Scanfil Oyj

Capital Goods
Finland

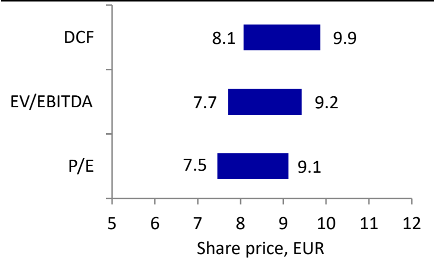
KEY DATA

Stock country	Finland
Bloomberg	SCANFL FH
Reuters	SCANFL.HE
Share price (close)	EUR 7.87
Free float	25%
Market cap. (bn)	EUR 0.50/EUR 0.50
Website	www.scanfil.com/
Next report date	

PERFORMANCE

Source: LSEG Data & Analytics

VALUATION APPROACH (EUR/SHARE)



Source: Nordea estimates

ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	-3%	-2%	-1%
EBIT (adj)	0%	0%	0%

Source: Nordea estimates

Nordea IB & Equity - Analysts
Pasi Väisänen
Director

Full-year guidance could be challenging to reach

Scanfil's Q3 net sales and clean EBIT were 8-9% below LSEG Data & Analytics consensus. Net sales in Energy & Cleantec declined by 29% in Q3 y/y. Full-year guidance was repeated, despite the weak EMS market and demand volatility. Our new net sales forecast of EUR 782m is on the lower end of the EUR 780-840m guidance range. We expect profitability to remain at a healthy level but our EBIT forecast of EUR 54m is also at the bottom of the guidance range. We believe that the risks related to the guidance in the short term are tilted more towards the downside. Our fair value range remains at EUR 7.7-9.5, based on three equally weighted valuation approaches (DCF, EV/EBITDA and P/E) but the company's valuation will likely to remain below peers until growth recovers.

Volatile quarter

Revenue was 19% lower in Q3 y/y. Reported net sales were EUR 173m in the quarter, the lowest level seen in 11 quarters. Scanfil expected signs of a gradual recovery for its Medtech & Life Science segment in Q3, but that was not then case. The company has adjusted its costs to offset the weakening market situation, however, so the EBIT margin remained above 7%. The company has now seen some stabilisation in Energy & Cleantec demand and the pipeline of new customer projects is also slightly increasing. Scanfil expects Q4 to be the strongest quarter of 2024, but we believe the risk of a full-year guidance downgrade is relatively high, as the demand recovery might not be very strong in Q4.

Consensus revision trend has remained negative

We forecast 13% lower sales y/y for 2024, but we expect 11% revenue growth for 2025, due to a weak comparison base, and an expected rebound for order intake and acquisitions. Scanfil acquired factories in Australia and Malaysia for EUR 23m in October. We estimate the transaction could offer 4% revenue growth next year, but a rebound to EUR 90m in quarterly net sales for the Energy & Cleantech segment might not happen at all. Profitability is not a problem, due to proactive cost management, but the management's focus has now shifted to revenue growth, which will be needed to reach valuation multiples on par with the sector average. Scanfil is trading at a 28% discount on 2025E EV/EBITDA versus the peer group median. Lower energy prices and weak consumer confidence, combined with high inventories, will not be not easily solved – but the narrative could turn next year and show positive earnings momentum again.

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	595	696	844	902	782	869	917
EBITDA (adj)	55	56	63	80	74	81	85
EBIT (adj)	39	40	45	61	54	60	63
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	0.64	0.74	0.79
EPS (adj) growth	0.0%	-3.8%	14.8%	37.7%	-14.3%	14.5%	6.8%
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	0.7	0.6	0.5
EV/EBIT (adj)	11.3	13.5	11.3	9.1	10.0	8.4	7.5
P/E (adj)	13.2	15.7	12.1	10.4	12.2	10.7	10.0
P/BV	2.3	2.3	1.9	1.9	1.7	1.6	1.4
Dividend yield (ord)	2.6%	2.5%	3.2%	2.9%	3.2%	3.4%	3.7%
FCF Yield bef A&D, lease	5.5%	-5.8%	-2.7%	8.7%	12.1%	9.9%	8.7%
Net debt	18	60	86	52	28	-6	-33
Net debt/EBITDA	0.3	1.1	1.4	0.6	0.4	-0.1	-0.4
ROIC after tax	13.9%	12.8%	11.8%	14.7%	12.7%	14.1%	14.8%

