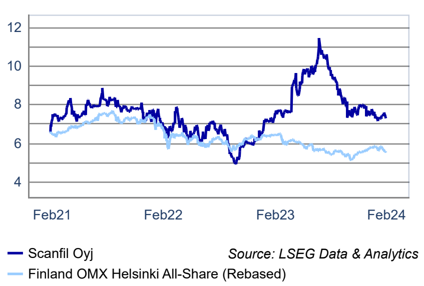
Scanfil Oyj

Capital Goods
Finland

KEY DATA

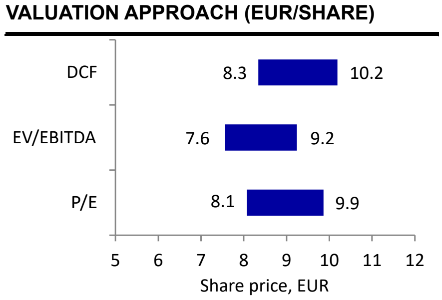
Stock country	Finland
Bloomberg	SCANFL FH
Reuters	SCANFL.HE
Share price (close)	EUR 7.33
Free float	25%
Market cap. (bn)	EUR 0.47/EUR 0.47
Website	www.scanfil.com/
Next report date	23 Feb 2024

PERFORMANCE



Source: LSEG Data & Analytics

VALUATION APPROACH (EUR/SHARE)



Source: Nordea estimates

ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	0%	0%	0%
EBIT (adj)	0%	1%	0%

Source: Nordea estimates

Nordea IB & Equity - Analysts
Pasi Väisänen
Director

We forecast flat revenue growth for Q4 y/y

This year did not start off as well as last year, which could make it hard for Scanfil to improve its 2024 EBIT margin y/y. Due to the slight weakness in order intake, we forecast only modest revenue growth for 2024, with lower EBIT y/y. If the 2024 EBIT guidance midpoint is well above the 2023 level, this would be a positive surprise. Despite the more recent inventory destocking effect, the company's long-term EBIT margin target could be upgraded to 8% in its strategy update at the next CMD, i.e. as early as 5 March. Our fair value range for Scanfil remains EUR 8.0-9.8, based on three equally-weighted valuation approaches (DCF, EV/EBITDA and P/E).

Our Q4 EBIT margin forecast is 6.3%

Revenue growth was zero in Q3 and the same could happen in Q4. The Energy & Cleantech segment has showed significant growth, but sales declined in Advanced Consumer Applications in 2023. We also forecast negative growth y/y for the Automation & Safety and Medtech & Life Science segments in Q4 2023. At the group level, we expect Q4 net sales of EUR 223m (LSEG Data & Analytics consensus: EUR 220m) and adjusted EBIT of EUR 14.1m (consensus: EUR 15.0m). Net sales averaged EUR 223m over the last six quarters and Q1 2024 could also follow this pattern. Our dividend expectation is EUR 0.23.

We expect fairly cautious guidance for 2024

Last year was exceptional in terms of demand variations, and visibility might not improve for 2024 either. China could be one area where uncertainty remains high. To be on the safe side, Scanfil may not yet guide for EUR 1bn in net sales; we believe it will likely provide a guidance range of EUR 900-970m. We expect the company to guide for adjusted EBIT of EUR 56-66m in 2024; we forecast EBIT of EUR 59m for this year (consensus: EUR 60m) due to recent weakness in orders. Fast and unexpected changes, however, could take place in the EMS sector during 2024, as has occurred in the past.

Valuation is below the peer group median

Scanfil is trading at 2024E EV/EBITDA of 6.2x (based on our estimate), while the peer group average is 8.3x. Based on our estimates, the company's 2024E-25E valuation multiples are 26% below the peer group average. The valuation could remain below peers if Scanfil fails to reach 5-7% stable underlying EMS market growth.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	580	595	696	844	904	911	963
EBITDA (adj)	53	55	56	63	81	78	83
EBIT (adj)	39	39	40	45	62	59	63
EBIT (adj) margin	6.7%	6.6%	5.8%	5.4%	6.9%	6.4%	6.5%
EPS (adj, EUR)	0.49	0.49	0.47	0.54	0.75	0.72	0.76
EPS (adj) growth	8.4%	0.0%	-3.8%	14.8%	37.2%	-3.9%	6.6%
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	0.6	0.6	0.5
EV/EBIT (adj)	9.3	11.3	13.5	11.3	8.6	8.7	7.8
P/E (adj)	9.9	13.2	15.7	12.1	9.8	10.2	9.6
P/BV	1.9	2.3	2.3	1.9	1.8	1.6	1.5
Dividend yield (ord)	3.1%	2.6%	2.5%	3.2%	3.1%	3.4%	3.7%
FCF Yield bef A&D, lease	8.2%	5.5%	-5.8%	-2.7%	8.2%	8.3%	7.3%
Net debt	46	18	60	86	60	36	17
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%	14.8%	13.7%	14.1%

