RESULTS PREVIEW

Technology Hardware & Equipment

Fair value: EUR7.6–11.2

Share price: EUR9.0

Scanfil

Another quarter likely hit by ramp-ups – Q2 preview

Research analysts:
Jakob Söderblom
DNB Carnegie Investment Bank AB

Johan Wettergren

We continue to like Scanfil, particularly following the acquisition of ADCO. Still, industrial end-markets remain cautious, and we believe earnings were still hampered in Q2e from project ramp-ups. We have slightly adjusted our fair value range to EUR7.6–11.2 (7.7–11.2).

Likely still in negative organic growth territory in Q2e. We forecast 2% sales growth Y/Y, the first quarter with positive sales growth since Q3 2023. We remain cautious on any immediate improvement in industrial end-markets, even as we see green shoots across the Energy & Cleantech segments and expect Medtech & Life Science to continue to showcase solid organic growth. We estimate 2% negative organic growth Y/Y, with M&A offsetting our sales growth forecast. Similar to Q1, albeit to a less extent, we expect ramp-ups and new product introductions (NPIs) to have burdened earnings. We forecast a 60bps Y/Y drop in the adj. EBIT margin to 6.5%. For the report, we expect focus on the Americas, sequential developments (of which we expect limited changes Q/Q), and order intake (particularly related to Energy & Cleantech).

Marginal changes to estimates. We have slightly revised our 2025–27 underlying estimates, balancing the inclusion of ADCO, updated FX and our slightly more adverse view on organic growth for the year.

Fair value range adjusted to EUR7.6–11.2. In an industry with a strong valuation and profitability correlation, we believe investors should take note of Scanfil's capital efficiency, strong capital position allowing for further M&A in the years to come and robust order momentum. At our fair value range, the stock would be trading at a 2025e EV/adj. EBIT of 9.0–13.1x.

Changes in this report

	From	To	Chg
EPS adj. 2025e	0.66	0.65	-1%
EPS adj. 2026e	0.72	0.72	+1%
EPS adj. 2027e	0.77	0.78	+1%

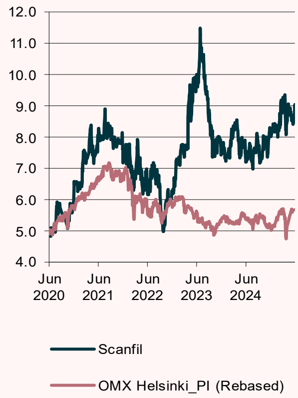
Upcoming events

Key facts

No. shares (m)	65.2
Market cap. (USDm)	683
Market cap. (EURm)	589
Net IB Debt. (EURm)	14
Adjustments (EURm)	0
EV (2025e) (EURm)	604
Free float	36.0%
Avg. daily vol. ('000)	8
BBG	SCANFL FH
Fiscal year end	December
Share price as of (CET)	13 Jun 2025 12:38

Key figures (EUR)	2024	2025e	2026e	2027e
Sales (m)	780	838	901	951
EBITDA (m)	74	81	91	96
EBIT (m)	53	56	62	66
EPS	0.59	0.65	0.72	0.78
EPS adj.	0.60	0.65	0.72	0.78
DPS	0.24	0.22	0.24	0.26
Sales growth Y/Y	-13%	7%	8%	6%
EPS adj. growth Y/Y	-19%	9%	11%	8%
EBIT margin	6.7%	6.7%	6.9%	7.0%
P/E adj.	15.1	13.9	12.5	11.6
EV/EBIT	10.6	10.7	9.7	8.9
EV/EBITA	10.2	10.2	9.2	8.5
EV/EBITDA	7.6	7.5	6.6	6.1
P/BV	2.0	1.9	1.7	1.5
Dividend yield	2.7%	2.4%	2.7%	2.9%
FCF yield	10.7%	6.8%	6.5%	5.4%
Equity/Total Assets	54.0%	55.2%	55.9%	57.1%
ROCE	14.2%	14.1%	14.6%	14.5%
ROE adj.	15.0%	14.8%	15.2%	14.8%
Net IB debt/EBITDA	0.3	0.2	0.1	0.0

Share price – 5-year



High/Low (12M) **EUR9.4/7**

Perf.	3M	6M	12M	YTD
Abs.	1.35	10.92	24.18	9.58
Rel.	0.09	0.35	19.80	-1.93

Source: DNB Carnegie (estimates), FactSet, Infront & company data

Equity story

Near term: within 12M

Although we like Scanfil's organic and inorganic growth prospects, we are still somewhat cautious about a pick-up in industrial and cleantech demand in the coming quarters. At the same time, we consider the company's blue-chip industrial customer portfolio to be sound, and we believe its strong financial position enables further M&A, which should add another vertical to Scanfil's investment case.

Long term outlook: 5Y+

Long term, we expect continued specialisation among product companies and an increasing focus on regionalisation of supply chains to drive volumes towards more Europe- and North America-focused contract manufacturing companies. Considering Scanfil's position as a market leader by sales in Europe, we believe the company is well positioned to continue to win market share. While we do not pencil in any significant margin improvement, we believe there is re-rating potential if the company can get to the upper end of its target of 7–8% adj. EBIT margins.

Key risks:

- Prolonged uncertainty in European industrial markets.
- Intense competition having an adverse impact in pricing discussions with OEMs.
- Quality and delivery issues, whether stemming from internal or external factors, could have adverse effects on Scanfil's brand and reputation as a reliable supplier.

Company description

With origins dating back to 1976, Scanfil is one of the largest listed contract manufacturers in Northern Europe. Combining mechanics assembly and industrial electronics, Scanfil aims to be the preferred manufacturing partner for demanding industrial customers in the low/mid-volume, high-mix niche of manufacturing. It has a global factory footprint, operating facilities across Europe, the US and APAC. Its customer portfolio primarily includes clients in the Industrial, Energy & Cleantech and Medtech & Life Sciences niches.

Key industry drivers

- Continued focus on specialisation among OEMs
- Relocation strategies such as nearshoring/reshoring

Industry outlook

- While we expect the sector to continue to face headwinds in H1 2025, we forecast sequential improvement over the course of the year, primarily stemming from improved industrial sentiment in Europe.

Largest shareholders, capital

Harri Takanen	15.2%
Jarkko Takanen	12.6%
Varikot Oy	11.7%

Cyclicality

Cyclicality: Yes

Mid

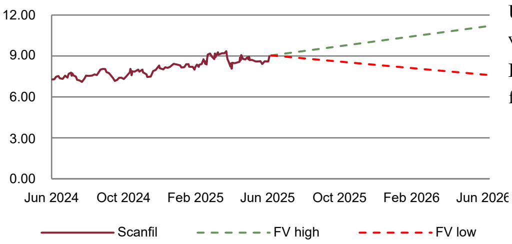
Key peers

Primary peers are in our view HANZA, Inission, and AQ Group. Other peers include electronics-focused contract manufacturers such as Note, Kitron, and Incap.

Valuation and methodology

Our fair value range is based on a medium-term approach on our 2026 estimates and a NTM EV/EBIT of 8–12x, discounted to the present using a cost of capital of ~8%. We also compare our valuation of Scanfil to its historical valuation levels, as well as the current trading levels of its sector peers.

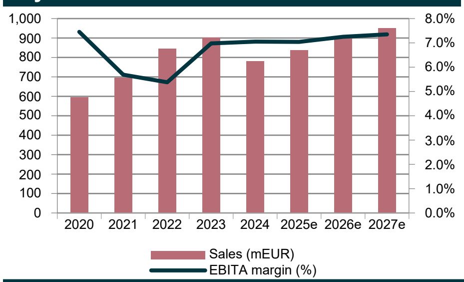
Fair value range 12M



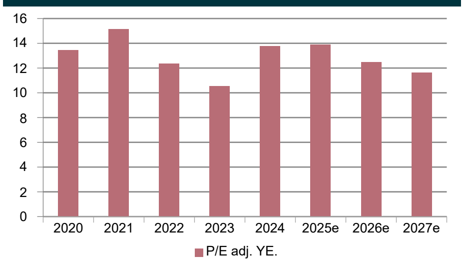
Upper end: A sharper than expected recovery in European industrial demand over the coming quarters, together with further M&A, driving earnings growth above our expectations, which could warrant a multiple re-rating.

Lower end: Prolonged muted demand holding back volumes and subsequently utilisation rates across Scanfil's factory footprint.

