

## Scanfil Oyj

Capital Goods  
Finland

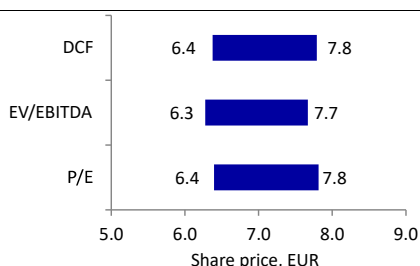
## KEY DATA

Stock country	Finland
Bloomberg	SCANFL.FH
Reuters	SCANFL.HE
Share price (close)	EUR 8.08
Free Float	25%
Market cap. (bn)	EUR 0.52/EUR 0.52
Website	www.scanfil.com/
Next report date	06 Aug 2021

## PERFORMANCE



## VALUATION APPROACH



## ESTIMATE CHANGES

Year	2021E	2022E	2023E
Sales	1%	2%	3%
EBIT (adj)	1%	2%	3%

Source: Nordea estimates

## Nordea Markets - Analysts

Pasi Väisänen  
Senior AnalystFelix Henriksson  
Analyst

## Organic growth has sped up notably

Scanfil reaffirmed its full-year guidance and reported better Q1 sales and clean EBIT than Infront consensus expected. Though the share price dropped upon the release of the company's Q1 report on 23 April, it had risen by 90% over the last 12 months and already reflects decent demand recovery. Visibility for the rest of the year is relatively good, which lowers the risks related to profitability. Due to good demand outlook, we upgrade our net sales estimates by 1-3% for 2021-23. Our new fair value range for Scanfil is EUR 6.3-7.7 (5.6-6.9).

## Visibility is fairly good for this year

Scanfil's net sales came in 9% above Infront consensus, while operating profit was 2% higher than Q1 consensus. The midpoint of the guidance for 2021 indicates 4.1% revenue growth, even though organic growth was as high as 13.4% in Q1. Although production of base station-related products was terminated, which will reduce reported growth by 4% for 2021 and is included in the guidance, new customers and good demand from existing customers will keep the top-line development favourable in the near term. Lagging organic growth development has been one of our main concerns, but the risks here are now fading. The favourable economic cycle and end-demand situation look set to continue, prompting us to raise our sales growth estimate for next year by 2%.

## Availability of components is not a problem for Scanfil

Availability of components or raw material prices are not threats for Scanfil. The company has decent visibility for 2021, as it has planned component sourcing in advance, preventing any major problems with availability. Also, contracts with its main customers include price escalation clauses, which reduces input cost pressure. In conclusion, we expect profitability to remain good, and thus we maintain our EBIT margin forecast of 6.8% for 2021.

## Our new fair value range is EUR 6.3-7.7

The sector's median P/E valuation has come up from 12x to 14x in the last six months. Due to favourable market sentiment and estimate upgrades, we upgrade our fair value range to EUR 6.3-7.7 (5.6-6.9) based on three equally weighted valuation approaches – DCF, EV/EBITDA and P/E. A favourable market situation has been visible in the share price and Scanfil is trading at a 23% premium to its peers based on 2021E multiples.

## SUMMARY TABLE - KEY FIGURES

EURm	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	530	563	580	595	623	658	688
EBITDA (adj)	40	47	53	55	59	61	64
EBIT (adj)	31	38	39	39	42	45	47
EBIT (adj) margin	5.9%	6.7%	6.7%	6.6%	6.8%	6.8%	6.9%
EPS (adj, EUR)	0.36	0.45	0.49	0.49	0.51	0.54	0.57
EPS (adj) growth	50.7%	26.5%	8.4%	0.0%	2.9%	5.8%	6.3%
DPS (ord, EUR)	0.11	0.13	0.15	0.17	0.19	0.20	0.21
EV/Sales	0.6	0.5	0.6	0.7	0.9	0.8	0.7
EV/EBIT (adj)	10.0	7.1	9.3	11.3	12.6	11.5	10.5
P/E (adj)	11.8	8.2	9.9	13.2	15.9	15.1	14.2
P/BV	2.2	1.7	1.9	2.3	2.6	2.3	2.1
Dividend yield (ord)	2.6%	3.5%	3.1%	2.6%	2.4%	2.5%	2.6%
FCF Yield bef A&D, lease	3.9%	8.1%	8.2%	5.5%	3.3%	5.8%	5.9%
Net debt	43	30	46	18	12	-6	-24
Net debt/EBITDA	1.1	0.6	0.9	0.3	0.2	-0.1	-0.4
ROIC after tax	14.6%	16.5%	14.9%	13.9%	15.0%	15.3%	15.9%

Source: Company data and Nordea estimates

# Q1 results and full-year estimate changes

Scanfil posted robust sales growth of 13% y/y and EBIT growth of 15% for Q1, with no major impacts on production from the global component shortage. The company reiterated its 2021 guidance for net sales of EUR 600-640m (indicating 1-7% growth) and adjusted EBIT of EUR 40-44m. Our 2021 estimates remain broadly unchanged and close to the midpoint of the guidance range, but we raise our 2022-23 estimates by 2% for sales and adjusted EBIT due to our increased confidence in the economic cycle and Scanfil's organic growth.

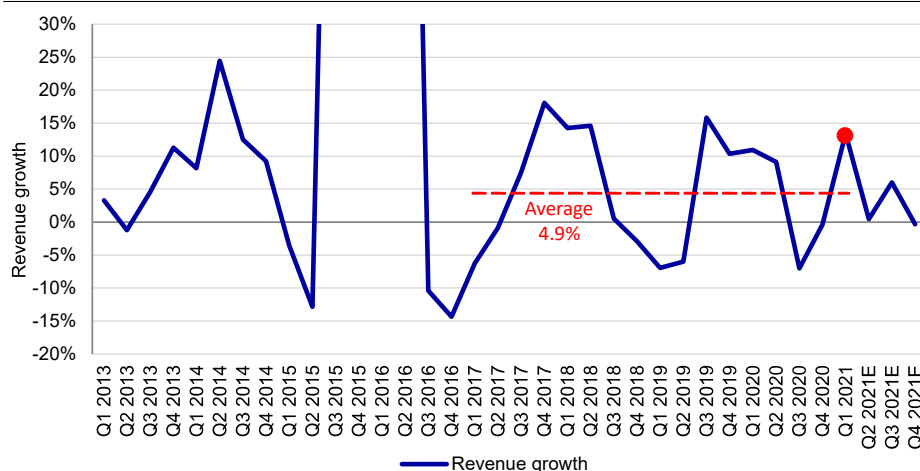
Demand for elevators developed strongly

## Revenue growth was 13% y/y in Q1

Scanfil demonstrated robust organic growth of 13.4% y/y for Q1 after a flat y/y development in Q4. Net sales came in 11% above our estimate and 9% above Infront consensus. The demand recovery that had already started in the latter part of 2020 continued. Availability of components/materials did not have any major negative impact on production. Demand for products related to sustainable energy, indoor climate, automation, collection solutions and elevators developed especially strongly. The discontinued trading business, which will no longer be a revenue contributor in Q2, still had revenues of EUR 8.5m in Q1.