Source: Company data and Nordea estimates

Quarterly estimates by segment

P&L (EURm; EPS IN EUR)	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423E	Q124E	Q224E	Q324E	Q424E
Advanced Consumer Applications												
Net sales (EURm)	55.0	68.7	67.8	56.3	51.3	57.9	49.8	46.7	46.2	48.1	50.3	50.9
Sales growth y/y (%)	28%	29%	22%	6%	-7%	-16%	-27%	-17%	-10%	-17%	1%	9%
Automation & Safety												
Net sales (EURm)	42.6	45.6	44.2	51.4	52.5	47.5	42.2	49.0	50.9	46.6	43.0	50.6
Sales growth y/y (%)	23%	24%	36%	25%	23%	4%	-5%	-5%	-3%	-2%	2%	3%
Connectivity												
Net sales (EURm)	10.8	9.1	7.8	10.8	13.2	12.6	10.9	11.4	11.1	10.7	10.5	11.5
Sales growth y/y (%)	33%	25%	7%	4%	22%	38%	40%	6%	-16%	-15%	-4%	1%
Energy & Cleantech												
Net sales (EURm)	54.6	53.5	53.1	61.3	67.5	86.0	73.5	77.8	78.3	79.1	79.4	83.3
Sales growth y/y (%)	35%	19%	22%	15%	24%	61%	38%	27%	16%	-8%	8%	7%
Medtec & Life Science												
Net sales (EURm)	33.7	36.0	39.0	42.5	40.0	39.4	36.3	38.5	41.2	40.6	39.2	39.4
Sales growth y/y (%)	16%	26%	34%	25%	19%	9%	-7%	-9%	3%	3%	8%	2%
	Q122	**Q222**	**Q322**	**Q422**	**Q123**	**Q223**	**Q323**	**Q423E**	**Q124E**	**Q224E**	**Q324E**	**Q424E**
Group sales	**196.6**	**212.9**	**211.9**	**222.3**	**224.6**	**243.3**	**212.8**	**223.4**	**227.7**	**225.0**	**222.4**	**235.7**
Sales growth %	20.3%	23.1%	26.3%	16.0%	14.2%	14.3%	0.4%	0.5%	1.4%	-7.5%	4.5%	5.5%
Other operating income	0.2	0.3	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation and amortisation	-4.0	-4.2	-4.5	-4.7	-4.7	-4.7	-4.8	-4.8	-4.8	-4.8	-4.8	-4.8
Reported EBIT	10.3	10.1	11.5	13.4	15.1	17.5	15.2	14.1	14.3	14.0	14.5	16.0
Reported EBIT margin	5.2%	4.7%	5.4%	6.0%	6.7%	7.2%	7.1%	6.3%	6.3%	6.2%	6.5%	6.8%
Group adj. EBIT	**10.3**	**10.1**	**11.5**	**13.4**	**15.1**	**17.5**	**15.2**	**14.1**	**14.3**	**14.0**	**14.5**	**16.0**
Adj. EBIT margin	5.2%	4.7%	5.4%	6.0%	6.7%	7.2%	7.1%	6.3%	6.3%	6.2%	6.5%	6.8%
Net financials	-1.0	-0.3	-1.7	-0.7	-0.6	0.9	-0.7	-0.6	-0.6	-0.5	-0.6	-0.6
Pre-tax profit	9.3	9.8	9.8	12.7	14.5	18.4	14.5	13.5	13.8	13.4	13.9	15.4
Income tax	-1.3	-2.7	-0.4	-2.2	-2.8	-3.9	-3.5	-2.7	-2.8	-2.7	-2.8	-3.1
Tax rate %	14%	28%	4%	17%	19%	21%	24%	20%	20%	20%	20%	20%
Reported net profit for the period	8.0	7.1	9.4	10.5	11.7	14.5	11.0	10.8	11.0	10.7	11.1	12.3
Adj net profit for the period	8.0	7.1	9.4	10.5	11.7	14.5	11.0	10.8	11.0	10.7	11.1	12.3
Reported EPS	0.12	0.11	0.15	0.16	0.18	0.22	0.17	0.17	0.17	0.17	0.17	0.19
Adj. EPS	**0.12**	**0.11**	**0.15**	**0.16**	**0.18**	**0.22**	**0.17**	**0.17**	**0.17**	**0.17**	**0.17**	**0.19**