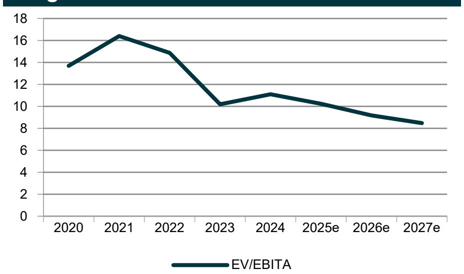
Key metrics



PE 12-months forward



Long-term valuation trend



Source: DNB Carnegie (estimates) & company data

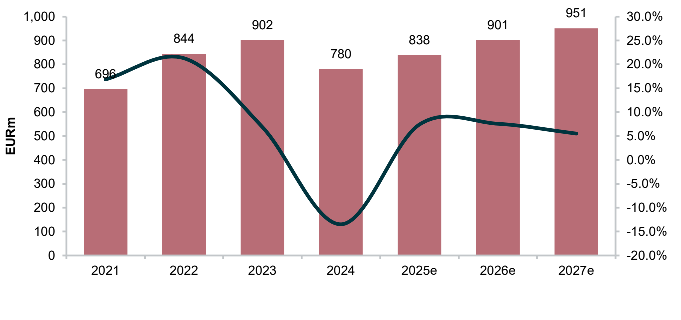
Q2 preview, DNB Carnegie forecasts

Scanfil	2024				2025		DCARe			
EURm	Q1	Q2	Q3	Q4	Q1	Q2a	Q2e	Dev.	Q3e	Q4e
Net sales	**198.9**	**195.5**	**173.3**	**212.3**	**192.6**		**198.7**		**197.8**	**248.7**
Other operating income	0.1	0.3	0.3	0.5	0.1		0.3		0.3	0.4
Change of inventories in production, finished goods, and work in progress	0.2	-1.2	-0.1	-2.0	1.5		0.0		0.0	0.0
Manufacturing for own use	0.0	0.0	0.0	0.0	0.0		0.0		0.0	0.0
Expenses	-181.5	-175.6	-156.2	-190.9	-176.2		-180.6		-179.2	-223.6
Depreciation and amortisation	-5.0	-5.1	-5.1	-6.0	-6.1		-5.6		-5.2	-7.5
Adj. EBIT	12.7	13.9	12.4	14.0	11.9		12.8		13.7	18.0
Adj. EBIT margin	**6.4%**	**7.1%**	**7.2%**	**6.6%**	**6.2%**		**6.5%**		**7.0%**	**7.2%**
EO	0.0	0.0	-0.3	-0.2	0.0		0.0		0.0	0.0
EBIT	12.7	13.9	12.1	13.8	11.9		12.8		13.7	18.0
Net financials	0.2	0.1	-0.2	-1.5	-1.2		-0.3		-0.3	-0.3
PTP	**12.9**	**14.0**	**11.9**	**12.3**	**10.7**		**12.6**		**13.5**	**17.8**
Tax	-3.1	-3.1	-3.1	-3.1	-2.4		-2.8		-3.0	-3.9
Tax rate	-24%	-22%	-26%	-25%	-22%		-22%		-22%	-22%
Net profit	**9.8**	**10.8**	**8.7**	**9.2**	**8.3**		**9.8**		**10.5**	**13.9**
Reported EPS	**0.15**	**0.17**	**0.13**	**0.14**	**0.13**		**0.15**		**0.16**	**0.21**
Adj. EPS	**0.15**	**0.17**	**0.14**	**0.14**	**0.13**		**0.15**		**0.16**	**0.21**
Earnings										
EBITDA	17.7	19.0	17.2	19.8	18.0		18.4		18.9	25.5
EBIT	12.7	13.9	12.1	13.8	11.9		12.8		13.7	18.0
PTP	12.9	14.0	11.9	12.3	10.7		12.6		13.5	17.8
Net profit	9.8	10.8	8.7	9.2	8.3		9.8		10.5	13.9
Growth										
Sales growth Y/Y	-11%	-20%	-19%	-4%	-3%		2%		14%	17%
- o/w organic	-10%	-19%	-19%	-8%	-7%		-2%		7%	14%
- o/w structural	0%	0%	0%	5%	4%		5%		8%	4%
- o/w currency	-1%	0%	0%	-1%	0%		-1%		-1%	-1%
EBIT growth	-15%	-21%	-20%	3%	-6%		-8%		14%	31%
Margins										
EBITDA margin	8.9%	9.7%	9.9%	9.3%	9.3%		9.3%		9.6%	10.2%
Adj. EBIT margin	6.4%	7.1%	7.2%	6.6%	6.2%		6.5%		7.0%	7.2%
EBIT margin	6.4%	7.1%	7.0%	6.5%	6.2%		6.5%		7.0%	7.2%
PTP margin	6.5%	7.2%	6.9%	5.8%	5.6%		6.3%		6.8%	7.1%

Source: DNB Carnegie Research (estimates), Company data

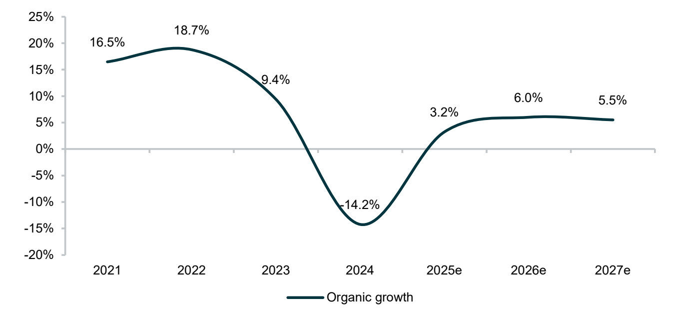
Scanfil in key charts

Scanfil: Net sales development 2021-27e



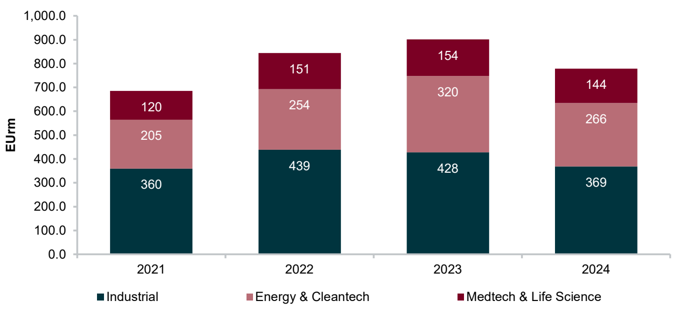
Source: DNB Carnegie (estimates) & company

Scanfil: Organic sales growth development 2021-27e



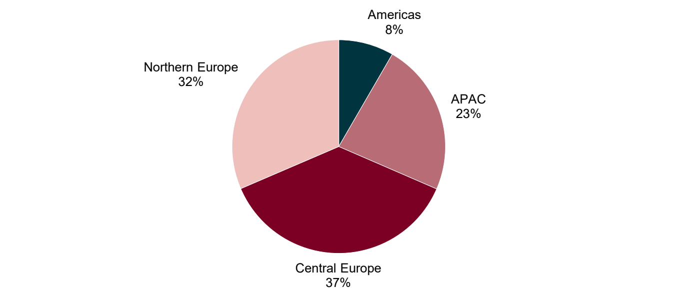
Source: DNB Carnegie (estimates) & company

Scanfil: Net sales development by customer segment



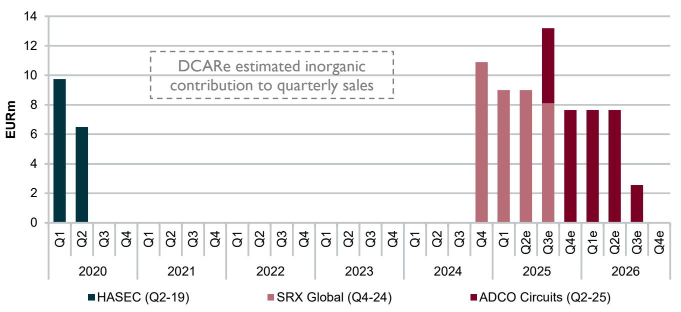
Source: DNB Carnegie (estimates) & company

Scanfil: Estimated sales split following acquisition of ADCO



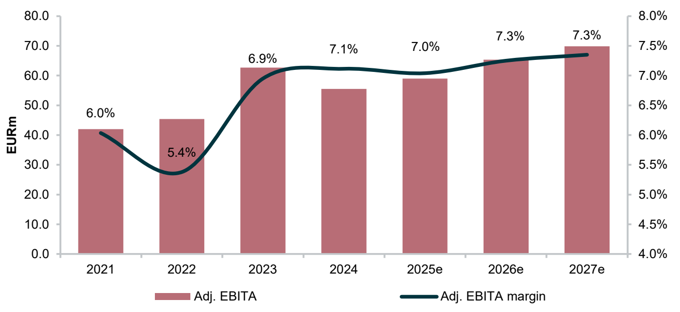
Source: DNB Carnegie (estimates)

Scanfil: Estimated quarterly sales contribution from M&A



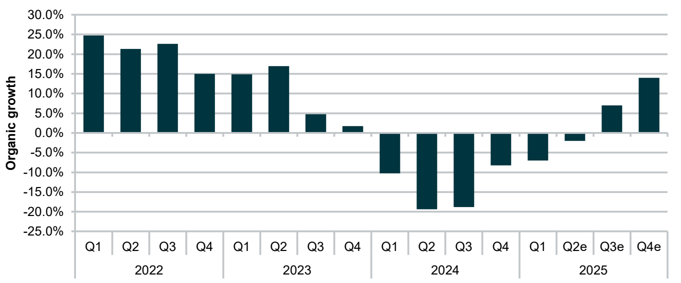
Source: DNB Carnegie (estimates) & company

