27 October 2023

Commissioned research: Scanfil – Q3 in-line with consensus, FY guidance unchanged

Marketing material commissioned by Scanfil Oyj

Net sales and operating profit were 1% below consensus (Refinitiv) in Q3. The company's profitability remained a very good level in Q3 but uncertainty regarding 2024 has increased. 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 strongest positive momentum is in Energy & Cleantech segment where net sales was up by 41% y/y in January-September 2023. Full year 2023 guidance is same as published on 10 October 2023. However, visibility for 2024 is not good. Volatility in product inventories and end demand could be unpredictable. Christophe Sut started as the new CEO at the beginning of September and the company is working on a strategy update, which will be announced in early 2024.

Net sales and EBIT were close to market consensus (Refinitiv) in Q3

- Revenue growth was 0% in Q3 y/y (consensus 2%).
- Operating profit margin was 7.2% (consensus 7.1%) in Q3.
- Medtec & Life Science segment's net sales was below our forecast in Q3.
- Advanced Consumer Application segment's net sales declined by 27% y/y in Q3 but was still slightly better than we expected. One explanation for a decline could be volumes in China we believe.
- Revenues in Automation & Safety segment was below our expectations in Q3.
- Energy & Cleantech segment's revenue were close to our expectations in Q3. The segment includes customers like Nibe, Danfoss, ABB and Tomra.
- Reported EPS was EUR 0.17 (Refinitiv consensus EUR 0.18).
- Net cash flow from operations was EUR 9.8m in Q3 (EUR 8.0m).

Full year 2023 guidance

- Revenue is guided to be EUR 880-920m (unchanged).
- Consensus (Refinitiv) for net sales in 2023 has been EUR 905m.
- Operating profit is guided to be EUR 60-66m (unchanged).
- Consensus for 2023 EBIT has been EUR 63m.

SCANFIL: DEVIATION TABLE

	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual	
EURm	Q3 2023	Q3 2023	vs. actual		Q3 2023	vs. actual		Q2 2023	q/q	Q3 2022	y/y
Sales	213	219	-6	-3%	216	-3	-1%	243	-13%	212	0%
Adj. EBIT	15.2	15.1	0.1	1%	15.3	-0.1	-1%	17.5	-13%	11.5	32%
Adj. EBIT margin	7.1%	6.9%		0.2pp	7.1%		0.0pp	7.2%	0.0pp	5.4%	1.7pp
Adj. EPS	0.17	0.18	-0.01	-5%	0.18	-0.01	-6%	0.22	-24%	0.15	17%

Source: Company data, Refinitiv and Nordea estimates

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023E	2024E	2025E
Total revenue	595	696	844	907	924	975
EBITDA (adj)	55	56	63	81	78	83
EBIT (adj)	39	40	45	63	58	63
EBIT (adj) margin	6.6%	5.8%	5.4%	6.9%	6.3%	6.5%
EPS (adj, EUR)	0.49	0.47	0.54	0.77	0.71	0.78
EPS (adj) growth	0.0%	-3.8%	14.8%	40.5%	-7.0%	8.9%
DPS (ord, EUR)	0.17	0.19	0.21	0.23	0.25	0.27
EV/Sales	0.7	0.8	0.6	0.6	0.6	0.5
EV/EBIT (adj)	11.3	13.5	11.3	8.8	9.1	8.1
P/E (adj)	13.2	15.7	12.1	9.9	10.7	9.8
P/BV	2.3	2.3	1.9	1.9	1.7	1.5
Dividend yield (ord)	2.6%	2.5%	3.2%	3.0%	3.3%	3.5%
FCF Yield bef A&D, lease adj	5.5%	-5.8%	-2.7%	8.0%	7.4%	7.2%
Net debt	18	60	86	60	38	19
Net debt/EBITDA	0.3	1.1	1.4	0.7	0.5	0.2
ROIC after tax	13.9%	12.8%	11.8%	14.9%	13.5%	14.2%

Source: Company data and Nordea estimates

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