Scanfil Oyj

Capital Goods
Finland

End demand could improve in H2 2024

Scanfil's Q1 net sales and clean EBIT were below LSEG Data & Analytics consensus. End demand has been weak for several of the company's customer segments. Revenue growth was -12% y/y in Q1 and the company has reduced its capacity to keep relative profitability at a healthy level. Full-year guidance is intact, but we forecast market consensus EBIT will decline by EUR 2-3m for 2024. Scanfil expects new projects and market share gains to bring an improvement for H2 2024. Due to a weak start to the year, we lower our net sales and EBIT estimates by 2-5% for 2024. Our medium-term estimates are largely unchanged, however, and our fair value range remains at EUR 8.0-9.8, based on three equally weighted valuation approaches (DCF, EV/EBITDA and P/E).

All segments posted negative y/y revenue growth in Q1

Reported net sales were EUR 199m for Q1 2024, down 10% q/q. Looking at the segments, Medtec & Life Science and Industrial each reported -15% y/y revenue growth in Q1. A bit surprisingly, revenue growth was also negative y/y for Energy & Cleantech. The EBIT margin was 6.4% (consensus: 6.8%). Scanfil used layoffs to secure high utilisation ratios and good efficiency in Q1. The 2024 guidance midpoint indicates 5% lower net sales y/y and a 7% EBIT margin, but risks related to the full year increased after the earnings release. Scanfil expects a demand recovery in H2 2024, but six months is a long time in the EMS sector and visibility may not be particularly good.

Scanfil has resources for inorganic growth

The long-term average annual revenue growth target is 10%, which requires acquisitions. We believe the company is already screening several acquisition targets, but high valuation multiples could restrict M&A activity in the sector. Unlisted EMS companies may also have different views regarding the valuation of the transaction, since Scanfil trades at an EV/EBITDA of 6.4x 2024E. At least Scanfil's financial position is strong and M&A firepower is EUR ~150m, thus increasing the probability of future transactions. Relative profitability also cannot improve much from current levels, which makes earnings growth more dependent on sales growth. The company's net debt has fallen to EUR 47m due to strong cash flow. Net gearing is only 17%. EBIT margin volatility is also low, thus reducing company-specific risks. Scanfil's valuation is ~20% below the peer group median. A valuation discount could vanish if negative earnings growth momentum disappears.

SUMMARY TABLE - KEY FIGURES

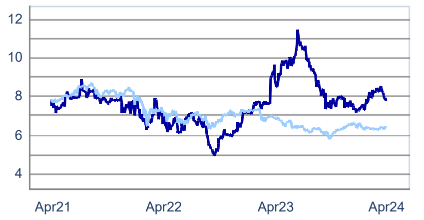
EURm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	595	696	844	902	870	925	969
EBITDA (adj)	55	56	63	80	78	83	88
EBIT (adj)	39	40	45	61	58	63	67
EBIT (adj) margin	6.6%	5.8%	5.4%	6.8%	6.7%	6.8%	6.9%
EPS (adj, EUR)	0.49	0.47	0.54	0.75	0.69	0.76	0.82
EPS (adj) growth	0.0%	-3.8%	14.8%	37.7%	-7.8%	10.0%	7.7%
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	0.5	0.5
EV/EBIT (adj)	11.3	13.5	11.3	9.1	8.9	7.8	6.9
P/E (adj)	13.2	15.7	12.1	10.4	11.3	10.2	9.5
P/BV	2.3	2.3	1.9	1.9	1.7	1.5	1.4
Dividend yield (ord)	2.6%	2.5%	3.2%	2.9%	3.2%	3.5%	3.7%
FCF Yield bef A&D, lease	5.5%	-5.8%	-2.7%	8.7%	10.2%	9.2%	9.5%
Net debt	18	60	86	52	15	-15	-45
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%	14.0%	15.2%	15.9%

