

High growth and profitability

Scanfil's guidance upgrade arrived early in the year and was of notable size. Multiples aren't too high, in the light of robust EBIT, but may now be sensitive to growth outlook.

Early upgrade hints at strong Q1 and gains over the year

Scanfil upgraded guidance as customer demand has continued to pick up especially within the Energy & Cleantech, Automation & Safety, and Medtech & Life Science segments. Electronic components' availability was a bottleneck on productivity (and hence EBIT) last year, but the situation has now been improving for a while. Continued strong demand and further improvement in component availability are not in our view by themselves major news, however the respective 6% and 15% revisions in revenue and EBIT guidance midpoints are of significant magnitude and arrive at an early point in the year; in our view the upgrade suggests even the seasonally slow Q1 has topped the company's own expectations. We expect absolute EBIT to increase over the coming quarters and note Scanfil may land very near its long-term 7% EBIT margin target already this year.

7% EBIT margin target remains relevant going forward

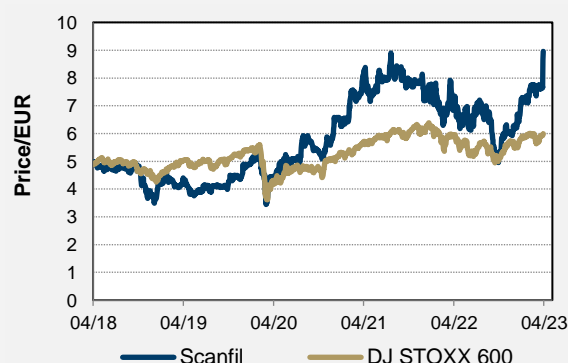
In our opinion Scanfil's 7% EBIT target has been very realistic for years and is also sustainable in the long run. We believe there's unlikely to be any great upside to the target, although Scanfil may well revise it slightly at some point in the future. Scanfil's plant network is in great shape and production capacity shouldn't prove a bottleneck, at least in the short-term, as the company has recently been investing in new space and lines. Any larger capacity step-ups are still more likely to happen through M&A rather than a greenfield project. We believe such potential is most likely to be found in an Asian country like Vietnam.

Growth outlook is likely to drive valuation from now on

Scanfil is again set to grow at double-digits, excluding the spot purchases. This high organic CAGR is unlikely to last for very long in the EMS business, even if Scanfil has an attractive account portfolio. Valuation is henceforth likely to be more sensitive to growth outlook, as there's relatively little uncertainty around the 7% EBIT margin. Scanfil is valued 10x EV/EBIT on our FY '23 estimates and 9x for FY '24. The multiples remain in line with peers, while Scanfil's margins should stay well above those of a typical peer. Our new TP is EUR 10.0 (8.75); we retain BUY rating.

Rating

BUY



Share price, EUR (Last trading day's closing price) 8.96

Target price, EUR 10.0

Latest change in recommendation 14-Oct-21

Latest report on company 22-Feb-23

Research paid by issuer: YES

No. of shares outstanding, '000's 63,895

No. of shares fully diluted, '000's 63,895

Market cap, EURm 573

Free float, % 46.6

Exchange rate -

Reuters code SCANFL.HE

Bloomberg code SCANFL.FH

Average daily volume, EURm 0.1

Next interim report 26-Apr-23

Web site www.scanfil.com/investors

Analyst Joonas Ilvonen

E-mail joonas.ilvonen@evli.com

Telephone +358 44 430 9071

BUY **HOLD** **SELL**

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2021	695.7	40.3	5.8%	-31.7	0.48	15.6	0.8	13.2	-6.7	0.19
2022	843.8	45.4	5.4%	-7.2	0.55	12.0	0.6	11.0	-1.7	0.21
2023E	900.8	59.0	6.5%	83.8	0.67	13.3	0.6	9.9	14.6	0.23
2024E	945.8	63.4	6.7%	37.1	0.74	12.1	0.6	8.8	6.5	0.25
2025E	978.9	66.6	6.8%	41.9	0.78	11.4	0.5	8.0	7.3	0.27
Market cap, EURm	573			Gearing 2023E, %	4.2			CAGR EPS 2022-25, %	12.6	
Net debt 2023E, EURm	11			Price/book 2023E	2.2			CAGR sales 2022-25, %	5.1	
Enterprise value, EURm	583			Dividend yield 2023E, %	2.6			ROE 2023E, %	17.8	
Total assets 2023E, EURm	483			Tax rate 2023E, %	24.0			ROCE 2023E, %	18.4	
Goodwill 2023E, EURm	8			Equity ratio 2023E, %	53.1			PEG, P/E 23/CAGR	2.0	

