

# Scanfil

## Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Otamme happea erinomaisen jakson jälkeen" published on 4/20/2023 at 9:13 am

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# We take a breather after an excellent period

We raise our target price for Scanfil to EUR 9.00 reflecting the estimate hikes after last week's positive earnings revision (previous EUR 8.25). However, due to the valuation rising to relatively neutral in the short term after the share price rise (2023e: P/E 13x, EV/EBIT 11x) we lower our recommendation to Reduce (previous Accumulate). On Wednesday, Scanfil will publish its Q1 report, which we expect to be strong considering the earnings revision.

## Scanfil issued an early and clear earnings revision for 2023 last week

Last week, Scanfil raised its 2023 guidance both in terms of turnover and adjusted EBIT, which, according to the company, was based especially on strengthened customer demand in the Energy & Cleantech, Automation & Safety and Medtech & Life Science customer segments, as well as availability challenges in components alleviating and improved delivery capacity with new capacity. Scanfil estimates that its turnover for 2023 will be EUR 880–940 million (previous 820-890 MEUR) and its adjusted operating profit will be EUR 56–64 million (previous 49-55 MEUR). The mid-point of the ranges thus increased by 6% and 15%, and the guidance is also in line with Scanfil's normal performance of around 6-7% adjusted EBIT %. Thus, the earnings revision was a clear positive surprise that confirmed that the market situation has remained very favorable, especially in the short term, despite the slowdown in the economy, and that productivity challenges that burdened the company's profitability have alleviated.

## Estimates rose significantly after the earnings revision

Our Scanfil estimates were in the lower half of the old guidance range so after the earnings revision we raised our 2023 estimates by 9% in terms turnover and by 19% for adjusted EBIT. The estimate changes for the next few years were smaller but also clearly positive. In the coming years we expect Scanfil 's earnings to grow at a good rate (2022-2025e EPS CAGR 12%) as turnover increases organically with healthy market growth and small market share gains (i.e. adjusted for temporary sales in 2021-2023). With the growth and especially recovering productivity in 2023, we expect profitability to improve and gradually move toward the company's 7% target level (adjusted EBIT-%). We do, however, expect that due to the subdued economic growth outlook and the partly post-cyclical nature of Scanfil's demand growth and earnings growth will focus on 2023 and calm down thereafter. In Q1'23, we expect Scanfil to achieve 12% turnover growth driven by strong demand (higher comparable growth due to lower spot purchases). With growth and improved productivity, we estimate that the company's adjusted result increases by 36% to EUR 14 million. We believe that Scanfil's main risks relate to demand that depends on the global economy and inflation, especially looking beyond the current year.

## Required return no longer exceeded in the short term even though we like the longer-term story

P/E ratios for 2023 and 2024 based on our estimates are around 13x, while the corresponding EV/EBIT ratios are close on 11x and 10x. The valuation is in line with the company's moderate 5-year medians for this year and at a slight premium to the peer group. Thus, we do not find the valuation of the share unreasonable, but after the share price rise of nearly 40% this year the expected return consisting of earnings growth, a small around 3% dividend yield and the downside in multiples (2022 P/E 17x) no longer exceeds the required return on a 12-month horizon. The DCF value per share of around EUR 9 also indicates that the share price has neutralized in the short term. In the longer term, however, we believe that Scanfil still offers a strong investment story of profitable growth.

## Recommendation

**Reduce**  
(previous Accumulate)

**EUR 9.00**  
(previous EUR 8.25)

**Share price:**  
EUR 9.13



## Key figures

	2022	2023e	2024e	2025e
<b>Revenue</b>	844	905	890	920
<b>growth-%</b>	21%	7%	-2%	3%
<b>EBIT adj.</b>	45.4	60.0	61.0	63.2
<b>EBIT-% adj.</b>	5.4 %	6.6 %	6.9 %	6.9 %
<b>Net Income</b>	35.0	44.1	46.2	48.9
<b>EPS (adj.)</b>	0.54	0.68	0.72	0.76

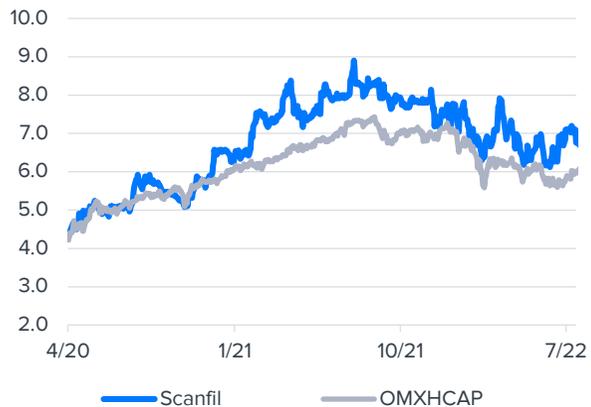
<b>P/E (adj.)</b>	12.1	13.3	12.7	12.0
<b>P/B</b>	1.9	2.3	2.0	1.8
<b>Dividend yield-%</b>	3.2 %	2.5 %	2.7 %	3.0 %
<b>EV/EBIT (adj.)</b>	11.2	10.5	9.5	8.6
<b>EV/EBITDA</b>	8.1	7.9	7.3	6.6
<b>EV/S</b>	0.6	0.7	0.7	0.6