Scanfil: Adj. EBITA margin development 2021-27e



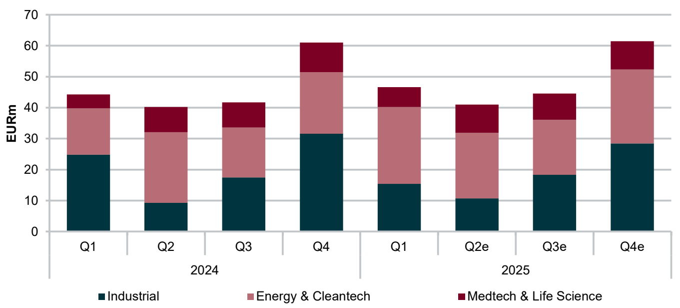
Source: DNB Carnegie (estimates) & company

Scanfil: Organic growth development



Source: DNB Carnegie (estimates) & company

Scanfil: Order intake split across the segments

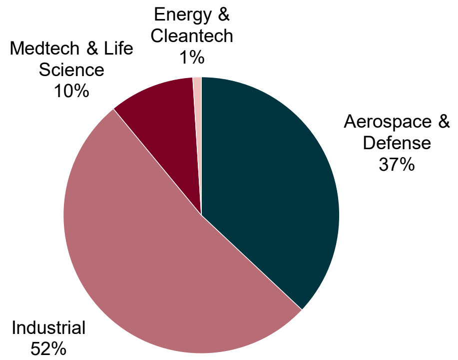


Source: DNB Carnegie (estimates) & company

Acquires ADCO Circuit in the US

On 10 June, Scanfil announced it is acquiring 80% of US company ADCO Circuits, based in the Greater Detroit area. ADCO primarily serves industrial customers within the high mix/low-to-medium volumes segment, which is well aligned with Scanfil's overall approach to its customer portfolio. General industrial customers account for just over half of ADCO's revenue mix, as illustrated below. Aerospace & Defense is 37%, which we expect could be expanded. As we believe the acquired contracts in full will relate to American defense customers, the incremental exposure to the current European defense spending supercycle is limited. Still, projects are complex, product lifecycles are often extensive and the barriers to entry are high – ultimately often resulting in a margin-accretive business for the Nordic EMS.

ADCO Customer base



Source: DNB Carnegie (Charting) & company

Putting the ADCO deal in the bolt-on bucket rather than transformative acquisitions, the effect on Scanfil's customer portfolio is limited. We have analysed what the combined customer portfolio could look like based on 2024 numbers presented by Scanfil and ADCO. We find Defense increases by 120bps, with a corresponding reduction for Energy & Cleantech. For 'Old' Scanfil, we believe the Aerospace & Defense business was with European customers.

Effects from acquisition of ADCO Circuits	Scanfil 2024	ADCO Circuits 2024	Combined 2024	Chg.
Net sales	**780**	**31**	**811**	**4%**
Industrial	331	16	347	5%
Energy & Cleantech	266	0	266	0%
Medtech & Life Science	144	3	147	2%
Aerospace & Defense	39	11	50	29%
Portfolio composition				
Industrial	42%	52%	43%	0.4pp
Energy & Cleantech	34%	1%	33%	-1.2pp
Medtech & Life Science	18%	10%	18%	-0.3pp
Aerospace & Defense	5%	37%	6%	1.2pp
Combined	**100%**	**100%**	**100%**	**0.0pp**

Source: DNB Carnegie (charting), company data

Following the acquisition, Scanfil will operate two facilities in the Americas. With the Atlanta facility serving the southern parts of the US, and the Detroit unit operating as a complement for customers stationed in the north. Note the units in Malaysia and Australia were added as part of the SRX Global acquisition announced in Q4 2024.

The production facility will not be part of the transaction, with the subsequent effect of IFRS 16-related depreciations lowering earnings (more on this below). In combination with recent investments in its Atlanta plant, we believe Scanfil should have the capacity required to double revenue in its Americas region ahead.

Scanfil factory footprint following expected closing of ADCO deal

Source: Company data

In 2024, ADCO reported sales of EUR30.6m and sales growth of 2% Y/Y, in line with 2024 for Scanfil Americas. Scanfil has highlighted its strong momentum in US operations, with Q1 2025 sales growth of roughly 36% Y/Y. We view Scanfil's decision to expand its operations in the Americas as positive, but acknowledge the region still accounts for less than 10% of group revenue. We also note ADCO operates production with a one-shift pattern, indicating to us that there is an opportunity to increase capacity.

Effects from the acquisition of ADCO Circuits	**Scanfil 2024**	**ADCO Circuits 2024**	**Combined 2024**	**Chg.**
Net sales	**780**	**31**	**811**	4%
Americas	38	31	69	81%
APAC	189	0	189	0%
Central Europe	303	0	303	0%
Northern Europe	258	0	258	0%
Internal	-8	0	-8	n.a.
Revenue comprosition				
Americas	5%	100%	8%	3.6pp
APAC	24%	0%	23%	-0.9pp
Central Europe	38%	0%	37%	-1.4pp
Northern Europe	33%	0%	31%	-1.2pp
Combined	**100%**	**100%**	**100%**	**0.0pp**

Source: DNB Carnegie (charting), company data

ADCO reported an EBITA margin of 11.4% in 2024, significantly above that of Scanfil. This was also true for Scanfil Americas (2024 adj. EBITA margin of 8.4%). Scanfil will acquire 80% of the outstanding shares from the founding Damman family (since 1981). CEO Mark Damman will continue as a minority shareholder, owning 20% of the outstanding shares. The purchase price is EUR13.6m, with a corresponding EV of EUR21.7m.

We again note Scanfil will not acquire the production facility in Greater Detroit. Thus, in our illustrative acquisition analysis we have included negative synergies of EUR0.35m p.a. to reflect increased depreciation related to IFRS 16 rules. All-in-all, ADCO Circuits looks to add 5% to our 2025e adj. EBIT for Scanfil.

Effect from acquisition of ADCO Circuits	Scanfil 2025e	ADCO Circuits 2025e	Adjustments 2025e	Pro-forma 2025e	Chg.
Sales	**839**	**31**	-	**869**	**3.6%**
EBITDA	81	4	-	85	5.3%
EBIT	57	3	-	60	6.1%
EBIT margin	7%	11%		7%	0.2pp
Synergies	-	-	0	-	-
EBIT incl. synergies	-	-	-	**60**	**5.6%**
Net financials	-2	-	-	-	-
Financing cost	-	-	0	-	-
Net financials, total	-	-	-	-2	-
PTP	**55**	**3**		**58**	**5.7%**
Tax	-12	-1	0	-13	7%
Tax rate	22%	27%	-	22%	0.3pp
Minorities	-1	-	-	-1	
Net profit	**42**	**3**	-	**44**	**5.5%**

Deal details and assumptions (excl. earn-out)			
Total price offer (EV SEKm)	14		
- of which cash	14	100%	% of EV
- of which shares	0	0%	% of EV
Price tag, EV/EBITDA 5e	3.2		
Price tag, EV/EBIT 5e	3.9		
Price tag, EV/S 5e	0.44		
EBIT margin of ADCO Circuits	11.4%		
Synergies (SEKm)	0		
Synergies as % of added sales	-1.1%		
Financing cost	0.0%		
Tax rate of ADCO Circuits	27.0%		

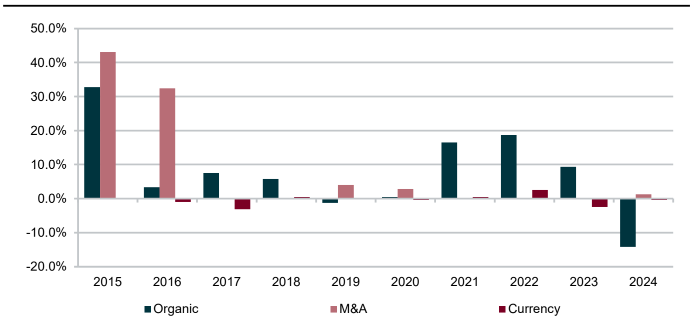
Source: DNB Carnegie (estimates), Company data

Putting the reinitiated M&A agenda in perspective

Following the acquisition of ADCO, we revisit the re-emerged M&A case. Acquisitions have increasingly been mentioned as a support lever of growth since CEO Christophe Sut joined Scanfil nearly two years ago and are now reflected in its results and estimates (SRX Global in 2024, ADCO Circuits in 2025).

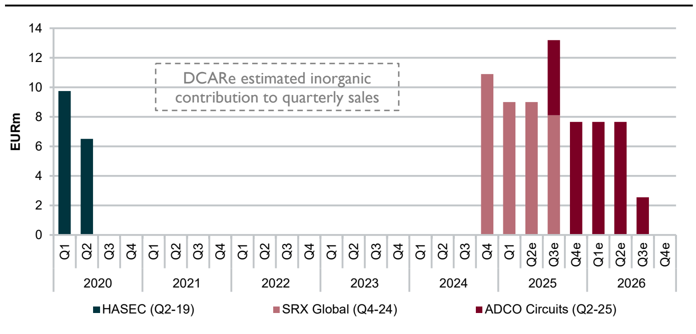
Prior to the SRX acquisition, Scanfil had not performed any M&A since the 2019 acquisition of HASEC, putting it in clear contrast to its Nordic contract manufacturing peers. HANZA has during this time performed several acquisitions, as have e.g. AQ Group and NOTE. Prior to HASEC, Scanfil had the transformative acquisition of Partnertech in 2015, and the subsequent integration took a long time to complete.