Source: Company data and Nordea estimates

KEY DATA

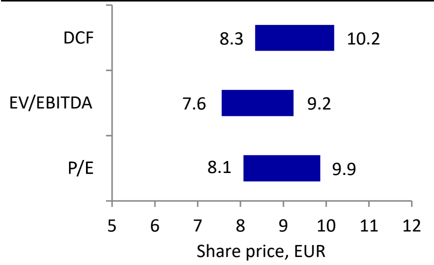
Stock country	Finland
Bloomberg	SCANFL FH
Reuters	SCANFL.HE
Share price (close)	EUR 7.78
Free float	25%
Market cap. (bn)	EUR 0.50/EUR 0.50
Website	www.scanfil.com/
Next report date	06 Aug 2024

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	-2%	-1%	-1%
EBIT (adj)	-5%	-3%	-1%

Source: Nordea estimates

Nordea IB & Equity - Analysts
Pasi Väisänen
Director

Quarterly estimates by segment

P&L (EURm; EPS IN EUR)

	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423	Q124	Q224E	Q324E	Q424E
Industrial												
Net sales (EURm)	101.1	115.0	111.1	111.3	111.2	112.4	98.8	105.2	94.2	98.9	100.8	103.8
Sales growth y/y (%)	n.a.	n.a.	n.a.	n.a.	10%	-2%	-11%	-5%	-15%	-12%	2%	-1%
Energy & Cleantech												
Net sales (EURm)	61.9	62.0	61.9	68.4	72.8	91.3	77.6	78.5	70.4	79.4	83.0	87.3
Sales growth y/y (%)	n.a.	n.a.	n.a.	n.a.	18%	47%	25%	15%	-3%	-13%	7%	11%
Medtec & Life Science												
Net sales (EURm)	33.6	35.9	38.9	42.6	40.6	39.6	36.4	37.1	34.4	37.6	38.6	41.6
Sales growth y/y (%)	n.a.	n.a.	n.a.	n.a.	21%	10%	-6%	-13%	-15%	-5%	6%	12%
	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**	**198.9**	**216.0**	**222.4**	**232.7**
Sales growth %	20.3%	23.1%	26.3%	16.0%	14.2%	14.3%	0.4%	-0.7%	-11.4%	-11.2%	4.5%	5.4%
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	-5.0	-5.0	-5.0	-5.0
Reported EBIT	10.3	10.1	11.5	13.4	15.1	17.5	15.2	13.4	12.7	14.7	15.1	15.8
Reported EBIT margin	5.2%	4.7%	5.4%	6.0%	6.7%	7.2%	7.1%	6.1%	6.4%	6.8%	6.8%	6.8%
Group adj. EBIT	**10.3**	**10.1**	**11.5**	**13.4**	**15.1**	**17.5**	**15.2**	**13.4**	**12.7**	**14.7**	**15.1**	**15.8**
Adj. EBIT margin	5.2%	4.7%	5.4%	6.0%	6.7%	7.2%	7.1%	6.1%	6.4%	6.8%	6.8%	6.8%
Net financials	-1.0	-0.3	-1.7	-0.7	-0.6	0.9	-0.7	0.6	0.2	-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	12.9	14.3	14.7	15.4
Income tax	-1.3	-2.7	-0.4	-2.2	-2.8	-3.9	-3.5	-3.2	-3.1	-3.1	-3.2	-3.4
Tax rate %	14%	28%	4%	17%	19%	21%	24%	23%	24%	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	9.8	11.1	11.5	12.0
Adj net profit for the period	8.0	7.1	9.4	10.5	11.7	14.5	11.0	10.8	9.8	11.1	11.5	12.0
Reported EPS	0.12	0.11	0.15	0.16	0.18	0.22	0.17	0.17	0.15	0.17	0.18	0.19
Adj. EPS	**0.12**	**0.11**	**0.15**	**0.16**	**0.18**	**0.22**	**0.17**	**0.17**	**0.15**	**0.17**	**0.18**	**0.19**