Trading business ended in Q1 2021

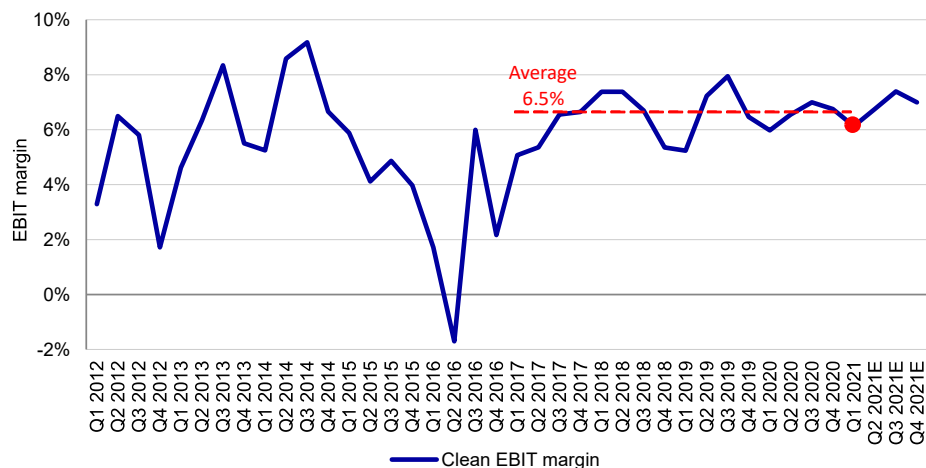
SCANFIL: REVENUE GROWTH PER QUARTER, Y/Y



Source: Company data and Nordea estimates

Scanfil's Q4 adjusted EBIT was up by 15% y/y, driven by growth in revenues rather than margin expansion. Strong sales volumes, especially in March, supported profitability, especially in factories in China, Poland and Estonia. This was able to offset margin headwinds from low-margin trading sales and the Hamburg production transfer. Adjusted EBIT was 12% above our estimate and 2% above Infront consensus for Q1.

## ADJUSTED EBIT MARGIN PER QUARTER, 2012-21E



Earnings volatility has declined in recent years

Source: Company data and Nordea estimates

Cash flow from operations totalled EUR 7.7m, up from EUR 5.9m a year ago. The improvement was driven by higher earnings. Net gearing stood at 6% and the equity ratio at 52%.

## Q4 DEVIATION TABLE (EPS IN EUR)

	Actual	NDA est.	Deviation	Consensus	Deviation	Actual	Actual		Actual	
EURm	Q1 2021	Q1 2021	vs. actual	Q1 2021	vs. actual	Q4 2020	q/q	Q1 2020	y/y	
Sales	163	148	16	150	13	142	15%	144	13%	
Adj. EBIT	10.0	9.0	1.0	9.8	0.2	10.4	-4%	8.6	16%	
Adj. EBIT margin	6.1%	6.1%	0.1pp	6.5%	-0.4pp	7.3%	-1.2pp	6.0%	0.2pp	
Adj. EPS	0.12	0.11	0.01	0.11	0.01	0.05	150%	0.12	4%	

Source: Company data, Infront and Nordea estimates

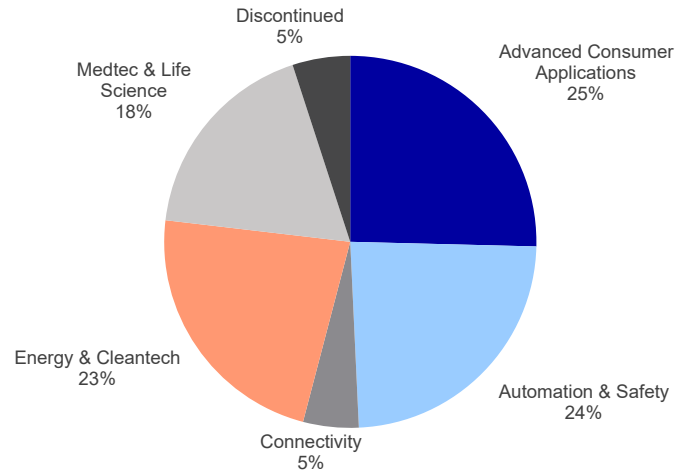
## Customer segments renewed following the Hangzhou divestment

Scanfil renewed its reported customer segments in Q1 following the divestment of the Hangzhou factory, which made up the majority of the old Communications segment. Since announcing the divestment in the summer of 2020, Scanfil has continued to trade (intermediate from supplier to customers) in such products. After it was decided not to continue the trade beyond Q1 2021, the Communication segment was discontinued. The new customer segments are:

- **Advanced Consumer Applications:** Self-service applications, handover automation (eg parcel lockers for logistic services) and elevators.
- **Automation & Safety:** Cameras for network video solutions, access control systems and automation systems.
- **Connectivity:** Wireless connectivity modules and radio systems.
- **Energy & Cleantech:** Reverse vending machines, air and water cleaners, indoor climate control systems, energy systems and automated collection and sorting solutions.

**REVENUE BY SEGMENT, 2020 (%)**

Elevators are in the Advanced Consumer Applications segment

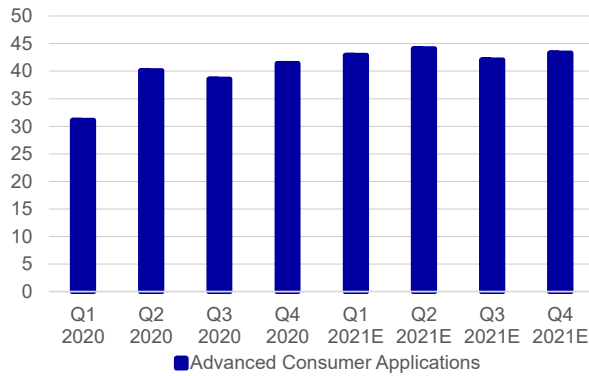


Source: Company data

Advanced Consumer Applications demonstrated the strongest growth in Q1 among the segments, with revenues up by 38% y/y. The key growth drivers were new customer ramp-ups (two new major customers, we believe), good demand in elevator products and hand-over solutions.

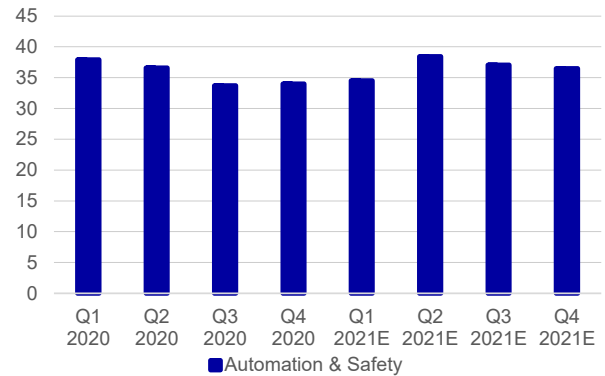
Energy & Cleantech also posted robust double-digit growth of 17% y/y, driven by good demand for reverse vending machines, energy systems and indoor climate control. We believe that TOMRA is one of the largest customers in this segment, and likely a contributor to growth. TOMRA's order backlog is at an all-time high level and the recently announced order of 800 reverse vending machines to Latvia highlights the structural demand opportunities for the business.

**ADVANCED CONSUMER APPLICATIONS: REVENUE (EURm)**



Source: Company data and Nordea estimates

**ENERGY & CLEANTECH: REVENUE (EURm)**



Source: Company data and Nordea estimates

Growth in Connectivity and in Medtec & Life Science were healthy at 9.2% and 7.8%, respectively. In Automation & Safety, revenues decreased by 8.9% y/y but witnessed a q/q recovery for a second consecutive quarter.

**2021 guidance indicates 4% reported growth**

Scanfil reiterated its 2021 guidance for net sales of EUR 600-640m and adjusted EBIT of EUR 40-44m. The sales guidance implies 1-7% revenue growth for 2021. At the guidance midpoint, the company's adjusted EBIT margin would be 6.8%. The company's guidance is based on six- to 12-month forward-looking customer forecasts, which are updated monthly. The company notes that the guidance is subject to uncertainty arising from the potential negative impacts of the availability of certain materials, especially semiconductors, and COVID-19 on customer demand and the delivery capability of the component supply chain. Scanfil also reiterated its long-term target of EUR 700m in net sales and an EBIT margin of 7% for 2023.

