

## High margins to be maintained

Scanfil's Q3 results landed quite near estimates. In our view growth is bound to moderate next year, but EBIT should stay high at around EUR 60m as current volumes hold up.

### Q3 near estimates, already signs of moderating growth

Scanfil's Q3 revenue remained roughly flat at EUR 213m, compared to the EUR 219m/216m Evli/cons estimates. Growth excluding spot market purchases was still a very decent 9% y/y, which can be compared to the roughly 5-7% long-term CAGR prospects seen in the relevant niches of the EMS industry, although already clearly lower than the 30% rate clocked in Q2. In our view it has long been evident growth will have to settle down a bit no matter how favorably positioned Scanfil's customer portfolio may be. We note so far Scanfil's customer outlook changes have been rather small. EBIT amounted to EUR 15.2m vs the EUR 15.7m/15.3m Evli/cons estimates while the margin was still a very good 7.2%.

### We expect only marginal growth in the short-term

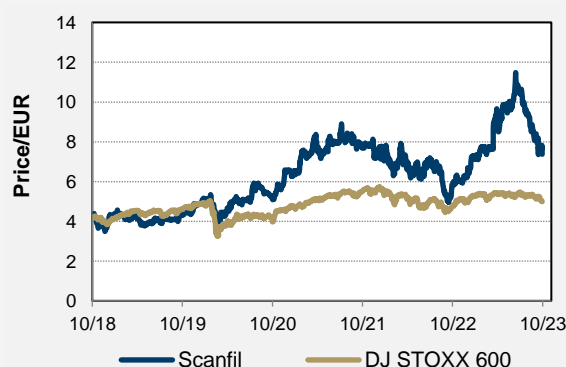
We estimate Q4 figures a bit above the midpoints of their respective guidance ranges, while there's still quite a lot of uncertainty regarding where the underlying volume growth rate will settle next year. We estimate only rather marginal growth for FY '24-25 relative to the 5-7% long-term potential/target rates following recent years' double-digit CAGR. Scanfil will review its annual strategy early next year; we wouldn't expect very significant or visible changes at this point as Scanfil already has a high-performing two-tiered plant network and customer portfolio focused on attractive OEMs, many of them driven by megatrends related to e.g. green energy transition. In our view Scanfil might look to find more small but high-growth accounts within Energy & Cleantech and Medtech & Life Science, however such efforts will take time to make a visible impact on figures even when successful.

### EBIT to remain above EUR 60m with a CAGR of 2%

We continue to estimate 7% EBIT margins going forward; EBIT should stay above EUR 60m assuming a relatively flat top line for the next couple of years. Scanfil is valued around 7.0-7.5x EV/EBIT on our FY '23-24 estimates, which still represents an attractive discount relative to peers even if their multiples have declined a bit lately. We retain our EUR 9.0 TP and BUY rating.

Rating

+ BUY



Share price, EUR (Last trading day's closing price) 7.38  
Target price, EUR 9.0

Latest change in recommendation 12-Oct-23  
Latest report on company 12-Oct-23  
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 472  
Free float, % 46.6  
Exchange rate -  
Reuters code SCANFL.HE  
Bloomberg code SCANFL.FH  
Average daily volume, EURm 0.1  
Next interim report  
Web site [www.scanfil.com/investors](http://www.scanfil.com/investors)

