

Scanfil Oyj

Capital Goods
Finland

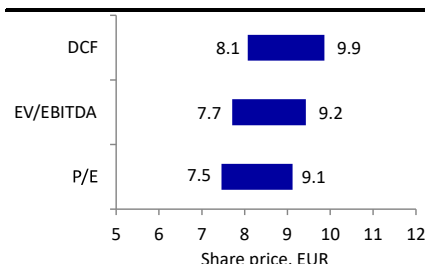
KEY DATA

Stock country	Finland
Bloomberg	SCANFL FH
Reuters	SCANFL.HE
Share price (close)	EUR 7.32
Free float	25%
Market cap. (bn)	EUR 0.47/EUR 0.47
Website	www.scanfil.com/
Next report date	25 Oct 2024

PERFORMANCE



VALUATION APPROACH (EUR/SHARE)



ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	-2%	-2%	-2%
EBIT (adj)	-1%	-2%	-2%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Pasi Väisänen
Director

End demand remains volatile

Scanfil's Q2 net sales and clean EBIT were slightly below LSEG Data & Analytics consensus. Full-year guidance was repeated, despite market volatility. Because visibility has not greatly improved, we expect market consensus EBIT to decline by EUR 1m (2%) for 2024 after the earnings release. We believe end demand could remain modest for Industrial and Energy applications in Q3 2024. However, Q2 net sales already grew in the Medtec & Life Science segment on a q/q basis. Our fair value range remains at EUR 7.7-9.5, based on three equally weighted valuation approaches (DCF, EV/EBITDA and P/E).

Q3 could be the weakest quarter of 2024

Reported net sales were EUR 196m for Q2 2024, lower than seen during the past nine quarters. All segments posted negative y/y revenue growth in Q2, as was also the case in Q1 2024. The main reason for declining revenues is a tough comparison period and customer-specific demand problems. Relative profitability has remained good, however, due to proactive management of utilisation ratios and because of tight cost discipline. The company reduced its capacity to keep its EBIT margin close to 7% in Q2. Moreover, the Sieradz expansion project was postponed until Q3 2026 owing to the change in overall demand. Scanfil sees signs of a gradual recovery in its Medtech & Life Science segment, but Q3 2024 net sales on the group level could still decline q/q, in our view. Q3 could be the weakest quarter of 2024, although we expect net sales to grow q/q for Q4.

Valuation likely to remain below peers until growth recovers

EBIT margin could remain at a decent level for H2, but the short-term narrative related to weak demand and declining revenue will likely linger for Q3. Visibility has not improved and Scanfil's customers have difficulties predicting their short-term demand. Overall, Scanfil's valuation is 23% below the peer group median for 2024E-25E. This valuation discount might vanish if the current negative earnings growth momentum were to abate. We forecast 11% lower sales y/y for 2024, but we expect 8% revenue growth for 2025, amid a weak comparison base and an expected rebound in order intake.

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	595	696	844	902	800	867	921
EBITDA (adj)	55	56	63	80	75	80	85
EBIT (adj)	39	40	45	61	54	59	64
EBIT (adj) margin	6.6%	5.8%	5.4%	6.8%	6.8%	6.8%	6.9%
EPS (adj, EUR)	0.49	0.47	0.54	0.75	0.65	0.72	0.79
EPS (adj) growth	0.0%	-3.8%	14.8%	37.7%	-12.8%	10.5%	9.1%
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	8.7	7.6	6.6
P/E (adj)	13.2	15.7	12.1	10.4	11.2	10.1	9.3
P/BV	2.3	2.3	1.9	1.9	1.6	1.5	1.3
Dividend yield (ord)	2.6%	2.5%	3.2%	2.9%	3.4%	3.7%	4.0%
FCF Yield bef A&D, lease	5.5%	-5.8%	-2.7%	8.7%	14.0%	8.8%	9.5%
Net debt	18	60	86	52	1	-25	-52
Net debt/EBITDA	0.3	1.1	1.4	0.6	0.0	-0.3	-0.6
ROIC after tax	13.9%	12.8%	11.8%	14.7%	13.4%	15.0%	15.8%

