

Ready to meet high demand

Scanfil's year concluded on a strong note without any big surprises. Valuation has gained recently but in our view is still not too expensive thanks to growth and margin upside.

Profitability advanced in Q4 as plant productivity improved

Scanfil Q4 top line grew 16% y/y to EUR 222m vs the EUR 216m/218m Evli/cons. estimates. Without spot purchases growth was 17% y/y, compared with the long-term target of 5-7%. There have been price increases, but volumes have mainly driven revenue. Demand remained high especially within accounts belonging to Automation & Safety, Energy & Cleantech as well as Medtech & Life Science. Scanfil's guidance suggested EBIT would improve over the year, yet the EUR 13.4m EBIT was well above the EUR 12.8m/12.5m Evli/cons. estimates. EBIT margin, excluding spot purchases, was 6.5% as better component availability helped productivity. The component situation continues to normalize and should no longer be such a major issue, while inflation is now seen mostly in the low single digits.

Scanfil has already added some capacity to meet demand

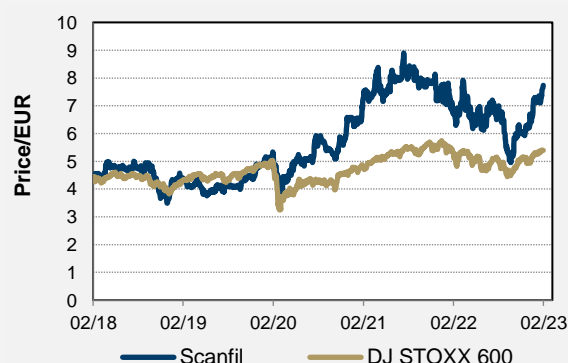
Scanfil has achieved double-digit growth two years in a row and has already added capacity. This year sees capex in new electronics manufacturing lines in Atlanta (also widens services in the US) and Sieradz (a new building would make the Polish plant the main electronics production site in Europe). We estimate the guidance suggests close to 10% growth for the year excluding spot purchases; growth should be mostly driven by volumes rather than prices. Advanced Consumer Applications' top line may decline this year due to the headwind from fading component purchases, but other segments should be positioned to achieve either flat or some positive headline revenue development. We estimate Automation & Safety to grow 10% nominally this year (in the high teens excluding spot purchases).

We don't find valuation yet too expensive

The 9.5x EV/EBIT multiple, on our FY '23 estimates, isn't low in Scanfil's historical context but remains in line with peers', while Scanfil's is still likely to achieve somewhat better margins than a typical peer. For FY '24 we estimate 5% growth and 6.2% EBIT margin, which we view conservative in the light of long-term targets; the corresponding 8.7x EV/EBIT multiple is in line with peers'. We update our TP to EUR 8.75 (7.0) and retain BUY rating.

Rating

BUY



Share price, EUR (Last trading day's closing price) 7.74

Target price, EUR 8.75

Latest change in recommendation	14-Oct-21
Latest report on company	27-Oct-22
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	495
Free float, %	46.6
Exchange rate	-
Reuters code	SCANFL.HE
Bloomberg code	SCANFL.FH
Average daily volume, EURm	0.1
Next interim report	26-Apr-23
Web site	www.scanfil.com/investors

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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
2021	695.7	40.3	5.8%	-31.7	0.48	15.6	0.8	13.2	-6.7	0.19
2022	843.8	45.4	5.4%	-7.2	0.55	12.0	0.6	11.0	-1.7	0.21
2023E	852.2	52.3	6.1%	89.8	0.59	13.0	0.6	9.5	18.2	0.23
2024E	894.8	55.5	6.2%	31.8	0.65	11.9	0.5	8.7	6.4	0.25
2025E	930.6	60.5	6.5%	36.7	0.71	10.9	0.5	7.6	7.4	0.27
Market cap, EURm	495 Gearing 2023E, %			1.9 CAGR EPS 2022-25, %			9.1			
Net debt 2023E, EURm	5 Price/book 2023E			2.0 CAGR sales 2022-25, %			3.3			
Enterprise value, EURm	499 Dividend yield 2023E, %			3.0 ROE 2023E, %			15.9			
Total assets 2023E, EURm	461 Tax rate 2023E, %			24.0 ROCE 2023E, %			16.7			
Goodwill 2023E, EURm	8 Equity ratio 2023E, %			54.5 PEG, P/E 23/CAGR			1.5			

