

Scanfil

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Hinta ja arvo vaikuttavat löytäneen sopusoinnun" published on 8//2023 at 7:34 am EEST

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Price and value seem to have found harmony

The overall picture of Scanfil's Q2 report published on Friday was somewhat neutral relative to the increased expectations, as the company generated a record result in line with our expectations in Q2 and reiterated its outlook. We only made marginal but positive estimate changes for the coming years after the report. We reiterate our EUR 10.00 target price and Reduce recommendation for Scanfil. We feel the short-term valuation of the share is neutral (2023:e P/E 14x, EV/EBIT 12x), although in the longer term, we believe Scanfil still offers a strong, profitable growth investment story.

Record result was in line with our expectations

Scanfil's turnover grew by 14% in Q2 to EUR 243 million, which exceeded our expectation slightly. When turnover is adjusted for the clearly lower spot purchases in Q2 due to improved component availability from the comparison period, organic growth was exceptionally strong at 30% considering Scanfil's history and the customer structure. The growth is also fairly broad, although the growth rate of Energy&Cleantech that is supported by the green transition, was at a level of its own. Scanfil's raised its EBIT by 73% to EUR 17.5 million in Q2, which was practically in line with our estimate. Earnings improvement and the margin were supported, as expected, by turnover growth, improved efficiency as the component market normalized and successful inflation management.

After the report, we made no major changes to our estimates that have increased dramatically during the year

Scanfil naturally reiterated its recent guidance and it expects turnover for 2023 to be EUR 900-950 million and adjusted EBIT to be EUR 61-68 million. According to the comments, the demand outlook for the rest of the year is still strong and more capacity is coming into use. The clearest risks are still related to maintaining demand that is dependent on the global economy and is now very strong. We only made marginal but positive estimate revisions for this and coming years after the report. Scanfil will take a big earnings leap (2023e: adj. EBIT growth of 46%) and our estimates are at the top of the guidance range for both for turnover and EBIT. With regard to 2024 earnings growth, we are cautious due to the bar that has been significantly raised in the 2023 level correction, as well as the recent news flow, which has been somewhat weakish for the technology industry (Scanfil's customer base) and the industrial macro indicators in Europe. We believe that Scanfil's main risks relate to demand that depends on the global economy especially looking beyond the current year. We stress that the risk works both ways, because as economic growth recovers and the rapid green transition continues there could still be upside in our estimates in the next few years.

The expected return is neutral in the short term, but the long-term investment story is strong

Scanfil's P/E ratios for 2023 and 2024 based on our estimates are around 14x, while the corresponding EV/EBIT ratios are around 11x. The valuation is roughly in line with the company's moderate 5-year medians and at a moderate premium to the peer group. Thus, the valuation of the share is not at all unreasonable relative to the excellently performing Scanfil, but after the share price rise of nearly 60% this year, the expected return consisting of earnings growth, a small 2% dividend yield, and the small room of variation in multiples (Q2 P/E LTM 15x) in our opinion no longer exceeds the required return on a 12-month horizon. Our DCF value per share of around EUR 10 also indicates that the share price has neutralized in the short term. In the longer term, however, we believe that Scanfil still offers a strong, profitable growth investment story for long-term investors.

Recommendation

Reduce
(previous Reduce)

EUR 10.00
(previous EUR 10.00)

Share price:
EUR 10.64



Key figures

	2022	2023e	2024e	2025e
Revenue	844	937	935	960
growth-%	21%	11%	0%	3%
EBIT adj.	45.4	66.1	66.0	67.5
EBIT-% adj.	5.4 %	7.1 %	7.1 %	7.0 %
Net Income	35.0	51.1	50.1	52.0
EPS (adj.)	0.54	0.78	0.77	0.80

P/E (adj.)	12.1	13.6	13.9	13.3
P/B	1.9	2.6	2.3	2.1
Dividend yield-%	3.2 %	2.2 %	2.3 %	2.5 %
EV/EBIT (adj.)	11.2	11.4	10.7	9.9
EV/EBITDA	8.1	8.8	8.2	7.5
EV/S	0.6	0.8	0.8	0.7

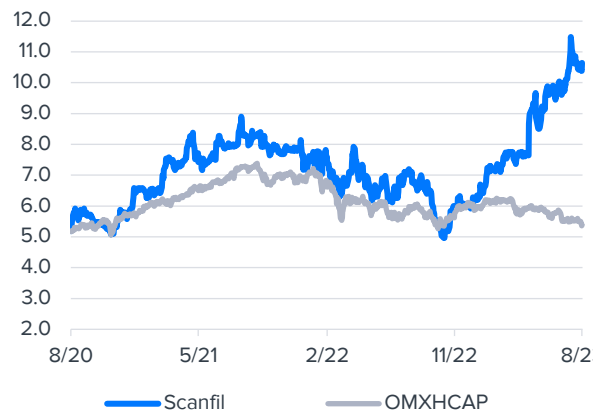
Source: Inderes

Guidance

(Unchanged)

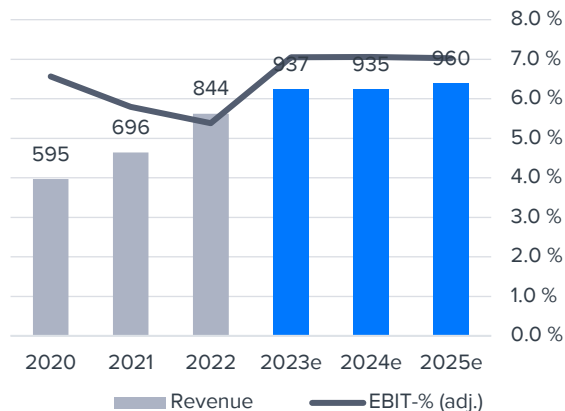
Scanfil estimates that in 2023, its turnover is around EUR 900-950 million and adjusted operating profit EUR 61-68 million

