

# Scanfil

## Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Vuosi lähti käyntiin isolla vaihteella” published on 4/27/2023 at 8:24 am

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# The year started in high gear

The overall picture of the Q1 report published by Scanfil yesterday was slightly positive, as the company achieved a very strong start in the current year. We only made marginal but positive estimate changes for the coming years after the report. We reiterate our EUR 9.00 target price and Reduce recommendation for Scanfil. We feel the short-term valuation of the share is rather neutral (2023:e P/E 14x, EV/EBIT 11x), although in the longer term, we feel Scanfil still offers a strong, profitable growth investment story.

## The year started very nicely

Scanfil's turnover grew by 14% in Q1 to EUR 225 million, which exceeded our expectation slightly. When the figures are adjusted for the clearly lower spot purchases in Q1 due to improved component availability from the comparison period, organic growth was at a very strong 21% level relative to Scanfil's history. Four of the five customer segments grew by over 20%, reflecting the excellent demand of industry-driven segments that, based on comments, even strengthened at the end of Q1. Scanfil increased its EBIT by 46% to EUR 15.1 million in Q1, which exceeded our estimate by about 8% which we raised clearly after the earnings revision. Earnings improvement and profitability were supported as expected by turnover growth, improved efficiency as the component market normalized and successful inflation management.

## Minor estimate revisions

Scanfil naturally reiterated its recent guidance and the company estimates its turnover for 2023 to be EUR 880–940 million and adjusted EBIT to be EUR 56–64 million. Based on the comments, the demand outlook for the rest of the year is very good and capacity is expected to increase during summer to remove the bottlenecks that have shifted from components to capacity. 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 35%) this year and thanks to the Q1 overshoot our estimates in terms of both turnover and EBIT are a bit above the mid-point of the guidance range. We do, however, expect that due to the subdued economic growth outlook and the partly post-cyclical nature of Scanfil's demand the growth and earnings growth will focus on 2023 and clearly calm down thereafter. 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 when the rapid green transition in Europe continues there could still be upside in our estimates.

## In the short term, the expected return is neutral

Scanfil's P/E ratios for 2023 and 2024 based on our estimates are 14x and 13x, while the corresponding EV/EBIT ratios are 11x and 10x. The valuation is roughly in line with the company's moderate 5-year medians and at a slight premium to the peer group. Thus, we do not find the valuation of the share unreasonable relative to the strengthened outlook, but after the share price rise of nearly 40% this year the expected return consisting of earnings growth, a small around 2-3% dividend yield and the downside in multiples (P/E ACT 18x) does no longer exceed the required return on a 12-month horizon. The DCF value per share of around EUR 9 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 to investors who play a long game.

## Recommendation

### Reduce

(previous Reduce)

### EUR 9.00

(previous EUR 9.00)

### Share price:

EUR 9.67



## Key figures

	2022	2023e	2024e	2025e
<b>Revenue</b>	844	910	900	925
<b>growth-%</b>	21%	8%	-1%	3%
<b>EBIT adj.</b>	45.4	61.1	61.5	64.0
<b>EBIT-% adj.</b>	5.4 %	6.7 %	6.8 %	6.9 %
<b>Net Income</b>	35.0	45.6	46.6	49.3
<b>EPS (adj.)</b>	0.54	0.71	0.72	0.77

<b>P/E (adj.)</b>	12.1	13.7	13.4	12.6
<b>P/B</b>	1.9	2.4	2.1	1.9
<b>Dividend yield-%</b>	3.2 %	2.4 %	2.6 %	2.8 %
<b>EV/EBIT (adj.)</b>	11.2	11.1	10.3	9.0
<b>EV/EBITDA</b>	8.1	8.4	7.8	6.9
<b>EV/S</b>	0.6	0.7	0.7	0.6

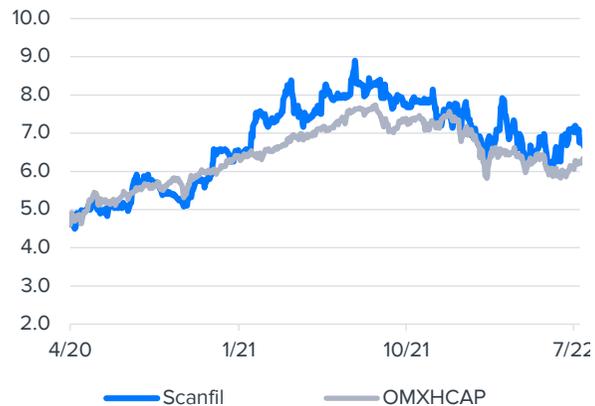
Source: Inderes

## Guidance

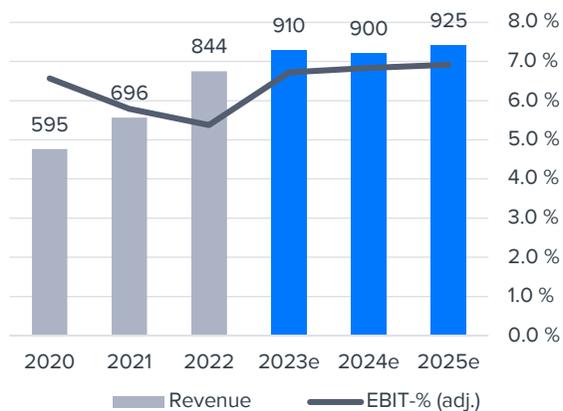
(Raised on April 12)

Scanfil estimates that in 2023, its turnover is EUR 880-940 million and adjusted operating profit EUR 56-64 million.

