

Further acceleration in H2 growth

Scanfil made a minor guidance update and by implication organic growth rate will reach well into the double digits this year. We upgrade our FY '21 growth estimate by 4% and expect the positive momentum to spill over to next year as well. We retain our EUR 9 TP; our new rating is BUY (HOLD).

FY '21 revenue guidance midpoint increases by 5%

Scanfil issued a small guidance update. The new range is EUR 670-710m in FY '21 revenue and EUR 41-44m in adj. EBIT, while the previous guidance was respectively EUR 630-680m and EUR 41-46m. Most important recent trends, namely strong customer demand and climbing component prices, have persisted. Scanfil continues to flag the supply chain risk related to semiconductor availability and the guidance update is not in our view that big news. Our previous estimates for this year were EUR 658m in revenue and EUR 43m in adj. EBIT. Our updated revenue estimate stands at EUR 681m; we make no changes to our absolute FY '21 adj. EBIT estimates.

Strong growth supports absolute profitability estimates

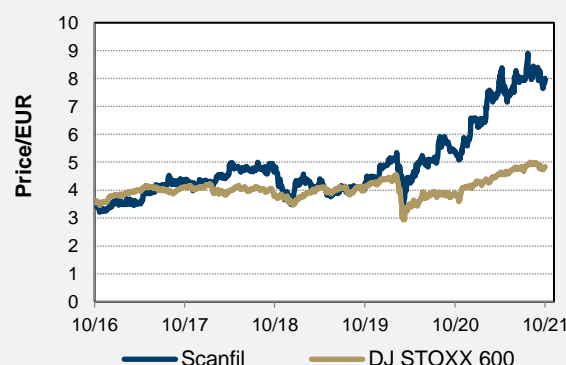
Scanfil H1'21 growth amounted to 12% y/y; we previously estimated H2'21 y/y growth at above 8% and now expect more than 16%. We reckon the positive surprise extends beyond this year and we have updated our FY '22 growth estimate to 7.0% (prev. 5.8%). The improved growth outlook supports our absolute profitability estimates for the coming years to the tune of EUR 1-2m. The updated outlook also means the EUR 700m organic revenue target for FY '23 is now pretty much irrelevant as the company might well break through that threshold already this year. We expect Scanfil to communicate a new long-term target at some near future date, however we don't expect the company to make any revisions to its long-term 7% EBIT margin target.

In our view valuation has now turned more attractive

Scanfil's share price has slipped a bit since the previous update while growth outlook has improved an additional notch. On our updated estimates for FY '21-22 Scanfil is now valued 8.0-8.6x EV/EBITDA and 10.3-11.8x EV/EBIT. The multiples remain slightly above those of a typical peer, but we continue to view the premium warranted. We retain our EUR 9 TP; our rating is now BUY (HOLD).

Rating

BUY



Share price, EUR (Last trading day's closing price) 7.94

Target price, EUR 9.0

Latest change in recommendation 14-Oct-21

Latest report on company 15-Sep-21

Research paid by issuer: YES

No. of shares outstanding, '000's 63,895

No. of shares fully diluted, '000's 63,895

Market cap, EURm 507

Free float, % 46.6

Exchange rate -

Reuters code SCANFL.HE

Bloomberg code SCANFL.FH

Average daily volume, EURm 0.1

Next interim report 26-Oct-21

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BUY HOLD SELL

KEY FIGURES

| | Sales EURm | EBIT EURm | EBIT % | FCF EURm | EPS EUR | P/E (x) | EV/Sales (x) | EV/EBIT (x) | FCF yield % | DPS EUR |
|--------------------------|---------------|--------------|-------------------------|-------------|------------|------------|-----------------------|----------------|----------------|------------|
| 2019 | 579.4 | 39.4 | 6.8% | 7.5 | 0.50 | 10.4 | 0.7 | 9.6 | 2.2 | 0.15 |
| 2020 | 595.3 | 39.1 | 6.6% | 43.5 | 0.49 | 13.2 | 0.7 | 11.0 | 10.4 | 0.17 |
| 2021E | 680.9 | 42.9 | 6.3% | 27.7 | 0.52 | 15.2 | 0.7 | 11.8 | 5.5 | 0.18 |
| 2022E | 728.5 | 48.1 | 6.6% | 21.2 | 0.57 | 14.0 | 0.7 | 10.3 | 4.2 | 0.19 |
| 2023E | 771.9 | 53.3 | 6.9% | 33.5 | 0.63 | 12.6 | 0.6 | 8.9 | 6.6 | 0.20 |
| Market cap, EURm | | 507 | Gearing 2021E, % | | | -1.1 | CAGR EPS 2020-23, % | | | 8.3 |
| Net debt 2021E, EURm | | -2 | Price/book 2021E | | | 2.5 | CAGR sales 2020-23, % | | | 9.0 |
| Enterprise value, EURm | | 505 | Dividend yield 2021E, % | | | 2.3 | ROE 2021E, % | | | 17.1 |
| Total assets 2021E, EURm | | 369 | Tax rate 2021E, % | | | 19.4 | ROCE 2021E, % | | | 18.6 |
| Goodwill 2021E, EURm | | 8 | Equity ratio 2021E, % | | | 55.6 | PEG, P/E 21/CAGR | | | 1.8 |

