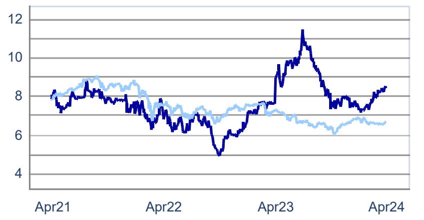
Scanfil Oyj

Capital Goods
Finland

KEY DATA

Stock country	Finland
Bloomberg	SCANFL FH
Reuters	SCANFL.HE
Share price (close)	EUR 8.45
Free float	25%
Market cap. (bn)	EUR 0.54/EUR 0.54
Website	www.scanfil.com/
Next report date	24 Apr 2024

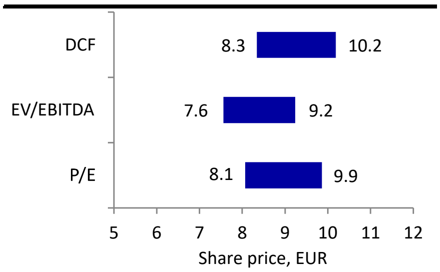
PERFORMANCE



Scanfil Oyj
Finland OMX Helsinki All-Share (Rebased)

Source: LSEG Data & Analytics

VALUATION APPROACH (EUR/SHARE)



Source: Nordea estimates

ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	0%	0%	0%
EBIT (adj)	1%	0%	0%

Source: Nordea estimates

Nordea IB & Equity - Analysts
Pasi Väisänen
Director

H1 2024 revenue growth could be negative y/y

Scanfil's valuation is 20% below the peer group median, but a small discount may be justified as long as earnings growth is absent. Relative profitability cannot improve much from current levels, making earnings growth more dependent on sales growth. Its long-term average annual revenue growth target is 10% (including acquisitions), although revenue growth could be close to zero for this year. For Q1, our revenue growth forecast is -3% y/y. Scanfil's long-term EBIT margin target is 7-8% and we expect the lower range of 7% to be achievable. 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). Sales growth might speed up again if the destocking effects seen in several sectors come to an end.

Our Q1 EBIT margin forecast is 6.7%

The New Industrial segment will likely post negative revenue growth y/y for Q1, but we expect the Medtech & Life Science and Energy & Cleantech segments to report positive sales growth for Q1 y/y. The drivers behind weak growth at the group level, in our view, are declining component prices and the destocking effect. We expect Q1 net sales of EUR 218m (LSEG Data & Analytics consensus: EUR 211m) and adjusted EBIT of EUR 14.6m (consensus: EUR 14.3m). We expect full-year revenue and EBIT guidance to be unchanged. The 2024 guidance midpoint indicates 5% lower net sales y/y and an EBIT margin of 7%.

Acquisitions needed to reach average growth of 10%

Scanfil expects good growth from the energy and medtech sectors in the medium term. The company expects the EMS market to deliver a 5-6% revenue CAGR for 2023-28, while energy and medtech could offer 7-8% annual revenue growth. However, Scanfil reaching its target of 10% revenue growth would require acquisitions, in our view. The company's M&A firepower is EUR ~150m, which is enough to reach EUR 1.4bn in net sales and a sales CAGR of 10% by 2028. The net debt/EBITDA ratio could stay close to 1.5x, even when using EUR 150m in acquisitions.

Valuation is not challenging

At present, growth is not the strongest, but company-specific risks are relatively low and a clear valuation discount to peers is not warranted, in our view. The customer base and production platform are well distributed. Moreover, cash flow was strong in 2023 and net gearing is only 19%.