**We lift slightly our estimates for 2021-23**

Our 2021 estimates are close to Scanfil's guidance midpoint, as we estimate net sales of

EUR 623m and adjusted EBIT of EUR 42.4m for 2021, implying a margin of 6.8%. We raise our 2022E-23E sales and EBIT by 2% owing to improved industrial activity and the company's recently strong track record on organic growth. For 2023, we estimate sales of EUR 688m and an EBIT margin of 6.9%; our estimates are then slightly under the company's long-term financial targets.

#### ESTIMATE REVISIONS (EPS IN EUR)

EURm	New estimates			Old estimates			Difference %		
	Q2 2021E	2021E	2022E	Q2 2021E	2021E	2022E	Q2 2021E	2021E	2022E
Sales	156	623	658	160	620	645	-2 %	1 %	2 %
Adj. EBIT	10.6	42.4	44.7	10.8	42.2	43.8	-2 %	1 %	2 %
Adj. EBIT margin	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	0.0pp	0.0pp	0.0pp
Adj. EPS	0.13	0.51	0.54	0.13	0.50	0.52	-2 %	1 %	3 %

Source: Nordea estimates

#### Impressive productivity gains over time

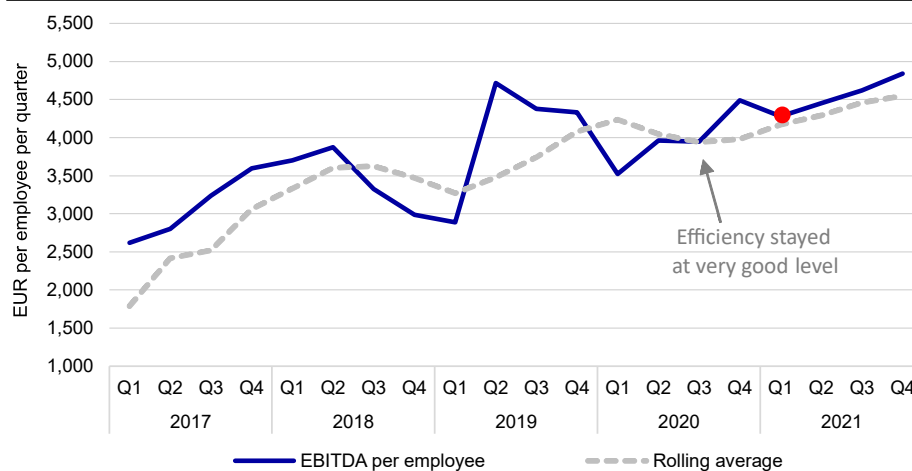
Scanfil has gradually increased the value added per employee. In Q1 2021, EBITDA per employee was EUR 4,279, which represents growth of 11% above the average in 2018-2020. The company can move its production staff from one factory to another relatively easily, reacting to changes in demand; in our view, this gives it a competitive edge in terms of productivity and makes it resilient to downturns in demand.

Restructuring in Europe could lead to a temporary inefficiency

Currently, Scanfil is scaling down and closing its Hamburg factory and moving production to the Wutha factory in Germany and to the Sieradz factory in Poland. The company estimates that these actions will lead to annual cost savings of EUR 2.5m, which is reflected in our estimates. The measures are scheduled to be completed by the end of Q3 2021. However, this transformation could also lead to one-off costs and inefficiency for the next six months.

Value added per employee has increased over time

#### QUARTERLY EBITDA PER EMPLOYEE (EUR)



Source: Company data and Nordea estimates

# Factors to consider when investing in Scanfil

As a subcontractor, Scanfil's success is highly dependent on customers demand. So far, despite multiple waves of the pandemic, the demand from Scanfil's main customers has improved. A subcontractor does not usually hold the best position in the vertical value chain, making visibility into business operations more limited, especially given the situation with COVID-19. The company's profitability has remained at a good level, however, indicating that the value created by Scanfil is important for its customers. In our view, Scanfil's keys to success have been its quality products, fast delivery times, proactive management, cost discipline, and its elastic business model.

## We consider these factors key when evaluating an investment in Scanfil:

- Global digitalisation and electrification continue to grow, offering steady growth for electronic device subcontractors.
- The company's organic sales growth was below its historical average in 2019-20. Organic revenue growth was flat y/y in 2019 and 2020 but improved in Q1 2021.
- The customer portfolio and customer demand drive growth even more than the overall global economic situation.
- The adjusted EBIT margin moved more or less sideways in 2018-20. We still believe the 7% margin target is achievable in 2023 but argue that Scanfil will find it quite difficult to permanently keep its margins above 7%.
- Scanfil has a resilient business model; production units are flexible, cost discipline is good and customer loyalty is high.
- Technical innovations – such as 5G networks, robotics, medtech, Internet of Things (IoT), virtual reality and electrical efficiency – are creating new demand for subcontractors.
- Scanfil has a proven strategy with plants operating on three continents, close to its customers' R&D units and/or end markets.
- The company focuses on industrial solutions, where economies of scale are not as important as for consumer electronics.
- The company has never been loss making, even in the aftermath of the dotcom bubble and during the 2008-09 financial crisis. The COVID-19 pandemic has been hardly visible in operating profit, highlighting the resilient business model.

## Key risk factors:

- A possible economic slowdown, factory shutdowns, and supply chain disturbances related to the COVID-19 pandemic.
- Any disturbances in the customer product portfolio or in end demand will be visible in Scanfil's growth and earnings potential.
- Receivables collection may become tougher if customers struggle financially. This can tie up working capital and create risks for cash flow and liquidity.
- In a relatively mature industry, competition is fierce and there is continuous price pressure from OEMs. Scanfil's pricing power is somewhat limited. In our view, it could be quite difficult to improve the EBIT margin above 7%.
- Cyclicalities is strong and changes can be fast and unpredictable, which is why valuation multiples in EMS are typically modest.
- Its relatively small size reduces its ability to engage new large customers on an organic growth basis. Scanfil does not operate in the consumer electronics sector, however, so a bigger size is not essential.

## Printed circuit board assembly for industrial customers

Scanfil is an international electronic component contract manufacturer for industrial customers. Its plants offer printed circuit board assembly (PCBA), sheet metal mechanics, electronics and wire harnesses, as well as final and tested modules and products. Its main expertise and customer segments have been in the industrial sector.

The company's strength is its high-mix and low-volume products, where larger scale is not always needed. Today, the company has ten plants, one of which is in China. Among the company's customers are names such as Kone, Thermo Fisher Scientific, ABB, Metso, Nibe, Airbus, Teleste, Tomra and Danfoss.

### **Growth in the market likely to remain**

Traditional EMS market growth was 8% on average during 1999-2017 (IDC). If global GDP growth is 3%, the electronics market has offered an additional 2 pp of growth, and the EMS market has offered 3 pp on top of that, via increased outsourcing ratios.

A subcontractor model has proved to be value-accretive

The good market growth will likely continue in the EMS sector after the temporary hit from COVID-19, in our view, owing to new products, innovation and the overall digitalisation of services. A subcontractor model in the OEM electronics industry has also proved to be value accretive, which is why we do not expect to see a change in the industry's business model. However, large OEMs continue to squeeze subcontractors, and we therefore expect margin pressure to persist. Scanfil's strategic strengths are its speed, price, flexibility and reliability, meaning the company's position in the market should not be at imminent risk, in our view.

