

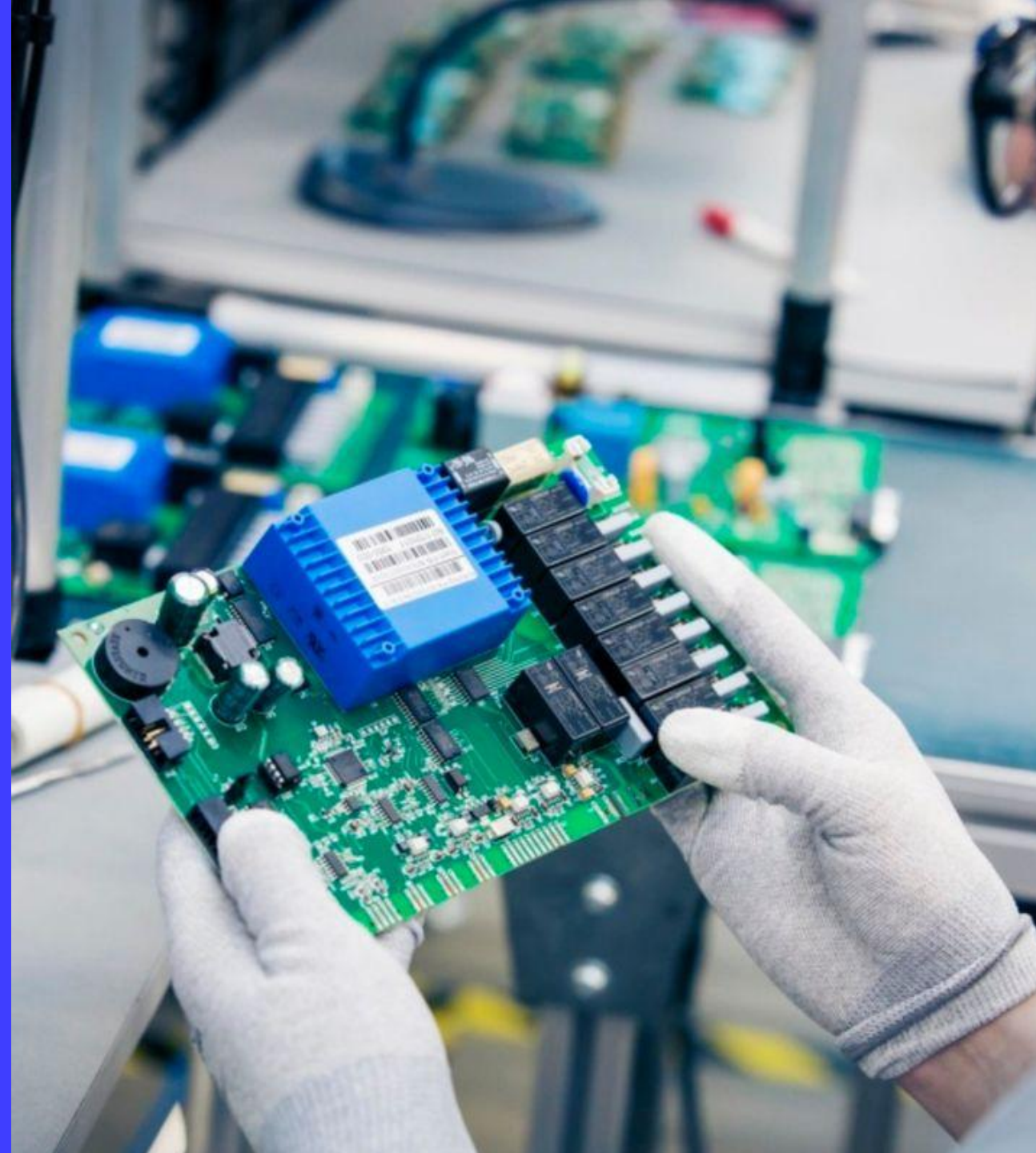
# SCANFIL

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INDERES CORPORATE CUSTOMER

# EXTENSIVE REPORT

# Good quality with full short-term pricing

We raise our target price for Scanfil to EUR 12.50 (was 11.50 €) on the heels of slightly increased long-term growth estimates. Scanfil has made good progress in recent years in executing its playbook, which relies on organic growth and acquisitions, and we expect this tactic to continue driving the company's profitable growth. Following the stock's robust progress over the past year, the positive earnings growth projected in our forecasts has already been factored into the stock price. In our view, this narrows Scanfil's short-term expected return, even though the long-term story remains quite attractive.

## Scanfil is a global electronics contract manufacturer

Scanfil offers its customers the opportunity to outsource the manufacture of products containing electronics and focus on their core operations, which creates flexibility in cost structures and improves capital efficiency for customers. Scanfil manufactures end products especially for the industrial, energy and environmental sectors (green transition), the healthcare segment, and the defense sector. In these customer segments, small production batches, short delivery times and long product cycles enable smaller companies to operate viably, even though competition in the industry is tight. The company has a total of 16 factories divided into the geographical areas of Central Europe, Northern Europe, APAC and the Americas. We believe that Scanfil's strengths include its comprehensive factory network, global operating model, cost-efficient culture, and extensive industry experience. The company also has a strong financial history, which reflects the viability of Scanfil's strategy over time. In our view, the clearest risks for Scanfil stem from the global economy and investment-driven demand.

## Scanfil is a growth company, and the earnings growth outlook is currently good

We estimate that the relevant market volumes of Scanfil will grow faster than GDP in the long term. This growth is leveraged by the increasing outsourcing rate of industrial production, electrification,

defense investments, and the relocation of certain supply chains closer to Western end-product markets. The company's market is fragmented, which gives Scanfil a good platform for inorganic growth. In the past nearly 2 years, the company has completed 3 acquisitions that expanded Scanfil's customer base and geographic reach and established a foothold in the defense sector with strong medium-term prospects. Furthermore, despite generally sluggish market conditions in recent years, the company has managed to boost its sales, particularly among large customers, which has so far been reflected especially in strong sales figures for new projects.

We expect the company's revenue and EBIT to step up this year due to the MB and ADCO acquisitions and slight organic growth. We estimate that revenue will grow at an annual rate of 5-8% in the coming years, driven by new projects and the positive development of underlying demand. We expect profitability (adj. /comp. EBITA %) to slowly improve with growth and rise towards the upper end of the 7-8% target range as growth scales slightly. In fact, according to our forecasts, the company's earnings are set to grow significantly by 2028.

## Valuation has risen in the short term

Based on our estimates for 2026 and 2027, Scanfil's adjusted P/E ratios are 17x and 15x, while the corresponding EV/EBITA ratios are 13x and 12x. The current-year multiples, which are the main focus, are 20–30% above the company's own 5-year medians. Correspondingly, the expected annual return, consisting of earnings growth, downside in multiples (Q1'26 LTM P/E 19x), and a dividend yield of just over 2%, remains modest. Considering our DCF value, the share valuation is also somewhat tight. Scanfil is relatively undervalued by approximately 20–30% compared to global contract manufacturers and rather neutrally valued relative to Nordic peers. However, the global peer group is expensive by historical standards. Thus, we find the share's short-term valuation picture already quite challenging, even though the company has good long-term prospects, especially for growth-driven value creation.

## Recommendation

### Reduce

(was Reduce)

## Target price:

**12.50 EUR**

(was EUR 11.50)

## Share price:

EUR 13.16

## Business risk



## Valuation risk



	2025	2026e	2027e	2028e
Revenue	797	993	1060	1111
growth-%	2%	25%	7%	5%
EBIT adj.	56.4	72.6	80.9	86.3
EBIT-% adj.	7.1 %	7.3 %	7.6 %	7.8 %
Net Income	40.9	47.8	55.5	60.3
EPS (adj.)	0.65	0.78	0.89	0.96
P/E (adj.)	15.4	16.9	14.8	13.6
P/B	2.1	2.5	2.2	2.0
Dividend yield-%	2.5 %	2.1 %	2.2 %	2.4 %
EV/EBIT (adj.)	11.8	13.2	11.7	10.6
EV/EBITDA	8.5	9.9	9.2	8.3
EV/S	0.8	1.0	0.9	0.8

Source: Inderes

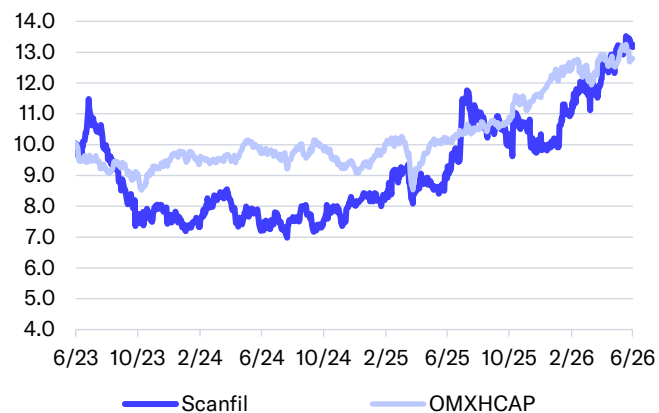
## Guidance

(Unchanged)

Scanfil estimates that in 2026, its revenue is 940-1,060 MEUR and comparable EBITA 64-78 MEUR.

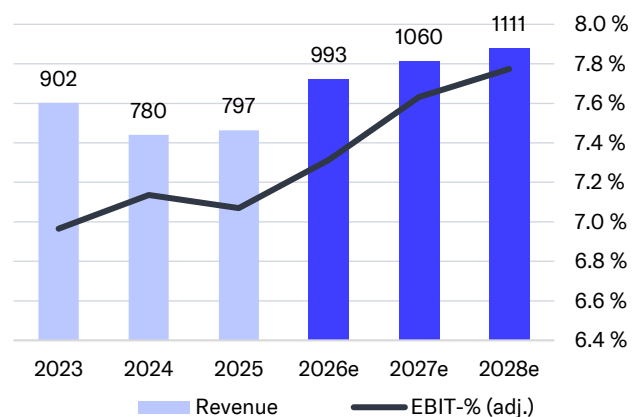
NOTE: Scanfil's definition of comparable EBITA is the same as the adjusted EBITA in this report

## Share price



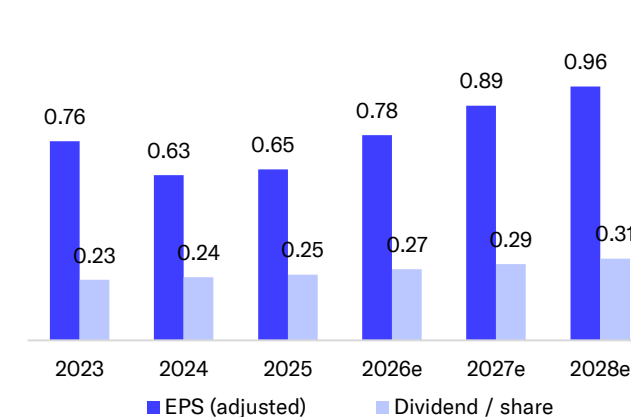
Source: Millstream Market Data AB

## Revenue and EBIT % (adj.)



Source: Inderes

## EPS and dividend



Source: Inderes

## Value drivers

- Organic growth with the market and key customers
- Benefiting from the green trend and growth in the defense sector
- Accelerating growth through M&A
- Strong financial track record

## Risk factors

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

Valuation	2026e	2027e	2028e
Share price	13.2	13.2	13.2
Number of shares, millions	65.7	65.7	65.7
Market cap	865	865	865
EV	957	947	912
P/E (adj.)	16.9	14.8	13.6
P/E	18.1	15.6	14.4
P/B	2.5	2.2	2.0
P/S	0.9	0.8	0.8
EV/Sales	1.0	0.9	0.8
EV/EBITDA	9.9	9.2	8.3
EV/EBIT (adj.)	13.2	11.7	10.6
Payout ratio (%)	37.1 %	34.4 %	33.8 %
Dividend yield-%	2.1 %	2.2 %	2.4 %

Source: Inderes

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# Scanfil in brief

Scanfil is an electronics manufacturing services (EMS) partner that operates primarily as a strategic partner for equipment manufacturers focused on industrial products.

## 1976

Contract manufacturing begins

## 2002

IPO on the Helsinki Stock Exchange

## 5%

Average revenue growth (CAGR) 2016-2024

## 797 MEUR (+2% vs. 2024)

Revenue in 2025

## 56 MEUR (7.1% of revenue)

Adjusted EBITA in 2025

## 4,199 (+5% vs. 2024)

Personnel (FTE) at the end of 2025

# SCANFIL

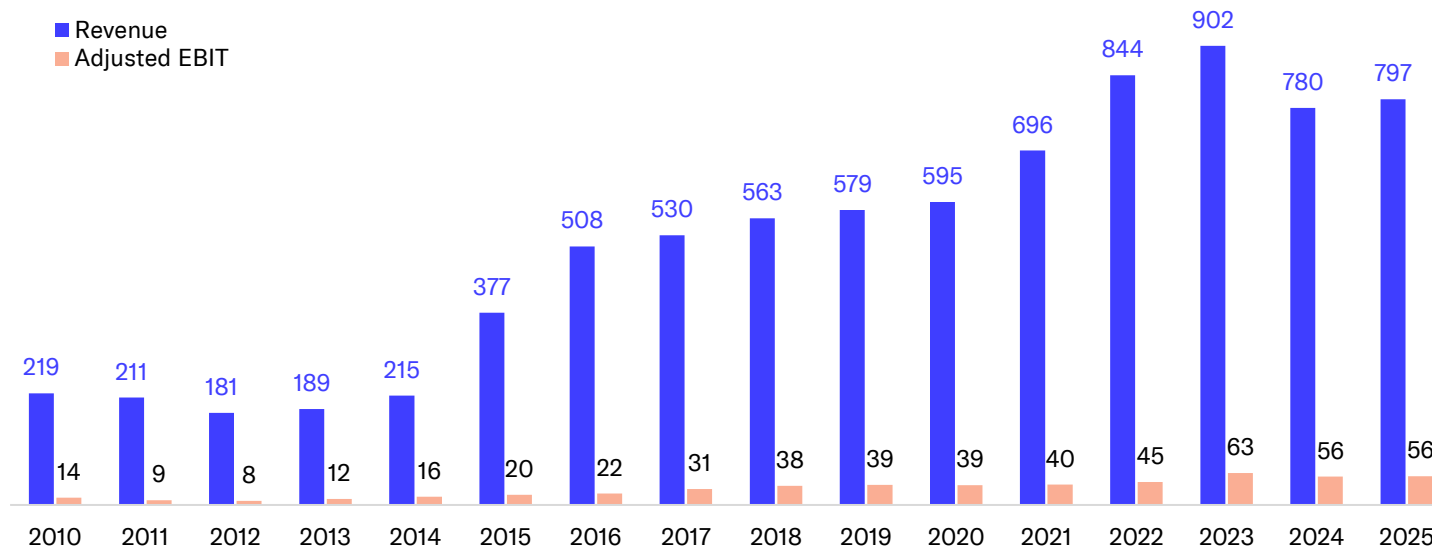
### 2010–2014

- The telecommunications sector, which has historically been important to the company, began to contract structurally even before the financial crisis that started in 2008
- Partial demerger from Sievi Capital in early 2012
- Good organic growth season for industrial electronics in 2012–2014
- Improved productivity leads to improved profitability levels
- Preparing for acquisitions (strengthening the balance sheet)

### 2015–2025

- The PartnerTech acquisition in 2015, which was cheap measured by revenue, raised the company to a new size class
- The extensive restructuring measures implemented in the units acquired in 2015–2016 reduce fixed costs
- The efficiently tuned production machinery shows its strength in a good market in 2018–2019.
- Strategic HASEC acquisition in 2019
- The company successfully adapted to the COVID crisis in 2020
- Strong demand in 2021–2023 and the easing of material challenges in 2023 that limited profitability in 2021–2022
- Normalization of the market situation in 2024–2025
- SRX, ADCO and MB acquisitions Q4'24–Q1'26

Revenue and profitability development (MEUR)



# Company description and business model 1/4

## Contract manufacturer skilled in turnkey deliveries

Scanfil is a vertically integrated contract manufacturer positioned in industrial electronics, focusing especially on the integration of electronics and various system product packages. At the level of daily operations, this means that Scanfil can manufacture the entire product or sub-assembly for the customer (i.e. an OEM company). This allows the customer to allocate resources more efficiently to the core functions of their business model, such as R&D, sales and marketing. Naturally, production outsourcing also brings flexibility to OEMs in terms of capacity and cost management.

## Europe the most important region of the portfolio

In 2025, Scanfil's revenue was 797 MEUR and its adjusted EBITA (i.e., EBIT before depreciation of intangible assets and non-recurring items) was 56 MEUR. **Adjusted EBITA corresponds to the comparable EBITA reported by the company.** Scanfil's business is driven especially by the European economic area, as almost 70% of its revenue came from this region in 2025. Other important geographical areas are APAC, which contributed approximately 25%, and North America, which contributed approximately 8%. This distribution is based on the location of the company's production facilities but, in practice, the distribution according to customer location does not differ significantly from it.

In 2025, Scanfil's largest single customer accounted for approximately 13% of revenue, while the ten largest customers accounted for some 59% of total earnings flow for the year. Although Scanfil's customer portfolio still has a certain degree of concentration, we do not consider the customer risk particularly high considering the industry. Our view is supported by the mature development stages and

business quality of Scanfil's key customers, the long duration of these customer relationships, Scanfil's competitiveness and, in our view, solid customer-specific market shares, as well as the largest customer's overall reasonable share of revenue. The acquisitions made over the last decade have also diversified customer risks, which in turn has lowered the company's overall risk profile. In particular, the ADCO and MB acquisitions, completed around the turn of the year, have already slightly diluted customer risk compared to the 2025 figures. In Q1'26, the largest customer accounted for 11% of revenue and the top 10 accounted for 54%.

## Business structure

Scanfil reports its financial earnings in four geographical segments: APAC, Northern Europe, Central Europe, and the Americas.

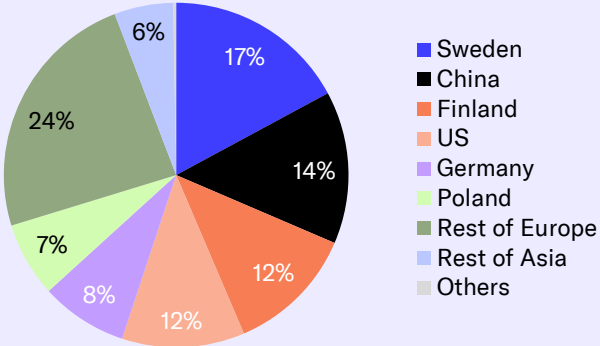
In 2025, **Central Europe** was Scanfil's largest business area. Last year, it generated 34% of the company's revenue and 34% of the adjusted EBIT. Thus, the region was slightly more profitable than the group average, with an adjusted EBITA margin of 7.6%. The Central Europe region includes a major factory in Sieradz, Poland, as well as smaller factories in Myslowice, Poland, and Wutha, Germany, and, as of January 2026, four factories in Italy that joined the company through the MB Electronica acquisition.

**Northern Europe** was the second-largest business area, accounting for 32% of the group's revenue last year and 27% of adjusted EBIT. The region's profitability was below the group level, with an adjusted EBITA margin of 6.5% last year. In our view, Northern Europe, which serves smaller customers on average, has suffered especially from the sluggish economic conditions in Finland and Sweden.



- 50 years of operational history and high level of technological expertise
- An efficient and viable production facility network on a global scale
- Successful positioning in industrial electronics customer segments
- Long customer relationships with strong equipment manufacturers in their own areas

Revenue breakdown by customer location (2025)



Source: Scanfil, Inderes

# Company description and business model 2/4

The Northern European region includes factories located in Malmö and Åtvidaberg in Sweden, Sievi in Finland, and Pärnu in Estonia.

**APAC** generated 27% of Scanfil's revenue last year and 28% of its adjusted EBIT. Thus, the company reached an adjusted EBITA margin of 8.0%. APAC has a large and efficient factory in Suzhou, China that serves the local market. We believe that Scanfil's business in China has performed well recently, at least compared to China's macroeconomic development. Through the SRX acquisition, APAC acquired factories not only in China, but also in Malaysia and Australia, though we estimate that the Suzhou factory still accounts for the largest share of the region's revenue.