Share price



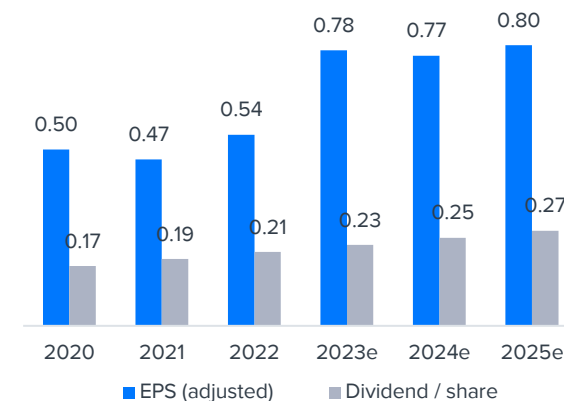
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Organic growth with the market and key customers
- Accelerating growth through M&A
- Strong financial track record
- Increase in acceptable valuation



Risk factors

- Demand comes partly from somewhat cyclical sectors
- Tightening competition and changes in the competitive field
- Limited pricing power

Valuation	2023e	2024e	2025e
Share price	10.6	10.6	10.6
Number of shares, millions	65.3	65.3	65.3
Market cap	694	694	694
EV	755	705	669
P/E (adj.)	13.6	13.9	13.3
P/E	13.6	13.9	13.3
P/FCF	17.6	10.5	13.0
P/B	2.6	2.3	2.1
P/S	0.7	0.7	0.7
EV/Sales	0.8	0.8	0.7
EV/EBITDA	8.8	8.2	7.5
EV/EBIT (adj.)	11.4	10.7	9.9
Payout ratio (%)	29.4 %	32.6 %	33.9 %
Dividend yield-%	2.2 %	2.3 %	2.5 %

Source: Inderes

Quarterly earnings record reached the level we expected

Scanfil's organic growth was exceptionally strong in Q2

Scanfil's turnover grew by 14% in Q2 to EUR 243 million from a relatively good comparison period and exceeded our expectation slightly. When sales are adjusted for the clearly lower spot purchases in Q2 due to improved component availability from the comparison period and that were slightly lower than we expected, organic growth was exceptionally strong at 30% relative to the typical rate and considering Scanfil's history and customer structure. Meeting of demand was also possible thanks to Scanfil's significant investments in factory capacity during the last year or so. We estimate that growth was volume-driven, although prices have probably also increased slightly driven by inflation. Among customer segments, the growth driver was Energy&Cleantech that benefited from the green transition. Overall, we feel the growth was quite

broad, as reported growth was at double-digit percentages in all divisions except Advanced Consumer Applications that was hampered by softness in consumer demand.

As expected, profitability reached the company's target level in Q2

Scanfil increased its EBIT by 73% to EUR 17.5 million in Q2, which was practically in line with our estimate that we raised after the earnings revision. Profitability (EBIT-%) increased marginally above Scanfil's target level of 7% due to high turnover and capacity utilization, increased efficiency, and successful inflation management. In the lower lines, financing costs were positive probably due to currency-based and non-cash reasons, while the tax rate was broadly in line with the company's normalized level. Thus, the EPS, which doubled from the comparison period to EUR 0.22 exceeded our estimates, but the surprise from the financial items has no practical significance.

In terms of cash flow, the report was also strong, as the result was strong and the company was, despite the volume growth, able to release capital from its inventories that expanded in 2021-2022.

No major fluctuations in the balance sheet

Scanfil's equity ratio was 46% (Q2'22: 41%) and gearing 37% (Q2'22: 45%). Thus, the balance sheet is in good condition as such. Recycling inventories even at a larger scale to cash would clearly support the company's room for maneuver, especially considering likely acquisitions in the medium term and for organic investments that continue in the short term (incl. the significant 20 MEUR construction investments in the Siedraz factory expansion in Poland announced the day before the result). Lowering of inventory levels also appears to be high on the company's list of priorities.

Estimates MEUR / EUR	Q2'22	Q2'23	Q2'23e	Q2'23e	Consensus		Difference (%)	2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	213	243	240				1%	937
EBIT	10.2	17.5	17.2				2%	66.1
PTP	9.8	18.4	16.3				13%	64.8
EPS (reported)	0.11	0.22	0.19				16%	0.78
Revenue growth-%	23.1 %	14.3 %	12.7 %				1.6 pp	11.0 %
EBIT-% (adj.)	4.8 %	7.2 %	7.2 %				0 pp	7.1 %

Lähde: Inderes

No bigger estimate changes, major earnings leap this year

Outlook for the rest of the year is strong

Scanfil naturally reiterated its recent guidance and the company estimates its turnover for 2023 to be EUR 900–950 million and adjusted EBIT to be EUR 61–68 million. According to the comments, the demand outlook for the rest of the year is still excellent and more capacity is coming into use in the US. Component shortage also still slows down deliveries somewhat in the short term, and the company said that in terms of demand they could deliver tens of millions of euros more in the near term if all components would be readily available.