Scanfil's core strengths are its customer base, flexibility, quality, speed and price

### **Scanfil has the right strengths**

For any EMS provider to attain an acceptable level of customer satisfaction, it must maintain its focus on delivering a quality product in a timely manner and at a competitive price. We consider Scanfil's core strengths to be its current customer base, flexibility, low-volume capability, speed, price and OEM relationships. These are the reasons the company has survived amid fierce competition while others have fallen. The company-specific risk factors, looking at strategy and position in the value chain, are no higher than for Scanfil's peers, in our opinion.

A traditional EMS business generally benefits from economies of scale. Vertical integration and low-cost countries have driven market behaviour for years, but Scanfil has identified its own niche market, which has meant that economies of scale are not the main driver of its success in the global EMS industry. Scanfil has stayed away from consumer electronics, which we believe has been the right strategy.

Acquisitions have been value accretive

The company has also proved that it is capable of successful M&A activity, with its acquisitions of PartnerTech and HASEC. We believe the PartnerTech acquisition was made at a relatively low price and that the integration went well. In terms of the HASEC acquisition, we know that the deal was made at an EV/sales valuation of 0.3x, clearly below Scanfil's own EV/sales multiple. Thus, both acquisitions have been value accretive for Scanfil's equity holders. Management has also implied that it is eyeing additional acquisitions in the Nordics and in Central Europe. The company is also very selective with acquisition targets, as highlighted by management, which we argue reduces the risks related to M&A activity.

### **Our valuation approach for Scanfil**

We use a relative valuation and a DCF-based fair value calculation in our analysis. We believe that peer group multiples are very informative and offer a relevant view of the subcontractor sector and of our company analysis. Compared to our EMS company peer group, Scanfil is trading at a 20% premium on P/E and EV/EBITDA when looking at 2021E multiples.

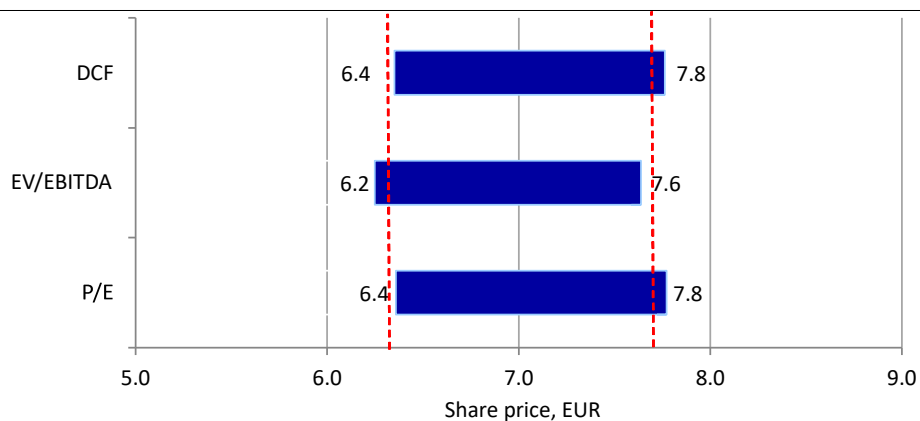
A sum-of-the-parts analysis does not add any more information to the valuation, because the business model is not very capital intensive, and the company does not hold IPR for the components it produces.

We increase our fair value range to EUR 6.3-7.7 (5.6-6.9) due to our increased estimates and changes in accepted valuation multiples. The range is based on equally weighting our three different valuation approaches (DCF, EV/EBITDA and P/E). This valuation range is visible between the red lines in the following chart.

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**VALUATION APPROACH**


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Source: Nordea estimates

Based on our DCF framework and WACC assumptions of 6.3-7.7%, we derive a fair value range of EUR 6.4-7.8 for Scanfil. We calculate a P/E valuation range of EUR 6.4-7.8 per share for Scanfil by taking our 2021 adjusted EPS forecast of EUR 0.51 and multiplying it by the accepted valuation multiple range of 13-15x, representing a mid-point of 14x.

In our approach, we use a 7-9x EV/EBITDA multiple range to calculate one component of the fair value analysis. Taking into account the company's 2020 net debt of EUR 18m, the respective market capitalisation per share would be EUR 6.2-7.6.

This fair valuation multiples represent Nordea's view and it has been derived from the company's previous years and historical sector median figures. For a point of comparison, Nordic Peer Kitron trades even at 17x P/E and 11x EV/EBITDA for 2021E



# Risk factors

There are several risks related to the Scanfil investment case. We believe the biggest of these is end-demand variations in the sectors in which Scanfil's customers operate. Another risk is its customers' product portfolio. If its customers are not competitive in their fields, it could reduce Scanfil's deliveries. Owing to COVID-19-related uncertainty and component shortages, we continue to see risk for 2021. However, the customer base is now more evenly distributed than it has been for decades, thus reducing risks related to individual customers. We also do not see any material risks from the balance sheet, raw materials or competition. Scanfil has proved itself very competitive and we do not expect this to change in the near term. The balance sheet includes EUR 22m in intangibles, but this represents only ~12% of equity. The company's cash position and liquidity are good after the divestment of Hangzhou.

## Financial position and capital needs

Scanfil has never posted annual losses, which somewhat limits the risks related to financial estimates or input costs. Without losses, equity capital does not decline and multiples do not become a problem.

At the end of 2020, the balance sheet included gross interest-bearing debt of EUR 40m (after adjusting for IFRS 16). The company's debt-handling capability is good, and therefore interest-bearing debt should not be a material risk factor.

Intangible assets only represent ~12% of equity, and any possible weaker economic outlook or impairment test would not present material risks. A possible writedown of all intangibles would lead to an equity ratio of 39% and reported ROIC would temporarily fall to 2%. We believe Scanfil would handle a writedown of intangibles without issuing equity.

In our view, liquidity is not a problem. As of year-end 2020, the company had EUR 26m in cash at hand.

## Manufacturing risk

Scanfil's manufacturing process needs to produce quality products efficiently. The first-pass yield industry median for electronics manufacturing services is approximately 94%. If this metric were to drop, Scanfil would face the risk of diminished margins and an effect on overall profit. Factory shutdowns and supply chain disturbances related to the coronavirus outbreak also pose additional risks for 2021.

## General economy and specifically the Nordic region's economy

Scanfil is somewhat exposed to the general economy, especially in Finland and Sweden, which constituted 41% of sales in 2020. We do not expect that an economic downturn in the region would lead to delayed orders from its customers, however, because the end markets for the components are global. Scanfil's customers are mainly in Sweden and Finland, but it sells its products on all continents, and thus volatility in customer orders could intensify if the global economic outlook weakens. In addition to production disturbances, the spread of the coronavirus may also have a longer-term effect on customer demand.

## Acquisition strategy

We believe Scanfil will continue to make acquisitions. The company's future sales and profit growth therefore somewhat depend on management's ability to source and complete new deals. There are also risks involved with integrating new businesses and there is a risk of overpayment.

## Competition

The company operates in a highly competitive industry. It faces intense competition from other EMS companies in all of the segments in which it operates, and it faces competitive pressure from the original equipment manufacturers. Scanfil's competitive advantage is its fast, flexible and reliable service with a global reach.

Weaker global economic outlook could weaken customer orders

Three customers represent 30% of total sales

### **Customer concentration**

According to our estimates, Scanfil has three key customers that represent 30% of its total sales. If Scanfil were to lose these customers, it would have a significant impact on its business. The rest of the customer base is distributed more evenly and across different segments, however, so we see no additional risks in the customer base.

Perhaps the biggest threat to Scanfil is when its customers lose their own competitive edge – Scanfil only fares well if its customers are also performing well in their own segments.