Source: Inderes

## Guidance (Improved)

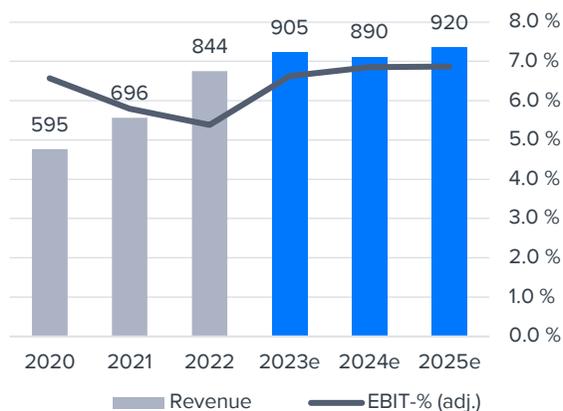
Scanfil estimates that its turnover for 2023 will be EUR 880–940 million and its adjusted operating profit will be EUR 56–64 million.

## Share price



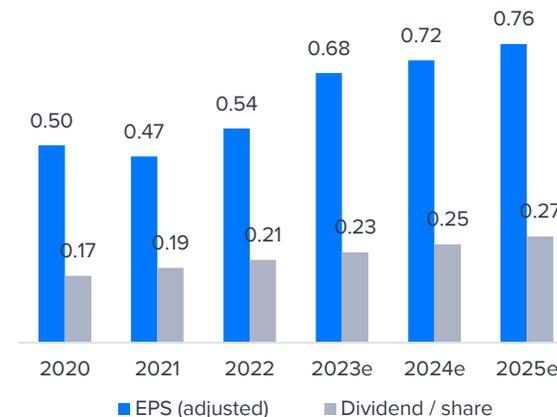
Source: Millstream Market Data AB

## Revenue and EBIT %



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

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



## Risk factors

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

Valuation	2023e	2024e	2025e
Share price	9.13	9.13	9.13
Number of shares, millions	64.5	64.5	64.5
Market cap	589	589	589
EV	633	582	541
P/E (adj.)	13.3	12.7	12.0
P/E	13.3	12.7	12.0
P/FCF	10.2	8.8	10.2
P/B	2.3	2.0	1.8
P/S	0.7	0.7	0.6
EV/Sales	0.7	0.7	0.6
EV/EBITDA	7.9	7.3	6.6
EV/EBIT (adj.)	10.5	9.5	8.6
Payout ratio (%)	33.6 %	34.9 %	35.6 %
Dividend yield-%	2.5 %	2.7 %	3.0 %

Source: Inderes

## We expect strong numbers in the aftermath of the earnings revision

Estimates MEUR / EUR	Q1'22	Q1'23	Q1'23e	Q1'23e	Consensus		2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Inderes
Revenue	197		220				905
EBIT	10.3		14.0				60.0
PTP	9.3		13.1				56.6
EPS (reported)	0.12		0.16				0.68
Revenue growth-%	20.4 %		11.9 %				7.3 %
EBIT-% (adj.)	5.2 %		5.5 %				6.6 %