Source: Company data and Nordea estimates

Quarterly estimates by segment

P&L (EURm; EPS IN EUR)

	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423	Q124	Q224	Q324E	Q424E
Industrial												
Net sales (EURm)	101.1	115.0	111.1	111.3	111.2	112.4	98.8	105.2	94.2	90.4	88.9	94.2
Sales growth y/y (%)	n.a.	n.a.	n.a.	n.a.	10%	-2%	-11%	-5%	-15%	-20%	-10%	-10%
Energy & Cleantech												
Net sales (EURm)	61.9	62.0	61.9	68.4	72.8	91.3	77.6	78.5	70.4	67.5	65.2	81.9
Sales growth y/y (%)	n.a.	n.a.	n.a.	n.a.	18%	47%	25%	15%	-3%	-26%	-16%	4%
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	36.0	39.5
Sales growth y/y (%)	n.a.	n.a.	n.a.	n.a.	21%	10%	-6%	-13%	-15%	-5%	-1%	7%
	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423	Q124	Q224	Q324E	Q424E
Group sales	196.6	212.9	211.9	222.3	224.6	243.3	212.8	220.8	198.9	195.5	190.1	215.6
Sales growth %	20.3%	23.1%	26.3%	16.0%	14.2%	14.3%	0.4%	-0.7%	-11.4%	-19.6%	-10.6%	-2.3%
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	-5.1	-5.1	-5.1
Reported EBIT	10.3	10.1	11.5	13.4	15.1	17.5	15.2	13.4	12.7	13.9	13.1	14.7
Reported EBIT margin	5.2%	4.7%	5.4%	6.0%	6.7%	7.2%	7.1%	6.1%	6.4%	7.1%	6.9%	6.8%
Group adj. EBIT	10.3	10.1	11.5	13.4	15.1	17.5	15.2	13.4	12.7	13.9	13.1	14.7
Adj. EBIT margin	5.2%	4.7%	5.4%	6.0%	6.7%	7.2%	7.1%	6.1%	6.4%	7.1%	6.9%	6.8%
Net financials	-1.0	-0.3	-1.7	-0.7	-0.6	0.9	-0.7	0.6	0.2	0.1	-0.2	-0.2
Pre-tax profit	9.3	9.8	9.8	12.7	14.5	18.4	14.5	14.0	12.9	14.0	12.9	14.5
Income tax	-1.3	-2.7	-0.4	-2.2	-2.8	-3.9	-3.5	-3.2	-3.1	-3.1	-2.8	-3.2
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	10.9	10.0	11.3
Adj net profit for the period	8.0	7.1	9.4	10.5	11.7	14.5	11.0	10.8	9.8	10.9	10.0	11.3
Reported EPS	0.12	0.11	0.15	0.16	0.18	0.22	0.17	0.17	0.15	0.17	0.16	0.17
Adj. EPS	0.12	0.11	0.15	0.16	0.18	0.22	0.17	0.17	0.15	0.17	0.16	0.17

