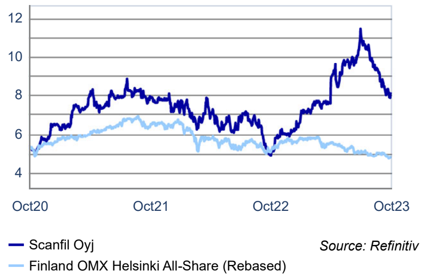
Scanfil Oyj

Capital Goods
Finland

KEY DATA

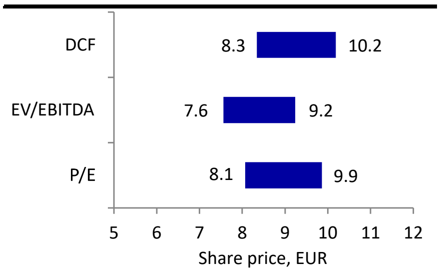
Stock country	Finland
Bloomberg	SCANFL FH
Reuters	SCANFL.HE
Share price (close)	EUR 8.20
Free float	25%
Market cap. (bn)	EUR 0.52/EUR 0.52
Website	www.scanfil.com/
Next report date	27 Oct 2023

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH (EUR/SHARE)



Source: Nordea estimates

ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	-5%	-8%	-6%
EBIT (adj)	-7%	-13%	-8%

Source: Nordea estimates

Nordea IB & Equity - Analysts
Pasi Väisänen
Director

The newest victim of inventory destocking

Scanfil downgraded its 2023 revenue guidance midpoint by 3% on 10 October. Volatility in product inventories and end demand this year has so far forced Scanfil to raise its full-year guidance twice and downgrade it once. This year should still be relatively strong for Scanfil but we face increasing uncertainty regarding 2024. We now forecast a lower EBIT and EBIT margin for 2024 than for this year. Due to changes in our medium-term estimates, the fair value range for Scanfil decreases to EUR 8.0-9.8 (9.2-11.2), based on three equally weighted valuation approaches (DCF, EV/EBITDA and P/E). Based on our new estimates, the company's 2024E EV/EBITDA multiple is now 8% below the peer group average.

New EBIT guidance for 2023 is 6% below market consensus

The new full-year 2023 guidance includes sales of EUR 880-920m (Refinitiv consensus EUR 945m) and EBIT of EUR 60-66m (consensus: EUR 67m). Following a record strong Q2, Scanfil has now witnessed softer demand from several customer segments. China could be one area for which expectations have come down. The company's Medtec & Life Science segment looks to be seeing more stable development. Scanfil hears only what its customers are saying and what they are doing with regard to their inventories. The company does not have direct visibility to end demand. In any case, we believe that the inventory destocking it is witnessing could last at least six months.

We forecast y/y decline in EBIT for 2024

Scanfil most likely will adjust its temporary workforce, which is why profitability should not come under severe pressure. However, we still forecast lower EBIT for 2024 than for 2023, with net sales of EUR 924m for 2024 (Refinitiv consensus: EUR 972m). The overall economic environment could weaken further in Q1 2024, but a lot depends on the interest rate environment, which is why there could be fast and unexpected changes to future expectations and estimates.

Our new fair value range is EUR 8.0-9.8

The very strong positive momentum in Q2 has turned to a negative earnings trend for 2024. Our new fair value range for Scanfil is EUR 8.0-9.8, based on three equally-weighted valuation approaches (DCF, EV/EBITDA and P/E). We estimate Scanfil's 2024 P/E at 11.5, while the peer group's average is 12x.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	580	595	696	844	907	924	975
EBITDA (adj)	53	55	56	63	81	78	83
EBIT (adj)	39	39	40	45	63	58	63
EBIT (adj) margin	6.7%	6.6%	5.8%	5.4%	6.9%	6.3%	6.5%
EPS (adj, EUR)	0.49	0.49	0.47	0.54	0.77	0.71	0.78
EPS (adj) growth	8.4%	0.0%	-3.8%	14.8%	40.5%	-7.0%	8.9%
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	0.6	0.6
EV/EBIT (adj)	9.3	11.3	13.5	11.3	9.4	9.8	8.7
P/E (adj)	9.9	13.2	15.7	12.1	10.7	11.5	10.6
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%	2.8%	3.0%	3.3%
FCF Yield bef A&D, lease	8.2%	5.5%	-5.8%	-2.7%	7.4%	6.9%	6.6%
Net debt	46	18	60	86	60	38	19
Net debt/EBITDA	0.9	0.3	1.1	1.4	0.7	0.5	0.2
ROIC after tax	14.9%	13.9%	12.8%	11.8%	14.9%	13.5%	14.2%