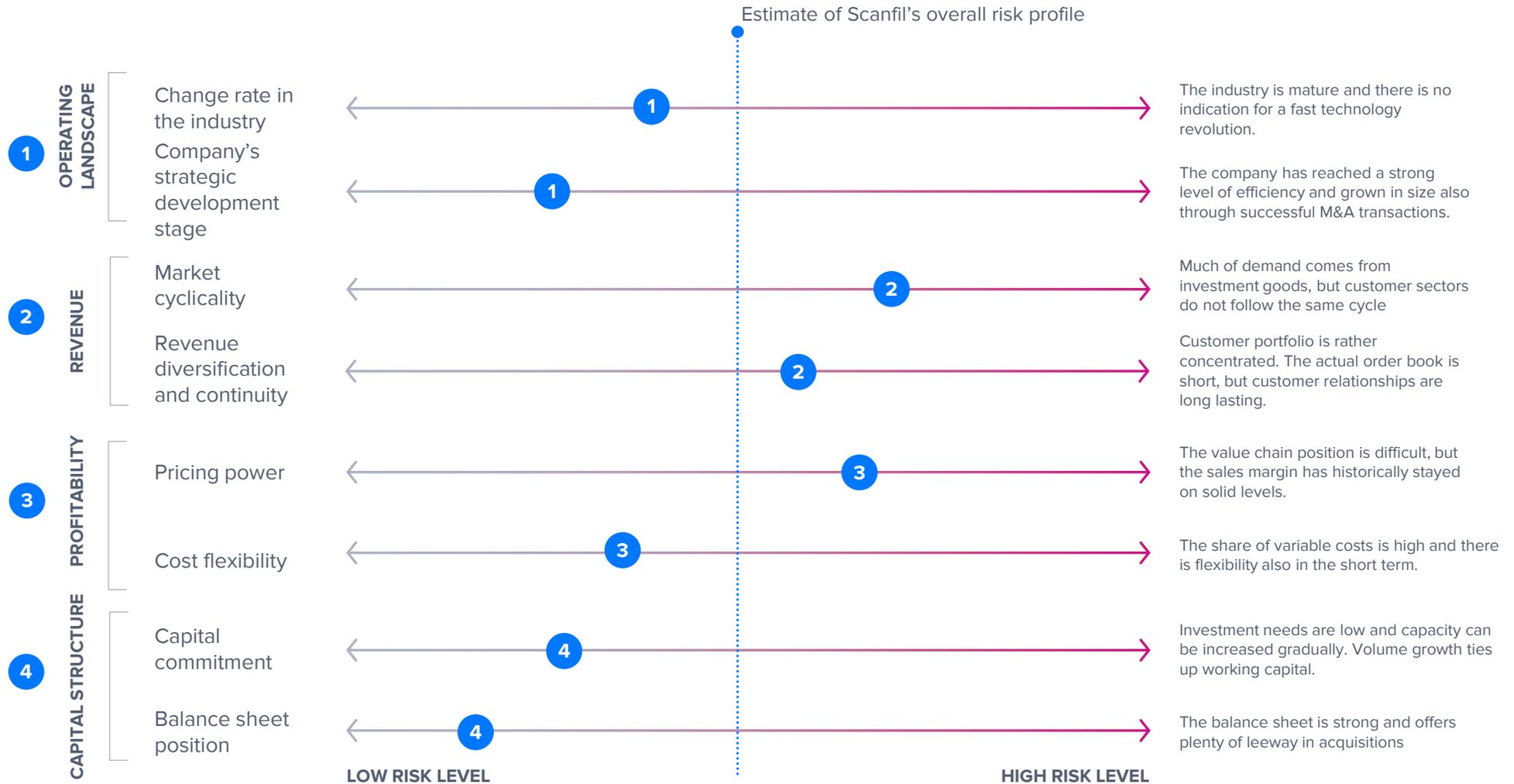
Source: Inderes

# Earnings revision pushed estimates clearly up for the next few years

Estimate revisions MEUR / EUR	2023e			2024e			2025e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
Revenue	830	905	9%	820	890	9%	850	920	8%
EBIT (exc. NRIs)	50.5	60.0	19%	54.0	61.0	13%	57.5	63.2	10%
EBIT	50.5	60.0	19%	54.0	61.0	13%	57.5	63.2	10%
PTP	47.5	56.6	19%	52.5	59.2	13%	57.2	62.6	9%
EPS (excl. NRIs)	0.57	0.68	19%	0.64	0.72	13%	0.69	0.76	9%
DPS	0.23	0.23	0%	0.25	0.25	0%	0.00	0.27	0%

Source: Inderes

# Risk profile of the business model



# Overall picture turned slightly to neutral

## Valuation level is very moderate

Scanfil's P/E ratios for 2023 and 2024 based on our estimates are 13x, while the corresponding EV/EBIT ratios are around 11x and 10x. Given the company's good performance capacity, we expect the dividend yield for the next few years to be around 3%. However, we do not deem dividends very significant for Scanfil's expected returns, as its profile is one of a growth company, even if the dividends of the next few years provide a reasonable base return. Earnings-based valuation is at or slightly below the company's moderate historical median levels next year. Thus, the valuation is reasonable considering Scanfil's strengthened performance in the last 5-10 years and the risk profile that has lowered with successful acquisitions (incl. a wider customer portfolio). On the other hand, following the share price rise of nearly 40% this year we do not see much upside in the multiples anymore.

Scanfil's historical track record of profitable growth is impressive and we believe that the historical valuation has been largely driven by the nature and reputation of the industry perceived as chronically difficult. Given the recent performance, a P/E ratio 12x-15x and EV/EBIT ratio of 10x-12x are easily acceptable levels for Scanfil. The share price is neutral also relative to these ranges considering the earnings improvement this year. However, we believe that the expected return consisting of a small around 3% dividend yield and the downside in multiples (2022 P/E 17x) no longer exceeds the required return on a 12-month horizon. In the medium term, the expected return is also at the level of our required return.

Scanfil's P/B ratio 2.6x (2022) is also neutral compared to the 18% adjusted ROE of the last five years. With these numbers, Scanfil's retrospective static earnings return is 7%, which alone does not cover the COE requirement. Thus, the potential of relatively good short- and long-term profitable growth is priced in the share on a justified scale in our opinion.

## DCF and peer group indicate a discount

When compared to the peer group consisting of global contract manufacturers, Scanfil's earnings-based valuation is at a slight premium. We believe that Scanfil deserves a small premium due to its long-term track record and positioning in industrial electronics with better profitability potential. However, we do not consider the valuation of peer companies as an important driver for Scanfil's valuation. Our DCF model for Scanfil is also at the level of the share price and our target price. Thus, also considering the DCF, the share's valuation starts to be rather neutral in our view.

