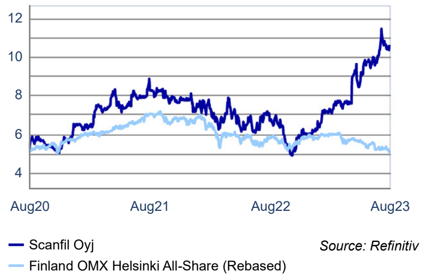
Scanfil Oyj

Capital Goods
Finland

KEY DATA

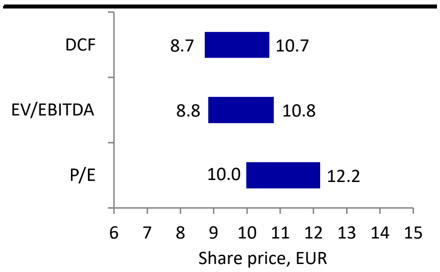
Stock country	Finland
Bloomberg	SCANFL FH
Reuters	SCANFL.HE
Share price (close)	EUR 10.64
Free float	25%
Market cap. (bn)	EUR 0.68/EUR 0.68
Website	www.scanfil.com/
Next report date	27 Oct 2023

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH (EUR/SHARE)



Source: Nordea estimates

ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	2%	3%	3%
EBIT (adj)	2%	3%	2%

Source: Nordea estimates

Nordea IB & Equity - Analysts
Pasi Väisänen
Director

Energy and Cleantech segment driving growth

Good demand and high utilisation ratios were behind the record-breaking operating profit in Q2. Full-year guidance was maintained, but we still upgrade our net sales and EBIT estimates by 2% for 2023. Our estimates are now on the upper end of the guidance range. Our fair value range for Scanfil increases to EUR 9.2-11.2 (8.9-10.8), based on three equally weighted valuation approaches (DCF, EV/EBITDA and P/E). The company's 2023E EV/EBITDA multiple is now 6% above the peer group average.

Reported revenue growth was 14% y/y in Q2

Q2 net sales were EUR 243m, 3% above Refinitiv consensus for Q2 2023, while operating profit was EUR 17.5m, 7% above. Inventory value came down by EUR 7m q/q, which supported cash flow. The main reason for the good performance was 61% revenue growth from the Energy and Cleantech segment, which includes heat pumps, drivers for electric motors and bottle-reverse vending machines. The company does not view the strong Q2 as a one-off; it expects healthy demand to remain throughout H2 2023 and it has a relatively good outlook for customer orders in the next 18 months. The largest customer now represents close to 14% in net sales, compared to 19% a year earlier.

Investments are growing

Scanfil used EUR 6m during H1 2023 to expand its capacity at Sieraz and it will invest EUR 20m more to build a new 14,000 m^2 factory at the location. This new building will increase the factory floor area by more than 70%, making Sieraz the biggest production unit for Scanfil. The company is confident that additional capacity can be sold to old and new customers, but risks related to overall economic activity remain. The new building will be ready in Q2 2025, i.e. likely after any possible downturn.

An excellent starting point for the new CEO

The midpoint of the guidance range for the operating profit margin is 7.0% for this year, in line with the company's long-term financial target. Return on invested capital was 21% in Q2 compared to the sector median of 15% (2007-22). The balance sheet is strong, end demand is healthy and the company's medium-term growth prospects are secured by new investments, so it is hard to find a weak spot in Scanfil. The new CEO Christophe Sut is taking the helm of a good company, so we do not expect to see any major strategic changes in the near term.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	580	595	696	844	952	999	1,039
EBITDA (adj)	53	55	56	63	86	86	88
EBIT (adj)	39	39	40	45	67	67	69
EBIT (adj) margin	6.7%	6.6%	5.8%	5.4%	7.1%	6.7%	6.6%
EPS (adj, EUR)	0.49	0.49	0.47	0.54	0.82	0.82	0.84
EPS (adj) growth	8.4%	0.0%	-3.8%	14.8%	50.9%	-0.1%	2.4%
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	0.8	0.7	0.7
EV/EBIT (adj)	9.3	11.3	13.5	11.3	11.3	11.0	10.4
P/E (adj)	9.9	13.2	15.7	12.1	13.0	13.0	12.7
P/BV	1.9	2.3	2.3	1.9	2.6	2.3	2.0
Dividend yield (ord)	3.1%	2.6%	2.5%	3.2%	2.2%	2.3%	2.5%
FCF Yield bef A&D, lease	8.2%	5.5%	-5.8%	-2.7%	4.6%	5.2%	5.9%
Net debt	46	18	60	86	67	47	22
Net debt/EBITDA	0.9	0.3	1.1	1.4	0.8	0.5	0.3
ROIC after tax	14.9%	13.9%	12.8%	11.8%	15.7%	14.8%	14.6%