The clearest risks are still related to maintaining demand that is still dependent on the global economy and is now very strong. We believe, based on recent news concerning the technology industry (Scanfil's customer base) and industrial macro data that these risks have not at least alleviated recently, as many technology industry companies have reported a slowdown in order growth and sometimes

even negative growth in their Q2 reports (excl. the strong 'green' sector). Looking beyond the rest of the year, Scanfil's visibility for the future is likely to become blurred and, as expected, Scanfil did not comment much on its outlook beyond 2023.

Small estimate changes for the next few years

We only made marginal but positive estimate revisions for this and coming years after the report. Scanfil will take a big earnings leap (2023e: adj. EBIT growth of 46%) this year. Our estimates are at the top end of the guidance range in terms of turnover and EBIT.

However, we are cautious concerning next year's earnings growth outlook for the time being due to the subdued economic growth outlook (in Europe) and the nature of Scanfil's demand that we believe to be partly post-cyclical. Our turnover estimates for the coming years are also slightly diluted by component purchases made on the spot market ending fully in

2024 (cf. spot purchases in 2022 were 81 MEUR and 13 MEUR in H1), but the normalization of the component situation is clearly positive for the company in terms of profitability.

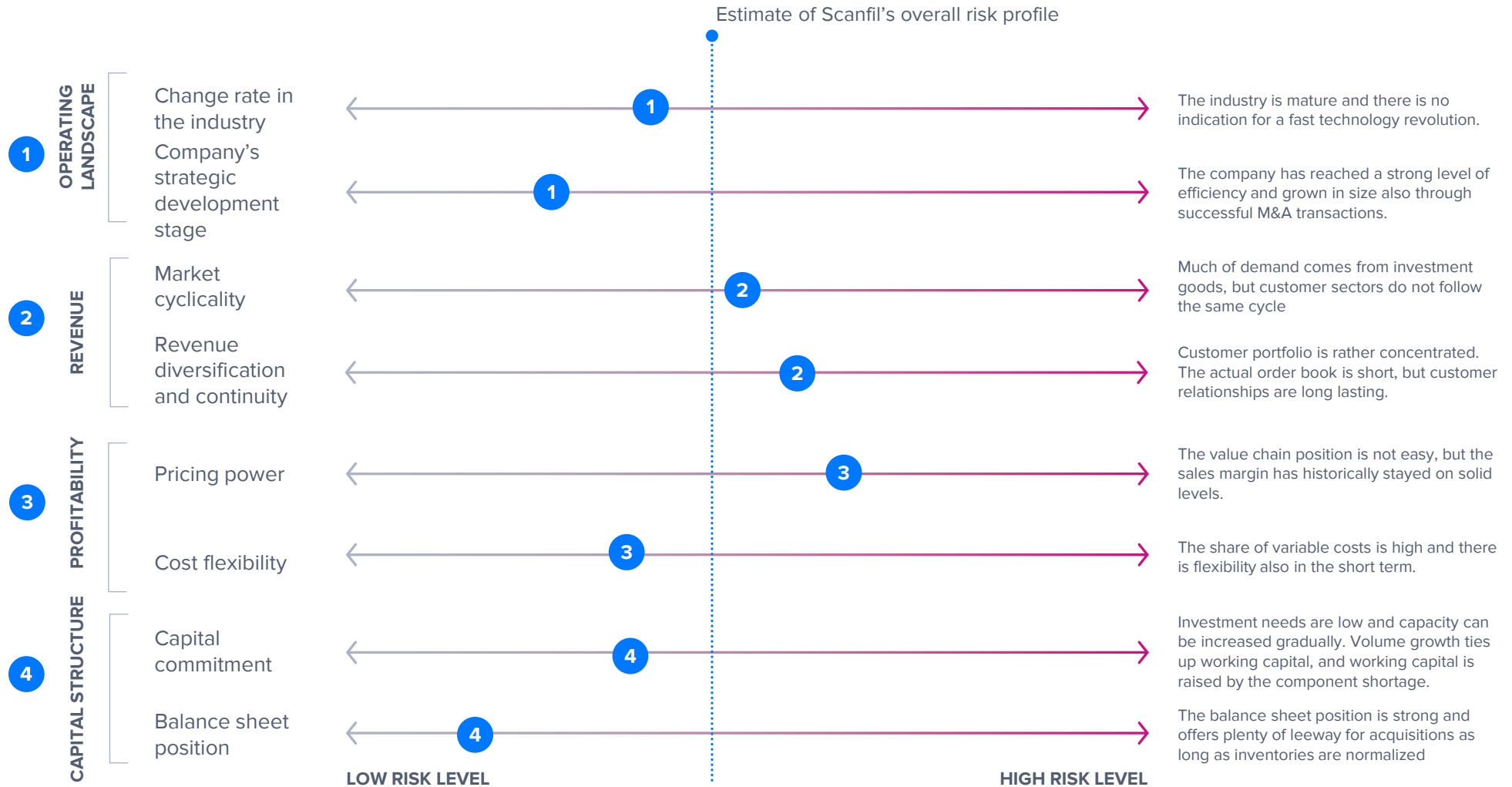
Small adjustments also due to Sieradz's investment

We raised our investment estimates slightly due to the sizable investment plan Scanfil announced for the Sieradz factory in Poland. The project includes a construction investment of EUR 20 million, which will increase the factory floor area by 70%, and subsequent and probably gradual equipment investments. Similarly, we slightly raised our growth and earnings estimates for Scanfil from Q2'25 onwards when the investment is expected to be completed. We are positive about the medium- and long-term growth plan for the large and probably efficient Sieradz unit, and feel it illustrates the positive long-term outlook for the company and the industry. Scanfil is able to finance the Sieradz investments with cash flow.