Source: Company data and Nordea estimates

Annual estimates by segment

P&L (EURm; EPS IN EUR)	2018	2019	2020	2021	2022	2023	2024E	2025E
Industrial								
Net sales (EURm)					438.5	427.6	397.7	421.5
Sales growth y/y (%)					n.a.	-2%	-7%	6%
Energy & Cleantech								
Net sales (EURm)			135.6	182.0	254.2	320.2	320.2	342.6
Sales growth y/y (%)				34%	40%	26%	0%	7%
Medtec & Life Science								
Net sales (EURm)			107.9	120.6	151.0	153.7	152.2	161.3
Sales growth y/y (%)				12%	25%	2%	-1%	6%
Group	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**
Net sales	**563.0**	**579.5**	**595.4**	**695.7**	**843.7**	**901.6**	**870.0**	**925.4**
Sales growth %	6.3%	2.9%	2.7%	16.8%	21.3%	6.9%	-3.5%	6.4%
Other operating income	0.4	1.0	12.5	1.1	1.0	0.9	0.4	0.4
Depreciation and amortisation	-7.5	-15.7	-14.1	-12.6	-14.8	-16.8	-18.0	-18.8
Reported EBIT	37.8	35.3	44.3	39.6	45.4	61.3	58.3	62.9
Reported EBIT margin	6.7%	6.1%	7.4%	5.7%	5.4%	6.8%	6.7%	6.8%
Group adj. EBIT	**37.8**	**38.9**	**39.1**	**40.3**	**45.4**	**61.3**	**58.3**	**62.9**
Adj. EBIT margin	6.7%	6.7%	6.6%	5.8%	5.4%	6.8%	6.7%	6.8%
Net financials	-1.7	-1.3	-2.6	-1.9	-3.7	0.3	-1.0	-1.0
Pre-tax profit	36.1	34.0	41.7	37.7	41.7	61.6	57.3	61.9
Income tax	-7.1	-5.9	-4.8	-7.9	-6.7	-13.4	-12.9	-13.0
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	44.4	48.9
Adj net profit for the period	29.0	31.7	31.7	30.5	35.0	48.2	44.4	48.9
Reported EPS	0.45	0.44	0.57	0.46	0.54	0.75	0.69	0.76
Adj. EPS	**0.45**	**0.49**	**0.49**	**0.47**	**0.54**	**0.75**	**0.69**	**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	181,989	190,681	208,636	11%	-7%	7%	9%	3%	3%	3%	3%
Delta Electronics Inc	11,748	11,849	12,652	14,259	22%	4%	7%	13%	11%	10%	11%	11%
Pegatron Corp	40,289	37,117	37,074	39,758	5%	-5%	0%	7%	2%	1%	2%	2%
Venture Corporation Ltd	2,695	2,078	2,236	2,336	24%	-22%	5%	5%	12%	10%	11%	11%
Universal Scientific Industrial	9,282	7,761	8,766	9,246	24%	-11%	11%	5%	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	28,655	30,461	-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	16,406	18,427	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	7,361	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	8,226	8,807	29%	10%	11%	8%	5%	5%	6%	6%
SIIX Corp	1,974	1,990	2,036	2,160	22%	12%	9%	6%	3%	n.a.	n.a.	n.a.
Fabrinet	2,143	2,425	2,648	2,939	20%	17%	8%	11%	10%	11%	10%	10%
Sercomm Corp	1,973	1,848	2,033	2,270	47%	-3%	11%	12%	4%	5%	5%	6%
TT Electronics	697	708	661	668	30%	-1%	-10%	1%	7%	8%	10%	10%
Alpha Networks Inc	1,028	835	770	885	21%	-16%	-7%	15%	5%	4%	3%	6%
Ducommun Inc	666	686	750	793	10%	6%	5%	6%	7%	8%	8%	10%
Valuetronics Holdings Ltd	234	237	214	231	-11%	-1%	0%	8%	6%	5%	10%	10%
Kitron ASA	641	775	770	839	75%	21%	-1%	9%	7%	9%	9%	9%
Lacroix Group SA	708	761	741	736	41%	8%	-3%	-1%	3%	3%	3%	4%
Hanza AB	319	373	472	523	41%	17%	30%	11%	6%	8%	7%	8%
Group median					**20.7%**	**1.4%**	**4.9%**	**8.7%**	**5.2%**	**5.5%**	**5.6%**	**5.8%**
Scanfil (Nordea)	844	902	870	925	21.3%	6.9%	-3.5%	6.4%	5.4%	6.8%	6.7%	6.8%
diff. from median (pp)					**0.6**	**5.4**	**-8.4**	**-2.3**	**0.2**	**1.3**	**1.1**	**1.0**