**The Americas** is Scanfil's smallest geographical area. It accounted for 6% of the group's revenue and 11% of the adjusted EBITA. The Americas' profitability was volatile last year in terms of earnings, at 6.4% (adj. EBITA-%). The Americas' factories are located in Atlanta and the Detroit area in the US. The latter unit came to Scanfil with the ADCO Circuits acquisition.

In 2025, the company reported its revenue through 4 customer segments. These segments are:

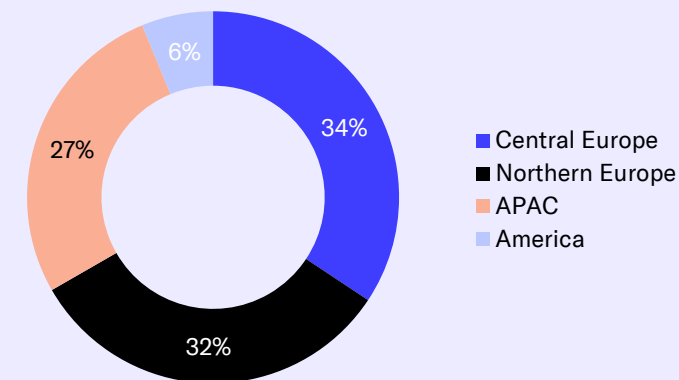
**Industrial** which generated approximately 41% of Scanfil's revenue in 2025. Typical products in the segment include elevator control units, automation and access control systems, vending machines, radio systems, reverse vending machines, and slot machines. We believe the largest customers in the segment are established industrial companies like KONE, Valmet and Toyota Material Handling. The segment is driven by investment-driven demand, so the segment is cyclical to some extent. However, within the segment, customers progress in different investment cycles.

**Energy & Cleantech** accounted for approximately 34% of Scanfil's revenue in 2025. Typical products in the segment include inverters, frequency converters, control units, energy systems, and automated collection and sorting solutions. The segment's customers include players that focus on high-tech applications like ABB and Tomra. The growth outlook for Energy & Cleantech is good thanks to the green transition, although last year was spent digesting the problems caused by post-COVID overheating and economic challenges. The EU's carbon dioxide emission reduction targets and the green energy transition resulting from the war in Ukraine may further improve the segment's growth outlook. The basic nature of demand is investment-driven, and especially the situation in the financial markets can impact the segment's demand and growth rate.

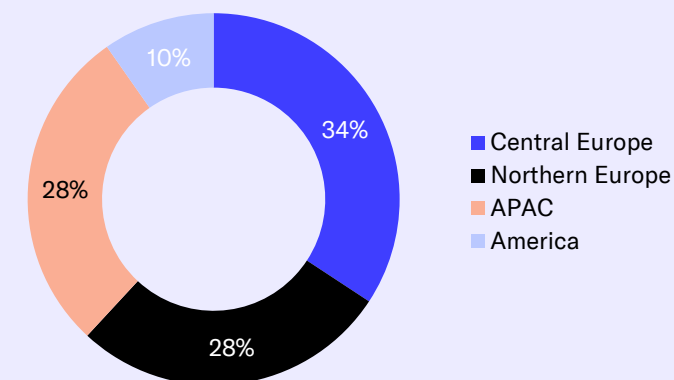
**Medtech & Life Science** accounted for approximately 20% of Scanfil's revenue last year. Typical applications for the segment include various measurement and analysis solutions, dental chairs and weather observation equipment. Reflecting this product portfolio, typical customers include companies with a strong market position and competitiveness, such as Planmeca, ThermoFisher Scientific and Vaisala. In our view, the product cycle of the segment is long and demand is stable, which by default makes this business more defensive than the other two segments. The growth outlook is also generally good, and in our opinion, the segment contains pockets of the market with very attractive margin potential.

The smallest of the segments is **Aerospace & Defense**. Last year, it accounted for around 5% of revenue, but we estimate that figure will rise slightly above 10% this year due to acquisitions and organic growth.

Revenue breakdown by geography (2025)



Adjusted EBIT breakdown by geography (2025)



# Company description and business model 2/4

Scanfil's standing in this segment, which has a very strong medium-term outlook, grew considerably due to the acquisitions of ADCO and MB, since over one-third of these companies' revenue in 2025 came from the defense and aerospace sectors.

We believe that Scanfil's business structure is well-balanced overall, especially since the company has successfully gained a reasonable foothold in the defense sector through acquisitions. Furthermore, the company is not overly dependent on the trends or strength of any single customer segment. In addition, the growth outlooks for the underlying segments are generally healthy. In the short and medium term, Aerospace & Defense has clearly the strongest outlook, as Europe is investing significantly in defense. In the longer term, however, we believe Energy & Cleantech and Medtech & Life Science are structurally in the best positions. In the Industrial segment, the growth outlook is likely the slowest and most dependent on macroeconomic developments.

Geographically, Europe still plays a significant role, but Scanfil is now a truly global company, at least since its most recent acquisitions. This creates a good starting point for Scanfil for long-term value creation. Due to the diversified structure of revenue across different segments, cyclical differences within segments and the global nature of the business, the direction of the portfolio has also historically been quite stable and predictable despite the largely investment-driven nature of demand.

## Scanfil is vertically integrated

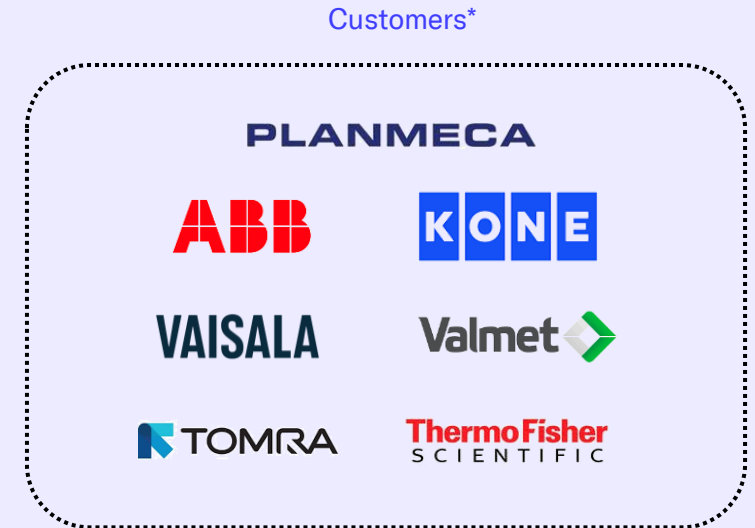
As a contract manufacturer, Scanfil has practically no customer-independent product development and design functions typical of equipment manufacturers. Thus, the integration of electronics into product assemblies is at the

core of Scanfil's Group-level business model, even though the business model consists of several processes by which the company fulfills parts of its customers' value chains. Scanfil's operating model is vertically integrated, which enables the company to offer its customers comprehensive production and service packages (incl. supply chain management for the entire product lifecycle) in addition to manufacturing. Services accounted for 41 MEUR, or 5%, of Scanfil's revenue in 2025.

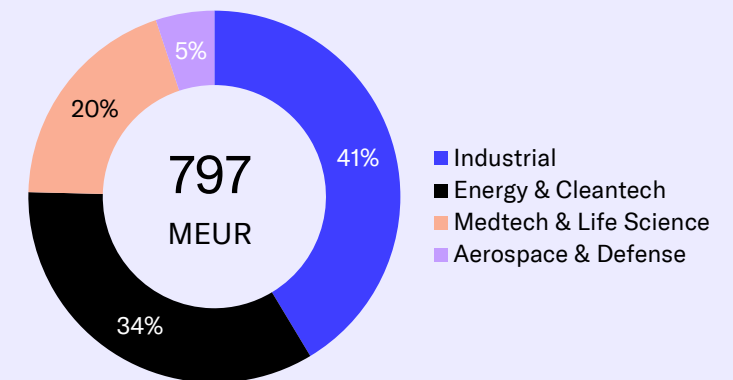
Contract manufacturers' production lines are typically standardized, making it quite difficult to gain a relative advantage in the industry through strong technological expertise or capital investments. Instead, Scanfil's turnkey delivery model still has a relatively large number of personnel-intensive processes. The people who manage these processes are variable parts, even though the industry is trying to increase automation rates. Relatively high personnel intensity and technological development, such as utilization of automation and AI, have increased and continue to increase the level of competence required from employees. In our view, the operating model itself does not create actual competitive advantages for Scanfil, but the company's strengths derive especially from the scale of operations, the global and efficiently performing production plant network, and the cost-effective and -conscious corporate culture.

## Long customer relationships are important

Due to the earnings logic of contract manufacturers, long-term customer relationships are crucial. We believe the strengths of Scanfil's operating model, which is geared towards turnkey deliveries, are particularly evident in long-term customer relationships, accommodating the typically gradual increase in equipment manufacturers' volumes and the resulting need for additional services.



Revenue breakdown by segment (2025)



Source: Scanfil, Inderes

\* Over 100 customers from a wide range of industries

# Company description and business model 3/4

Of course, long-term customer relationships are also the result of high-quality services that provide customers with added value.

Historically, Scanfil has also been very successful in this respect, and key customers have practically never been lost. Customer satisfaction, which fell in 2022 due to temporary delivery challenges caused by component shortages and exceptionally high inflation, clearly recovered in 2023-2025. We feel long customer relationships reflect both the durability of Scanfil's key strengths and its successful positioning in industrial electronics with good opportunities and, within it, in customers with good competitiveness. In particular, the last component, and thus the success of customers in their businesses, is critical to Scanfil's growth and shareholder value creation due to the dynamics of the industry. On the other hand, in Scanfil's key customer portfolio, stable and large companies have a high weight and explosive growth is also unlikely on their coattails, although increasing customer-specific market share may to some extent enable faster growth than the customer's growth (and vice versa).

In 2025, the company's growth also came from large customers, as revenue from the 10 largest customers increased by about 10%, while combined revenue from other customers declined by 7%. We attribute this primarily to the better-than-average development of large customers' businesses in a fairly challenging market. However, given the scale of the growth, Scanfil has likely gained market share among its largest customers from other contract manufacturers. The trend in Q1'26 reinforced this view, as revenue from the 10 largest customers also grew by 10%. Revenue from other customers grew by as much as 30% as well, but the majority of this growth was likely inorganic, resulting from the acquisitions of ADCO and MB.

### Order book is structurally short

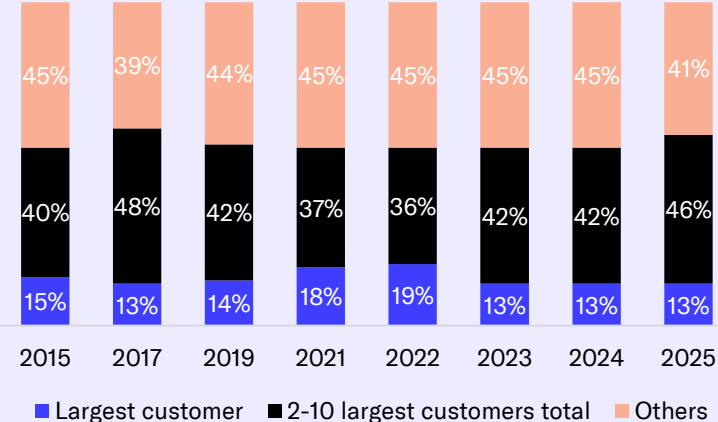
Fluctuations in contract manufacturer demand can be strong, as customers typically use contract manufacturers as buffers for variations in their end-use demand. Scanfil has long-term framework agreements with its key customers, which are specified into non-binding annual and monthly estimates. These estimates typically only turn into hard orders 4-6 weeks before delivery, so the order book is structurally short. In the unstable global supply chain situation of 2021-2022, order books and estimates reached well beyond normal (even 1-2 years ahead), but in our view, visibility has returned to approximately the long-term average level following the abnormal period.

Despite the structure of the order backlog, components are acquired clearly before the forecasts are converted to orders. This puts pressure on the company's working capital management, as the prices of components can vary significantly depending on their availability. However, customers' framework agreements enable Scanfil not to bear the full risk of front-loaded material purchases, but if the estimated order is cancelled, the responsibility for the components purchased to the inventory remains with the customer. A short order backlog may also make it difficult to manage the company's order/supply chain and cause surprises when demand estimates fail, as capacity does not fully flex in the short term. Incorporating the industry's earnings logic, we do not believe the situation will change, so the company must maintain operational flexibility and tools for this (e.g. the use of agency-hired labor) also in the future.

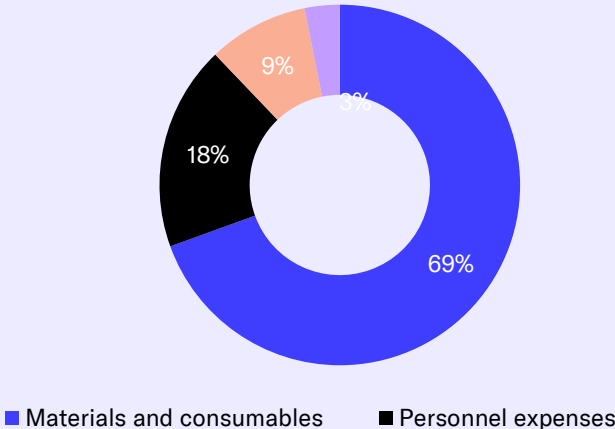
### Fairly flexible cost structure

We estimate that approximately 85-90% of Scanfil's total costs are variable and 10-15% are fixed, which means the company's cost structure is flexible.

Customer structure



Cost structure (2025)



Source: Scanfil, Inderes

# Company description and business model 4/4

Low fixed costs are mainly explained by the fact that the company does not need its own product development (i.e. the IPRs belong to the customer) and fixed resources tied to it. Fixed costs related to factories are also reasonable, considering the relatively light nature of manufacturing.

In addition, the company's organizational structure is light for its size and its culture is cost-conscious. Due to the light cost structure, Scanfil's realizable economies of scale are quite limited, and revenue growth does not scale to profitability with a particularly large lever after reaching a certain base level. In addition, key customers (several large companies) are skilled and demanding buyers, which limits the top margin. On the other hand, a light cost structure allows reasonable flexibility in operating costs. In the big picture, the light cost structure and reasonable short-term flexibility give Scanfil good tools in normal circumstances to achieve a satisfactory margin level (and healthy cash flow) even in a declining revenue environment. As a result, the company has never made an operating loss, and margins have remained at or above a satisfactory profitability level even in weak market conditions.

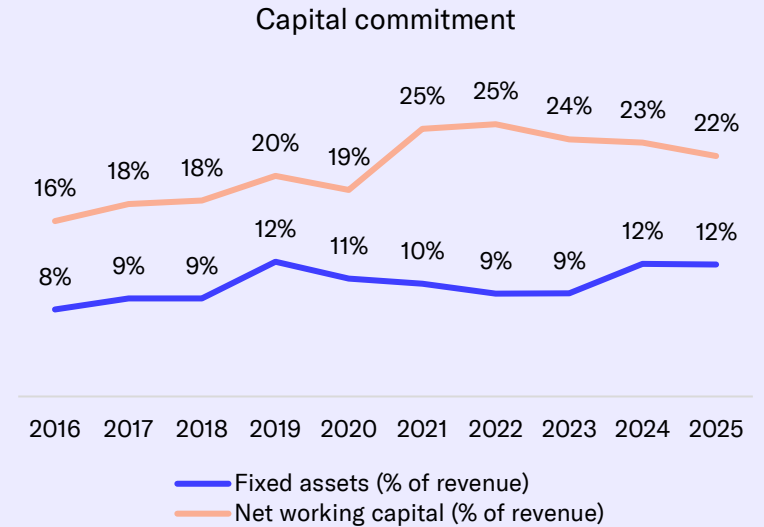
## The business is capital light

The company's business operations don't tie up much capital, even though the company operates in the manufacturing industry. In 2025, fixed capital as a percentage of revenue was approximately 12% (incl. IFRS 16), which is a moderate level. Relative to the balance sheet total, the share of fixed capital was, in turn, just under 16%, and the message it indicates is similar. This is mainly explained by the nature of the operations, which are more personnel-intensive and light in terms of equipment compared to the process industry, for example. In the industry, equipment investments can also be made in a fairly linear relationship with demand growth, if the wall and floor space of the factories allows it. This gives

players some leeway in their investments compared to current demand (cf. process industry), and contract manufacturers have typically avoided long-term overcapacity situations that destroy margin levels. Excluding acquisitions, Scanfil has typically invested 2-3% of its revenue, which will likely be sufficient for the company also going forward.

Scanfil's operations have traditionally tied up approximately 20% of revenue in net working capital, but the level has increased since 2021 due to challenges in component availability. Working capital relative to revenue has decreased from its 2022 peak but has not yet reached its pre-pandemic baseline. At the end of 2025, the turnover rates of trade receivables and accounts payable were balanced (i.e. trade receivables equaled accounts payable), and also in the longer term, these items have largely offset each other. Thus, the net working capital committed by the company consists mainly of inventories, on which the challenges of recent years have focused as well. We also estimate that the company will normalize its relative working capital efficiency in the coming years as demand and all parts of the supply chain stabilize over time and acquisitions are integrated. Contract manufacturing is working capital intensive across the board, even in normal circumstances, and this commitment puts a strain on Scanfil's free cash flow, especially during volume growth. In practice, an additional 1 MEUR in revenue requires 0.2 MEUR in financing to cover working capital needs, based on the company's typical working capital ratio of 20%.

Overall, moderate capital commitment is a positive thing, as the efficient use of capital creates a good basis for achieving high rates of return on capital and thus for creating shareholder value. In addition, a moderate capital commitment improves the company's dividend distribution potential and its ability to carry out acquisitions.





# Investment profile 1/2

## Scanfil is a growth company

Scanfil's long-term track record of profitable growth is mainly good, and we feel the company is profiling itself as a profitable grower. Our view is supported by both healthy organic growth prospects and the inorganic growth opportunities offered by the fragmented structure of the industry and enabled by Scanfil's ambitions. Scanfil's cash flow profile is healthy, and historically, the company has also aimed to steadily increase its dividend. The company has achieved the status of a European dividend aristocrat. However, we primarily see Scanfil as a growth company and believe that the role of dividends in the expected return is limited. Focusing on growth makes sense for longer-term value creation, as there is ultimately quite limited room for margin improvement even in light of the company's targets (i.e. tenths of a percentage point).

## Strengths and value drivers

We believe that the key value drivers and strengths for Scanfil are:

**Cost-effective culture and operating model:** Scanfil has historically grown strongly but at the same time profitably. Thus, growth has not been sought by sacrificing margins. In line with the industry framework, Scanfil's long-term average profitability has been quite good, and we believe this mainly stems from the company's cost-effective operating model and culture. Maintaining an efficient operating model and a mindset that emphasizes cost control will continue to be important, considering the structural characteristics of the industry (e.g., chronic fierce price competition), and we believe this is a key part of daily operations.

**Organic growth:** In Scanfil's customer field, end demand typically grows at about the same rate as GDP, and growth

is also supported by the still relatively low outsourcing rates in the customer sectors. These starting points should enable slightly faster growth than global GDP on an annual level, which, considering the cost logic of the industry, should also be reflected in earnings. In addition, we believe that the company's broad overall offering and increased sales efforts in recent years enable moderate customer-specific market share gains.

**M&As:** The contract manufacturing market is structurally very fragmented, and we believe that consolidation will continue in the future as chronically tight competition forces players to streamline their operations and seek economies of scale in procurement. This should offer companies like Scanfil good acquisition-driven opportunities to both increase scale and reduce the risk profile. Scanfil's previous track record of M&As creating shareholder value is mainly good, and we believe that the expected value of the M&A option is positive for investors. However, despite the promising starting points, it is still difficult to assess the final outcomes of the most recent arrangements.

**Small increase in profitability:** Scanfil's target is an adjusted EBITA margin of 7–8%. In recent years, the company has also reached the lower end of this range, as it has often done throughout its history. Sustainably increasing the profitability level to the upper end of the range would be a good margin level considering the industry's earnings logic, even though some peers have reached higher levels. We believe that reaching the upper end of the target range would require growth from the company, especially in its existing factories. The relatively small improvement potential in the profitability from this year's level highlights our view that most of Scanfil's long-term value creation must come through organic and inorganic growth.