Estimates and valuation

Scanfil	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23e	Q2'23e	Q3'23e	Q4'23e	2023e
Revenue	595	696	197	213	212	222	844	201	199	214	239	852
<i>growth-%</i>	<i>2.8 %</i>	<i>16.9 %</i>	<i>20.4 %</i>	<i>23.2 %</i>	<i>26.3 %</i>	<i>16.0 %</i>	<i>21.3 %</i>	<i>2.0 %</i>	<i>-6.6 %</i>	<i>1.1 %</i>	<i>7.3 %</i>	<i>1.0 %</i>
Advanced Consumer Applications	151	205	55	69	68	56	248	52	60	63	60	235
Automation & Safety	142	145	43	46	44	51	184	46	51	47	58	202
Connectivity	29	33	11	9	8	11	39	11	10	8	11	41
Energy & Cleantech	136	182	55	54	53	61	223	56	47	56	66	224
Medtech & Life Science	108	121	34	36	39	43	151	36	32	40	44	151
Discontinued	30	11	0	0	0	0	0	0	0	0	0	0
EBIT	39	40	10	10	12	13	45	12	13	14	14	52
<i>EBIT margin</i>	<i>6.6 %</i>	<i>5.7 %</i>	<i>5.2 %</i>	<i>4.7 %</i>	<i>5.4 %</i>	<i>6.0 %</i>	<i>5.4 %</i>	<i>6.1 %</i>	<i>6.4 %</i>	<i>6.3 %</i>	<i>5.8 %</i>	<i>6.1 %</i>

Source: Evli Research

SCANFIL PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		22	23	24	22	23	24	22	23	24
Benchmark Electronics	820	8.1x	6.7x	6.1x	11.1x	9.2x	8.3x	3.6 %	4.2 %	4.3 %
Celestica	1511	3.9x	4.2x	4.0x	5.1x	5.4x	5.2x	4.9 %	5.0 %	5.0 %
TT Electronics	365	7.6x	7.1x	6.6x	11.0x	9.5x	8.6x	6.8 %	7.9 %	8.5 %
Hanza	247	7.7x	8.4x	7.3x	12.2x	13.0x	11.0x	5.6 %	6.2 %	6.8 %
Kitron	611	11.7x	11.3x	10.3x	15.9x	14.7x	13.2x	7.0 %	7.7 %	7.9 %
Lacroix Group	145	6.9x	6.2x	5.6x	13.4x	10.7x	9.1x	3.2 %	4.1 %	4.6 %
Flex Ltd	10039	6.7x	6.7x	6.3x	8.9x	8.9x	8.3x	4.6 %	4.8 %	4.9 %
Plexus	2603	12.6x	10.4x	9.3x	16.9x	13.6x	12.2x	4.8 %	5.2 %	5.4 %
Sanmina	3477	6.1x	5.9x	5.3x	7.5x	6.7x	6.0x	5.5 %	6.0 %	6.2 %
SIIX	493	6.8x	6.6x	5.8x	12.1x	11.0x	9.3x	3.2 %	3.6 %	4.0 %
Valuetronics	159	1.3x	1.6x	1.5x	2.0x	2.3x	2.2x	6.1 %	6.1 %	6.0 %
Peer Group Average	1861	7.2x	6.8x	6.2x	10.6x	9.6x	8.5x	5.0 %	5.5 %	5.8 %
Peer Group Median	611	6.9x	6.7x	6.1x	11.1x	9.5x	8.6x	4.9 %	5.2 %	5.4 %
Scanfil (Evli est.)	495	8.0x	7.1x	6.6x	11.0x	9.5x	8.7x	5.4 %	6.1 %	6.2 %

