Scanfil Oyj

Capital Goods
Finland

Revenue growth could be -14% in 2024 y/y

We lower our net sales and EBIT forecast by 1% for 2024. The company downgraded its full-year guidance on 11 December, but this did not come as a great surprise. The company's Q3 was not strong, and EMS market softness has continued in Q4. Visibility into end demand and new orders has remained in the doldrums. Owing to relatively modest estimate revisions, our fair value range remains at EUR 7.7-9.5, based on three equally weighted valuation approaches (DCF, EV/EBITDA and P/E). High inventories, lower energy prices, higher interest rates and weak consumer confidence could also drive EMS market sentiment in Q1 2025. The company's revenue growth could still be near 10% in 2025 y/y, due to its most recent acquisition (SRXGlobal) and a gradual recovery in H2 2025.

Reported revenue growth could be -6% in Q4

New revenue guidance is EUR 770-780m for 2024. EBIT is guided to be EUR 53-54m this year. The net sales guidance midpoint indicates EUR 35m lower revenue for Q4 than the old guidance midpoint, even though the acquisition will likely add EUR 9m to net sales for Q4 y/y. Q4 could still be the strongest quarter in 2024, however, in terms of reported net sales. By excluding M&A activity, we calculate that net sales in Q4 could actually be lower than in Q1 2024. The question is when will end demand recover and visibility improve. In our view, a rebound to the good demand levels seen in 2023 may not happen anytime soon. One possibility is that demand expectations were simply too optimistic and all EMS companies need to rerate their medium-term growth expectations to less than 10%. Scanfil could still reach almost 10% growth next year with the help of an acquisition made in October 2024.

Growth is needed to see an improvement in valuation

The share price move was zero on 11 December, when Scanfil downgraded its guidance, which suggests that demand weakness in Q4 was widely in estimates. The equity story will now likely shift to organic growth in 2025. At least relative profitability is not a problem due to good cost discipline. Scanfil is trading at a 28% discount to its peer group's median 2025E EV/EBIT valuation, but a pickup in revenue growth will be needed to trigger a rerating in valuation multiples, in our view.

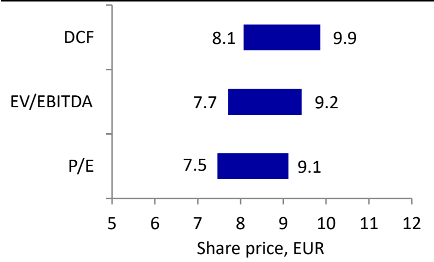
KEY DATA

Stock country	Finland
Bloomberg	SCANFL FH
Reuters	SCANFL.HE
Share price (close)	EUR 8.10
Free float	25%
Market cap. (bn)	EUR 0.52/EUR 0.52
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	-1%	-2%	-2%
EBIT (adj)	-1%	-2%	-2%