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	13.5	11.6	6.0	5.0	6.7	5.8	1.4	1.4	1.3	1.2
Delta Electronics Inc	22.9	24.5	22.3	18.5	12.7	13.2	11.5	9.9	4.3	3.9	3.6	3.3
Pegatron Corp	11.3	14.9	15.2	13.4	5.8	8.3	7.9	6.8	1.4	1.3	1.3	1.2
Venture Corporation Ltd	13.5	14.7	14.2	13.1	8.9	8.8	8.3	7.7	1.5	1.4	1.4	1.3
Universal Scientific Industrial	12.0	17.4	13.3	11.8	8.4	8.9	6.9	6.2	1.9	1.5	1.5	1.4
Jabil Inc	8.7	19.0	14.4	11.5	4.2	6.5	6.8	6.3	6.4	5.6	7.0	5.3
Compal Electronics Inc	13.9	22.8	14.4	12.6	8.8	10.4	8.4	7.7	1.4	1.3	1.2	1.2
Foxconn Interconnect Technology	11.0	8.3	6.5	5.0	4.1	2.5	4.9	4.2	0.7	0.8	0.7	n.a.
Inventec Corp	15.5	31.0	22.2	17.5	12.4	20.8	15.9	12.8	3.4	3.2	3.0	2.9
Micro-Star International Co Ltd	10.3	23.0	12.3	10.6	6.1	14.5	7.9	6.8	2.7	2.5	2.4	2.1
Plexus Corp	18.0	18.8	22.3	15.7	10.8	9.5	11.2	9.4	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	5.9	5.2	1.5	1.4	n.a.	n.a.
Incap Oyj	18.1	11.5	16.8	12.5	12.0	7.0	8.8	7.2	3.0	2.5	2.2	1.9
Celestica Inc	9.6	14.4	15.0	13.6	4.3	7.0	8.8	8.2	0.8	3.5	n.a.	n.a.
SIIX Corp	12.8	8.4	8.8	8.0	6.6	5.3	5.4	5.1	1.1	0.9	0.8	0.7
Fabrinet	15.5	19.3	20.3	18.2	10.6	13.8	15.6	14.0	4.8	4.2	3.6	3.1
Sercomm Corp	10.6	15.3	11.2	9.7	6.1	8.5	7.0	6.4	3.2	2.9	2.5	1.9
TT Electronics	10.6	9.1	8.6	7.8	6.8	6.0	5.9	5.6	0.9	0.9	1.1	1.0
Alpha Networks Inc	16.8	37.5	19.4	14.8	7.7	14.2	10.9	n.a.	1.7	1.7	1.7	n.a.
Ducommun Inc	21.5	45.7	18.5	14.7	9.7	12.6	8.9	7.8	1.3	1.3	1.2	1.1
Valuetronics Holdings Ltd	11.5	10.2	8.5	8.0	2.0	1.4	0.9	0.9	0.9	0.9	0.0	0.0
Kitron ASA	18.9	11.7	11.0	9.3	11.3	8.3	7.5	6.9	3.5	3.4	2.4	2.1
Lacroix Group SA	10.9	33.7	9.8	7.1	6.9	n.a.	n.a.	n.a.	0.7	n.a.	n.a.	n.a.
Hanza AB	n.a.	16.1	9.6	7.6	8.2	n.a.	n.a.	n.a.	2.9	2.1	1.7	1.4
Group average	**14.0**	**18.5**	**14.1**	**11.7**	**7.9**	**9.0**	**8.3**	**7.2**	**2.3**	**2.3**	**2.0**	**1.8**
Scanfil (Nordea)	12.1	10.4	11.3	10.3	8.1	6.9	6.4	5.5	1.9	1.9	1.7	1.4
diff. from average	-14%	-43%	-20%	-13%	3%	-23%	-22%	-24%	-20%	-16%	-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**	**870**	**925**	**969**