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	Q223	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	57.9	54.9	57.7
Sales growth y/y (%)	38%	33%	44%	28%	28%	29%	22%	6%	-7%	-16%	-19%	2%
Automation & Safety												
Net sales (EURm)	34.5	36.8	32.5	41.1	42.6	45.6	44.2	51.4	52.5	47.5	45.5	53.9
Sales growth y/y (%)	-9%	1%	-4%	21%	23%	24%	36%	25%	23%	4%	3%	5%
Connectivity												
Net sales (EURm)	8.1	7.3	7.3	10.4	10.8	9.1	7.8	10.8	13.2	12.6	11.6	12.6
Sales growth y/y (%)	9%	-5%	3%	60%	33%	25%	7%	4%	22%	38%	49%	17%
Energy & Cleantech												
Net sales (EURm)	40.3	44.8	43.5	53.4	54.6	53.5	53.1	61.3	67.5	86.0	84.4	82.5
Sales growth y/y (%)	17%	33%	45%	43%	35%	19%	22%	15%	24%	61%	59%	35%
Medtec & Life Science												
Net sales (EURm)	29.1	28.5	29.1	33.9	33.7	36.0	39.0	42.5	40.0	39.4	39.8	41.1
Sales growth y/y (%)	8%	12%	12%	15%	16%	26%	34%	25%	19%	9%	2%	-3%
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	Q123	Q223	Q323E	Q423E
Group sales	**163.4**	**172.9**	**167.8**	**191.7**	**196.6**	**212.9**	**211.9**	**222.3**	**224.6**	**243.3**	**236.3**	**247.8**
Sales growth %	13.4%	11.1%	18.5%	24.4%	20.3%	23.1%	26.3%	16.0%	14.2%	14.3%	11.5%	11.4%
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	17.5	16.8	17.7
Reported EBIT margin	6.1%	6.1%	5.7%	5.0%	5.2%	4.7%	5.4%	6.0%	6.7%	7.2%	7.1%	7.2%
Group adj. EBIT	**10.0**	**10.6**	**9.5**	**10.2**	**10.3**	**10.1**	**11.5**	**13.4**	**15.1**	**17.5**	**16.8**	**17.7**
Adj. EBIT margin	6.1%	6.1%	5.7%	5.3%	5.2%	4.7%	5.4%	6.0%	6.7%	7.2%	7.1%	7.2%
Net financials	-0.7	-0.1	-0.9	-0.2	-1.0	-0.3	-1.7	-0.7	-0.6	0.9	-0.6	-0.6
Pre-tax profit	9.3	10.5	8.6	9.3	9.3	9.8	9.8	12.7	14.5	18.4	16.2	17.1
Income tax	-1.7	-1.8	-3.4	-0.9	-1.3	-2.7	-0.4	-2.2	-2.8	-3.9	-3.2	-3.4
Tax rate %	18%	17%	40%	10%	14%	28%	4%	17%	19%	21%	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	14.5	12.9	13.7
Adj net profit for the period	7.6	8.6	5.2	8.4	8.0	7.1	9.4	10.5	11.7	14.5	12.9	13.7
Reported EPS	0.12	0.13	0.08	0.13	0.12	0.11	0.15	0.16	0.18	0.22	0.20	0.21
Adj. EPS	**0.12**	**0.13**	**0.08**	**0.13**	**0.12**	**0.11**	**0.15**	**0.16**	**0.18**	**0.22**	**0.20**	**0.21**

Source: Company data and Nordea estimates

Annual estimates by segment

P&L (EURm; EPS IN EUR)