Source: Nordea estimates

Nordea IB & Equity - Analysts
Pasi Väisänen
Director

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	595	696	844	902	775	853	900
EBITDA (adj)	55	56	63	80	74	80	84
EBIT (adj)	39	40	45	61	53	59	62
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	0.72	0.77
EPS (adj) growth	0.0%	-3.8%	14.8%	37.7%	-15.1%	13.5%	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	10.3	8.8	7.9
P/E (adj)	13.2	15.7	12.1	10.4	12.7	11.2	10.5
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%	3.1%	3.3%	3.6%
FCF Yield bef A&D, lease	5.5%	-5.8%	-2.7%	8.7%	12.1%	9.9%	8.3%
Net debt	18	60	86	52	27	-9	-35
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%	12.6%	14.0%	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	99.5
Sales growth y/y (%)	n.a.	n.a.	n.a.	n.a.	10%	-2%	-11%	-5%	-15%	-20%	-15%	-5%
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	67.6
Sales growth y/y (%)	n.a.	n.a.	n.a.	n.a.	18%	47%	25%	15%	-3%	-26%	-28%	-14%
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	39.8
Sales growth y/y (%)	n.a.	n.a.	n.a.	n.a.	21%	10%	-6%	-13%	-15%	-5%	-6%	7%
	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**	**206.9**
Sales growth %	20.3%	23.1%	26.3%	16.0%	14.2%	14.3%	0.4%	-0.7%	-11.4%	-19.6%	-18.6%	-6.3%
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	-5.3
Reported EBIT	10.3	10.1	11.5	13.4	15.1	17.5	15.2	13.4	12.7	13.9	12.1	14.5
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**	**14.5**
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	14.2
Income tax	-1.3	-2.7	-0.4	-2.2	-2.8	-3.9	-3.5	-3.2	-3.1	-3.1	-3.1	-3.1
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	11.1
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	11.1
Reported EPS	0.12	0.11	0.15	0.16	0.18	0.22	0.17	0.17	0.15	0.17	0.14	0.17
Adj. EPS	**0.12**	**0.11**	**0.15**	**0.16**	**0.18**	**0.22**	**0.17**	**0.17**	**0.15**	**0.17**	**0.13**	**0.17**

Source: Company data and Nordea estimates

Annual estimates by segment

P&L (EURm; EPS IN EUR)