Scanfil: Digesting Scanfil's sales growth composition



Source: DNB Carnegie (estimates) & company

Scanfil: Estimated quarterly sales contribution from M&A



Source: DNB Carnegie (estimates) & company

Now the focus has shifted: Scanfil aims to grow 10% p.a. on average across the cycle, which we have come to view as evenly split between organic and inorganic initiatives. Following a longer period of no M&A activity and in our view a somewhat conservative indebtness policy (net debt/adj. EBITDA should not surpass 1.5x long-term), and healthy cash conversion, Scanfil has amassed a substantial 'war chest' allowing for further M&A in the years to come. Putting this into perspective, and what the financial implications could be utilising this opportunity, below we include a simplified scenario analysis of Scanfil gearing up its balance to 1.0x, 1.5x and even 2.5x 2025e net debt/adj. EBITDA.

A number of assumptions have been made in this regard. We have assumed Scanfil is able to acquire companies at an EV/sales of 0.5x, which we find to be a rough or even somewhat above average multiple paid in the industry. We have further assumed the acquired companies operate at an EBIT margin of 7%, with the potential to leverage synergies in terms of more stringent pricing (reduced customer concentration as acquired units), as well as reduction of overhead and consolidated procurement. We also assume a financing cost of 5%, and a tax rate equivalent to 22%.

Following these parameters, by pursuing further M&A, we believe Scanfil could significantly raise its earnings per share metric. While acknowledging the simplified approach, as well as the operational limits such as organisational investments into integration and sourcing, we still believe the illustration holds merit in showcasing the potential for Scanfil in continuing its M&A path. For 2025–26, we forecast M&A to account for 2–5% of Scanfil's sales growth, stemming from the announced acquisitions of SRX Global and ADCO. We note the ADCO acquisition is dependent on receiving US regulatory approval, which Scanfil expects to be made in Q3 2025.

Scanfil M&A scenario analysis		**2025e**	**2025e**	**2025e**
Target net debt/adj. EBITDA (2025e)		**1.0x**	**1.5x**	**2.5x**
Additional net debt to target gearing		67	107	188
Assumed transaction multiples	EV/Sales	0.5x	0.5x	0.5x
Acquired sales		133	214	375
Acquired EBIT		9	15	26
EBIT margin		7%	7%	7%
Synergies		1	2	4
Synergies as % of acquired sales		1%	1%	1%
EBIT including synergies		11	17	30
EBIT margin		8%	8%	8%
Financing cost (5%)		-3	-5	-9
Taxes (22%)		-2	-3	-5
Net profit		6	9	16
EPS		0.1	0.1	0.2
EPS uplift to 2025e from M&A		**13.4%**	**21.6%**	**37.9%**
Value at Scanfil's own P/E of 13x		1.14	1.83	3.21

Source: DNB Carnegie Research (estimates)

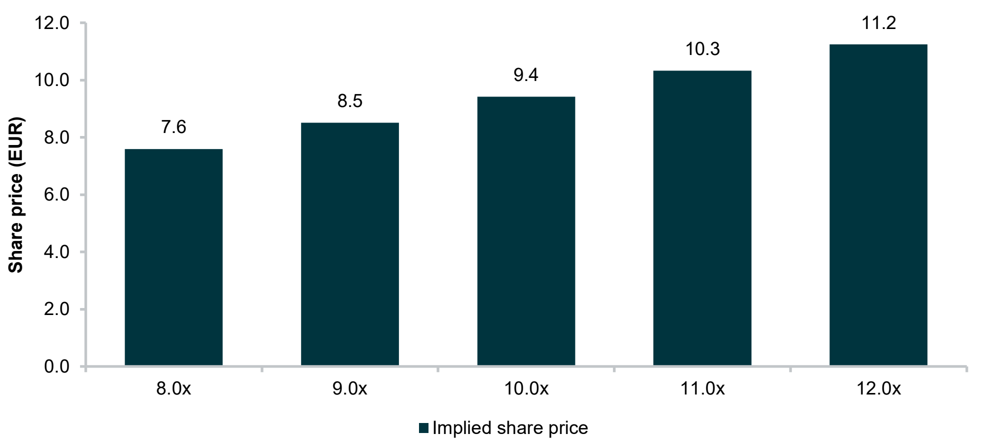
Valuation

In our valuation of Scanfil, we apply a medium-term approach due to the cyclical nature of some of the company's end-markets, and to look beyond the caution in end-markets that we expect to persist in the first half of 2025. Our financial expectations for 2026 form the basis of our valuation methodology and we apply an 8.0–12.0x EV/EBIT exit multiple range – the company's 10-year historical average is 10.3x. On our updated estimates, we have adjusted our fair value range to EUR7.6–11.2 per share. We do not include any contribution from as yet unannounced M&A in our estimates.

Scanfil has historically traded at a slight discount to its Nordic and European peers, which we deem reasonable considering its lower margin profile and historically above-average customer concentration. While we find the customer concentration risk has diminished significantly in recent years, we believe the discount is likely to remain until Scanfil is able to show EBIT/A margins in the upper end of its 7–8% target range, or a sustainable uptick in growth. On this note, we view the strong order intake of EUR61m in Q4 2024 and EUR46m in Q1 2025 as encouraging datapoints, and we do not expect any significant change to this trend in Q2 2025.

For 2026e, we model sales of EUR901m, sales growth of 7.6% and an adj. EBIT margin of 6.9%. Depending on order momentum and earnings trends, we believe there are likely re-rating scenarios. Moreover, we believe the capital markets currently underappreciate the M&A potential enabled by the company's strong balance sheet, solid capital turnover and attractive cash conversion capabilities. Thus, we value Scanfil using a set of different exit multiples of 8.0–12.0x, yielding a fair value range of EUR7.6–11.2 per share, which corresponds to a 2025 EV/adj. EBIT of 9.0–13.1x.

Scanfil: Implied valuation at different EV/EBIT exit multiples



Source: DNB Carnegie (estimates)

To illustrate the potential impact on Scanfil's share price of an improved margin profile for the group, below we illustrate the valuation's inherent sensitivity to changes in EBIT margin assumptions and the exit multiple that we apply. Were Scanfil to reach the upper levels of its long-term target of an adj. EBIT margin of 7–8%, we believe a higher fair value range would be warranted from the perspective of higher earnings and a higher multiple.

Sensitivity table (i) - Valuation per share on EBIT(26e) margin vs. exit multiple

	EBIT margin 2026e							
	9.4	**6.0%**	**6.3%**	**6.6%**	**6.9%**	**7.2%**	**7.5%**	**7.8%**
EV/EBIT multiple	**7.0x**	5.8	6.1	6.4	6.7	7.0	7.2	7.5
	8.0x	6.6	7.0	7.3	7.6	7.9	8.2	8.6
	9.0x	7.4	7.8	8.2	8.5	8.9	9.2	9.6
	10.0x	8.2	8.6	9.0	9.4	9.8	10.2	10.6
	11.0x	9.0	9.5	9.9	10.3	10.8	11.2	11.6
	12.0x	9.8	10.3	10.8	11.2	11.7	12.2	12.7
	13.0x	10.6	11.1	11.6	12.2	12.7	13.2	13.7

Source: DNB Carnegie Research

Sensitivity table (ii) - Valuation per share on EBIT(26e) margin vs. discount rate

	EBIT margin 2026e							
	9.4	**6.0%**	**6.3%**	**6.6%**	**6.9%**	**7.2%**	**7.5%**	**7.8%**
Discount rate	**6.8%**	8.3	8.7	9.1	9.5	9.9	10.3	10.7
	7.3%	8.3	8.7	9.1	9.5	9.9	10.3	10.7
	7.8%	8.2	8.6	9.0	9.4	9.8	10.2	10.6
	8.3%	8.2	8.6	9.0	9.4	9.8	10.2	10.6
	8.8%	8.2	8.6	9.0	9.4	9.8	10.2	10.6
	9.3%	8.2	8.6	9.0	9.4	9.8	10.2	10.6
	9.8%	8.2	8.6	9.0	9.3	9.7	10.1	10.5

Source: DNB Carnegie Research

We have also included a sensitivity table illustrating the impact of different discount rates and exit multiples.

Sensitivity table (iii) - Valuation per share on discount rate vs. exit multiple

		Discount rate						
	9.4	6.8%	7.3%	7.8%	8.3%	8.8%	9.3%	9.8%
EV/EBIT multiple	7.0x	6.7	6.7	6.7	6.7	6.7	6.7	6.6
	8.0x	7.7	7.6	7.6	7.6	7.6	7.6	7.5
	9.0x	8.6	8.6	8.5	8.5	8.5	8.5	8.4
	10.0x	9.5	9.5	9.4	9.4	9.4	9.4	9.3
	11.0x	10.4	10.4	10.4	10.3	10.3	10.3	10.3
	12.0x	11.3	11.3	11.3	11.2	11.2	11.2	11.2
	13.0x	12.3	12.2	12.2	12.2	12.1	12.1	12.1

Source: DNB Carnegie Research

Risks

Below we have highlighted some potential risks we see in Scanfil's investment case.