Estimates and valuation

Scanfil	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23e	Q2'23e	Q3'23e	Q4'23e	2023e
Revenue	595	696	197	213	212	222	844	206	227	224	243	901
<i>growth-%</i>	2.8 %	16.9 %	20.4 %	23.2 %	26.3 %	16.0 %	21.3 %	4.7 %	6.7 %	5.9 %	9.4 %	6.7 %
Advanced Consumer Applications	151	205	55	69	68	56	248	54	64	64	60	242
Automation & Safety	142	145	43	46	44	51	184	48	55	50	58	211
Connectivity	29	33	11	9	8	11	39	12	10	9	12	42
Energy & Cleantech	136	182	55	54	53	61	223	56	57	59	69	242
Medtech & Life Science	108	121	34	36	39	43	151	36	41	42	45	163
Discontinued	30	11	0	0	0	0	0	0	0	0	0	0
EBIT	39	40	10	10	12	13	45	14	14	15	16	59
<i>EBIT margin</i>	6.6 %	5.7 %	5.2 %	4.7 %	5.4 %	6.0 %	5.4 %	6.7 %	6.1 %	6.8 %	6.7 %	6.6 %

Source: Evli Research

SCANFIL PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		22	23	24	22	23	24	22	23	24
Benchmark Electronics	731	8.2x	6.4x	5.8x	11.2x	8.7x	7.8x	3.6 %	4.2 %	4.3 %
Celestica	1376	3.9x	4.0x	3.8x	5.1x	5.1x	4.9x	4.9 %	5.0 %	5.0 %
TT Electronics	369	7.3x	6.9x	6.3x	9.2x	9.2x	8.4x	-0.5 %	8.0 %	8.7 %
Hanza	286	7.7x	9.5x	8.2x	12.3x	14.8x	12.5x	5.6 %	6.2 %	6.7 %
Kitron	644	11.7x	12.2x	11.1x	15.8x	15.7x	14.1x	7.1 %	7.7 %	7.9 %
Lacroix Group	139	6.8x	6.0x	5.4x	13.6x	10.9x	9.0x	3.1 %	3.7 %	4.4 %
Flex Ltd	8885	6.7x	6.2x	5.9x	8.9x	8.3x	7.8x	4.6 %	4.8 %	4.9 %
Plexus	2420	12.6x	10.0x	9.0x	16.9x	13.2x	11.8x	4.8 %	5.2 %	5.4 %
Sanmina	3007	6.2x	5.6x		7.5x			5.4 %		
SIIX	438	6.6x	5.5x	4.9x	12.3x	10.0x	8.7x	3.2 %	3.8 %	4.0 %
Valuetronics	151									
Peer Group Average	1677	7.8x	7.2x	6.7x	11.5x	10.7x	9.5x	4.2 %	5.4 %	5.7 %
Peer Group Median	644	7.0x	6.3x	5.9x	12.3x	10.0x	8.7x	4.7 %	5.0 %	5.0 %
Scanfil (Evli est.)	573	8.0x	7.6x	6.9x	11.0x	9.9x	8.8x	5.4 %	6.5 %	6.7 %
<i>Scanfil prem./disc. to peer median</i>		13 %	21 %	18 %	-10 %	-1 %	2 %	14 %	30 %	35 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	8.96 PV of Free Cash Flow	378 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	11.60 PV of Horizon value	444 WACC, %	8.0 Market risk premium, %	5.8
Share price potential, %	29.5 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	12.7 Marketable securities	21 Minimum WACC, %	7.5 Equity beta coefficient	1.00
Minimum value	10.7 Debt - dividend	-102 Maximum WACC, %	8.5 Target debt ratio, %	20
Horizon value, %	54.0 Value of stock	741 Nr of shares, Mn	63.9 Effective tax rate, %	20