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+ BUY □ HOLD - SELL

## KEY FIGURES

|                          | Sales<br>EURm | EBIT<br>EURm | EBIT<br>% | FCF<br>EURm             | EPS<br>EUR | P/E<br>(x) | EV/Sales<br>(x)       | EV/EBIT<br>(x) | FCF yield<br>% | DPS<br>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                    | 900.5         | 63.6         | 7.1%      | 84.9                    | 0.77       | 9.6        | 0.5                   | 7.6            | 18.0           | 0.23       |
| 2024E                    | 909.5         | 63.7         | 7.0%      | 42.1                    | 0.75       | 9.9        | 0.5                   | 7.1            | 8.9            | 0.25       |
| 2025E                    | 936.8         | 66.5         | 7.1%      | 40.7                    | 0.78       | 9.4        | 0.5                   | 6.5            | 8.6            | 0.27       |
| Market cap, EURm         |               |              | 472       | Gearing 2023E, %        |            | 3.7        | CAGR EPS 2022-25, %   |                | 12.6           |            |
| Net debt 2023E, EURm     |               |              | 10        | Price/book 2023E        |            | 1.8        | CAGR sales 2022-25, % |                | 3.5            |            |
| Enterprise value, EURm   |               |              | 481       | Dividend yield 2023E, % |            | 3.1        | ROE 2023E, %          |                | 20.1           |            |
| Total assets 2023E, EURm |               |              | 488       | Tax rate 2023E, %       |            | 22.1       | ROCE 2023E, %         |                | 19.7           |            |
| Goodwill 2023E, EURm     |               |              | 8         | Equity ratio 2023E, %   |            | 53.8       | PEG, P/E 23/CAGR      |                | 12.3           |            |

**Estimates and valuation**

| Scanfil                        | 2020         | 2021          | Q1'22         | Q2'22         | Q3'22         | Q4'22         | 2022          | Q1'23         | Q2'23         | Q3'23        | Q4'23e        | 2023e        |
|--------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|--------------|
| <b>Revenue</b>                 | 595          | 696           | 197           | 213           | 212           | 222           | 844           | 225           | 243           | 213          | 220           | 900          |
| <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>14.1 %</i> | <i>14.3 %</i> | <i>0.4 %</i> | <i>-1.1 %</i> | <i>6.7 %</i> |
| Advanced Consumer Applications | 151          | 205           | 55            | 69            | 68            | 56            | 248           | 51            | 58            | 50           | 44            | 203          |
| Automation & Safety            | 142          | 145           | 43            | 46            | 44            | 51            | 184           | 53            | 48            | 42           | 53            | 195          |
| Connectivity                   | 29           | 33            | 11            | 9             | 8             | 11            | 39            | 13            | 13            | 11           | 12            | 49           |
| Energy & Cleantech             | 136          | 182           | 55            | 54            | 53            | 61            | 223           | 68            | 86            | 74           | 66            | 293          |
| Medtech & Life Science         | 108          | 121           | 34            | 36            | 39            | 43            | 151           | 40            | 39            | 36           | 45            | 160          |
| Discontinued                   | 30           | 11            | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0            | 0             | 0            |
| <b>EBIT</b>                    | 39           | 40            | 10            | 10            | 12            | 13            | 45            | 15            | 18            | 15           | 16            | 64           |
| <i>EBIT margin</i>             | <i>6.6 %</i> | <i>5.8 %</i>  | <i>5.2 %</i>  | <i>4.8 %</i>  | <i>5.4 %</i>  | <i>6.0 %</i>  | <i>5.4 %</i>  | <i>6.7 %</i>  | <i>7.2 %</i>  | <i>7.1 %</i> | <i>7.1 %</i>  | <i>7.1 %</i> |