Segments	2017	2018	2019	2020	2021	2022	2023E	2024E
Advanced Consumer Applications								
Net sales (EURm)				151.2	204.6	247.8	221.8	229.1
Sales growth y/y (%)					35%	21%	-11%	3%
Automation & Safety								
Net sales (EURm)				142.2	144.9	183.8	199.4	209.4
Sales growth y/y (%)					2%	27%	9%	5%
Connectivity								
Net sales (EURm)				28.7	33.1	38.5	50.1	52.7
Sales growth y/y (%)					15%	16%	30%	5%
Energy & Cleantech								
Net sales (EURm)				135.6	182.0	222.5	320.4	339.6
Sales growth y/y (%)					34%	22%	44%	6%
Medtec & Life Science								
Net sales (EURm)				107.9	120.6	151.2	160.3	168.3
Sales growth y/y (%)					12%	25%	6%	5%
Discontinued								
Net sales (EURm)				29.9	10.5	0.0	0.0	0.0
Sales growth y/y (%)					-65%	n.a.	n.a.	n.a.
Group	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**
Net sales	**529.8**	**563.0**	**579.5**	**595.4**	**695.7**	**843.8**	**951.9**	**999.1**
Sales growth %	4.3%	6.3%	2.9%	2.7%	16.8%	21.3%	12.8%	5.0%
Other operating income	2.7	0.4	1.0	12.5	1.1	1.0	0.7	0.7
Depreciation and amortisation	-6.7	-7.5	-15.7	-14.1	-12.6	-14.8	-16.5	-17.4
Reported EBIT	31.3	37.8	35.3	44.3	39.6	45.4	67.1	66.9
Reported EBIT margin	5.9%	6.7%	6.1%	7.4%	5.7%	5.4%	7.1%	6.7%
Group adj. EBIT	**31.3**	**37.8**	**38.9**	**39.1**	**40.3**	**45.4**	**67.1**	**66.9**
Adj. EBIT margin	5.9%	6.7%	6.7%	6.6%	5.8%	5.4%	7.1%	6.7%
Net financials	1.3	-1.7	-1.3	-2.6	-1.9	-3.7	-0.9	-1.0
Pre-tax profit	32.6	36.1	34.0	41.7	37.7	41.7	66.2	65.9
Income tax	-6.8	-7.1	-5.9	-4.8	-7.9	-6.7	-13.4	-13.2
Tax rate %	21%	20%	17%	12%	21%	16%	20%	20%
Reported net profit for the period	25.8	29.0	28.1	36.9	29.8	35.0	52.8	52.8
Adj net profit for the period	22.9	29.0	31.7	31.7	30.5	35.0	52.8	52.8
Reported EPS	0.40	0.45	0.44	0.57	0.46	0.54	0.82	0.82
Adj. EPS	**0.36**	**0.45**	**0.49**	**0.49**	**0.47**	**0.54**	**0.82**	**0.82**

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	187,358	197,982	12%	11%	-1%	6%	2%	3%	3%	3%
Delta Electronics Inc	9,989	11,748	12,123	13,728	11%	22%	10%	13%	10%	11%	11%	11%
Pegatron Corp	40,040	40,264	38,579	39,662	-10%	4%	-1%	3%	1%	2%	2%	2%
Venture Corporation Ltd	2,026	2,695	2,389	2,522	3%	24%	-6%	6%	11%	12%	11%	11%
Universal Scientific Industrial	7,658	9,282	7,988	8,806	16%	24%	-10%	10%	4%	5%	4%	4%
Jabil Inc	24,803	33,288	31,627	32,586	7%	14%	6%	3%	4%	5%	5%	5%
Compal Electronics Inc	39,224	32,797	28,070	29,322	18%	-13%	-12%	4%	1%	1%	1%	1%
Foxconn Interconnect Technology	3,950	4,233	4,221	4,556	4%	1%	2%	8%	3%	4%	6%	6%
Inventec Corp	16,498	16,555	15,731	17,144	2%	4%	0%	9%	1%	1%	1%	2%
Micro-Star International Co Ltd	6,406	5,513	5,286	5,724	38%	-11%	2%	8%	10%	7%	7%	7%
Plexus Corp	2,906	3,890	3,818	3,999	-1%	13%	14%	5%	5%	5%	5%	5%
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	8,232	8,454	-3%	17%	17%	3%	5%	5%	6%	6%
Incap Oyj	170	264	248	288	59%	55%	-8%	16%	15%	15%	13%	13%
Celestica Inc	4,957	6,774	7,167	7,523	-2%	29%	10%	5%	4%	5%	5%	5%
SIIX Corp	1,734	1,974	1,970	2,112	25%	22%	15%	7%	2%	3%	0%	0%
Fabrinet	1,575	2,143	2,400	2,559	14%	20%	17%	4%	9%	10%	11%	11%
Sercomm Corp	1,393	1,973	1,959	2,178	22%	47%	5%	11%	2%	4%	4%	4%
TT Electronics	567	697	734	739	10%	30%	6%	1%	7%	7%	8%	9%
Alpha Networks Inc	884	1,028	978	1,034	-13%	21%	0%	6%	3%	5%	5%	6%
Ducommun Inc	568	666	696	754	3%	10%	8%	8%	8%	7%	9%	9%
Valuetronics Holdings Ltd	250	234	237	258	-3%	-11%	-1%	0%	9%	6%	5%	7%
Kitron ASA	365	643	791	855	-1%	76%	30%	8%	6%	7%	9%	9%
Lacroix Group SA	501	708	769	802	14%	41%	9%	4%	3%	3%	4%	4%
Hanza AB	245	319	368	404	17%	41%	26%	10%	5%	6%	8%	8%
Group median					**10.3%**	**20.7%**	**5.3%**	**5.7%**	**5.0%**	**5.2%**	**5.3%**	**5.7%**
Scanfil (Nordea)	696	844	952	999	16.8%	21.3%	12.8%	5.0%	5.8%	5.4%	7.1%	6.7%
diff. from median (pp)					**6.6**	**0.6**	**7.5**	**-0.8**	**0.8**	**0.2**	**1.7**	**1.0**