Estimate revisions	2023e			2024e			2025e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
MEUR / EUR									
Revenue	925	937	1%	925	935	1%	945	960	2%
EBIT (exc. NRIs)	65.2	66.1	1%	65.0	66.0	2%	66.5	67.5	2%
EBIT	65.2	66.1	1%	65.0	66.0	2%	66.5	67.5	2%
PTP	62.1	64.8	4%	63.2	64.2	2%	65.8	66.7	1%
EPS (excl. NRIs)	0.75	0.78	5%	0.76	0.77	2%	0.79	0.80	1%
DPS	0.23	0.23	0%	0.25	0.25	0%	0.27	0.27	0%

Source: Inderes

Risk profile of the business model



No major changes in the valuation picture

Valuation level is neutral

Scanfil's P/E ratios for 2023 and 2024 based on our estimates are around 14x, while the corresponding EV/EBIT ratios are around 11x. Earnings-based valuation is at or slightly above the company's moderate historical median levels next year. Thus, we find the valuation reasonable considering Scanfil's strengthened performance in the last 5-10 years and the risk profile that has lowered with successful acquisitions (incl. a wider customer portfolio). On the other hand, after the share price increase of almost 60% this year, we do not see significant upside in the multiples in the short term also considering the higher interest rate expectations in the coming years than in recent years.

Scanfil's track record of profitable growth is impressive and we believe that the historical valuation has been largely driven by the nature and reputation of the industry perceived as chronically difficult. Given the recent performance, P/E ratio 12x-16x and EV/EBIT ratio 10x-13x are easily acceptable levels for Scanfil. The share price is neutral also relative to these ranges considering the strong earnings improvement this year. However, we believe that the expected return consisting of a small 2-3% dividend yield and small variation in the multiples (Q2'22 LTM P/E 15x) no longer exceeds the required return on a 12-month horizon. In the medium term, the expected return is also roughly at the level of our required return.

Scanfil's P/B ratio 2.5x (2023e) is also somewhat neutral relative to the 18% adjusted ROE of the last five years. With these figures, Scanfil's retrospective static earnings return is 7%, which alone does not cover the COE requirement. Thus, the potential of relatively good short- and long-term profitable growth is priced in the share on a justified scale in our opinion.

DCF and peers do not indicate mispricing

When compared to the peer group that consists of global contract manufacturers, Scanfil's earnings-based valuation is at a 10-20% premium. We believe that Scanfil deserves a small premium due to its long-term track record and positioning in industrial electronics with better profitability potential but we do not see significant room for improvement in the upside. However, we do not consider peer valuation to be an important driver for Scanfil's valuation. Scanfil's DCF model is also on par with our target price at around EUR 10 per share. Thus, also considering the DCF, the share's valuation starts to be somewhat neutral in our view.