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	367.7	397.2
Sales growth y/y (%)					n.a.	-2%	-14%	8%
Energy & Cleantech								
Net sales (EURm)			135.6	182.0	254.2	320.2	285.0	310.6
Sales growth y/y (%)				34%	40%	26%	-11%	9%
Medtec & Life Science								
Net sales (EURm)			107.9	120.6	151.0	153.7	147.6	159.4
Sales growth y/y (%)				12%	25%	2%	-4%	8%
Group								
Net sales	563.0	579.5	595.4	695.7	843.7	901.6	800.3	867.1
Sales growth %	6.3%	2.9%	2.7%	16.8%	21.3%	6.9%	-11.2%	8.4%
Other operating income	0.4	1.0	12.5	1.1	1.0	0.9	1.0	1.0
Depreciation and amortisation	-7.5	-15.7	-14.1	-12.6	-14.8	-16.8	-18.3	-19.1
Reported EBIT	37.8	35.3	44.3	39.6	45.4	61.3	54.4	59.0
Reported EBIT margin	6.7%	6.1%	7.4%	5.7%	5.4%	6.8%	6.8%	6.8%
Group adj. EBIT	37.8	38.9	39.1	40.3	45.4	61.3	54.4	59.0
Adj. EBIT margin	6.7%	6.7%	6.6%	5.8%	5.4%	6.8%	6.8%	6.8%
Net financials	-1.7	-1.3	-2.6	-1.9	-3.7	0.3	-0.2	-0.2
Pre-tax profit	36.1	34.0	41.7	37.7	41.7	61.6	54.2	58.8
Income tax	-7.1	-5.9	-4.8	-7.9	-6.7	-13.4	-12.2	-12.3
Tax rate %	20%	17%	12%	21%	16%	22%	23%	21%
Reported net profit for the period	29.0	28.1	36.9	29.8	35.0	48.2	42.0	46.4
Adj net profit for the period	29.0	31.7	31.7	30.5	35.0	48.2	42.0	46.4
Reported EPS	0.45	0.44	0.57	0.46	0.54	0.75	0.65	0.72
Adj. EPS	0.45	0.49	0.49	0.47	0.54	0.75	0.65	0.72