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	844	901	946	979	1,008	1,039	1,065	1,086	1,108	1,130	1,152	1,175
<i>Sales growth, %</i>	<i>21.3</i>	<i>6.8</i>	<i>5.0</i>	<i>3.5</i>	<i>3.0</i>	<i>3.0</i>	<i>2.5</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	45	59	63	67	70	73	75	76	78	79	81	82
<i>Operating income margin, %</i>	<i>5.4</i>	<i>6.5</i>	<i>6.7</i>	<i>6.8</i>	<i>6.9</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>
+ Depreciation+amort.	18	18	17	17	18	18	18	19	19	20	20	
EBITDA	63	77	81	84	87	91	93	95	97	99	101	
- Paid taxes	-7	-14	-15	-16	-17	-17	-18	-18	-19	-19	-19	
- Change in NWC	-39	53	-8	-6	-5	-5	-5	-4	-4	-4	-4	
<i>NWC / Sales, %</i>	<i>24.5</i>	<i>17.1</i>	<i>17.1</i>	<i>17.1</i>	<i>17.1</i>	<i>17.1</i>	<i>17.1</i>	<i>17.2</i>	<i>17.2</i>	<i>17.2</i>	<i>17.2</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-19	-18	-18	-18	-19	-20	-20	-21	-21	-22	-22	
<i>opCAPEX / Sales, %</i>	<i>2.5</i>	<i>3.3</i>	<i>2.1</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	-2	98	40	44	46	48	50	52	53	54	55	939
= Discounted FCFF		92	35	36	35	34	32	31	29	28	26	444
= DFCF min WACC		93	35	36	35	34	33	32	30	29	27	507
= DFCF max WACC		92	34	35	34	33	32	30	28	27	25	392

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1E	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	196.6	212.9	211.9	222.4	843.8	205.9	227.2	224.4	243.3	900.8	945.8	978.9
EBITDA	14.3	14.4	16.1	18.1	62.9	18.1	18.2	19.6	20.7	76.7	80.8	84.0
<i>EBITDA margin (%)</i>	<i>7.3</i>	<i>6.8</i>	<i>7.6</i>	<i>8.1</i>	<i>7.5</i>	<i>8.8</i>	<i>8.0</i>	<i>8.7</i>	<i>8.5</i>	<i>8.5</i>	<i>8.5</i>	<i>8.6</i>
EBIT	10.3	10.2	11.5	13.4	45.4	13.7	13.8	15.2	16.3	59.0	63.4	66.6
<i>EBIT margin (%)</i>	<i>5.2</i>	<i>4.8</i>	<i>5.4</i>	<i>6.0</i>	<i>5.4</i>	<i>6.7</i>	<i>6.1</i>	<i>6.8</i>	<i>6.7</i>	<i>6.5</i>	<i>6.7</i>	<i>6.8</i>
Net financial items	-1.0	-0.3	-1.7	-0.7	-3.7	-0.7	-0.7	-0.7	-0.3	-2.4	-0.9	-0.8
Pre-tax profit	9.3	9.9	9.8	12.7	41.7	13.0	13.1	14.5	16.0	56.6	62.4	65.8
Tax	-1.3	-2.7	-0.4	-2.3	-6.7	-3.1	-3.1	-3.5	-3.8	-13.6	-15.0	-15.8
<i>Tax rate (%)</i>	<i>14.0</i>	<i>27.3</i>	<i>4.1</i>	<i>18.1</i>	<i>16.1</i>	<i>24.0</i>	<i>24.0</i>	<i>24.0</i>	<i>24.0</i>	<i>24.0</i>	<i>24.0</i>	<i>24.0</i>
Net profit	8.0	7.2	9.4	10.4	35.0	9.9	10.0	11.0	12.2	43.0	47.5	50.0
EPS	0.13	0.11	0.15	0.16	0.55	0.15	0.16	0.17	0.19	0.67	0.74	0.78
EPS adjusted (diluted no. of shares)	0.13	0.11	0.15	0.16	0.55	0.15	0.16	0.17	0.19	0.67	0.74	0.78
Dividend per share	0.00	0.00	0.00	0.00	0.21	0.00	0.00	0.00	0.00	0.23	0.25	0.27
SALES, EURm												
Group	196.6	212.9	211.9	222.4	843.8	205.9	227.2	224.4	243.3	900.8	945.8	978.9
Total	196.6	212.9	211.9	222.4	843.8	205.9	227.2	224.4	243.3	900.8	945.8	978.9
SALES GROWTH, Y/Y %												
Group	20.4	23.1	26.3	16.0	21.3	4.7	6.7	5.9	9.4	6.8	5.0	3.5
Total	20.4	23.1	26.3	16.0	21.3	4.7	6.7	5.9	9.4	6.8	5.0	3.5
EBIT, EURm												
Group	10.3	10.2	11.5	13.4	45.4	13.7	13.8	15.2	16.3	59.0	63.4	66.6
Total	10.3	10.2	11.5	13.4	45.4	13.7	13.8	15.2	16.3	59.0	63.4	66.6
EBIT margin, %												
Group	5.2	4.8	5.4	6.0	5.4	6.7	6.1	6.8	6.7	6.5	6.7	6.8
Total	5.2	4.8	5.4	6.0	5.4	6.7	6.1	6.8	6.7	6.5	6.7	6.8