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	Q324	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	83.6	97.4
Sales growth y/y (%)	n.a.	n.a.	n.a.	n.a.	10%	-2%	-11%	-5%	-15%	-20%	-15%	-7%
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	55.5	75.6
Sales growth y/y (%)	n.a.	n.a.	n.a.	n.a.	18%	47%	25%	15%	-3%	-26%	-28%	-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	34.2	41.4
Sales growth y/y (%)	n.a.	n.a.	n.a.	n.a.	21%	10%	-6%	-13%	-15%	-5%	-6%	11%
	Q122	**Q222**	**Q322**	**Q422**	**Q123**	**Q223**	**Q323**	**Q423**	**Q124**	**Q224**	**Q324**	**Q424E**
Group sales	**196.6**	**212.9**	**211.9**	**222.3**	**224.6**	**243.3**	**212.8**	**220.8**	**198.9**	**195.5**	**173.3**	**214.3**
Sales growth %	20.3%	23.1%	26.3%	16.0%	14.2%	14.3%	0.4%	-0.7%	-11.4%	-19.6%	-18.6%	-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	-5.0	-5.1	-5.1	-5.3
Reported EBIT	10.3	10.1	11.5	13.4	15.1	17.5	15.2	13.4	12.7	13.9	12.1	15.0
Reported EBIT margin	5.2%	4.7%	5.4%	6.0%	6.7%	7.2%	7.1%	6.1%	6.4%	7.1%	7.0%	7.0%
Group adj. EBIT	**10.3**	**10.1**	**11.5**	**13.4**	**15.1**	**17.5**	**15.2**	**13.4**	**12.7**	**13.9**	**12.4**	**15.0**
Adj. EBIT margin	5.2%	4.7%	5.4%	6.0%	6.7%	7.2%	7.1%	6.1%	6.4%	7.1%	7.2%	7.0%
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	11.9	14.8
Income tax	-1.3	-2.7	-0.4	-2.2	-2.8	-3.9	-3.5	-3.2	-3.1	-3.1	-3.1	-3.2
Tax rate %	14%	28%	4%	17%	19%	21%	24%	23%	24%	22%	26%	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	8.8	11.5
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	9.1	11.5
Reported EPS	0.12	0.11	0.15	0.16	0.18	0.22	0.17	0.17	0.15	0.17	0.14	0.18
Adj. EPS	**0.12**	**0.11**	**0.15**	**0.16**	**0.18**	**0.22**	**0.17**	**0.17**	**0.15**	**0.17**	**0.13**	**0.18**

Source: Company data and Nordea estimates

Annual estimates by segment

P&L (EURm; EPS IN EUR)