Estimates and peer group multiples

| Scanfil | Q1'20 | Q2'20 | Q3'20 | Q4'20 | 2020 | Q1'21 | Q2'21 | Q3'21e | Q4'21e | 2021e | 2022e | 2023e |
|--------------------------------|--------|-------|--------|--------|-------|--------|--------|--------|--------|--------|-------|-------|
| Revenue | 144 | 156 | 142 | 154 | 595 | 163 | 173 | 165 | 179 | 681 | 729 | 772 |
| <i>growth-%</i> | 10.9 % | 9.1 % | -7.0 % | -0.4 % | 2.8 % | 13.4 % | 11.1 % | 16.8 % | 16.3 % | 14.4 % | 7.0 % | 5.9 % |
| Advanced Consumer Applications | 31 | 40 | 39 | 41 | 151 | 43 | 53 | 47 | 51 | 194 | 212 | 227 |
| Automation & Safety | 38 | 37 | 34 | 34 | 142 | 35 | 37 | 38 | 40 | 150 | 157 | 163 |
| Connectivity | 7 | 8 | 7 | 6 | 29 | 8 | 7 | 8 | 8 | 31 | 34 | 36 |
| Energy & Cleantech | 34 | 34 | 30 | 37 | 136 | 40 | 45 | 42 | 46 | 173 | 196 | 209 |
| Medtech & Life Science | 27 | 25 | 26 | 30 | 108 | 29 | 29 | 31 | 33 | 122 | 130 | 137 |
| Discontinued | 6 | 12 | 6 | 5 | 30 | 9 | 2 | 0 | 0 | 11 | 0 | 0 |
| EBIT | 9 | 10 | 10 | 10 | 39 | 10 | 11 | 11 | 12 | 43 | 48 | 53 |
| <i>EBIT margin</i> | 6.0 % | 6.5 % | 7.0 % | 6.8 % | 6.6 % | 6.1 % | 6.1 % | 6.5 % | 6.4 % | 6.3 % | 6.6 % | 6.9 % |