Inherent industrial cyclicality

In our view, while Scanfil enjoys favourable exposure to structurally growing markets such as industrial electrification and medical technology, contract manufacturing remains a cyclical business niche to some extent. As such, weakening industrial demand and demand for investment goods might have a negative impact on Scanfil's operations. This could in turn lead to overcapacity among the company's production sites, weighing on utilisation rates and ultimately on earnings.

Intense competition

Scanfil may boast decade-long relationships with some of its customers, but competition in the contract manufacturing industry is still intense. If Scanfil were to become unable to meet its customers' demands in factors such as quality, reliability, and pricing, this could impact demand for its services.

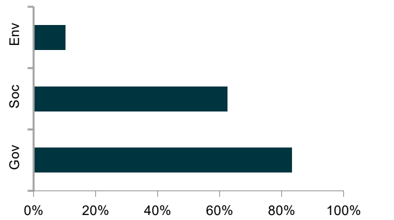
Quality issues

As highlighted above, we believe quality is one of the key factors considered by Scanfil's customers. The company measures quality as defective parts per million, and states that the metric improved significantly in 2023. If concerns were to arise regarding the quality of the services offered by Scanfil, this could not only damage the company's financial development, but also its brand as a trusted manufacturing partner

DNB Carnegie's Sustainability Scorecard

DNB Carnegie total ESG peer rating: 53% **Taxonomy eligible: Yes**

ESG rating – share of best peer score



Potential and incidents

Sust. driven growth	Fair
Past incidents	Insignificant

Exposure to negative impact industries

Fossil fuels	0%
Weapons	4%
Tobacco	0%
Pornography	0%
Alcohol	0%
Gambling	0%

Sources above: DNB Carnegie (estimates)

ESG Key Facts

Science-based CO2 reduction targets	na
Science-based CO2 neutrality target y	na
Non-renewable energy cons. (%)	na
% women (board/senior exec/total)	0/0/0
Employee turnover rate (%)	na
Absenteeism rate (%)	4.2%
Accident frequency (per mill. hours)	na
Board meetings (number/attendance)	0/0%
Sustainability committee	No
Sust. performance in incentive prog.	No
Existence of a whistleblowing system	Yes
Taxonomy eligible revenue	12%

Source: DNB Carnegie (estimates) & company data

Sustainability as a business driver

While perhaps not apparent at first sight, we see several aspects of Scanfil's business model through which sustainability related trends could serve as a business driver. Firstly, Scanfil has a long history of logistics management, by which the company assists customers to improve the coordination of material flows between sites, find transportation arrangements, and select manufacturing locations optimally sited between customers and suppliers. By minimising the distance required for transportation between supply chain points, Scanfil works to reduce the environmental footprint made by its customers – while also delivering on serviceability and rapid response. The company is also an expert in material handling and product design. By working with the client from early on during the development phase, Scanfil can assist in optimising material management, thus reducing potential waste.

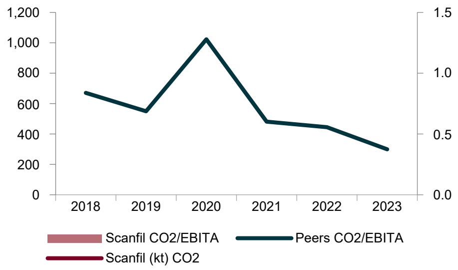
Sustainability targets and achievements

As a member of the UN Global Compact initiative, Scanfil has committed to the principles of human rights, the eradication of corruption, high labour standards, and a sustainable environment. The company has specified a number of action items within each area of its sustainability work. EcoVadis, a sustainability rating platform, gives Scanfil a silver rating based on its sustainability management system. According to the EcoVadis definitions, this means that the company scores in the 85th percentile among the companies ranked. For 2030, the company aims for a platinum ranking, which would be equivalent to scoring in the 99th percentile. The board of directors and the executive team are responsible for sustainability management at Scanfil.

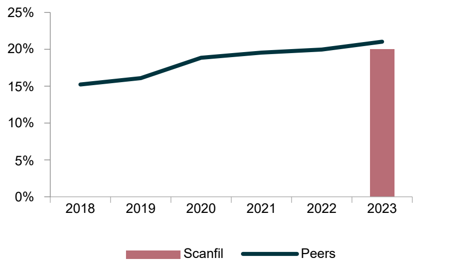
Sustainability related risks and past incidents

While we have not identified any major sustainability-related incidents in Scanfil's past, we acknowledge that there are some sustainability risks in the company's business model. First and foremost, there is an inherent risk in Scanfil's operations that employees could suffer from health and safety issues stemming from daily operations at the company – for example from operating one of the many machines the company has installed at its sites. To counter instances like this, Scanfil has a Safety Council, which monitors safety, decides on corrective actions and shares best practices.

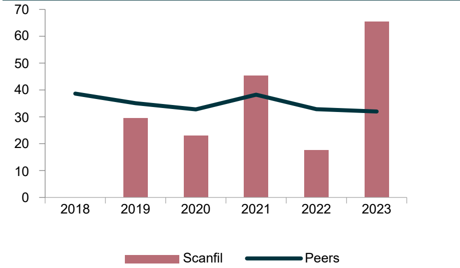
Carbon emissions



Senior executives, % women



Compensation gap, CEO vs employees



Source: DNB Carnegie (estimates) & company data

Financial statements

Profit & loss (EURm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Sales	563	579	595	696	844	902	780	838	901	951
COGS	-383	-390	-410	-491	-610	-632	-523	-603	-646	-681
Gross profit	**180**	**190**	**185**	**204**	**233**	**270**	**257**	**235**	**255**	**270**
Other income & costs	-133	-137	-125	-149	-171	-190	-184	-154	-164	-173
Share in ass. operations and JV	0	0	0	0	0	0	0	0	0	0
EBITDA	**47**	**53**	**60**	**55**	**63**	**80**	**74**	**81**	**91**	**96**
Depreciation PPE	-8	-8	-9	-9	-11	-12	-13	-17	-18	-18
Depreciation lease assets	0	-4	-4	-4	-4	-5	-5	-4	-5	-5
Amortisation development costs	0	0	0	0	0	0	0	0	0	0
Amortisation other intangibles	-2	-2	-3	-3	-3	-1	-1	-1	-4	-4
Impairments / writedowns	0	0	0	0	0	0	0	0	0	0
EBITA	**38**	**39**	**44**	**40**	**45**	**63**	**55**	**59**	**65**	**70**
Amortization acquisition related	0	-4	0	0	0	-2	-2	-3	-4	-4
Impairment acquisition related	0	0	0	0	0	0	0	0	0	0
EBIT	**38**	**35**	**44**	**40**	**45**	**61**	**53**	**56**	**62**	**66**
Share in ass. operations and JV	0	0	0	0	0	0	0	0	0	0
Net financial items	-2	-1	-3	-2	-4	0	-1	-2	-1	-1
of which interest income/expenses	0	0	0	0	0	0	0	0	0	0
of which interest on lease liabilities	0	0	0	0	0	0	0	0	0	0
of which other items	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	**36**	**34**	**42**	**38**	**42**	**62**	**51**	**55**	**61**	**65**
Taxes	-7	-6	-5	-8	-7	-13	-12	-12	-13	-14
Post-tax minorities interest	0	0	0	0	0	0	0	0	0	0
Discontinued operations	0	0	0	0	0	0	0	0	0	0
Net profit	**29**	**28**	**37**	**30**	**35**	**48**	**39**	**42**	**47**	**51**
Adjusted EBITDA	47	57	55	56	63	80	74	81	91	96
Adjusted EBITA	38	43	39	40	45	62	55	59	65	70
Adjusted EBIT	38	39	39	40	45	61	53	56	62	66
Adjusted net profit	29	36	32	30	35	50	42	45	51	54
Sales growth Y/Y	6.3%	2.9%	2.7%	16.9%	21.3%	6.9%	-13.5%	7.4%	7.6%	5.5%
EBITDA growth Y/Y	18.0%	12.1%	14.0%	-8.9%	14.0%	27.9%	-8.1%	9.6%	13.2%	5.5%
EBITA growth Y/Y	20.8%	3.1%	13.9%	-10.8%	14.6%	38.6%	-12.6%	7.2%	10.8%	7.0%
EBIT growth Y/Y	20.8%	-6.4%	25.5%	-10.8%	14.6%	35.1%	-14.2%	7.4%	9.5%	7.3%
EBITDA margin	8.4%	9.1%	10.1%	7.9%	7.4%	8.9%	9.4%	9.6%	10.2%	10.2%
EBITA margin	6.7%	6.7%	7.5%	5.7%	5.4%	7.0%	7.1%	7.0%	7.3%	7.4%
EBIT margin	6.7%	6.1%	7.5%	5.7%	5.4%	6.8%	6.7%	6.7%	6.9%	7.0%
Tax rate	-19.8%	-17.5%	-11.7%	-21.0%	-16.0%	-21.7%	-24.3%	-22.1%	-22.0%	-22.0%