	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Industrial									
Net sales (EURm)					438.5	427.6	365.6	405.8	428.1
Sales growth y/y (%)					n.a.	-2%	-15%	11%	5%
Energy & Cleantech									
Net sales (EURm)			135.6	182.0	254.2	320.2	269.0	301.2	317.8
Sales growth y/y (%)				34%	40%	26%	-16%	12%	5%
Medtec & Life Science									
Net sales (EURm)			107.9	120.6	151.0	153.7	147.6	162.3	171.2
Sales growth y/y (%)				12%	25%	2%	-4%	10%	5%
Group	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**	**2026E**
Net sales	**563.0**	**579.5**	**595.4**	**695.7**	**843.7**	**901.6**	**782.1**	**869.4**	**917.2**
Sales growth %	6.3%	2.9%	2.7%	16.8%	21.3%	6.9%	-13.3%	11.2%	5.5%
Other operating income	0.4	1.0	12.5	1.1	1.0	0.9	1.0	1.0	1.0
Depreciation and amortisation	-7.5	-15.7	-14.1	-12.6	-14.8	-16.8	-18.5	-19.7	-20.4
Reported EBIT	37.8	35.3	44.3	39.6	45.4	61.3	54.0	60.0	63.3
Reported EBIT margin	6.7%	6.1%	7.4%	5.7%	5.4%	6.8%	6.9%	6.9%	6.9%
Group adj. EBIT	**37.8**	**38.9**	**39.1**	**40.3**	**45.4**	**61.3**	**54.0**	**60.0**	**63.3**
Adj. EBIT margin	6.7%	6.7%	6.6%	5.8%	5.4%	6.8%	6.9%	6.9%	6.9%
Net financials	-1.7	-1.3	-2.6	-1.9	-3.7	0.3	-0.1	-0.1	-0.1
Pre-tax profit	36.1	34.0	41.7	37.7	41.7	61.6	53.9	59.9	63.2
Income tax	-7.1	-5.9	-4.8	-7.9	-6.7	-13.4	-12.5	-12.6	-12.6
Tax rate %	20%	17%	12%	21%	16%	22%	23%	21%	20%
Reported net profit for the period	29.0	28.1	36.9	29.8	35.0	48.2	41.3	47.3	50.5
Adj net profit for the period	29.0	31.7	31.7	30.5	35.0	48.2	41.3	47.3	50.5
Reported EPS	0.45	0.44	0.57	0.46	0.54	0.75	0.64	0.74	0.79
Adj. EPS	**0.45**	**0.49**	**0.49**	**0.47**	**0.54**	**0.75**	**0.64**	**0.74**	**0.79**

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	195 361	240 681	11%	-7%	11%	23%	3%	3%	3%	3%
Delta Electronics Inc	11 748	11 849	12 409	14 195	22%	4%	5%	14%	11%	10%	12%	13%