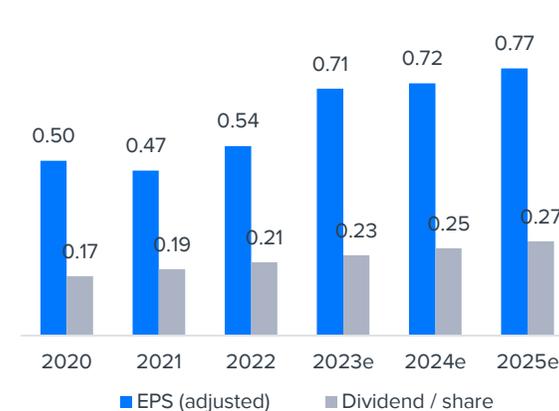
## Share price



## Revenue and EBIT %



## EPS and dividend



## 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 mainly from somewhat cyclical sectors
- Tighter competition
- Limited pricing power
- Availability problems in materials

Valuation	2023e	2024e	2025e
Share price	9.67	9.67	9.67
Number of shares, millions	64.5	64.5	64.5
Market cap	623	623	623
EV	677	631	574
P/E (adj.)	13.7	13.4	12.6
P/E	13.7	13.4	12.6
P/FCF	13.1	9.9	8.5
P/B	2.4	2.1	1.9
P/S	0.7	0.7	0.7
EV/Sales	0.7	0.7	0.6
EV/EBITDA	8.4	7.8	6.9
EV/EBIT (adj.)	11.1	10.3	9.0
Payout ratio (%)	32.5 %	34.6 %	35.3 %
Dividend yield-%	2.4 %	2.6 %	2.8 %

Source: Inderes

# The figures were better than our expectations raised after the earnings revision

## Organic growth was strong

In Q1, Scanfil's turnover grew by 14% to EUR 225 million from the good comparison level, which was slightly above our EUR 220 million estimate. Organic growth was excellent at 21%, considering reduced spot purchases due to improved component availability. Turnover growth was also enabled by Scanfil's significant investments in the capacity of several factories over the past year. The growth was driven by all customer segments except Advanced Consumer Applications (adjusted for spot purchases, this segment did not decrease either). The strong demand reflects the excellent pull of the industry-driven target markets and, the demand for green transition energy technologies appears to be strong in Europe. We estimate that growth was volume-driven, although prices have probably also increased slightly driven by inflation.

## Earnings exceeded estimates with turnover growth

In Q1, Scanfil's EBIT increased by 46% to EUR 15.1 million, exceeding our estimate by about 8% which

we raised clearly after the earnings revision. Profitability (adj. EBIT-%) increased to 6.7 % in Q1, which is already a very good level on Scanfil's scale (cf. target of 7% EBIT-%). The earnings improvement and profitability were supported as expected by turnover growth, improved efficiency as the component market normalized and successful inflation management.

On the lower lines, financial expenses were broadly in line with our expectations, but the tax rate was slightly lower than we anticipated. Thus, Scanfil's EPS rose to EUR 0.18 in Q1 and exceeded our estimate with a slight lever compared to the operating result.

## Increase in working capital affected cash flow

Despite the strong performance, Scanfil's cash flow was zero in Q1 due to the increase in working capital, and thus the company was unable to reduce its working capital that grew in 2021-2022. This is understandable as such considering the strong turnover growth mode. The increase in working capital seems to have been quite purely related to

growth (incl. higher receivables) in Q1, and the value of inventories relative to turnover was no longer elevated. We still expect the company's cash flow to strengthen over the year, which would also reflect Scanfil's typical cash flow cycle.

Scanfil's equity ratio was 47% (Q1'22: 45%) and gearing 39% (Q1'22: 37%). Therefore, the balance sheet is in good shape as such, but recycling inventories to cash would clearly support the company's leeway especially considering acquisitions that are likely in the medium term. This also appears to be high on the company's list of priorities.

Estimates	Q1'22	Q1'23	Q1'23e	Q1'23e	Consensus		Difference (%)	2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
MEUR / EUR								
Revenue	197	225	220				2%	910
EBIT	10.3	15.1	14.0				8%	61.1
PTP	9.3	14.5	13.1				11%	58.0
EPS (reported)	0.12	0.18	0.16				13%	0.71
Revenue growth-%	20.4 %	14.2 %	11.9 %				2.3 pp	7.8 %
EBIT-% (adj.)	5.2 %	6.7 %	6.4 %				0.4 pp	6.7 %

Source: 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 880–940 million and adjusted EBIT to be EUR 56–64 million. Based on the comments, the demand outlook for the rest of the year is very good and capacity is expected to increase during summer, e.g., in Poland and the US, to remove the bottlenecks that have shifted from components to capacity. However, the clearest risks relate to the longer term beyond 2023 and maintaining the demand that is dependent on the global economy. The risk related to the global economy naturally works both ways, because as economic growth recovers and the green transition continues, Scanfil could also generate a positive surprise relative to our and consensus estimates.