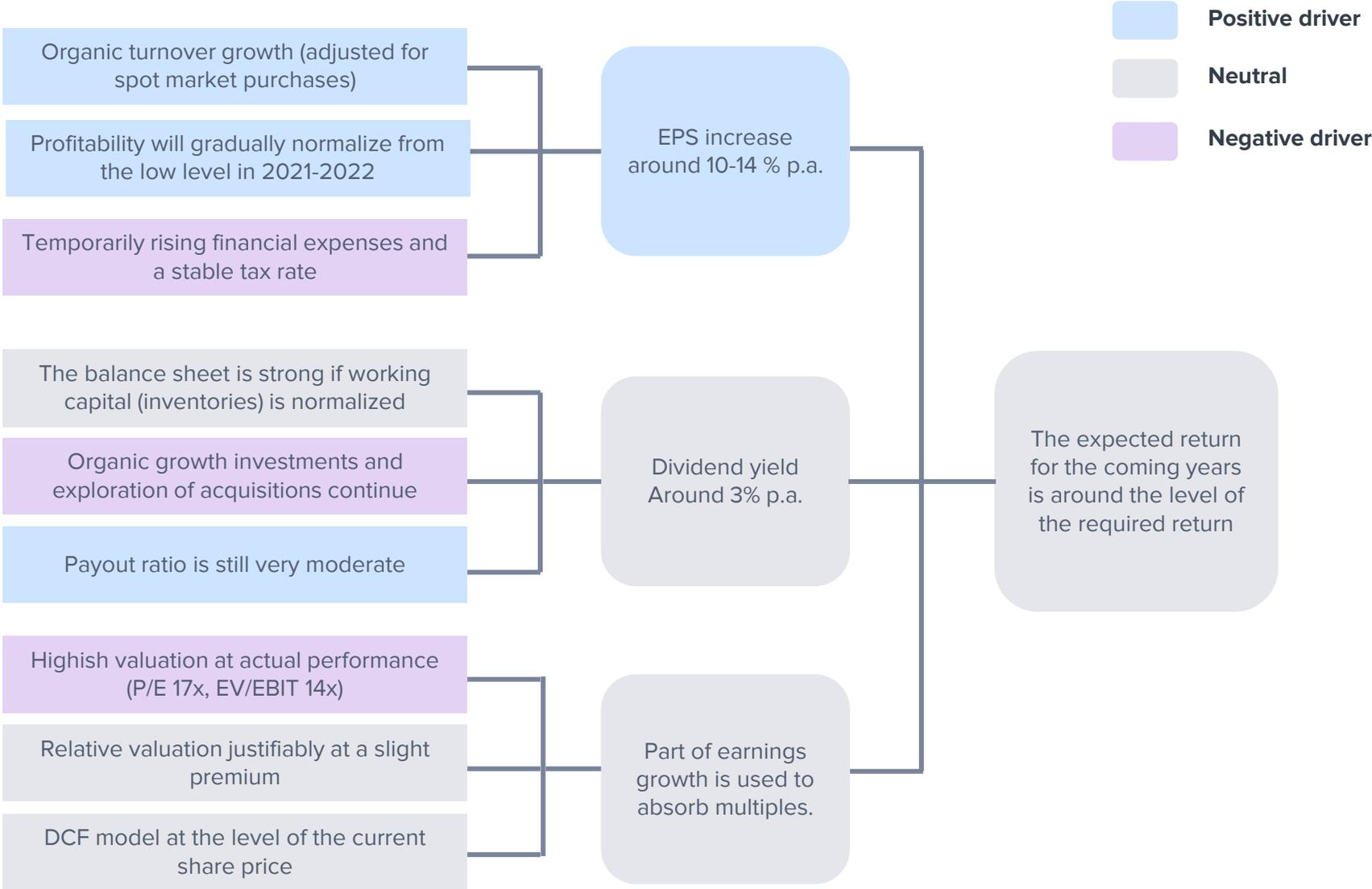
## Acquisition option supports the expected return

On top of our current expected return, investors receive a positive acquisition option. We find its realization rather likely in the medium term, although the focus in the short term is on organic growth based on the recent expansion of the plant floor area in 5 plants. We estimate that the company has some EUR 100 million to make strategically suitable and owner-value-creating moves, as long as the level of working capital committed in 2021-2022 can be normalized in 2023-2024. We are confident about this option, given the company's strong track record in M&A transactions.

Valuation	2023e	2024e	2025e
Share price	9.13	9.13	9.13
Number of shares, millions	64.5	64.5	64.5
Market cap	589	589	589
EV	633	582	541
P/E (adj.)	13.3	12.7	12.0
P/E	13.3	12.7	12.0
P/FCF	10.2	8.8	10.2
P/B	2.3	2.0	1.8
P/S	0.7	0.7	0.6
EV/Sales	0.7	0.7	0.6
EV/EBITDA	7.9	7.3	6.6
EV/EBIT (adj.)	10.5	9.5	8.6
Payout ratio (%)	33.6 %	34.9 %	35.6 %
Dividend yield-%	2.5 %	2.7 %	3.0 %