Source: Evli Research

| SCANFIL PEER GROUP | MCAP MEUR | EV/EBITDA | | | EV/EBIT | | | EBIT-% | | |
|---|--------------|-----------|-------|------|---------|-------|-------|--------|-------|-------|
| | | 20 | 21 | 22 | 20 | 21 | 22 | 20 | 21 | 22 |
| Benchmark Electronics | 797 | | | | 16.1x | 13.3x | 11.7x | 2.5 % | 2.8 % | 3.0 % |
| Celestica | 1006 | 3.8x | 3.8x | 3.4x | 5.8x | 5.7x | 4.8x | 3.5 % | 3.8 % | 4.1 % |
| TT Electronics | 533 | 10.0x | 10.3x | 9.0x | 15.8x | 16.6x | 13.0x | 6.3 % | 6.9 % | 8.5 % |
| HANZA Holding | 103 | 5.3x | 6.3x | 5.7x | 19.9x | 11.6x | 9.6x | 2.0 % | 5.1 % | 5.7 % |
| Kitron | 324 | 9.6x | 9.8x | 8.8x | 12.8x | 13.1x | 11.5x | 7.9 % | 7.2 % | 7.5 % |
| Lacroix Group | 176 | 6.9x | | | 12.3x | | | 3.4 % | 3.4 % | 4.0 % |
| Flex Ltd | 7711 | 7.2x | 7.1x | 6.5x | 11.2x | 9.7x | 9.0x | 4.0 % | 4.4 % | 4.6 % |
| Plexus | 2235 | 10.3x | 10.5x | 9.7x | 14.3x | 14.3x | 12.8x | 4.8 % | 5.3 % | 5.3 % |
| Sanmina | 2169 | | 5.2x | 4.9x | 6.9x | 6.9x | 6.4x | 4.4 % | 5.0 % | 5.1 % |
| SIIX | 425 | 9.9x | 5.8x | 5.1x | 23.3x | 10.7x | 8.9x | 2.5 % | 3.3 % | 3.8 % |
| Valuetronics | 157 | 1.3x | | | 1.6x | | | 8.8 % | | |
| Peer Group Average | 1421 | 7.1x | 7.4x | 6.6x | 12.7x | 11.3x | 9.7x | 4.6 % | 4.7 % | 5.2 % |
| Peer Group Median | 533 | 7.2x | 6.7x | 6.1x | 12.8x | 11.6x | 9.6x | 4.0 % | 4.7 % | 4.8 % |
| Scanfil (Evli est.) | 507 | 7.8x | 8.6x | 8.0x | 11.0x | 11.8x | 10.3x | 6.6 % | 6.3 % | 6.6 % |
| <i>Scanfil prem./disc. to peer median</i> | | 9 % | 29 % | 31 % | -14 % | 1 % | 7 % | 63 % | 34 % | 36 % |

Source FactSet, Evli Research

| VALUATION RESULTS | BASE CASE DETAILS | VALUATION ASSUMPTIONS | ASSUMPTIONS FOR WACC | |
|--------------------------|----------------------------|-------------------------|--------------------------------|------|
| Current share price | 7.94 PV of Free Cash Flow | 265 Long-term growth, % | 2.0 Risk-free interest rate, % | 2.25 |
| DCF share value | 9.81 PV of Horizon value | 387 WACC, % | 8.0 Market risk premium, % | 5.8 |
| Share price potential, % | 23.5 Unconsolidated equity | 0 Spread, % | 0.5 Debt risk premium, % | 2.8 |
| Maximum value | 10.7 Marketable securities | 26 Minimum WACC, % | 7.5 Equity beta coefficient | 1.00 |