	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Industrial									
Net sales (EURm)					438.5	427.6	367.7	404.5	426.8
Sales growth y/y (%)					n.a.	-2%	-14%	10%	5%
Energy & Cleantech									
Net sales (EURm)			135.6	182.0	254.2	320.2	261.0	289.7	305.6
Sales growth y/y (%)				34%	40%	26%	-19%	11%	5%
Medtec & Life Science									
Net sales (EURm)			107.9	120.6	151.0	153.7	146.0	159.2	167.9
Sales growth y/y (%)				12%	25%	2%	-5%	9%	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**	**774.7**	**853.3**	**900.3**
Sales growth %	6.3%	2.9%	2.7%	16.8%	21.3%	6.9%	-14.1%	10.1%	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	53.5	58.9	62.1
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**	**53.5**	**58.9**	**62.1**
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	53.3	58.8	62.0
Income tax	-7.1	-5.9	-4.8	-7.9	-6.7	-13.4	-12.4	-12.3	-12.4
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	40.9	46.4	49.6
Adj net profit for the period	29.0	31.7	31.7	30.5	35.0	48.2	40.9	46.4	49.6
Reported EPS	0.45	0.44	0.57	0.46	0.54	0.75	0.64	0.72	0.77
Adj. EPS	**0.45**	**0.49**	**0.49**	**0.47**	**0.54**	**0.75**	**0.64**	**0.72**	**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	199,406	249,766	11%	-7%	11%	25%	3%	3%	3%	3%
Delta Electronics Inc	11,748	11,849	12,424	14,178	22%	4%	4%	14%	11%	10%	12%	13%
Pegatron Corp	40,289	37,117	33,283	36,538	5%	-5%	-11%	10%	2%	1%	1%	2%
Venture Corporation Ltd	2,695	2,078	2,044	2,155	24%	-22%	-7%	5%	12%	10%	10%	10%
Universal Scientific Industrial	9,282	7,761	7,966	8,702	24%	-11%	0%	9%	5%	4%	4%	4%
Jabil Inc	33,288	32,010	26,145	25,720	14%	4%	-17%	-5%	5%	5%	5%	5%
Compal Electronics Inc	32,797	27,959	26,787	28,536	-13%	-12%	-4%	7%	1%	1%	2%	2%
Foxconn Interconnect Technology	4,233	3,802	4,313	5,422	1%	-7%	9%	26%	4%	6%	6%	8%
Inventec Corp	16,555	15,202	18,161	20,187	4%	-5%	21%	11%	1%	1%	2%	2%
Micro-Star International Co Ltd	5,513	5,404	5,927	6,669	-11%	1%	9%	13%	7%	6%	5%	6%
Plexus Corp	3,890	3,983	3,548	3,868	13%	10%	-6%	7%	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	6,780	7,475	18%	13%	-15%	9%	5%	6%	5%	6%
Incap Oyj	264	222	235	270	55%	-16%	8%	15%	15%	13%	12%	12%
Celestica Inc	6,774	7,214	8,879	9,677	29%	10%	22%	9%	5%	5%	6%	7%
SIIX Corp	1,974	1,990	1,864	2,011	22%	12%	0%	8%	3%	4%	n.a.	n.a.
Fabrinet	2,143	2,425	2,691	3,144	20%	17%	9%	16%	10%	11%	10%	11%
Sercomm Corp	1,973	1,848	1,694	1,928	47%	-3%	-8%	13%	4%	5%	5%	5%
TT Electronics	697	708	644	652	30%	-1%	-14%	1%	7%	8%	6%	8%
Alpha Networks Inc	1,028	835	623	764	21%	-16%	-26%	23%	5%	4%	0%	4%
Ducommun Inc	666	686	735	781	10%	6%	4%	6%	7%	8%	10%	11%
Valuetronics Holdings Ltd	234	237	198	217	-11%	-1%	-17%	-1%	6%	5%	10%	9%
Kitron ASA	641	775	649	689	75%	21%	-16%	6%	7%	9%	8%	8%
Lacroix Group SA	708	761	676	691	41%	8%	-12%	2%	3%	2%	3%	4%
Hanza AB	319	373	419	465	41%	17%	17%	11%	6%	8%	5%	7%
Group median					**20.7%**	**1.4%**	**-4.4%**	**9.2%**	**5.2%**	**5.4%**	**5.5%**	**6.4%**
Scanfil (Nordea)	844	902	775	853	21.3%	6.9%	-14.1%	10.1%	5.4%	6.8%	6.9%	6.9%
diff. from median (pp)					**0.6**	**5.4**	**-9.7**	**0.9**	**0.2**	**1.4**	**1.4**	**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	16.5	12.5	6.0	5.0	9.3	7.4	1.7	1.7	1.6	1.5
Delta Electronics Inc	22.9	24.5	27.1	22.2	12.7	13.2	14.2	12.1	5.9	5.4	4.7	4.2
Pegatron Corp	11.3	14.9	14.2	13.4	5.8	8.3	7.5	6.2	1.4	1.3	1.3	1.3