### **Currency exposure**

Scanfil is affected by currency risks – mainly transaction risks related to trade receivables and payables, translation risks related to foreign subsidiaries, and financial risks related to exchange rate movements. Scanfil mitigates these risks using forward contracts and currency swaps. Its main exposures in terms of sales and costs are in EUR, USD, CNY and SEK.

### **Concentration of ownership**

The Takanen family and its closest partners hold shares representing close to 50% of the voting power. As such, there could be a governance issue whereby the family's interests are put ahead of those of the minority shareholders.

# Peer group

## LARGER EMS PEER GROUP: FINANCIALS

	Sales (EURm)				Growth				Ebit%			
	2019	2020	2021E	2022E	2019	2020	2021E	2022E	2019	2020	2021E	2022E
Hon Hai Precision Industry Co Ltd	159,354	156,265	172,741	178,528	1 %	0 %	9 %	3 %	2 %	2 %	3 %	3 %
Delta Electronics Inc	7,997	8,242	9,330	10,247	13 %	5 %	12 %	9 %	7 %	11 %	12 %	13 %
Pegatron Corp	40,751	40,811	38,427	40,286	2 %	2 %	-8 %	5 %	1 %	1 %	2 %	2 %
Venture Corporation Ltd	2,411	1,868	2,148	2,299	4 %	-17 %	11 %	7 %	11 %	11 %	12 %	12 %
IMI PLC	2,215	2,043	2,065	2,148	-2 %	-3 %	0 %	4 %	14 %	15 %	15 %	16 %
Universal Scientific Industrial Shangh	4,767	5,985	7,440	8,663	11 %	28 %	30 %	16 %	4 %	4 %	4 %	4 %
Jabil Inc	23,007	22,844	23,921	24,667	14 %	8 %	9 %	3 %	3 %	3 %	4 %	4 %
Vtech Holdings Ltd	1,927	1,963	1,811	1,859	1 %	0 %	1 %	3 %	9 %	9 %	11 %	10 %
Compal Electronics Inc	29,242	30,592	33,873	33,036	1 %	7 %	10 %	-2 %	1 %	1 %	1 %	1 %
Foxconn Interconnect Technology Ltd	3,900	3,533	3,592	3,803	9 %	-1 %	-1 %	6 %	7 %	4 %	5 %	6 %
Inventec Corp	14,941	14,824	15,912	16,245	-1 %	1 %	4 %	2 %	1 %	1 %	1 %	1 %
Micro-Star International Co Ltd	3,594	4,273	5,430	5,749	2 %	22 %	26 %	6 %	5 %	7 %	8 %	8 %
Plexus Corp	2,893	2,895	2,908	3,165	10 %	7 %	5 %	9 %	4 %	5 %	6 %	5 %
Accton Technology Corp	1,652	1,588	1,802	2,132	29 %	-2 %	13 %	18 %	11 %	12 %	12 %	13 %
Sanmina Corp	7,528	5,942	5,807	6,273	16 %	-15 %	2 %	8 %	4 %	4 %	5 %	5 %
Gigabyte Technology Co Ltd	1,843	2,467	3,063	3,352	1 %	37 %	23 %	9 %	3 %	5 %	6 %	6 %
Celestica Inc	5,253	4,707	4,504	4,716	-11 %	-2 %	-5 %	5 %	3 %	3 %	3 %	4 %
Benchmark Electronics Inc	2,023	1,681	1,775	1,897	-12 %	-9 %	4 %	7 %	2 %	2 %	3 %	3 %
SIIX Corp	1,832	1,440	1,636	1,777	-8 %	-19 %	19 %	8 %	2 %	2 %	0 %	0 %
Fabrinet	1,394	1,464	1,540	1,699	15 %	4 %	13 %	10 %	9 %	9 %	9 %	10 %
Sercomm Corp	948	1,053	1,263	1,345	-5 %	14 %	19 %	6 %	3 %	3 %	4 %	5 %
TT electronics PLC	566	483	534	560	11 %	-10 %	6 %	5 %	8 %	6 %	7 %	9 %
Alpha Networks Inc	472	938	1,119	1,210	1 %	103 %	19 %	8 %	1 %	3 %	5 %	5 %
Pc Partner Group Ltd	865	820	n.a.	n.a.	-17 %	3 %	n.a.	n.a.	1 %	3 %	n.a.	n.a.
Ducommun Inc	643	515	540	577	15 %	-13 %	4 %	7 %	8 %	8 %	8 %	9 %
Valuetronics Holdings Ltd	321	275	211	179	-1 %	-17 %	-21 %	-15 %	8 %	7 %	9 %	8 %
Gemtek Technology Co Ltd	539	581	646	n.a.	4 %	10 %	9 %	n.a.	1 %	2 %	2 %	n.a.
Neways Electronics International NV	533	479	n.a.	n.a.	5 %	-10 %	n.a.	n.a.	3 %	-1 %	n.a.	n.a.
Cicor Technologies Ltd	234	199	n.a.	n.a.	2 %	-15 %	n.a.	n.a.	6 %	4 %	n.a.	n.a.
Kitron ASA	335	378	409	452	26 %	20 %	4 %	11 %	6 %	8 %	7 %	7 %
Lacroix Group SA	482	566	501	538	3 %	18 %	14 %	7 %	3 %	2 %	4 %	5 %
Computime Group Ltd	388	382	n.a.	n.a.	-12 %	-5 %	n.a.	n.a.	1 %	2 %	n.a.	n.a.
exeet Group SCA	44	45	n.a.	n.a.	5 %	4 %	n.a.	n.a.	6 %	9 %	n.a.	n.a.
Key Tronic Corp	408	401	n.a.	n.a.	4 %	-3 %	n.a.	n.a.	1 %	2 %	n.a.	n.a.
IEC Electronics Corp	144	156	167	187	34 %	16 %	10 %	12 %	4 %	6 %	6 %	6 %
Hanza Holding AB	197	215	231	243	14 %	4 %	6 %	5 %	3 %	2 %	4 %	4 %
SigmaTron International Inc	259	257	n.a.	n.a.	4 %	-3 %	n.a.	n.a.	1 %	1 %	n.a.	n.a.
Lite-On Japan Ltd	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Di-Nikko Engineering Co Ltd	228	222	n.a.	n.a.	8 %	1 %	n.a.	n.a.	1 %	1 %	n.a.	n.a.
<b>Group median</b>					<b>3.3%</b>	<b>0.3%</b>	<b>9.0%</b>	<b>6.4%</b>	<b>3.7%</b>	<b>3.8%</b>	<b>4.6%</b>	<b>5.1%</b>
Scanfil (Nordea)	580	595	623	658	2.9%	2.7%	4.7%	5.5%	6.7%	6.6%	6.8%	6.8%
<b>diff.from median (pp)</b>					<b>-0.4%</b>	<b>2.5%</b>	<b>-4.3%</b>	<b>-0.9%</b>	<b>3.0%</b>	<b>2.8%</b>	<b>2.2%</b>	<b>1.7%</b>