| Minimum value | 9.0 Debt - dividend | -51 Maximum WACC, % | 8.5 Target debt ratio, % | 20 |
| Horizon value, % | 59.4 Value of stock | 627 Nr of shares, Mn | 63.9 Effective tax rate, % | 20 |

| DCF valuation, EURm | 2020 | 2021E | 2022E | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | Horizon |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Net sales | 595 | 681 | 729 | 772 | 810 | 843 | 872 | 899 | 921 | 939 | 958 | 977 |
| <i>Sales growth, %</i> | <i>2.7</i> | <i>14.4</i> | <i>7.0</i> | <i>6.0</i> | <i>5.0</i> | <i>4.0</i> | <i>3.5</i> | <i>3.0</i> | <i>2.5</i> | <i>2.0</i> | <i>2.0</i> | <i>2.0</i> |
| Operating income (EBIT) | 39 | 43 | 48 | 53 | 57 | 59 | 61 | 63 | 64 | 66 | 67 | 68 |
| <i>Operating income margin, %</i> | <i>6.6</i> | <i>6.3</i> | <i>6.6</i> | <i>6.9</i> | <i>7.0</i> | <i>7.0</i> | <i>7.0</i> | <i>7.0</i> | <i>7.0</i> | <i>7.0</i> | <i>7.0</i> | <i>7.0</i> |
| + Depreciation+amort. | 16 | 16 | 14 | 15 | 14 | 14 | 13 | 13 | 13 | 14 | 14 | |
| EBITDA | 55 | 59 | 62 | 69 | 71 | 73 | 74 | 76 | 78 | 79 | 81 | |
| - Paid taxes | -8 | -8 | -12 | -13 | -14 | -14 | -15 | -15 | -15 | -16 | -16 | |
| - Change in NWC | 5 | -6 | -8 | -8 | -7 | -6 | -5 | -5 | -4 | -3 | -3 | |
| <i>NWC / Sales, %</i> | <i>18.3</i> | <i>16.9</i> | <i>16.9</i> | <i>16.9</i> | <i>17.0</i> | <i>17.0</i> | <i>17.0</i> | <i>17.0</i> | <i>17.0</i> | <i>17.0</i> | <i>17.0</i> | |
| + Change in other liabs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| - Operative CAPEX | -9 | -13 | -19 | -13 | -13 | -14 | -14 | -14 | -14 | -15 | -15 | |
| <i>opCAPEX / Sales, %</i> | <i>1.1</i> | <i>2.3</i> | <i>2.8</i> | <i>1.9</i> | <i>1.8</i> | <i>1.7</i> | <i>1.7</i> | <i>1.7</i> | <i>1.6</i> | <i>1.6</i> | <i>1.6</i> | |
| - Acquisitions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| + Divestments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| - Other items | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| = FCFF | 43 | 32 | 23 | 35 | 37 | 39 | 41 | 42 | 44 | 46 | 46 | 787 |
| = Discounted FCFF | | 31 | 21 | 30 | 29 | 28 | 27 | 26 | 25 | 24 | 23 | 387 |
| = DFCF min WACC | | 31 | 21 | 30 | 30 | 29 | 28 | 27 | 26 | 25 | 24 | 441 |
| = DFCF max WACC | | 31 | 21 | 29 | 29 | 28 | 27 | 25 | 24 | 23 | 22 | 342 |