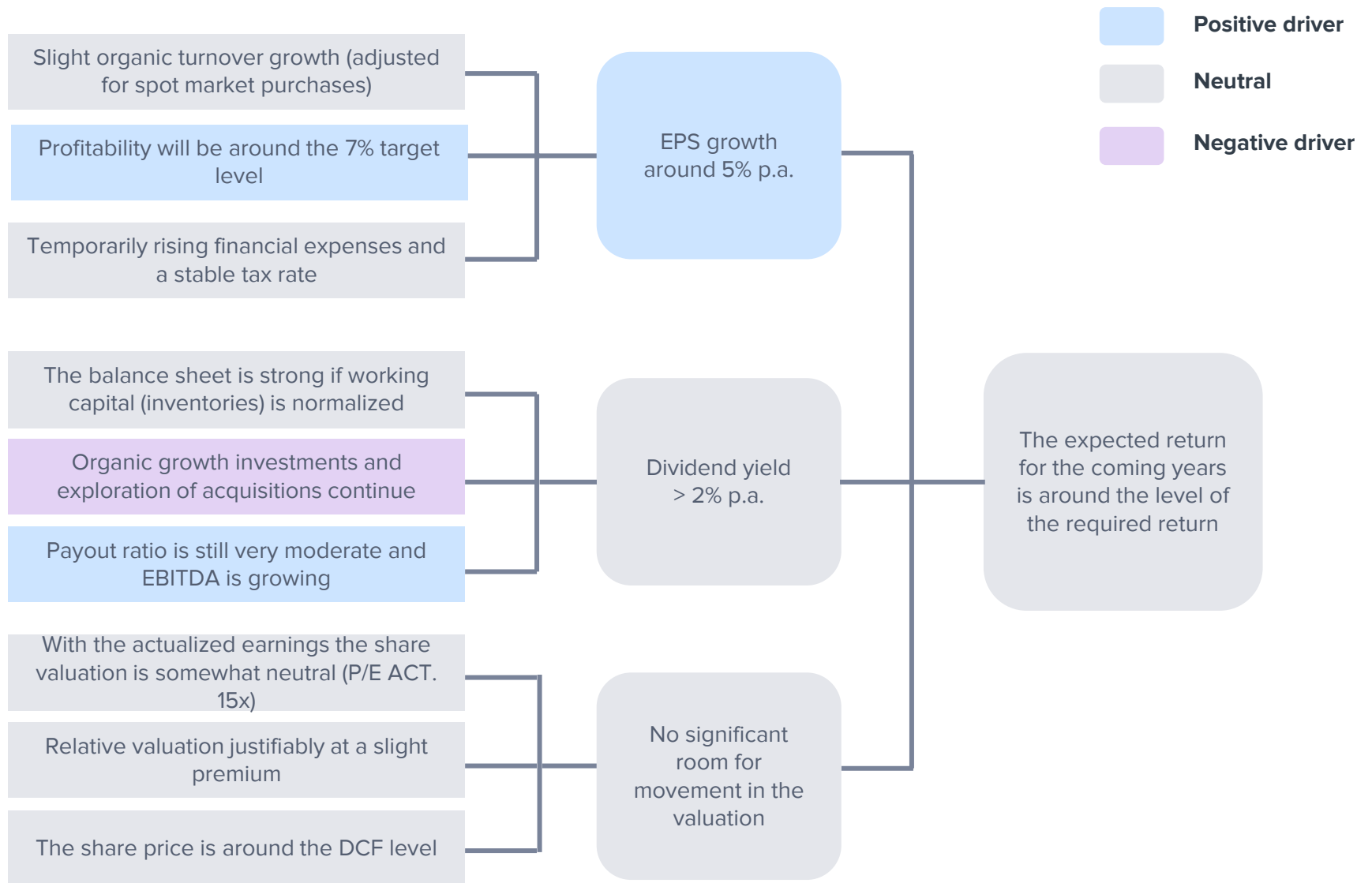
The reins are handed over

As previously announced, Petteri Jokitalo, who has been Scanfil's CEO for over 10 years, will leave the position at the beginning of September at the latest and Christophe Sut will take over as the new CEO. Petteri Jokitalo's period at the helm was a huge success for Scanfil's owners, as the total return, driven by the company's profitable growth and complemented by the increase in valuation multiples and dividend yield was at a dazzling annual level of approximately 30% during Jokitalo's reign. Thus, the new CEO has big boots to fill, but we believe that in terms of his background Sut is a very suitable CEO for Scanfil, and after the work of Jokitalo (and the Board) in recent years, the company's business structures are on a very solid ground. Thus, we do not believe that the change of CEO will cause much discontinuity or significant strategic changes in the company.

Valuation	2023e	2024e	2025e
Share price	10.6	10.6	10.6
Number of shares, millions	65.3	65.3	65.3
Market cap	694	694	694
EV	755	705	669
P/E (adj.)	13.6	13.9	13.3
P/E	13.6	13.9	13.3
P/FCF	17.6	10.5	13.0
P/B	2.6	2.3	2.1
P/S	0.7	0.7	0.7
EV/Sales	0.8	0.8	0.7
EV/EBITDA	8.8	8.2	7.5
EV/EBIT (adj.)	11.4	10.7	9.9
Payout ratio (%)	29.4 %	32.6 %	33.9 %
Dividend yield-%	2.2 %	2.3 %	2.5 %