## Summary of the SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>A global, efficient and flexible factory network</li> <li>High-quality customers and a good position within them</li> <li>Long operational history and good reputation</li> <li>No dependence on a single industry</li> </ul>	<ul style="list-style-type: none"> <li>Order book and visibility structurally short under normal circumstances</li> <li>Customer portfolio shows certain concentrations at the top level</li> <li>Pricing power is limited in both directions of the value chain</li> <li>At its current size, organic successes in customer acquisition are slow to materialize</li> </ul>
<ul style="list-style-type: none"> <li>Long-term growth drivers in customer segments are healthy</li> <li>The degree of outsourcing of customer sectors is still moderate</li> <li>The industry structure offers good opportunities for M&amp;As</li> <li>The company has also made a breakthrough in the defense sector</li> </ul>	<ul style="list-style-type: none"> <li>Loss of a key customer and customer-specific market share / the customer's own challenges</li> <li>Slipping from the cost-effective approach</li> <li>Failure in M&amp;As</li> <li>Structural changes in the competitive landscape</li> </ul>
Opportunities	Threats

# Investment profile 2/2

## Weaknesses and risks

We believe Scanfil's main weaknesses and risks are:

**Demand fluctuation and cyclicality:** A majority of Scanfil's revenue comes from investment goods, the demand for which is susceptible to several factors tied to the global economy and politics. Thus, sudden changes in demand can negatively impact the company's revenue and EBIT. This is further emphasized by the fact that due to the dynamics of the industry, the hard order backlog is short. In the longer term, thanks to the flexibility of its cost structure, the company has good prerequisites to adapt its operations to volume changes, and in practice, the predictability of its business has also been quite good. The customer portfolio that is spread across several industries and thus different cyclical stages also provides a buffer against demand changes.

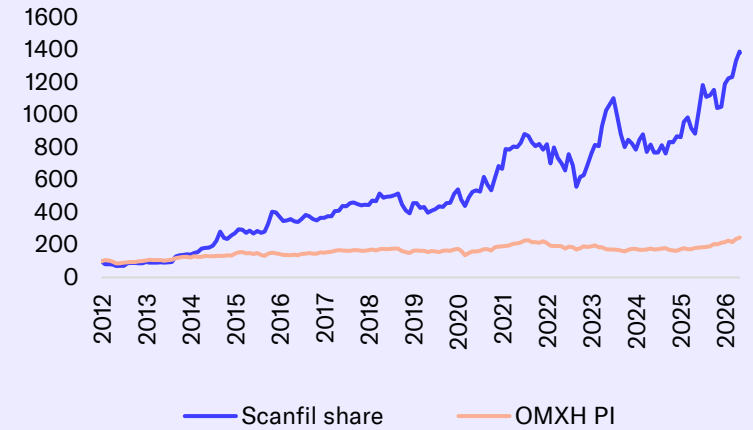
**Loss of a key customer:** Scanfil's customer portfolio is still concentrated, with the largest customer generating 13% of revenue in 2025 and the top ten generating 59%. There were approximately 160 active customers last year. The revenue from the largest customers likely includes deliveries from several factories and from several products (i.e., decision-makers are different parties at the customers), so losing an entire customer is not particularly likely. In addition to actually losing a customer, Scanfil also carries a risk that the state of customers' businesses deteriorates. In our opinion, Scanfil's key customers are strong and well-established players in their respective fields, and we believe that the company's position within these customer relationships is also good. These factors limit the risks associated with individual customers, but due to a certain degree of concentration at the top level, we still see some customer risks associated with the stock, at least in the eyes of investors.

**Pricing power:** Scanfil's value chain position is not easy, as the company faces price pressures from both component suppliers and end customers. As a result, the company may have its work cut out to defend its gross margins through pricing and/or prevent working capital from growing if customers' product prices face downward pressure and/or component prices face upward pressure. Looking at the longer history, however, Scanfil's gross margins and working capital levels have been stable, and the company's primary business practice is to pass on changes in component prices to its customers (though minor delays may occur). In our view, the company continues to have good prerequisites for this, reflecting the fierce but healthy competitive dynamics of industrial electronics and the strategic partnerships formed with key customers (i.e. the threshold for changing contract manufacturers is quite high), but fluctuations are possible in the short term.

**Changes in the competitive field:** Increased competition in Scanfil's key areas may to some extent increase margin pressure. In our view, possible structural changes could materialize through both organic and inorganic movements. Due to the industry's earnings logic, organic changes in the competitive landscape typically materialize slowly, but M&As can change the balance of power more quickly.

On the other hand, changes in the competitive field can also be driven by big players on a global scale if they try to break into industrial areas that are relevant to Scanfil. Tightening of the competitive landscape can also be driven by smaller companies than Scanfil. Structural changes in the competitive landscape will only become more evident in the medium term, and in the short term, risks related to the competitive situation are strongly linked to the relative competitiveness of contract manufacturers, such as price, quality, and factors related to security of supply.

Scanfil's share return, 2012–2026 (2012=100)



Scanfil's investment profile in brief

Strengths and value drivers	Weaknesses and risks
<ul style="list-style-type: none"> <li>+ Cost-effective culture and operating model</li> </ul>	<ul style="list-style-type: none"> <li>- Certain variation in investment-driven demand</li> </ul>
<ul style="list-style-type: none"> <li>+ Organic growth</li> </ul>	<ul style="list-style-type: none"> <li>- Business somewhat concentrated at the top level</li> </ul>
<ul style="list-style-type: none"> <li>+ M&amp;A transactions</li> </ul>	<ul style="list-style-type: none"> <li>- Pricing power</li> </ul>
<ul style="list-style-type: none"> <li>+ Small upside in profitability</li> </ul>	<ul style="list-style-type: none"> <li>- Changes in the competitive field</li> </ul>

# Industry and competitive landscape 1/6

## Huge overall market

According to estimates by various research companies, the combined revenue of the global electronics industry in 2022 will be around 2,200 BUSD. We do not believe that the total market has grown radically in 2023-2025, considering the economic turbulence. The whole market can be divided into four parts based on the business models of the companies operating in it: equipment manufacturers (OEMs), outsourced design and manufacturing (ODMs), contract manufacturers (EMSs) and component distributors (technical wholesalers and resellers). These operating models differ in the types of underlying value chains and who owns the intellectual property rights of the end product. Since Scanfil is a contract manufacturer, the company does not have independent and fully customer-independent product development. Thus, the company does not own the rights to the applications it manufactures. However, different operating models, excluding distributors, compete to some extent with each other (e.g., manufacture / buy decision), which is why we believe that it makes sense to look at the entire electronics market as the relevant starting point for Scanfil's target market.

The contract manufacturing market itself is estimated to be around 600-650 BUSD in 2025 by various research companies. Thus, the playing field is huge compared to Scanfil's own size class, and we do not see the market size in itself as limiting the company's growth opportunities in the foreseeable future.

## Asia reigns supreme in size

Geographically, Asia is the number one market. The largest Asian companies in the industry, such as Hon Hai (Foxcon), Pegatron and Compal, account for around half of the global

industry's revenue. The market for European electronics manufacturers is much smaller and more fragmented, with the 30 largest European companies accounting for only around 2-3% of total industry revenue. Asia's dominant share is driven by the historically lower cost level of the region than in developed economies, which has attracted equipment manufacturers and their subcontracting chains to the region to maintain their cost competitiveness. Within Asia, however, the cost dynamic has been shifting over the last decade, since strong cost increases, particularly in China, supply chain vulnerabilities exposed during the pandemic, and trade policy risks have resulted in new production and relocation of old production to more advantageous regions, like India and Vietnam. In addition to rising cost levels, this shift has been fueled by trade and geopolitical tensions in China, the risks of concentration in supply chains brought to the surface by the COVID pandemic, and increased awareness among equipment manufacturers of the total cost of supply chains. In Eastern Europe, labor costs are roughly 30-40% lower than in Western regions, although wage inflation has also been high in Eastern Europe in recent years.

With the degree of personnel intensity of operations and constant price pressure, we believe that actual volume production will continue to focus on low-cost areas. The industry is likely trying to reduce risks related to individual countries, and especially China, due to the supply chain risks exposed by the COVID pandemic and the tighter geopolitical situation. Thus, we believe the primary role of Western production plants is to focus on narrower niche segments with higher requirement levels, fast deliveries, product development series, as well as deliveries to the security-critical defense sector.

## Scanfil's selected competitors/peers



Competitors operating with high production and financial resources with a strong presence in various electronics products



Medium-sized players with resources for large service packages, and focus almost entirely on industrial electronics applications



Companies with a slightly narrower service offering or geographical coverage that are flexible and agile

# Industry and competitive landscape 2/6

The continuous development of production chains that are gradually moving closer and production technologies (e.g. automation and AI) should partly support the strategic roles and competitiveness of Western units, also given volume production of a reasonable scale.

## Four segments on the market

The market can be divided into four segments: 1) consumer electronics, 2) industrial electronics, 3) electronic components, and 4) other professionally used electronic products.

In consumer electronics, the technical requirements for applications are not very high, but the delivery volumes are large (low mix / high volume). The successful contract manufacturers in this segment are huge players with vast production resources. In consumer electronics, product cycles are short, lasting about 2-3 years. Competition is price-driven and fierce, which keeps margins thin. Thanks to large volumes, however, managing working capital is relatively easier for a giant company in the industry.

Scanfil is positioned especially in industrial electronics and other electronics used for professional purposes, where product technical requirements are high and deliveries are clearly smaller than in consumer electronics (high mix / low volume). In industrial electronics, product cycles can be up to 20-30 years, making the contract manufacturer an important partner for the OEM and highlighting the role of own product development expertise and after-sales customer service. This in turn makes the competition in industrial electronics healthier and creates attractive business opportunities also for smaller players. However, a challenge in a business that breaks down into smaller

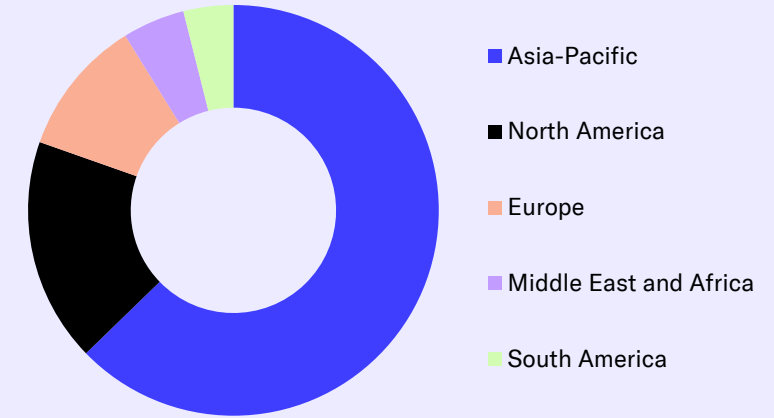
entities may be a greater susceptibility to tie up working capital. The dynamics of other professional electronics are broadly similar to those of the industrial sector. Scanfil is not involved in components.

## Growth outlook is good

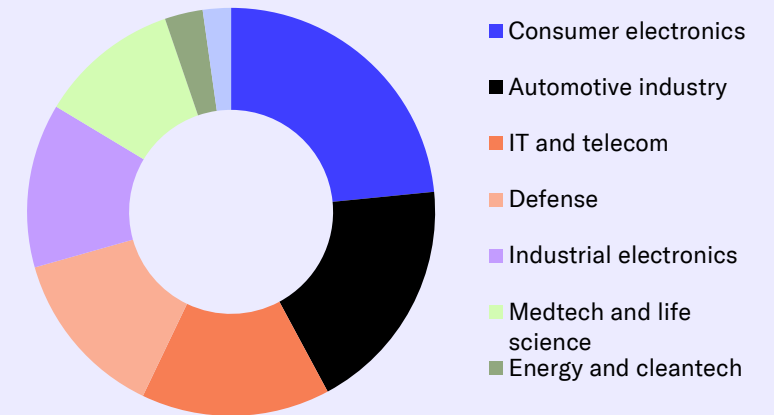
Market growth is driven by global electrification, which is steered by rising living standards, digitalization, an aging population, the green transition, and the AI revolution. Supported by these factors, the total market has grown by about 4-5% per year according to various sources, although higher estimates have also been presented, especially for future global growth. The growth rate is expected to remain healthy in the coming years, supported by strong drivers, although a weakening general economy typically eats into the prerequisites for short-term growth (cf. e.g. 2024). Geographically, growth is estimated to be fastest in Asia, which is expected to exceed global growth. In Europe and North America, however, market growth is estimated to remain below global growth, in line with the slower development of the general economy.

Of Scanfil's segments, demand growth in Energy & Cleantech and Medtech & Life Science is expected to be stronger than market growth. The strongest growth outlook for the next few years is especially in the Aerospace & Defense sector in Western countries, where annual growth potential could reach up to 20% in the coming years as Europe strengthens its military capacity. In the longer term, however, this growth rate is not sustainable due to government budget constraints.

Estimated geographic breakdown of the industry



Estimated breakdown of the industry by segment



# Industry and competitive landscape 3/6

In our view, this is more a case of adjusting to the changed geopolitical situation through a level-up adjustment than of long-term structural growth.

In addition to global drivers, increasing outsourcing among OEMs has been a market driver in recent years. The industrial logic of this is clear: production outsourcing frees up OEMs' resources for their core operations while generating cost savings. Outsourced production enables OEMs to better manage their capacity and cash flow as investments can be transferred and growing demand met by utilizing contract manufacturers' resources. In addition, reflecting this dynamic, OEMs can achieve certain cost-related flexibility in their typically rather fixed cost structures. As a result, the growth of contract manufacturers has increased more rapidly in recent years than in the electronics market as a whole. We believe that the situation will continue as is, reflecting the overall benefits mentioned above.

In industrial electronics, the degree of outsourcing has typically been well below consumer electronics, as smaller and more demanding deliveries raise the threshold for larger outsourcing. However, we estimate that, with the benefits offered by contract manufacturers, reducing own manufacturing resources will become more popular among industrial electronics OEMs and especially among new companies entering the market (i.e. no large-scale production investments). Considering this we believe that growing demand will increasingly be directed toward competitive contracting manufacturers. We believe that the outsourcing rate of industrial electronics is only around 35%, indicating that even a small increase in the outsourcing rate would offer contract manufacturers a

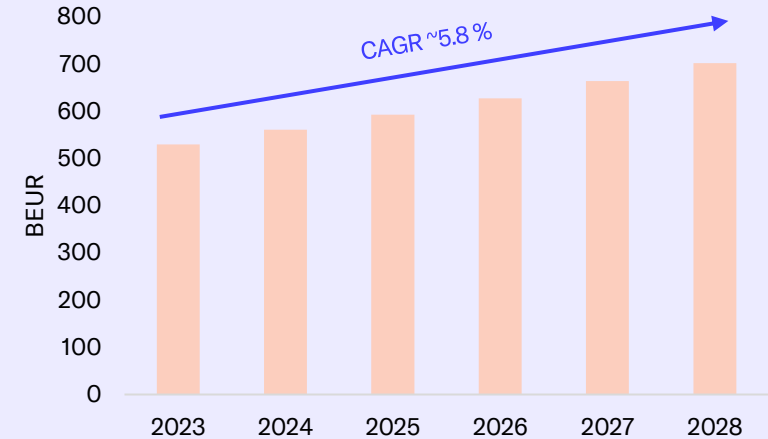
substantial amount of additional sales in an absolute large market. In the defense sector, the rapid need to increase production capacity may also increase outsourcing rates.

## Scanfil has a good position

Considering the good long-term growth and profitability potential of industrial electronics, we believe Scanfil is fairly well positioned in the industry. As a reasonably small player relative to the total market, Scanfil is not primarily dependent on market growth, but it does not operate in a vacuum either. Thus, market growth is a positive driver for Scanfil, since attractive niche segments may be ignored by large players as the market grows. On the other hand, a slowdown in market growth would most likely stem from hiccups in the economy, and this would inevitably affect the businesses of Scanfil's customers and thus Scanfil.

Scanfil's operating model is vertically integrated, which makes the company's offering broader than that of a player focused solely on electronics manufacturing and thus brings differentiation. We believe this is particularly emphasized in industrial electronics, where product cycles are long and the customer's product development need is continuous in nature. We feel Scanfil has good capabilities to respond to the challenges posed by the forces (e.g. automation and AI) that are reshaping production processes and customer product applications in a trend-like fashion in the coming years, while also benefiting from the opportunities that arise.

Estimated development of the global contract manufacturing (EMS) market



## Growth drivers for the market

Electrification of the world

Rising living standards, digitalization, aging population, and the green transition.

Increasing degree of outsourcing among equipment manufacturers

# Industry and competitive landscape 4/6

Therefore, we see Scanfil's position relative to the electronics market and prevailing trends (incl. energy efficiency, green energy, electrification, growth in the defense sector) as good.

## Plenty of competition

Due to the earnings logic of the industry, contract manufacturers' value chain positions and thus limited pricing power, the basic nature of the competitive landscape is harsh. Despite this, customer retention has typically been good in the industry. We believe this is particularly supported by the fact that the costs of switching contract manufacturers can be high, so customers try to stick to the same suppliers for a long time. OEMs typically only change their contract manufacturers for weighty reasons, such as constantly stretching delivery times, recurring quality problems, and a loss of cost competitiveness. However, the cost of switching is a bit of a double-edged sword, because while it strengthens customer relationships, it also makes it difficult for contract manufacturers to acquire new customers based on the same logic.

Despite the global structure of operations, the local nature of customer relationships has remained strong. For this reason, Scanfil has many Swedish and Finnish industrial and technology companies as customers. Accordingly, Scanfil's competitive landscape varies regionally and the company partly faces different companies in the Nordics, Central Europe and Asia. In addition to regional factors, the actual peer group is naturally also affected by the underlying industry (i.e. the positioning of competitors) and the customer's size class.

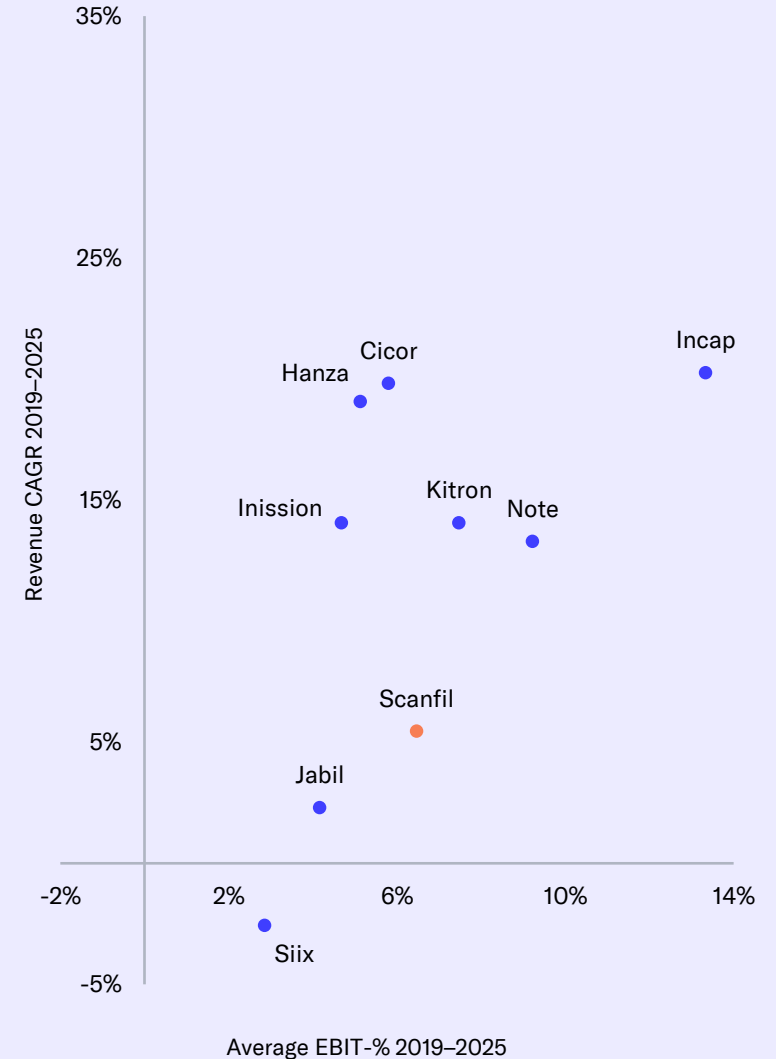
## Three-tiered battle

Contract manufacturers can typically be divided into three groups based on revenue.