Source: Inderes

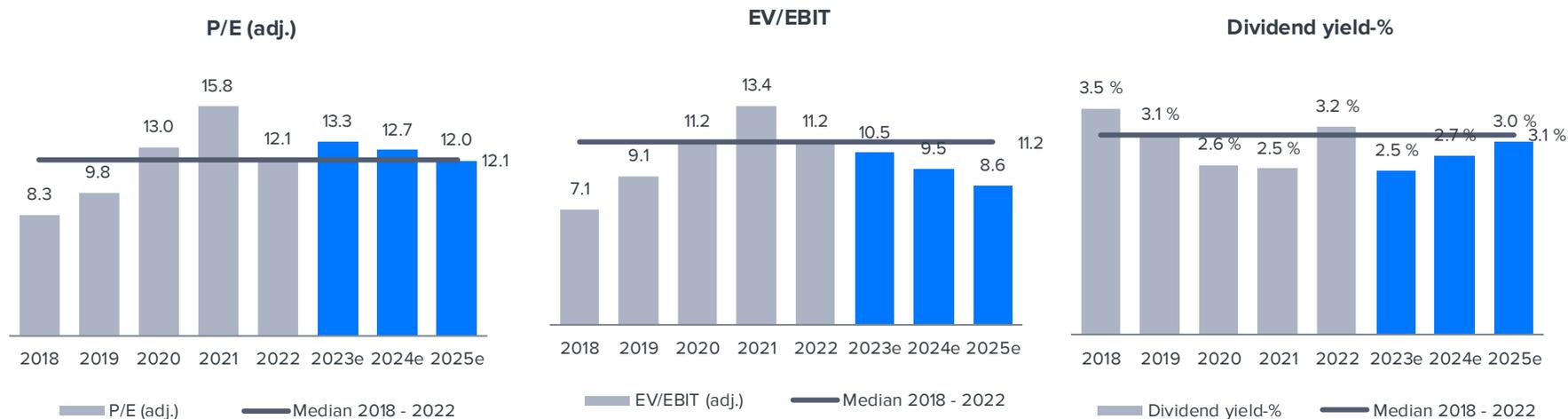
# EPS drivers 2022-2025e



# Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	3.75	4.89	6.52	7.46	6.58	9.13	9.13	9.13	9.13
Number of shares, millions	64.0	64.4	64.5	64.5	64.5	64.5	64.5	64.5	64.5
Market cap	240	313	420	481	424	589	589	589	589
EV	268	359	439	541	510	633	582	541	513
P/E (adj.)	8.3	9.8	13.0	15.8	12.1	13.3	12.7	12.0	11.5
P/E	8.3	11.2	11.4	16.2	12.1	13.3	12.7	12.0	11.5
P/FCF	10.5	77.0	8.3	neg.	neg.	10.2	8.8	10.2	13.1
P/B	1.7	1.9	2.3	2.3	1.9	2.3	2.0	1.8	1.7
P/S	0.4	0.5	2.3	0.7	0.5	0.7	0.7	0.6	0.6
EV/Sales	0.5	0.6	0.7	0.8	0.6	0.7	0.7	0.6	0.5
EV/EBITDA	5.7	6.8	7.2	9.8	8.1	7.9	7.3	6.6	6.1
EV/EBIT (adj.)	7.1	9.1	11.2	13.4	11.2	10.5	9.5	8.6	7.8
Payout ratio (%)	28.8 %	34.2 %	29.7 %	41.1 %	38.7 %	33.6 %	34.9 %	35.6 %	40.0 %
Dividend yield-%	3.5 %	3.1 %	2.6 %	2.5 %	3.2 %	2.5 %	2.7 %	3.0 %	3.5 %

