.4%	55.9%
Net gearing	n.a.	n.a.	34.4%	20.7%	27.7%	10.0%	28.9%	37.7%	20.0%	8.0%	-0.9%

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	80	82	85
Paid taxes	-4	-5	-8	-7	-8	-7	-11	-4	-12	-12	-12
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	66	68	70
Change in NWC	-8	-6	-6	-10	-8	-8	-53	-43	5	-1	-3
Cash flow from operations (CFO)	13	16	21	29	36	35	-13	10	70	67	67
Capital expenditure	-51	-4	-11	-10	-7	-9	-13	-19	-20	-21	-22
Free cash flow before A&D	-38	13	11	19	29	26	-25	-9	50	46	45
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	50	46	45
Free cash flow bef A&D, lease adj	-38	13	11	19	26	23	-28	-12	47	43	43
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	19	8	11
Cash flow metrics											
Capex/D&A	n.m.	32.3%	n.m.	n.m.	41.2%	58.4%	83.8%	n.m.	n.m.	n.m.	n.m.
Capex/Sales	13.5%	0.7%	2.0%	1.7%	1.3%	1.6%	1.9%	2.3%	2.2%	2.2%	2.2%
Key information											
Share price year end (/current)	4	3	4	4	5	7	7	7	10	10	10
Market cap.	220	222	271	239	316	422	483	426	626	626	626
Enterprise value	286	262	314	269	362	440	543	511	678	649	623
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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Completion Date

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