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	595	696	844	902	891	938	982
EBITDA (adj)	55	56	63	80	81	85	88
EBIT (adj)	39	40	45	61	61	65	68
EBIT (adj) margin	6.6%	5.8%	5.4%	6.8%	6.9%	6.9%	6.9%
EPS (adj, EUR)	0.49	0.47	0.54	0.75	0.73	0.77	0.82
EPS (adj) growth	0.0%	-3.8%	14.8%	37.7%	-3.1%	6.6%	6.0%
DPS (ord, EUR)	0.17	0.19	0.21	0.23	0.25	0.27	0.29
EV/Sales	0.7	0.8	0.6	0.6	0.6	0.6	0.5
EV/EBIT (adj)	11.3	13.5	11.3	9.1	9.1	8.2	7.4
P/E (adj)	13.2	15.7	12.1	10.4	11.6	10.9	10.3
P/BV	2.3	2.3	1.9	1.9	1.8	1.6	1.5
Dividend yield (ord)	2.6%	2.5%	3.2%	2.9%	3.0%	3.2%	3.4%
FCF Yield bef A&D, lease	5.5%	-5.8%	-2.7%	8.7%	9.4%	9.1%	8.7%
Net debt	18	60	86	52	15	-18	-48
Net debt/EBITDA	0.3	1.1	1.4	0.6	0.2	-0.2	-0.5
ROIC after tax	13.9%	12.8%	11.8%	14.7%	14.7%	15.5%	16.1%

Source: Company data and Nordea estimates

Marketing material commissioned by Scanfil Oyj

Quarterly estimates by segment

P&L (EURm; EPS IN EUR)	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423	Q124E	Q224E	Q324E	Q424E
Advanced Consumer Applications												
Net sales (EURm)	55.0	68.7	67.8	56.3	51.3	57.9	49.8	52.5	49.2	51.5	50.3	58.3
Sales growth y/y (%)	28%	29%	22%	6%	-7%	-16%	-27%	-7%	-4%	-11%	1%	11%
Automation & Safety												
Net sales (EURm)	42.6	45.6	44.2	51.4	52.5	47.5	42.2	44.5	44.6	46.6	44.3	41.9
Sales growth y/y (%)	23%	24%	36%	25%	23%	4%	-5%	-13%	-15%	-2%	5%	-6%
Connectivity												
Net sales (EURm)	10.8	9.1	7.8	10.8	13.2	12.6	10.9	12.0	11.4	11.0	10.5	12.0
Sales growth y/y (%)	33%	25%	7%	4%	22%	38%	40%	11%	-14%	-13%	-4%	0%
Energy & Cleantech												
Net sales (EURm)	54.6	53.5	53.1	61.3	67.5	86.0	73.5	74.7	74.9	76.5	76.4	76.8
Sales growth y/y (%)	35%	19%	22%	15%	24%	61%	38%	22%	11%	-11%	4%	3%
Medtec & Life Science												
Net sales (EURm)	33.7	36.0	39.0	42.5	40.0	39.4	36.3	37.2	38.0	39.0	39.2	38.2
Sales growth y/y (%)	16%	26%	34%	25%	19%	9%	-7%	-12%	-5%	-1%	8%	3%
	Q122	**Q222**	**Q322**	**Q422**	**Q123**	**Q223**	**Q323**	**Q423**	**Q124E**	**Q224E**	**Q324E**	**Q424E**
Group sales	**196.6**	**212.9**	**211.9**	**222.3**	**224.6**	**243.3**	**212.8**	**220.8**	**218.2**	**224.6**	**220.7**	**227.2**
Sales growth %	20.3%	23.1%	26.3%	16.0%	14.2%	14.3%	0.4%	-0.7%	-2.9%	-7.7%	3.7%	2.9%
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	-4.9	-4.9	-4.9	-4.9	-4.9
Reported EBIT	10.3	10.1	11.5	13.4	15.1	17.5	15.2	13.4	14.6	15.3	15.0	16.6
Reported EBIT margin	5.2%	4.7%	5.4%	6.0%	6.7%	7.2%	7.1%	6.1%	6.7%	6.8%	6.8%	7.3%
Group adj. EBIT	**10.3**	**10.1**	**11.5**	**13.4**	**15.1**	**17.5**	**15.2**	**13.4**	**14.6**	**15.3**	**15.0**	**16.6**
Adj. EBIT margin	5.2%	4.7%	5.4%	6.0%	6.7%	7.2%	7.1%	6.1%	6.7%	6.8%	6.8%	7.3%
Net financials	-1.0	-0.3	-1.7	-0.7	-0.6	0.9	-0.7	0.6	-0.4	-0.4	-0.4	-0.4
Pre-tax profit	9.3	9.8	9.8	12.7	14.5	18.4	14.5	14.0	14.2	14.9	14.6	16.2
Income tax	-1.3	-2.7	-0.4	-2.2	-2.8	-3.9	-3.5	-3.2	-3.1	-3.3	-3.2	-3.6
Tax rate %	14%	28%	4%	17%	19%	21%	24%	23%	22%	22%	22%	22%
Reported net profit for the period	8.0	7.1	9.4	10.5	11.7	14.5	11.0	10.8	11.1	11.6	11.4	12.6
Adj net profit for the period	8.0	7.1	9.4	10.5	11.7	14.5	11.0	10.8	11.1	11.6	11.4	12.6
Reported EPS	0.12	0.11	0.15	0.16	0.18	0.22	0.17	0.17	0.17	0.18	0.18	0.19
Adj. EPS	**0.12**	**0.11**	**0.15**	**0.16**	**0.18**	**0.22**	**0.17**	**0.17**	**0.17**	**0.18**	**0.18**	**0.19**