Source: Inderes



# Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Incap	320	333	7.3	6.5	6.5	6.0	1.1	1.0	9.3	8.5	1.4	1.8	2.6
Kitron	616	934	19.3	17.4	14.8	13.7	1.5	1.3	18.7	16.2	2.0	2.6	3.9
Hanza	277	326	14.9	12.9	9.8	8.4	0.9	0.9	19.5	16.9	1.4	1.6	3.0
Pegatron	5586	7423	9.8	9.1	6.2	5.8	0.2	0.2	10.7	9.8	6.0	6.5	1.0
Celestica	1373	1735	4.9	4.7	3.9	3.7	0.3	0.2	6.1	5.7			0.9
Flextronics	8991	10322	8.1	7.6	6.2	5.7	0.4	0.4	9.5	9.0			2.3
Foxconn	43287	46161	8.5	7.5	5.9	5.2	0.2	0.2	9.6	8.5	5.2	5.5	0.9
Jabil	10186	11807	7.7	7.4	4.9	4.8	0.4	0.4	10.1	9.3	0.4	0.4	3.9
Hana Microelectronics	1065	976	16.1	13.3	9.1	8.0	1.3	1.1	16.4	13.7	2.9	3.7	1.6
TT Electronics	341	502	8.8	8.0	6.6	6.0	0.7	0.7	9.2	8.2	4.0	4.4	1.0
Fabrinet	3237	2767	10.6	9.8	9.2	8.6	1.1	1.0	12.6	11.5			2.4
Universal Scientific	4841	5010	11.8	10.6	8.8	7.8	0.5	0.5	12.7	10.9	2.4	2.5	2.1
Venture Corporation	3485	2947	9.8	9.3	9.0	8.6	1.1	1.1	13.7	13.0	4.4	4.6	1.7
Plexus	2434	2679	12.8	11.4	10.0	9.0	0.7	0.6	17.3	14.4			2.1
<b>Scanfil (Inderes)</b>	<b>589</b>	<b>633</b>	<b>10.5</b>	<b>9.5</b>	<b>7.9</b>	<b>7.3</b>	<b>0.7</b>	<b>0.7</b>	<b>13.3</b>	<b>12.7</b>	<b>2.5</b>	<b>2.7</b>	<b>2.3</b>
<b>Average</b>			<b>10.7</b>	<b>9.7</b>	<b>7.9</b>	<b>7.2</b>	<b>0.7</b>	<b>0.7</b>	<b>12.5</b>	<b>11.1</b>	<b>3.0</b>	<b>3.4</b>	<b>2.1</b>
<b>Median</b>			<b>9.8</b>	<b>9.2</b>	<b>7.7</b>	<b>6.9</b>	<b>0.7</b>	<b>0.7</b>	<b>11.6</b>	<b>10.4</b>	<b>2.6</b>	<b>3.1</b>	<b>2.1</b>
<b>Diff-% to median</b>			<b>7%</b>	<b>4%</b>	<b>3%</b>	<b>6%</b>	<b>1%</b>	<b>-2%</b>	<b>15%</b>	<b>23%</b>	<b>-4%</b>	<b>-13%</b>	<b>9%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23e	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
<b>Revenue</b>	<b>696</b>	<b>197</b>	<b>213</b>	<b>212</b>	<b>222</b>	<b>844</b>	<b>220</b>	<b>235</b>	<b>215</b>	<b>235</b>	<b>905</b>	<b>890</b>	<b>920</b>	<b>950</b>
Group	696	197	213	212	222	844	220	235	215	235	905	890	920	950
<b>EBITDA</b>	<b>55.0</b>	<b>14.3</b>	<b>14.4</b>	<b>16.1</b>	<b>18.1</b>	<b>62.9</b>	<b>19.0</b>	<b>20.7</b>	<b>19.8</b>	<b>20.5</b>	<b>80.0</b>	<b>79.4</b>	<b>82.0</b>	<b>84.1</b>
Depreciation	-15.4	-4.0	-4.2	-4.6	-4.7	-17.5	-5.0	-5.0	-5.0	-5.0	-20.0	-18.4	-18.8	-18.6
<b>EBIT (excl. NRI)</b>	<b>40.3</b>	<b>10.3</b>	<b>10.2</b>	<b>11.5</b>	<b>13.4</b>	<b>45.4</b>	<b>14.0</b>	<b>15.7</b>	<b>14.8</b>	<b>15.5</b>	<b>60.0</b>	<b>61.0</b>	<b>63.2</b>	<b>65.5</b>
<b>EBIT</b>	<b>39.6</b>	<b>10.3</b>	<b>10.2</b>	<b>11.5</b>	<b>13.4</b>	<b>45.4</b>	<b>14.0</b>	<b>15.7</b>	<b>14.8</b>	<b>15.5</b>	<b>60.0</b>	<b>61.0</b>	<b>63.2</b>	<b>65.5</b>
Group	40.3	10.3	10.2	11.5	13.4	45.4	14.0	15.7	14.8	15.5	60.0	61.0	63.2	65.5
Net financial items	-1.9	-1.0	-0.3	-1.7	-0.7	-3.7	-0.9	-0.9	-0.8	-0.8	-3.4	-1.8	-0.6	0.0
<b>PTP</b>	<b>37.7</b>	<b>9.3</b>	<b>9.8</b>	<b>9.8</b>	<b>12.7</b>	<b>41.7</b>	<b>13.1</b>	<b>14.8</b>	<b>14.0</b>	<b>14.7</b>	<b>56.6</b>	<b>59.2</b>	<b>62.6</b>	<b>65.5</b>
Taxes	-7.9	-1.3	-2.7	-0.4	-2.3	-6.7	-2.9	-3.3	-3.1	-3.2	-12.5	-13.0	-13.8	-14.4
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net earnings</b>	<b>29.8</b>	<b>8.0</b>	<b>7.1</b>	<b>9.4</b>	<b>10.4</b>	<b>35.0</b>	<b>10.2</b>	<b>11.5</b>	<b>10.9</b>	<b>11.5</b>	<b>44.1</b>	<b>46.2</b>	<b>48.9</b>	<b>51.1</b>
<b>EPS (adj.)</b>	<b>0.47</b>	<b>0.12</b>	<b>0.11</b>	<b>0.15</b>	<b>0.16</b>	<b>0.54</b>	<b>0.16</b>	<b>0.18</b>	<b>0.17</b>	<b>0.18</b>	<b>0.68</b>	<b>0.72</b>	<b>0.76</b>	<b>0.79</b>
<b>EPS (rep.)</b>	<b>0.46</b>	<b>0.12</b>	<b>0.11</b>	<b>0.15</b>	<b>0.16</b>	<b>0.54</b>	<b>0.16</b>	<b>0.18</b>	<b>0.17</b>	<b>0.18</b>	<b>0.68</b>	<b>0.72</b>	<b>0.76</b>	<b>0.79</b>
<b>Key figures</b>	<b>2021</b>	<b>Q1'22</b>	<b>Q2'22</b>	<b>Q3'22</b>	<b>Q4'22</b>	<b>2022</b>	<b>Q1'23e</b>	<b>Q2'23e</b>	<b>Q3'23e</b>	<b>Q4'23e</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
<b>Revenue growth-%</b>	16.9 %	20.4 %	23.1 %	26.3 %	16.0 %	21.3 %	11.9 %	10.4 %	1.5 %	5.7 %	7.3 %	-1.7 %	3.4 %	3.3 %
<b>Adjusted EBIT growth-%</b>	3.1 %	3.0 %	-3.6 %	21.7 %	30.5 %	12.7 %	35.9 %	53.9 %	28.7 %	15.7 %	32.2 %	1.7 %	3.6 %	3.6 %
<b>EBITDA-%</b>	7.9 %	7.3 %	6.8 %	7.6 %	8.1 %	7.5 %	8.6 %	8.8 %	9.2 %	8.7 %	8.8 %	8.9 %	8.9 %	8.9 %
<b>Adjusted EBIT-%</b>	5.8 %	5.2 %	4.8 %	5.4 %	6.0 %	5.4 %	6.4 %	6.7 %	6.9 %	6.6 %	6.6 %	6.9 %	6.9 %	6.9 %
<b>Net earnings-%</b>	4.3 %	4.1 %	3.4 %	4.4 %	4.7 %	4.2 %	4.6 %	4.9 %	5.1 %	4.9 %	4.9 %	5.2 %	5.3 %	5.4 %