## We again raised our earnings estimates for the coming 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 35%) this year. Thanks to the Q1 overshoot our estimates both in terms of turnover and EBIT are a bit above the mid-point of the guidance range but we made no estimate revisions for the other quarters of the year after the Q1 report.

So far, however, we expect that due to the subdued economic growth outlook and the partly post-cyclical nature of Scanfil's demand the growth and earnings growth will focus on 2023 and clearly calm down thereafter although considering the rapidly changing circumstances in recent years the cycles will not necessarily follow typical patterns. 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 81 MEUR and 8 MEUR in Q1'23), but the normalization of the component situation is clearly positive for the company in terms of earnings and especially profitability.

## Expectations concerning cash flow have fallen

With strong growth the expectations of the release of Scanfil's working capital have moved and decreased, although we still expect the company to be able to normalize partly relative working capital % in 2023-2025. This is, however, a positive problem in principle, given the good operational profitability. We also believe that implementing Scanfil's acquisition strategy at least in terms of larger transactions is challenging before capital is released from inventories. Naturally, the time may not be optimal for transactions at the moment as many organic growth projects are ongoing. However, the company's radar for acquisitions is still on, which we consider positive.

Estimate revisions	2023e			2024e			2025e			
	MEUR / EUR	Old	New	Change %	Old	New	Change %	Old	New	Change %
Revenue		905	910	1%	890	900	1%	920	925	1%
EBIT (exc. NRIs)		60.0	61.1	2%	61.0	61.5	1%	63.2	64.0	1%
EBIT		60.0	61.1	2%	61.0	61.5	1%	63.2	64.0	1%
PTP		56.6	58.0	2%	59.2	59.7	1%	62.7	63.3	1%
EPS (excl. NRIs)		0.68	0.71	3%	0.72	0.72	1%	0.76	0.77	1%
DPS		0.23	0.23	0%	0.25	0.25	0%	0.27	0.27	0%

Source: Inderes



# Overall picture turned slightly to neutral

## Valuation level is neutral

Scanfil's P/E ratios for 2023 and 2024 based on our estimates are 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, following the share price rise of nearly 50% this year we do not see much upside in the multiples anymore.

Scanfil's historical 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, a P/E ratio 12x-15x and EV/EBIT ratio of 10x-12x 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 the downside in multiples (2022 P/E 18x) 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 2.8x (2022) is also somewhat neutral compared to the 18% adjusted ROE of the last five years. With these numbers, Scanfil's retrospective static earnings return is 6%, 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 consisting of global contract manufacturers, Scanfil's earnings-based valuation is at a slight 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. However, we do not consider the valuation of peer companies as an important driver for Scanfil's valuation. Scanfil's DCF model is also on par with our target price at around EUR 9 per share. Thus, also considering the DCF, the share's valuation starts to be neutral in our view.