Source: Company data and Nordea estimates

Annual estimates by segment

P&L (EURm; EPS IN EUR)

Segments	2018	2019	2020	2021	2022	2023	2024E	2025E
Advanced Consumer Applications								
Net sales (EURm)			151.2	204.6	247.8	211.5	209.4	220.9
Sales growth y/y (%)				35%	21%	-15%	-1%	6%
Automation & Safety								
Net sales (EURm)			142.2	144.9	183.8	186.7	177.4	185.3
Sales growth y/y (%)				2%	27%	2%	-5%	5%
Connectivity								
Net sales (EURm)			28.7	33.1	38.5	48.7	44.8	47.3
Sales growth y/y (%)				15%	16%	26%	-8%	6%
Energy & Cleantech								
Net sales (EURm)			135.6	182.0	222.5	301.7	304.7	323.0
Sales growth y/y (%)				34%	22%	36%	1%	6%
Medtec & Life Science								
Net sales (EURm)			107.9	120.6	151.2	152.9	154.4	161.4
Sales growth y/y (%)				12%	25%	1%	1%	5%
Group	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**
Net sales	**563.0**	**579.5**	**595.4**	**695.7**	**843.8**	**901.6**	**890.7**	**937.9**
Sales growth %	6.3%	2.9%	2.7%	16.8%	21.3%	6.8%	-1.2%	5.3%
Other operating income	0.4	1.0	12.5	1.1	1.0	0.9	0.8	0.8
Depreciation and amortisation	-7.5	-15.7	-14.1	-12.6	-14.8	-16.8	-17.6	-18.4
Reported EBIT	37.8	35.3	44.3	39.6	45.4	61.3	61.5	64.7
Reported EBIT margin	6.7%	6.1%	7.4%	5.7%	5.4%	6.8%	6.9%	6.9%
Group adj. EBIT	**37.8**	**38.9**	**39.1**	**40.3**	**45.4**	**61.3**	**61.5**	**64.7**
Adj. EBIT margin	6.7%	6.7%	6.6%	5.8%	5.4%	6.8%	6.9%	6.9%
Net financials	-1.7	-1.3	-2.6	-1.9	-3.7	0.3	-1.6	-1.7
Pre-tax profit	36.1	34.0	41.7	37.7	41.7	61.6	59.9	63.0
Income tax	-7.1	-5.9	-4.8	-7.9	-6.7	-13.4	-13.2	-13.2
Tax rate %	20%	17%	12%	21%	16%	22%	22%	21%
Reported net profit for the period	29.0	28.1	36.9	29.8	35.0	48.2	46.7	49.8
Adj net profit for the period	29.0	31.7	31.7	30.5	35.0	48.2	46.7	49.8
Reported EPS	0.45	0.44	0.57	0.46	0.54	0.75	0.73	0.77
Adj. EPS	**0.45**	**0.49**	**0.49**	**0.47**	**0.54**	**0.75**	**0.73**	**0.77**