Scanfil prem./disc. to peer median

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	7.74 PV of Free Cash Flow	357 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	10.88 PV of Horizon value	419 WACC, %	8.0 Market risk premium, %
Share price potential, %	40.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	11.9 Marketable securities	21 Minimum WACC, %	7.5 Equity beta coefficient
Minimum value	10.0 Debt - dividend	-102 Maximum WACC, %	8.5 Target debt ratio, %
Horizon value, %	54.0 Value of stock	695 Nr of shares, Mn	63.9 Effective tax rate, %

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	844	852	895	931	963	992	1,017	1,037	1,058	1,079	1,101	1,123
<i>Sales growth, %</i>	<i>21.3</i>	<i>1.0</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>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	45	52	55	60	65	69	71	73	74	76	77	79
<i>Operating income margin, %</i>	<i>5.4</i>	<i>6.1</i>	<i>6.2</i>	<i>6.5</i>	<i>6.7</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.	18	18	17	17	18	18	18	19	19	20	20	
EBITDA	63	70	73	78	82	87	90	91	93	95	97	
- Paid taxes	-7	-13	-13	-15	-15	-17	-17	-17	-18	-18	-18	
- Change in NWC	-39	61	-7	-6	-6	-5	-4	-4	-4	-4	-4	
<i>NWC / Sales, %</i>	<i>24.5</i>	<i>17.1</i>	<i>17.1</i>	<i>17.1</i>	<i>17.1</i>	<i>17.1</i>	<i>17.1</i>	<i>17.1</i>	<i>17.1</i>	<i>17.1</i>	<i>17.2</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-19	-17	-18	-18	-19	-20	-20	-21	-21	-22	-22	
<i>opCAPEX / Sales, %</i>	<i>2.5</i>	<i>3.2</i>	<i>2.2</i>	<i>2.1</i>	<i>2.1</i>	<i>2.1</i>	<i>2.1</i>	<i>2.1</i>	<i>2.1</i>	<i>2.1</i>	<i>2.1</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	-2	102	34	39	42	46	48	50	51	52	53	895
= Discounted FCFF		95	30	31	31	32	31	29	28	26	25	419
= DFCF min WACC		95	30	31	32	32	31	30	29	27	26	479
= DFCF max WACC		95	29	31	31	31	30	28	27	25	24	370