Source: Company data and Nordea estimates

Annual estimates by segment

P&L (EURm; EPS IN EUR)

Segments	2018	2019	2020	2021	2022	2023E	2024E	2025E
Advanced Consumer Applications								
Net sales (EURm)			151.2	204.6	247.8	205.7	195.4	209.1
Sales growth y/y (%)				35%	21%	-17%	-5%	7%
Automation & Safety								
Net sales (EURm)			142.2	144.9	183.8	191.2	191.2	200.7
Sales growth y/y (%)				2%	27%	4%	0%	5%
Connectivity								
Net sales (EURm)			28.7	33.1	38.5	48.1	43.8	46.4
Sales growth y/y (%)				15%	16%	25%	-9%	6%
Energy & Cleantech								
Net sales (EURm)			135.6	182.0	222.5	304.8	320.1	339.3
Sales growth y/y (%)				34%	22%	37%	5%	6%
Medtec & Life Science								
Net sales (EURm)			107.9	120.6	151.2	154.2	160.4	167.6
Sales growth y/y (%)				12%	25%	2%	4%	5%
Group	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**	**2025E**
Net sales	**563.0**	**579.5**	**595.4**	**695.7**	**843.8**	**904.0**	**910.8**	**963.1**
Sales growth %	6.3%	2.9%	2.7%	16.8%	21.3%	7.1%	0.8%	5.7%
Other operating income	0.4	1.0	12.5	1.1	1.0	1.1	1.1	1.1
Depreciation and amortisation	-7.5	-15.7	-14.1	-12.6	-14.8	-16.7	-17.6	-18.4
Reported EBIT	37.8	35.3	44.3	39.6	45.4	61.9	58.7	62.6
Reported EBIT margin	6.7%	6.1%	7.4%	5.7%	5.4%	6.9%	6.5%	6.5%
Group adj. EBIT	**37.8**	**38.9**	**39.1**	**40.3**	**45.4**	**61.9**	**58.7**	**62.6**
Adj. EBIT margin	6.7%	6.7%	6.6%	5.8%	5.4%	6.9%	6.5%	6.5%
Net financials	-1.7	-1.3	-2.6	-1.9	-3.7	-1.0	-1.1	-1.1
Pre-tax profit	36.1	34.0	41.7	37.7	41.7	60.9	57.7	61.5
Income tax	-7.1	-5.9	-4.8	-7.9	-6.7	-12.9	-11.5	-12.3
Tax rate %	20%	17%	12%	21%	16%	21%	20%	20%
Reported net profit for the period	29.0	28.1	36.9	29.8	35.0	48.0	46.1	49.2
Adj net profit for the period	29.0	31.7	31.7	30.5	35.0	48.0	46.1	49.2
Reported EPS	0.45	0.44	0.57	0.46	0.54	0.75	0.72	0.76
Adj. EPS	**0.45**	**0.49**	**0.49**	**0.47**	**0.54**	**0.75**	**0.72**	**0.76**