Revenue growth	34.6%	4.3%	6.3%	2.9%	2.7%	16.8%	21.3%	6.9%	-3.5%	6.4%	4.8%
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	78	83	88
Depreciation and impairments PPE	-9	-7	-8	-16	-14	-13	-15	-17	-18	-19	-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	60	65	68
Amortisation and impairments	-2	-2	-2	-2	-2	-3	-3	-2	-2	-2	-1
EBIT	7	31	38	35	44	40	45	61	58	63	67
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	-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	**6**	**33**	**36**	**34**	**42**	**38**	**42**	**62**	**57**	**62**	**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	44	49	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	44	49	53
EPS, EUR	**0.00**	**0.40**	**0.45**	**0.44**	**0.57**	**0.46**	**0.54**	**0.75**	**0.69**	**0.76**	**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%	9.0%	9.0%	9.1%
EBITA	1.8%	6.3%	7.1%	6.4%	7.8%	6.1%	5.7%	7.1%	6.9%	7.0%	7.0%
EBIT	1.4%	5.9%	6.7%	6.1%	7.4%	5.7%	5.4%	6.8%	6.7%	6.8%	6.9%
Adjusted earnings											
EBITDA (adj)	33	40	47	53	55	56	63	80	78	83	88
EBITA (adj)	24	33	40	37	41	43	48	64	60	65	68
EBIT (adj)	22	31	38	39	39	40	45	61	58	63	67
EPS (adj, EUR)	0.24	0.36	0.45	0.49	0.49	0.47	0.54	0.75	0.69	0.76	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%	9.0%	9.0%	9.1%
EBITA (adj)	4.8%	6.3%	7.1%	6.4%	6.9%	6.2%	5.7%	7.1%	6.9%	7.0%	7.0%
EBIT (adj)	4.4%	5.9%	6.7%	6.7%	6.6%	5.8%	5.4%	6.8%	6.7%	6.8%	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%	8.5%	9.2%	6.9%
EBITDA	-4.8%	14.2%	16.3%	16.4%	17.3%	24.8%	9.4%	11.2%	8.1%	6.7%	9.8%
EBIT	-4.5%	31.0%	26.1%	16.8%	25.2%	40.5%	7.7%	10.2%	10.6%	7.3%	11.1%
EPS	-58.0%	32.7%	26.1%	15.5%	31.7%	217.8%	6.1%	10.5%	9.6%	5.8%	12.0%
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%	6.3%	6.5%
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	11.3	10.2	9.5
EV/EBITDA (adj)	7.9	7.8	5.7	6.8	8.0	9.7	8.1	6.9	6.6	5.9	5.2
EV/EBITA (adj)	10.7	9.4	6.8	9.7	10.7	12.6	10.7	8.8	8.6	7.6	6.7
EV/EBIT (adj)	11.7	10.0	7.1	9.3	11.3	13.5	11.3	9.1	8.9	7.8	6.9