Pegatron Corp	40 289	37 117	32 928	36 044	5%	-5%	-9%	9%	2%	1%	1%	2%
Venture Corporation Ltd	2 695	2 078	2 170	2 298	24%	-22%	0%	6%	12%	10%	10%	11%
Universal Scientific Industrial	9 282	7 761	8 299	9 397	24%	-11%	6%	13%	5%	4%	4%	4%
Jabil Inc	33 288	32 010	26 145	24 712	14%	4%	-17%	-5%	5%	5%	5%	5%
Compal Electronics Inc	32 797	27 959	26 818	28 628	-13%	-12%	-2%	7%	1%	1%	2%	2%
Foxconn Interconnect Technology	4 233	3 802	4 203	5 168	1%	-7%	11%	23%	4%	6%	7%	8%
Inventec Corp	16 555	15 202	17 220	19 453	4%	-5%	18%	11%	1%	1%	2%	2%
Micro-Star International Co Ltd	5 513	5 404	5 815	6 435	-11%	1%	10%	11%	7%	6%	6%	7%
Plexus Corp	3 890	3 983	3 548	3 971	13%	10%	-6%	8%	5%	5%	5%	6%
Note AB (publ)	331	382	340	391	39%	15%	-11%	15%	11%	10%	9%	10%
Sanmina Corp	8 082	8 453	6 942	7 619	18%	13%	-17%	10%	5%	6%	5%	6%
Incap Oyj	264	222	238	279	55%	-16%	9%	17%	15%	13%	12%	12%
Celestica Inc	6 774	7 214	8 879	9 482	29%	10%	20%	9%	5%	5%	6%	6%
SIIX Corp	1 974	1 990	1 974	2 126	22%	12%	3%	8%	3%	4%	n.a.	n.a.
Fabrinet	2 143	2 425	2 691	2 905	20%	17%	9%	13%	10%	11%	10%	10%
Sercomm Corp	1 973	1 848	1 710	1 912	47%	-3%	-5%	13%	4%	5%	5%	5%
TT Electronics	697	708	644	653	30%	-1%	-14%	1%	7%	8%	7%	9%
Alpha Networks Inc	1 028	835	608	744	21%	-16%	-26%	22%	5%	4%	-1%	4%
Ducommun Inc	666	686	726	774	10%	6%	3%	7%	7%	8%	9%	11%
Valuetronics Holdings Ltd	234	237	198	212	-11%	-1%	-17%	-1%	6%	5%	10%	9%
Kitron ASA	641	775	646	687	75%	21%	-17%	6%	7%	9%	7%	8%
Lacroix Group SA	708	761	676	691	41%	8%	-12%	2%	3%	2%	3%	4%
Hanza AB	319	373	439	491	41%	17%	19%	12%	6%	8%	5%	7%
Group median					**20.7%**	**1.4%**	**-0.4%**	**9.7%**	**5.2%**	**5.4%**	**5.6%**	**6.4%**
Scanfil (Nordea)	844	902	782	869	21.3%	6.9%	-13.3%	11.2%	5.4%	6.8%	6.9%	6.9%
diff. from median (pp)					**0.6**	**5.4**	**-12.9**	**1.4**	**0.2**	**1.4**	**1.3**	**0.5**