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1E	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	196.6	212.9	211.9	222.4	843.8	200.7	198.8	214.2	238.5	852.2	894.8	930.6
EBITDA	14.3	14.4	16.1	18.1	62.9	16.6	17.1	17.9	18.3	70.0	72.9	78.0
<i>EBITDA margin (%)</i>	<i>7.3</i>	<i>6.8</i>	<i>7.6</i>	<i>8.1</i>	<i>7.5</i>	<i>8.3</i>	<i>8.6</i>	<i>8.4</i>	<i>7.7</i>	<i>8.2</i>	<i>8.2</i>	<i>8.4</i>
EBIT	10.3	10.2	11.5	13.4	45.4	12.2	12.7	13.5	13.9	52.3	55.5	60.5
<i>EBIT margin (%)</i>	<i>5.2</i>	<i>4.8</i>	<i>5.4</i>	<i>6.0</i>	<i>5.4</i>	<i>6.1</i>	<i>6.4</i>	<i>6.3</i>	<i>5.8</i>	<i>6.1</i>	<i>6.2</i>	<i>6.5</i>
Net financial items	-1.0	-0.3	-1.7	-0.7	-3.7	-0.7	-0.7	-0.7	-0.3	-2.4	-0.8	-0.7
Pre-tax profit	9.3	9.9	9.8	12.7	41.7	11.5	12.0	12.8	13.6	49.9	54.6	59.8
Tax	-1.3	-2.7	-0.4	-2.3	-6.7	-2.8	-2.9	-3.1	-3.3	-12.0	-13.1	-14.3
<i>Tax rate (%)</i>	<i>14.0</i>	<i>27.3</i>	<i>4.1</i>	<i>18.1</i>	<i>16.1</i>	<i>24.0</i>	<i>24.0</i>	<i>24.0</i>	<i>24.0</i>	<i>24.0</i>	<i>24.0</i>	<i>24.0</i>
Net profit	8.0	7.2	9.4	10.4	35.0	8.7	9.1	9.7	10.3	37.9	41.5	45.4
EPS	0.13	0.11	0.15	0.16	0.55	0.14	0.14	0.15	0.16	0.59	0.65	0.71
EPS adjusted (diluted no. of shares)	0.13	0.11	0.15	0.16	0.55	0.14	0.14	0.15	0.16	0.59	0.65	0.71
Dividend per share	0.00	0.00	0.00	0.00	0.21	0.00	0.00	0.00	0.00	0.23	0.25	0.27
SALES, EURm												
Group	196.6	212.9	211.9	222.4	843.8	200.7	198.8	214.2	238.5	852.2	894.8	930.6
Total	196.6	212.9	211.9	222.4	843.8	200.7	198.8	214.2	238.5	852.2	894.8	930.6
SALES GROWTH, Y/Y %												
Group	20.4	23.1	26.3	16.0	21.3	2.1	-6.6	1.1	7.2	1.0	5.0	4.0
Total	20.4	23.1	26.3	16.0	21.3	2.1	-6.6	1.1	7.2	1.0	5.0	4.0
EBIT, EURm												
Group	10.3	10.2	11.5	13.4	45.4	12.2	12.7	13.5	13.9	52.3	55.5	60.5
Total	10.3	10.2	11.5	13.4	45.4	12.2	12.7	13.5	13.9	52.3	55.5	60.5
EBIT margin, %												
Group	5.2	4.8	5.4	6.0	5.4	6.1	6.4	6.3	5.8	6.1	6.2	6.5
Total	5.2	4.8	5.4	6.0	5.4	6.1	6.4	6.3	5.8	6.1	6.2	6.5

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	563.0	579.4	595.3	695.7	843.8	852.2	894.8	930.6
<i>Sales growth (%)</i>	<i>6.2</i>	<i>2.9</i>	<i>2.7</i>	<i>16.9</i>	<i>21.3</i>	<i>1.0</i>	<i>5.0</i>	<i>4.0</i>
EBITDA	47.2	53.6	55.2	55.7	62.9	70.0	72.9	78.0
<i>EBITDA margin (%)</i>	<i>8.4</i>	<i>9.3</i>	<i>9.3</i>	<i>8.0</i>	<i>7.5</i>	<i>8.2</i>	<i>8.2</i>	<i>8.4</i>
Depreciation	-9.4	-14.2	-16.1	-15.4	-17.5	-17.7	-17.5	-17.5
EBITA	37.8	39.4	39.1	40.3	45.4	52.3	55.5	60.5
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	37.8	39.4	39.1	40.3	45.4	52.3	55.5	60.5
<i>EBIT margin (%)</i>	<i>6.7</i>	<i>6.8</i>	<i>6.6</i>	<i>5.8</i>	<i>5.4</i>	<i>6.1</i>	<i>6.2</i>	<i>6.5</i>
Reported EBIT	37.8	39.4	39.1	40.3	45.4	52.3	55.5	60.5
<i>EBIT margin (reported) (%)</i>	<i>6.7</i>	<i>6.8</i>	<i>6.6</i>	<i>5.8</i>	<i>5.4</i>	<i>6.1</i>	<i>6.2</i>	<i>6.5</i>
Net financials	-1.7	-1.3	-2.6	-1.9	-3.7	-2.4	-0.8	-0.7
Pre-tax profit	36.1	38.1	36.5	38.4	41.7	49.9	54.6	59.8
Taxes	-8.3	-5.9	-4.9	-7.9	-6.7	-12.0	-13.1	-14.3
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	27.8	32.2	31.6	30.5	35.0	37.9	41.5	45.4
Cash NRIs	0.0	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	64	68	61	63	67	66	67	68
Goodwill	10	8	8	8	8	8	8	8
Right of use assets	15	21	18	22	24	34	36	37
Inventory	96	102	103	193	229	145	152	158
Receivables	104	115	116	153	169	157	165	172
Liquid funds	28	20	26	25	21	43	48	70
Total assets	321	340	339	474	526	461	484	521
Liabilities								
Shareholder's equity	148	167	183	207	227	251	278	307
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	15	19	16	20	20	34	36	37
Deferred taxes	5	7	6	5	5	5	5	5
Interest bearing debt	52	44	24	62	82	13	0	0
Non-interest bearing current liabilities	99	96	103	172	184	149	157	163
Other interest-free debt	2	7	7	6	8	8	8	8
Total liabilities	321	340	339	474	526	461	484	521
CASH FLOW, EURm								
+ EBITDA	47	54	55	56	63	70	73	78
- Net financial items	-2	-1	-3	-2	-4	-2	-1	-1
- Taxes	-7	-5	-7	-10	-7	-12	-13	-14
- Increase in Net Working Capital	-9	-15	5	-59	-39	61	-7	-6
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	29	32	50	-15	14	117	52	57
- Capex	-10	-24	-6	-17	-21	-27	-20	-20
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	19	8	44	-32	-7	90	32	37
+/- New issues/buybacks	3	-6	-6	5	-4	0	0	0
- Paid dividend	-7	-8	-10	-11	-12	-13	-15	-16
+/- Other	-7	-1	-23	37	19	-55	-12	1
Change in cash	8	-8	5	0	-4	22	6	22