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	181 989	189 201	207 316	11%	-7%	7%	10%	3%	3%	3%	3%
Delta Electronics Inc	11 748	11 849	12 671	14 229	22%	4%	7%	13%	11%	10%	11%	11%
Pegatron Corp	40 289	37 117	37 308	39 689	5%	-5%	0%	6%	2%	1%	2%	2%
Venture Corporation Ltd	2 695	2 078	2 220	2 336	24%	-22%	4%	5%	12%	10%	11%	11%
Universal Scientific Industrial	9 282	7 761	8 650	9 215	24%	-11%	11%	7%	5%	4%	4%	4%
Jabil Inc	33 288	32 010	26 249	27 389	14%	4%	-18%	4%	5%	5%	6%	6%
Compal Electronics Inc	32 797	27 959	28 792	30 547	-13%	-12%	3%	6%	1%	1%	1%	2%
Foxconn Interconnect Technology	4 233	3 802	4 320	5 233	1%	-7%	11%	21%	4%	6%	9%	10%
Inventec Corp	16 555	15 202	16 369	18 371	4%	-5%	10%	12%	1%	1%	2%	2%
Micro-Star International Co Ltd	5 513	5 404	5 900	6 403	-11%	1%	10%	9%	7%	6%	6%	7%
Plexus Corp	3 890	3 983	3 714	4 216	13%	10%	-3%	14%	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	7 276	8 094	18%	13%	-13%	12%	5%	6%	5%	6%
Incap Oyj	264	222	214	257	55%	-16%	-2%	20%	15%	13%	11%	12%
Celestica Inc	6 774	7 214	8 151	8 744	29%	10%	11%	7%	5%	5%	6%	6%
SIIX Corp	1 974	1 990	2 055	2 160	22%	12%	9%	6%	3%	n.a.	n.a.	n.a.
Fabrinet	2 143	2 425	2 630	2 926	20%	17%	8%	11%	10%	11%	10%	10%
Sercomm Corp	1 973	1 848	2 054	2 299	47%	-3%	11%	12%	4%	5%	5%	6%
TT Electronics	697	708	661	667	30%	-1%	-10%	1%	7%	8%	10%	10%
Alpha Networks Inc	1 028	835	799	900	21%	-16%	-5%	13%	5%	4%	4%	7%
Ducommun Inc	666	686	742	784	10%	6%	5%	6%	7%	8%	8%	10%
Valuetronics Holdings Ltd	234	237	212	229	-11%	-1%	0%	8%	6%	5%	10%	10%
Kitron ASA	641	775	772	840	76%	21%	0%	9%	7%	9%	9%	9%
Lacroix Group SA	708	761	779	802	41%	8%	2%	3%	3%	3%	3%	4%
Hanza AB	319	373	485	562	41%	17%	30%	16%	6%	8%	7%	8%
Group median					**20.7%**	**1.4%**	**4.8%**	**8.7%**	**5.2%**	**5.5%**	**5.6%**	**6.5%**
Scanfil (Nordea)	844	902	891	938	21.3%	6.8%	-1.2%	5.3%	5.4%	6.8%	6.9%	6.9%
diff. from median (pp)					**0.6**	**5.4**	**-6.0**	**-3.4**	**0.2**	**1.3**	**1.3**	**0.4**