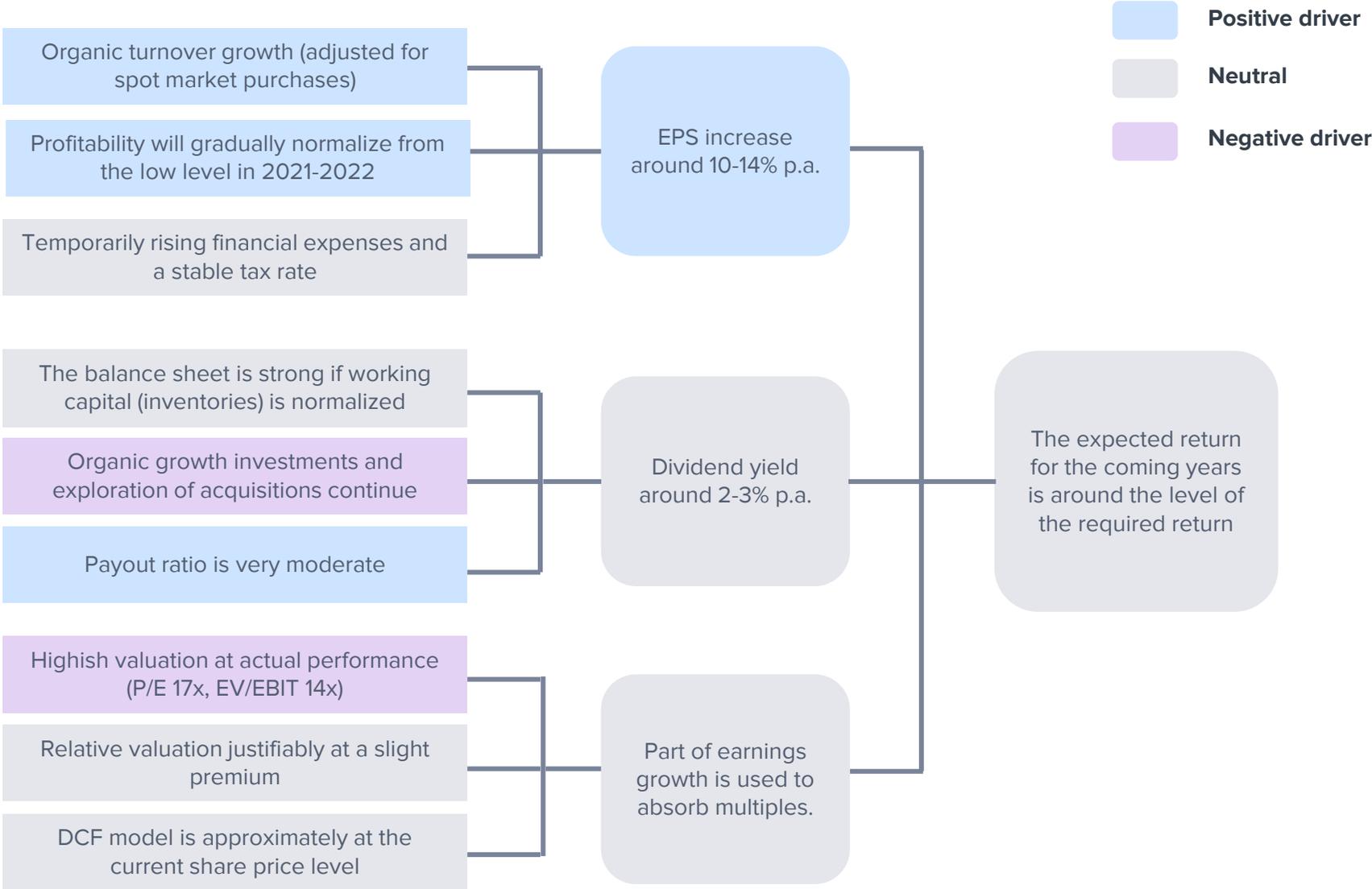
## Acquisition option supports the expected return

On top of our current expected return, investors receive a positive acquisition option. We find its realization rather likely in the medium term, although the focus in the short term is on organic growth based on the recent expansion of the plant floor area in 5 plants. We estimate that the company has some EUR 100 million to make strategically suitable and owner-value-creating moves, as long as the elevated working capital in 2021-2022 can be normalized in 2023-2024. We are confident about this option, given the company's strong track record in M&A transactions. The company seems to seek to expand its factory network especially in Asia outside China or in North America, which we find sensible considering the company's existing factory network.

Valuation	2023e	2024e	2025e
Share price	9.67	9.67	9.67
Number of shares, millions	64.5	64.5	64.5
Market cap	623	623	623
EV	677	631	574
P/E (adj.)	13.7	13.4	12.6
P/E	13.7	13.4	12.6
P/FCF	13.1	9.9	8.5
P/B	2.4	2.1	1.9
P/S	0.7	0.7	0.7
EV/Sales	0.7	0.7	0.6
EV/EBITDA	8.4	7.8	6.9
EV/EBIT (adj.)	11.1	10.3	9.0
Payout ratio (%)	32.5 %	34.6 %	35.3 %
Dividend yield-%	2.4 %	2.6 %	2.8 %