INTERIM FIGURES

| EVLI ESTIMATES, EURm | 2020Q1 | 2020Q2 | 2020Q3 | 2020Q4 | 2020 | 2021Q1 | 2021Q2 | 2021Q3E | 2021Q4E | 2021E | 2022E | 2023E |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net sales | 144.1 | 155.5 | 141.7 | 154.0 | 595.3 | 163.3 | 172.9 | 165.5 | 179.2 | 680.9 | 728.5 | 771.9 |
| EBITDA | 12.4 | 14.0 | 13.6 | 15.2 | 55.2 | 13.8 | 14.4 | 14.8 | 15.5 | 58.5 | 62.1 | 68.6 |
| <i>EBITDA margin (%)</i> | <i>8.6</i> | <i>9.0</i> | <i>9.6</i> | <i>9.9</i> | <i>9.3</i> | <i>8.5</i> | <i>8.3</i> | <i>8.9</i> | <i>8.6</i> | <i>8.6</i> | <i>8.5</i> | <i>8.9</i> |
| EBIT | 8.6 | 10.2 | 9.9 | 10.4 | 39.1 | 10.0 | 10.6 | 10.8 | 11.5 | 42.9 | 48.1 | 53.3 |
| <i>EBIT margin (%)</i> | <i>6.0</i> | <i>6.6</i> | <i>7.0</i> | <i>6.8</i> | <i>6.6</i> | <i>6.1</i> | <i>6.1</i> | <i>6.5</i> | <i>6.4</i> | <i>6.3</i> | <i>6.6</i> | <i>6.9</i> |
| Net financial items | 0.1 | -0.6 | -0.8 | -1.3 | -2.6 | -0.7 | -0.1 | -0.4 | -0.4 | -1.6 | -0.6 | -0.5 |
| Pre-tax profit | 8.7 | 9.6 | 9.1 | 9.1 | 36.5 | 9.3 | 10.5 | 10.4 | 11.1 | 41.3 | 47.5 | 52.8 |
| Tax | -1.2 | -1.4 | -2.4 | 0.1 | -4.9 | -1.7 | -1.8 | -2.2 | -2.3 | -8.0 | -11.4 | -12.7 |
| <i>Tax rate (%)</i> | <i>13.8</i> | <i>14.6</i> | <i>26.4</i> | <i>-1.1</i> | <i>13.4</i> | <i>18.3</i> | <i>17.1</i> | <i>21.0</i> | <i>21.0</i> | <i>19.4</i> | <i>24.0</i> | <i>24.0</i> |
| Net profit | 7.5 | 8.2 | 6.7 | 9.2 | 31.6 | 7.6 | 8.7 | 8.2 | 8.8 | 33.3 | 36.1 | 40.1 |
| EPS | 0.12 | 0.13 | 0.10 | 0.14 | 0.49 | 0.12 | 0.14 | 0.13 | 0.14 | 0.52 | 0.57 | 0.63 |
| EPS adjusted (diluted no. of shares) | 0.12 | 0.13 | 0.10 | 0.14 | 0.49 | 0.12 | 0.14 | 0.13 | 0.14 | 0.52 | 0.57 | 0.63 |
| Dividend per share | 0.00 | 0.00 | 0.00 | 0.00 | 0.17 | 0.00 | 0.00 | 0.00 | 0.00 | 0.18 | 0.19 | 0.20 |
| SALES, EURm | | | | | | | | | | | | |
| Group | 144.1 | 155.5 | 141.7 | 154.0 | 595.3 | 163.3 | 172.9 | 165.5 | 179.2 | 680.9 | 728.5 | 771.9 |
| Total | 144.1 | 155.5 | 141.7 | 154.0 | 595.3 | 163.3 | 172.9 | 165.5 | 179.2 | 680.9 | 728.5 | 771.9 |
| SALES GROWTH, Y/Y % | | | | | | | | | | | | |
| Group | 10.9 | 9.0 | -7.0 | -0.4 | 2.7 | 13.3 | 11.2 | 16.8 | 16.4 | 14.4 | 7.0 | 6.0 |
| Total | 10.9 | 9.0 | -7.0 | -0.4 | 2.7 | 13.3 | 11.2 | 16.8 | 16.4 | 14.4 | 7.0 | 6.0 |
| EBIT, EURm | | | | | | | | | | | | |
| Group | 8.6 | 10.2 | 9.9 | 10.4 | 39.1 | 10.0 | 10.6 | 10.8 | 11.5 | 42.9 | 48.1 | 53.3 |
| Total | 8.6 | 10.2 | 9.9 | 10.4 | 39.1 | 10.0 | 10.6 | 10.8 | 11.5 | 42.9 | 48.1 | 53.3 |
| EBIT margin, % | | | | | | | | | | | | |
| Group | 6.0 | 6.6 | 7.0 | 6.8 | 6.6 | 6.1 | 6.1 | 6.5 | 6.4 | 6.3 | 6.6 | 6.9 |
| Total | 6.0 | 6.6 | 7.0 | 6.8 | 6.6 | 6.1 | 6.1 | 6.5 | 6.4 | 6.3 | 6.6 | 6.9 |