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	18.7	14.4	6.0	5.0	9.8	8.1	1.9	2.0	1.8	1.7
Delta Electronics Inc	22.9	24.5	26.5	21.8	12.7	13.2	14.0	11.7	5.7	5.2	4.5	4.1
Pegatron Corp	11.3	14.9	14.8	13.8	5.8	8.3	8.0	6.6	1.5	1.4	1.4	1.3
Venture Corporation Ltd	13.5	14.7	14.0	12.8	8.9	8.8	7.9	7.2	1.4	1.3	1.3	1.3
Universal Scientific Industrial	12.0	17.4	14.8	12.1	8.4	8.9	8.8	7.7	2.2	1.8	1.8	1.7
Jabil Inc	8.7	19.0	9.8	14.4	4.2	6.5	6.1	7.1	6.6	5.8	7.4	6.7
Compal Electronics Inc	13.9	22.8	14.6	13.0	8.8	10.4	8.7	8.1	1.4	1.3	1.3	1.2
Foxconn Interconnect Technology	11.0	8.3	14.4	9.6	4.1	2.8	7.6	5.5	1.0	1.1	1.0	0.9
Inventec Corp	15.5	31.0	20.1	15.7	12.4	20.8	13.2	11.4	2.9	2.8	2.6	2.5
Micro-Star International Co Ltd	10.3	23.0	14.1	12.1	6.1	14.5	10.8	8.8	3.1	2.9	2.7	2.5
Plexus Corp	18.0	18.8	34.1	20.7	10.8	9.5	19.2	11.5	3.6	3.3	3.3	n.a.
Note AB (publ)	20.4	13.5	15.2	11.4	11.4	9.0	8.4	7.0	4.7	3.1	2.3	1.9
Sanmina Corp	12.1	10.5	12.9	11.1	5.3	5.0	6.6	5.9	1.5	1.4	1.6	1.5
Incap Oyj	18.1	11.5	14.8	12.1	12.0	7.0	9.0	7.8	3.6	3.0	2.5	2.1
Celestica Inc	9.6	14.4	19.0	15.6	4.3	7.0	11.7	10.0	0.8	5.6	n.a.	n.a.
SIIX Corp	12.8	8.4	11.6	6.6	6.6	5.3	4.8	4.2	0.7	0.6	0.6	0.5
Fabrinet	15.5	19.3	30.2	24.7	10.6	13.8	24.4	20.7	7.1	6.1	5.2	4.4
Sercomm Corp	10.6	15.3	13.5	12.1	6.1	8.5	7.4	6.7	3.0	2.7	2.2	2.0
TT Electronics	5.6	4.8	7.2	4.7	6.8	6.0	5.2	4.1	0.5	0.5	0.6	0.5
Alpha Networks Inc	16.8	37.5	103.1	28.3	7.7	14.2	30.0	11.6	1.9	2.0	n.a.	n.a.
Ducommun Inc	21.5	45.7	19.6	15.6	9.7	12.6	9.8	8.5	1.5	1.4	1.4	1.3
Valuetronics Holdings Ltd	10.0	8.9	7.5	9.1	1.1	0.4	0.2	1.7	0.8	0.8	0.8	0.6
Kitron ASA	18.9	11.7	14.8	13.2	11.3	8.3	9.7	8.5	3.4	3.3	2.5	2.2
Lacroix Group SA	10.9	33.7	5.5	4.4	6.4	5.0	4.9	4.0	0.7	0.8	n.a.	n.a.
Hanza AB	15.5	16.1	22.0	10.0	8.2	8.6	7.8	5.6	2.8	2.1	1.7	1.5
Group average	**13.8**	**18.2**	**19.7**	**13.6**	**7.8**	**8.8**	**10.2**	**8.0**	**2.6**	**2.5**	**2.3**	**2.0**
Scanfil (Nordea)	12.1	10.4	11.7	10.7	8.1	6.9	6.7	5.8	1.9	1.9	1.6	1.5
diff. from average	-12%	-43%	-41%	-21%	4%	-21%	-34%	-28%	-27%	-23%	-30%	-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**	**782**	**869**	**917**
Revenue growth	34.6%	4.3%	6.3%	2.9%	2.7%	16.8%	21.3%	6.9%	-13.3%	11.2%	5.5%
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	74	81	85
Depreciation and impairments PPE	-9	-7	-8	-16	-14	-13	-15	-17	-19	-20	-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	62	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	60	63
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**	**60**	**63**
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	41	47	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	41	47	51
EPS, EUR	**0.00**	**0.40**	**0.45**	**0.44**	**0.57**	**0.46**	**0.54**	**0.75**	**0.64**	**0.74**	**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%	9.5%	9.4%	9.3%
EBITA	1.8%	6.3%	7.1%	6.4%	7.8%	6.1%	5.7%	7.1%	7.2%	7.1%	7.1%
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	74	81	85
EBITA (adj)	24	33	40	37	41	43	48	64	56	62	65
EBIT (adj)	22	31	38	39	39	40	45	61	54	60	63
EPS (adj, EUR)	0.24	0.36	0.45	0.49	0.49	0.47	0.54	0.75	0.64	0.74	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%	9.5%	9.4%	9.3%
EBITA (adj)	4.8%	6.3%	7.1%	6.4%	6.9%	6.2%	5.7%	7.1%	7.2%	7.1%	7.1%
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%	6.2%	7.9%	5.7%
EBITDA	-4.8%	14.2%	16.3%	16.4%	17.3%	24.8%	9.4%	11.2%	7.0%	6.1%	9.1%
EBIT	-4.5%	31.0%	26.1%	16.8%	25.2%	40.5%	7.7%	10.2%	8.9%	6.3%	9.8%
EPS	-58.0%	32.7%	26.1%	15.5%	31.7%	217.8%	6.1%	10.5%	8.0%	5.1%	11.1%
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%	8.7%	8.7%	8.9%