Source: Inderes

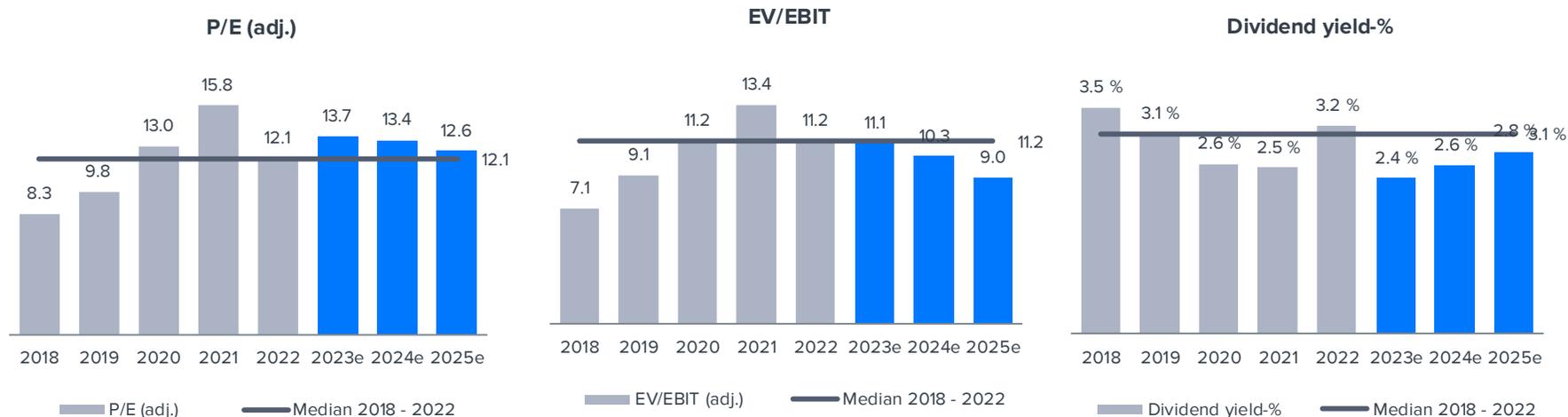
# EPS drivers 2022-2025e



# Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	3.75	4.89	6.52	7.46	6.58	9.67	9.67	9.67	9.67
Number of shares, millions	64.0	64.4	64.5	64.5	64.5	64.5	64.5	64.5	64.5
Market cap	240	313	420	481	424	623	623	623	623
EV	268	359	439	541	510	677	631	574	547
P/E (adj.)	8.3	9.8	13.0	15.8	12.1	13.7	13.4	12.6	12.3
P/E	8.3	11.2	11.4	16.2	12.1	13.7	13.4	12.6	12.3
P/FCF	10.5	77.0	8.3	neg.	neg.	13.1	9.9	8.5	13.9
P/B	1.7	1.9	2.3	2.3	1.9	2.4	2.1	1.9	1.7
P/S	0.4	0.5	2.3	0.7	0.5	0.7	0.7	0.7	0.6
EV/Sales	0.5	0.6	0.7	0.8	0.6	0.7	0.7	0.6	0.6
EV/EBITDA	5.7	6.8	7.2	9.8	8.1	8.4	7.8	6.9	6.4
EV/EBIT (adj.)	7.1	9.1	11.2	13.4	11.2	11.1	10.3	9.0	8.3
Payout ratio (%)	28.8 %	34.2 %	29.7 %	41.1 %	38.7 %	32.5 %	34.6 %	35.3 %	40.0 %
Dividend yield-%	3.5 %	3.1 %	2.6 %	2.5 %	3.2 %	2.4 %	2.6 %	2.8 %	3.3 %