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	12.4	9.8	6.5	6.0	5.6	5.1	1.1	1.0	1.0	0.9
Delta Electronics Inc	26.8	22.9	26.8	22.2	15.3	12.7	14.4	12.3	5.7	5.1	4.7	4.2
Pegatron Corp	8.9	11.2	12.5	11.3	6.7	5.7	6.8	6.1	1.2	1.1	1.1	1.1
Venture Corporation Ltd	17.1	13.5	12.8	11.9	11.7	8.9	8.2	7.6	1.5	1.5	1.4	1.4
Universal Scientific Industrial	19.3	12.0	14.2	11.7	11.7	8.4	8.2	7.0	2.5	2.1	1.9	1.6
Jabil Inc	13.5	8.7	12.8	11.7	5.2	4.2	6.1	5.8	8.1	5.7	4.8	3.9
Compal Electronics Inc	8.5	13.9	16.1	14.3	9.2	8.8	9.3	8.7	1.2	1.2	1.1	1.1
Foxconn Interconnect Technology	9.8	11.0	7.3	6.4	4.9	4.1	2.6	2.2	0.5	0.5	0.5	0.4
Inventec Corp	13.8	15.5	32.2	24.9	14.8	12.4	21.0	16.7	3.9	3.6	3.5	3.3
Micro-Star International Co Ltd	8.1	10.3	15.2	13.0	5.4	6.1	10.6	9.2	3.5	3.1	2.9	2.6
Plexus Corp	19.1	18.0	17.8	16.6	10.6	10.8	10.5	9.5	2.7	2.5	2.4	2.1
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	8.7	8.3	5.4	5.1	4.6	4.5	1.3	1.5	n.a.	n.a.
Incap Oyj	21.8	18.1	13.9	11.7	15.7	12.0	8.8	7.4	5.1	3.7	2.9	2.3
Celestica Inc	13.6	9.6	9.4	8.5	6.0	4.3	5.4	5.1	2.0	0.8	n.a.	n.a.
SIIX Corp	14.7	12.8	8.6	7.3	9.9	6.6	5.8	5.3	1.2	1.0	0.8	0.7
Fabrinet	24.1	15.5	16.6	16.2	16.0	10.6	12.6	12.3	4.2	3.6	3.1	2.7
Sercomm Corp	22.9	10.6	13.4	11.6	11.5	6.1	7.3	6.6	3.6	3.1	2.8	2.5
TT Electronics	35.6	10.3	8.3	7.5	9.9	6.8	6.0	5.6	0.9	0.9	0.9	0.8
Alpha Networks Inc	42.0	16.8	18.8	15.5	14.4	7.7	9.2	8.2	2.1	2.1	2.0	n.a.
Ducommun Inc	4.2	21.5	18.2	13.2	9.8	9.7	7.2	6.1	1.6	1.1	1.0	0.9
Valuetronics Holdings Ltd	8.1	11.9	10.5	10.2	1.5	2.2	1.6	1.4	1.1	1.0	n.a.	n.a.
Kitron ASA	28.4	18.8	11.9	11.7	15.3	14.3	9.2	8.6	5.5	4.6	4.2	3.6
Lacroix Group SA	9.6	10.9	10.8	8.4	10.2	6.9	6.8	6.0	1.2	0.7	n.a.	n.a.
Hanza AB	n.a.	15.5	14.1	12.3	12.7	8.2	8.2	7.2	5.2	4.0	2.8	2.3
Group average	**17.7**	**14.0**	**14.3**	**12.3**	**10.4**	**8.0**	**8.2**	**7.3**	**3.0**	**2.4**	**2.3**	**2.0**
Scanfil (Nordea)	15.7	12.1	13.0	13.0	9.7	8.1	8.6	8.2	2.3	1.9	2.5	2.2
diff. from average	-11%	-14%	-10%	5%	-7%	2%	6%	12%	-23%	-22%	10%	6%