Source: Evli Research

| SCANFIL PEER GROUP         | MCAP<br>MEUR | EV/EBITDA   |             |             | EV/EBIT      |             |             | EBIT-%       |              |              |
|----------------------------|--------------|-------------|-------------|-------------|--------------|-------------|-------------|--------------|--------------|--------------|
|                            |              | 22          | 23          | 24          | 22           | 23          | 24          | 22           | 23           | 24           |
| Benchmark Electronics      | 810          | 8.2x        | 6.8x        | 6.2x        | 11.2x        | 9.6x        | 8.9x        | 3.6 %        | 4.2 %        | 4.4 %        |
| Celestica                  | 2886         | 3.9x        | 5.5x        | 5.2x        | 5.1x         | 7.3x        | 6.8x        | 4.9 %        | 5.4 %        | 5.4 %        |
| TT Electronics             | 330          | 7.3x        | 6.1x        | 5.7x        |              | 8.0x        | 7.5x        | -0.5 %       | 8.4 %        | 9.0 %        |
| Hanza                      | 225          | 7.7x        |             |             | 12.3x        |             |             | 5.6 %        | 8.0 %        | 8.2 %        |
| Kitron                     | 512          | 11.7x       | 7.5x        | 7.5x        | 15.8x        | 9.3x        | 9.4x        | 7.1 %        | 8.9 %        | 8.3 %        |
| Lacroix Group              | 122          | 6.8x        | 6.0x        | 5.3x        | 13.6x        | 11.5x       | 9.1x        | 3.1 %        | 3.3 %        | 4.0 %        |
| Flex Ltd                   | 10863        | 6.8x        | 6.6x        | 5.8x        | 8.7x         | 8.3x        | 7.4x        | 4.7 %        | 5.5 %        | 6.0 %        |
| Plexus                     | 2495         | 12.8x       | 10.1x       | 9.3x        | 17.0x        | 13.2x       | 12.2x       | 4.9 %        | 5.2 %        | 5.3 %        |
| Sanmina                    | 2738         | 6.2x        | 5.0x        |             | 7.5x         | 5.6x        |             | 5.4 %        | 5.8 %        |              |
| SIIX                       | 418          | 6.6x        | 5.5x        | 5.0x        | 12.3x        | 9.8x        | 8.8x        | 3.2 %        | 3.9 %        | 4.0 %        |
| Valuetronics               | 147          | 1.4x        | 1.4x        | 1.4x        | 2.0x         | 2.1x        | 2.0x        | 6.5 %        | 5.7 %        | 5.8 %        |
| <b>Peer Group Average</b>  | 1959         | <b>7.2x</b> | <b>6.1x</b> | <b>5.7x</b> | <b>10.5x</b> | <b>8.5x</b> | <b>8.0x</b> | <b>4.4 %</b> | <b>5.8 %</b> | <b>6.0 %</b> |
| <b>Peer Group Median</b>   | 512          | <b>6.8x</b> | <b>6.1x</b> | <b>5.7x</b> | <b>11.7x</b> | <b>8.8x</b> | <b>8.8x</b> | <b>4.9 %</b> | <b>5.5 %</b> | <b>5.6 %</b> |
| <b>Scanfil (Evli est.)</b> | <b>472</b>   | <b>8.0x</b> | <b>5.9x</b> | <b>5.4x</b> | <b>11.0x</b> | <b>7.6x</b> | <b>7.1x</b> | <b>5.4 %</b> | <b>7.1 %</b> | <b>7.0 %</b> |