The largest companies (revenue > 1,000 MEUR) operate extensively across the electronics industry segments, and another common denominator for these players, especially the largest ones, is massive production resources, especially in low-cost regions. Due to their large size, these players have typically operated in the low mix/high volume segments for companies significantly larger than those at the lower end of the range. The extensive operations of companies at the lower end of the range, as well as those of larger companies to some extent, inevitably extend to customer sectors important to Scanfil. Smaller, yet highly capable of investment, companies in this segment, such as Zollner, GPV, Siix, Jabil, Sanmina, and Celestica, are highly relevant competitors for Scanfil. However, we do not consider the very largest companies in the industry to be an immediate threat to Scanfil because we believe that maintaining smaller client relationships would require these giants to change their operating models and ways of thinking.

**The annual revenue of the second-tier companies is 300-1,000 MEUR.** These companies typically operate with global operating models but concentrate on one or more market segments. Mass production of consumer electronics is largely outside the capabilities of these players, but flexibility and agility are still sufficient to bring competitiveness to smaller manufacturing batches and tailor-made customer service. In our view, Scanfil, or at least some of its factories, may face competition from this segment as well, at least among smaller, local customers. Companies in this size category are also relevant peers for Scanfil, even though they rarely compete with each other (cf., e.g., Incap, Note, Kitron).

Financial development of listed businesses



Source: Bloomberg, Inderes

# Industry and competitive landscape 5/6

Scanfil does not compete with companies in the **third category, those with annual revenues of around 300 MEUR or less**, for the largest customers, but individual factories may, of course, face even local competitors when dealing with smaller customers. The resources of companies in this size category are narrower than those of medium-sized players, which means that their service offerings or geographical coverage are also smaller (i.e. not always fully vertically integrated). In addition, the customer base of these companies can be highly concentrated. The key competitive advantages of small companies, on the other hand, are agility and flexibility, special products, and fast lead times. However, we consider it possible that with growth, new competitors will emerge for Scanfil in this category in the long term.

## Consolidation shapes the competitive landscape

The industry as a whole is very fragmented, with over 2,000 contract manufacturers in Europe alone. The number is even higher in Asia, although the sector is more concentrated in Asia with large players. In recent years, the large number of players and efforts to improve value chain positions have clearly driven the consolidation of the sector. We expect this will continue to affect the structure of the competitive landscape reflecting the industrial logic of the underlying drivers (e.g. mitigating customer risks and pursuit of economies of scale in purchasing). We feel the structure of the industry is favorable for Scanfil, as it offers ample opportunities for inorganic growth in line with the company's strategy, as evidenced in recent years as well.

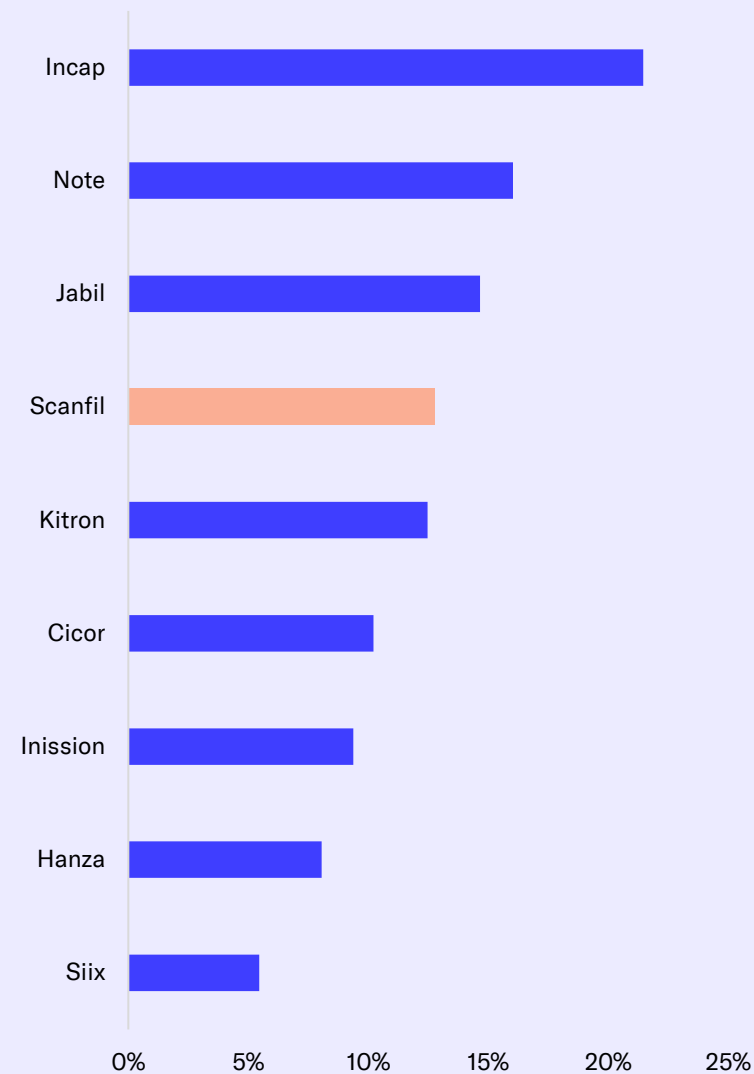
## Scanfil is a strong player in the industry

In recent years, Scanfil's profitability has been among the best in the competitive landscape, which, we believe,

reflects the company's largely successful strategy execution and the good effectiveness of its key strengths. In general, there is a strong dispersion in the profitability of European companies in the sector. This highlights the importance of correct positioning and operational efficiency, as the competitive situation in the industry is tough due to, e.g., chronic price pressure. Against this backdrop, we do not think it is justified to expect Scanfil to be able to achieve a significant improvement in margins in the coming years, despite the company's good track record and reputation.

Due to the low capital intensity of the industry, even with reasonably thin profit margins (i.e. EBIT margin 6-8%), it is possible to achieve high returns on capital of roughly 20%, provided that working capital (i.e. the size of the balance sheet) remains at a fairly normal level and the balance sheet is not inflated by goodwill created by unnecessarily expensive acquisitions. Scanfil's return on capital figures have been at the top of the competitive field thanks to good basic profitability and, under normal circumstances, efficient capital utilization. This supports our view that Scanfil is a top-quality company in the industry, even though several Nordic peers have managed to achieve higher relative profitability than Scanfil in recent years when measured by margins.

Average ROIC-% 2019-2024



Source: Bloomberg, Inderes

# Industry and competitive landscape 6/6

## Current competitive situation (significant\*)

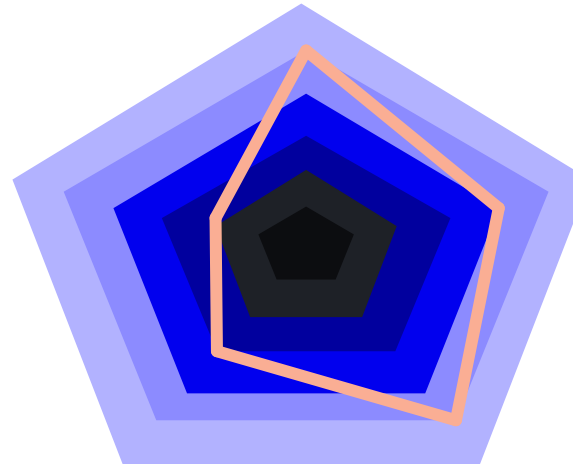
- The number of manufacturers is huge globally and value chain positions are chronically challenging
- Cost structures of OEMs are reasonably rigid, increasing their price sensitivity and partially tightening competition
- A healthy long-term growth picture lowers the tightness of competition

## Threat of substituting products (minor\*)

- Contract manufacturers do not have own products and the threat of substituting products manifests through customer portfolios
- We do not believe that a drop in the degree of outsourcing is a concrete threat, considering the overall benefits offered by contract manufacturers
- There are also no change catalysts in sight that would replace existing production technologies

## Threat of new competitors (low\*)

- Ramp-up of operations does not require massively heavy capital investment, the industry growth picture is healthy
- Due to the switching costs for OEMs and the operating dynamics new customer procurement is slow, which reduces the risk of completely new competitors
- Achieving competitive technology and process expertise requires a sufficient scale



## Negotiating power of suppliers (moderate\*)

- Component production is rather concentrated, which limits the bargaining power of distributors and, consequently, contract manufacturers
- The supply chains of contract manufacturers are decentralized and dependence on a single supplier is moderate
- There is a risk of further integration of component suppliers, and this has also been realized in recent years

## Buyers' bargaining power (significant\*)

- OEMs' supply chains are typically more decentralized than contract manufacturers' customer portfolios (i.e. the OEM is more important for contract manufacturers than vice versa)
- There is a low risk of contract manufacturers' forward integration, while OEMs also have own production
- Contract manufacturers' differentiation capacity is thin and limited to service level, but the cost of switching can be high
- In industrial electronics, the price sensitivity of OEMs is lower than in consumer electronics

# Strategy 1/5

## Key priority: profitable growth

Scanfil's strategic goal is to grow profitably. We believe the key factors for achieving the goal are strengthening long-term customer relationships, growing with customers, utilizing a comprehensive delivery offering in new customer acquisition, acquisitions, and cost efficiency. Scanfil is committed to being a global player strategically and operationally, which we believe is important given the global business of the company's key customers.

In our opinion, there are no significant weak links in Scanfil's current operations, although the challenging operating environment at its German plant has forced the company to initiate a profitability program in 2026. Additionally, the company does not have any large-scale or long-term development projects. This is also indicated by the rather limited profitability differences between geographical areas. Thus, the company can focus on implementing the strategy and creating long-term shareholder value. In 2026 (and especially in H1'26) the company will, however, have two nearly overlapping acquisitions to integrate. While we believe that this slightly increases the short-term risk level, the operations of both acquired companies have developed well based on current information, and no other problems have surfaced.

## The factory network has capability to serve a variety of customers

In our opinion, the key to the contract manufacturing business is the factories' capabilities to serve their customers in an optimal way. This is further emphasized in Scanfil's current operating model, which aims to decentralize decision-making closer to customers at factory level to improve responsiveness and operational efficiency.

Of Scanfil's 16 factories, 11 are located in higher-cost countries, Finland, Sweden, Germany, Italy, the US, and Australia. The remaining 5 are located in lower-cost areas in China, Poland, Estonia and Malaysia. We believe factories in low-cost countries are, on average, bigger and play a larger role in serving the company's global key customers, although factories in China and the US, in particular, play a significant role from the perspective of local markets.

In China, in particular, we think that Scanfil applies a business model that relies on local markets, which we think makes sense given the large size of the Chinese market and, on the other hand, the specific risks associated with the country. Nevertheless, we believe that Scanfil has fared quite well in China in recent years, while many competitors have scaled back their operations there. The promising outlook is also indicated by the company's decision in Q1'26 to invest 9 MEUR to increase the floor space of its Suzhou plant by 70%, to approximately 37,000 square meters. Considering the group's scale, we deem this moderate investment justified and do not believe it will significantly increase the company's risk profile. We estimate that Scanfil will gradually fill the new space with equipment in line with growing demand, starting in late 2027.

Correspondingly, smaller factories in countries with higher cost levels must gain competitiveness from flexibility and a broader service selection, which in practice means product and production planning support functions and prototype testing play a bigger role in the service selection. In our estimate, the role of Western factories in the portfolio is also supported by the geographic diversification that may be beneficial in the event of a partial return of supply chains from East to West due to tightening trade and geopolitical situations. Additionally, in the defense and aerospace

sectors, local production in countries belonging at least to the same alliance is often a minimum requirement.

In this way, Scanfil can provide growth-oriented and internationalizing customers with a clear path from product development series to global volume manufacturing. We see this further increasing the attractiveness of the company's total offering and gradually raising switching costs. Thus, we consider the factory network to be an essential element for Scanfil's competitiveness.

## Ability to offer additional services

More than 90% of Scanfil's revenue comes from product deliveries, but the company offers value-added services (e.g. logistics and minor repair work). In 2025, the company's service sales were 41 MEUR, down by just over 10% from the comparison period. Service revenue, consisting of logistics and warranty services, is concentrated in Northern Europe and the Americas. Large customers, on the other hand, often have their own resources in areas similar to these offerings. This is also reflected in lower service sales in Central Europe and APAC compared to Northern Europe and the Americas, as we believe the customer structure in the former two regions is more heavily weighted towards large customers. In our view, the additional services offered by contract manufacturers also cannot achieve exceptional and clearly higher margins than product manufacturing (cf. maintenance businesses of engineering workshops), which highlights their roles as complementary parts to core functions.

## Growth through organic...

Scanfil seeks organic growth through both established and new customers. This division has also been reflected in the company's sales organization and the areas of focus for individual salespeople.

# Strategy 2/5

It is a natural approach, as the company's customers are well-positioned in their respective industries and have at least moderately strong competitiveness, which makes growing with them attractive. Growing with existing customers has played a significant role in the company's strategy. However, many of the company's key customers depend on the prevailing state and direction of the global economy, which limits their growth potential and, to some extent, also Scanfil's, without gaining market share. According to our estimates, Scanfil's market share varies among some customers. Larger customers also have broader supplier portfolios. Nevertheless, scraping together significant market share gains from existing customers is hard over time, but expanding the geographic presence and replacing customers' in-house production, for example, may create opportunities for the company, particularly after recent acquisitions. New customer acquisition is easier in smaller companies, but, on the other hand, reaching a more significant size considering the company's scale can take time, and their importance in Scanfil's current strategy is more limited.

While some of Scanfil's peers were ahead in terms of organic growth rate over the last 10 years, the company has significantly improved its new sales, in our view. For example, in 2025, the company sold new projects at an annualized rate of 220 MEUR (+16% y/y). This should support the company's growth this year, even though sales from new projects have so far translated into revenue rather slowly. Similarly, approximately 10% of the company's annual revenue comes from projects nearing completion or products at the end of their lifecycle, a factor that must be considered when evaluating the net profit contribution of new projects. We estimate that the improvement in new sales is due to a reorganization of the sales function, in

which sales resources have been strengthened and sales responsibilities have been assigned not only through a centralized service for key global customers but also directly through the plants.

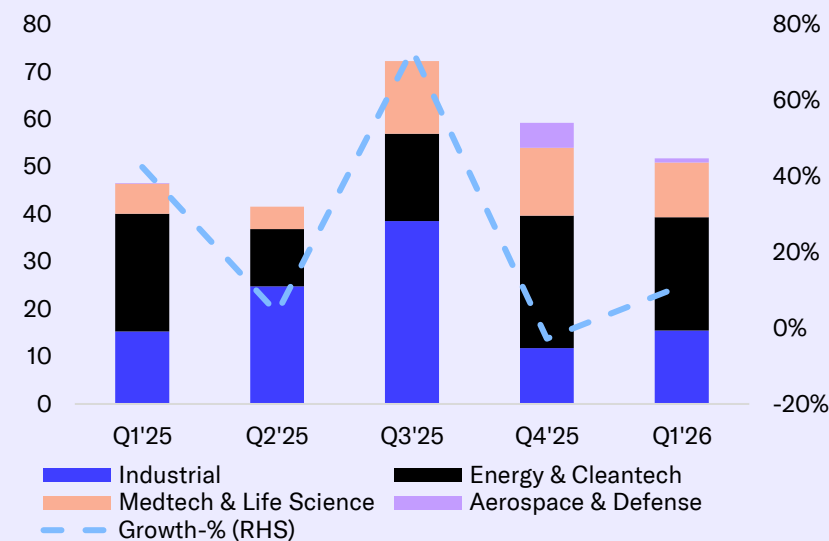
Increasing market share in the smaller end of the current portfolio and among customers gained through acquisitions is also desirable for risk management, as the customer portfolio is still somewhat concentrated at the moment. However, due to the logic of the industry's earnings, new customer relationships typically start slowly, and for Scanfil, progressing to significant volumes may require several years of cooperation. Thus, especially in the short term, the direction of revenue is very strongly determined by the development of business operations and orders among established customers.

In our view, the company should have a reasonably good capacity for organic growth, as Scanfil expanded its factories in Poland, Germany, China, and the US in 2022 (there is room for further expansions at least in the US). Scanfil also has the aforementioned construction investment underway in China, as well as a 14,000 m<sup>2</sup> construction expansion at the Sieradz factory in Poland. However, the project in Poland was postponed due to the slowdown in market growth, and we believe the company has also sought to implement the investment in a more phased manner than originally planned, as well as improving the efficiency of current production. As the market picks up, though, it would likely be possible to resume the project fairly quickly. In Malaysia, the company is investing over 4 MEUR in a new SMT line, which we believe is due to the capacity needs at the factory caused by the Laerdal and Valmet customer relationships. In addition, Scanfil has continued and will continue to invest in the automation and digitalization of production processes and material management (estimated 6 MEUR in 2024–2028).

Development of product and service sales (MEUR)



New project sales by quarter (2025-Q1'26)



Source: Scanfil, Inderes

# Strategy 3/5

The aim of these investments is not only growth but also continuous improvement of productivity.

## And in the long term also through inorganic measures

In line with its strategy, Scanfil also seeks growth through acquisitions. In our opinion, the weight of the inorganic line increased slightly in the spring 2024 strategy update. We feel this is supported by the already quite advanced path in margin improvement, as well as the risks affecting organic growth prospects in the prevailing slow-growth, high-uncertainty global economic environment. The company has also completed three acquisitions since the strategy update.

Even though the sensibility of acquisitions is always case-specific (e.g., price and business profile), we view Scanfil's acquisition plans positively for the following reasons:

- 1. The cash flow profile of an acquisition is usually positive right away** and generates faster results than organic investments
- 2. Acquisitions expand the company's customer base** automatically and open both new market areas and possibly also new industries
- 3. Affordable acquisitions** (i.e. the multiples of the company being purchased are lower) create shareholder value already in the short term, which also makes the longer-term value creation potential attractive
- 4. The industry structure is fragmented**, which offers enough potential mass for carrying out an acquisition-driven strategy

Scanfil has not made any greenfield investments in its recent history, and we do not expect the company to do so in the future either. In our opinion, the risk level in such

investments is higher than that of an acquisition of the same scale, reflecting, e.g., differences related to the cash flow profile.

## Previous acquisitions

In 2015, Scanfil carried out a large and very successful PartnerTech transaction, while in 2014 and 2019, the company made two smaller transactions by acquiring the German Schaltex Systems and HASEC. These acquisitions enabled Scanfil to expand its geographical coverage in both Europe and overseas. However, Scanfil's Hamburg factory, which came with Schaltex, was forced to close in 2021 due to profitability challenges. Thus, the deal was not a complete success, although it allowed the company to enter Central Europe and the Medtech segment, and despite the closure, it retained at least most of the factory's customers.

## Current management's playbook has resulted in three deals

Under the current management, Scanfil has completed three strategic acquisitions (SRX, ADCO Circuits, and MB Elettronica) in recent years, which have strengthened the company's geographic reach and position, especially in the aerospace and defense industries. According to our research, these acquisitions align well with Scanfil's playbook, which emphasizes inorganic growth and diversification of customer risks. The company has also been able to complete these deals without significantly weakening its balance sheet.

## SRX Global (Australia and Malaysia)

Scanfil acquired SRX for a debt-free purchase price (EV) of 23.3 MEUR. SRX's revenue for the financial year ending in

June 2024 was 39 MEUR and EBIT was 2.7 MEUR (EBIT 7.0%). In our view, SRX is a good fit for Scanfil as it expands production to Asia outside of China as well as to Australia, with no overlap. The purchase price (EV/EBIT below 9x) was in line with Scanfil's own multiples at the time of the transaction, and we believe that a single-digit EV/EBIT multiple in absolute terms is moderate.

In our assessment, SRX's development has not fully met expectations (likely in Malaysia), as Scanfil wrote off the entire earn-out from the balance sheet in Q4'25. However, the payment terms, based on a relatively high earn-out, neatly limited Scanfil's risks, and, in our view, the deal's potential for value creation has not been lost if the company succeeds in completing the Malaysian plant (incl. a 4 MEUR investment in a new SMT line for the plant).

## ADCO Circuits (United States)

Scanfil acquired 80% of the shares of US-based ADCO Circuits for a purchase price of 13.6 MEUR (vs. 100% EV 21.7 MEUR) in December 2025. ADCO's revenue for the 12-month period ending November 30, 2025, was 35 MUSD, and EBIT was 4 MUSD (EBIT 11.3%). The acquisition strengthened Scanfil's presence in North America and the aerospace and defense sector. This sector accounted for 37% of ADCO's sales. We consider the purchase price (EV/EBIT 7x) attractive given ADCO's strong profitability, even though the margin must be adjusted downward by 0.4–0.5 MUSD following the acquisition due to rising rental costs. Despite the promising starting points, it is still difficult to assess the value creation of the transaction for now because, despite the low valuation, we believe that value creation depends especially on ADCO's success in achieving profitable growth in the coming years.