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	46.8	44.7
Sales growth y/y (%)	38%	33%	44%	28%	28%	29%	22%	6%	-7%	-16%	-31%	-21%
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	47.3	51.2
Sales growth y/y (%)	-9%	1%	-4%	21%	23%	24%	36%	25%	23%	4%	7%	0%
Connectivity												
Net sales (EURm)	8.1	7.3	7.3	10.4	10.8	9.1	7.8	10.8	13.2	12.6	9.8	9.9
Sales growth y/y (%)	9%	-5%	3%	60%	33%	25%	7%	4%	22%	38%	25%	-9%
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	74.3	72.5
Sales growth y/y (%)	17%	33%	45%	43%	35%	19%	22%	15%	24%	61%	40%	18%
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	40.6	41.8
Sales growth y/y (%)	8%	12%	12%	15%	16%	26%	34%	25%	19%	9%	4%	-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**	**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**	**218.7**	**220.2**
Sales growth %	13.4%	11.1%	18.5%	24.4%	20.3%	23.1%	26.3%	16.0%	14.2%	14.3%	3.2%	-1.0%
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	15.1	14.9
Reported EBIT margin	6.1%	6.1%	5.7%	5.0%	5.2%	4.7%	5.4%	6.0%	6.7%	7.2%	6.9%	6.8%
Group adj. EBIT	**10.0**	**10.6**	**9.5**	**10.2**	**10.3**	**10.1**	**11.5**	**13.4**	**15.1**	**17.5**	**15.1**	**14.9**
Adj. EBIT margin	6.1%	6.1%	5.7%	5.3%	5.2%	4.7%	5.4%	6.0%	6.7%	7.2%	6.9%	6.8%
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	14.5	14.3
Income tax	-1.7	-1.8	-3.4	-0.9	-1.3	-2.7	-0.4	-2.2	-2.8	-3.9	-2.9	-2.9
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	11.6	11.4
Adj net profit for the period	7.6	8.6	5.2	8.4	8.0	7.1	9.4	10.5	11.7	14.5	11.6	11.4
Reported EPS	0.12	0.13	0.08	0.13	0.12	0.11	0.15	0.16	0.18	0.22	0.18	0.18
Adj. EPS	**0.12**	**0.13**	**0.08**	**0.13**	**0.12**	**0.11**	**0.15**	**0.16**	**0.18**	**0.22**	**0.18**	**0.18**

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	200.7	192.7
Sales growth y/y (%)					35%	21%	-19%	-4%
Automation & Safety								
Net sales (EURm)				142.2	144.9	183.8	198.5	200.5
Sales growth y/y (%)					2%	27%	8%	1%
Connectivity								
Net sales (EURm)				28.7	33.1	38.5	45.4	42.2
Sales growth y/y (%)					15%	16%	18%	-7%
Energy & Cleantech								
Net sales (EURm)				135.6	182.0	222.5	300.4	318.4
Sales growth y/y (%)					34%	22%	35%	6%
Medtec & Life Science								
Net sales (EURm)				107.9	120.6	151.2	161.8	169.9
Sales growth y/y (%)					12%	25%	7%	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**	**906.8**	**923.7**
Sales growth %	4.3%	6.3%	2.9%	2.7%	16.8%	21.3%	7.5%	1.9%
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	62.6	58.2
Reported EBIT margin	5.9%	6.7%	6.1%	7.4%	5.7%	5.4%	6.9%	6.3%
Group adj. EBIT	**31.3**	**37.8**	**38.9**	**39.1**	**40.3**	**45.4**	**62.6**	**58.2**
Adj. EBIT margin	5.9%	6.7%	6.7%	6.6%	5.8%	5.4%	6.9%	6.3%
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	61.6	57.2
Income tax	-6.8	-7.1	-5.9	-4.8	-7.9	-6.7	-12.4	-11.4
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	49.2	45.8
Adj net profit for the period	22.9	29.0	31.7	31.7	30.5	35.0	49.2	45.8
Reported EPS	0.40	0.45	0.44	0.57	0.46	0.54	0.77	0.71
Adj. EPS	**0.36**	**0.45**	**0.49**	**0.49**	**0.47**	**0.54**	**0.77**	**0.71**