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	563.0	579.4	595.3	695.7	843.8	900.8	945.8	978.9
<i>Sales growth (%)</i>	<i>6.2</i>	<i>2.9</i>	<i>2.7</i>	<i>16.9</i>	<i>21.3</i>	<i>6.8</i>	<i>5.0</i>	<i>3.5</i>
EBITDA	47.2	53.6	55.2	55.7	62.9	76.7	80.8	84.0
<i>EBITDA margin (%)</i>	<i>8.4</i>	<i>9.3</i>	<i>9.3</i>	<i>8.0</i>	<i>7.5</i>	<i>8.5</i>	<i>8.5</i>	<i>8.6</i>
Depreciation	-9.4	-14.2	-16.1	-15.4	-17.5	-17.7	-17.5	-17.5
EBITA	37.8	39.4	39.1	40.3	45.4	59.0	63.4	66.6
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	37.8	39.4	39.1	40.3	45.4	59.0	63.4	66.6
<i>EBIT margin (%)</i>	<i>6.7</i>	<i>6.8</i>	<i>6.6</i>	<i>5.8</i>	<i>5.4</i>	<i>6.5</i>	<i>6.7</i>	<i>6.8</i>
Reported EBIT	37.8	39.4	39.1	40.3	45.4	59.0	63.4	66.6
<i>EBIT margin (reported) (%)</i>	<i>6.7</i>	<i>6.8</i>	<i>6.6</i>	<i>5.8</i>	<i>5.4</i>	<i>6.5</i>	<i>6.7</i>	<i>6.8</i>
Net financials	-1.7	-1.3	-2.6	-1.9	-3.7	-2.4	-0.9	-0.8
Pre-tax profit	36.1	38.1	36.5	38.4	41.7	56.6	62.4	65.8
Taxes	-8.3	-5.9	-4.9	-7.9	-6.7	-13.6	-15.0	-15.8
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	27.8	32.2	31.6	30.5	35.0	43.0	47.5	50.0
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	64	68	61	63	67	67	68	69
Goodwill	10	8	8	8	8	8	8	8
Right of use assets	15	21	18	22	24	36	38	39
Inventory	96	102	103	193	229	153	161	166
Receivables	104	115	116	153	169	166	174	180
Liquid funds	28	20	26	25	21	45	50	77
Total assets	321	340	339	474	526	483	506	547
Liabilities								
Shareholder's equity	148	167	183	207	227	256	289	323
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	15	19	16	20	20	36	38	39
Deferred taxes	5	7	6	5	5	5	5	5
Interest bearing debt	52	44	24	62	82	20	0	0
Non-interest bearing current liabilities	99	96	103	172	184	158	166	171
Other interest-free debt	2	7	7	6	8	8	8	8
Total liabilities	321	340	339	474	526	483	506	547
CASH FLOW, EURm								
+ EBITDA	47	54	55	56	63	77	81	84
- Net financial items	-2	-1	-3	-2	-4	-2	-1	-1
- Taxes	-7	-5	-7	-10	-7	-14	-15	-16
- Increase in Net Working Capital	-9	-15	5	-59	-39	53	-8	-6
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	29	32	50	-15	14	113	57	62
- Capex	-10	-24	-6	-17	-21	-30	-20	-20
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	19	8	44	-32	-7	84	37	42
+/- New issues/buybacks	3	-6	-6	5	-4	0	0	0
- Paid dividend	-7	-8	-10	-11	-12	-13	-15	-16
+/- Other	-7	-1	-23	37	19	-46	-18	1
Change in cash	8	-8	5	0	-4	24	5	27