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	301	315	10.2	8.3	9.0	7.3	1.3	1.2	13.4	10.7	1.5	2.0	2.7
Kitron	592	903	18.6	16.8	14.4	13.3	1.4	1.3	17.8	15.5	2.1	2.7	3.8
Hanza	267	317	14.4	12.5	9.5	8.2	0.9	0.8	18.8	16.3	1.4	1.7	2.9
Pegatron	5464	7295	9.7	9.0	6.1	5.7	0.2	0.2	10.5	9.7	6.1	6.6	1.0
Celestica	1258	1614	4.6	4.4	3.6	3.4	0.2	0.2	5.6	5.2			0.8
Flextronics	8087	9410	7.4	7.0	5.6	5.3	0.3	0.3	8.5	8.1			2.2
Foxconn	42396	45290	8.4	7.4	5.8	5.2	0.2	0.2	9.5	8.4	5.3	5.6	0.9
Jabil	9154	10772	7.0	6.8	4.5	4.4	0.3	0.3	9.1	8.4	0.4	0.4	3.5
Hana Microelectronics	864	775	12.7	10.6	7.2	6.4	1.0	0.9	13.4	11.2	3.5	4.5	1.3
TT Electronics	343	503	8.9	8.1	6.6	6.1	0.7	0.7	9.3	8.3	3.9	4.3	1.0
Fabrinet	3154	2684	10.4	9.6	9.0	8.4	1.1	1.0	12.3	11.4			2.3
Universal Scientific	4668	4836	11.6	10.5	8.7	7.6	0.5	0.5	12.5	10.7	2.4	2.5	2.0
Venture Corporation	3452	2917	9.9	9.4	9.0	8.6	1.1	1.1	13.8	13.1	4.4	4.6	1.7
Plexus	2233	2477	11.9	10.6	9.3	8.4	0.6	0.6	15.9	13.2			1.9
<b>Scanfil (Inderes)</b>	<b>623</b>	<b>677</b>	<b>11.1</b>	<b>10.3</b>	<b>8.4</b>	<b>7.8</b>	<b>0.7</b>	<b>0.7</b>	<b>13.7</b>	<b>13.4</b>	<b>2.4</b>	<b>2.6</b>	<b>2.4</b>
<b>Average</b>			<b>10.4</b>	<b>9.3</b>	<b>7.7</b>	<b>7.0</b>	<b>0.7</b>	<b>0.7</b>	<b>12.2</b>	<b>10.7</b>	<b>3.1</b>	<b>3.5</b>	<b>2.0</b>
<b>Median</b>			<b>10.0</b>	<b>9.2</b>	<b>7.9</b>	<b>6.8</b>	<b>0.7</b>	<b>0.6</b>	<b>12.4</b>	<b>10.7</b>	<b>3.0</b>	<b>3.5</b>	<b>2.0</b>
<b>Diff-% to median</b>			<b>11%</b>	<b>12%</b>	<b>6%</b>	<b>14%</b>	<b>11%</b>	<b>9%</b>	<b>10%</b>	<b>25%</b>	<b>-20%</b>	<b>-26%</b>	<b>22%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
<b>Revenue</b>	<b>696</b>	<b>197</b>	<b>213</b>	<b>212</b>	<b>222</b>	<b>844</b>	<b>225</b>	<b>235</b>	<b>215</b>	<b>235</b>	<b>910</b>	<b>900</b>	<b>925</b>	<b>960</b>
Group	696	197	213	212	222	844	225	235	215	235	910	900	925	960
<b>EBITDA</b>	<b>55.0</b>	<b>14.3</b>	<b>14.4</b>	<b>16.1</b>	<b>18.1</b>	<b>62.9</b>	<b>19.8</b>	<b>20.4</b>	<b>19.8</b>	<b>20.5</b>	<b>80.5</b>	<b>80.6</b>	<b>83.3</b>	<b>85.0</b>
Depreciation	-15.4	-4.0	-4.2	-4.6	-4.7	-17.5	-4.7	-4.7	-5.0	-5.0	-19.4	-19.1	-19.3	-19.0
<b>EBIT (excl. NRI)</b>	<b>40.3</b>	<b>10.3</b>	<b>10.2</b>	<b>11.5</b>	<b>13.4</b>	<b>45.4</b>	<b>15.1</b>	<b>15.7</b>	<b>14.8</b>	<b>15.5</b>	<b>61.1</b>	<b>61.5</b>	<b>64.0</b>	<b>66.0</b>
<b>EBIT</b>	<b>39.6</b>	<b>10.3</b>	<b>10.2</b>	<b>11.5</b>	<b>13.4</b>	<b>45.4</b>	<b>15.1</b>	<b>15.7</b>	<b>14.8</b>	<b>15.5</b>	<b>61.1</b>	<b>61.5</b>	<b>64.0</b>	<b>66.0</b>
Group	40.3	10.3	10.2	11.5	13.4	45.4	15.1	15.7	14.8	15.5	61.1	61.5	64.0	66.0
Net financial items	-1.9	-1.0	-0.3	-1.7	-0.7	-3.7	-0.6	-0.9	-0.8	-0.8	-3.1	-1.8	-0.7	-0.9
<b>PTP</b>	<b>37.7</b>	<b>9.3</b>	<b>9.8</b>	<b>9.8</b>	<b>12.7</b>	<b>41.7</b>	<b>14.5</b>	<b>14.8</b>	<b>14.0</b>	<b>14.7</b>	<b>58.0</b>	<b>59.7</b>	<b>63.3</b>	<b>65.1</b>
Taxes	-7.9	-1.3	-2.7	-0.4	-2.3	-6.7	-2.8	-3.3	-3.1	-3.2	-12.4	-13.1	-13.9	-14.3
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
<b>Net earnings</b>	<b>29.8</b>	<b>8.0</b>	<b>7.1</b>	<b>9.4</b>	<b>10.4</b>	<b>35.0</b>	<b>11.7</b>	<b>11.5</b>	<b>10.9</b>	<b>11.5</b>	<b>45.6</b>	<b>46.6</b>	<b>49.3</b>	<b>50.8</b>
<b>EPS (adj.)</b>	<b>0.47</b>	<b>0.12</b>	<b>0.11</b>	<b>0.15</b>	<b>0.16</b>	<b>0.54</b>	<b>0.18</b>	<b>0.18</b>	<b>0.17</b>	<b>0.18</b>	<b>0.71</b>	<b>0.72</b>	<b>0.77</b>	<b>0.79</b>
<b>EPS (rep.)</b>	<b>0.46</b>	<b>0.12</b>	<b>0.11</b>	<b>0.15</b>	<b>0.16</b>	<b>0.54</b>	<b>0.18</b>	<b>0.18</b>	<b>0.17</b>	<b>0.18</b>	<b>0.71</b>	<b>0.72</b>	<b>0.77</b>	<b>0.79</b>
<b>Key figures</b>	<b>2021</b>	<b>Q1'22</b>	<b>Q2'22</b>	<b>Q3'22</b>	<b>Q4'22</b>	<b>2022</b>	<b>Q1'23</b>	<b>Q2'23e</b>	<b>Q3'23e</b>	<b>Q4'23e</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
<b>Revenue growth-%</b>	16.9 %	20.4 %	23.1 %	26.3 %	16.0 %	21.3 %	14.2 %	10.4 %	1.5 %	5.7 %	7.8 %	-1.1 %	2.8 %	3.8 %
<b>Adjusted EBIT growth-%</b>	3.1 %	3.0 %	-3.6 %	21.7 %	30.5 %	12.7 %	46.6 %	53.9 %	28.7 %	15.7 %	34.6 %	0.7 %	4.1 %	3.1 %
<b>EBITDA-%</b>	7.9 %	7.3 %	6.8 %	7.6 %	8.1 %	7.5 %	8.8 %	8.7 %	9.2 %	8.7 %	8.9 %	9.0 %	9.0 %	8.9 %
<b>Adjusted EBIT-%</b>	5.8 %	5.2 %	4.8 %	5.4 %	6.0 %	5.4 %	6.7 %	6.7 %	6.9 %	6.6 %	6.7 %	6.8 %	6.9 %	6.9 %
<b>Net earnings-%</b>	4.3 %	4.1 %	3.4 %	4.4 %	4.7 %	4.2 %	5.2 %	4.9 %	5.1 %	4.9 %	5.0 %	5.2 %	5.3 %	5.3 %