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	182,706	195,650	12%	11%	-6%	7%	2%	3%	3%	3%
Delta Electronics Inc	9,989	11,748	12,358	13,975	11%	22%	10%	13%	10%	11%	11%	12%
Pegatron Corp	40,040	40,264	38,065	39,356	-10%	4%	-5%	3%	1%	2%	1%	2%
Venture Corporation Ltd	2,026	2,695	2,304	2,427	3%	24%	-11%	5%	11%	12%	11%	11%
Universal Scientific Industrial	7,658	9,282	8,149	9,104	16%	24%	-10%	12%	4%	5%	4%	4%
Jabil Inc	24,803	33,288	32,010	32,251	7%	14%	4%	-2%	4%	5%	5%	5%
Compal Electronics Inc	39,224	32,797	29,242	31,021	18%	-13%	-11%	6%	1%	1%	1%	1%
Foxconn Interconnect Technology	3,950	4,233	4,125	4,458	4%	1%	-3%	8%	3%	4%	5%	5%
Inventec Corp	16,498	16,555	15,697	17,638	2%	4%	-2%	12%	1%	1%	1%	2%
Micro-Star International Co Ltd	6,406	5,513	5,247	5,666	38%	-11%	-1%	9%	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	172	254	59%	55%	-36%	47%	15%	15%	15%	12%
Celestica Inc	4,957	6,774	7,240	7,599	-2%	29%	10%	5%	4%	5%	5%	5%
SIIX Corp	1,734	1,974	1,979	2,074	25%	22%	17%	6%	2%	3%	0%	0%
Fabrinet	1,575	2,143	2,425	2,657	14%	20%	17%	7%	9%	10%	11%	11%
Sercomm Corp	1,393	1,973	1,970	2,171	22%	47%	4%	11%	2%	4%	4%	4%
TT Electronics	567	697	745	746	10%	30%	7%	0%	7%	7%	8%	9%
Alpha Networks Inc	884	1,028	943	1,012	-13%	21%	-6%	7%	3%	5%	4%	5%
Ducommun Inc	568	666	703	760	3%	10%	8%	8%	8%	7%	8%	10%
Valuetronics Holdings Ltd	250	234	237	258	-3%	-11%	-1%	0%	9%	6%	5%	6%
Kitron ASA	365	643	791	854	-1%	76%	30%	8%	6%	7%	9%	9%
Lacroix Group SA	501	708	771	799	14%	41%	9%	4%	3%	3%	3%	4%
Hanza AB	245	319	368	404	17%	41%	26%	10%	5%	6%	8%	8%
Group median					**10.3%**	**20.7%**	**3.6%**	**6.8%**	**5.0%**	**5.2%**	**5.2%**	**5.4%**
Scanfil (Nordea)	696	844	907	924	16.8%	21.3%	7.5%	1.9%	5.8%	5.4%	6.9%	6.3%
diff. from median (pp)					**6.6**	**0.6**	**3.9**	**-5.0**	**0.8**	**0.2**	**1.7**	**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	11.8	9.6	6.5	6.0	5.5	4.8	1.0	0.9	0.9	0.9