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	336	417	477	420	573	573	573
Net debt (excl. convertibles)	43	15	57	81	11	-12	-38
Enterprise value	379	431	533	502	583	561	535
Sales	579	595	696	844	901	946	979
EBITDA	54	55	56	63	77	81	84
EBIT	39	39	40	45	59	63	67
Pre-tax	38	37	38	42	57	62	66
Earnings	32	32	31	35	43	47	50
Equity book value (excl. minorities)	167	183	207	227	256	289	323
Valuation multiples							
EV/sales	0.7	0.7	0.8	0.6	0.6	0.6	0.5
EV/EBITDA	7.1	7.8	9.6	8.0	7.6	6.9	6.4
EV/EBITA	9.6	11.0	13.2	11.0	9.9	8.8	8.0
EV/EBIT	9.6	11.0	13.2	11.0	9.9	8.8	8.0
EV/OCF	11.9	8.6	-36.3	36.6	5.1	9.8	8.7
EV/FCFF	25.7	10.0	-20.5	-239.5	6.0	14.1	12.2
P/FCFE	44.7	9.6	-15.0	-58.4	6.8	15.4	13.7
P/E	10.4	13.2	15.6	12.0	13.3	12.1	11.4
P/B	2.0	2.3	2.3	1.9	2.2	2.0	1.8
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.5	7.8	7.2
Target EV/EBIT	0.0	0.0	0.0	0.0	11.0	9.9	9.0
Target EV/FCF	0.0	0.0	0.0	0.0	7.8	16.9	14.3
Target P/B	0.0	0.0	0.0	0.0	2.5	2.2	2.0
Target P/E	0.0	0.0	0.0	0.0	14.9	13.5	12.8
Per share measures							
Number of shares	63,895	63,895	63,895	63,895	63,895	63,895	63,895
Number of shares (diluted)	63,895	63,895	63,895	63,895	63,895	63,895	63,895
EPS	0.50	0.49	0.48	0.55	0.67	0.74	0.78
Operating cash flow per share	0.50	0.78	-0.23	0.21	1.78	0.89	0.97
Free cash flow per share	0.12	0.68	-0.50	-0.11	1.31	0.58	0.66
Book value per share	2.61	2.86	3.25	3.55	4.01	4.52	5.05
Dividend per share	0.15	0.17	0.19	0.21	0.23	0.25	0.27
Dividend payout ratio, %	29.8	34.4	39.8	38.3	34.2	33.7	34.5
Dividend yield, %	2.9	2.6	2.5	2.3	2.6	2.8	3.0
FCF yield, %	2.2	10.4	-6.7	-1.7	14.6	6.5	7.3
Efficiency measures							
ROE	20.4	18.1	15.6	16.1	17.8	17.4	16.3
ROCE	17.7	17.3	15.7	14.7	18.4	19.8	19.3
Financial ratios							
Inventories as % of sales	17.6	17.4	27.8	27.2	17.0	17.0	17.0
Receivables as % of sales	19.8	19.4	22.0	20.0	18.5	18.4	18.4
Non-interest bearing liabilities as % of sales	16.6	17.3	24.8	21.8	17.5	17.5	17.5
NWC/sales, %	19.7	18.3	24.1	24.5	17.1	17.1	17.1
Operative CAPEX/sales, %	4.2	1.1	2.4	2.5	3.3	2.1	2.0
CAPEX/sales (incl. acquisitions), %	4.2	1.1	2.4	2.5	3.3	2.1	2.0
FCFF/EBITDA	0.3	0.8	-0.5	0.0	1.3	0.5	0.5
Net debt/EBITDA, book-weighted	0.8	0.3	1.0	1.3	0.1	-0.1	-0.4
Debt/equity, market-weighted	0.1	0.1	0.1	0.2	0.0	0.0	0.0
Equity ratio, book-weighted	49.0	53.9	43.8	43.1	53.1	57.1	59.1
Gearing, %	25.6	7.9	27.3	35.8	4.2	-4.1	-11.7

COMPANY DESCRIPTION: Scanfil is a contract electronics manufacturer based in Sievi, Finland, operating a global plant network with nine sites located across three continents. The company focuses on producing industrial electronics for its customers, many of which are large global industrial original equipment manufacturers. In practice Northern Europe is by far Scanfil's most important market. Scanfil's strategy is based on a vertically integrated model with which the company aims to provide solutions to cover the entire supply chain during the whole life-cycle of a given customer product.