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	187,626	233,693	11%	-7%	10%	24%	3%	3%	3%	3%
Delta Electronics Inc	11,748	11,849	12,020	13,759	22%	4%	5%	14%	11%	10%	12%	13%
Pegatron Corp	40,289	37,117	34,537	38,320	5%	-5%	-4%	11%	2%	1%	1%	2%
Venture Corporation Ltd	2,695	2,078	2,189	2,320	24%	-22%	3%	6%	12%	10%	10%	11%
Universal Scientific Industrial	9,282	7,761	8,300	9,345	24%	-11%	6%	13%	5%	4%	4%	4%
Jabil Inc	33,288	32,010	26,289	25,476	14%	4%	-18%	-3%	5%	5%	5%	6%
Compal Electronics Inc	32,797	27,959	26,976	28,924	-13%	-12%	-1%	7%	1%	1%	2%	2%
Foxconn Interconnect Technology	4,233	3,802	4,370	5,172	1%	-7%	13%	18%	4%	6%	7%	8%
Inventec Corp	16,555	15,202	16,441	18,631	4%	-5%	14%	13%	1%	1%	2%	2%
Micro-Star International Co Ltd	5,513	5,404	5,796	6,371	-11%	1%	11%	9%	7%	6%	6%	7%
Plexus Corp	3,890	3,983	3,621	3,972	13%	10%	-7%	10%	5%	5%	5%	6%
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	6,942	7,619	18%	13%	-17%	10%	5%	6%	5%	6%
Incap Oyj	264	222	239	281	55%	-16%	9%	18%	15%	13%	12%	12%
Celestica Inc	6,774	7,214	8,720	9,478	29%	10%	20%	9%	5%	5%	6%	6%
SIIX Corp	1,974	1,990	1,873	2,017	22%	12%	5%	8%	3%	n.a.	n.a.	n.a.
Fabrinet	2,143	2,425	2,680	2,985	20%	17%	9%	11%	10%	11%	10%	11%
Sercomm Corp	1,973	1,848	1,704	1,907	47%	-3%	-4%	12%	4%	5%	5%	5%
TT Electronics	697	708	670	680	30%	-1%	-10%	1%	7%	8%	9%	10%
Alpha Networks Inc	1,028	835	770	885	21%	-16%	-7%	15%	5%	4%	3%	6%
Ducommun Inc	666	686	725	770	10%	6%	4%	6%	7%	8%	8%	10%
Valuetronics Holdings Ltd	234	237	198	212	-11%	-1%	-17%	-1%	6%	5%	10%	9%
Kitron ASA	641	775	679	748	75%	21%	-12%	10%	7%	9%	8%	9%
Lacroix Group SA	708	761	676	691	41%	8%	-12%	2%	3%	2%	3%	4%
Hanza AB	319	373	428	479	41%	17%	20%	12%	6%	8%	5%	7%
Group median					20.7%	1.4%	3.8%	10.0%	5.2%	5.5%	5.5%	6.4%
Scanfil (Nordea)	844	902	800	867	21.3%	6.9%	-11.2%	8.4%	5.4%	6.8%	6.8%	6.8%
diff. from median (pp)					0.6	5.4	-15.0	-1.7	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	14.7	11.3	6.0	5.0	7.4	6.0	1.5	1.5	1.4	1.3
Delta Electronics Inc	22.9	24.5	25.1	20.3	12.7	13.2	12.8	10.8	5.3	4.8	4.3	3.8
Pegatron Corp	11.3	14.9	14.4	12.1	5.8	8.3	7.3	6.0	1.3	1.3	1.3	1.2
Venture Corporation Ltd	13.5	14.7	14.4	13.3	8.9	8.8	8.6	7.9	1.5	1.4	1.4	1.3
Universal Scientific Industrial	12.0	17.4	13.6	10.9	8.4	8.9	7.6	6.5	2.0	1.6	1.7	1.5
Jabil Inc	8.7	19.0	11.6	10.7	4.2	6.5	5.2	5.2	5.1	4.5	5.8	4.6
Compal Electronics Inc	13.9	22.8	12.5	10.6	8.8	10.4	7.0	6.4	1.1	1.1	1.0	1.0
Foxconn Interconnect Technology	11.0	8.3	10.3	7.0	4.1	2.8	5.1	4.1	0.8	0.8	0.8	0.7
Inventec Corp	15.5	31.0	18.0	13.7	12.4	20.8	11.6	9.5	2.7	2.6	2.3	2.3
Micro-Star International Co Ltd	10.3	23.0	12.1	10.5	6.1	14.5	8.3	7.0	2.7	2.5	2.4	2.1
Plexus Corp	18.0	18.8	21.1	17.3	10.8	9.5	11.0	9.6	2.9	2.7	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	12.5	10.8	5.3	5.0	6.4	5.6	1.5	1.4	n.a.	n.a.
Incap Oyj	18.1	11.5	14.7	12.7	12.0	7.0	8.9	7.6	3.5	2.9	2.4	2.0
Celestica Inc	9.6	14.4	12.7	11.6	4.3	7.0	8.1	7.4	0.8	3.8	n.a.	n.a.
SIIX Corp	12.8	8.4	7.4	5.8	6.6	5.3	5.0	4.4	0.7	0.6	0.5	0.5
Fabrinet	15.5	19.3	22.6	20.4	10.6	13.8	17.6	15.9	5.6	4.8	4.1	3.6
Sercomm Corp	10.6	15.3	11.0	9.6	6.1	8.5	5.8	5.2	2.6	2.4	2.0	1.7
TT Electronics	8.9	7.6	7.0	6.3	6.8	6.0	5.1	4.7	0.7	0.8	0.9	0.8
Alpha Networks Inc	16.8	37.5	17.7	13.3	7.7	14.2	8.9	5.6	1.5	1.6	1.5	n.a.
Ducommun Inc	21.5	45.7	20.5	15.1	9.7	12.6	9.8	8.3	1.4	1.4	1.3	1.2
Valuetronics Holdings Ltd	11.5	10.2	8.6	9.0	2.0	1.4	1.3	1.4	0.9	0.9	n.a.	n.a.
Kitron ASA	18.9	11.7	14.7	12.6	11.3	8.3	9.0	8.0	3.8	3.6	2.7	2.3
Lacroix Group SA	10.9	33.7	12.3	6.4	6.9	n.a.	n.a.	n.a.	0.7	n.a.	n.a.	n.a.
Hanza AB	15.5	16.1	19.6	9.1	8.2	8.6	7.4	5.4	2.6	1.9	1.6	1.4
Group average	14.0	18.4	14.5	11.7	7.9	9.0	8.0	6.9	2.3	2.2	2.1	1.9
Scanfil (Nordea)	12.1	10.4	11.2	10.1	8.1	6.9	6.1	5.2	1.9	1.9	1.6	1.4
diff. from average	-14%	-43%	-23%	-13%	3%	-23%	-24%	-25%	-19%	-15%	-25%	-27%