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	10.4	13.8	11.9	6.0	5.0	6.9	6.0	1.4	1.4	1.3	1.2
Delta Electronics Inc	22.9	24.5	24.5	20.3	12.7	13.2	12.7	10.9	4.7	4.3	4.0	3.6
Pegatron Corp	11.3	14.9	15.9	14.2	5.8	8.3	8.0	7.0	1.4	1.4	1.3	1.3
Venture Corporation Ltd	13.5	14.7	14.4	13.3	8.9	8.8	8.5	7.8	1.5	1.4	1.4	1.4
Universal Scientific Industrial	12.0	17.4	13.8	12.0	8.4	8.9	7.1	6.3	2.0	1.6	1.6	1.5
Jabil Inc	8.7	19.0	16.6	13.2	4.2	6.5	7.7	7.1	7.3	6.4	8.0	6.1
Compal Electronics Inc	13.9	22.8	14.8	12.9	8.8	10.4	8.6	7.8	1.4	1.3	1.2	1.2
Foxconn Interconnect Technology	11.0	8.3	12.2	6.8	4.1	2.5	5.5	4.7	0.8	0.9	0.8	n.a.
Inventec Corp	15.5	31.0	23.8	18.8	12.4	20.8	16.9	13.7	3.6	3.5	3.2	3.1
Micro-Star International Co Ltd	10.3	23.0	13.4	11.6	6.1	14.5	8.8	7.6	2.9	2.8	2.6	2.3
Plexus Corp	18.0	18.8	22.2	15.7	10.8	9.5	11.1	9.3	2.5	2.2	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	11.1	9.4	5.3	5.0	5.8	5.2	1.5	1.4	n.a.	n.a.
Incap Oyj	18.1	11.4	17.0	12.8	12.0	6.9	8.8	7.1	3.0	2.5	2.2	1.9
Celestica Inc	9.6	14.4	17.0	15.5	4.3	7.0	9.8	9.2	0.8	4.0	n.a.	n.a.
SIIX Corp	12.8	8.4	9.3	8.4	6.6	5.3	5.6	5.2	1.1	0.9	0.8	0.8
Fabrinet	15.5	19.3	22.7	20.3	10.6	13.8	17.5	15.7	5.4	4.6	4.0	3.5
Sercomm Corp	10.6	15.3	12.3	11.2	6.1	8.5	7.5	7.2	3.5	3.2	2.7	2.0
TT Electronics	9.8	8.4	7.8	7.2	6.8	6.0	5.5	5.3	0.8	0.9	1.0	0.9
Alpha Networks Inc	16.8	37.5	20.9	13.5	7.7	14.2	11.8	n.a.	1.9	1.9	1.8	n.a.
Ducommun Inc	21.5	45.7	19.1	15.2	9.7	12.6	9.1	7.9	1.3	1.3	1.3	1.2
Valuetronics Holdings Ltd	11.5	10.2	8.7	8.2	2.0	1.4	0.9	0.9	0.9	0.9	0.0	0.0
Kitron ASA	18.6	11.6	11.6	10.0	11.2	8.2	7.8	7.1	3.7	3.6	2.6	2.2
Lacroix Group SA	10.9	8.0	8.9	5.5	6.9	n.a.	n.a.	n.a.	0.7	n.a.	n.a.	n.a.
Hanza AB	n.a.	16.1	10.4	7.8	8.2	n.a.	n.a.	n.a.	3.1	2.3	1.8	1.5
Group average	**14.0**	**17.4**	**15.1**	**12.3**	**7.9**	**9.0**	**8.7**	**7.6**	**2.5**	**2.4**	**2.2**	**2.0**
Scanfil (Nordea)	12.1	10.4	11.6	10.9	8.1	6.9	6.7	5.8	1.9	1.9	1.8	1.5
diff. from average	-13%	-40%	-23%	-11%	3%	-23%	-23%	-23%	-24%	-21%	-18%	-22%