Source: Inderes

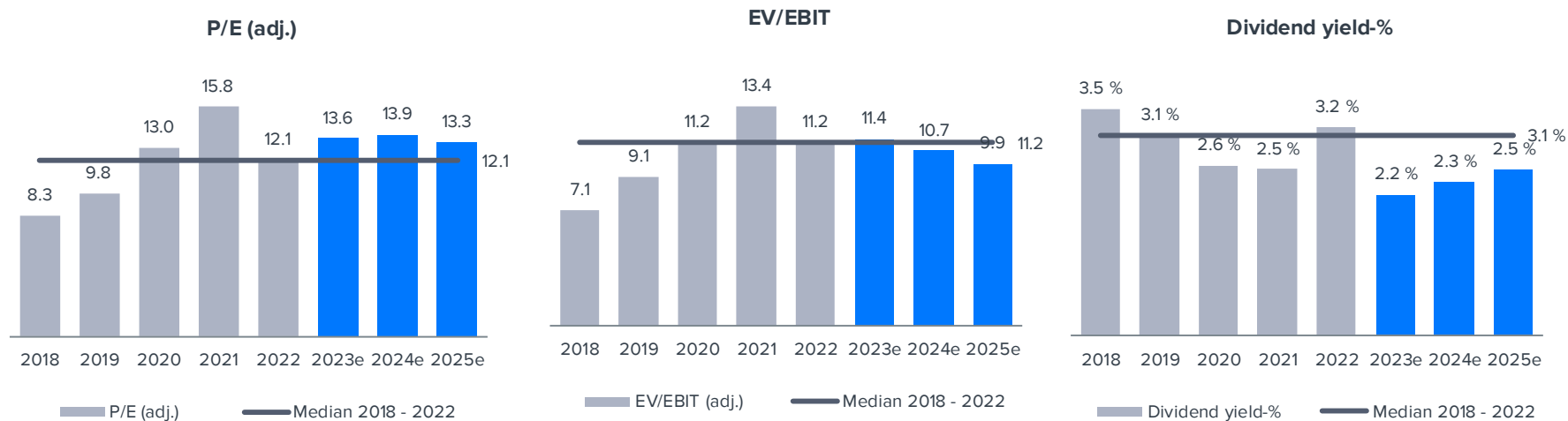
TSR drivers Q1'23 LTM-2025e



Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	3.75	4.89	6.52	7.46	6.58	10.6	10.6	10.6	10.6
Number of shares, millions	64.0	64.4	64.5	64.5	64.5	65.3	65.3	65.3	65.3
Market cap	240	313	420	481	424	694	694	694	694
EV	268	359	439	541	510	755	705	669	628
P/E (adj.)	8.3	9.8	13.0	15.8	12.1	13.6	13.9	13.3	12.8
P/E	8.3	11.2	11.4	16.2	12.1	13.6	13.9	13.3	12.8
P/FCF	10.5	77.0	8.3	neg.	neg.	17.6	10.5	13.0	11.8
P/B	1.7	1.9	2.3	2.3	1.9	2.6	2.3	2.1	1.9
P/S	0.4	0.5	2.3	0.7	0.5	0.7	0.7	0.7	0.7
EV/Sales	0.5	0.6	0.7	0.8	0.6	0.8	0.8	0.7	0.6
EV/EBITDA	5.7	6.8	7.2	9.8	8.1	8.8	8.2	7.5	6.8
EV/EBIT (adj.)	7.1	9.1	11.2	13.4	11.2	11.4	10.7	9.9	9.0
Payout ratio (%)	28.8 %	34.2 %	29.7 %	41.1 %	38.7 %	29.4 %	32.6 %	33.9 %	40.0 %
Dividend yield-%	3.5 %	3.1 %	2.6 %	2.5 %	3.2 %	2.2 %	2.3 %	2.5 %	3.1 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Incap	326	324	10.2	8.5	8.9	7.4	1.3	1.1	13.9	11.7		0.5	2.9
Kitron	669	819	11.6	10.7	9.3	8.7	1.0	1.0	12.1	11.8	2.7	3.3	4.1
Hanza	281	330	11.4	10.0	8.1	7.1	0.9	0.8	14.1	12.3	1.6	1.8	2.8
Pegatron	5852	7075	11.2	9.8	6.8	6.1	0.2	0.2	12.5	11.3	5.2	5.8	1.1
Celestica	2315	2833	7.4	6.9	5.6	5.3	0.4	0.4	9.4	8.5			1.7
Flextronics	10951	12135	9.6	8.5	7.3	6.5	0.4	0.4	11.7	11.0			2.8
Foxconn	44031	43059	8.6	7.7	5.6	5.1	0.2	0.2	12.4	9.8	4.6	5.0	1.0
Jabil	12898	14515	9.4	8.9	6.1	5.8	0.5	0.5	12.8	11.7	0.3	0.3	4.8
Hana Microelectronics	1018	938	18.7	14.6	9.7	8.3	1.3	1.2	19.2	15.4	2.4	3.3	1.6
TT Electronics	327	491	8.3	7.6	6.0	5.6	0.7	0.7	8.3	7.5	4.2	4.6	0.9
Fabrinet	4162	3682	14.2	13.9	12.3	12.0	1.5	1.5	16.6	16.2			3.1
Universal Scientific	4090	3901	12.4	10.6	8.4	7.1	0.5	0.4	14.2	11.7	2.6	2.6	1.9
Venture Corporation	2845	2313	8.8	8.3	8.1	7.6	1.0	0.9	12.7	11.9	5.2	5.4	1.4
Plexus	2456	2672	14.2	12.6	10.5	9.5	0.7	0.7	17.8	16.6			2.4
Katek	206	242	20.8	8.3	6.4	4.4	0.3	0.3	43.2	11.9			1.3
Lacroix	183	352	12.4	10.1	6.8	6.0	0.5	0.4	10.8	8.4	2.8	3.6	1.0
Scanfil (Inderes)	694	755	11.4	10.7	8.8	8.2	0.8	0.8	13.6	13.9	2.2	2.3	2.6
Average			11.8	9.8	7.9	7.0	0.7	0.7	15.1	11.7	3.2	3.3	2.2
Median			11.3	9.4	7.7	6.8	0.6	0.6	12.7	11.7	2.7	3.3	1.8
Diff.% to median			1%	14%	15%	20%	39%	35%	7%	19%	-21%	-29%	47%