Scanfil prem./disc. to peer median

17 %    -4 %    -4 %    -6 %    -14 %    -19 %    11 %    29 %    25 %

Source FactSet, Evli Research

| VALUATION RESULTS        | BASE CASE DETAILS          | VALUATION ASSUMPTIONS   | ASSUMPTIONS FOR WACC           |
|--------------------------|----------------------------|-------------------------|--------------------------------|
| Current share price      | 7.38 PV of Free Cash Flow  | 381 Long-term growth, % | 2.0 Risk-free interest rate, % |
| DCF share value          | 11.36 PV of Horizon value  | 439 WACC, %             | 8.0 Market risk premium, %     |
| Share price potential, % | 53.9 Unconsolidated equity | 0 Spread, %             | 0.5 Debt risk premium, %       |
| Maximum value            | 12.4 Marketable securities | 21 Minimum WACC, %      | 7.5 Equity beta coefficient    |
| Minimum value            | 10.5 Debt - dividend       | -115 Maximum WACC, %    | 8.5 Target debt ratio, %       |
| Horizon value, %         | 53.5 Value of stock        | 726 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         | 901         | 910         | 937         | 970         | 999         | 1,024       | 1,044       | 1,065       | 1,086       | 1,108       | 1,130      |
| <i>Sales growth, %</i>            | <i>21.3</i> | <i>6.7</i>  | <i>1.0</i>  | <i>3.0</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          | 64          | 64          | 67          | 67          | 70          | 72          | 73          | 75          | 76          | 78          | 79         |
| <i>Operating income margin, %</i> | <i>5.4</i>  | <i>7.1</i>  | <i>7.0</i>  | <i>7.1</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> |
| + Depreciation+amort.             | 18          | 19          | 20          | 21          | 22          | 23          | 24          | 25          | 26          | 27          | 27          |            |
| EBITDA                            | 63          | 82          | 84          | 88          | 89          | 93          | 96          | 98          | 100         | 103         | 105         |            |
| - Paid taxes                      | -7          | -14         | -15         | -16         | -16         | -17         | -17         | -18         | -18         | -18         | -19         |            |
| - Change in NWC                   | -39         | 53          | -2          | -5          | -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>17.2</i> | <i>17.2</i> |            |
| + Change in other liabs           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |            |
| - Operative CAPEX                 | -19         | -24         | -24         | -25         | -26         | -26         | -27         | -28         | -29         | -29         | -30         |            |
| <i>opCAPEX / Sales, %</i>         | <i>2.5</i>  | <i>4.0</i>  | <i>2.7</i>  | <i>2.8</i>  | <i>2.8</i>  | <i>2.7</i>  | <i>2.7</i>  | <i>2.7</i>  | <i>2.8</i>  | <i>2.8</i>  | <i>2.8</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          | 97          | 43          | 42          | 42          | 45          | 47          | 49          | 50          | 51          | 52          | 890        |
| = Discounted FCFF                 |             | 96          | 39          | 36          | 33          | 33          | 32          | 31          | 29          | 27          | 26          | 439        |
| = DFCF min WACC                   |             | 96          | 40          | 36          | 33          | 33          | 32          | 31          | 30          | 28          | 27          | 500        |
| = DFCF max WACC                   |             | 96          | 39          | 35          | 32          | 32          | 31          | 30          | 28          | 26          | 25          | 389        |