Source: Refinitiv and Nordea estimates

**LARGER EMS PEER GROUP: VALUATION**

	P/E				EV/EBITDA				P/B			
	2019	2020	2021E	2022E	2019	2020	2021E	2022E	2019	2020	2021E	2022E
Hon Hai Precision Industry Co Ltd	11.0	12.6	12.2	10.7	6.7	5.7	6.0	5.4	1.3	1.3	1.2	1.1
Delta Electronics Inc	17.1	26.9	24.5	21.4	12.6	14.8	14.2	12.7	5.4	5.0	4.6	4.1
Pegatron Corp	9.3	8.8	11.7	10.6	4.5	5.0	5.1	4.8	1.2	1.1	1.1	0.9
Venture Corporation Ltd	12.9	19.0	16.8	15.6	9.0	12.5	11.3	10.5	2.3	2.3	2.2	2.1
IMI PLC	20.9	18.6	18.0	16.3	10.2	9.2	11.8	10.6	5.7	4.7	4.3	3.8
Universal Scientific Industrial Shangh	33.2	24.2	19.3	16.0	21.6	16.0	13.1	10.8	4.0	3.7	3.1	2.7
Jabil Inc	16.7	98.4	10.7	10.0	3.8	4.0	5.0	4.7	4.9	5.0	2.6	1.8
Vtech Holdings Ltd	15.0	9.5	11.5	11.6	10.4	6.4	8.1	8.2	3.6	3.8	3.4	3.4
Compal Electronics Inc	11.9	9.8	10.6	10.8	6.6	7.0	6.9	7.1	1.0	1.1	1.0	1.0
Foxconn Interconnect Technology Ltd	9.7	56.2	12.7	10.5	4.6	7.4	5.3	4.6	1.0	1.0	1.0	0.9
Inventec Corp	15.0	11.5	15.7	14.0	9.2	12.5	9.9	8.7	1.8	1.7	1.7	1.7
Micro-Star International Co Ltd	13.2	14.2	12.1	11.3	9.5	9.4	8.7	8.5	4.7	4.2	3.6	3.1
Plexus Corp	16.8	18.2	17.6	16.7	9.6	9.7	10.0	9.6	3.4	2.8	2.6	2.3
Accton Technology Corp	19.2	35.2	26.3	20.3	12.8	23.6	18.2	14.8	13.7	11.1	9.5	7.6
Sanmina Corp	16.3	13.5	11.6	11.1	5.2	4.2	5.7	5.5	1.4	1.1	n.a.	n.a.
Gigabyte Technology Co Ltd	16.5	11.5	12.5	11.9	9.7	6.7	7.7	7.2	2.9	2.6	2.4	2.2
Celestica Inc	15.5	17.2	8.6	7.4	5.5	4.8	4.0	3.7	0.7	0.7	0.0	0.0
Benchmark Electronics Inc	56.9	70.8	25.6	21.6	10.9	7.8	n.a.	n.a.	1.3	1.0	n.a.	n.a.
SIX Corp	20.7	43.6	12.2	11.5	9.3	9.3	7.3	6.7	1.2	1.2	1.2	1.1
Fabrinet	15.4	19.7	20.3	18.3	9.4	11.7	13.9	12.4	2.1	3.5	3.0	2.6
Sercomm Corp	18.9	21.9	13.3	10.4	9.7	9.6	6.6	5.4	2.4	2.3	2.2	2.0
TT electronics PLC	33.5	265.2	17.0	13.7	7.9	9.3	9.8	8.4	1.5	1.4	1.4	1.3
Alpha Networks Inc	n.a.	30.5	13.8	11.9	21.1	11.0	7.4	6.6	1.3	1.7	1.7	1.6
Pc Partner Group Ltd	81.6	4.3	n.a.	n.a.	12.7	2.7	n.a.	n.a.	1.3	0.8	n.a.	n.a.
Ducommun Inc	18.4	22.0	20.7	16.8	10.1	11.5	9.9	8.8	2.7	2.2	2.1	2.0
Valuetronics Holdings Ltd	8.4	6.8	10.1	12.5	2.9	0.5	2.0	2.1	1.4	1.3	1.2	1.2
Gemtek Technology Co Ltd	49.0	9.1	34.0	n.a.	20.1	12.5	n.a.	n.a.	1.1	1.2	n.a.	n.a.
Neways Electronics International NV	14.2	n.a.	n.a.	n.a.	6.4	10.9	n.a.	n.a.	1.1	1.0	n.a.	n.a.
Cicor Technologies Ltd	20.5	32.3	n.a.	n.a.	7.6	7.7	n.a.	n.a.	1.7	1.7	n.a.	n.a.
Kitron ASA	14.8	15.4	16.9	14.7	9.5	9.5	11.0	9.9	4.8	3.9	3.7	3.3
Lacroix Group SA	7.3	7.8	12.2	10.2	4.5	4.1	6.4	5.4	1.6	1.6	1.5	1.4
Computime Group Ltd	79.5	26.4	n.a.	n.a.	6.2	0.6	n.a.	n.a.	0.6	0.2	n.a.	n.a.
exceet Group SCA	39.4	26.7	n.a.	n.a.	6.5	9.5	n.a.	n.a.	1.3	2.0	n.a.	n.a.
Key Tronic Corp	0.0	12.0	n.a.	n.a.	6.5	10.2	n.a.	n.a.	0.5	0.5	n.a.	n.a.
IEC Electronics Corp	15.4	13.8	16.6	n.a.	10.5	8.8	12.0	10.4	2.3	2.3	n.a.	n.a.
Hanza Holding AB	21.3	n.a.	10.7	8.9	6.2	5.1	5.1	4.6	1.3	1.2	1.2	1.1
SigmaTron International Inc	n.a.	28.4	n.a.	n.a.	7.0	6.3	n.a.	n.a.	0.2	0.2	n.a.	n.a.
Lite-On Japan Ltd	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Di-Nikko Engineering Co Ltd	4.7	15.0	n.a.	n.a.	18.8	21.1	n.a.	n.a.	0.6	1.4	n.a.	n.a.
<b>Group median</b>	<b>16.5</b>	<b>18.8</b>	<b>13.6</b>	<b>11.7</b>	<b>9.3</b>	<b>8.3</b>	<b>7.3</b>	<b>6.9</b>	<b>1.4</b>	<b>1.7</b>	<b>1.9</b>	<b>1.8</b>
Scanfil (Nordea)	9.9	13.2	15.9	15.1	6.8	8.0	8.9	8.0	1.9	2.3	2.5	2.2
<b>diff.from average</b>	<b>-40 %</b>	<b>-30 %</b>	<b>17 %</b>	<b>29 %</b>	<b>-26 %</b>	<b>-4 %</b>	<b>21 %</b>	<b>17 %</b>	<b>39 %</b>	<b>39 %</b>	<b>31 %</b>	<b>24 %</b>

Source: Infront and Nordea estimates

# Quarterly estimates

P&L (EURm)								
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021E	Q3 2021E	Q4 2021E
<b>Sales</b>	<b>144.1</b>	<b>155.6</b>	<b>141.6</b>	<b>154.1</b>	<b>163.4</b>	<b>156.3</b>	<b>150.1</b>	<b>153.6</b>
Sales growth %	10.9%	9.1%	-7.0%	-0.4%	13.4%	0.5%	6.0%	-0.3%
Other operating income	0.2	0.2	11.8	0.3	0.3	0.2	11.8	0.2
Expenses	-134.0	-139.4	-130.3	-146.0	150.7	-145.2	-139.4	-415.8
Depreciation and amortization	-3.8	-3.8	-3.7	-4.8	-3.8	-3.8	-3.8	-4.9
Reported EBIT	8.6	10.2	21.2	4.3	10.0	10.6	11.1	10.7
Reported EBIT margin	6.0%	6.6%	15.0%	2.8%	6.1%	6.8%	7.4%	7.0%
<b>Adj. EBIT</b>	<b>8.6</b>	<b>10.2</b>	<b>9.9</b>	<b>10.4</b>	<b>10.0</b>	<b>10.6</b>	<b>11.1</b>	<b>10.7</b>
Adj. EBIT margin	6.0%	6.6%	7.0%	6.7%	6.1%	6.8%	7.4%	7.0%
Net financials	0.1	-0.6	-0.8	-1.3	0.0	-0.1	-0.6	-0.3
Pre-tax profit	8.7	9.6	20.4	3.0	10.0	10.5	10.5	10.4
Income tax	-1.2	-1.2	-2.5	0.1	-1.7	-2.1	-2.2	-2.0
Tax rate %	14 %	13 %	12 %	-3 %	17 %	20 %	21 %	19 %
Reported net profit for the period	7.5	8.4	29.2	-3.0	7.6	8.0	8.4	8.7
Adj net profit for the period	7.5	8.4	17.9	3.1	7.6	8.0	8.4	8.7
Reported EPS	0.12	0.13	0.28	0.05	0.13	0.13	0.13	0.13
<b>Adj. EPS</b>	<b>0.12</b>	<b>0.13</b>	<b>0.10</b>	<b>0.14</b>	<b>0.13</b>	<b>0.13</b>	<b>0.13</b>	<b>0.13</b>