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	336	417	477	420	495	495	495
Net debt (excl. convertibles)	43	15	57	81	5	-12	-33
Enterprise value	379	431	533	502	499	482	461
Sales	579	595	696	844	852	895	931
EBITDA	54	55	56	63	70	73	78
EBIT	39	39	40	45	52	55	60
Pre-tax	38	37	38	42	50	55	60
Earnings	32	32	31	35	38	42	45
Equity book value (excl. minorities)	167	183	207	227	251	278	307
Valuation multiples							
EV/sales	0.7	0.7	0.8	0.6	0.6	0.5	0.5
EV/EBITDA	7.1	7.8	9.6	8.0	7.1	6.6	5.9
EV/EBITA	9.6	11.0	13.2	11.0	9.5	8.7	7.6
EV/EBIT	9.6	11.0	13.2	11.0	9.5	8.7	7.6
EV/OCF	11.9	8.6	-36.3	36.6	4.3	9.4	8.1
EV/FCFF	25.7	10.0	-20.5	-239.5	4.9	14.1	11.9
P/FCFE	44.7	9.6	-15.0	-58.4	5.5	15.6	13.5
P/E	10.4	13.2	15.6	12.0	13.0	11.9	10.9
P/B	2.0	2.3	2.3	1.9	2.0	1.8	1.6
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.1	7.5	6.7
Target EV/EBIT	0.0	0.0	0.0	0.0	10.8	9.9	8.7
Target EV/FCF	0.0	0.0	0.0	0.0	6.3	17.2	14.3
Target P/B	0.0	0.0	0.0	0.0	2.2	2.0	1.8
Target P/E	0.0	0.0	0.0	0.0	14.7	13.5	12.3
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	0.50	0.49	0.48	0.55	0.59	0.65	0.71
Operating cash flow per share	0.50	0.78	-0.23	0.21	1.83	0.81	0.89
Free cash flow per share	0.12	0.68	-0.50	-0.11	1.40	0.50	0.57
Book value per share	2.61	2.86	3.25	3.55	3.93	4.35	4.81
Dividend per share	0.15	0.17	0.19	0.21	0.23	0.25	0.27
Dividend payout ratio, %	29.8	34.4	39.8	38.3	38.8	38.5	38.0
Dividend yield, %	2.9	2.6	2.5	2.7	3.0	3.2	3.5
FCF yield, %	2.2	10.4	-6.7	-1.7	18.2	6.4	7.4
Efficiency measures							
ROE	20.4	18.1	15.6	16.1	15.9	15.7	15.5
ROCE	17.7	17.3	15.7	14.7	16.7	18.1	18.4
Financial ratios							
Inventories as % of sales	17.6	17.4	27.8	27.2	17.0	17.0	17.0
Receivables as % of sales	19.8	19.4	22.0	20.0	18.5	18.5	18.4
Non-interest bearing liabilities as % of sales	16.6	17.3	24.8	21.8	17.5	17.5	17.5
NWC/sales, %	19.7	18.3	24.1	24.5	17.1	17.1	17.1
Operative CAPEX/sales, %	4.2	1.1	2.4	2.5	3.2	2.2	2.1
CAPEX/sales (incl. acquisitions), %	4.2	1.1	2.4	2.5	3.2	2.2	2.1
FCFF/EBITDA	0.3	0.8	-0.5	0.0	1.5	0.5	0.5
Net debt/EBITDA, book-weighted	0.8	0.3	1.0	1.3	0.1	-0.2	-0.4
Debt/equity, market-weighted	0.1	0.1	0.1	0.2	0.0	0.0	0.0
Equity ratio, book-weighted	49.0	53.9	43.8	43.1	54.5	57.5	59.0
Gearing, %	25.6	7.9	27.3	35.8	1.9	-4.4	-10.8