Source: Company data and Nordea estimates

Peer group

EMS PEER GROUP: FINANCIALS

	SALES (EURm)				GROWTH				EBIT MARGIN			
	2022	2023	2024E	2025E	2022	2023	2024E	2025E	2022	2023	2024E	2025E
Hon Hai Precision Industry Co Ltd	202 514	181 308	189 583	198 369	11%	-7%	5%	5%	3%	3%	3%	3%
Delta Electronics Inc	11 748	12 095	13 364	14 933	22%	7%	10%	12%	11%	10%	11%	12%
Pegatron Corp	40 264	37 629	39 495	40 725	4%	-5%	6%	3%	2%	1%	2%	2%
Venture Corporation Ltd	2 695	2 136	2 277	2 393	24%	-17%	7%	5%	12%	10%	11%	11%
Universal Scientific Industrial	9 282	7 783	8 797	9 488	24%	-13%	12%	8%	5%	4%	4%	4%
Jabil Inc	33 288	32 010	28 280	29 470	14%	4%	-12%	4%	5%	5%	5%	6%
Compal Electronics Inc	32 797	28 420	30 101	31 477	-13%	-12%	6%	5%	1%	1%	1%	1%
Foxconn Interconnect Technology	4 233	3 849	4 169	4 723	1%	-9%	8%	13%	4%	5%	5%	5%
Inventec Corp	16 555	15 225	16 991	18 786	4%	-6%	12%	12%	1%	1%	2%	2%
Micro-Star International Co Ltd	5 513	5 449	5 934	6 414	-11%	2%	9%	8%	7%	6%	7%	7%
Plexus Corp	3 890	3 983	3 752	4 253	13%	10%	-4%	13%	5%	5%	5%	5%
Note AB (publ)	331	382	n.a.	n.a.	39%	15%	n.a.	n.a.	11%	10%	n.a.	n.a.
Sanmina Corp	8 082	8 453	7 289	8 146	18%	13%	-13%	12%	5%	6%	6%	6%
Incap Oyj	264	219	249	274	55%	-18%	14%	10%	15%	13%	12%	12%
Celestica Inc	6 774	7 214	8 078	8 666	29%	10%	11%	7%	5%	5%	6%	6%
SIIX Corp	1 974	1 914	2 039	2 142	22%	16%	6%	5%	3%	n.a.	n.a.	n.a.
Fabrinet	2 143	2 425	2 644	2 970	20%	17%	8%	12%	10%	11%	10%	10%
Sercomm Corp	1 973	1 856	2 148	2 304	47%	-2%	16%	8%	4%	5%	5%	5%
TT Electronics	697	732	734	760	30%	5%	0%	4%	7%	8%	9%	9%
Alpha Networks Inc	1 028	825	894	1 073	21%	-15%	8%	20%	5%	4%	6%	7%
Ducommun Inc	666	711	760	788	10%	7%	7%	6%	7%	8%	9%	11%
Valuetronics Holdings Ltd	234	237	231	247	-11%	-1%	0%	7%	6%	5%	8%	8%
Kitron ASA	643	774	775	841	76%	28%	0%	8%	7%	9%	9%	9%
Lacroix Group SA	708	761	779	802	41%	8%	2%	3%	3%	3%	3%	4%
Hanza AB	319	373	473	516	41%	24%	27%	9%	6%	8%	8%	9%
Group median					**20.7%**	**3.7%**	**6.7%**	**7.7%**	**5.2%**	**5.4%**	**5.6%**	**5.7%**
Scanfil (Nordea)	844	904	911	963	21.3%	7.1%	0.8%	5.7%	5.4%	6.9%	6.5%	6.5%
diff. from median (pp)					**0.6**	**3.5**	**-6.0**	**-2.0**	**0.2**	**1.5**	**0.9**	**0.8**