## INTERIM FIGURES

| EVLI ESTIMATES, EURm                 | 2022Q1      | 2022Q2      | 2022Q3     | 2022Q4      | 2022        | 2023Q1      | 2023Q2      | 2023Q3      | 2023Q4E     | 2023E       | 2024E       | 2025E       |
|--------------------------------------|-------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net sales                            | 196.6       | 212.9       | 211.9      | 222.4       | 843.8       | 224.6       | 243.4       | 212.7       | 219.8       | 900.5       | 909.5       | 936.8       |
| EBITDA                               | 14.3        | 14.4        | 16.1       | 18.1        | 62.9        | 19.8        | 22.2        | 20.1        | 20.1        | 82.2        | 83.8        | 87.8        |
| <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>8.8</i>  | <i>9.1</i>  | <i>9.4</i>  | <i>9.2</i>  | <i>9.1</i>  | <i>9.2</i>  | <i>9.4</i>  |
| EBIT                                 | 10.3        | 10.2        | 11.5       | 13.4        | 45.4        | 15.1        | 17.5        | 15.3        | 15.7        | 63.6        | 63.7        | 66.5        |
| <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>6.7</i>  | <i>7.2</i>  | <i>7.2</i>  | <i>7.1</i>  | <i>7.1</i>  | <i>7.0</i>  | <i>7.1</i>  |
| Net financial items                  | -1.0        | -0.3        | -1.7       | -0.7        | -3.7        | -0.6        | 0.9         | -0.6        | -0.3        | -0.6        | -0.8        | -0.7        |
| Pre-tax profit                       | 9.3         | 9.9         | 9.8        | 12.7        | 41.7        | 14.5        | 18.4        | 14.7        | 15.4        | 63.0        | 62.9        | 65.8        |
| Tax                                  | -1.3        | -2.7        | -0.4       | -2.3        | -6.7        | -2.8        | -3.9        | -3.5        | -3.7        | -13.9       | -15.1       | -15.8       |
| <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>19.3</i> | <i>21.2</i> | <i>23.8</i> | <i>24.0</i> | <i>22.1</i> | <i>24.0</i> | <i>24.0</i> |
| Net profit                           | 8.0         | 7.2         | 9.4        | 10.4        | 35.0        | 11.7        | 14.5        | 11.2        | 11.7        | 49.1        | 47.8        | 50.0        |
| EPS                                  | 0.13        | 0.11        | 0.15       | 0.16        | 0.55        | 0.18        | 0.23        | 0.18        | 0.18        | 0.77        | 0.75        | 0.78        |
| EPS adjusted (diluted no. of shares) | 0.13        | 0.11        | 0.15       | 0.16        | 0.55        | 0.18        | 0.23        | 0.18        | 0.18        | 0.77        | 0.75        | 0.78        |
| 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        |
| <b>SALES, EURm</b>                   |             |             |            |             |             |             |             |             |             |             |             |             |
| Group                                | 196.6       | 212.9       | 211.9      | 222.4       | 843.8       | 224.6       | 243.4       | 212.7       | 219.8       | 900.5       | 909.5       | 936.8       |
| Total                                | 196.6       | 212.9       | 211.9      | 222.4       | 843.8       | 224.6       | 243.4       | 212.7       | 219.8       | 900.5       | 909.5       | 936.8       |
| <b>SALES GROWTH, Y/Y %</b>           |             |             |            |             |             |             |             |             |             |             |             |             |
| Group                                | 20.4        | 23.1        | 26.3       | 16.0        | 21.3        | 14.2        | 14.3        | 0.4         | -1.2        | 6.7         | 1.0         | 3.0         |
| Total                                | 20.4        | 23.1        | 26.3       | 16.0        | 21.3        | 14.2        | 14.3        | 0.4         | -1.2        | 6.7         | 1.0         | 3.0         |
| <b>EBIT, EURm</b>                    |             |             |            |             |             |             |             |             |             |             |             |             |
| Group                                | 10.3        | 10.2        | 11.5       | 13.4        | 45.4        | 15.1        | 17.5        | 15.3        | 15.7        | 63.6        | 63.7        | 66.5        |
| Total                                | 10.3        | 10.2        | 11.5       | 13.4        | 45.4        | 15.1        | 17.5        | 15.3        | 15.7        | 63.6        | 63.7        | 66.5        |
| <b>EBIT margin, %</b>                |             |             |            |             |             |             |             |             |             |             |             |             |
| Group                                | 5.2         | 4.8         | 5.4        | 6.0         | 5.4         | 6.7         | 7.2         | 7.2         | 7.1         | 7.1         | 7.0         | 7.1         |
| Total                                | 5.2         | 4.8         | 5.4        | 6.0         | 5.4         | 6.7         | 7.2         | 7.2         | 7.1         | 7.1         | 7.0         | 7.1         |