Delta Electronics Inc	26.8	22.9	25.0	20.6	15.3	12.7	13.6	11.5	5.4	4.8	4.4	3.9
Pegatron Corp	8.9	11.2	13.5	11.8	6.7	5.7	7.2	6.2	1.2	1.1	1.1	1.0
Venture Corporation Ltd	17.1	13.5	11.9	11.0	11.7	8.9	7.0	6.6	1.3	1.2	1.2	1.2
Universal Scientific Industrial	19.3	12.0	14.0	11.5	11.7	8.4	8.4	7.2	2.5	2.1	1.9	1.7
Jabil Inc	13.5	8.7	19.0	14.1	5.2	4.2	6.4	6.9	10.0	7.1	6.2	6.3
Compal Electronics Inc	8.5	13.9	16.0	13.2	9.2	8.8	10.2	9.2	1.2	1.2	1.1	1.1
Foxconn Interconnect Technology	9.8	11.0	6.5	5.8	4.9	4.1	2.8	2.4	0.4	0.4	0.4	0.3
Inventec Corp	13.8	15.5	30.4	21.0	14.8	12.4	19.4	14.2	3.4	3.2	3.1	2.9
Micro-Star International Co Ltd	8.1	10.3	14.3	12.2	5.4	6.1	10.7	9.2	3.2	2.9	2.7	2.5
Plexus Corp	19.1	18.0	17.1	16.0	10.6	10.8	10.6	9.6	2.6	2.4	2.3	2.0
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	8.5	8.1	5.4	5.1	4.7	4.5	1.3	1.5	n.a.	n.a.
Incap Oyj	21.8	18.1	9.0	7.6	15.7	12.0	5.6	4.7	2.7	2.0	1.7	1.4
Celestica Inc	13.6	9.6	11.6	10.5	6.0	4.3	6.7	6.3	2.5	0.8	2.1	n.a.
SIIX Corp	14.7	12.8	8.1	7.1	9.9	6.6	5.5	5.1	1.1	1.0	0.8	0.7
Fabrinet	24.1	15.5	19.3	22.0	16.0	10.6	13.8	17.2	5.8	5.0	4.3	3.8
Sercomm Corp	22.9	10.6	13.7	11.6	11.5	6.1	7.7	7.0	3.7	3.1	2.9	2.6
TT Electronics	35.6	10.5	9.0	8.0	9.9	6.8	6.2	5.7	0.9	0.9	0.9	0.9
Alpha Networks Inc	42.0	16.8	20.4	15.2	14.4	7.7	10.1	8.7	2.0	2.0	1.9	n.a.
Ducommun Inc	4.2	21.5	18.3	13.5	9.8	9.7	9.0	7.8	1.6	1.1	1.0	1.0
Valuetronics Holdings Ltd	8.0	11.7	10.3	9.4	1.4	2.1	1.5	1.3	1.1	1.0	0.9	0.9
Kitron ASA	28.4	18.8	11.2	10.9	15.3	14.3	8.6	8.0	4.8	4.0	3.9	3.1
Lacroix Group SA	9.6	10.9	8.8	6.8	10.2	6.9	6.2	5.5	0.9	0.7	n.a.	n.a.
Hanza AB	n.a.	15.5	11.7	10.3	12.7	8.2	6.9	6.0	4.2	3.2	2.3	1.9
Group average	**17.7**	**14.0**	**14.1**	**12.0**	**10.4**	**8.0**	**8.1**	**7.3**	**2.9**	**2.3**	**2.2**	**2.0**
Scanfil (Nordea)	15.7	12.1	10.4	11.1	9.7	8.1	6.9	6.7	2.3	1.9	1.9	1.6
diff. from average	-11%	-14%	-27%	-7%	-7%	2%	-15%	-8%	-21%	-19%	-13%	-18%