Source: Company data and Nordea estimates

# Reported numbers and forecasts

## INCOME STATEMENT

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
<b>Total revenue</b>	<b>189</b>	<b>215</b>	<b>377</b>	<b>508</b>	<b>530</b>	<b>563</b>	<b>580</b>	<b>595</b>	<b>623</b>	<b>658</b>	<b>688</b>
Revenue growth	4.2%	13.8%	75.9%	34.6%	4.3%	6.3%	2.9%	2.7%	4.7%	5.5%	4.5%
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	22	25	27	18	40	47	53	60	59	61	64
Depreciation and impairments PPE	-7	-6	-8	-9	-7	-8	-16	-14	-14	-14	-15
of which leased assets	0	0	0	0	0	0	-3	-3	-3	-3	-3
EBITA	15	19	19	9	33	40	37	46	44	47	49
Amortisation and impairments	-3	-2	-5	-2	-2	-2	-2	-2	-2	-2	-2
EBIT	12	16	14	7	31	38	35	44	42	45	47
of which associates	-3	-2	-1	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	0	-1	-1	1	-2	-1	-3	-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
<b>Pre-tax profit</b>	<b>11</b>	<b>16</b>	<b>14</b>	<b>6</b>	<b>33</b>	<b>36</b>	<b>34</b>	<b>42</b>	<b>41</b>	<b>43</b>	<b>46</b>
Reported taxes	-2	-4	-5	-6	-7	-7	-6	-5	-8	-8	-9
Net profit from continued operations	8	12	8	0	26	29	28	37	33	35	37
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	8	12	8	0	26	29	28	37	33	35	37
<b>EPS, EUR</b>	<b>0.14</b>	<b>0.21</b>	<b>0.15</b>	<b>0.00</b>	<b>0.40</b>	<b>0.45</b>	<b>0.44</b>	<b>0.57</b>	<b>0.51</b>	<b>0.54</b>	<b>0.57</b>
DPS, EUR	0.05	0.07	0.08	0.09	0.11	0.13	0.15	0.17	0.19	0.20	0.21
of which ordinary	0.05	0.07	0.08	0.09	0.11	0.13	0.15	0.17	0.19	0.20	0.21
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	11.8%	11.6%	7.2%	3.6%	7.6%	8.4%	9.1%	10.1%	9.4%	9.3%	9.3%
EBITA	8.0%	8.7%	5.1%	1.8%	6.3%	7.1%	6.4%	7.8%	7.1%	7.1%	7.2%
EBIT	6.3%	7.6%	3.8%	1.4%	5.9%	6.7%	6.1%	7.4%	6.8%	6.8%	6.9%

## Adjusted earnings

EBITDA (adj)	23	25	33	33	40	47	53	55	59	61	64
EBITA (adj)	15	19	25	24	33	40	37	41	44	47	49
EBIT (adj)	12	16	20	22	31	38	39	39	42	45	47
EPS (adj, EUR)	0.15	0.22	0.24	0.24	0.36	0.45	0.49	0.49	0.51	0.54	0.57

## Adjusted profit margins in percent

EBITDA (adj)	12.0%	11.7%	8.7%	6.6%	7.6%	8.4%	9.1%	9.3%	9.4%	9.3%	9.3%
EBITA (adj)	8.2%	8.8%	6.6%	4.8%	6.3%	7.1%	6.4%	6.9%	7.1%	7.1%	7.2%
EBIT (adj)	6.4%	7.6%	5.3%	4.4%	5.9%	6.7%	6.7%	6.6%	6.8%	6.8%	6.9%

## Performance metrics

CAGR last 5 years											
Net revenue	-2.9%	1.7%	11.5%	19.2%	24.0%	24.5%	22.0%	9.6%	4.2%	4.4%	4.1%
EBITDA	1.1%	3.4%	7.0%	-4.8%	14.2%	16.3%	16.4%	17.3%	26.4%	8.8%	6.2%
EBIT	-10.9%	0.4%	0.0%	-4.5%	31.0%	26.1%	16.8%	25.2%	42.4%	7.4%	4.7%
EPS	-11.7%	-2.8%	-5.1%	-58.0%	32.7%	26.1%	15.5%	31.7%	223.6%	5.8%	4.6%
DPS	-16.1%	-10.2%	-7.8%	8.4%	22.4%	21.1%	16.5%	16.3%	16.1%	12.7%	10.1%
Average last 5 years											
Average EBIT margin	6.0%	5.9%	5.1%	3.9%	4.5%	4.9%	4.9%	5.6%	6.6%	6.8%	6.8%
Average EBITDA margin	10.7%	10.9%	10.1%	7.7%	7.3%	7.2%	7.3%	7.9%	9.0%	9.3%	9.5%

## VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E (adj)	9.1	11.4	15.7	14.6	11.8	8.2	9.9	13.2	15.9	15.1	14.2
EV/EBITDA (adj)	3.0	5.3	8.7	7.9	7.8	5.7	6.8	8.0	9.1	8.4	7.8
EV/EBITA (adj)	4.4	7.0	11.6	10.7	9.4	6.8	9.7	10.7	12.0	11.1	10.1
EV/EBIT (adj)	4.5	7.2	13.6	11.7	10.0	7.1	9.3	11.3	12.6	11.5	10.5

## VALUATION RATIOS - REPORTED EARNINGS

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E	9.5	11.5	26.3	n.m.	10.5	8.2	11.2	11.4	15.9	15.1	14.2
EV/Sales	0.36	0.62	0.76	0.52	0.59	0.48	0.63	0.74	0.86	0.79	0.73
EV/EBITDA	2.7	4.9	10.1	14.4	7.8	5.7	6.8	7.3	9.1	8.4	7.8
EV/EBITA	3.8	6.4	14.2	28.0	9.4	6.8	9.7	9.5	12.0	11.1	10.1
EV/EBIT	4.6	7.3	18.5	36.2	10.0	7.1	10.3	9.9	12.6	11.5	10.5
Dividend yield (ord.)	3.7%	2.8%	2.1%	2.6%	2.6%	3.5%	3.1%	2.6%	2.4%	2.5%	2.6%
FCF yield	24.5%	2.1%	-17.3%	5.8%	3.9%	8.1%	5.8%	9.3%	3.8%	6.4%	6.4%
FCF Yield bef A&D, lease adj	24.5%	2.1%	-17.3%	5.8%	3.9%	8.1%	8.2%	5.5%	3.3%	5.8%	5.9%
Payout ratio	35.1%	32.9%	55.2%	6,298.1%	27.2%	28.6%	34.3%	29.6%	37.4%	37.3%	36.8%