| INCOME STATEMENT, EURm                   | 2018       | 2019       | 2020       | 2021        | 2022        | 2023E      | 2024E      | 2025E      |
|--|------------|------------|------------|-------------|-------------|------------|------------|------------|
| Sales                                    | 563.0      | 579.4      | 595.3      | 695.7       | 843.8       | 900.5      | 909.5      | 936.8      |
| <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>6.7</i> | <i>1.0</i> | <i>3.0</i> |
| EBITDA                                   | 47.2       | 53.6       | 55.2       | 55.7        | 62.9        | 82.2       | 83.8       | 87.8       |
| <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>9.1</i> | <i>9.2</i> | <i>9.4</i> |
| Depreciation                             | -9.4       | -14.2      | -16.1      | -15.4       | -17.5       | -18.6      | -20.1      | -21.3      |
| EBITA                                    | 37.8       | 39.4       | 39.1       | 40.3        | 45.4        | 63.6       | 63.7       | 66.5       |
| 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        | 63.6       | 63.7       | 66.5       |
| <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>7.1</i> | <i>7.0</i> | <i>7.1</i> |
| Reported EBIT                            | 37.8       | 39.4       | 39.1       | 40.3        | 45.4        | 63.6       | 63.7       | 66.5       |
| <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>7.1</i> | <i>7.0</i> | <i>7.1</i> |
| Net financials                           | -1.7       | -1.3       | -2.6       | -1.9        | -3.7        | -0.6       | -0.8       | -0.7       |
| Pre-tax profit                           | 36.1       | 38.1       | 36.5       | 38.4        | 41.7        | 63.0       | 62.9       | 65.8       |
| Taxes                                    | -8.3       | -5.9       | -4.9       | -7.9        | -6.7        | -13.9      | -15.1      | -15.8      |
| 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        | 49.1       | 47.8       | 50.0       |
| 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        |
| <b>BALANCE SHEET, EURm</b>               |            |            |            |             |             |            |            |            |
| <b>Assets</b>                            |            |            |            |             |             |            |            |            |
| Fixed assets                             | 64         | 68         | 61         | 63          | 67          | 72         | 76         | 79         |
| Goodwill                                 | 10         | 8          | 8          | 8           | 8           | 8          | 8          | 8          |
| Right of use assets                      | 15         | 21         | 18         | 22          | 24          | 36         | 36         | 37         |
| Inventory                                | 96         | 102        | 103        | 193         | 229         | 153        | 155        | 159        |
| Receivables                              | 104        | 115        | 116        | 153         | 169         | 166        | 168        | 173        |
| Liquid funds                             | 28         | 20         | 26         | 25          | 21          | 45         | 54         | 80         |
| Total assets                             | 321        | 340        | 339        | 474         | 526         | 488        | 504        | 544        |
| <b>Liabilities</b>                       |            |            |            |             |             |            |            |            |
| Shareholder's equity                     | 148        | 167        | 183        | 207         | 227         | 262        | 295        | 329        |
| 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          | 36         | 36         | 37         |
| Deferred taxes                           | 5          | 7          | 6          | 5           | 5           | 5          | 5          | 5          |
| Interest bearing debt                    | 52         | 44         | 24         | 62          | 82          | 19         | 0          | 0          |
| Non-interest bearing current liabilities | 99         | 96         | 103        | 172         | 184         | 158        | 159        | 164        |
| Other interest-free debt                 | 2          | 7          | 7          | 6           | 8           | 8          | 8          | 8          |
| Total liabilities                        | 321        | 340        | 339        | 474         | 526         | 488        | 504        | 544        |
| <b>CASH FLOW, EURm</b>                   |            |            |            |             |             |            |            |            |
| + EBITDA                                 | 47         | 54         | 55         | 56          | 63          | 82         | 84         | 88         |
| - Net financial items                    | -2         | -1         | -3         | -2          | -4          | -1         | -1         | -1         |
| - Taxes                                  | -7         | -5         | -7         | -10         | -7          | -14        | -15        | -16        |
| - Increase in Net Working Capital        | -9         | -15        | 5          | -59         | -39         | 53         | -2         | -5         |
| +/- Other                                | 0          | 0          | 0          | 0           | 0           | 0          | 0          | 0          |
| = Cash flow from operations              | 29         | 32         | 50         | -15         | 14          | 121        | 66         | 67         |
| - Capex                                  | -10        | -24        | -6         | -17         | -21         | -36        | -24        | -26        |
| - 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          | 85         | 42         | 41         |
| +/- 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          | -47        | -18        | 1          |
| Change in cash                           | 8          | -8         | 5          | 0           | -4          | 24         | 9          | 26         |