# Strategy 4/5

## MB Elettronica (Italy)

Scanfil acquired the Italian company MB Elettronica, with an enterprise value of a maximum of 123 MEUR. Of this amount, 91 MEUR was paid upon completion, while up to 32 MEUR is contingent on the results for 2026–2027. MB is a strategically significant, medium-sized acquisition for Scanfil. In 2025, MB's revenue grew by 22% to 120 MEUR (with approximately 40% coming from the defense and aerospace sectors), and comparable EBIT increased to 10.3 MEUR (EBIT 8.6%). Based on actual figures from 2025 and excluding the additional purchase price, the transaction's EV/EBIT multiple is approximately 9x. Consequently, we believe that MB's valuation level is also attractive at the outset and that the deal has promising value creation potential. In our view, assessing the value creation of the MB acquisition is still early as well, and, despite the moderate initial valuation, the outcome will mainly depend on MB's growth and profitability development in the coming years.

When mapping out acquisition targets, we believe that Scanfil will maintain a disciplined and conservative approach in terms of both the quality and price of the business to be acquired. The company works independently with its own M&A team in its mapping efforts, but investment banks and advisors naturally also offer potential targets to all parties interested in M&A in the industry. Ideally, however, Scanfil aims to convince sellers directly of its ability to be a good, long-term owner of the acquisition target in question. This could make it easier to win bidding competitions and help keep prices in check, although we do not believe there is any hard evidence to support this at this time. Alternatively, a target found through an in-house M&A team could be more affordable because a comprehensive auction is not always arranged. As we understand it, the company discovered ADCO through its own operations, whereas it won auctions organized by the

purchasers in the case of SRX and MB. It is not possible to precisely assess the reasons for winning bidding competitions from an external perspective.

Regarding purchase prices, it appears that the company follows a model in which the base purchase price is based on actual figures, while the potential future growth and earnings expectations of sellers are addressed through contingent additional purchase prices or other conditional structures. In our opinion, this is a well-founded approach, given the typical risks associated with corporate acquisitions (including overpaying, the sustainability of earnings performance, and integration). It seems like a sound solution to us. For example, in the SRX acquisition, the non-payment of the earn-out limited the company's risks, although the full payment of an earn-out is positive in our opinion, provided the earn-out structure is properly designed. Regarding the geographical location of potential acquisition targets, the company appears to be omnivorous, but, in our view, it would be sensible to avoid forming overlapping structures and customer concentrations in the same countries.

### Financial targets were updated in 2024

Scanfil changed its financial targets in connection with the 2024 strategy update. The company is now aiming for 10% annual growth over cycles (incl. organic and inorganic growth) and an EBIT margin of 7-8%.

The company has recently exceeded its long-term revenue target thanks to successful organic growth investments, a favorable economic cycle, inflation, and acquisitions. Given the company's customer structure and geographical business distribution, we estimate that roughly half of the target must come inorganically via acquisitions, assuming that in the coming years, we will be in an environment of slower rather than faster global economic growth.



## Financial targets

### Revenue growth

10% growth over the cycle

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### Profitability

Comparable EBITA 7–8%

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### Debt servicing capacity

Net debt/adjusted EBITDA  
below 1.5x

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### Dividend distribution policy

The aim is to distribute approximately 1/3 of the Group's annual net result as dividends to shareholders

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# Strategy 5/5

Continued success in the same areas will be required to achieve this goal, but we view it as realistic in the long term. The company's new project wins have given us confidence that it will achieve or slightly exceed its targets for organic growth over the next few years. Annual growth will also vary due to the timing of acquisitions and economic cycles.

## The profitability target is realistic

Scanfil reached its profitability target before the PartnerTech acquisition and is now close to the lower end of the range. In the sector, a few other Nordic companies have also reached and/or exceeded the range, although we point out that in at least some cases, the level of risk has also been higher than with Scanfil as a counterbalance to high profitability. Generally, an EBIT margin of 7–8% is considered good in the context of contract manufacturing. At this level and with Scanfil's typical balance sheet structure, the return on equity will undoubtedly rise to meet the criteria for a high-quality company (i.e., an ROE of 15–20%), despite the company's balance sheet having grown as well due to the goodwill generated by acquisitions. Overall, the financial targets are also realistic in terms of profitability, given the company's previous track record and the logic of the industry. However, according to our estimates, achieving these targets would require maintaining volumes at or above current levels and a slower ramp-up pace for new products than at present (especially in Q1'26). Ramp-ups of new projects tend to be concentrated especially at the beginning of the year, and these ramp-ups typically slightly erode profitability during the first six months or so.

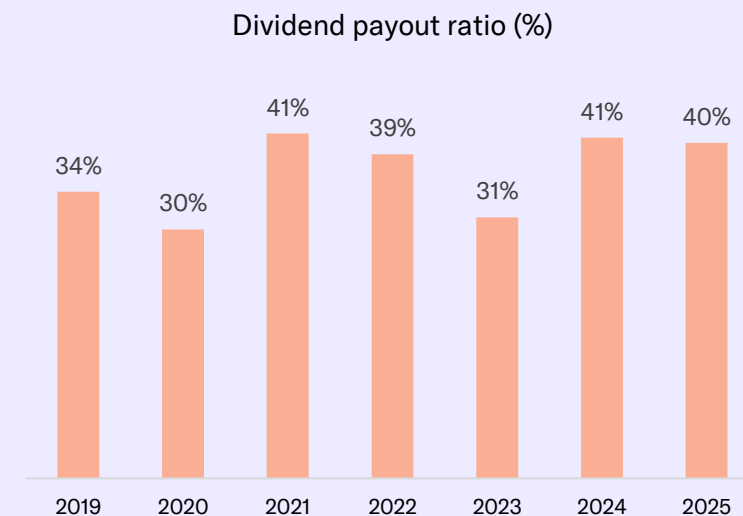
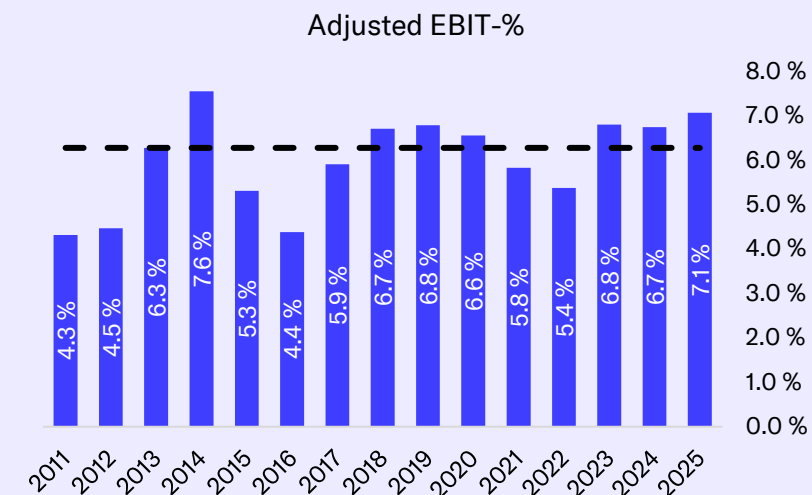
Nevertheless, in our view, it will be difficult for the company to achieve the profitability levels of the top performers in the Nordic peer group. This is attributed to the company's

customer portfolio, which is, on average, more mature and has greater bargaining power than that of some peers, the company's desire to remain competitive within this customer base as well, and a growth target of 10%, which is higher than the market growth rate. Thus, we see that the value creation potential from margins is moderate, especially when calculated from the longer-term average actual figures, which further emphasizes growth as the most important long-term value driver.

## The business can withstand a small leverage well

In light of the balance sheet target, the company aims to maintain a solid position, which is justified given the industry's business logic and the strategy involving acquisitions. Scanfil's EBITDA is also fairly stable and at least there have been no major downward fluctuations. Therefore, we believe the company can withstand leverage similar to or temporarily even slightly higher than the target level, and there will probably be a clear safety margin to the financiers' covenants at the target level. In our estimation, the company would have the capacity to make smaller acquisitions (EV below 50 MEUR) as early as 2026, despite having completed already three transactions since the beginning of Q4'24. Over time, stable positive earnings and cash flow development would naturally increase leeway.

In terms of dividends, Scanfil's official policy is to keep the dividend payout ratio at around one-third, although we believe the company is also aiming for steadily increasing annual profit distribution. In our opinion, Scanfil has good prerequisites for this, considering the low organic capital requirement. Considering the company's capital return potential, we find allocating cash flow primarily back into the business more attractive than profit sharing for shareholders.



# Financial position 1/2

## The balance sheet is working capital heavy

Scanfil's balance sheet is very typical for a contract manufacturer and reflects the industry's low fixed capital needs before the balance sheet effects of potential acquisitions and higher working capital commitment. At the end of Q1'26, the company had 108 MEUR of fixed assets and 124 MEUR of intangible assets (88 MEUR of goodwill). In our view, the company's long-term assets are current, as it has shut down unprofitable factories on several occasions in recent years and, of course, also written down the related assets.

The largest asset items in Scanfil's balance sheet come from working capital, as at the end of Q1'26, the company had inventories of 236 MEUR and trade receivable of 220 MEUR on its balance sheet. In our assessment, trade receivables do not involve significant credit loss risks. We also believe inventories are current. However, inventory has not yet returned to pre-pandemic levels, at least for the time being, even when considering the growth in the scale of operations and inventory in relation to the size of the business. Therefore, there may still be room for improvement in warehouse efficiency. Typically, Scanfil's inventory has been around 17-20% of annual sales.

Scanfil had 28 MEUR in cash at the end of Q1'26, which is a sufficient level considering the scale of the business and other available liquidity buffers. The company's liquidity position also enables it to agree on increasingly flexible and, from a profitability perspective, sensible payment terms with both customers and suppliers.

## Balance sheet shows slight leverage after a brief pause

At the end of Q1'26, Scanfil had 327 MEUR of equity in its balance sheet liabilities, while total debt amounted to 448 MEUR. Of the debt, the traditional interest-bearing

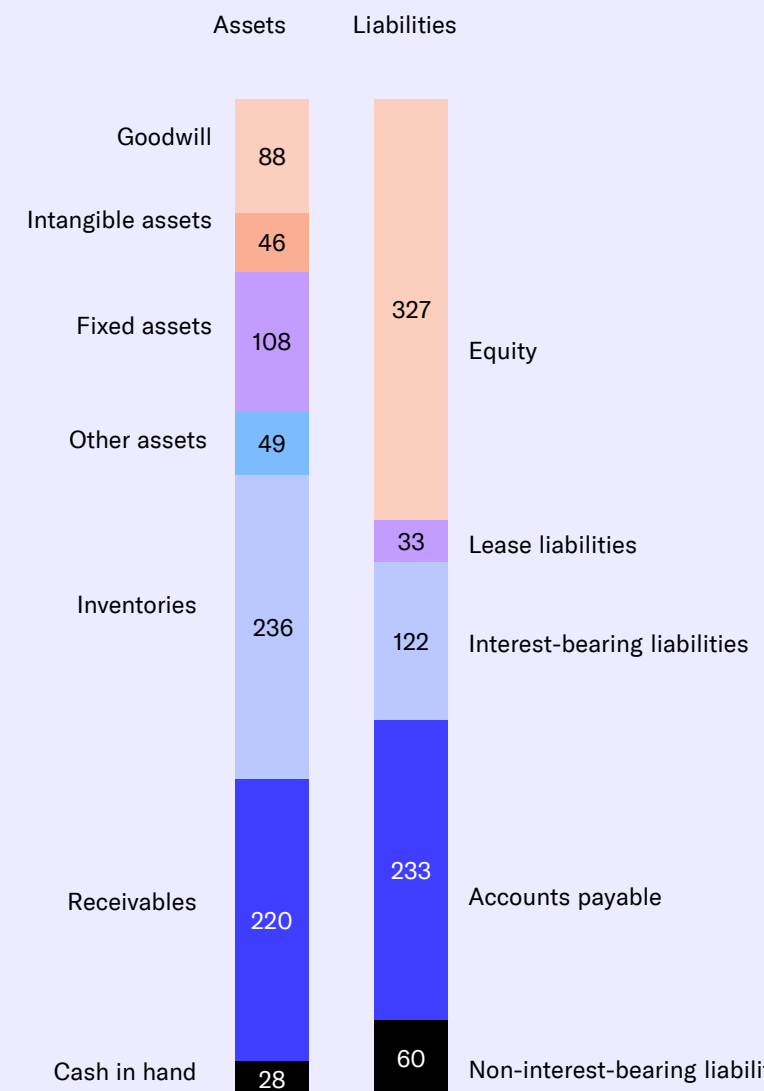
liabilities accounted for 122 MEUR and lease liabilities amounted to 33 MEUR. Non-interest-bearing liabilities amounted to 293 MEUR. Approximately 80% of the non-interest-bearing liabilities consisted of trade payables, which is typical for the industry logic and has fluctuated on both sides of the level of trade receivables in the long run. Thus, the company's working capital requirement mainly consists of inventories and cash reserves required to run the business. The remaining non-interest-bearing liabilities were mainly related to the as-yet-unpaid additional purchase price of the MB acquisition. The balance sheet total was 775 MEUR.

## The financial position is sturdy

At the end of Q1'26, Scanfil's equity ratio was 27% and net gearing 39%. These figures are still very reasonable for Scanfil, given that debt now includes lease liabilities (IFRS 16). At the end of the same period, the company's net debt to EBITDA ratio was approximately 1.6x. Thus, Scanfil's debt servicing capacity is slightly above the upper limit of the company's target level due to debt-financed acquisitions made last year. Acquisitions affect the ratio asymmetrically because the interest-bearing debt related to the transactions appears on the balance sheet, but the backward-looking, rolling EBITDA does not account for the boost in earnings resulting from the acquisitions. Therefore, the company's overall financial position is solid, and we estimate that Scanfil will return below its target level already this year in terms of the net debt-to-adjusted EBITDA ratio as well.

Reflecting the solid performance and stable cash flow under normal conditions, we estimate that Scanfil's financial expenses (incl. interest, interest on lease liabilities, lease liability repayments, and other financial expenses) are currently about 3% of gross debt.

Simplified balance sheet structure Q1'26 (MEUR)



# Financial position 2/2

We estimate that there is no significant pressure for interest rates to change, provided that the general level of interest rates does not begin a more significant or prolonged upward trend in the near future. Due to increased inflation risks caused by the war in Iran, market expectations suggest that interest rates will face at least temporary upward pressure rather than downward pressure for now.

Considering the company's manageable and presumably decreasing level of debt, the significance of this factor for the stock is limited. We would also like to remind that Scanfil's financial expenses in the income statement may be affected both quarterly and annually by exchange rate gains outside of hedge accounting, even though the company has taken measures related to currency hedges to reduce fluctuations in income statement items since 2023. However, potential non-cash financial expenses have no practical significance for the share, but they may affect the P/E valuation in individual years.

## Gunpowder is slowly accumulating on the balance sheet

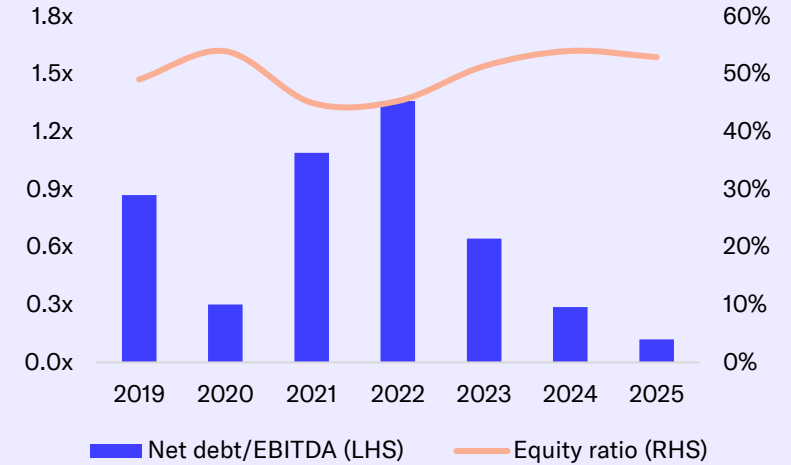
We estimate that Scanfil will return firmly to its comfort zone in terms of its financial position as early as 2026, provided that the company achieves its guidance. Thus, the company can calmly continue implementing its strategy and the organic and inorganic investments required for it. In addition, we believe that the risks related to working capital are fairly balanced, and working capital management is largely in the company's own hands.

Regarding its debt targets, we estimate that Scanfil will have a debt capacity of 50 MEUR for M&A transactions by early 2027 at the latest. Positive cash flow and growth in

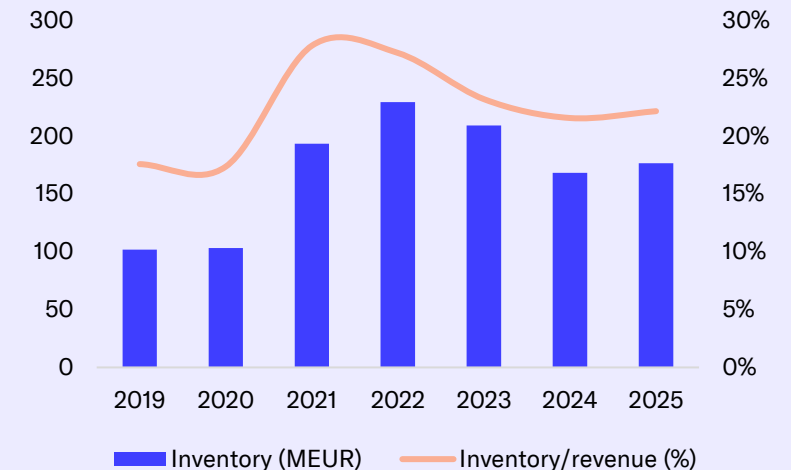
EBITDA would naturally provide support over time in the coming years. The company could allocate this capital to several small and medium-sized (EV 20-50 MEUR) or 1-3 larger (EV over 50 MEUR) acquisitions in 2027-2029. Considering the typically lowish revenue multiples in M&A transactions in the sector, we estimate that the company could acquire at least 100-200 MEUR more revenue with the help of its balance sheet. Thus, in our opinion, the M&A option remains viable. We also believe that raising equity is an option for the company if the strategic fit of a potential acquisition target is deemed appropriate, the investment's return potential is sufficiently attractive, and Scanfil's share valuation is good enough.

Although Scanfil has been quite openly hinting at its ambition for systematic M&A, we expect Scanfil to be very patient in seeking suitable arrangements. This has also been the company's historical approach. We are in principle positive about M&A transactions, as Scanfil's arrangements have historically been primarily good and the fragmented structure of the sector supports consolidation. However, M&A transactions must always be assessed case by case.

Balance sheet development



Inventory development



# Estimates 1/4

## Estimate model

We forecast Scanfil's revenue development in the short and medium term mainly based on estimated market and market share growth. In assessing short- and medium-term profitability, we model the development of the company's gross margin and fixed cost structure on an annual level. Following the 2025 reporting reform, we have also modeled the development of profitability quarterly and by region. Our long-term forecast is based on estimated market growth, weighted by Scanfil's geographical business distribution, as well as Scanfil's historical profitability level and the profitability potential we estimate for the company. Our forecasts do not consider the effects of M&As, which are probable at least in the medium term, as the timing of deals is impossible to predict.

## The company started with rather broad guidance

Scanfil issued guidance for the current year in January, estimating revenue of 940–1060 MEUR and adjusted EBIT of 64–78 MEUR. The company's revenue and earnings accruals are significantly supported by the MB and ADCO acquisitions, which both inorganically contribute to the figures for 11 months. Additionally, the growth outlook is bolstered by the substantial pipeline of new projects that the company secured last year, though the ramp-up of projects may erode profitability somewhat this year as well. In Q1, the company's revenue increased by 19% (organic growth 7%) to 229 MEUR and adjusted EBITA by 24% to 15.6 MEUR (adj. EBITA-% 6.8%) driven by aforementioned factors.

