

Guidance implies strong Q4 EBIT

Scanfil's Q3 revenue landed close to expectations, but the EUR 9.5m EBIT fell a bit short of estimates. Scanfil's FY '21 guidance, however, implies Q4 EBIT will be considerably higher.

- Q3 revenue grew by 18.5% y/y to EUR 167.8m, compared to the EUR 165.5m/171.2m Evli/consensus estimates. EUR 11.7m of revenue amounted to transitory separately agreed low-margin customer invoicing due to component availability issues. Most of this transitory revenue was located within Advanced Consumer Applications. Revenue growth excluding the transitory items was 10.2% y/y.
- Advanced Consumer Applications' top line was EUR 55.4m, while we expected EUR 46.7m. Energy & Cleantech amounted to EUR 43.5m vs our EUR 41.7m estimate. Automation & Safety was EUR 32.5m, compared to our EUR 38.1m.
- Scanfil Q3 adjusted EBIT amounted to EUR 9.5m vs the EUR 10.8m/10.9m Evli/consensus estimates. EBIT margin was 5.7% vs our 6.5% estimate. According to Scanfil material constraints and the Hamburg factory closure caused about a EUR 2m negative EBIT impact for the quarter. Scanfil's guidance midpoint also suggests Q4 EBIT will be some EUR 3m higher q/q.
- Scanfil guides FY '21 revenue at EUR 670–710m and adjusted EBIT at EUR 41–44m (unchanged).
- Scanfil retains its long-term financial targets for now (EUR 700m revenue on an organic basis in FY '23 with a 7% EBIT margin).

Rating				+ BUY
Q3'21	Actual	Evli	Year ago	Q2'21
Revenue	167.8	165.5	141.6	172.9
Adj. EBIT	9.5	10.8	9.9	10.6
Adj. EPS	0.10	0.13	0.12	0.13
Deviation	Actual	Evli	Year ago	Q2'21
Revenue		1 %	19 %	-3 %
Adj. EBIT		-12 %	-4 %	-10 %
Adj. EPS		-23 %	-17 %	-23 %
Share price, EUR (Last trading day's closing price)				7.74
Target price, EUR				9.0
Latest change in recommendation				14-Oct-21
Latest report on company				14-Oct-21
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				495
Free float, %				46.6
Exchange rate				-
Reuters code				SCANFLHE
Bloomberg code				SCANFL FH
Average daily volume, EURm				0.1
Next interim report				26-Oct-21
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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
2019	579.4	39.4	6.8%	7.5	0.50	10.4	0.7	9.6	2.2	0.15
2020	595.3	39.1	6.6%	43.5	0.49	13.2	0.7	11.0	10.4	0.17
2021E	680.9	42.9	6.3%	27.7	0.52	14.9	0.7	11.5	5.6	0.18
2022E	728.5	48.1	6.6%	21.2	0.57	13.7	0.7	10.0	4.3	0.19
2023E	771.9	53.3	6.9%	33.5	0.63	12.3	0.6	8.7	6.8	0.20
Market cap, EURm	495		BV per share 2021E, EUR		-1.1		CAGR EPS 2020-23, %		8.3	
Net debt 2021E, EURm	-2		Price/book 2021E		2.4		CAGR sales 2020-23, %		9.0	
Enterprise value, EURm	492		Dividend yield 2021E, %		2.3		ROE 2021E, %		17.1	
Total assets 2021E, EURm	369		Tax rate 2021E, %		19.4		ROCE 2021E, %		18.6	
Goodwill 2021E, EURm	8		Equity ratio 2021E, %		55.6		PEG, P/E 21/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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