

Results stronger than estimated

Scanfil's Q2 results came in somewhat higher than estimated. Top line was a bit higher than we expected, driven by Energy & Cleantech, while EBIT topped our and consensus estimates by some EUR 1m.

- Scanfil Q2 revenue grew by 14.3% y/y to EUR 243.3m, compared to the EUR 239.9m/237.1m Evli/consensus estimates. Growth was largely driven by the Energy & Cleantech segment (recycling, green energy and energy efficiency solutions). Strong demand, better electronic components availability and investments in production capacity enabled higher production volumes.
- Advanced Consumer Applications amounted to EUR 57.9m vs our EUR 68.0m estimate, while Energy & Cleantech was EUR 86.0m vs our EUR 65.3m estimate. Automation & Safety was EUR 47.5m, compared to our EUR 55.6m estimate.
- EBIT came in at EUR 17.5m vs the EUR 16.2m/16.6m Evli/consensus estimates, meaning operating margin was 7.2%. High production volumes and capacity utilization rates, increased operational efficiency and successful cost inflation management supported profitability.
- Scanfil guides FY '23 revenue in the range of EUR 900-950m and adjusted EBIT of EUR 61-68m (updated on Jul 10).
- Scanfil has also decided to invest EUR 20m in a new factory building in Sieradz, Poland. The new building will increase its Sieradz plant factory floor area by over 70%. The project starts this month and the new building is estimated to be ready for production in Q2'25. Additional expansion investments will be done gradually in line with production volume growth.

Rating					🟡 HOLD
Q2'23	Actual	Evli	Year ago	Q1'23	
Revenue	243.3	239.9	212.9	224.6	
EBIT	17.5	16.2	10.1	15.1	
EPS	0.22	0.18	0.11	0.18	
Deviation	Actual	Evli	Year ago	Q1'23	
Revenue		1 %	14 %	8 %	
EBIT		8 %	73 %	16 %	
EPS		22 %	100 %	22 %	
Share price, EUR (Last trading day's closing price)					10.38
Target price, EUR					11.0
Latest change in recommendation					27-Apr-23
Latest report on company					12-Jul-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					663
Free float, %					46.6
Exchange rate					-
Reuters code					SCANFLHE
Bloomberg code					SCANFL FH
Average daily volume, EURm					0.1
Next interim report					04-Aug-23
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🟢 BUY 🟡 HOLD 🔴 SELL

PRE-REPORT 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	939.1	64.4	6.9%	80.2	0.75	13.9	0.7	10.5	12.1	0.23
2024E	976.7	66.4	6.8%	41.3	0.78	13.3	0.7	9.8	6.2	0.25
2025E	1,010.8	69.7	6.9%	44.2	0.82	12.7	0.6	8.9	6.7	0.27
Market cap, EURm	663		BV per share 2023E, EUR		5.5		CAGR EPS 2022-25, %		14.4	
Net debt 2023E, EURm	14		Price/book 2023E		2.5		CAGR sales 2022-25, %		6.2	
Enterprise value, EURm	678		Dividend yield 2023E, %		2.2		ROE 2023E, %		19.6	
Total assets 2023E, EURm	500		Tax rate 2023E, %		22.9		ROCE 2023E, %		19.8	
Goodwill 2023E, EURm	8		Equity ratio 2023E, %		52.2		PEG, P/E 23/CAGR		3.4	

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Investment recommendations are defined as follows:

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

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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

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