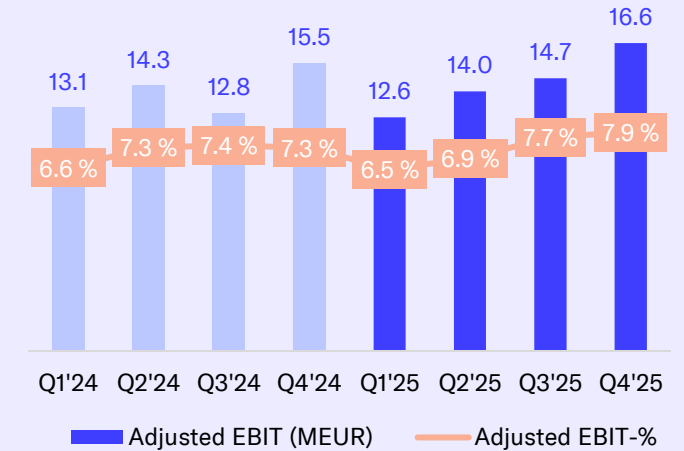
In our view, the rather wide ranges of the guidance still reflect uncertainty in the near-term outlook, especially related to external factors such as geopolitics and trade

policy, as well as the global economy. We consider the lower ends of these guidance ranges particularly cautious compared to the pro forma levels achieved by Scanfil, MB, and ADCO last year, assuming no significant geopolitical or general economic risks materialize. Reaching the upper limits, on the other hand, would probably require a clear upturn in demand outside the defense sector. In our estimation, the midpoints of the ranges correspond to organic growth of around 6-7% and a stable adjusted EBITA margin of just over 7%, which are roughly in line with the Q1 development trajectory.

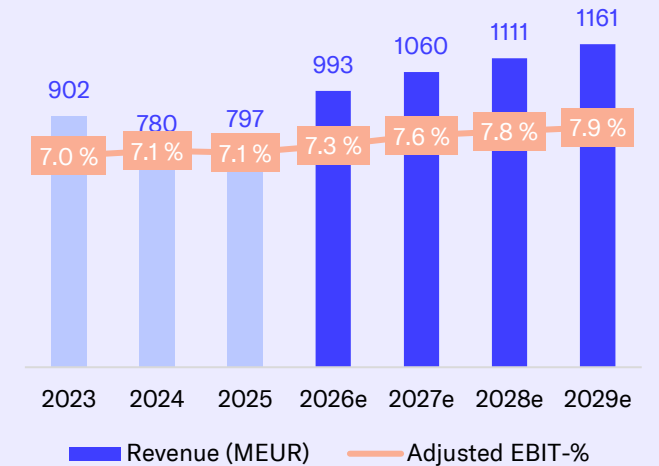
For Scanfil, the clearest uncertainty is focused on the top line (i.e. demand), as the 2026 guidance points Scanfil towards profitability at the lower end of the target level. This guidance was, of course, provided before the outbreak of war in Iran, and recent news has slightly increased uncertainty regarding the near-term outlook due to possible indirect economic effects. In our assessment, the situation in the Middle East has not directly affected Scanfil's operations, nor is it likely to do so significantly. We also do not believe there have been any indirect effects yet, but the development of the situation still needs to be monitored in this respect.

The company's internal efficiency is, in our view, in good shape and the cost structure is quite flexible based also on the efficiency measures implemented in 2023-2024. However, the accumulation of absolute earnings has a significant impact on the revenue level. Nevertheless, economic forecasts are positive, and interest rates are mainly reasonable despite slight increases in market rates, so, in principle, demand

EBIT by quarter



Development of revenue and profitability



# Estimates 2/4

should be gradually improving unless the trade or geopolitical situation becomes more tense or the situation in Iran drags on significantly. Conversely, Germany's accelerating defense and infrastructure investments could be a positive driver for Scanfil. The company is supported by the increased weight of the defense sector in its portfolio.

## Our estimates are roughly in the middle of the guidance range

We forecast the company's revenue to grow slightly by 25% to 990 MEUR this year, with growth weighted towards H2. Growth and earnings growth are supported by the MB acquisition in Central Europe and the ADCO acquisition in North America almost throughout the year. Consequently, growth is concentrated in these regions. However, we expect recent project wins, robust growth in the defense sector, and a slight uptick in demand driven by the broader economy to spur growth across all regions this year. Our forecast is at approximately at the midpoint of the guidance range.

We estimate that Scanfil's adjusted EBITA will increase by 29% to 73 MEUR this year, driven by organic and inorganic growth, which is slightly above the midpoint of the guidance range. Most of the earnings improvement comes inorganically from Central Europe and North America, but we expect earnings improvements driven by growth from all regions. We expect relative profitability (adj. EBITA-%) to improve slightly to 7.3%, supported by growth. Due to the company's normal seasonality and a slightly improving demand environment, we expect earnings accruals to be slightly H2-weighted. In our assessment, the earnings burden from ramping up new projects will be slightly higher in H1 than in H2, though minor margin pressures from ramp-ups may squeeze margins slightly throughout 2026.

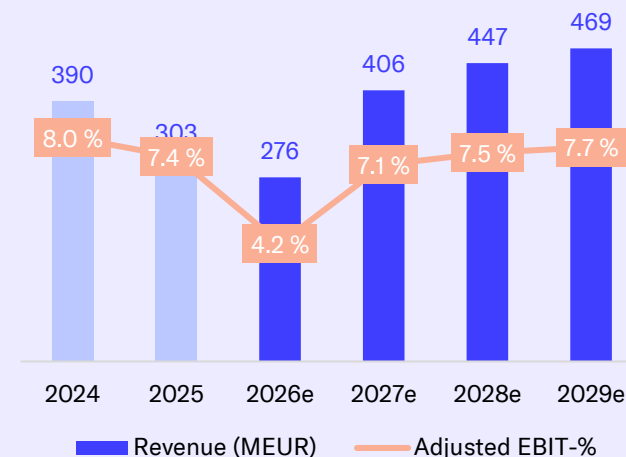
On the bottom line, we expect PPA depreciation and financial expenses to increase quite significantly due to the MB and ADCO acquisitions. Reported financing expenses may fluctuate slightly due to non-cash exchange rate differences. In our view, however, non-cash FX differences have no practical significance for the share. We estimate the tax rate to be slightly higher than the normalized level, at 25%, due to tax matters related to the acquisitions. Thus, our EPS forecast for this year is EUR 0.73 (EUR 0.78 adjusted for PPA depreciation), from which we estimate the company will pay a dividend of EUR 0,27 per share, reflecting its policy, and thus raise its dividend for the 14th time in a row in the spring of 2027.

We estimate that free cash flow will be slightly weaker than earnings, as the company will start to tie up some working capital in inventories and receivables in our forecast due to revenue growth. Our estimate is that investments, excluding acquisitions, will be roughly equal to depreciation as the company invests in equipment and buildings for various plants in China. We do not expect the Sieradz construction investments to proceed this year. We project that the company's net debt-to-EBITDA ratio will be around 1x at the end of 2026, which would be quite clearly below the company's targeted level of 1.5x. We have only made minor changes to our 2026 estimates thus far.

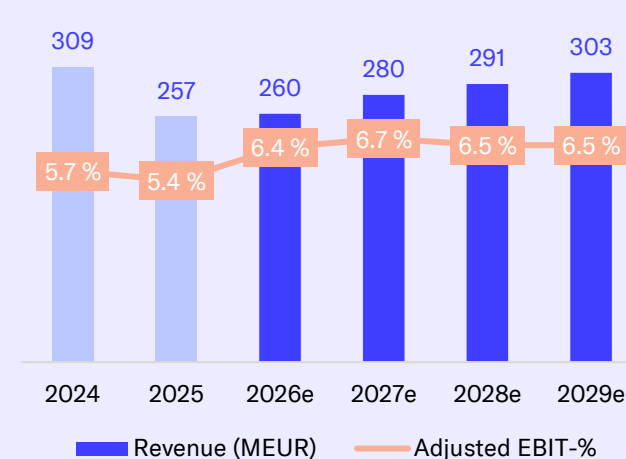
## Further earnings growth expected in 2027

Our 2026 estimates are based on a macro scenario in which the global economy grows at approximately 3%, in line with economists' forecasts. In developed markets like Europe and the US, the pace is slow, while China is growing (at least officially) more briskly than the global economy but clearly more slowly than in history.

Central Europe revenue and profitability



Northern Europe revenue and profitability



# Estimates 3/4

Interest rates, in turn, will remain fairly stable as picking up economic growth will also slightly push inflation up. However, given the current geopolitical and trade policy environment, predictability through 2027 remains limited.

In 2027, we expect Scanfil's revenue to grow by 7% to 1,060 MEUR. Growth is almost entirely organic. The main drivers of growth are a slight recovery in the economy and investments, but achieving our estimates will likely also require the company to win certain new project contracts. We expect growth in all geographical areas in 2026. We expect the adjusted EBITA in 2027 to increase with revenue and settle at 81 MEUR. In our forecasts, earnings improvement is revenue-driven and generated from all regions. Our profitability estimate is within the lower end of the company's target range at 7.6% (adj. EBITA-%). In 2027, the ramp-up of new projects is expected to put slightly less strain on the company's margin than in 2025–2026. Relative to our forecasts for next year, we believe the key uncertainty factor relates to the development of demand, while we are quite confident about the strength of the company's factory portfolio. In our forecast, PPA depreciation remains stable and financing costs decline slightly, while the tax rate normalizes to 23–24%. Thus, our 2026 EPS estimate rises to EUR 0.85 (EUR 0.89 adjusted for PPA depreciation), of which we expect the company to pay a dividend of EUR 0.29 per share, in line with its policy.

In terms of free cash flow, we estimate that 2027 will be on an upward trend, as we expect growth to tie up some working capital and organic investments to remain roughly at the level of depreciation. Therefore, we expect the company's balance sheet to continue strengthening (2027e: net debt/EBITDA 0.8x). So, at the end of 2027 at

the latest, the company's financial leeway for M&As would be considerable again. We have not made any substantial changes to our estimates for the coming years.

## In 2028, the cycle will continue as normal

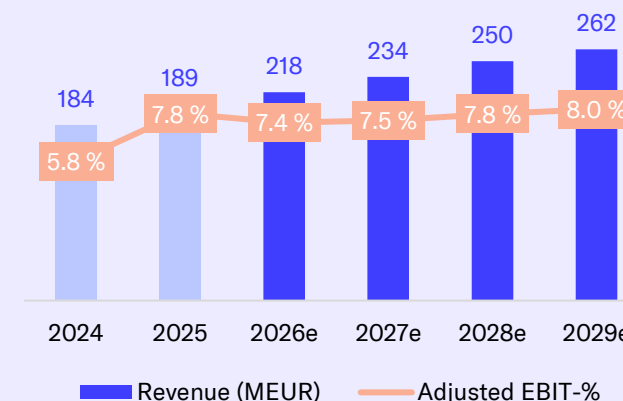
In 2028, we expect Scanfil's organic growth to continue in a slightly recovering macro situation that has avoided the worst pitfalls at a rate of 5%, increasing revenue to 1,111 MEUR. Growth will continue to be driven by market growth supported by GDP growth, an increase in the outsourcing rate, and moderate success in new customer acquisition and customer-specific market shares. We expect growth in all geographical areas.

Our adjusted EBITA estimate for 2027 is 86 MEUR, with a margin of 7.8% showing a slight upward trajectory. We estimate that all geographical areas will also support earnings growth. Thanks to the strong balance sheet, financial expenses are only slightly negative in our estimates and we do not expect significant changes in PPA depreciation or taxes. Therefore, we forecast that Scanfil will report EPS of EUR 0.92 (EUR 0.97 adjusted for PPA amortization) in 2028 and pay a dividend of EUR 0.31 per share on this. Due to earnings growth and healthy cash flow, we estimate that Scanfil's net debt-to-EBITDA ratio will be below 0.5x already by the end of 2028. At these levels, the company would have ample room for acquisitions.

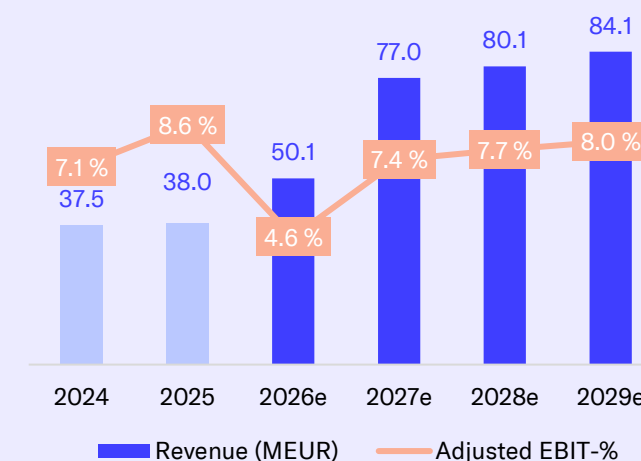
## We expect growth to continue in the long term

We expect Scanfil to continue its determined implementation of its profitable growth strategy broadly along the same lines even after 2028.

APAC revenue and profitability



Americas revenue and profitability



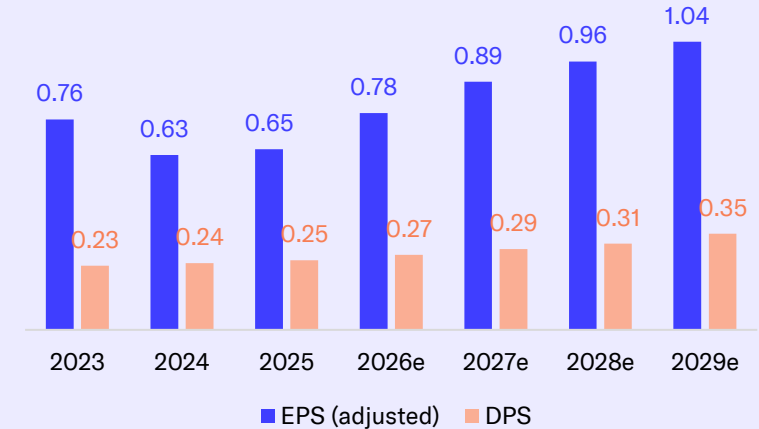
# Estimates 4/4

In our long-term estimates, we expect Scanfil to continue to grow, driven by the megatrends supporting the company's customers and the entire electronics market, and by the drivers boosting contract manufacturers. We expect Scanfil's revenue to grow by about 2–5% per year in the long term, reflecting the GDP and electronics market growth estimates and outlooks for Scanfil's main market areas. We have slightly raised our medium- and long-term organic growth forecasts, due to the company's improved sales momentum and our perception that the trends supporting industry growth (including the outlook for outsourcing rates) are even slightly strengthening. In the long term, acquisitions are very likely to boost growth, and the company's target of over 10% growth depends on acquisitions.

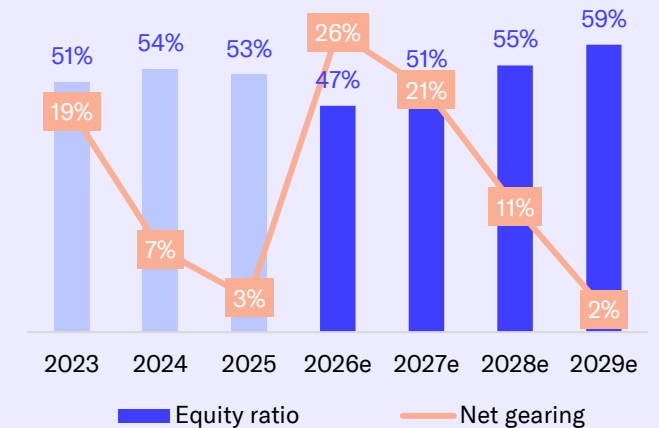
We expect the company's EBIT margins to be around 7% in the long term due to continued tight competitive pressure and, on the other hand, moderate cost inflation. Scanfil's average EBIT % for the last 10 years is 6.3% (5-year average 6.5%) and the weakest margin in the 20-year time series is 4.3%. We also consider our terminal estimates to be moderate for the time being and will thus wait for the company to provide evidence of sustainable achievement of a margin at or above the midpoint of the target level. However, in its current form, we do not see any real barriers to Scanfil reaching its target margin level of 7–8% in the long term, if growth meets targets and the entire production machine operates optimally.

In the long term, estimate uncertainty increases, although we still consider the big-picture predictability of Scanfil's business quite good relative to many other listed companies. We use our long-term estimates mainly in the DCF model.

EPS and DPS



Balance sheet key figure development



# Income statement and estimate revisions

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e
Revenue	780	193	202	191	211	797	229	254	242	268	993	1060	1111
Americas	38.0	11.7	11.8	12.7	13.9	50.1	17.7	18.2	19.7	21.4	77.0	80.1	84.1
APAC	189	52.2	59.5	53.8	51.9	217	55.0	63.1	58.6	57.1	234	250	262
Central Europe	303	69.5	67.5	63.3	75.6	276	92.2	102	96.4	116	406	447	469
Northern Europe	257	60.6	65.6	63.1	70.9	260	65.5	71.4	68.1	75.2	280	291	303
Eliminations / group expenses	-8.1	-1.4	-2.2	-1.7	-1.2	-6.5	-1.0	-1.0	-1.0	-1.0	-4.0	-8.0	-8.0
EBITDA	73.7	17.5	19.2	18.2	23.1	78.0	21.3	24.6	24.9	26.1	96.9	103	109
Depreciation	-21.1	-5.6	-5.9	-5.6	-6.5	-23.6	-7.1	-7.2	-7.2	-7.2	-28.7	-26.2	-27.0
EBITA (oik.)	55.7	12.6	14.2	14.1	15.5	56.4	15.6	18.4	18.7	19.9	72.6	80.9	86.3
EBIT	52.6	11.9	13.3	12.6	16.6	54.4	14.2	17.4	17.7	18.9	68.2	76.9	82.3
Americas (adj. EBITA)	3.3	0.8	0.9	1.0	0.7	3.4	1.1	1.4	1.7	1.8	6.0	6.6	7.1
APAC (adj. EBITA)	14.6	3.6	5.1	4.2	4.5	17.4	4.1	4.9	5.0	4.8	18.8	20.7	22.2
Central Europe (adj. EBITA)	24.2	5.2	4.9	4.1	6.8	21.0	6.8	7.7	7.8	9.0	31.4	36.3	38.9
Northern Europe (adj. EBITA)	14.4	3.1	3.7	5.4	4.8	17.0	4.4	4.9	4.7	4.8	18.8	19.3	20.1
Eliminations / group expenses	-0.8	-0.1	-0.4	-0.7	-1.2	-2.4	-0.8	-0.5	-0.5	-0.5	-2.3	-2.0	-2.0
Adjustment items	-3.1	-0.7	-0.9	-1.5	1.1	-2.0	-1.4	-1.0	-1.0	-1.0	-4.4	-4.0	-4.0
Net financial items	-1.5	-1.2	0.2	-0.6	-1.6	-3.2	-1.1	-1.1	-1.1	-1.1	-4.4	-4.4	-3.6
PTP	51.1	10.7	13.5	12.0	15.0	51.2	13.1	16.3	16.6	17.8	63.8	72.5	78.8
Taxes	-12.5	-2.4	-3.0	-2.8	-2.1	-10.3	-3.3	-4.1	-4.2	-4.5	-16.0	-17.0	-18.5
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
Net earnings	38.6	8.3	10.5	9.2	12.9	40.9	9.8	12.2	12.5	13.4	47.8	55.5	60.3
Net earnings	38.6	8.3	10.5	9.2	12.9	40.9	9.8	12.2	12.5	13.4	47.8	55.5	60.3
EPS (adj.)	0.63	0.14	0.17	0.16	0.18	0.65	0.17	0.20	0.20	0.22	0.78	0.89	0.96
EPS (rep.)	0.59	0.13	0.16	0.14	0.20	0.62	0.15	0.19	0.19	0.20	0.73	0.84	0.92

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	984	993	1%	1059	1060	0%	1109	1111	0%
EBIT (exc. NRIs)	72.2	72.6	1%	81.1	80.9	0%	86.6	86.3	0%
EBIT	67.8	68.2	1%	77.1	76.9	0%	82.6	82.3	0%
PTP	63.4	63.8	1%	72.7	72.5	0%	79.0	78.8	0%
EPS (excl. NRIs)	0.78	0.78	0%	0.90	0.89	-1%	0.97	0.96	-1%
DPS	0.27	0.27	0%	0.29	0.29	0%	0.31	0.31	0%

Source: Inderes

Source: Inderes \*NB: Scania's definition of comparable EBITA is the same as the adjusted EBITA in this report

# Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	152	162	282	266	266
Goodwill	29.1	36.3	88.3	72.3	72.3
Intangible assets	20.0	20.6	46.7	42.8	38.9
Tangible assets	94.9	96.7	107	111	115
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	31.5	31.5	31.5
Deferred tax assets	7.7	8.2	8.2	8.2	8.2
Current assets	387	432	464	493	511
Inventories	168	177	211	223	229
Other current assets	4.9	5.4	4.9	4.9	4.9
Receivables	165	176	209	223	233
Cash and equivalents	48.5	74.7	39.7	42.4	44.4
Balance sheet total	539	595	746	759	777

Source: Inderes

Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	291	315	347	385	426
Share capital	2.0	2.0	2.0	2.0	2.0
Retained earnings	256	281	313	351	392
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	31.1	32.0	32.0	32.0
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	63.7	59.8	143	107	85.8
Deferred tax liabilities	9.7	8.6	14.6	14.6	14.6
Provisions	1.8	1.9	1.8	1.8	1.8
Interest bearing debt	41.9	45.5	90.7	86.4	65.6
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	10.3	3.8	36.0	3.8	3.8
Current liabilities	184	220	256	267	266
Interest bearing debt	27.8	38.7	40.6	38.1	25.9
Payables	154	175	209	223	233
Other current liabilities	2.8	6.6	6.6	6.6	6.6
Balance sheet total	539	595	746	759	777

# Valuation and recommendation 1/4

## The market values Scanfil on an earnings basis

In our opinion, Scanfil should primarily be valued on earnings-based multiples, like other profitable growth companies. We use the P/E ratio to value Scanfil, as well as enterprise value-based EV/EBITDA and EV/EBITA multiples that better incorporate differences in companies' balance sheet structures. We primarily look at Scanfil using the valuation multiples for the current and next year, as we believe that the company's good historical track record and reasonable predictability, as well as its stable financial position, sufficiently compensate for the uncertainties related to the business model and the current global economic and geopolitical situation.

