

Sound figures

Scanfil reported Q3 revenue slightly on the soft side, however the overall picture seems to remain pretty much unchanged with demand and profitability as previously expected.

- Scanfil Q3 revenue was EUR 141.6m vs the EUR 156.2m/147.6m Evli/consensus estimates. In our view the slight softness was due to Communication and Industrial segments.
- Communication posted EUR 20.7m in revenue, compared to our EUR 27.8m estimate. The softness was due to lower demand for network elements.
- Consumer Applications' revenue was EUR 21.3m vs our EUR 20.9m estimate. Scanfil reports encouraging signs of demand picking up for the segment.
- Energy & Automation revenue was EUR 28.9m while we expected EUR 30.4m. There was a lot of customer-specific sales variation.
- Industrial recorded EUR 44.7m vs our EUR 50.5m expectation. July and August were slow, but demand improved in September.
- Medtec & Life Science revenue amounted to EUR 26.1m, compared to our EUR 26.6m estimate.
- Scanfil Q3 EBIT stood at EUR 9.9m, compared to the EUR 10.5m/10.3m Evli/consensus estimates. Operating margin was thus 7.0% vs our 6.8% expectation.
- Scanfil guides FY '20 revenue to land in the EUR 590 – 610m range and EBIT EUR 38 – 40m. The estimate ranges were previously EUR 580 – 620m and EUR 38 – 42m.

Rating				+ BUY
Q3'20	Actual	Evli	Year ago	Q2'20
Revenue	141.6	156.2	152.3	155.6
Adj. EBIT	9.9	10.5	12.1	10.2
Adj. EPS	0.12	0.13	0.14	0.13
Deviation	Actual	Evli	Year ago	Q2'20
Revenue		-9 %	-7 %	-9 %
Adj. EBIT		-6 %	-18 %	-3 %
Adj. EPS		-8 %	-14 %	-8 %
Share price, EUR (Last trading day's closing price)				5.24
Target price, EUR				6.25
Latest change in recommendation				30-Oct-18
Latest report on company				10-Aug-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				335
Free float, %				-
Exchange rate				-
Reuters code				SCANFLHE
Bloomberg code				SCANFL FH
Average daily volume, EURm				0.1
Next interim report				27-Oct-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	614.2	40.4	6.6%	39.6	0.51	10.3	0.6	8.5	11.8	0.17
2021E	641.8	43.3	6.8%	25.9	0.53	9.9	0.5	7.6	7.7	0.17
2022E	669.4	46.9	7.0%	27.2	0.55	9.5	0.5	6.7	8.1	0.18
Market cap, EURm	335		BV per share 2020E, EUR		5.2		CAGR EPS 2019-22, %		3.0	
Net debt 2020E, EURm	10		Price/book 2020E		1.7		CAGR sales 2019-22, %		4.9	
Enterprise value, EURm	345		Dividend yield 2020E, %		3.2		ROE 2020E, %		18.1	
Total assets 2020E, EURm	355		Tax rate 2020E, %		16.9		ROCE 2020E, %		17.5	
Goodwill 2020E, EURm	8		Equity ratio 2020E, %		54.2		PEG, P/E 20/CAGR		2.5	

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

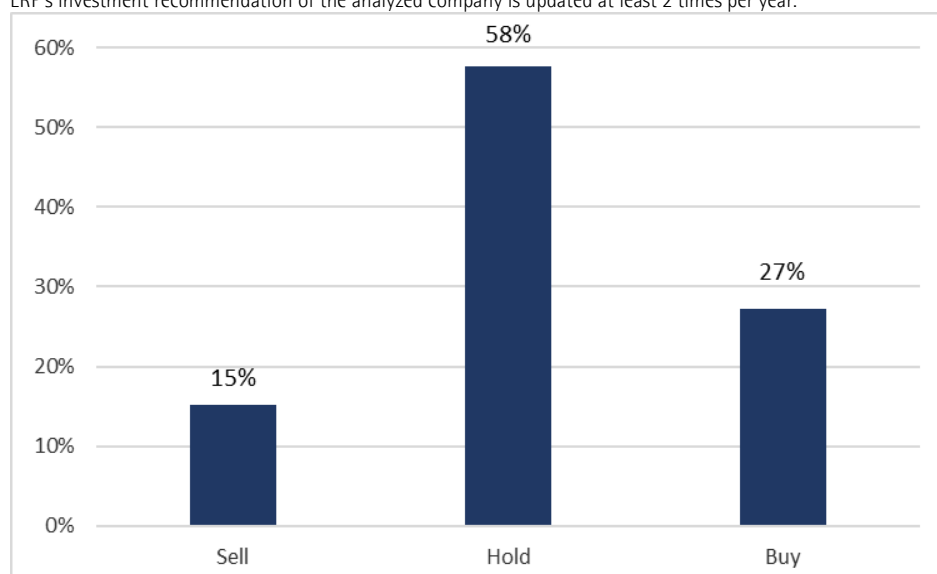
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Investment recommendations are defined as follows:

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 11th of May 2020. If recommendation is not given, it is not mentioned here.

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