Source: LSEG Data & Analytics and Nordea estimates

EMS PEER GROUP: VALUATION

	P/E				EV/EBITDA				P/B			
	2022	2023	2024E	2025E	2022	2023	2024E	2025E	2022	2023	2024E	2025E
Hon Hai Precision Industry Co Ltd	9.9	10.6	9.3	8.1	6.0	5.3	4.8	4.3	0.9	0.9	0.9	0.8
Delta Electronics Inc	22.9	22.3	19.3	16.7	12.7	12.5	10.9	9.5	4.1	3.7	3.4	3.1
Pegatron Corp	11.2	14.4	12.9	12.0	5.7	10.0	7.0	6.5	1.2	1.2	1.1	1.1
Venture Corporation Ltd	13.5	14.4	13.2	12.2	8.9	8.8	8.0	7.4	1.4	1.3	1.3	1.2
Universal Scientific Industrial	12.0	15.1	13.0	11.1	8.4	8.6	7.4	6.5	2.0	1.6	1.6	1.5
Jabil Inc	8.7	19.0	15.6	13.2	4.2	6.5	7.9	7.4	7.4	6.5	9.2	6.5
Compal Electronics Inc	13.9	18.7	15.0	13.6	8.8	10.6	9.5	8.9	1.4	1.3	1.2	1.2
Foxconn Interconnect Technology	11.0	6.1	6.2	4.5	4.1	2.3	2.2	2.1	0.3	0.4	0.3	n.a.
Inventec Corp	15.5	35.4	25.4	20.3	12.4	23.4	17.8	14.3	3.5	3.4	3.2	3.3
Micro-Star International Co Ltd	10.3	16.7	14.2	12.5	6.1	12.3	10.3	9.1	3.2	3.1	2.8	2.5
Plexus Corp	18.0	18.8	23.4	16.3	10.8	9.5	11.4	9.6	2.6	2.3	n.a.	n.a.
Note AB (publ)	20.4	13.5	n.a.	n.a.	11.4	9.0	n.a.	n.a.	4.7	3.1	n.a.	n.a.
Sanmina Corp	12.1	10.5	11.2	9.5	5.3	5.0	6.0	5.4	1.5	1.4	n.a.	n.a.
Incap Oyj	18.1	9.8	9.7	8.5	12.0	6.6	6.0	5.4	2.4	1.9	1.6	1.4
Celestica Inc	9.6	14.8	13.1	12.0	4.3	7.0	7.8	7.3	0.8	3.1	n.a.	n.a.
SIIX Corp	12.8	9.0	7.9	7.3	6.6	5.7	5.3	4.9	1.0	0.9	0.8	0.7
Fabrinet	15.5	19.3	24.5	21.8	10.6	13.8	19.3	17.4	5.9	5.0	4.3	3.8
Sercomm Corp	10.6	14.3	11.8	11.2	6.1	9.3	8.0	8.1	3.2	3.0	2.6	1.9
TT Electronics	9.7	8.3	7.4	6.6	6.8	6.0	5.4	5.2	0.8	0.9	0.8	0.8
Alpha Networks Inc	16.8	28.8	17.7	10.1	7.7	12.5	9.5	n.a.	2.0	2.0	2.0	n.a.
Ducommun Inc	21.5	20.2	15.9	13.2	9.7	9.3	8.3	7.5	1.2	1.2	1.1	1.1
Valuetronics Holdings Ltd	11.5	10.2	10.0	9.2	2.0	1.4	1.4	1.3	0.9	0.9	1.1	1.0
Kitron ASA	18.8	11.5	11.9	10.5	14.3	8.3	8.5	7.8	3.9	3.7	3.0	2.5
Lacroix Group SA	10.9	10.3	10.0	6.2	6.9	n.a.	n.a.	n.a.	0.7	n.a.	n.a.	n.a.
Hanza AB	n.a.	12.8	10.5	8.8	8.2	n.a.	n.a.	n.a.	3.6	2.6	2.0	1.6
Group average	**14.0**	**15.4**	**13.7**	**11.5**	**8.0**	**8.9**	**8.3**	**7.4**	**2.4**	**2.3**	**2.2**	**2.0**
Scanfil (Nordea)	12.1	9.9	10.3	9.7	8.1	6.5	6.2	5.4	1.9	1.8	1.5	1.3
diff. from average	-13%	-36%	-25%	-16%	2%	-27%	-26%	-27%	-23%	-23%	-31%	-34%

Source: LSEG Data & Analytics 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**	**904**	**911**	**963**
Revenue growth	75.9%	34.6%	4.3%	6.3%	2.9%	2.7%	16.8%	21.3%	7.1%	0.8%	5.7%
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	-17	-18	-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	64	61	64
Amortisation and impairments	-5	-2	-2	-2	-2	-2	-3	-3	-2	-2	-2
EBIT	14	7	31	38	35	44	40	45	62	59	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**	**61**	**58**	**61**
Reported taxes	-5	-6	-7	-7	-6	-5	-8	-7	-13	-12	-12
Net profit from continued operations	8	0	26	29	28	37	30	35	48	46	49
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	48	46	49
EPS, EUR	**0.15**	**0.00**	**0.40**	**0.45**	**0.44**	**0.57**	**0.46**	**0.54**	**0.75**	**0.72**	**0.76**
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%	8.6%
EBITA	5.1%	1.8%	6.3%	7.1%	6.4%	7.8%	6.1%	5.7%	7.1%	6.7%	6.7%
EBIT	3.8%	1.4%	5.9%	6.7%	6.1%	7.4%	5.7%	5.4%	6.9%	6.4%	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	64	61	64
EBIT (adj)	20	22	31	38	39	39	40	45	62	59	63
EPS (adj, EUR)	0.24	0.24	0.36	0.45	0.49	0.49	0.47	0.54	0.75	0.72	0.76
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%	8.6%
EBITA (adj)	6.6%	4.8%	6.3%	7.1%	6.4%	6.9%	6.2%	5.7%	7.1%	6.7%	6.7%
EBIT (adj)	5.3%	4.4%	5.9%	6.7%	6.7%	6.6%	5.8%	5.4%	6.9%	6.4%	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%	9.9%	9.5%	10.1%
EBITDA	7.0%	-4.8%	14.2%	16.3%	16.4%	17.3%	24.8%	9.4%	11.3%	8.1%	6.5%
EBIT	0.0%	-4.5%	31.0%	26.1%	16.8%	25.2%	40.5%	7.7%	10.4%	10.7%	7.2%
EPS	-5.1%	-58.0%	32.7%	26.1%	15.5%	31.7%	217.8%	6.1%	10.4%	10.4%	5.9%
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%	6.3%	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	9.8	10.2	9.6
EV/EBITDA (adj)	8.7	7.9	7.8	5.7	6.8	8.0	9.7	8.1	6.6	6.5	5.9
EV/EBITA (adj)	11.6	10.7	9.4	6.8	9.7	10.7	12.6	10.7	8.3	8.4	7.6
EV/EBIT (adj)	13.6	11.7	10.0	7.1	9.3	11.3	13.5	11.3	8.6	8.7	7.8