Source: LSEG Data & Analytics and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT											
EURm	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**	**2026E**
Total revenue	**508**	**530**	**563**	**580**	**595**	**696**	**844**	**902**	**891**	**938**	**982**
Revenue growth	34.6%	4.3%	6.3%	2.9%	2.7%	16.8%	21.3%	6.8%	-1.2%	5.3%	4.7%
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	18	40	47	53	60	55	63	80	81	85	88
Depreciation and impairments PPE	-9	-7	-8	-16	-14	-13	-15	-17	-18	-18	-19
of which leased assets	0	0	0	-3	-3	-3	-3	-3	-3	-3	-3
EBITA	9	33	40	37	46	42	48	64	63	66	69
Amortisation and impairments	-2	-2	-2	-2	-2	-3	-3	-2	-2	-2	-1
EBIT	7	31	38	35	44	40	45	61	61	65	68
of which associates	0	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	-2	-1	-3	-2	-4	0	-2	-2	-2
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	**6**	**33**	**36**	**34**	**42**	**38**	**42**	**62**	**60**	**63**	**66**
Reported taxes	-6	-7	-7	-6	-5	-8	-7	-13	-13	-13	-13
Net profit from continued operations	0	26	29	28	37	30	35	48	47	50	53
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	0	26	29	28	37	30	35	48	47	50	53
EPS, EUR	**0.00**	**0.40**	**0.45**	**0.44**	**0.57**	**0.46**	**0.54**	**0.75**	**0.73**	**0.77**	**0.82**
DPS, EUR	0.09	0.11	0.13	0.15	0.17	0.19	0.21	0.23	0.25	0.27	0.29
of which ordinary	0.09	0.11	0.13	0.15	0.17	0.19	0.21	0.23	0.25	0.27	0.29
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	3.6%	7.6%	8.4%	9.1%	10.1%	7.9%	7.4%	8.9%	9.1%	9.0%	9.0%
EBITA	1.8%	6.3%	7.1%	6.4%	7.8%	6.1%	5.7%	7.1%	7.1%	7.1%	7.0%
EBIT	1.4%	5.9%	6.7%	6.1%	7.4%	5.7%	5.4%	6.8%	6.9%	6.9%	6.9%
Adjusted earnings											
EBITDA (adj)	33	40	47	53	55	56	63	80	81	85	88
EBITA (adj)	24	33	40	37	41	43	48	64	63	66	69
EBIT (adj)	22	31	38	39	39	40	45	61	61	65	68
EPS (adj, EUR)	0.24	0.36	0.45	0.49	0.49	0.47	0.54	0.75	0.73	0.77	0.82
Adjusted profit margins in percent											
EBITDA (adj)	6.6%	7.6%	8.4%	9.1%	9.3%	8.0%	7.4%	8.9%	9.1%	9.0%	9.0%
EBITA (adj)	4.8%	6.3%	7.1%	6.4%	6.9%	6.2%	5.7%	7.1%	7.1%	7.1%	7.0%
EBIT (adj)	4.4%	5.9%	6.7%	6.7%	6.6%	5.8%	5.4%	6.8%	6.9%	6.9%	6.9%
Performance metrics											
CAGR last 5 years											
Net revenue	19.2%	24.0%	24.5%	22.0%	9.6%	6.5%	9.8%	9.9%	9.0%	9.5%	7.1%
EBITDA	-4.8%	14.2%	16.3%	16.4%	17.3%	24.8%	9.4%	11.2%	8.9%	7.0%	9.9%
EBIT	-4.5%	31.0%	26.1%	16.8%	25.2%	40.5%	7.7%	10.2%	11.7%	7.9%	11.3%
EPS	-58.0%	32.7%	26.1%	15.5%	31.7%	217.8%	6.1%	10.5%	10.7%	6.2%	12.1%
DPS	8.4%	22.4%	21.1%	16.5%	16.3%	16.1%	13.8%	12.1%	10.8%	9.7%	8.8%
Average last 5 years											
Average EBIT margin	3.9%	4.5%	4.9%	4.9%	5.6%	6.4%	6.2%	6.2%	6.4%	6.4%	6.6%
Average EBITDA margin	7.7%	7.3%	7.2%	7.3%	7.9%	8.6%	8.5%	8.6%	8.6%	8.5%	8.7%

VALUATION RATIOS - ADJUSTED EARNINGS											
EURm	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**	**2026E**
P/E (adj)	14.6	11.8	8.2	9.9	13.2	15.7	12.1	10.4	11.6	10.9	10.3
EV/EBITDA (adj)	7.9	7.8	5.7	6.8	8.0	9.7	8.1	6.9	6.9	6.2	5.6
EV/EBITA (adj)	10.7	9.4	6.8	9.7	10.7	12.6	10.7	8.8	8.9	8.0	7.2
EV/EBIT (adj)	11.7	10.0	7.1	9.3	11.3	13.5	11.3	9.1	9.1	8.2	7.4