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**	**907**	**924**	**975**
Revenue growth	75.9%	34.6%	4.3%	6.3%	2.9%	2.7%	16.8%	21.3%	7.5%	1.9%	5.5%
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	81	78	83
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	65	60	65
Amortisation and impairments	-5	-2	-2	-2	-2	-2	-3	-3	-2	-2	-2
EBIT	14	7	31	38	35	44	40	45	63	58	63
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**	**62**	**57**	**62**
Reported taxes	-5	-6	-7	-7	-6	-5	-8	-7	-12	-11	-12
Net profit from continued operations	8	0	26	29	28	37	30	35	49	46	50
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	49	46	50
EPS, EUR	**0.15**	**0.00**	**0.40**	**0.45**	**0.44**	**0.57**	**0.46**	**0.54**	**0.77**	**0.71**	**0.78**
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%	8.4%	8.5%
EBITA	5.1%	1.8%	6.3%	7.1%	6.4%	7.8%	6.1%	5.7%	7.2%	6.5%	6.7%
EBIT	3.8%	1.4%	5.9%	6.7%	6.1%	7.4%	5.7%	5.4%	6.9%	6.3%	6.5%
Adjusted earnings											
EBITDA (adj)	33	33	40	47	53	55	56	63	81	78	83
EBITA (adj)	25	24	33	40	37	41	43	48	65	60	65
EBIT (adj)	20	22	31	38	39	39	40	45	63	58	63
EPS (adj, EUR)	0.24	0.24	0.36	0.45	0.49	0.49	0.47	0.54	0.77	0.71	0.78
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%	8.4%	8.5%
EBITA (adj)	6.6%	4.8%	6.3%	7.1%	6.4%	6.9%	6.2%	5.7%	7.2%	6.5%	6.7%
EBIT (adj)	5.3%	4.4%	5.9%	6.7%	6.7%	6.6%	5.8%	5.4%	6.9%	6.3%	6.5%
Performance metrics											
CAGR last 5 years											
Net revenue	11.5%	19.2%	24.0%	24.5%	22.0%	9.6%	6.5%	9.8%	10.0%	9.8%	10.4%
EBITDA	7.0%	-4.8%	14.2%	16.3%	16.4%	17.3%	24.8%	9.4%	11.5%	7.9%	6.6%
EBIT	0.0%	-4.5%	31.0%	26.1%	16.8%	25.2%	40.5%	7.7%	10.6%	10.5%	7.4%
EPS	-5.1%	-58.0%	32.7%	26.1%	15.5%	31.7%	217.8%	6.1%	11.0%	10.2%	6.2%
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%	6.3%	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	10.7	11.5	10.6
EV/EBITDA (adj)	8.7	7.9	7.8	5.7	6.8	8.0	9.7	8.1	7.3	7.3	6.6
EV/EBITA (adj)	11.6	10.7	9.4	6.8	9.7	10.7	12.6	10.7	9.1	9.5	8.5
EV/EBIT (adj)	13.6	11.7	10.0	7.1	9.3	11.3	13.5	11.3	9.4	9.8	8.7