In our opinion, the following factors weigh on and support Scanfil's valuation:

**A strong track record** of profitable growth increases confidence in the company's future competitiveness going forward.

**Earnings growth expectations for the coming years are positive**, and the associated risks are somewhat balanced, despite uncertainties related to the global economy and geopolitics.

**The M&A option** is a positive feature in our view because Scanfil has demonstrated its ability to create shareholder value through acquisitions, and the company will soon have further firepower for new deals.

**The investment-driven nature** and the (small) risk of losing major customers keep visibility short and cause volatility, which increases the company's risk profile.

**A challenging value chain position** between large component suppliers and customers limits the profitability potential and usually also makes the cash flow weaker than the earnings.

**The ownership structure** and the limited number of freely traded shares limit the interest of certain types of investors (e.g. institutions) in the company, and the acquisition option does not properly become a factor supporting the valuation with the current structure.

Incorporating these factors, an acceptable valuation level for Scanfil's share is approximately 12x-16x in terms of P/E ratio and 10x-13x in terms of EV/EBIT ratio, looking ahead about one year. These levels are roughly in line with – or slightly above – the median levels (P/E ~13x, EV/EBIT of ~11x) that the markets have on average accepted for Scanfil over the past 5 years. We believe this is justified, as we think Scanfil's value creation outlook and related risks are fairly balanced in relation to the 5-year average situation, and interest rate expectations also reflect the average realization of a somewhat backward-looking period. Also, changes in customer risk have not been significant, despite the three acquisitions, which have slightly smoothed the risk profile.

In our view, Scanfil's valuation has been weighed down in the past, partly by the challenging reputation of certain parts of the industry instead of the company's strong development, cyclical risks, and uncertainty about achieving earnings potential. The market's accepted valuation has been on a slightly upward trajectory as the company's growth outlook has strengthened organically and inorganically since the beginning of 2025. We still see moderate upside in the company's acceptable valuation level relative to historical long-term averages.

Valuation	2026e	2027e	2028e
Share price	13.2	13.2	13.2
Number of shares, millions	65.7	65.7	65.7
Market cap	865	865	865
EV	957	947	912
P/E (adj.)	16.9	14.8	13.6
P/E	18.1	15.6	14.4
P/B	2.5	2.2	2.0
P/S	0.9	0.8	0.8
EV/Sales	1.0	0.9	0.8
EV/EBITDA	9.9	9.2	8.3
EV/EBIT (adj.)	13.2	11.7	10.6
Payout ratio (%)	37.1 %	34.4 %	33.8 %
Dividend yield-%	2.1 %	2.2 %	2.4 %

Source: Inderes

# Valuation and recommendation 2/4

Of course, this would necessitate keeping general economic and political uncertainty under control, seeing some positive development in the global economy, achieving steady earnings growth, and maintaining interest rate expectations at current levels, at most.

In our view, Scanfil has the prerequisites to continue its positive development in the coming years as well, provided that the global economy does not stagnate and Europe also remains in growth. In our opinion, maintaining organic growth and especially return on capital would push the company more clearly towards the stock exchange's quality company category. This, in turn, could set the stage for a gradual upward shift in the valuation range similar to the trend seen over the past 10 years, although we remain somewhat cautious about the sustainability of rapid changes in valuation levels, despite the volatility typical of the stock market.

## Short-term multiples have reached painful levels

In our estimate, Scanfil's P/E ratios for 2026 and 2027 are around 17x and 15x, while the corresponding EV/EBITA ratios are some 13x and 12x. We expect dividend yields for the next few years to be around 2%. Thus, the valuation of the share has already taken the lead in the price increase of the past year on a 12-month horizon, as the multiples are above or around the upper ends of the ranges we accept for the company for the current year and in the upper halves of the ranges for next year.

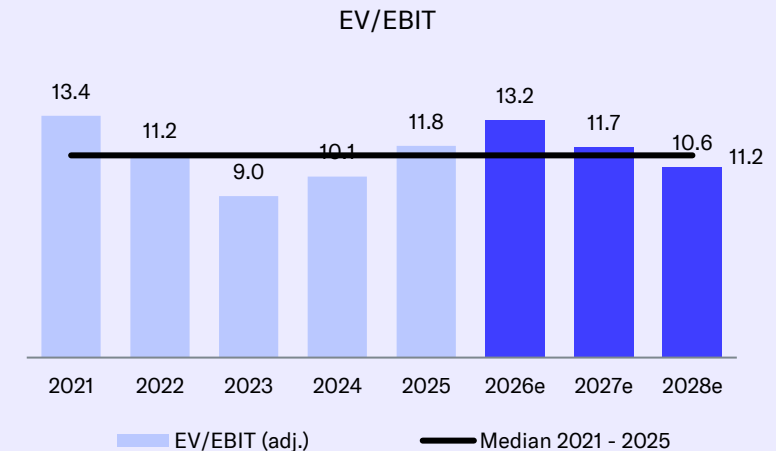
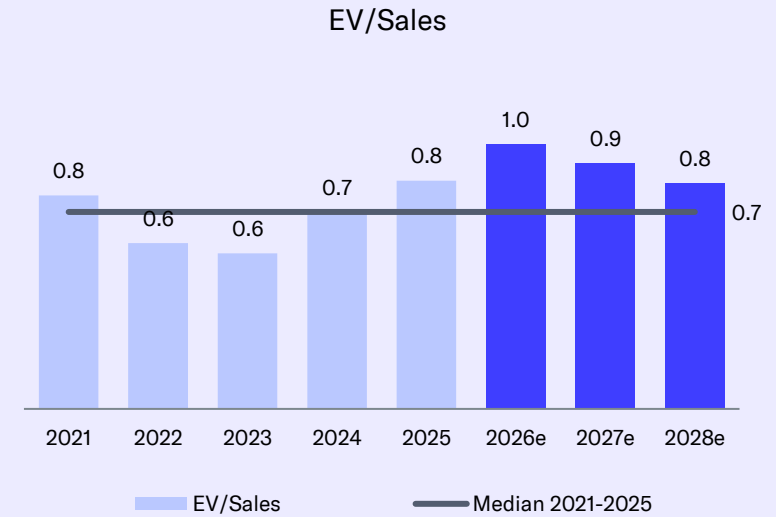
Scanfil's P/B ratio (Q1'26 LTM) of 2.7x is quite high compared to the company's adjusted return on equity of 17% over the last 5 years and the prevailing earnings growth expectations. Scanfil's static trailing earnings yield is at the 6% level with these figures. According to our estimate, Scanfil's cost of equity is currently around 9% from an investor's perspective, so the backward-looking static earnings yield only covers

about two-thirds of the required return. Thus, the company's still fairly good long-term profitable growth opportunities have quite clearly been priced into the stock, and justifying the current balance sheet valuation requires the company to grow its earnings at least in line with our estimates over the next few years.

## Peer group's valuation is historically high

There are many listed companies operating in the contract manufacturing sector, so a fairly large peer group can be gathered for Scanfil for a relative assessment of the valuation level. It should be noted, however, that despite the large number of peers, the comparability of the peer companies to Scanfil is not perfect, as the scale differences to global giants are vast and the peer group includes companies with very varying margins. In addition, there are unlisted companies in the field of medium-sized contract manufacturers, so it is not possible to include all relevant competitors of Scanfil in the comparison (e.g. Zollner and Fideltronik). Therefore, in our valuation of Scanfil, we emphasize absolute multiples, which are supported by relative valuation. We have included some of the world's 50 largest contract manufacturers in the peer group (incl. all Western players) and, in addition, some smaller players from Scanfil's direct competitors and Nordic peers.

Earnings-based valuation multiples for contract manufacturers are now at historically high levels, as the P/E ratio based on current-year forecasts for the peer group is 24x, the EV/EBIT ratio is 18x, and the EV/S ratio is 1.2x. These multiples have been rising for some time, reflecting, on the one hand, the average improvement in performance achieved by many contract manufacturers and, on the other hand, a certain degree of improvement in the industry's reputation (incl. the fact that many contract manufacturers have generated excellent returns on investment over the past 10 years).



# Valuation and recommendation 3/4

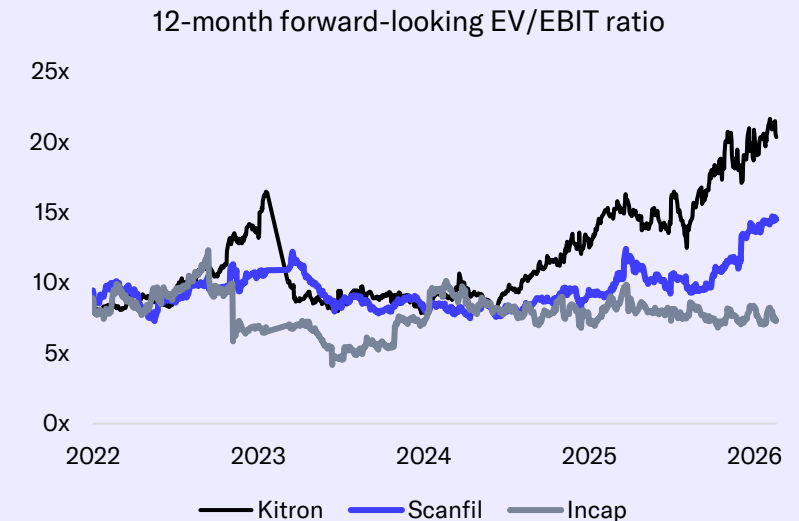
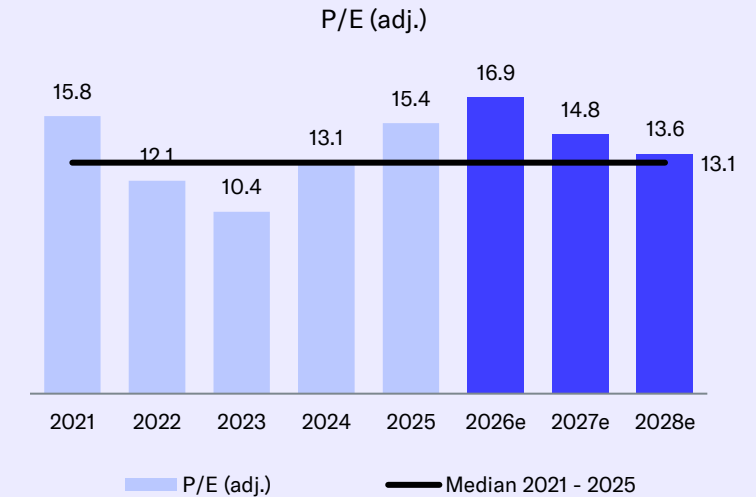
However, over the last year, the increase has taken on a completely new slope due to an AI bottleneck and a defense boom, with data center investments being a significant driver, especially for many large contract manufacturers, as well as a rise in demand from the defense sector for European players. Compared to approximately a year ago, the valuation multiples of the peer group have risen by as much as 50-100%. While we consider the gradual increase in the peer group's acceptable valuation to be justified, the sharp widening of multiples seen over the last year has already raised clear risks regarding the sustainability of current valuation levels, in our opinion. In the long term, we find that an acceptable sector-level valuation is clearly below current levels, considering the industry's normalized growth rate, return on capital, and risk profile.

Scanfil is valued at a discount of approximately 20–30% to its peer group in terms of earnings-based multiples. Compared to its Nordic core peers, Scanfil is valued at a rather neutral level. We believe Scanfil generally deserves a small premium relative to the entire peer group, considering the mainly good performance in recent years, better positioning in the more profitable industrial electronics segment, and reasonable customer risks. Similarly, we believe the valuation should be roughly in line with core Nordic peers. Thus, from a relative perspective, the share still appears reasonably priced, but the peer group it is compared to is undeniably expensive, both historically and in absolute terms. Therefore, in our view, the relative valuation of the stock looks fairly neutral overall when taking into account the risks associated with peer group valuations.

## DCF valuation also shows red light

We also give the discounted cash flow model (DCF) a slightly more moderate weight in the valuation than the absolute multiples, as the DCF model is particularly sensitive to term variables and the required return. In our view, the DCF model, incorporating a long-term outlook, provides a fairly good picture of the fair value of Scanfil's share, as the predictability of the business is at least reasonable. According to our DCF model, the share value is about EUR 12.5, which supports the already quite challenging picture of Scanfil's share pricing indicated by other methods in the short term.

Our estimate model projects that Scanfil's organic revenue growth will stabilize at 3–5% in the long term, with an EBIT margin of around 7% of revenue, consistent with the company's performance in recent years. The model gives the terminal period's value of cash flows a weight of over 67%, though this is partly due to the timing of the MB acquisition's cash flows in the model. Thus, the parameters set the bar quite high, though we do not consider them to be unreasonable. Our DCF model also does not account for potential acquisition-driven value creation. In the DCF model scenario, we use a WACC of 8.2% and a cost of equity of 8.8%. The risk-free rate is 2.5%, while the market risk premium is 4.75%. We have not made any significant changes to our model's required rates of return.



# Valuation and recommendation 4/4

## The share is fully priced in the short term

In our opinion, the fair value of Scanfil's share is around EUR 11-13 per share. Our estimate is based on an EPS potential of around EUR 0.90 in the coming years and a P/E earnings multiple of 12x-16x, as well as the time lag required to achieve this potential (i.e., we estimate that earnings in 2026 will still be below this potential) and a DCF model (including sensitivity analyses related to the required return and terminal profitability). Over the longer term, we estimate that the stock's fair value will gradually increase, provided that the company continues its profitable organic and inorganic growth, which, of course, requires reasonable global economic activity to support it.

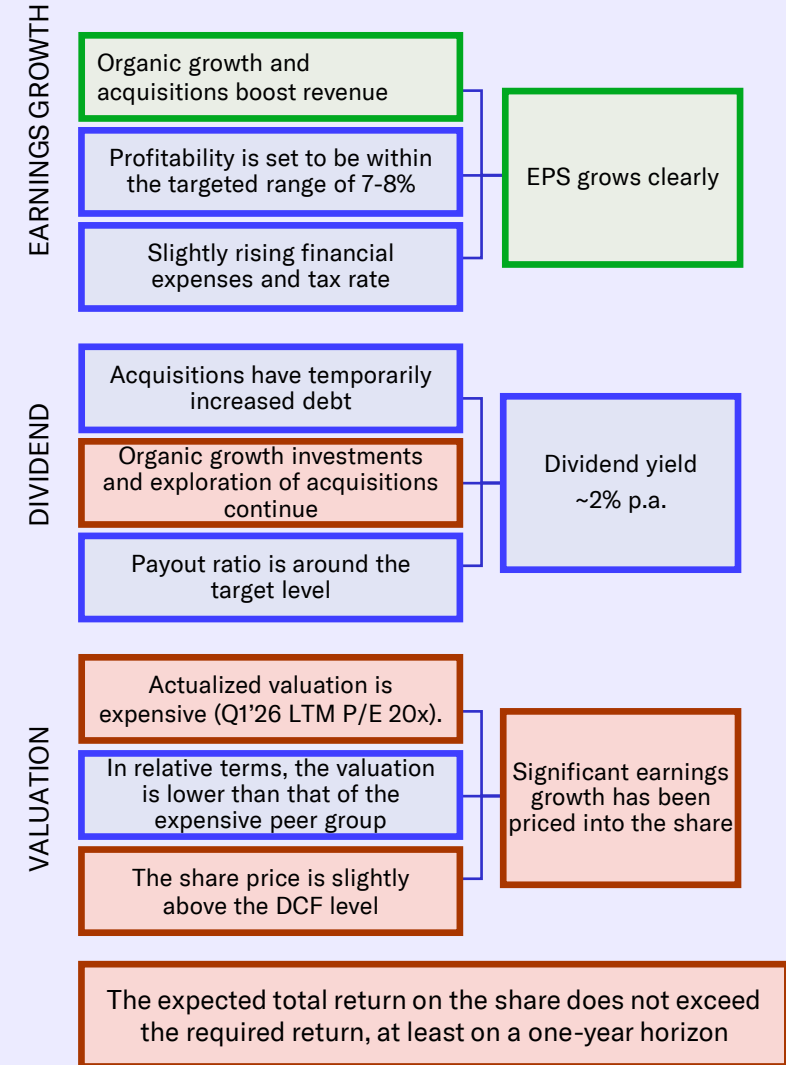
Considering the valuation metrics as a whole, we also consider the stock's expected return for the next year to be modest compared to the required return. The expected return is mainly based on earnings growth and dividend, as well as a fairly clear downside in valuation (Q1'26 LTM P/E 20x). In the medium term, we also estimate that the expected return on the stock will largely stem from the same factors, though over the next few years, earnings growth could absorb the downside in multiples, making the expected return more clearly dependent on earnings growth. This, of course, necessitates that Scanfil succeeds in implementing its strategy and that interest rates do not rise significantly from current levels in the medium term. The expected return could turn positive on a 12-month horizon and in the medium term if the company's earnings growth rate exceeds our estimates and/or if the valuation level, which has risen over the past year, becomes the new acceptable normal.

## M&A option would come as a bonus

As an added bonus, investors receive a positive acquisition option with Scanfil. Strategically well-suited and reasonably priced acquisitions for the company (including valuations below its own premium multiples) would, in principle, support our view of Scanfil's fair value. Of course, there is high uncertainty associated with the timing of potential deals, and all deals must be assessed qualitatively on a case-by-case basis.