INVESTMENT CASE: In our view Scanfil is well-positioned to achieve its target 7% operating margin. We see upside to the current share price when customer product volumes continue to develop positively, helping to lift absolute operating profit. We expect Scanfil to achieve even more diversified customer portfolio; this would justify an increase in valuation multiples.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Takanen Harri	9,913,146	88.822	15.5%
Takanen Jarkko	8,596,169	77.022	13.5%
Varikot Oy	7,606,442	68.154	11.9%
Takanen Jorma	6,129,305	54.919	9.6%
Tolonen Jonna	3,351,950	30.033	5.2%
Pöllä Reijo	3,328,745	29.826	5.2%
Laakkonen Mikko	2,531,187	22.679	4.0%
Takanen Martti	1,947,018	17.445	3.0%
Sijoitusrahasto Aktia Capital	1,918,000	17.185	3.0%
Foundation of Riitta and Jorma J.Takanen	1,900,000	17.024	3.0%
Ten largest	47,221,962	423.109	74%
Residual	16,673,477	149.394	26%
Total	63,895,439	572.503	100%

EARNINGS CALENDAR

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

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Petteri Jokitalo	Yritystie 6, FI-85410 Sievi
CFO: Kai Valo	Tel: +358 8 48 82 111
IR: Pasi Hiedanpää	

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

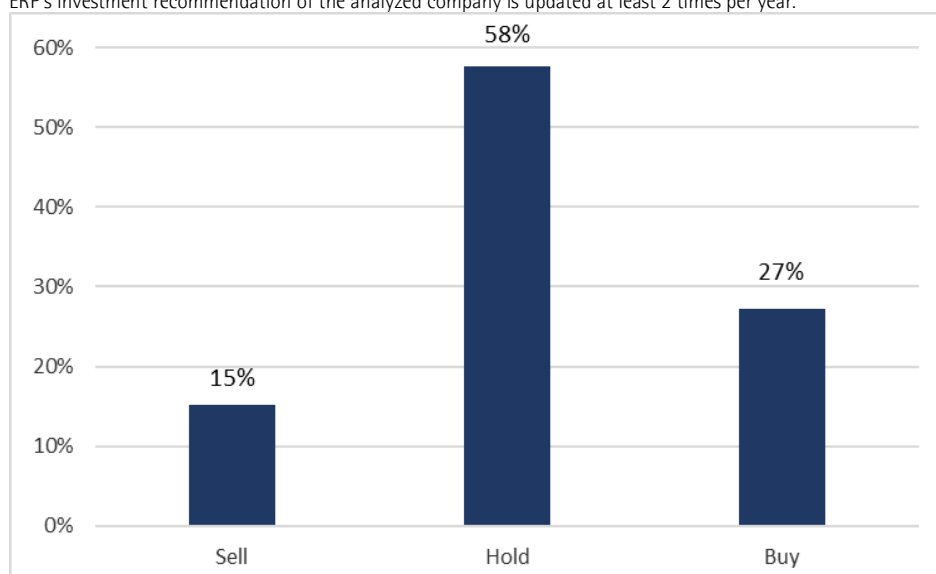
Important Disclosures

Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at [Analysts' recommendations and ratings revisions](#).

Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Plc. Production of the investment recommendation has been concluded on [14.4.2023, 9:15]. This report has been published on [14.4.2023, 9:35].

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making or liquidity providing services.

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment

Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions or other services performed by Evli Plc or any company within Evli Group.

This report has not been disclosed to the company prior to its dissemination.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Plc is supervised by the Finnish Financial Supervision Authority.

Contact information**SALES, TRADING AND RESEARCH****Equity, ETF and Derivatives Sales**

Joachim Dannberg	+358 9 4766 9123
Ari Laine	+358 9 4766 9115
Kimmo Lilja	+358 9 4766 9130

Trading

Lauri Vehkaluoto (Head)	+358 9 4766 9120
Pasi Väisänen	+358 9 4766 9120
Antti Kässi	+358 9 4766 9120
Miika Ronkanen	+358 9 4766 9120

Structured Investments

Heikki Savijoki	+358 9 4766 9726
Aki Lakkisto	+358 9 4766 9123

Equity Research

Jonas Forslund	+358 9 4766 9314
Joonas Ilvonen	+358 44 430 9071
Jerker Salokivi	+358 9 4766 9149
Teemu Reiman	+358 40 352 6175

Evli Investment Solutions

Johannes Asuja	+358 9 4766 9205
----------------	------------------



EVLI BANK PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001