Cash flow (EURm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
EBITDA	47	53	60	55	63	80	74	81	91	96
Paid taxes	-7	-8	-7	-11	-4	-9	-18	-13	-13	-14
Change in NWC	-10	-8	-8	-53	-43	-3	36	4	-2	-10
Non cash adjustments	0	-1	8	3	3	-4	-2	10	15	16
Discontinued operations	0	0	0	0	0	0	0	0	0	0
Total operating activities	**29**	**36**	**35**	**-13**	**10**	**69**	**92**	**60**	**60**	**55**
Capex tangible assets	-9	-10	-5	-12	-17	-19	-19	-19	-21	-22
Capitalised development costs	0	0	0	0	0	0	0	0	0	0
Capex - other intangible assets	0	-7	0	-1	0	-1	-10	-1	-1	-2
Acquisitions/divestments	0	-8	13	0	0	0	-22	-14	-11	0
Other non-cash adjustments	-1	7	-4	1	-2	-2	14	3	0	0
Total investing activities	**-10**	**-18**	**4**	**-13**	**-19**	**-22**	**-38**	**-31**	**-32**	**-24**
Net financial items	-2	-1	-3	-2	-4	0	-1	-2	-1	-1
Lease payments	0	0	-4	-4	-4	-4	-4	-4	-5	-5
Dividend paid and received	-7	-8	-10	-11	-12	-14	-15	-16	-16	-17
Share issues & buybacks	0	0	1	0	0	0	0	0	0	0
Change in bank debt	-14	-8	-20	38	20	-30	-8	2	0	0
Other cash flow items	0	0	0	1	0	1	0	0	0	0
Total financing activities	**-21**	**-16**	**-29**	**28**	**8**	**-42**	**-23**	**-14**	**-16**	**-17**
Operating cash flow	29	36	35	-13	10	69	92	60	60	55
Free cash flow	21	19	30	-26	-7	49	63	40	38	32
Net cash flow	-1	1	6	-1	-4	1	27	11	7	10
Change in net IB debt	13	10	32	-40	-23	36	39	11	9	12
Capex / Sales	1.6%	1.7%	0.8%	1.8%	2.0%	2.1%	2.4%	2.3%	2.3%	2.3%
NWC / Sales	17.6%	19.2%	19.8%	20.7%	22.8%	23.8%	25.5%	21.4%	19.9%	19.5%

Source: DNB Carnegie (estimates) & company data

Financial statements, cont.

Balance sheet (EURm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Acquired intangible assets	10	8	8	8	8	8	29	29	29	29
Other fixed intangible assets	12	17	14	13	11	10	20	20	17	15
Capitalised development	0	0	0	0	0	0	0	0	0	0
Tangible assets	49	72	65	72	80	85	95	100	105	112
Lease assets	0	21	18	22	24	23	27	29	32	35
Other IB assets (1)	0	0	0	0	0	0	0	0	0	0
Other non-IB assets	4	6	7	9	8	8	8	8	8	8
Fixed assets	**76**	**103**	**95**	**102**	**107**	**112**	**152**	**157**	**160**	**164**
Inventories (2)	99	102	103	193	229	209	168	177	182	192
Receivables (2)	108	112	113	149	165	174	165	159	171	181
Prepaid exp. & other NWC items (2)	0	1	1	1	2	1	1	2	2	2
IB current assets (1)	0	0	0	0	0	0	0	0	0	0
Other current assets	2	2	2	3	2	2	4	21	43	55
Cash & cash equivalents (1)	19	20	26	25	21	21	49	59	66	76
Current assets	**228**	**237**	**245**	**372**	**419**	**406**	**387**	**418**	**465**	**506**
Total assets	**304**	**340**	**339**	**474**	**526**	**518**	**539**	**575**	**624**	**671**
Shareholders' equity	145	167	183	207	227	266	291	318	349	383
Minorities	0	0	0	0	0	0	0	0	0	0
Other equity	0	0	0	0	0	0	0	0	0	0
Total equity	**145**	**167**	**183**	**207**	**227**	**266**	**291**	**318**	**349**	**383**
Deferred tax	6	7	6	5	5	6	10	10	10	10
LT IB debt (1)	17	25	18	42	36	0	20	20	20	20
Other IB provisions (1)	0	0	0	0	0	0	0	0	0	0
Lease libilities	0	19	16	20	20	19	22	24	26	29
Other non-IB liabilities	0	0	1	1	1	1	12	2	2	2
LT liabilities	**23**	**51**	**40**	**68**	**62**	**25**	**64**	**56**	**58**	**60**
ST IB debt (1)	31	23	10	23	50	54	28	30	30	31
Payables (2)	104	96	100	172	184	167	154	160	175	184
Accrued exp. & other NWC items (2)	0	0	0	0	0	0	0	0	0	0
Other ST non-IB liabilities	2	3	6	3	4	5	3	12	12	12
Liabilities - assets held for sale	0	0	0	0	0	0	0	0	0	0
Current liabilities	**136**	**122**	**116**	**198**	**237**	**227**	**184**	**202**	**217**	**227**
Total equity and liabilities	**304**	**340**	**339**	**474**	**526**	**518**	**539**	**575**	**624**	**671**
Net IB debt (=1)	28	46	18	60	86	52	21	14	10	3
Net working capital (NWC) (=2)	104	118	117	171	213	217	181	178	180	190
Capital employed (CE)	198	237	229	295	334	342	377	398	431	467
Capital invested (CI)	173	213	201	267	312	318	312	332	359	386
Equity / Total assets	48%	49%	54%	44%	43%	51%	54%	55%	56%	57%
Net IB debt / EBITDA	0.6	0.9	0.3	1.1	1.4	0.6	0.3	0.2	0.1	0.0

Per share data (EUR)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Adj. no. of shares in issue YE (m)	63.95	64.30	64.39	64.70	64.83	64.86	65.19	65.19	65.19	65.19
Diluted no. of Shares YE (m)	64.48	65.13	65.19	65.33	65.74	64.86	65.19	65.19	65.19	65.19
EPS	0.45	0.43	0.57	0.46	0.53	0.74	0.59	0.65	0.72	0.78
EPS adj.	0.45	0.49	0.48	0.49	0.53	0.74	0.60	0.65	0.72	0.78
CEPS	0.60	0.71	0.75	0.63	0.74	0.97	0.85	0.96	1.11	1.17
DPS	0.13	0.15	0.17	0.19	0.21	0.23	0.24	0.22	0.24	0.26
BVPS	2.26	2.59	2.84	3.21	3.50	4.10	4.46	4.88	5.36	5.88

Performance measures	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
ROE	21.4%	18.0%	21.1%	15.2%	16.1%	19.6%	13.9%	14.0%	14.2%	13.9%
Adj. ROCE pre-tax	19.0%	16.6%	17.0%	13.6%	13.6%	17.9%	14.1%	14.2%	14.3%	14.2%
Adj. ROIC after-tax	17.7%	15.7%	17.0%	12.1%	12.4%	15.1%	13.0%	13.4%	13.5%	13.5%

Valuation	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
FCF yield	3.5%	3.2%	5.1%	-4.4%	-1.1%	8.3%	10.7%	6.8%	6.5%	5.4%
Dividend yield YE	na	3.1%	2.6%	2.5%	3.1%	2.9%	2.9%	2.4%	2.7%	2.9%
Dividend payout ratio	29.0%	34.6%	30.2%	41.7%	38.8%	31.0%	40.5%	33.3%	33.3%	33.3%
Dividend + buy backs yield YE	na	3.0%	2.6%	2.5%	3.1%	3.0%	2.9%	2.7%	2.9%	0.0%
EV/Sales YE	na	0.63	0.74	0.79	0.61	0.62	0.72	0.72	0.67	0.62
EV/EBITDA YE	na	6.9	7.3	10.0	8.3	7.0	7.6	7.5	6.6	6.1
EV/EBITA YE	na	9.4	10.0	13.8	11.4	8.9	10.2	10.2	9.2	8.5
EV/EBITA adj. YE	na	8.5	11.4	13.6	11.5	9.0	10.1	10.2	9.2	8.5
EV/EBIT YE	na	10.3	10.0	13.8	11.4	9.1	10.6	10.7	9.7	8.9
P/E YE	na	11.3	11.5	16.4	12.3	10.5	13.9	13.9	12.5	11.6
P/E adj. YE	na	10.0	13.5	15.2	12.3	10.5	13.8	13.9	12.5	11.6
P/BV YE	na	1.89	2.30	2.33	1.88	1.91	1.85	1.85	1.69	1.54
Share price YE (EUR)		4.89	6.52	7.46	6.58	7.83	8.25	9.04		

Source: DNB Carnegie (estimates) & company data

Disclosures and disclaimers

DNB Carnegie

DNB Carnegie is a Business Area in the DNB Group comprising: 1) the investment services division of DNB Bank ASA; 2) DNB Carnegie Investment Bank AB (a wholly owned subsidiary of DNB Bank ASA); 3) DNB Markets, Inc. (a wholly owned subsidiary of DNB Bank ASA) and 4) Carnegie, Inc. (a wholly owned subsidiary of DNB Carnegie Investment Bank AB). DNB Carnegie is a leading, Nordic provider of investment banking services.