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	12.2	10.7	10.0
EV/EBITDA (adj)	7.9	7.8	5.7	6.8	8.0	9.7	8.1	6.9	7.2	6.2	5.6
EV/EBITA (adj)	10.7	9.4	6.8	9.7	10.7	12.6	10.7	8.8	9.6	8.2	7.4
EV/EBIT (adj)	11.7	10.0	7.1	9.3	11.3	13.5	11.3	9.1	10.0	8.4	7.5

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	12.2	10.7	10.0
EV/Sales	0.52	0.59	0.48	0.63	0.74	0.78	0.61	0.62	0.69	0.58	0.52
EV/EBITDA	14.4	7.8	5.7	6.8	7.3	9.9	8.1	6.9	7.2	6.2	5.6
EV/EBITA	28.0	9.4	6.8	9.7	9.5	12.8	10.7	8.8	9.6	8.2	7.4
EV/EBIT	36.2	10.0	7.1	10.3	9.9	13.7	11.3	9.1	10.0	8.4	7.5
Dividend yield (ord.)	2.6%	2.6%	3.5%	3.1%	2.6%	2.5%	3.2%	2.9%	3.2%	3.4%	3.7%
FCF yield	5.8%	3.9%	8.1%	5.8%	9.3%	-5.2%	-2.1%	9.2%	8.1%	10.5%	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%	12.1%	9.9%	8.7%
Payout ratio	37.7%	30.6%	28.6%	30.4%	34.5%	40.1%	38.6%	30.7%	38.9%	36.7%	36.9%

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	17	15	14
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	9	8	6
of which goodwill	11	10	10	8	8	8	8	8	8	8	8
Tangible assets	41	48	49	72	65	72	80	85	106	106	107
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	131	130	129
Inventory	85	101	99	102	103	193	229	209	180	174	178
Accounts receivable	88	106	108	112	113	149	165	174	164	183	193
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	44	79	102
Total current assets	197	230	228	237	245	372	419	406	391	438	475
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**	**522**	**568**	**604**
Shareholders equity	108	125	145	167	183	207	227	266	292	324	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	292	324	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	8	13	13
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	33	38	38
Short-term provisions	5	0	0	0	4	2	0	1	1	1	1
Accounts payable	90	113	104	96	100	172	184	167	145	159	166
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	42	37	33
Total current liabilities	117	149	136	122	116	199	237	227	197	206	209
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**	**522**	**568**	**604**
Balance sheet and debt metrics											
Net debt	40	43	30	46	18	60	86	52	28	-6	-33
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	197	195	202
Invested capital	157	173	181	221	212	275	318	325	328	325	331
Capital employed	168	188	194	233	227	293	333	339	365	396	426
ROE	0.1%	22.2%	21.5%	18.0%	21.1%	15.3%	16.1%	19.6%	14.8%	15.4%	14.9%
ROIC	10.5%	14.6%	16.5%	14.9%	13.9%	12.8%	11.8%	14.7%	12.7%	14.1%	14.8%
ROCE	18.9%	23.1%	19.8%	18.3%	17.0%	15.6%	14.5%	18.3%	15.4%	15.8%	15.4%
Net debt/EBITDA	2.2	1.1	0.6	0.9	0.3	1.1	1.4	0.6	0.4	-0.1	-0.4
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%	56.0%	57.0%	59.0%
Net gearing	n.a.	34.4%	20.7%	27.7%	10.0%	28.9%	37.7%	19.4%	9.7%	-1.8%	-9.2%

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**	**74**	**81**	**85**
Paid taxes	-5	-8	-7	-8	-7	-11	-4	-9	-13	-13	-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**	**69**	**72**
Change in NWC	-6	-6	-10	-8	-8	-53	-43	-3	18	2	-7
Cash flow from operations (CFO)	**16**	**21**	**29**	**36**	**35**	**-13**	**10**	**69**	**80**	**70**	**65**
Capital expenditure	-4	-11	-10	-7	-9	-13	-19	-22	-15	-17	-18
Free cash flow before A&D	**13**	**11**	**19**	**29**	**26**	**-25**	**-9**	**47**	**64**	**53**	**47**
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	-23	0	0
Free cash flow	13	11	19	18	39	-25	-9	47	41	53	47
Free cash flow bef A&D, lease adj	13	11	19	26	23	-28	-12	44	62	51	44
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	-4
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	23	34	23
Cash flow metrics											
Capex/D&A	32.3%	n.m.	n.m.	41.2%	58.4%	83.8%	n.m.	n.m.	74.3%	79.2%	84.0%
Capex/Sales	0.7%	2.0%	1.7%	1.3%	1.6%	1.9%	2.3%	2.5%	2.0%	1.9%	2.0%
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	509	509	509
Enterprise value	262	314	269	362	440	543	511	557	538	503	477
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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Completion Date

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