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	800	867	921
Revenue growth	34.6%	4.3%	6.3%	2.9%	2.7%	16.8%	21.3%	6.9%	-11.2%	8.4%	6.2%
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	75	80	85
Depreciation and impairments PPE	-9	-7	-8	-16	-14	-13	-15	-17	-18	-19	-20
of which leased assets	0	0	0	-3	-3	-3	-3	-3	-3	-3	-3
EBITA	9	33	40	37	46	42	48	64	56	61	65
Amortisation and impairments	-2	-2	-2	-2	-2	-3	-3	-2	-2	-2	-1
EBIT	7	31	38	35	44	40	45	61	54	59	64
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	0	0	0
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	54	59	63
Reported taxes	-6	-7	-7	-6	-5	-8	-7	-13	-12	-12	-13
Net profit from continued operations	0	26	29	28	37	30	35	48	42	46	51
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	42	46	51
EPS, EUR	0.00	0.40	0.45	0.44	0.57	0.46	0.54	0.75	0.65	0.72	0.79
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%	9.3%	9.2%	9.2%
EBITA	1.8%	6.3%	7.1%	6.4%	7.8%	6.1%	5.7%	7.1%	7.0%	7.0%	7.1%
EBIT	1.4%	5.9%	6.7%	6.1%	7.4%	5.7%	5.4%	6.8%	6.8%	6.8%	6.9%

Adjusted earnings

EBITDA (adj)	33	40	47	53	55	56	63	80	75	80	85
EBITA (adj)	24	33	40	37	41	43	48	64	56	61	65
EBIT (adj)	22	31	38	39	39	40	45	61	54	59	64
EPS (adj, EUR)	0.24	0.36	0.45	0.49	0.49	0.47	0.54	0.75	0.65	0.72	0.79

Adjusted profit margins in percent

EBITDA (adj)	6.6%	7.6%	8.4%	9.1%	9.3%	8.0%	7.4%	8.9%	9.3%	9.2%	9.2%
EBITA (adj)	4.8%	6.3%	7.1%	6.4%	6.9%	6.2%	5.7%	7.1%	7.0%	7.0%	7.1%
EBIT (adj)	4.4%	5.9%	6.7%	6.7%	6.6%	5.8%	5.4%	6.8%	6.8%	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%	6.7%	7.8%	5.8%
EBITDA	-4.8%	14.2%	16.3%	16.4%	17.3%	24.8%	9.4%	11.2%	7.1%	5.7%	9.0%
EBIT	-4.5%	31.0%	26.1%	16.8%	25.2%	40.5%	7.7%	10.2%	9.0%	5.9%	9.9%
EPS	-58.0%	32.7%	26.1%	15.5%	31.7%	217.8%	6.1%	10.5%	8.4%	4.7%	11.2%
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%	8.7%	8.6%	8.8%

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	11.2	10.1	9.3
EV/EBITDA (adj)	7.9	7.8	5.7	6.8	8.0	9.7	8.1	6.9	6.3	5.6	5.0
EV/EBITA (adj)	10.7	9.4	6.8	9.7	10.7	12.6	10.7	8.8	8.4	7.4	6.5
EV/EBIT (adj)	11.7	10.0	7.1	9.3	11.3	13.5	11.3	9.1	8.7	7.6	6.6