DNB Carnegie generates added value for institutions, companies and private clients in the areas of trade in securities, investment banking, and securities services.

The research in DNB Carnegie is produced in the investment services division of DNB Bank ASA and DNB Carnegie Investment Bank AB, thus DNB Carnegie should be read as meaning these two entities throughout the disclaimer text.

General

This research report has been prepared by DNB Carnegie and is based on information obtained from various public sources that DNB Carnegie believes to be reliable but has not independently verified, and DNB Carnegie makes no guarantee, representation or warranty as to its accuracy or completeness.

This research report does not, and does not attempt to, contain everything material that there is to be said about the company. Any opinions expressed herein reflect DNB Carnegie's judgement at the time this research report was prepared and are subject to change without notice.

DNB Bank ASA, its affiliates and subsidiaries, their directors, officers, shareholders, employees or agents, are not responsible for any errors or omissions, regardless of the cause, or for the results obtained from the use of this research report, and shall in no event be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of this research report.

Any use of non-DNB Carnegie logos in this research report is solely for the purpose of assisting in identifying the relevant party. DNB Carnegie is not affiliated with any such party.

DNB Carnegie produces and distributes research reports from 1) the investment services division of DNB Bank ASA; and 2) DNB Carnegie Investment Bank AB (a wholly owned subsidiary of DNB Bank ASA). Clients receiving research reports from DNB Carnegie will therefore receive research reports produced by both companies. This research report is produced in the DNB Carnegie company where the responsible analyst is employed, please see the responsible analyst's name and DNB Carnegie company on the front page under the analyst's name to determine in which DNB Carnegie company this research report is produced.

This research report is distributed in Norway, Singapore and Australia by the investment services division of DNB Bank ASA, in Sweden, Finland and Denmark by DNB Carnegie Investment Bank AB (a wholly owned subsidiary of DNB Bank ASA), and in the US and the UK by the investment services division of DNB Bank ASA and DNB Carnegie Investment Bank AB, respectively.

DNB Carnegie is under supervision

DNB Bank ASA is a bank incorporated in Norway and is authorised and regulated by the Norwegian Financial Supervisory Authority. DNB Bank ASA is established in Singapore and in the UK via its Singapore and UK branches, which are authorised and regulated by the Monetary Authority of Singapore, and on a limited basis by the Financial Conduct Authority and the Prudential Regulation Authority of the UK respectively. DNB Bank ASA is established in Sweden via its Sweden branch which are subject to supervision by the Financial Supervisory Authority of Sweden. DNB Carnegie Investment Bank AB is a bank incorporated in Sweden with limited liability and is authorised and regulated by the Swedish Financial Supervisory Authority. DNB Carnegie Investment Bank AB is established in the UK via its UK branch which is authorised and regulated by the UK Financial Conduct Authority (FCA). DNB Carnegie Investment Bank AB is established in Finland and Denmark via its Finland and Denmark branches which are subject to limited supervision by the respective national Supervisory Authorities.

Further details about the extent of regulation by local authorities outside Norway and Sweden are available on request.

Property rights

This research report is for clients only, and not for publication, and has been prepared for information purposes by DNB Carnegie.

This research report is the property of DNB Carnegie. DNB Carnegie retains all intellectual property rights (including, but not limited to, copyright) relating to this research report. Sell-side investment firms are not allowed any commercial use (including, but not limited to, reproduction and redistribution) of this research report contents, either partially or in full, without DNB Carnegie's explicit and prior written consent. However, buy-side investment firms may use this research report when making investment decisions, and may also base investment advice given to clients on this research report. Such use is dependent on the buy-side investment firm citing DNB Carnegie as the source.

The Report does not constitute investment advice

This research report is made for information purposes only, and does not constitute and should not in any way be considered as an offer to buy or sell any securities or other financial instruments or to participate in any investment strategy. This research report has been prepared as general information and is therefore not intended as a personal recommendation of particular financial instruments or strategies, and does not constitute personal investment advice. Investors should therefore make their own assessments of whether any of the trading ideas described herein are a suitable investment based on the investor's knowledge and experience, financial situation, and investment objectives.

Risk warning

The risk of investing in financial instruments is generally high. Past performance is not a reliable indicator of future performance, and estimates of future performance are based on assumptions that may not be realised. When investing in financial instruments, the value of the investment may increase or decrease, and the investor may lose all or part of their investment. Careful consideration of possible financial distress should be made before investing in any financial instrument.

Analyst certification

The research analyst(s) responsible for the content of this research report certify that: 1) the views expressed in this research report accurately reflect that research analyst's personal views about the company and the securities that are the subject of this research report; and 2) no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in this research report. DNB Carnegie employees, including research analysts, may receive compensation that is generated by overall firm profitability.

Type of coverage, including valuation methodologies and assumptions

1. Fundamental analysis with a target price and recommendation. DNB Carnegie publishes a target price for most of the stocks in our Research Universe. The target price is the analyst's assessment of expected total return (including dividend per share) over the coming 12 months based on various fundamental valuation methods. The target price is based on a combination of several valuation methods such as discounted cash flow, pricing based on earnings multiples, multiple on book value, net asset value and peer comparison. A commonly used method is DCF valuation, where future cash flows are discounted to today. Analysts may also use different valuation multiples, e.g. P/E and EV/EBIT, relative to industry peers to obtain a target price. For companies where it is appropriate, a target price can also be based on the analyst's assessment of a fair ratio relative to the net asset value of the company. Target prices are revised when earnings and cash flow forecasts are changed. Thus, changes to estimates are a key risk to the target price. Other reasons for revising target prices include changes in the underlying value of a company's assets and when factors affecting the required rate of return change, which can also be seen as risk factors to the target price.

2. Quantitative and technical analysis. DNB Carnegie produces research based on quantitative and technical analysis ("quant products"). Such research is based on mathematical and technical models applied to companies, industries and sectors, rather than a fundamental analysis of a company. Quantitative and technical analysis thus does not result in estimates, a valuation or a recommendation (e.g. BUY, SELL, HOLD). Quant products may also have a significantly different time horizon from those of other products generated by DNB Carnegie. The views expressed in quant products may thus differ from, or conflict with, those presented in other research reports generated by DNB Carnegie.

3. Commissioned research reports include the analyst's assessment of a fair value range over the coming 6-12 months based on various fundamental valuation methods. A commonly used method is DCF valuation, where future cash flows are discounted to today. Analysts may also use different valuation multiples, e.g. P/E and EV/EBIT, relative to industry peers. For companies where it is appropriate, a fair value range can also be based on the analyst's assessment of a fair ratio relative to the net asset value of the company. Fair value ranges represent the assessment of the analyst(s) at the time of writing.

You will find detailed information about the valuation or methodology, the underlying assumptions, and risks on DNB Carnegie Edge (www.edge.carnegie.se). The complete history of equity research reports and previous recommendations can also be found on DNB Carnegie Edge and here.

Frequency of update

DNB Carnegie's research analysis consists of case-based analyses, meaning the frequency of the analytical research report may vary over time. Unless otherwise expressly stated in this research report, the analysis is updated when considered necessary by the research department, for example in the event of significant changes in market conditions or events related to the issuer/the financial instrument.

Potential conflicts of interest
DNB Carnegie may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any company mentioned in this research report. Any such publicly announced business activity during the past 12 months will be referred to in the company-specific disclosures.

DNB Bank ASA, its affiliates and subsidiaries are engaged in commercial banking activities, and may for example be a lender to any company mentioned in this research report. This means that certain parts of these entities might have access to whatever rights and information regarding addressed companies as are available to a creditor under applicable law and the applicable loan and credit agreements.

A set of rules handling conflicts of interest is implemented in DNB Carnegie and the rest of DNB Bank ASA, this includes confidentiality rules restricting the exchange of information between various parts of DNB Carnegie and the rest of DNB Bank ASA. The Investment Banking Division and other business departments in DNB Carnegie and DNB Bank ASA are surrounded by information barriers to restrict the flows of sensitive information. People outside an information barrier may gain access to sensitive information only after having observed applicable wall-crossing procedures. This means that employees of DNB Carnegie who are preparing this research report are prevented from using or being aware of information available in other parts of DNB Carnegie or DNB Bank ASA that may be relevant to the recipients' decisions.

The remuneration of employees involved in preparing this research report is not tied to investment banking transactions performed by DNB Carnegie or a legal person within the same group.

Confidential and non-public information regarding DNB Carnegie and its clients, business activities and other circumstances that could affect the market value of a security ("sensitive information") is kept strictly confidential and may never be used in an undue manner. Internal guidelines are implemented to ensure the integrity and independence of research analysts. In accordance with the guidelines, the research department is separated from the Investment Banking department and there are no reporting lines between the research department and Investment Banking. The guidelines also include rules regarding, but not limited to, the following issues: contacts with covered companies, prohibition against offering favourable recommendations, personal involvement in covered companies, participation in investment banking activities, supervision and review of research reports, analyst reporting lines, and analyst remuneration.