Source: Inderes

# Balance sheet

Assets	2021	2022	2023e	2024e	2025e
<b>Non-current assets</b>	<b>102</b>	<b>107</b>	<b>108</b>	<b>109</b>	<b>108</b>
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	81.3	82.2	80.9
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
<b>Current assets</b>	<b>372</b>	<b>419</b>	<b>436</b>	<b>404</b>	<b>425</b>
Inventories	193	229	218	189	171
Other current assets	3.9	4.1	3.9	3.9	3.9
Receivables	149	165	182	176	176
Cash and equivalents	25.3	20.8	31.8	36.0	74.5
<b>Balance sheet total</b>	<b>474</b>	<b>526</b>	<b>544</b>	<b>514</b>	<b>533</b>

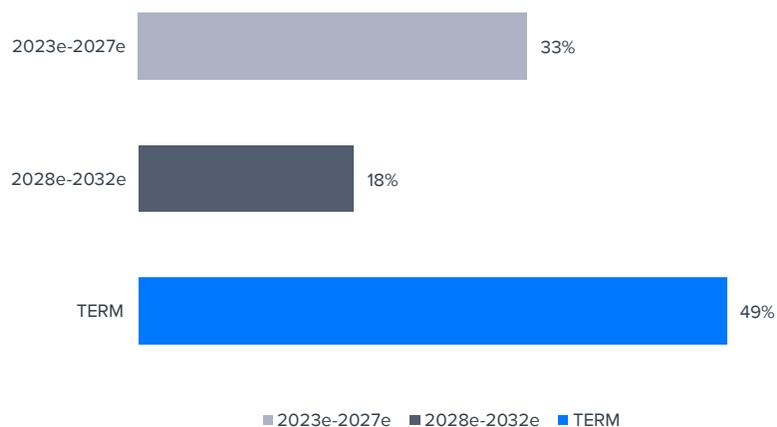
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
<b>Equity</b>	<b>207</b>	<b>227</b>	<b>259</b>	<b>290</b>	<b>324</b>
Share capital	2.0	2.0	2.0	2.0	2.0
Retained earnings	172	195	227	259	292
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
<b>Non-current liabilities</b>	<b>68.0</b>	<b>61.8</b>	<b>63.6</b>	<b>36.9</b>	<b>25.4</b>
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	58.2	31.5	20.0
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
<b>Current liabilities</b>	<b>198</b>	<b>237</b>	<b>222</b>	<b>186</b>	<b>184</b>
Short term debt	23.2	49.9	27.4	11.8	5.0
Payables	172	184	191	171	176
Other current liabilities	3.0	3.5	3.5	3.5	3.5
<b>Balance sheet total</b>	<b>474</b>	<b>526</b>	<b>544</b>	<b>514</b>	<b>533</b>

# DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	21.3 %	7.8 %	-1.1%	2.8 %	3.8 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	2.0 %	2.0 %
EBIT-%	5.4 %	6.7 %	6.8 %	6.9 %	6.9 %	6.7 %	6.5 %	6.3 %	6.2 %	6.1%	6.1%	6.1 %
<b>EBIT (operating profit)</b>	<b>45.4</b>	<b>61.1</b>	<b>61.5</b>	<b>64.0</b>	<b>66.0</b>	<b>66.2</b>	<b>66.2</b>	<b>66.1</b>	<b>67.0</b>	<b>67.9</b>	<b>69.2</b>	
+ Depreciation	17.5	19.4	19.1	19.3	19.0	19.0	19.2	19.4	19.6	19.7	19.7	
- Paid taxes	-6.7	-12.4	-13.1	-13.9	-14.3	-14.4	-14.4	-14.4	-14.6	-14.8	-15.1	
- Tax, financial expenses	-0.6	-0.7	-0.4	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-39.9	1.4	15.7	22.4	-6.5	-5.3	-5.5	-5.7	-5.8	-6.0	-4.1	
<b>Operating cash flow</b>	<b>15.7</b>	<b>68.8</b>	<b>82.8</b>	<b>91.6</b>	<b>64.0</b>	<b>65.4</b>	<b>65.4</b>	<b>65.3</b>	<b>66.0</b>	<b>66.6</b>	<b>69.6</b>	
+ 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	-21.1	-20.1	-18.1	-19.1	-20.1	-20.1	-20.1	-20.1	-20.1	-21.1	
<b>Free operating cash flow</b>	<b>-6.7</b>	<b>47.7</b>	<b>62.7</b>	<b>73.5</b>	<b>44.9</b>	<b>45.3</b>	<b>45.3</b>	<b>45.2</b>	<b>45.9</b>	<b>46.5</b>	<b>48.5</b>	
+/- 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	47.7	62.7	73.5	44.9	45.3	45.3	45.2	45.9	46.5	48.5	750
<b>Discounted FCFF</b>		<b>45.1</b>	<b>54.6</b>	<b>58.9</b>	<b>33.1</b>	<b>30.7</b>	<b>28.3</b>	<b>26.0</b>	<b>24.3</b>	<b>22.7</b>	<b>21.8</b>	<b>337</b>
Sum of FCFF present value		683	638	583	525	491	461	432	406	382	359	337
<b>Enterprise value DCF</b>		<b>683</b>										
- Interesting bearing debt		-106.3										
+ Cash and cash equivalents		20.8										
-Minorities		0.0										
-Dividend/capital return		-13.5										
<b>Equity value DCF</b>		<b>584</b>										
<b>Equity value DCF per share</b>		<b>9.1</b>										