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**	**952**	**999**	**1,039**
Revenue growth	75.9%	34.6%	4.3%	6.3%	2.9%	2.7%	16.8%	21.3%	12.8%	5.0%	4.0%
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	86	86	88
Depreciation and impairments PPE	-8	-9	-7	-8	-16	-14	-13	-15	-16	-17	-18
of which leased assets	0	0	0	0	-3	-3	-3	-3	-3	-3	-3
EBITA	19	9	33	40	37	46	42	48	69	69	70
Amortisation and impairments	-5	-2	-2	-2	-2	-2	-3	-3	-2	-2	-2
EBIT	14	7	31	38	35	44	40	45	67	67	69
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	-1	-1	-1
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**	**66**	**66**	**68**
Reported taxes	-5	-6	-7	-7	-6	-5	-8	-7	-13	-13	-14
Net profit from continued operations	8	0	26	29	28	37	30	35	53	53	54
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	53	53	54
EPS, EUR	**0.15**	**0.00**	**0.40**	**0.45**	**0.44**	**0.57**	**0.46**	**0.54**	**0.82**	**0.82**	**0.84**
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%	9.0%	8.6%	8.5%
EBITA	5.1%	1.8%	6.3%	7.1%	6.4%	7.8%	6.1%	5.7%	7.3%	6.9%	6.8%
EBIT	3.8%	1.4%	5.9%	6.7%	6.1%	7.4%	5.7%	5.4%	7.1%	6.7%	6.6%
Adjusted earnings											
EBITDA (adj)	33	33	40	47	53	55	56	63	86	86	88
EBITA (adj)	25	24	33	40	37	41	43	48	69	69	70
EBIT (adj)	20	22	31	38	39	39	40	45	67	67	69
EPS (adj, EUR)	0.24	0.24	0.36	0.45	0.49	0.49	0.47	0.54	0.82	0.82	0.84
Adjusted profit margins in percent											
EBITDA (adj)	8.7%	6.6%	7.6%	8.4%	9.1%	9.3%	8.0%	7.4%	9.0%	8.6%	8.5%
EBITA (adj)	6.6%	4.8%	6.3%	7.1%	6.4%	6.9%	6.2%	5.7%	7.3%	6.9%	6.8%
EBIT (adj)	5.3%	4.4%	5.9%	6.7%	6.7%	6.6%	5.8%	5.4%	7.1%	6.7%	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%	11.1%	11.5%	11.8%
EBITDA	7.0%	-4.8%	14.2%	16.3%	16.4%	17.3%	24.8%	9.4%	12.7%	10.2%	7.9%
EBIT	0.0%	-4.5%	31.0%	26.1%	16.8%	25.2%	40.5%	7.7%	12.2%	13.7%	9.1%
EPS	-5.1%	-58.0%	32.7%	26.1%	15.5%	31.7%	217.8%	6.1%	12.6%	13.4%	7.9%
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%	6.3%	6.4%	6.4%
Average EBITDA margin	10.1%	7.7%	7.3%	7.2%	7.3%	7.9%	8.6%	8.5%	8.6%	8.6%	8.4%

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	13.0	13.0	12.7
EV/EBITDA (adj)	8.7	7.9	7.8	5.7	6.8	8.0	9.7	8.1	8.8	8.5	8.0
EV/EBITA (adj)	11.6	10.7	9.4	6.8	9.7	10.7	12.6	10.7	10.9	10.7	10.1
EV/EBIT (adj)	13.6	11.7	10.0	7.1	9.3	11.3	13.5	11.3	11.3	11.0	10.4

