

Good results amid the pandemic

Scanfil's Q1 revenue clearly exceeded our and consensus estimates. Communication, Energy & Automation as well as Industrial segments were stronger than we expected. Scanfil says profitability developed as expected and reaffirms FY '20 outlook.

- Q1 top line stood at EUR 144.1m, compared to EUR 133.7m/135.2m Evli/consensus estimates.
- Communication revenue was EUR 22.4m while we expected EUR 16.1m. Scanfil says 5G network elements were the most important demand driver.
- Consumer Applications revenue amounted to EUR 18.7m vs our EUR 24.7m estimate. Scanfil says the softness was due to a certain account whose demand begins in Q2 this year. The coronavirus also had an impact on a couple of accounts.
- Energy & Automation recorded EUR 30.7m compared to our EUR 25.4m estimate. Demand was broad and strengthened during the quarter.
- Industrial top line was EUR 45.6m vs our EUR 38.6m expectation.
- Medtec & Life Science revenue amounted to EUR 26.7m, in comparison to our EUR 28.9m estimate.
- Scanfil's Q1 EBIT was EUR 8.6m vs EUR 8.7m/8.3m Evli/consensus estimates. The 6.0% operating margin was thus slightly lower than our 6.5% estimate.
- Scanfil issued annual guidance on Feb 19, 2020 according to which the company saw FY '20 revenue in the EUR 590-640m range and EBIT at EUR 39-43m. Scanfil said the guidance was subject to exceptional uncertainty due to the coronavirus situation that was evolving in China back then. The company made a certain allowance accordingly. Scanfil now reaffirms the outlook but updates the definition of uncertainties with a reference to potential negative effects of the pandemic.

Rating				BUY
Q1'20	Actual	Evli	Year ago	Q4'19
Revenue	144.1	133.7	129.9	154.7
Adj. EBIT	8.6	8.7	6.8	10.0
Adj. EPS	0.12	0.10	0.08	0.15
Deviation	Actual	Evli	Year ago	Q4'19
Revenue		8 %	11 %	-7 %
Adj. EBIT		-1 %	26 %	-14 %
Adj. EPS		20 %	50 %	-20 %
Share price, EUR (Last trading day's closing price)				4.39
Target price, EUR				5.75
Latest change in recommendation				30-Oct-18
Latest report on company				20-Feb-20
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				281
Free float, %				-
Exchange rate				-
Reuters code				SCANFLHE
Bloomberg code				SCANFL FH
Average daily volume, EURm				0.1
Next interim report				24-Apr-20
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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
2018	563.0	37.8	6.7%	18.9	0.44	10.1	0.6	8.5	6.7	0.13
2019	579.4	39.4	6.8%	7.5	0.50	10.4	0.7	9.6	2.2	0.15
2020E	611.6	41.4	6.8%	39.9	0.50	8.8	0.5	7.0	14.2	0.16
2021E	644.0	43.5	6.8%	24.9	0.53	8.3	0.4	6.3	8.9	0.17
2022E	676.2	47.3	7.0%	26.7	0.56	7.9	0.4	5.5	9.5	0.18
Market cap, EURm	281		BV per share 2020E, EUR		5.1		CAGR EPS 2019-22, %		3.4	
Net debt 2020E, EURm	10		Price/book 2020E		1.5		CAGR sales 2019-22, %		5.3	
Enterprise value, EURm	290		Dividend yield 2020E, %		3.7		ROE 2020E, %		17.8	
Total assets 2020E, EURm	353		Tax rate 2020E, %		20.1		ROCE 2020E, %		17.9	
Goodwill 2020E, EURm	8		Equity ratio 2020E, %		54.2		PEG, P/E 20/CAGR		1.7	

All the important disclosures can be found on the last pages of this report.

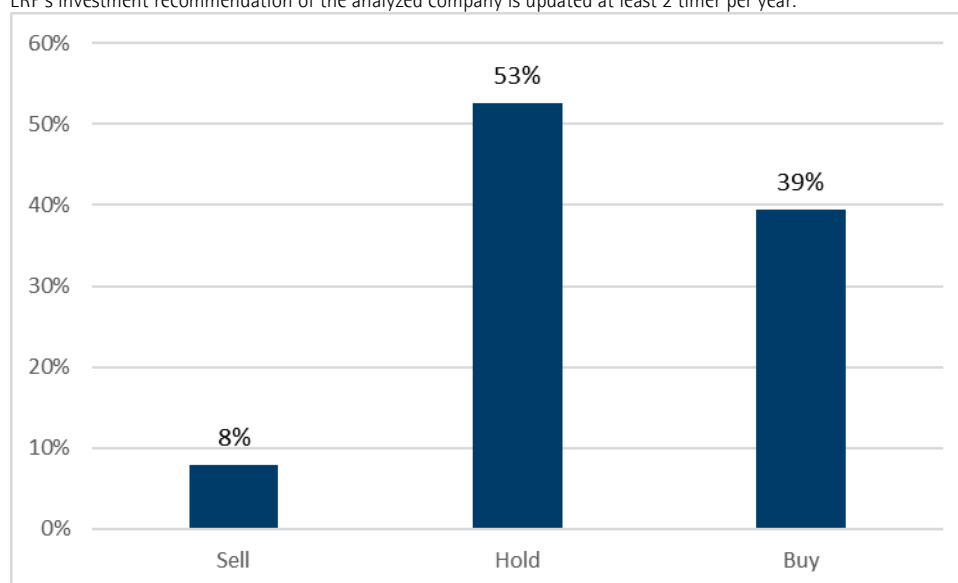
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Investment recommendations are defined as follows:

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 1st of February 2019. If recommendation is not given, it is not mentioned here.

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

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