Cash flow distribution



## WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	4.0 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>9.2 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.6 %</b>

Source: Inderes

# Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	595	696	844	910	900	EPS (reported)	0.57	0.46	0.54	0.71	0.72
EBITDA	60.5	55.0	62.9	80.5	80.6	EPS (adj.)	0.50	0.47	0.54	0.71	0.72
EBIT	44.4	39.6	45.4	61.1	61.5	OCF / share	0.89	-0.21	0.24	1.07	1.28
PTP	41.8	37.7	41.7	58.0	59.7	FCF / share	0.79	-0.54	-0.10	0.74	0.97
Net Income	36.9	29.8	35.0	45.6	46.6	Book value / share	2.84	3.22	3.51	4.01	4.51
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	544	514	Revenue growth-%	3%	17%	21%	8%	-1%
Equity capital	183	207	227	259	290	EBITDA growth-%	14%	-9%	14%	28%	0%
Goodwill	8.3	8.2	7.7	7.7	7.7	EBIT (adj.) growth-%	-1%	3%	13%	35%	1%
Net debt	18.3	59.9	85.5	53.8	7.3	EPS (adj.) growth-%	1%	-6%	15%	30%	2%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	10.2 %	7.9 %	7.5 %	8.9 %	9.0 %
EBITDA	60.5	55.0	62.9	80.5	80.6	EBIT (adj.)-%	6.6 %	5.8 %	5.4 %	6.7 %	6.8 %
Change in working capital	4.5	-58.1	-39.9	1.4	15.7	EBIT-%	7.5 %	5.7 %	5.4 %	6.7 %	6.8 %
Operating cash flow	57.3	-13.4	15.7	68.8	82.8	ROE-%	21.1 %	15.3 %	16.1 %	18.8 %	17.0 %
CAPEX	-6.7	-21.4	-22.6	-21.1	-20.1	ROI-%	19.3 %	15.2 %	14.5 %	18.1 %	18.2 %
Free cash flow	50.8	-34.8	-6.7	47.7	62.7	Equity ratio	53.9 %	43.8 %	43.1 %	47.5 %	56.5 %
						Gearing	10.0 %	28.9 %	37.7 %	20.8 %	2.5 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	0.7	0.8	0.6	0.7	0.7						
EV/EBITDA (adj.)	7.2	9.8	8.1	8.4	7.8						
EV/EBIT (adj.)	11.2	13.4	11.2	11.1	10.3						
P/E (adj.)	13.0	15.8	12.1	13.7	13.4						
P/B	2.3	2.3	1.9	2.4	2.1						
Dividend-%	2.6 %	2.5 %	3.2 %	2.4 %	2.6 %						

Source: Inderes

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Date	Recommendation	Target	Share price
26-04-19	Accumulate	4.50 €	4.20 €
12-08-19	Accumulate	4.50 €	4.04 €
28-10-19	Accumulate	4.75 €	4.35 €
17-01-20	Accumulate	5.25 €	4.94 €
20-02-20	Accumulate	5.60 €	5.20 €
23-03-20	Accumulate	4.25 €	3.73 €
25-04-20	Accumulate	5.00 €	4.48 €
05-08-20	Accumulate	5.50 €	5.18 €
10-08-20	Accumulate	6.00 €	5.56 €
28-10-20	Buy	6.00 €	5.14 €
15-12-20	Accumulate	6.30 €	5.96 €
19-03-21	Accumulate	7.30 €	6.90 €
09-04-21	Accumulate	8.00 €	7.56 €
26-04-21	Accumulate	8.60 €	8.08 €
14-06-21	Accumulate	8.60 €	8.06 €
08-08-21	Accumulate	8.75 €	8.30 €
14-10-21	Accumulate	8.75 €	7.94 €
27-10-21	Accumulate	8.75 €	7.78 €
13-12-21	Reduce	8.30 €	7.96 €
16-02-22	Accumulate	8.00 €	7.08 €
23-02-22	Accumulate	8.00 €	6.84 €
19-04-22	Accumulate	8.00 €	7.04 €
01-06-22	Accumulate	7.60 €	6.66 €
14-07-22	Accumulate	7.60 €	6.98 €
08-08-22	Accumulate	7.60 €	6.76 €
27-10-22	Buy	7.25 €	5.84 €
22-02-23	Accumulate	8.25 €	7.74 €
23-02-23	Reduce	9.00 €	9.13 €
26-04-23	Reduce	9.00 €	9.67 €



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