| INCOME STATEMENT, EURm | 2016 | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|--|-------------|------------|------------|------------|------------|-------------|------------|------------|
| Sales | 508.0 | 529.9 | 563.0 | 579.4 | 595.3 | 680.9 | 728.5 | 771.9 |
| <i>Sales growth (%)</i> | <i>34.6</i> | <i>4.3</i> | <i>6.2</i> | <i>2.9</i> | <i>2.7</i> | <i>14.4</i> | <i>7.0</i> | <i>6.0</i> |
| EBITDA | 33.3 | 40.0 | 47.2 | 53.6 | 55.2 | 58.5 | 62.1 | 68.6 |
| <i>EBITDA margin (%)</i> | <i>6.5</i> | <i>7.5</i> | <i>8.4</i> | <i>9.3</i> | <i>9.3</i> | <i>8.6</i> | <i>8.5</i> | <i>8.9</i> |
| Depreciation | -11.0 | -8.7 | -9.4 | -14.2 | -16.1 | -15.6 | -14.1 | -15.4 |
| EBITA | 22.3 | 31.3 | 37.8 | 39.4 | 39.1 | 42.9 | 48.1 | 53.3 |
| Goodwill amortization / writedown | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | 22.3 | 31.3 | 37.8 | 39.4 | 39.1 | 42.9 | 48.1 | 53.3 |
| <i>EBIT margin (%)</i> | <i>4.4</i> | <i>5.9</i> | <i>6.7</i> | <i>6.8</i> | <i>6.6</i> | <i>6.3</i> | <i>6.6</i> | <i>6.9</i> |
| Reported EBIT | 7.2 | 31.3 | 37.8 | 39.4 | 39.1 | 42.9 | 48.1 | 53.3 |
| <i>EBIT margin (reported) (%)</i> | <i>1.4</i> | <i>5.9</i> | <i>6.7</i> | <i>6.8</i> | <i>6.6</i> | <i>6.3</i> | <i>6.6</i> | <i>6.9</i> |
| Net financials | -1.2 | 1.3 | -1.7 | -1.3 | -2.6 | -1.6 | -0.6 | -0.5 |
| Pre-tax profit | 21.1 | 32.6 | 36.1 | 38.1 | 36.5 | 41.3 | 47.5 | 52.8 |
| Taxes | -6.0 | -6.8 | -8.3 | -5.9 | -4.9 | -8.0 | -11.4 | -12.7 |
| Minority shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net profit | 0.0 | 25.8 | 27.8 | 32.2 | 31.6 | 33.3 | 36.1 | 40.1 |
| Cash NRIs | -15.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-cash NRIs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| BALANCE SHEET, EURm | | | | | | | | |
| Assets | | | | | | | | |
| Fixed assets | 57 | 62 | 64 | 68 | 61 | 59 | 64 | 61 |
| Goodwill | 11 | 10 | 10 | 8 | 8 | 8 | 8 | 8 |
| Right of use assets | 0 | 0 | 15 | 21 | 18 | 21 | 22 | 23 |
| Inventory | 85 | 101 | 96 | 102 | 103 | 116 | 124 | 131 |
| Receivables | 92 | 108 | 104 | 115 | 116 | 125 | 134 | 141 |
| Liquid funds | 20 | 21 | 28 | 20 | 26 | 34 | 36 | 57 |
| Total assets | 267 | 307 | 321 | 340 | 339 | 369 | 395 | 430 |
| Liabilities | | | | | | | | |
| Shareholder's equity | 108 | 125 | 148 | 167 | 183 | 205 | 230 | 258 |
| Minority interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Convertibles | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lease liabilities | 0 | 0 | 15 | 19 | 16 | 21 | 22 | 23 |
| Deferred taxes | 3 | 5 | 5 | 7 | 6 | 6 | 6 | 6 |
| Interest bearing debt | 60 | 61 | 52 | 44 | 24 | 11 | 2 | 0 |
| Non-interest bearing current liabilities | 88 | 113 | 99 | 96 | 103 | 119 | 127 | 135 |
| Other interest-free debt | 1 | 2 | 2 | 7 | 7 | 7 | 7 | 7 |
| Total liabilities | 267 | 307 | 321 | 340 | 339 | 369 | 395 | 430 |
| CASH FLOW, EURm | | | | | | | | |
| + EBITDA | 33 | 40 | 47 | 54 | 55 | 59 | 62 | 69 |
| - Net financial items | -1 | 2 | -2 | -1 | -3 | -2 | -1 | 0 |
| - Taxes | -5 | -8 | -7 | -5 | -7 | -8 | -11 | -13 |
| - Increase in Net Working Capital | -6 | -6 | -9 | -15 | 5 | -6 | -8 | -8 |
| +/- Other | -5 | -6 | 0 | 0 | 0 | 0 | 0 | 0 |
| = Cash flow from operations | 16 | 22 | 29 | 32 | 50 | 43 | 42 | 48 |
| - Capex | -5 | -21 | -10 | -24 | -6 | -16 | -21 | -14 |
| - Acquisitions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| + Divestments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| = Free cash flow | 10 | 2 | 19 | 8 | 44 | 28 | 21 | 34 |
| +/- New issues/buybacks | 13 | -4 | 3 | -6 | -6 | 0 | 0 | 0 |
| - Paid dividend | -5 | -6 | -7 | -8 | -10 | -11 | -12 | -12 |
| +/- Other | -21 | 8 | -7 | -1 | -23 | -9 | -7 | -1 |
| Change in cash | -2 | 0 | 8 | -8 | 5 | 8 | 2 | 20 |