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	10.7	11.5	10.6
EV/Sales	0.76	0.52	0.59	0.48	0.63	0.74	0.78	0.61	0.65	0.62	0.56
EV/EBITDA	10.1	14.4	7.8	5.7	6.8	7.3	9.9	8.1	7.3	7.3	6.6
EV/EBITA	14.2	28.0	9.4	6.8	9.7	9.5	12.8	10.7	9.1	9.5	8.5
EV/EBIT	18.5	36.2	10.0	7.1	10.3	9.9	13.7	11.3	9.4	9.8	8.7
Dividend yield (ord.)	2.1%	2.6%	2.6%	3.5%	3.1%	2.6%	2.5%	3.2%	2.8%	3.0%	3.3%
FCF yield	-17.3%	5.8%	3.9%	8.1%	5.8%	9.3%	-5.2%	-2.1%	7.9%	7.4%	7.2%
FCF Yield bef A&D, lease adj	-17.3%	5.8%	3.9%	8.1%	8.2%	5.5%	-5.8%	-2.7%	7.4%	6.9%	6.6%
Payout ratio	33.1%	37.7%	30.6%	28.6%	30.4%	34.5%	40.1%	38.6%	30.1%	35.1%	34.8%

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	98	114	124
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	123	136	145
Inventory	91	85	101	99	102	103	193	229	218	199	205
Accounts receivable	105	88	106	108	112	113	149	165	177	180	190
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	31	33	37
Total current assets	220	197	230	228	237	245	372	419	431	417	437
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**	**553**	**553**	**582**
Shareholders equity	100	108	125	145	167	183	207	227	262	293	327
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	262	293	327
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	190	179	189
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	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	234	213	213
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**	**553**	**553**	**582**
Balance sheet and debt metrics											
Net debt	66	40	43	30	46	18	60	86	60	38	19
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	205	201	207
Invested capital	170	157	173	181	221	212	275	318	328	337	352
Capital employed	188	168	188	194	233	227	293	333	353	364	383
ROE	8.6%	0.1%	22.2%	21.5%	18.0%	21.1%	15.3%	16.1%	20.1%	16.5%	16.1%
ROIC	12.1%	10.5%	14.6%	16.5%	14.9%	13.9%	12.8%	11.8%	14.9%	13.5%	14.2%
ROCE	17.3%	18.9%	23.1%	19.8%	18.3%	17.0%	15.6%	14.5%	18.3%	16.2%	17.0%
Net debt/EBITDA	2.4	2.2	1.1	0.6	0.9	0.3	1.1	1.4	0.7	0.5	0.2
Interest coverage	3.3	1.5	4.8	21.1	25.3	16.5	19.9	12.0	60.5	53.4	55.1
Equity ratio	33.2%	40.6%	40.7%	47.6%	49.0%	53.9%	43.8%	43.1%	47.4%	53.0%	56.2%
Net gearing	n.a.	n.a.	34.4%	20.7%	27.7%	10.0%	28.9%	37.7%	22.8%	13.1%	5.9%

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**	**81**	**78**	**83**
Paid taxes	-4	-5	-8	-7	-8	-7	-11	-4	-12	-11	-12
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**	**68**	**65**	**70**
Change in NWC	-8	-6	-6	-10	-8	-8	-53	-43	6	4	-6
Cash flow from operations (CFO)	**13**	**16**	**21**	**29**	**36**	**35**	**-13**	**10**	**74**	**70**	**63**
Capital expenditure	-51	-4	-11	-10	-7	-9	-13	-19	-32	-30	-25
Free cash flow before A&D	**-38**	**13**	**11**	**19**	**29**	**26**	**-25**	**-9**	**42**	**39**	**38**
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	42	39	38
Free cash flow bef A&D, lease adj	-38	13	11	19	26	23	-28	-12	39	36	35
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	11	2	4
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%	3.3%	2.6%
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	531	531	531
Enterprise value	286	262	314	269	362	440	543	511	590	569	550
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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Nordea Bank Abp

Nordea IB & Equity Division, Equity Research
Visiting address:
Aleksis Kiven katu 7, Helsinki
FI-00020 Nordea
Finland

Tel: +358 9 1651
Fax: +358 9 165 59710

Reg.no. 2858394-9
Satamaradankatu 5
Helsinki

Nordea Bank Abp, filial i Sverige

Nordea IB & Equity Division, Equity Research
Visiting address:
Smålandsgatan 17
SE-105 71 Stockholm
Sweden

Tel: +46 8 614 7000
Fax: +46 8 534 911 60

Nordea Danmark, Filial af Nordea Bank Abp, Finland

Nordea IB & Equity Division, EquityResearch
Visiting address:
Grønjordsvej 10
DK-2300 Copenhagen S
Denmark

Tel: +45 3333 3333
Fax: +45 3333 1520

Nordea Bank Abp, filial i Norge

Nordea IB & Equity Division, Equity Research
Visiting address:
Essendropsgate 7
N-0107 Oslo
Norway

Tel: +47 2248 5000
Fax: +47 2256 8650