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	9.8	10.2	9.6
EV/Sales	0.76	0.52	0.59	0.48	0.63	0.74	0.78	0.61	0.59	0.56	0.51
EV/EBITDA	10.1	14.4	7.8	5.7	6.8	7.3	9.9	8.1	6.6	6.5	5.9
EV/EBITA	14.2	28.0	9.4	6.8	9.7	9.5	12.8	10.7	8.3	8.4	7.6
EV/EBIT	18.5	36.2	10.0	7.1	10.3	9.9	13.7	11.3	8.6	8.7	7.8
Dividend yield (ord.)	2.1%	2.6%	2.6%	3.5%	3.1%	2.6%	2.5%	3.2%	3.1%	3.4%	3.7%
FCF yield	-17.3%	5.8%	3.9%	8.1%	5.8%	9.3%	-5.2%	-2.1%	8.8%	8.9%	7.9%
FCF Yield bef A&D, lease adj	-17.3%	5.8%	3.9%	8.1%	8.2%	5.5%	-5.8%	-2.7%	8.2%	8.3%	7.3%
Payout ratio	33.1%	37.7%	30.6%	28.6%	30.4%	34.5%	40.1%	38.6%	30.8%	34.8%	35.3%

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	98	113	123
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	122	136	143
Inventory	91	85	101	99	102	103	193	229	217	196	202
Accounts receivable	105	88	106	108	112	113	149	165	177	178	188
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	36	39
Total current assets	220	197	230	228	237	245	372	419	429	414	434
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**	**551**	**549**	**578**
Shareholders equity	100	108	125	145	167	183	207	227	261	292	325
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	261	292	325
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	177	187
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	233	210	211
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**	**551**	**549**	**578**
Balance sheet and debt metrics											
Net debt	66	40	43	30	46	18	60	86	60	36	17
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	198	205
Invested capital	170	157	173	181	221	212	275	318	327	334	348
Capital employed	188	168	188	194	233	227	293	333	352	364	382
ROE	8.6%	0.1%	22.2%	21.5%	18.0%	21.1%	15.3%	16.1%	19.7%	16.7%	15.9%
ROIC	12.1%	10.5%	14.6%	16.5%	14.9%	13.9%	12.8%	11.8%	14.8%	13.7%	14.1%
ROCE	17.3%	18.9%	23.1%	19.8%	18.3%	17.0%	15.6%	14.5%	18.1%	16.4%	16.8%
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	55.4	49.9	50.4
Equity ratio	33.2%	40.6%	40.7%	47.6%	49.0%	53.9%	43.8%	43.1%	47.3%	53.2%	56.3%
Net gearing	n.a.	n.a.	34.4%	20.7%	27.7%	10.0%	28.9%	37.7%	23.1%	12.2%	5.2%

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	-13	-12	-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**	**67**	**66**	**69**
Change in NWC	-8	-6	-6	-10	-8	-8	-53	-43	7	7	-7
Cash flow from operations (CFO)	**13**	**16**	**21**	**29**	**36**	**35**	**-13**	**10**	**74**	**72**	**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**	**42**	**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	42	38
Free cash flow bef A&D, lease adj	-38	13	11	19	26	23	-28	-12	39	40	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	10	5	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	7	7
Market cap.	220	222	271	239	316	422	483	426	474	474	474
Enterprise value	286	262	314	269	362	440	543	511	534	510	491
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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