| KEY FIGURES | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|--|--------|--------|--------|--------|--------|--------|--------|
| M-cap | 272 | 281 | 336 | 417 | 507 | 507 | 507 |
| Net debt (excl. convertibles) | 41 | 39 | 43 | 15 | -2 | -12 | -33 |
| Enterprise value | 312 | 320 | 379 | 431 | 505 | 495 | 474 |
| Sales | 530 | 563 | 579 | 595 | 681 | 729 | 772 |
| EBITDA | 40 | 47 | 54 | 55 | 59 | 62 | 69 |
| EBIT | 31 | 38 | 39 | 39 | 43 | 48 | 53 |
| Pre-tax | 33 | 36 | 38 | 37 | 41 | 48 | 53 |
| Earnings | 26 | 28 | 32 | 32 | 33 | 36 | 40 |
| Equity book value (excl. minorities) | 125 | 148 | 167 | 183 | 205 | 230 | 258 |
| Valuation multiples | | | | | | | |
| EV/sales | 0.6 | 0.6 | 0.7 | 0.7 | 0.7 | 0.7 | 0.6 |
| EV/EBITDA | 7.8 | 6.8 | 7.1 | 7.8 | 8.6 | 8.0 | 6.9 |
| EV/EBITA | 10.0 | 8.5 | 9.6 | 11.0 | 11.8 | 10.3 | 8.9 |
| EV/EBIT | 10.0 | 8.5 | 9.6 | 11.0 | 11.8 | 10.3 | 8.9 |
| EV/OCF | 14.0 | 11.0 | 11.9 | 8.6 | 11.7 | 11.8 | 9.9 |
| EV/FCFF | 29.5 | 15.5 | 25.7 | 10.0 | 16.0 | 21.4 | 13.5 |
| P/FCFE | 169.7 | 14.9 | 44.7 | 9.6 | 18.3 | 23.9 | 15.1 |
| P/E | 10.5 | 10.1 | 10.4 | 13.2 | 15.2 | 14.0 | 12.6 |
| P/B | 2.2 | 1.9 | 2.0 | 2.3 | 2.5 | 2.2 | 2.0 |
| Target EV/EBITDA | 0.0 | 0.0 | 0.0 | 0.0 | 9.8 | 9.1 | 7.9 |
| Target EV/EBIT | 0.0 | 0.0 | 0.0 | 0.0 | 13.4 | 11.7 | 10.2 |
| Target EV/FCF | 0.0 | 0.0 | 0.0 | 0.0 | 20.7 | 26.5 | 16.1 |
| Target P/B | 0.0 | 0.0 | 0.0 | 0.0 | 2.8 | 2.5 | 2.2 |
| Target P/E | 0.0 | 0.0 | 0.0 | 0.0 | 17.3 | 15.9 | 14.3 |
| Per share measures | | | | | | | |
| Number of shares | 63,895 | 63,895 | 63,895 | 63,895 | 63,895 | 63,895 | 63,895 |
| Number of shares (diluted) | 63,895 | 63,895 | 63,895 | 63,895 | 63,895 | 63,895 | 63,895 |
| EPS | 0.40 | 0.44 | 0.50 | 0.49 | 0.52 | 0.57 | 0.63 |
| Operating cash flow per share | 0.35 | 0.45 | 0.50 | 0.78 | 0.68 | 0.65 | 0.75 |
| Free cash flow per share | 0.03 | 0.30 | 0.12 | 0.68 | 0.43 | 0.33 | 0.52 |
| Book value per share | 1.95 | 2.32 | 2.61 | 2.86 | 3.21 | 3.60 | 4.04 |
| Dividend per share | 0.11 | 0.13 | 0.15 | 0.17 | 0.18 | 0.19 | 0.20 |
| Dividend payout ratio, % | 27.2 | 29.9 | 29.8 | 34.4 | 34.6 | 33.6 | 31.9 |
| Dividend yield, % | 2.6 | 3.0 | 2.9 | 2.6 | 2.3 | 2.4 | 2.5 |
| FCF yield, % | 0.6 | 6.7 | 2.2 | 10.4 | 5.5 | 4.2 | 6.6 |
| Efficiency measures | | | | | | | |
| ROE | 22.2 | 20.4 | 20.4 | 18.1 | 17.1 | 16.6 | 16.4 |
| ROCE | 17.7 | 18.8 | 17.7 | 17.3 | 18.6 | 19.6 | 19.9 |
| Financial ratios | | | | | | | |
| Inventories as % of sales | 19.0 | 17.0 | 17.6 | 17.4 | 17.0 | 17.0 | 17.0 |
| Receivables as % of sales | 20.5 | 18.4 | 19.8 | 19.4 | 18.4 | 18.3 | 18.3 |
| Non-interest bearing liabilities as % of sales | 21.3 | 17.5 | 16.6 | 17.3 | 17.5 | 17.5 | 17.5 |
| NWC/sales, % | 17.7 | 17.5 | 19.7 | 18.3 | 16.9 | 16.9 | 16.9 |
| Operative CAPEX/sales, % | 3.9 | 1.8 | 4.2 | 1.1 | 2.3 | 2.8 | 1.9 |
| CAPEX/sales (incl. acquisitions), % | 3.9 | 1.8 | 4.2 | 1.1 | 2.3 | 2.8 | 1.9 |
| FCFF/EBITDA | 0.3 | 0.4 | 0.3 | 0.8 | 0.5 | 0.4 | 0.5 |
| Net debt/EBITDA, book-weighted | 1.0 | 0.8 | 0.8 | 0.3 | 0.0 | -0.2 | -0.5 |
| Debt/equity, market-weighted | 0.2 | 0.2 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 |
| Equity ratio, book-weighted | 40.6 | 46.2 | 49.0 | 53.9 | 55.6 | 58.2 | 60.0 |
| Gearing, % | 32.7 | 26.0 | 25.6 | 7.9 | -1.1 | -5.2 | -13.0 |