## Total shareholder return drivers Q1'26 LTM –2028e

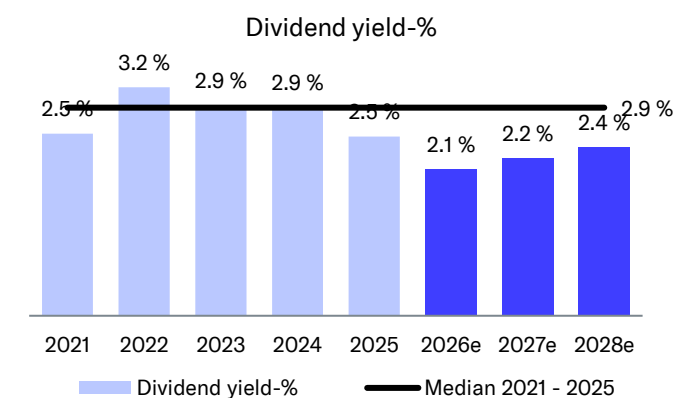
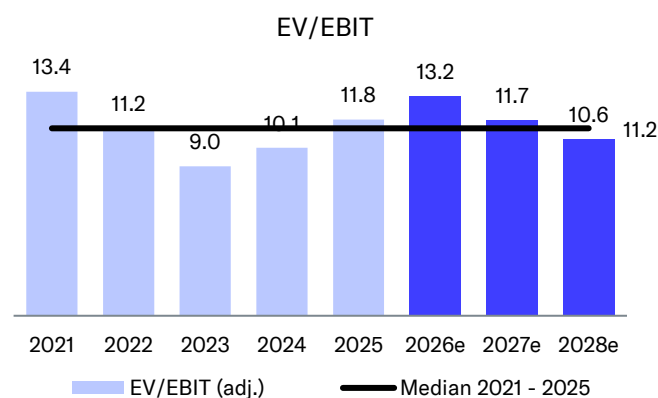
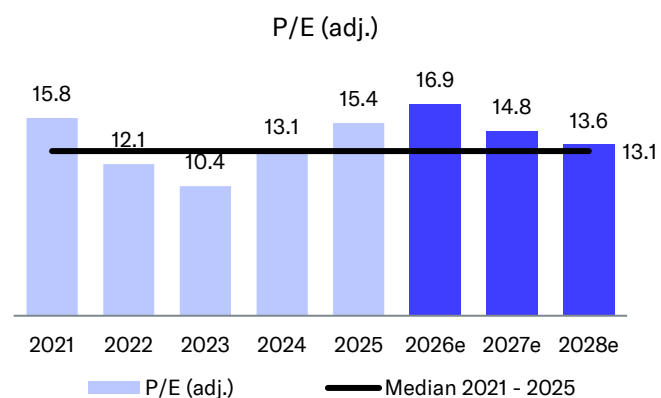
■ Positive   
 ■ Neutral   
 ■ Negative



# Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	7.46	6.58	7.83	8.25	9.98	13.2	13.2	13.2	13.2
Number of shares, millions	64.5	64.5	65.3	65.3	65.4	65.7	65.7	65.7	65.7
Market cap	481	424	511	538	653	865	865	865	865
EV	541	510	563	560	662	957	947	912	875
P/E (adj.)	15.8	12.1	10.4	13.1	15.4	16.9	14.8	13.6	12.7
P/E	16.2	12.1	10.6	14.0	16.0	18.1	15.6	14.4	13.3
P/B	2.3	1.9	1.9	1.9	2.1	2.5	2.2	2.0	1.8
P/S	0.7	0.5	1.9	0.7	0.8	0.9	0.8	0.8	0.7
EV/Sales	0.8	0.6	0.6	0.7	0.8	1.0	0.9	0.8	0.8
EV/EBITDA	9.8	8.1	7.0	7.6	8.5	9.9	9.2	8.3	7.6
EV/EBIT (adj.)	13.4	11.2	9.0	10.1	11.8	13.2	11.7	10.6	9.5
Payout ratio (%)	41.1 %	38.7 %	31.1 %	40.6 %	40.0 %	37.1 %	34.4 %	33.8 %	35.0 %
Dividend yield-%	2.5 %	3.2 %	2.9 %	2.9 %	2.5 %	2.1 %	2.2 %	2.4 %	2.6 %

Source: Inderes



# Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B 2026e
			2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e
Incap	267	275	9.5	8.0	7.2	6.3	1.0	0.9	11.9	10.2			1.7
Kitron	2163	2208	20.9	17.3	17.0	14.3	2.1	1.7	27.1	23.1	1.3	1.5	5.5
Hanza	870	1052	14.9	12.8	9.3	8.3	1.1	1.0	18.8	15.3	1.3	1.7	2.2
Pegatron	6116	5179	11.1	8.1	5.8	4.9	0.2	0.1	14.8	12.2	4.7	5.5	1.0
Celestica	39948	40286	30.4	20.3	26.8	18.4	2.4	1.7	39.8	26.6			14.9
Flextronics	47100	48277	32.6	24.5	25.1	19.4	2.1	1.7	45.9	33.6			10.8
Foxconn	102307	99606	10.4	8.6	8.0	6.7	0.4	0.3	15.2	12.5	3.3	4.1	2.0
Jabil	35051	36858	22.0	19.0	15.9	14.3	1.3	1.1	31.2	26.1	0.1	0.1	25.2
Hana Microelectronics	884	576	25.7	17.0	9.3	7.5	1.0	0.9	36.6	25.0	1.8	2.4	1.2
TT Electronics	246	319	8.0	6.6	5.6	5.0	0.6	0.6	13.6	8.6	2.7	2.8	1.0
Fabrinet	19619	18794	44.6	35.5	39.1	30.9	4.8	3.9	46.1	37.2			9.6
Universal Scientific	11042	9842	28.0	17.4	18.8	13.5	1.1	0.9	34.3	23.1	1.2	1.7	3.9
Venture Corporation	3453	2607	14.3	13.3	12.5	11.7	1.5	1.4	20.9	19.6	4.4	4.4	1.8
Plexus	6801	6741	27.5	24.3	21.8	19.6	1.7	1.5	36.0	31.3			5.0
Note	436	584	13.4	11.5	10.0	8.6	1.4	1.2	14.7	11.9			2.4
Lacroix	94	159	7.0	6.0	4.4	4.0	0.4	0.3	7.2	5.6	2.7	6.2	
Scanfil (Inderes)	865	957	13.2	11.7	9.9	9.2	1.0	0.9	16.9	14.8	2.1	2.2	2.5
Average			20.0	15.6	14.8	12.1	1.4	1.2	25.9	20.1	2.4	3.0	5.9
Median			17.9	15.2	11.2	10.1	1.2	1.1	24.0	21.3	2.3	2.6	2.4
Diff-% to median			-26%	-23%	-12%	-9%	-19%	-17%	-30%	-31%	-9%	-15%	4%

Source: Refinitiv / Inderes

# DCF-calculation

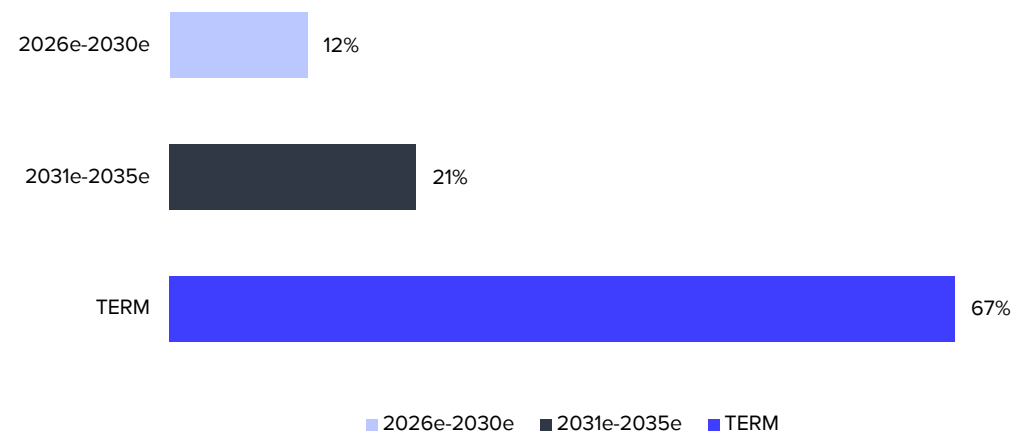
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	2.2 %	24.6 %	6.8 %	4.8 %	4.5 %	4.5 %	4.0 %	4.0 %	4.0 %	3.0 %	2.5 %	2.5 %
EBIT-%	6.8 %	6.9 %	7.3 %	7.4 %	7.6 %	7.2 %	7.2 %	7.1 %	7.0 %	6.8 %	6.8 %	6.8 %
EBIT (operating profit)	54.4	68.2	76.9	82.3	87.7	87.3	90.8	93.1	95.5	96.1	98.5	
+ Depreciation	23.6	28.7	26.2	27.0	28.1	28.7	28.9	29.4	29.9	30.1	30.0	
- Paid taxes	-11.9	-10.0	-17.0	-18.5	-19.9	-20.2	-21.2	-21.8	-22.4	-22.6	-23.1	
- Tax, financial expenses	-0.8	-1.3	-1.1	-0.9	-0.8	-0.5	-0.4	-0.4	-0.4	-0.4	-0.4	
+ Tax, financial income	0.1	0.2	0.1	0.1	0.1	0.1	0.2	0.2	0.3	0.3	0.4	
- Change in working capital	5.8	-32.8	-12.1	-6.1	-8.0	-8.2	-7.3	-10.1	-10.5	-8.2	-7.0	
Operating cash flow	71.2	53.0	73.0	83.9	87.2	87.3	91.1	90.6	92.4	95.4	98.4	
+ Change in other long-term liabilities	-6.4	32.1	-32.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-33.2	-148.5	-10.1	-27.1	-27.1	-28.1	-28.1	-28.1	-29.1	-29.1	-30.8	
Free operating cash flow	31.6	-63.4	30.7	56.8	60.1	59.2	63.0	62.5	63.3	66.3	67.6	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	31.6	-63.4	30.7	56.8	60.1	59.2	63.0	62.5	63.3	66.3	67.6	1208
Discounted FCFF		-60.7	27.1	46.4	45.4	41.3	40.6	37.2	34.9	33.7	31.8	567
Sum of FCFF present value		845	906	879	832	787	746	705	668	633	599	567
Enterprise value DCF		845										
- Interest bearing debt		-84.2										
+ Cash and cash equivalents		74.7										
+ Associated companies		0.0										
-Minorities		0.0										
-Dividend/capital return		-16.4										
Equity value DCF		820										
Equity value DCF per share		12.5										

## WACC

Tax-% (WACC)	23.5 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	4.5 %
Equity Beta	1.32
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.8 %
Weighted average cost of capital (WACC)	8.2 %

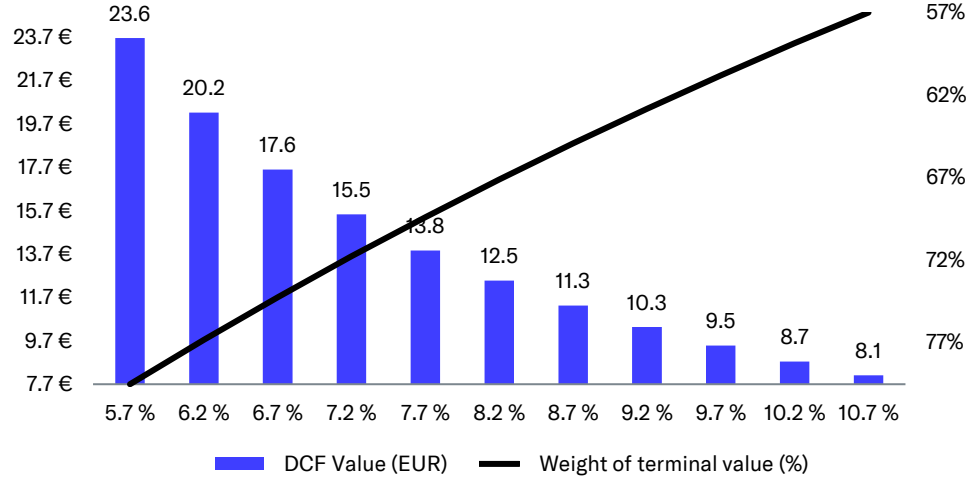
Source: Inderes

## Cash flow distribution

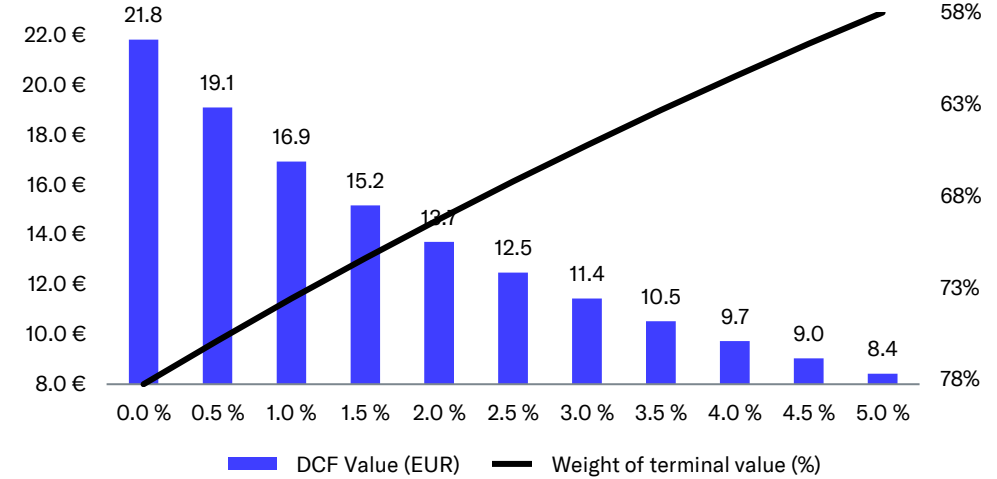


# DCF sensitivity calculations and key assumptions in graphs

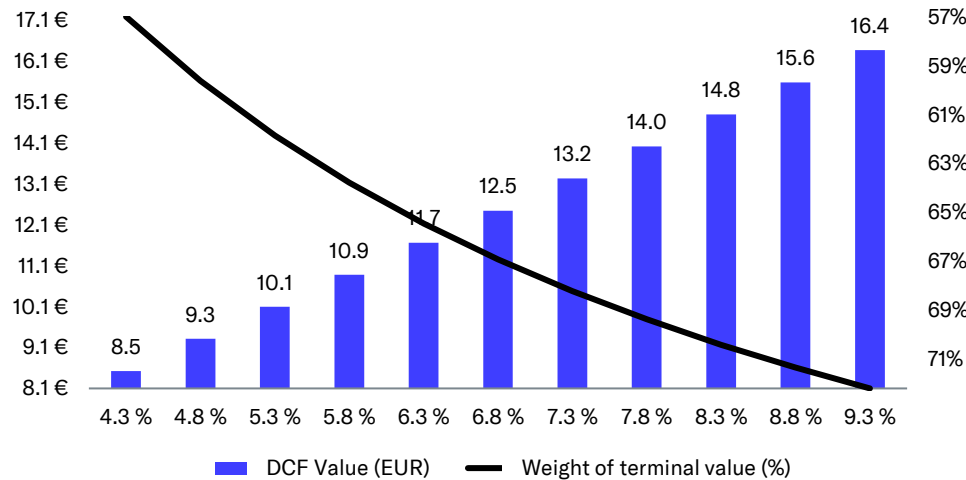
Sensitivity of DCF to changes in the WACC-%



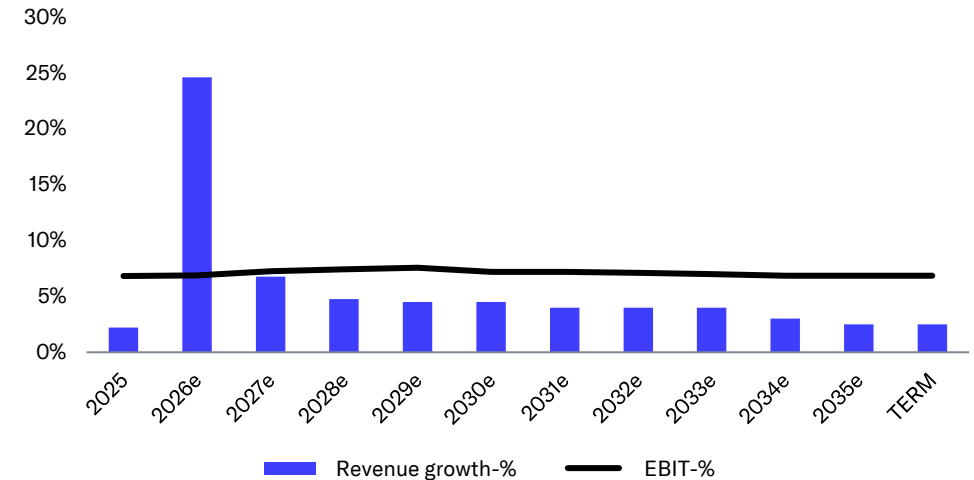
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

# Climate target and taxonomy analysis

## Taxonomy classification of core activities difficult due to the nature of the business

As a contract manufacturer, Scanfil does not always know how its products are used. Scanfil’s customer delivery can also be part of the customer’s larger product range. Thus, the taxonomy assessment is difficult for the company in all respects, although Scanfil has reported preliminary taxonomy figures. Therefore, we will wait for the reporting practices of contract manufacturers to become more established before drawing more significant conclusions. We do not believe that the low taxonomy rate puts immediate upward pressure on, for example, Scanfil's cost or availability of financing, or result in other business challenges.

## There are no significant environmental policy issues related to Scanfil

We believe the direct environmental policy elements related to Scanfil’s business are relatively small, as the company’s business is assembly industry with very light energy intensity that also does not use any hazardous substances. Scanfil also manufactures products for its customers that mitigate climate change, such as air-source heat pumps and other green energy technology. Therefore, we do not see any greater risks or threats to Scanfil from regulation in the foreseeable future.

## We do not expect significant investment needs from pursuing climate goals

Scanfil updated its climate program as part of its strategy update in spring 2024. In spring 2026, the company announced that it was ahead of schedule in reducing emissions. Scanfil's climate program aimed to halve carbon dioxide emissions (Scope 1 and Scope 2) in 2030

compared to 2020, which is the target level under the Greenhouse Gas Protocol. By the end of 2025, the company had reduced its emissions by 69%. Scanfil aimed to reduce its Scope 3 emissions in the value chain by 25% by 2030 compared to 2022 levels but had already achieved a 32% reduction by the end of 2025. The target also includes a goal to increase Scanfil's share of fossil-free energy use from 28% in 2020 to 60% by 2030. The company achieved this target at the end of 2025. Thus, progress in reducing emissions has been significant.

Scanfil also stated in its Q1'24 report that it is committed to the Science Based Targets initiative’s (SBTi) targets to achieve net-zero by 2050. Furthermore, in September 2024, the SBTi validated Scanfil's commitment in line with the Paris Climate Agreement. The company aims to re-validate its short-term SBTi targets and establish new long-term targets. In addition, the company will continue to increase its use of renewable energy and reduce waste, among other measures.

We believe the key role for Scanfil's overall emissions is especially Scope3 emissions, which the company has limited direct influence on. In light of current data, we estimate that moving towards the climate target will not impose significant and surprising additional short-term costs for Scanfil, but we await further information on this. We also do not expect future investment needs to rise significantly based on the targets.

Taxonomy eligibility	2024	2025
Revenue	7%	9%
OPEX	7%	9%
CAPEX	9%	9%
<b>Taxonomy alignment</b>		
Revenue	0%	0%
OPEX	0%	0%
CAPEX	0%	0%
<b>Climate</b>		
Climate target	Yes	Yes
Target according to the Paris Agreement (1.5 °C warming scenario)	Yes	Yes

We are starting to increase the visibility of sustainability assessments by looking at the climate target and taxonomy impacts because we believe that they are currently, on average, most significant in the company’s value formation. Visibility to other factors will be gradually increased. The analyst considers the impact of all sustainability factors on the company’s growth and profitability potential and risk (i.e. the required return) when forming the investment view.

NB! Taxonomy eligibility % is shown in the table without taxonomy-aligned activities.

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Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

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## Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
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	Reduce	7.60 €	6.76 €
10/27/2022	Reduce	7.25 €	5.84 €
2/22/2023	Reduce	8.25 €	7.74 €
4/23/2023	Reduce	9.00 €	9.13 €
4/26/2023	Reduce	9.00 €	9.67 €
7/6/2023	Reduce	9.50 €	10.38 €
7/31/2023	Reduce	10.00 €	10.56 €
8/7/2023	Reduce	10.00 €	10.64 €
9/14/2023	Accumulate	10.00 €	8.51 €
10/16/2023	Accumulate	9.00 €	7.64 €
10/30/2023	Accumulate	9.00 €	7.38 €
2/25/2024	Accumulate	9.00 €	7.71 €
4/25/2024	Accumulate	9.00 €	7.78 €
6/11/2024	Accumulate	9.00 €	7.48 €
8/7/2024	Accumulate	9.00 €	7.35 €
10/7/2024	Accumulate	9.00 €	7.38 €
10/28/2024	Accumulate	8.70 €	7.87 €
2/24/2025	Accumulate	9.40 €	8.76 €
4/9/2025	Accumulate	9.00 €	8.08 €
4/25/2025	Reduce	9.00 €	8.76 €
7/18/2025	Reduce	10.50 €	11.32 €
10/27/2025	Reduce	10.50 €	11.06 €
12/12/2025	Accumulate	10.50 €	9.82 €
2/2/2026	Reduce	11.00 €	11.30 €
2/23/2026	Reduce	11.50 €	11.64 €
4/24/2026	Reduce	11.50 €	12.42 €
6/17/2026	Reduce	12.50 €	13.16 €



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