| KEY FIGURES                                    | 2019   | 2020   | 2021   | 2022   | 2023E  | 2024E  | 2025E  |
|--|--------|--------|--------|--------|--------|--------|--------|
| M-cap  | 336    | 417    | 477    | 420    | 472    | 472    | 472    |
| Net debt (excl. convertibles)                  | 43     | 15     | 57     | 81     | 10     | -18    | -42    |
| Enterprise value                               | 379    | 431    | 533    | 502    | 481    | 454    | 429    |
| Sales  | 579    | 595    | 696    | 844    | 901    | 910    | 937    |
| EBITDA   | 54     | 55     | 56     | 63     | 82     | 84     | 88     |
| EBIT   | 39     | 39     | 40     | 45     | 64     | 64     | 67     |
| Pre-tax  | 38     | 37     | 38     | 42     | 63     | 63     | 66     |
| Earnings                                       | 32     | 32     | 31     | 35     | 49     | 48     | 50     |
| Equity book value (excl. minorities)           | 167    | 183    | 207    | 227    | 262    | 295    | 329    |
| <b>Valuation multiples</b>                     |        |        |        |        |        |        |        |
| EV/sales                                       | 0.7    | 0.7    | 0.8    | 0.6    | 0.5    | 0.5    | 0.5    |
| EV/EBITDA                                      | 7.1    | 7.8    | 9.6    | 8.0    | 5.9    | 5.4    | 4.9    |
| EV/EBITA                                       | 9.6    | 11.0   | 13.2   | 11.0   | 7.6    | 7.1    | 6.5    |
| EV/EBIT  | 9.6    | 11.0   | 13.2   | 11.0   | 7.6    | 7.1    | 6.5    |
| EV/OCF   | 11.9   | 8.6    | -36.3  | 36.6   | 4.0    | 6.8    | 6.5    |
| EV/FCFF  | 25.7   | 10.0   | -20.5  | -239.5 | 4.9    | 10.5   | 10.1   |
| P/FCFE   | 44.7   | 9.6    | -15.0  | -58.4  | 5.6    | 11.2   | 11.6   |
| P/E  | 10.4   | 13.2   | 15.6   | 12.0   | 9.6    | 9.9    | 9.4    |
| P/B  | 2.0    | 2.3    | 2.3    | 1.9    | 1.8    | 1.6    | 1.4    |
| Target EV/EBITDA                               | 0.0    | 0.0    | 0.0    | 0.0    | 7.1    | 6.7    | 6.1    |
| Target EV/EBIT                                 | 0.0    | 0.0    | 0.0    | 0.0    | 9.2    | 8.8    | 8.0    |
| Target EV/FCF                                  | 0.0    | 0.0    | 0.0    | 0.0    | 6.9    | 13.2   | 13.1   |
| Target P/B                                     | 0.0    | 0.0    | 0.0    | 0.0    | 2.2    | 1.9    | 1.7    |
| Target P/E                                     | 0.0    | 0.0    | 0.0    | 0.0    | 11.7   | 12.0   | 11.5   |
| <b>Per share measures</b>                      |        |        |        |        |        |        |        |
| 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   | 0.77   | 0.75   | 0.78   |
| Operating cash flow per share                  | 0.50   | 0.78   | -0.23  | 0.21   | 1.89   | 1.04   | 1.04   |
| Free cash flow per share                       | 0.12   | 0.68   | -0.50  | -0.11  | 1.33   | 0.66   | 0.64   |
| Book value per share                           | 2.61   | 2.86   | 3.25   | 3.55   | 4.10   | 4.62   | 5.16   |
| 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   | 29.9   | 33.4   | 34.5   |
| Dividend yield, %                              | 2.9    | 2.6    | 2.5    | 3.2    | 3.1    | 3.4    | 3.7    |
| FCF yield, %                                   | 2.2    | 10.4   | -6.7   | -1.7   | 18.0   | 8.9    | 8.6    |
| <b>Efficiency measures</b>                     |        |        |        |        |        |        |        |
| ROE  | 20.4   | 18.1   | 15.6   | 16.1   | 20.1   | 17.1   | 16.0   |
| ROCE   | 17.7   | 17.3   | 15.7   | 14.7   | 19.7   | 19.6   | 19.0   |
| <b>Financial ratios</b>                        |        |        |        |        |        |        |        |
| 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    | 4.0    | 2.7    | 2.8    |
| CAPEX/sales (incl. acquisitions), %            | 4.2    | 1.1    | 2.4    | 2.5    | 4.0    | 2.7    | 2.8    |
| FCFF/EBITDA                                    | 0.3    | 0.8    | -0.5   | 0.0    | 1.2    | 0.5    | 0.5    |
| Net debt/EBITDA, book-weighted                 | 0.8    | 0.3    | 1.0    | 1.3    | 0.1    | -0.2   | -0.5   |
| 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   | 53.8   | 58.6   | 60.5   |
| Gearing, %                                     | 25.6   | 7.9    | 27.3   | 35.8   | 3.7    | -6.0   | -12.9  |