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	11.2	10.1	9.3
EV/Sales	0.52	0.59	0.48	0.63	0.74	0.78	0.61	0.62	0.59	0.52	0.46
EV/EBITDA	14.4	7.8	5.7	6.8	7.3	9.9	8.1	6.9	6.3	5.6	5.0
EV/EBITA	28.0	9.4	6.8	9.7	9.5	12.8	10.7	8.8	8.4	7.4	6.5
EV/EBIT	36.2	10.0	7.1	10.3	9.9	13.7	11.3	9.1	8.7	7.6	6.6
Dividend yield (ord.)	2.6%	2.6%	3.5%	3.1%	2.6%	2.5%	3.2%	2.9%	3.4%	3.7%	4.0%
FCF yield	5.8%	3.9%	8.1%	5.8%	9.3%	-5.2%	-2.1%	9.2%	14.6%	9.4%	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%	14.0%	8.8%	9.5%
Payout ratio	37.7%	30.6%	28.6%	30.4%	34.5%	40.1%	38.6%	30.7%	38.2%	37.4%	36.8%

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	99	101
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	121	122
Inventory	85	101	99	102	103	193	229	209	175	173	179
Accounts receivable	88	106	108	112	113	149	165	174	156	169	180
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	2	3	3
Cash and bank	20	21	19	20	26	25	21	21	67	93	120
Total current assets	197	230	228	237	245	372	419	406	401	438	481
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	519	559	604
Shareholders equity	108	125	145	167	183	207	227	266	293	323	357
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	293	323	357
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	146	156	167
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	4	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	201	206	213
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	519	559	604
Balance sheet and debt metrics											
Net debt	40	43	30	46	18	60	86	52	1	-25	-52
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	183	184	189
Invested capital	157	173	181	221	212	275	318	325	301	306	312
Capital employed	168	188	194	233	227	293	333	339	361	391	425
ROE	0.1%	22.2%	21.5%	18.0%	21.1%	15.3%	16.1%	19.6%	15.0%	15.1%	14.9%
ROIC	10.5%	14.6%	16.5%	14.9%	13.9%	12.8%	11.8%	14.7%	13.4%	15.0%	15.8%
ROCE	18.9%	23.1%	19.8%	18.3%	17.0%	15.6%	14.5%	18.3%	15.6%	15.7%	15.6%
Net debt/EBITDA	2.2	1.1	0.6	0.9	0.3	1.1	1.4	0.6	0.0	-0.3	-0.6
Interest coverage	1.5	4.8	21.1	25.3	16.5	19.9	12.0	n.m.	n.m.	n.m.	n.m.
Equity ratio	40.6%	40.7%	47.6%	49.0%	53.9%	43.8%	43.1%	51.4%	56.5%	57.8%	59.1%
Net gearing	n.a.	34.4%	20.7%	27.7%	10.0%	28.9%	37.7%	19.4%	0.2%	-7.7%	-14.7%

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	75	80	85
Paid taxes	-5	-8	-7	-8	-7	-11	-4	-9	-12	-12	-13
Net financials	-2	-2	-2	-2	-2	-1	-2	-4	0	0	0
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	62	67	72
Change in NWC	-6	-6	-10	-8	-8	-53	-43	-3	31	-1	-5
Cash flow from operations (CFO)	16	21	29	36	35	-13	10	69	93	66	67
Capital expenditure	-4	-11	-10	-7	-9	-13	-19	-22	-24	-21	-19
Free cash flow before A&D	13	11	19	29	26	-25	-9	47	69	45	48
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	69	45	48
Free cash flow bef A&D, lease adj	13	11	19	26	23	-28	-12	44	66	42	45
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	46	26	27
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.	91.1%
Capex/Sales	0.7%	2.0%	1.7%	1.3%	1.6%	1.9%	2.3%	2.5%	3.0%	2.5%	2.1%
Key information											
Share price year end (/current)	3	4	4	5	7	7	7	8	7	7	7
Market cap.	222	271	239	316	422	483	426	505	474	474	474
Enterprise value	262	314	269	362	440	543	511	557	474	449	421
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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