VALUATION RATIOS - REPORTED EARNINGS											
EURm	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**	**2026E**
P/E	n.m.	10.5	8.2	11.2	11.4	16.1	12.1	10.4	11.6	10.9	10.3
EV/Sales	0.52	0.59	0.48	0.63	0.74	0.78	0.61	0.62	0.63	0.56	0.51
EV/EBITDA	14.4	7.8	5.7	6.8	7.3	9.9	8.1	6.9	6.9	6.2	5.6
EV/EBITA	28.0	9.4	6.8	9.7	9.5	12.8	10.7	8.8	8.9	8.0	7.2
EV/EBIT	36.2	10.0	7.1	10.3	9.9	13.7	11.3	9.1	9.1	8.2	7.4
Dividend yield (ord.)	2.6%	2.6%	3.5%	3.1%	2.6%	2.5%	3.2%	2.9%	3.0%	3.2%	3.4%
FCF yield	5.8%	3.9%	8.1%	5.8%	9.3%	-5.2%	-2.1%	9.2%	9.9%	9.6%	9.2%
FCF Yield bef A&D, lease adj	5.8%	3.9%	8.1%	8.2%	5.5%	-5.8%	-2.7%	8.7%	9.4%	9.1%	8.7%
Payout ratio	37.7%	30.6%	28.6%	30.4%	34.5%	40.1%	38.6%	30.7%	34.4%	34.9%	35.3%