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	13.0	13.0	12.7
EV/Sales	0.76	0.52	0.59	0.48	0.63	0.74	0.78	0.61	0.79	0.74	0.68
EV/EBITDA	10.1	14.4	7.8	5.7	6.8	7.3	9.9	8.1	8.8	8.5	8.0
EV/EBITA	14.2	28.0	9.4	6.8	9.7	9.5	12.8	10.7	10.9	10.7	10.1
EV/EBIT	18.5	36.2	10.0	7.1	10.3	9.9	13.7	11.3	11.3	11.0	10.4
Dividend yield (ord.)	2.1%	2.6%	2.6%	3.5%	3.1%	2.6%	2.5%	3.2%	2.2%	2.3%	2.5%
FCF yield	-17.3%	5.8%	3.9%	8.1%	5.8%	9.3%	-5.2%	-2.1%	5.0%	5.6%	6.3%
FCF Yield bef A&D, lease adj	-17.3%	5.8%	3.9%	8.1%	8.2%	5.5%	-5.8%	-2.7%	4.6%	5.2%	5.9%
Payout ratio	33.1%	37.7%	30.6%	28.6%	30.4%	34.5%	40.1%	38.6%	28.0%	30.5%	32.1%

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	99	116	128
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	124	139	149
Inventory	91	85	101	99	102	103	193	229	228	215	218
Accounts receivable	105	88	106	108	112	113	149	165	186	195	203
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	5	5	5
Cash and bank	22	20	21	19	20	26	25	21	24	25	34
Total current assets	220	197	230	228	237	245	372	419	443	439	460
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**	**566**	**578**	**609**
Shareholders equity	100	108	125	145	167	183	207	227	266	304	342
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	266	304	342
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	200	194	202
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	244	228	226
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**	**566**	**578**	**609**
Balance sheet and debt metrics											
Net debt	66	40	43	30	46	18	60	86	67	47	22
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	216	217	221
Invested capital	170	157	173	181	221	212	275	318	339	356	370
Capital employed	188	168	188	194	233	227	293	333	357	375	398
ROE	8.6%	0.1%	22.2%	21.5%	18.0%	21.1%	15.3%	16.1%	21.5%	18.5%	16.7%
ROIC	12.1%	10.5%	14.6%	16.5%	14.9%	13.9%	12.8%	11.8%	15.7%	14.8%	14.6%
ROCE	17.3%	18.9%	23.1%	19.8%	18.3%	17.0%	15.6%	14.5%	19.5%	18.3%	17.8%
Net debt/EBITDA	2.4	2.2	1.1	0.6	0.9	0.3	1.1	1.4	0.8	0.5	0.3
Interest coverage	3.3	1.5	4.8	21.1	25.3	16.5	19.9	12.0	64.9	61.4	59.7
Equity ratio	33.2%	40.6%	40.7%	47.6%	49.0%	53.9%	43.8%	43.1%	46.9%	52.5%	56.1%
Net gearing	n.a.	n.a.	34.4%	20.7%	27.7%	10.0%	28.9%	37.7%	25.4%	15.4%	6.5%

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**	**86**	**86**	**88**
Paid taxes	-4	-5	-8	-7	-8	-7	-11	-4	-13	-13	-14
Net financials	-2	-2	-2	-2	-2	-2	-1	-2	-1	-1	-1
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**	**72**	**72**	**74**
Change in NWC	-8	-6	-6	-10	-8	-8	-53	-43	-4	-2	-4
Cash flow from operations (CFO)	**13**	**16**	**21**	**29**	**36**	**35**	**-13**	**10**	**67**	**70**	**70**
Capital expenditure	-51	-4	-11	-10	-7	-9	-13	-19	-33	-32	-27
Free cash flow before A&D	**-38**	**13**	**11**	**19**	**29**	**26**	**-25**	**-9**	**35**	**38**	**43**
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	35	38	43
Free cash flow bef A&D, lease adj	-38	13	11	19	26	23	-28	-12	32	36	41
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	3	1	10
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%	3.5%	3.2%	2.6%
Key information											
Share price year end (/current)	4	3	4	4	5	7	7	7	11	11	11
Market cap.	220	222	271	239	316	422	483	426	688	688	688
Enterprise value	286	262	314	269	362	440	543	511	756	735	711
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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