COMPANY DESCRIPTION: Scanfil is a contract electronics manufacturer based in Sievi, Finland, operating a global plant network with nine sites located across three continents. The company focuses on producing industrial electronics for its customers, many of which are large global industrial original equipment manufacturers. In practice Northern Europe is by far Scanfil's most important market. Scanfil's strategy is based on a vertically integrated model with which the company aims to provide solutions to cover the entire supply chain during the whole life-cycle of a given customer product.

INVESTMENT CASE: In our view Scanfil is well-positioned to achieve its target 7% operating margin. We see upside to the current share price when customer product volumes continue to develop positively, helping to lift absolute operating profit. We expect Scanfil to achieve even more diversified customer portfolio; this would justify an increase in valuation multiples.

| OWNERSHIP STRUCTURE | SHARES | EURm | % |
|--|------------|---------|-------|
| Takanen Harri | 9,913,146 | 78.710 | 15.5% |
| Takanen Jarkko | 8,596,169 | 68.254 | 13.5% |
| Varikot Oy | 7,606,442 | 60.395 | 11.9% |
| Takanen Jorma | 6,129,305 | 48.667 | 9.6% |
| Tolonen Jonna | 3,351,950 | 26.614 | 5.2% |
| Pöllä Reijo | 3,328,745 | 26.430 | 5.2% |
| Laakkonen Mikko | 2,531,187 | 20.098 | 4.0% |
| Takanen Martti | 1,947,018 | 15.459 | 3.0% |
| Foundation of Riitta and Jorma J.Takanen | 1,900,000 | 15.086 | 3.0% |
| Sijoitusrahasto Aktia Capital | 1,688,000 | 13.403 | 2.6% |
| Ten largest | 46,991,962 | 373.116 | 74% |
| Residual | 16,903,477 | 134.214 | 26% |
| Total | 63,895,439 | 507.330 | 100% |

EARNINGS CALENDAR

October 26, 2021

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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CFO: Kai Valo

Tel: +358 8 48 82 111

IR: Pasi Hiedanpää

DEFINITIONS

| | | | |
|-----------------------|--|---------------------------|---|
| P/E | $\frac{\text{Price per share}}{\text{Earnings per share}}$ | EPS | $\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$ |
| P/BV | $\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$ | DPS | Dividend for the financial period per share |
| Market cap | Price per share * Number of shares | OCF (Operating cash flow) | EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments |
| EV (Enterprise value) | Market cap + net debt + minority interest at market value – share of associated companies at market value | FCF (Free cash flow) | Operating cash flow – operative CAPEX – acquisitions + divestments |
| EV/Sales | $\frac{\text{Enterprise value}}{\text{Sales}}$ | FCF yield, % | $\frac{\text{Free cash flow}}{\text{Market cap}}$ |
| EV/EBITDA | $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$ | Operative CAPEX/sales | $\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$ |
| EV/EBIT | $\frac{\text{Enterprise value}}{\text{Operating profit}}$ | Net working capital | Current assets – current liabilities |
| Net debt | Interest bearing debt – financial assets | Capital employed/Share | $\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$ |
| Total assets | Balance sheet total | Gearing | $\frac{\text{Net debt}}{\text{Equity}}$ |
| Div yield, % | $\frac{\text{Dividend per share}}{\text{Price per share}}$ | Debt/Equity, % | $\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$ |
| Payout ratio, % | $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$ | Equity ratio, % | $\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$ |
| ROCE, % | $\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$ | CAGR, % | Cumulative annual growth rate = Average growth per year |
| ROE, % | $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$ | | |

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Investment recommendations are defined as follows:

| Target price compared to share price | Recommendation |
|--------------------------------------|----------------|
| < -10 % | SELL |
| -10 – (+10) % | HOLD |
| > 10 % | BUY |

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Ilvonen

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