Source: Company data and Nordea estimates

BALANCE SHEET											
EURm	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**	**2026E**
Intangible assets	27	25	22	25	23	21	19	18	16	14	13
of which R&D	n.a.	n.a.	0	0	0	0	0	0	0	0	0
of which other intangibles	16	15	12	17	14	13	11	10	8	7	5
of which goodwill	11	10	10	8	8	8	8	8	8	8	8
Tangible assets	41	48	49	72	65	72	80	85	94	101	105
of which leased assets	0	0	0	21	18	22	24	23	23	23	23
Shares associates	n.a.	n.a.	0	1	1	1	1	1	1	1	1
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	2	4	4	6	7	9	8	8	8	8	8
Other non-IB non-current assets	n.a.	0	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	70	77	76	103	95	102	107	112	118	124	127
Inventory	85	101	99	102	103	193	229	209	193	188	191
Accounts receivable	88	106	108	112	113	149	165	174	171	180	189
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	4	2	2	3	2	4	4	3	3	3	3
Cash and bank	20	21	19	20	26	25	21	21	58	91	121
Total current assets	197	230	228	237	245	372	419	406	425	462	504
Assets held for sale	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	**267**	**307**	**304**	**340**	**339**	**474**	**526**	**518**	**543**	**586**	**630**
Shareholders equity	108	125	145	167	183	207	227	266	298	331	367
Of which preferred stocks	n.a.	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	n.a.	0	0	0	0	0	0	0	0	0	0
Minority interest	n.a.	0	0	0	0	0	0	0	0	0	0
Total Equity	n.a.	125	145	167	183	207	227	266	298	331	367
Deferred tax	3	5	6	7	6	5	5	6	6	6	6
Long term interest bearing debt	38	27	17	25	18	42	36	0	10	20	24
Pension provisions	n.a.	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	1	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	19	16	20	20	19	19	19	19
Convertible debt	n.a.	0	0	0	0	0	0	0	0	0	0
Shareholder debt	n.a.	0	0	0	0	0	0	0	0	0	0
Hybrid debt	n.a.	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	41	33	23	51	40	67	62	25	35	45	49
Short-term provisions	5	0	0	0	4	2	0	1	1	1	1
Accounts payable	90	113	104	96	100	172	184	167	160	169	178
Current lease debt	0	0	0	4	4	3	4	4	4	4	4
Other current liabilities	n.a.	n.a.	0	3	2	1	3	5	5	5	5
Short term interest bearing debt	22	36	33	20	6	20	46	50	40	30	26
Total current liabilities	117	149	136	122	116	199	237	227	210	209	214
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**267**	**307**	**304**	**340**	**339**	**473**	**526**	**518**	**543**	**586**	**630**
Balance sheet and debt metrics											
Net debt	40	43	30	46	18	60	86	52	15	-18	-48
of which lease debt	0	0	0	22	20	23	25	23	23	23	23
Working capital	87	96	105	118	117	173	211	214	202	197	199
Invested capital	157	173	181	221	212	275	318	325	320	321	326
Capital employed	168	188	194	233	227	293	333	339	371	404	440
ROE	0.1%	22.2%	21.5%	18.0%	21.1%	15.3%	16.1%	19.6%	16.6%	15.8%	15.1%
ROIC	10.5%	14.6%	16.5%	14.9%	13.9%	12.8%	11.8%	14.7%	14.7%	15.5%	16.1%
ROCE	18.9%	23.1%	19.8%	18.3%	17.0%	15.6%	14.5%	18.3%	17.3%	16.7%	16.1%
Net debt/EBITDA	2.2	1.1	0.6	0.9	0.3	1.1	1.4	0.6	0.2	-0.2	-0.5
Interest coverage	1.5	4.8	21.1	25.3	16.5	19.9	12.0	n.m.	36.7	36.6	36.6
Equity ratio	40.6%	40.7%	47.6%	49.0%	53.9%	43.8%	43.1%	51.4%	54.8%	56.6%	58.2%
Net gearing	n.a.	34.4%	20.7%	27.7%	10.0%	28.9%	37.7%	19.4%	5.1%	-5.5%	-13.2%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
EBITDA (adj) for associates	**18**	**40**	**47**	**53**	**60**	**55**	**63**	**80**	**81**	**85**	**88**
Paid taxes	-5	-8	-7	-8	-7	-11	-4	-9	-13	-13	-13
Net financials	-2	-2	-2	-2	-2	-1	-2	-4	-2	-2	-2
Change in provisions	4	-5	0	0	4	-3	0	1	0	0	0
Change in other LT non-IB	1	-2	0	-1	-1	-2	1	0	0	0	0
Cash flow to/from associates	n.a.	n.a.	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	n.a.	n.a.	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	7	4	0	2	-11	2	-3	3	0	0	0
Funds from operations (FFO)	**23**	**27**	**39**	**44**	**43**	**40**	**53**	**72**	**66**	**70**	**73**
Change in NWC	-6	-6	-10	-8	-8	-53	-43	-3	11	5	-2
Cash flow from operations (CFO)	**16**	**21**	**29**	**36**	**35**	**-13**	**10**	**69**	**78**	**75**	**71**
Capital expenditure	-4	-11	-10	-7	-9	-13	-19	-22	-23	-23	-21
Free cash flow before A&D	**13**	**11**	**19**	**29**	**26**	**-25**	**-9**	**47**	**54**	**52**	**50**
Proceeds from sale of assets	n.a.	0	0	0	13	0	0	0	0	0	0
Acquisitions	n.a.	0	0	-10	0	0	0	0	0	0	0
Free cash flow	13	11	19	18	39	-25	-9	47	54	52	50
Free cash flow bef A&D, lease adj	13	11	19	26	23	-28	-12	44	52	50	47
Dividends paid	n.a.	-6	-7	-8	-10	-11	-12	-14	-15	-16	-17
Equity issues / buybacks	n.a.	0	0	0	0	0	0	0	0	0	0
Net change in debt	-26	-4	-14	-43	-21	39	20	-34	0	0	0
Other financing adjustments	n.a.	n.a.	0	0	0	0	0	0	-3	-3	-3
Other non-cash adjustments	-1	-1	0	34	-3	-4	-3	2	0	0	0
Change in cash	-2	0	-1	1	5	-1	-5	0	37	33	30
Cash flow metrics											
Capex/D&A	32.3%	n.m.	n.m.	41.2%	58.4%	83.8%	n.m.	n.m.	n.m.	n.m.	n.m.
Capex/Sales	0.7%	2.0%	1.7%	1.3%	1.6%	1.9%	2.3%	2.5%	2.6%	2.4%	2.1%
Key information											
Share price year end (/current)	3	4	4	5	7	7	7	8	8	8	8
Market cap.	222	271	239	316	422	483	426	505	547	547	547
Enterprise value	262	314	269	362	440	543	511	557	562	528	498
Diluted no. of shares, year-end (m)	63.7	63.8	63.8	64.7	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