Venture Corporation Ltd	13.5	14.7	14.8	13.5	8.9	8.8	8.2	7.5	1.3	1.2	1.2	1.2
Universal Scientific Industrial	12.0	17.4	17.0	13.3	8.4	8.9	8.8	7.7	2.1	1.7	1.8	1.6
Jabil Inc	8.7	19.0	9.8	15.3	4.2	6.5	6.3	7.5	7.0	6.2	7.8	7.1
Compal Electronics Inc	13.9	22.8	15.3	13.5	8.8	10.4	8.6	8.0	1.5	1.4	1.3	1.2
Foxconn Interconnect Technology	11.0	8.3	17.4	10.9	4.1	2.8	8.2	5.7	1.2	1.3	1.2	1.1
Inventec Corp	15.5	31.0	23.9	18.4	12.4	20.8	15.5	13.7	3.1	3.0	2.8	2.7
Micro-Star International Co Ltd	10.3	23.0	15.7	12.2	6.1	14.5	11.6	8.6	2.9	2.7	2.6	2.4
Plexus Corp	18.0	18.8	34.1	24.3	10.8	9.5	13.6	13.9	4.3	3.9	3.9	n.a.
Note AB (publ)	20.4	13.5	15.8	11.9	11.4	9.0	8.6	7.2	4.7	3.1	2.4	2.0
Sanmina Corp	12.1	10.5	17.6	13.5	5.3	5.0	7.6	7.3	1.5	1.4	1.9	1.8
Incap Oyj	18.1	11.5	15.1	12.3	12.0	7.0	8.7	7.7	3.6	2.9	2.5	2.1
Celestica Inc	9.6	14.4	22.8	19.8	4.3	7.0	14.3	12.8	0.8	7.1	n.a.	n.a.
SIIX Corp	12.8	8.4	11.7	6.9	6.6	5.3	5.3	4.4	0.8	0.7	0.6	0.6
Fabrinet	15.5	19.3	30.2	23.1	10.6	13.8	24.4	18.7	6.7	5.8	4.9	4.1
Sercomm Corp	10.6	15.3	14.2	12.7	6.1	8.5	6.3	5.9	3.0	2.7	2.2	2.0
TT Electronics	7.8	6.7	10.8	7.3	6.8	6.0	6.5	5.2	0.7	0.7	0.8	0.8
Alpha Networks Inc	16.8	37.5	81.2	25.5	7.7	14.1	26.1	11.0	1.9	1.9	n.a.	n.a.
Ducommun Inc	21.5	45.7	18.4	15.2	9.7	12.6	9.6	8.4	1.5	1.4	1.4	1.3
Valuetronics Holdings Ltd	9.4	8.3	7.0	8.8	0.7	0.0	1.6	1.8	0.8	0.7	0.8	0.6
Kitron ASA	18.9	11.7	15.2	13.4	11.3	8.3	9.7	8.7	3.5	3.3	2.6	2.2
Lacroix Group SA	10.9	33.7	4.0	3.2	6.4	5.0	4.4	3.6	0.7	0.8	n.a.	n.a.
Hanza AB	15.5	16.1	23.6	12.2	8.2	8.6	8.6	6.5	3.4	2.5	2.1	1.8
Group average	**13.9**	**18.3**	**19.7**	**14.2**	**7.8**	**8.8**	**10.1**	**8.3**	**2.6**	**2.6**	**2.4**	**2.1**
Scanfil (Nordea)	12.1	10.4	12.7	11.2	8.1	6.9	7.2	6.0	1.9	1.9	1.7	1.5
diff. from average	-13%	-43%	-35%	-21%	4%	-21%	-29%	-28%	-28%	-26%	-27%	-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**	**775**	**853**	**900**
Revenue growth	34.6%	4.3%	6.3%	2.9%	2.7%	16.8%	21.3%	6.9%	-14.1%	10.1%	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	80	84
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	55	61	64
Amortisation and impairments	-2	-2	-2	-2	-2	-3	-3	-2	-2	-2	-1
EBIT	7	31	38	35	44	40	45	61	53	59	62
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**	**53**	**59**	**62**
Reported taxes	-6	-7	-7	-6	-5	-8	-7	-13	-12	-12	-12
Net profit from continued operations	0	26	29	28	37	30	35	48	41	46	50
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	46	50
EPS, EUR	**0.00**	**0.40**	**0.45**	**0.44**	**0.57**	**0.46**	**0.54**	**0.75**	**0.64**	**0.72**	**0.77**
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	80	84
EBITA (adj)	24	33	40	37	41	43	48	64	55	61	64
EBIT (adj)	22	31	38	39	39	40	45	61	53	59	62
EPS (adj, EUR)	0.24	0.36	0.45	0.49	0.49	0.47	0.54	0.75	0.64	0.72	0.77
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%	6.0%	7.5%	5.3%
EBITDA	-4.8%	14.2%	16.3%	16.4%	17.3%	24.8%	9.4%	11.2%	6.9%	5.9%	8.8%
EBIT	-4.5%	31.0%	26.1%	16.8%	25.2%	40.5%	7.7%	10.2%	8.7%	5.9%	9.4%
EPS	-58.0%	32.7%	26.1%	15.5%	31.7%	217.8%	6.1%	10.5%	7.8%	4.7%	10.7%
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	12.7	11.2	10.5
EV/EBITDA (adj)	7.9	7.8	5.7	6.8	8.0	9.7	8.1	6.9	7.4	6.4	5.8
EV/EBITA (adj)	10.7	9.4	6.8	9.7	10.7	12.6	10.7	8.8	9.9	8.5	7.7
EV/EBIT (adj)	11.7	10.0	7.1	9.3	11.3	13.5	11.3	9.1	10.3	8.8	7.9