Source: Refinitiv / Inderes

Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	696	197	213	212	222	844	225	243	229	240	937	935	960	995
Group	696	197	213	212	222	844	225	243	229	240	937	935	960	995
EBITDA	55.0	14.3	14.4	16.1	18.1	62.9	19.8	22.2	21.5	22.0	85.5	86.5	89.1	92.4
Depreciation	-15.4	-4.0	-4.2	-4.6	-4.7	-17.5	-4.7	-4.7	-5.0	-5.0	-19.4	-20.5	-21.6	-22.4
EBIT (excl. NRI)	40.3	10.3	10.2	11.5	13.4	45.4	15.1	17.5	16.5	17.0	66.1	66.0	67.5	70.0
EBIT	39.6	10.3	10.2	11.5	13.4	45.4	15.1	17.5	16.5	17.0	66.1	66.0	67.5	70.0
Group	40.3	10.3	10.2	11.5	13.4	45.4	15.1	17.5	16.5	17.0	66.1	66.0	67.5	70.0
Net financial items	-1.9	-1.0	-0.3	-1.7	-0.7	-3.7	-0.6	0.9	-0.8	-0.8	-1.3	-1.8	-0.8	-0.2
PTP	37.7	9.3	9.8	9.8	12.7	41.7	14.5	18.4	15.7	16.2	64.8	64.2	66.7	69.8
Taxes	-7.9	-1.3	-2.7	-0.4	-2.3	-6.7	-2.8	-3.9	-3.5	-3.6	-13.7	-14.1	-14.7	-15.4
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	29.8	8.0	7.1	9.4	10.4	35.0	11.7	14.5	12.2	12.6	51.1	50.1	52.0	54.4
EPS (adj.)	0.47	0.12	0.11	0.15	0.16	0.54	0.18	0.22	0.19	0.19	0.78	0.77	0.80	0.83
EPS (rep.)	0.46	0.12	0.11	0.15	0.16	0.54	0.18	0.22	0.19	0.19	0.78	0.77	0.80	0.83
Key figures	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	16.9 %	20.4 %	23.1 %	26.3 %	16.0 %	21.3 %	14.2 %	14.3 %	8.1 %	7.9 %	11.0 %	-0.2 %	2.7 %	3.6 %
Adjusted EBIT growth-%	3.1 %	3.0 %	-3.6 %	21.7 %	30.5 %	12.7 %	46.6 %	71.6 %	43.5 %	26.9 %	45.6 %	-0.2 %	2.3 %	3.7 %
EBITDA-%	7.9 %	7.3 %	6.8 %	7.6 %	8.1 %	7.5 %	8.8 %	9.1 %	9.4 %	9.2 %	9.1 %	9.3 %	9.3 %	9.3 %
Adjusted EBIT-%	5.8 %	5.2 %	4.8 %	5.4 %	6.0 %	5.4 %	6.7 %	7.2 %	7.2 %	7.1 %	7.1 %	7.1 %	7.0 %	7.0 %
Net earnings-%	4.3 %	4.1 %	3.4 %	4.4 %	4.7 %	4.2 %	5.2 %	6.0 %	5.3 %	5.3 %	5.5 %	5.4 %	5.4 %	5.5 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	102	107	114	119	122
Goodwill	8.2	7.7	7.7	7.7	7.7
Intangible assets	12.9	10.8	10.9	11.0	11.1
Tangible assets	72.0	79.7	87.3	91.8	95.2
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.5	0.5	0.5	0.5	0.5
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	8.5	7.8	7.8	7.8	7.8
Current assets	372	419	444	415	434
Inventories	193	229	220	192	192
Other current assets	3.9	4.1	3.9	3.9	3.9
Receivables	149	165	187	182	182
Cash and equivalents	25.3	20.8	32.8	37.4	55.6
Balance sheet total	474	526	559	534	556

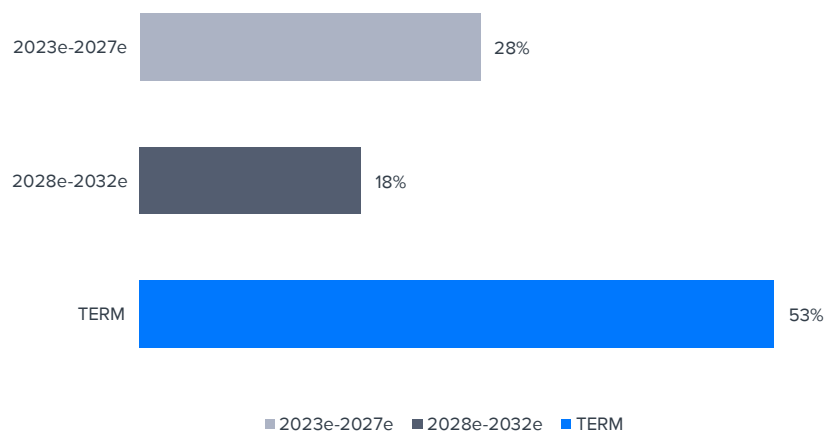
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	207	227	264	299	335
Share capital	2.0	2.0	2.0	2.0	2.0
Retained earnings	172	195	233	268	303
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	33.4	29.5	29.5	29.5	29.5
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	68.0	61.8	70.3	42.0	30.4
Deferred tax liabilities	5.3	4.6	4.6	4.6	4.6
Provisions	0.7	0.8	0.8	0.8	0.8
Long term debt	62.0	56.4	64.9	36.6	25.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	198	237	224	193	191
Short term debt	23.2	49.9	28.5	11.8	5.0
Payables	172	184	192	178	182
Other current liabilities	3.0	3.5	3.5	3.5	3.5
Balance sheet total	474	526	559	534	556

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	21.3 %	11.0 %	-0.2 %	2.7 %	3.6 %	5.0 %	5.0 %	5.0 %	4.0 %	3.0 %	2.0 %	2.0 %
EBIT-%	5.4 %	7.1 %	7.1 %	7.0 %	7.0 %	6.8 %	6.7 %	6.6 %	6.5 %	6.4 %	6.4 %	6.4 %
EBIT (operating profit)	45.4	66.1	66.0	67.5	70.0	71.0	73.5	76.0	77.9	79.0	80.5	
+ Depreciation	17.5	19.4	20.5	21.6	22.4	22.1	21.8	21.6	21.5	21.4	21.5	
- Paid taxes	-6.7	-13.7	-14.1	-14.7	-15.4	-15.7	-16.3	-16.9	-17.4	-17.8	-18.2	
- Tax, financial expenses	-0.6	-0.3	-0.5	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	
+ Tax, financial income	0.0	0.0	0.1	0.2	0.3	0.4	0.4	0.5	0.6	0.7	0.8	
- Change in working capital	-39.9	-4.9	19.2	4.3	3.0	-9.5	-9.9	-10.4	-8.8	-6.8	-4.7	
Operating cash flow	15.7	66.6	91.2	78.6	79.9	68.0	69.2	70.5	73.5	76.1	79.6	
+ Change in other long-term liabilities	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-22.6	-27.1	-25.1	-25.1	-21.1	-21.1	-21.1	-21.1	-21.1	-22.1	-22.1	
Free operating cash flow	-6.7	39.5	66.1	53.5	58.8	46.9	48.1	49.4	52.4	54.0	57.5	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-6.7	39.5	66.1	53.5	58.8	46.9	48.1	49.4	52.4	54.0	57.5	884
Discounted FCFF		38.2	58.8	43.8	44.4	32.6	30.7	29.1	28.3	26.9	26.4	405
Sum of FCFF present value		765	726	668	624	579	547	516	487	459	432	405
Enterprise value DCF		765										
- Interest bearing debt		-106.3										
+ Cash and cash equivalents		20.8										
-Minorities		0.0										
-Dividend/capital return		-13.5										
Equity value DCF		666										
Equity value DCF per share		10.2										