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	11.3	10.2	9.5
EV/Sales	0.52	0.59	0.48	0.63	0.74	0.78	0.61	0.62	0.60	0.53	0.47
EV/EBITDA	14.4	7.8	5.7	6.8	7.3	9.9	8.1	6.9	6.6	5.9	5.2
EV/EBITA	28.0	9.4	6.8	9.7	9.5	12.8	10.7	8.8	8.6	7.6	6.7
EV/EBIT	36.2	10.0	7.1	10.3	9.9	13.7	11.3	9.1	8.9	7.8	6.9
Dividend yield (ord.)	2.6%	2.6%	3.5%	3.1%	2.6%	2.5%	3.2%	2.9%	3.2%	3.5%	3.7%
FCF yield	5.8%	3.9%	8.1%	5.8%	9.3%	-5.2%	-2.1%	9.2%	10.8%	9.7%	10.1%
FCF Yield bef A&D, lease adj	5.8%	3.9%	8.1%	8.2%	5.5%	-5.8%	-2.7%	8.7%	10.2%	9.2%	9.5%
Payout ratio	37.7%	30.6%	28.6%	30.4%	34.5%	40.1%	38.6%	30.7%	36.2%	35.5%	35.4%

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	95	102	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	119	124	127
Inventory	85	101	99	102	103	193	229	209	191	185	188
Accounts receivable	88	106	108	112	113	149	165	174	170	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	53	83	113
Total current assets	197	230	228	237	245	372	419	406	415	451	493
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**	**535**	**575**	**620**
Shareholders equity	108	125	145	167	183	207	227	266	296	328	363
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	296	328	363
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	0	5	9
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	25	30	34
Short-term provisions	5	0	0	0	4	2	0	1	1	1	1
Accounts payable	90	113	104	96	100	172	184	167	159	167	175
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	45	40	36
Total current liabilities	117	149	136	122	116	199	237	227	214	217	222
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**	**535**	**575**	**620**
Balance sheet and debt metrics											
Net debt	40	43	30	46	18	60	86	52	15	-15	-45
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	199	197	199
Invested capital	157	173	181	221	212	275	318	325	318	321	326
Capital employed	168	188	194	233	227	293	333	339	363	396	431
ROE	0.1%	22.2%	21.5%	18.0%	21.1%	15.3%	16.1%	19.6%	15.8%	15.7%	15.2%
ROIC	10.5%	14.6%	16.5%	14.9%	13.9%	12.8%	11.8%	14.7%	14.0%	15.2%	15.9%
ROCE	18.9%	23.1%	19.8%	18.3%	17.0%	15.6%	14.5%	18.3%	16.6%	16.6%	16.2%
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.	53.9	55.2	56.1
Equity ratio	40.6%	40.7%	47.6%	49.0%	53.9%	43.8%	43.1%	51.4%	55.3%	57.1%	58.7%
Net gearing	n.a.	34.4%	20.7%	27.7%	10.0%	28.9%	37.7%	19.4%	5.2%	-4.5%	-12.4%

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**	**78**	**83**	**88**
Paid taxes	-5	-8	-7	-8	-7	-11	-4	-9	-13	-13	-13
Net financials	-2	-2	-2	-2	-2	-1	-2	-4	-1	-1	-1
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**	**64**	**69**	**74**
Change in NWC	-6	-6	-10	-8	-8	-53	-43	-3	15	2	-3
Cash flow from operations (CFO)	**16**	**21**	**29**	**36**	**35**	**-13**	**10**	**69**	**79**	**72**	**71**
Capital expenditure	-4	-11	-10	-7	-9	-13	-19	-22	-25	-23	-20
Free cash flow before A&D	**13**	**11**	**19**	**29**	**26**	**-25**	**-9**	**47**	**54**	**49**	**51**
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	49	51
Free cash flow bef A&D, lease adj	13	11	19	26	23	-28	-12	44	51	46	48
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	-5	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	31	30	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.	97.4%
Capex/Sales	0.7%	2.0%	1.7%	1.3%	1.6%	1.9%	2.3%	2.5%	2.9%	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	503	503	503
Enterprise value	262	314	269	362	440	543	511	557	519	489	458
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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