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	12.7	11.2	10.5
EV/Sales	0.52	0.59	0.48	0.63	0.74	0.78	0.61	0.62	0.71	0.60	0.54
EV/EBITDA	14.4	7.8	5.7	6.8	7.3	9.9	8.1	6.9	7.4	6.4	5.8
EV/EBITA	28.0	9.4	6.8	9.7	9.5	12.8	10.7	8.8	9.9	8.5	7.7
EV/EBIT	36.2	10.0	7.1	10.3	9.9	13.7	11.3	9.1	10.3	8.8	7.9
Dividend yield (ord.)	2.6%	2.6%	3.5%	3.1%	2.6%	2.5%	3.2%	2.9%	3.1%	3.3%	3.6%
FCF yield	5.8%	3.9%	8.1%	5.8%	9.3%	-5.2%	-2.1%	9.2%	8.1%	10.4%	8.9%
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%	8.3%
Payout ratio	37.7%	30.6%	28.6%	30.4%	34.5%	40.1%	38.6%	30.7%	39.3%	37.4%	37.6%

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	106
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	129	128
Inventory	85	101	99	102	103	193	229	209	178	171	175
Accounts receivable	88	106	108	112	113	149	165	174	163	179	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	2	3	3
Cash and bank	20	21	19	20	26	25	21	21	46	82	104
Total current assets	197	230	228	237	245	372	419	406	389	434	470
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**	**521**	**563**	**599**
Shareholders equity	108	125	145	167	183	207	227	266	292	322	354
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	322	354
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	144	156	163
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	195	203	206
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**	**521**	**563**	**599**
Balance sheet and debt metrics											
Net debt	40	43	30	46	18	60	86	52	27	-9	-35
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	195	192	199
Invested capital	157	173	181	221	212	275	318	325	326	321	327
Capital employed	168	188	194	233	227	293	333	339	365	395	423
ROE	0.1%	22.2%	21.5%	18.0%	21.1%	15.3%	16.1%	19.6%	14.7%	15.1%	14.7%
ROIC	10.5%	14.6%	16.5%	14.9%	13.9%	12.8%	11.8%	14.7%	12.6%	14.0%	14.8%
ROCE	18.9%	23.1%	19.8%	18.3%	17.0%	15.6%	14.5%	18.3%	15.2%	15.5%	15.2%
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%	56.1%	57.2%	59.2%
Net gearing	n.a.	34.4%	20.7%	27.7%	10.0%	28.9%	37.7%	19.4%	9.2%	-2.7%	-9.9%

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**	**80**	**84**
Paid taxes	-5	-8	-7	-8	-7	-11	-4	-9	-12	-12	-12
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**	**61**	**68**	**71**
Change in NWC	-6	-6	-10	-8	-8	-53	-43	-3	20	3	-7
Cash flow from operations (CFO)	**16**	**21**	**29**	**36**	**35**	**-13**	**10**	**69**	**81**	**71**	**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**	**66**	**54**	**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	43	54	47
Free cash flow bef A&D, lease adj	13	11	19	26	23	-28	-12	44	63	52	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	25	36	22
Cash flow metrics											
Capex/D&A	32.3%	n.m.	n.m.	41.2%	58.4%	83.8%	n.m.	n.m.	73.6%	77.8%	82.5%
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	524	524	524
Enterprise value	262	314	269	362	440	543	511	557	551	515	489
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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