Cash flow distribution



WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	4.5 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	9.2 %
Weighted average cost of capital (WACC)	8.6 %

Source: Inderes

Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	595	696	844	937	935	EPS (reported)	0.57	0.46	0.54	0.78	0.77
EBITDA	60.5	55.0	62.9	85.5	86.5	EPS (adj.)	0.50	0.47	0.54	0.78	0.77
EBIT	44.4	39.6	45.4	66.1	66.0	OCF / share	0.89	-0.21	0.24	1.02	1.40
PTP	41.8	37.7	41.7	64.8	64.2	FCF / share	0.79	-0.54	-0.10	0.60	1.01
Net Income	36.9	29.8	35.0	51.1	50.1	Book value / share	2.84	3.22	3.51	4.05	4.58
Extraordinary items	5.3	-0.7	0.0	0.0	0.0	Dividend / share	0.17	0.19	0.21	0.23	0.25
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	339	474	526	559	534	Revenue growth-%	3%	17%	21%	11%	0%
Equity capital	183	207	227	264	299	EBITDA growth-%	14%	-9%	14%	36%	1%
Goodwill	8.3	8.2	7.7	7.7	7.7	EBIT (adj.) growth-%	-1%	3%	13%	46%	0%
Net debt	18.3	59.9	85.5	60.6	10.9	EPS (adj.) growth-%	1%	-6%	15%	44%	-2%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	10.2 %	7.9 %	7.5 %	9.1 %	9.3 %
EBITDA	60.5	55.0	62.9	85.5	86.5	EBIT (adj.)-%	6.6 %	5.8 %	5.4 %	7.1 %	7.1 %
Change in working capital	4.5	-58.1	-39.9	-4.9	19.2	EBIT-%	7.5 %	5.7 %	5.4 %	7.1 %	7.1 %
Operating cash flow	57.3	-13.4	15.7	66.6	91.2	ROE-%	21.1 %	15.3 %	16.1 %	20.8 %	17.8 %
CAPEX	-6.7	-21.4	-22.6	-27.1	-25.1	ROI-%	19.3 %	15.2 %	14.5 %	19.2 %	18.9 %
Free cash flow	50.8	-34.8	-6.7	39.5	66.1	Equity ratio	53.9 %	43.8 %	43.1 %	47.3 %	56.0 %
						Gearing	10.0 %	28.9 %	37.7 %	22.9 %	3.7 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	0.7	0.8	0.6	0.8	0.8						
EV/EBITDA (adj.)	7.2	9.8	8.1	8.8	8.2						
EV/EBIT (adj.)	11.2	13.4	11.2	11.4	10.7						
P/E (adj.)	13.0	15.8	12.1	13.6	13.9						
P/B	2.3	2.3	1.9	2.6	2.3						
Dividend-%	2.6 %	2.5 %	3.2 %	2.2 %	2.3 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
4/26/2019	Accumulate	4.50 €	4.20 €
8/12/2019	Accumulate	4.50 €	4.04 €
10/28/2019	Accumulate	4.75 €	4.35 €
1/17/2020	Accumulate	5.25 €	4.94 €
2/20/2020	Accumulate	5.60 €	5.20 €
3/23/2020	Accumulate	4.25 €	3.73 €
4/25/2020	Accumulate	5.00 €	4.48 €
8/5/2020	Accumulate	5.50 €	5.18 €
8/10/2020	Accumulate	6.00 €	5.56 €
10/28/2020	Buy	6.00 €	5.14 €
12/15/2020	Accumulate	6.30 €	5.96 €
3/19/2021	Accumulate	7.30 €	6.90 €
4/9/2021	Accumulate	8.00 €	7.56 €
4/26/2021	Accumulate	8.60 €	8.08 €
6/14/2021	Accumulate	8.60 €	8.06 €
8/8/2021	Accumulate	8.75 €	8.30 €
10/14/2021	Accumulate	8.75 €	7.94 €
10/27/2021	Accumulate	8.75 €	7.78 €
12/13/2021	Reduce	8.30 €	7.96 €
2/16/2022	Accumulate	8.00 €	7.08 €
2/23/2022	Accumulate	8.00 €	6.84 €
4/19/2022	Accumulate	8.00 €	7.04 €
6/1/2022	Accumulate	7.60 €	6.66 €
7/14/2022	Accumulate	7.60 €	6.98 €
8/8/2022	Accumulate	7.60 €	6.76 €
10/27/2022	Buy	7.25 €	5.84 €
2/22/2023	Accumulate	8.25 €	7.74 €
2/23/2023	Vähennä	9.00 €	9.13 €
4/26/2023	Vähennä	9.00 €	9.67 €
7/6/2023	Vähennä	9.50 €	10.38 €
7/31/2023	Vähennä	10.00 €	10.56 €
8/7/2023	Vähennä	10.00 €	10.64 €



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