Source: Inderes

# Balance sheet

Assets	2021	2022	2023e	2024e	2025e
<b>Non-current assets</b>	<b>102</b>	<b>107</b>	<b>107</b>	<b>109</b>	<b>108</b>
Goodwill	8.2	7.7	7.7	7.7	7.7
Intangible assets	12.9	10.8	10.9	11.0	11.1
Tangible assets	72.0	79.7	80.2	81.8	81.0
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.5	0.5	0.5	0.5	0.5
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	8.5	7.8	7.8	7.8	7.8
<b>Current assets</b>	<b>372</b>	<b>419</b>	<b>425</b>	<b>387</b>	<b>397</b>
Inventories	193	229	208	178	170
Other current assets	3.9	4.1	3.9	3.9	3.9
Receivables	149	165	181	169	175
Cash and equivalents	25.3	20.8	31.7	35.6	48.5
<b>Balance sheet total</b>	<b>474</b>	<b>526</b>	<b>532</b>	<b>495</b>	<b>506</b>

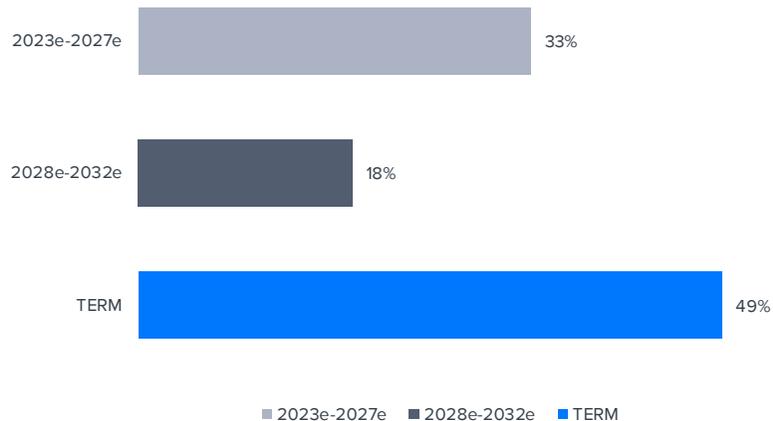
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
<b>Equity</b>	<b>207</b>	<b>227</b>	<b>257</b>	<b>289</b>	<b>321</b>
Share capital	2.0	2.0	2.0	2.0	2.0
Retained earnings	172	195	226	257	290
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	33.4	29.5	29.5	29.5	29.5
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>68.0</b>	<b>61.8</b>	<b>53.3</b>	<b>23.7</b>	<b>5.9</b>
Deferred tax liabilities	5.3	4.6	4.6	4.6	4.6
Provisions	0.7	0.8	0.8	0.8	0.8
Long term debt	62.0	56.4	47.9	18.3	0.5
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>198</b>	<b>237</b>	<b>221</b>	<b>183</b>	<b>178</b>
Short term debt	23.2	49.9	27.8	10.5	0.0
Payables	172	184	190	169	175
Other current liabilities	3.0	3.5	3.5	3.5	3.5
<b>Balance sheet total</b>	<b>474</b>	<b>526</b>	<b>532</b>	<b>495</b>	<b>506</b>

# DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	21.3 %	7.3 %	-1.7 %	3.4 %	3.3 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	2.0 %	2.0 %
EBIT-%	5.4 %	6.6 %	6.9 %	6.9 %	6.9 %	6.7 %	6.5 %	6.3 %	6.2 %	6.1%	6.1%	6.1%
<b>EBIT (operating profit)</b>	<b>45.4</b>	<b>60.0</b>	<b>61.0</b>	<b>63.2</b>	<b>65.5</b>	<b>65.6</b>	<b>65.5</b>	<b>65.4</b>	<b>66.3</b>	<b>67.2</b>	<b>68.5</b>	
+ Depreciation	17.5	20.0	18.4	18.8	18.6	18.7	19.0	19.2	19.4	19.5	19.6	
- Paid taxes	-6.7	-12.5	-13.0	-13.8	-14.4	-14.4	-14.4	-14.4	-14.6	-14.8	-15.1	
- Tax, financial expenses	-0.6	-0.8	-0.4	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-39.9	11.5	21.1	7.8	-5.6	-5.3	-5.4	-5.6	-5.8	-5.9	-4.1	
<b>Operating cash flow</b>	<b>15.7</b>	<b>78.3</b>	<b>87.1</b>	<b>75.9</b>	<b>64.2</b>	<b>64.6</b>	<b>64.7</b>	<b>64.7</b>	<b>65.4</b>	<b>66.0</b>	<b>69.0</b>	
+ Change in other long-term liabilities	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-22.6	-20.6	-20.1	-18.1	-19.1	-20.1	-20.1	-20.1	-20.1	-20.1	-21.4	
<b>Free operating cash flow</b>	<b>-6.7</b>	<b>57.7</b>	<b>67.0</b>	<b>57.8</b>	<b>45.1</b>	<b>44.5</b>	<b>44.6</b>	<b>44.6</b>	<b>45.3</b>	<b>45.9</b>	<b>47.7</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-6.7	57.7	67.0	57.8	45.1	44.5	44.6	44.6	45.3	45.9	47.7	736
<b>Discounted FCFF</b>		<b>54.4</b>	<b>58.3</b>	<b>46.3</b>	<b>33.2</b>	<b>30.2</b>	<b>27.8</b>	<b>25.6</b>	<b>24.0</b>	<b>22.4</b>	<b>21.4</b>	<b>331</b>
Sum of FCFF present value		674	620	562	515	482	452	424	399	375	352	331
<b>Enterprise value DCF</b>		<b>674</b>										
- Interesting bearing debt		-106.3										
+ Cash and cash equivalents		20.8										
-Minorities		0.0										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>589</b>										
<b>Equity value DCF per share</b>		<b>9.1</b>										

Cash flow distribution



## WACC

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

Source: Inderes

# Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	595	696	844	905	890	EPS (reported)	0.57	0.46	0.54	0.68	0.72
EBITDA	60.5	55.0	62.9	80.0	79.4	EPS (adj.)	0.50	0.47	0.54	0.68	0.72
EBIT	44.4	39.6	45.4	60.0	61.0	OCF / share	0.89	-0.21	0.24	1.21	1.35
PTP	41.8	37.7	41.7	56.6	59.2	FCF / share	0.79	-0.54	-0.10	0.89	1.04
Net Income	36.9	29.8	35.0	44.1	46.2	Book value / share	2.84	3.22	3.51	3.99	4.48
Extraordinary items	5.3	-0.7	0.0	0.0	0.0	Dividend / share	0.17	0.19	0.21	0.23	0.25
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	339	474	526	532	495	Revenue growth-%	3%	17%	21%	7%	-2%
Equity capital	183	207	227	257	289	EBITDA growth-%	14%	-9%	14%	27%	-1%
Goodwill	8.3	8.2	7.7	7.7	7.7	EBIT (adj.) growth-%	-1%	3%	13%	32%	2%
Net debt	18.3	59.9	85.5	44.0	-6.8	EPS (adj.) growth-%	1%	-6%	15%	26%	5%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	10.2 %	7.9 %	7.5 %	8.8 %	8.9 %
EBITDA	60.5	55.0	62.9	80.0	79.4	EBIT (adj.)-%	6.6 %	5.8 %	5.4 %	6.6 %	6.9 %
Change in working capital	4.5	-58.1	-39.9	11.5	21.1	EBIT-%	7.5 %	5.7 %	5.4 %	6.6 %	6.9 %
Operating cash flow	57.3	-13.4	15.7	78.3	87.1	ROE-%	21.1 %	15.3 %	16.1 %	18.3 %	16.9 %
CAPEX	-6.7	-21.4	-22.6	-20.6	-20.1	ROI-%	19.3 %	15.2 %	14.5 %	18.0 %	18.8 %
Free cash flow	50.8	-34.8	-6.7	57.7	67.0	Equity ratio	53.9 %	43.8 %	43.1 %	48.4 %	58.3 %
						Gearing	10.0 %	28.9 %	37.7 %	17.1 %	-2.4 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	0.7	0.8	0.6	0.7	0.7						
EV/EBITDA (adj.)	7.2	9.8	8.1	7.9	7.3						
EV/EBIT (adj.)	11.2	13.4	11.2	10.5	9.5						
P/E (adj.)	13.0	15.8	12.1	13.3	12.7						
P/B	2.3	2.3	1.9	2.3	2.0						
Dividend-%	2.6 %	2.5 %	3.2 %	2.5 %	2.7 %						

Source: Inderes

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



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