**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  | 73.159  | 15.5% |
| Takanen Jarkko                           | 8,596,169  | 63.440  | 13.5% |
| Varikot Oy                               | 7,606,442  | 56.136  | 11.9% |
| Takanen Jorma                            | 6,129,305  | 45.234  | 9.6%  |
| Tolonen Jonna                            | 3,351,950  | 24.737  | 5.2%  |
| Pöllä Reijo                              | 3,328,745  | 24.566  | 5.2%  |
| Laakkonen Mikko                          | 2,531,187  | 18.680  | 4.0%  |
| Takanen Martti                           | 1,947,018  | 14.369  | 3.0%  |
| Sijoitusrahasto Aktia Capital            | 1,918,000  | 14.155  | 3.0%  |
| Foundation of Riitta and Jorma J.Takanen | 1,900,000  | 14.022  | 3.0%  |
| Ten largest                              | 47,221,962 | 348.498 | 74%   |
| Residual                                 | 16,673,477 | 123.050 | 26%   |
| Total                                    | 63,895,439 | 471.548 | 100%  |

## EARNINGS CALENDAR

## 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, %                | $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$        |                           |   |



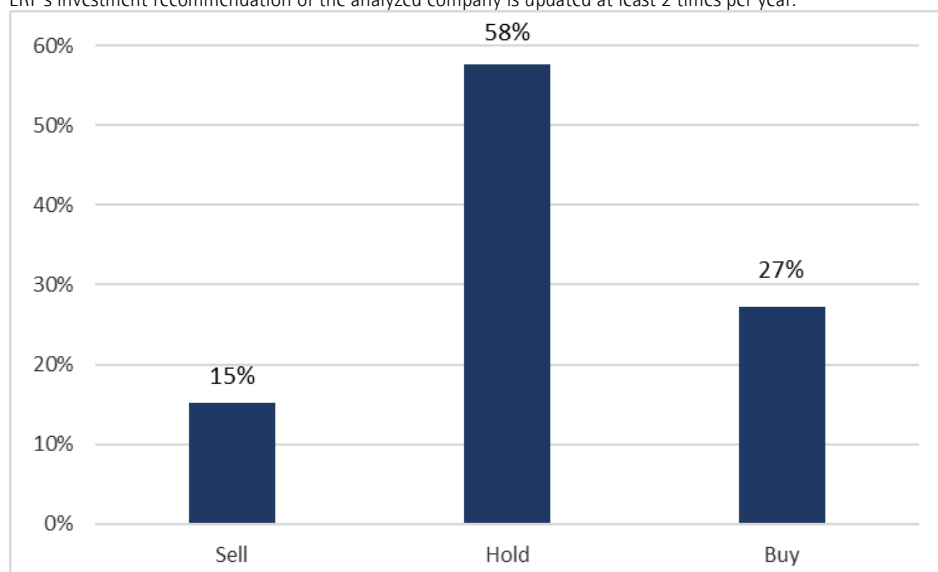
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Investment recommendations are defined as follows:

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

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

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