Source: Company data and Nordea estimates

**BALANCE SHEET**

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Intangible assets	6	11	29	27	25	22	25	23	21	19	17
of which R&D	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
of which other intangibles	4	5	18	16	15	12	17	14	12	10	8
of which goodwill	2	6	11	11	10	10	8	8	8	8	8
Tangible assets	28	27	48	41	48	49	72	65	66	67	69
of which leased assets	0	0	0	0	0	0	21	18	18	18	18
Shares associates	n.a.	n.a.	n.a.	n.a.	n.a.	0	1	1	1	1	1
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	0	3	2	4	4	6	7	7	7	7
Other non-IB non-current assets	n.a.	n.a.	n.a.	n.a.	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	35	38	80	70	77	76	103	95	94	93	93
Inventory	29	36	91	85	101	99	102	103	111	116	121
Accounts receivable	33	41	105	88	106	108	112	113	122	127	133
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	2	4	2	2	3	2	3	3	3
Cash and bank	28	19	22	20	21	19	20	26	29	44	59
Total current assets	90	96	220	197	230	228	237	245	265	290	316
Assets held for sale	0	0	1	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Total assets</b>	<b>126</b>	<b>134</b>	<b>302</b>	<b>267</b>	<b>307</b>	<b>304</b>	<b>340</b>	<b>339</b>	<b>358</b>	<b>383</b>	<b>409</b>
Shareholders equity	80	95	100	108	125	145	167	183	205	227	251
Of which preferred stocks	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0	0
Of which equity part of hybrid debt	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0	0
Minority interest	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0	0
Total Equity	n.a.	n.a.	n.a.	n.a.	125	145	167	183	205	227	251
Deferred tax	0	0	3	3	5	6	7	6	6	6	6
Long term interest bearing debt	9	1	50	38	27	17	25	18	16	13	11
Pension provisions	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0	0
Other long-term provisions	0	0	1	0	0	0	0	0	0	0	0
Other long-term liabilities	0	0	0	0	0	0	0	0	0	0	0
Non-current lease debt	0	0	0	0	0	0	19	16	20	20	20
Convertible debt	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0	0
Shareholder debt	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0	0
Hybrid debt	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0	0
Total non-current liabilities	10	1	55	41	33	23	51	40	41	39	36
Short-term provisions	0	0	0	5	0	0	0	4	0	0	0
Accounts payable	26	30	108	90	113	104	96	100	103	109	114
Current lease debt	0	0	0	0	0	0	4	4	0	0	0
Other current liabilities	n.a.	n.a.	n.a.	n.a.	n.a.	0	3	2	3	3	4
Short term interest bearing debt	9	9	38	22	36	33	20	6	6	5	5
Total current liabilities	36	38	146	117	149	136	122	116	113	118	123
Liabilities for assets held for sale	0	0	1	0	0	0	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>126</b>	<b>134</b>	<b>302</b>	<b>267</b>	<b>307</b>	<b>304</b>	<b>340</b>	<b>339</b>	<b>358</b>	<b>383</b>	<b>409</b>
<b>Balance sheet and debt metrics</b>											
Net debt	-10	-10	66	40	43	30	46	18	12	-6	-24
of which lease debt	0	0	0	0	0	0	22	20	20	20	20
Working capital	36	47	90	87	96	105	118	117	129	134	140
Invested capital	71	85	170	157	173	181	221	212	223	227	233
Capital employed	99	104	188	168	188	194	233	227	246	265	286
ROE	10.6%	14.0%	8.6%	0.1%	22.2%	21.5%	18.0%	21.1%	16.8%	16.0%	15.4%
ROIC	11.7%	16.2%	12.1%	10.5%	14.6%	16.5%	14.9%	13.9%	15.0%	15.3%	15.9%
ROCE	12.6%	16.7%	17.3%	18.9%	23.1%	19.8%	18.3%	17.0%	18.0%	17.6%	17.3%
Net debt/EBITDA	-0.4	-0.4	2.4	2.2	1.1	0.6	0.9	0.3	0.2	-0.1	-0.4
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	64.1%	70.6%	33.2%	40.6%	40.7%	47.6%	49.0%	53.9%	57.1%	59.2%	61.2%
Net gearing	n.a.	n.a.	n.a.	n.a.	34.4%	20.7%	27.7%	10.0%	5.9%	-2.7%	-9.5%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
<b>EBITDA (adj) for associates</b>	<b>25</b>	<b>27</b>	<b>28</b>	<b>18</b>	<b>40</b>	<b>47</b>	<b>53</b>	<b>60</b>	<b>59</b>	<b>61</b>	<b>64</b>
Paid taxes	-3	-3	-4	-5	-8	-7	-8	-7	-8	-8	-9
Net financials	0	0	-2	-2	-2	-2	-2	-2	-2	-2	-2
Change in provisions	0	0	1	4	-5	0	0	4	-4	0	0
Change in other LT non-IB	1	0	-2	1	-2	0	-1	-1	0	0	0
Cash flow to/from associates	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Dividends paid to minorities	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Other adj to reconcile to cash flow	-10	-7	-1	7	4	0	2	-11	0	0	0
<b>Funds from operations (FFO)</b>	<b>14</b>	<b>16</b>	<b>21</b>	<b>23</b>	<b>27</b>	<b>39</b>	<b>44</b>	<b>43</b>	<b>45</b>	<b>51</b>	<b>53</b>
Change in NWC	-1	-5	-8	-6	-6	-10	-8	-8	-12	-4	-6
<b>Cash flow from operations (CFO)</b>	<b>13</b>	<b>11</b>	<b>13</b>	<b>16</b>	<b>21</b>	<b>29</b>	<b>36</b>	<b>35</b>	<b>33</b>	<b>46</b>	<b>47</b>
Capital expenditure	6	-8	-51	-4	-11	-10	-7	-9	-12	-13	-14
<b>Free cash flow before A&amp;D</b>	<b>19</b>	<b>3</b>	<b>-38</b>	<b>13</b>	<b>11</b>	<b>19</b>	<b>29</b>	<b>26</b>	<b>20</b>	<b>33</b>	<b>33</b>
Proceeds from sale of assets	n.a.	n.a.	n.a.	n.a.	0	0	0	13	0	0	0
Acquisitions	n.a.	n.a.	n.a.	n.a.	0	0	-10	0	0	0	0
Free cash flow	19	3	-38	13	11	19	18	39	20	33	33
Free cash flow bef A&D, lease adj	19	3	-38	13	11	19	26	23	17	30	31
Dividends paid	n.a.	n.a.	n.a.	n.a.	-6	-7	-8	-10	-11	-12	-13
Equity issues / buybacks	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0	0
Net change in debt	-9	-10	44	-26	-4	-14	-43	-21	-3	-3	-3
Other financing adjustments	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	-3	-3	-3	-3
Other non-cash adjustments	5	1	1	-1	-1	0	34	0	0	0	0
Change in cash	13	-9	3	-2	0	-1	1	5	3	15	15
<b>Cash flow metrics</b>											
Capex/D&A	-56.0%	92.9%	n.m.	32.3%	n.m.	n.m.	41.2%	58.4%	76.7%	80.1%	82.9%
Capex/Sales	-3.1%	3.7%	13.5%	0.7%	2.0%	1.7%	1.3%	1.6%	2.0%	2.0%	2.0%
<b>Key information</b>											
Share price year end (/current)	1	2	4	3	4	4	5	7	8	8	8
Market cap.	78	142	220	222	271	239	316	422	523	523	523
Enterprise value	68	132	286	262	314	269	362	440	535	517	499
Diluted no. of shares, year-end (m)	57.7	57.7	57.7	63.7	63.8	63.8	64.7	64.7	64.7	64.7	64.7

Source: Company data and Nordea estimates



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