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	76.728	15.5%
Takanen Jarkko	8,596,169	66.534	13.5%
Varikot Oy	7,606,442	58.874	11.9%
Takanen Jorma	6,129,305	47.441	9.6%
Tolonen Jonna	3,351,950	25.944	5.2%
Pöllä Reijo	3,328,745	25.764	5.2%
Laakkonen Mikko	2,531,187	19.591	4.0%
Takanen Martti	1,947,018	15.070	3.0%
Sijoitusrahasto Aktia Capital	1,918,000	14.845	3.0%
Foundation of Riitta and Jorma J.Takanen	1,900,000	14.706	3.0%
Ten largest	47,221,962	365.498	74%
Residual	16,673,477	129.053	26%
Total	63,895,439	494.551	100%

EARNINGS CALENDAR

April 26, 2023	Q1 report
August 04, 2023	Q2 report
October 27, 2023	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Petteri Jokitalo	Yritystie 6, FI-85410 Sievi
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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

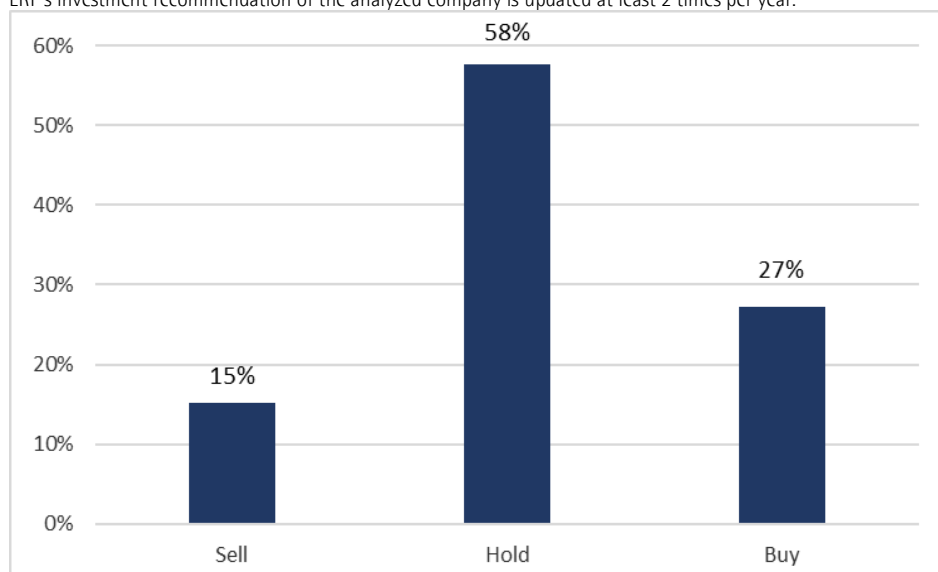
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Investment recommendations are defined as follows:

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

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

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