DNB Carnegie and any of its officers or directors may have a position, or otherwise be interested in, transactions in securities that are directly or indirectly the subject of this research report. Any significant financial interests held by the analyst, DNB Carnegie, or a legal person in the same group in relation to the issuer will be referred to in the company-specific disclosures.

Other material conflicts of interest: Commissioned Research
This research report was commissioned and sponsored by the issuer (issuer-paid research) and should therefore be considered marketing communication (i.e. not investment research).

Payment for this research report has been agreed in advance on a non-recourse basis. As commissioned research, this research report can be considered an acceptable minor non-monetary benefit under MiFID II. It has not been prepared in accordance with the legal requirements designed to promote the independence of investment research. However, it is still subject to the same confidentiality rules and sound research principles.

Commissioned research is intended only for distribution to professional investors. Such investors are expected to make their own investment decisions without undue reliance on this research report.

Company specific disclosures
The following disclosures relate to relationships between DNB Carnegie Investment Bank AB (with its subsidiaries, "DNB Carnegie") and the subject company.

Please see https://edge.carnegie.se/legal/disclosuresanddisclaimers for equity disclosures and historical recommendation and target price information on all companies covered by DNB Carnegie.

Additional information for clients in Australia
This research report has been prepared and issued outside Australia.

DNB Bank ASA ARBN 675 447 702 is exempt from the requirement to hold an Australian financial services licence under the Corporations Act 2001 (Cth) (“Corporations Act”) in respect of financial services it provides to “wholesale clients” within the meaning of the Corporations Act (“Wholesale Clients”). DNB Bank ASA accordingly does not hold an Australian financial services licence. DNB Bank ASA is regulated by Finanstilsynet (the Financial Supervisory Authority of Norway) under the laws of Norway, which differ from Australian laws.

This research report is provided only to authorised recipients who are both Wholesale Clients and “professional investors” within the meaning of the Corporations Act. In no circumstances may this research report be provided to any other person.

No member of the DNB Group, including DNB Bank ASA and DNB Carnegie Investment Bank AB, is an authorised deposit-taking institution (“ADI”) under the Banking Act 1959 (Cth). Accordingly, neither DNB Bank ASA nor DNB Carnegie Investment Bank AB is supervised by the Australian Prudential Regulation Authority as an ADI.

DNB Bank ASA is a limited liability company incorporated in Norway.

Nothing in this research report excludes, restricts or modifies a statutory warranty or liability to the extent such an exclusion, restriction or modification would be prohibited under Australian law.

Additional information for clients in Canada
This research report and the information included herein is general investment advice that is not tailored to the needs of any recipient and, accordingly, is distributed to Canadian residents in reliance on section 8.25 of the Canadian Securities Administrators’ National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. For disclosures regarding any financial or other interest that DNB Bank ASA, DNB Carnegie Investment Bank AB and their affiliates may have in the issuer or issuers that are the subject of this research report please see the potential conflict of interest section and the company-specific disclosures section.

Additional information for clients in Singapore
This research report is distributed by the Singapore Branch of DNB Bank ASA. It is intended for general circulation and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. Please seek advice from a financial adviser regarding the suitability of any product referred to in this research report, taking into account your specific financial objectives, financial situation or particular needs before making a commitment to purchase any such product. You have received a copy of this research report because you have been classified as an accredited investor, an expert investor, or as an institutional investor, as these terms have been defined under Singapore's Financial Advisers Act (Cap. 110) ("FAA") and/or the Financial Advisers Regulations ("FAR"). The Singapore Branch of DNB Bank ASA is a financial adviser exempt from licensing under the FAA but is otherwise subject to the legal requirements of the FAA and of the FAR. By virtue of your status as an accredited investor, institutional investor or as an expert investor, the Singapore Branch of DNB Bank ASA is, in respect of certain of its dealings with you or services rendered to you, exempt from having to comply with certain regulatory requirements of the FAA and FAR, including without limitation, sections 34, 36 and 45 of the FAA. Section 34 of the FAA requires a financial adviser to disclose material information concerning designated investment products that are recommended by the financial adviser to you as the client. Section 36 of the FAA requires a financial adviser to have a reasonable basis for making investment recommendations to you as the client. Section 45 of the FAA requires a financial adviser to include, within any circular or written communications in which they make recommendations concerning securities, a statement of the nature of any interest which the financial adviser (and any person connected or associated with the financial adviser) might have in the securities. Please contact the Singapore branch of DNB Bank ASA at +65 6260 0111 in respect of any matters arising from, or in connection with, this research report. This research report is intended for and is to be circulated only to people who are classified as an accredited investor, an expert investor, or an institutional investor. If you are not an accredited investor, an expert investor or an institutional investor, please contact the Singapore Branch of DNB Bank ASA at +65 6260 0111. We, DNB Bank ASA, its affiliates and subsidiaries, our associates, officers and/or employees may have interests in any products referred to in this research report by acting in various roles including as distributor, holder of principal positions, adviser or lender. We, DNB Bank ASA, its affiliates, subsidiaries, our associates, officers and/or employees may receive fees, brokerage or commissions for acting in those capacities. In addition, we, DNB Bank ASA, its affiliates and subsidiaries, our associates, officers and/or employees may buy or sell products as principal or agent and may effect transactions that are not consistent with the information set out in this research report.

Additional information for clients in United States
The research analyst(s) named on this research report are foreign research analysts as defined by FINRA Rule 1220. The only affiliates contributing to this research report are the investment services division of DNB Bank ASA and DNB Carnegie Investment Bank AB (a wholly owned subsidiary of DNB Bank ASA) (“hereinafter DNB Carnegie”); the foreign research analysts employed by DNB Carnegie are named on the first page; the foreign research analysts are not registered/qualified as research analysts with FINRA; foreign research analysts are not associated persons of DNB Markets, Inc. or Carnegie, Inc. and therefore are not subject to the restrictions set forth in FINRA Rules 2241 and 2242 regarding restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

This is a Third Party Research Report as defined by FINRA Rules 2241 and 2242. Any material conflict of interest that can reasonably be expected to have influenced the choice of DNB Carnegie as a research provider or the subject Company of a DNB Carnegie research report, including the disclosures required by FINRA Rules 2241 and 2242 can be found above.

This research report is being furnished solely to Major U.S. Institutional Investors within the meaning of Rule 15a-6 under the U.S. Securities Exchange Act of 1934 and to such other U.S. Institutional Investors as DNB Markets, Inc. or Carnegie, Inc. may determine. Distribution to non-Major U.S. Institutional Investors will be made only by DNB Markets, Inc. or Carnegie, Inc., separately incorporated subsidiaries of DNB Bank ASA that are U.S. broker-dealers and members of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”).

Any U.S. recipient of this research report seeking to obtain additional information or to effect any transaction in any security discussed herein or any related instrument or investment should contact DNB Markets, Inc., 30 Hudson Yards, 81st Floor, New York, NY 10001, telephone number +1 212-551-9800, or Carnegie Inc, 20 West 55th St., New York, NY 10019, telephone number +1 212-262-5800.

At DNB Carnegie, we are dedicated to being the most respected partner for Nordic investment banking and wealth management solutions, leveraging the full capabilities of DNB. With unmatched strength across products, sectors, and geographies, our commitment is crystal clear: Clients first!

We deliver tailored financial solutions in mergers and acquisitions, capital markets, and financial advisory services by leveraging our deep market knowledge and expansive international reach. As an agile investment bank and part of a major Nordic banking group, we offer unparalleled local expertise, exceptional placing power, and a unique network.

Our roots run deep in the Nordic region, with strong local offices in Sweden, Norway, Denmark, and Finland. This solid foundation is amplified by our global presence in London, New York, and Singapore.

DNB Bank ASA
DNB Carnegie
Dronning Eufemias gate 30
0191 Oslo | Norway
Telephone: +47 915 04800

www.dnb.no

DNB Carnegie Investment Bank AB

Regeringsgatan 56
103 38 Stockholm | Sweden
Telephone: +46 8 676 88 00

www.dnbcarnegie.se

DNB Carnegie Investment Bank, Denmark Branch
Overgaden neden Vandet 9B PO Box 1935
1414 Copenhagen K | Denmark
Telephone: +45 32 88 02 00

DNB Bank ASA, Singapore Branch
DNB Carnegie
1 Wallich Street Downtown Core 06
#30-01, Guoco Tower,Singapore 078881
Telephone: +65 6260 0111

DNB Carnegie Investment Bank AB, Finland Branch
Eteläesplanadi 2 PO Box 36
FI-00131 Helsinki | Finland
Telephone: +358 9 618 71 230

DNB Bank ASA, London Branch
DNB Carnegie
The Walbrook Building, 25 Walbrook
London EC4N 8AF | England
Telephone: +44 20 7216 4000

DNB Carnegie Investment Bank AB, UK Branch
Finwell House, 26 Finsbury Square
London EC2A 1DS | England
Telephone: +44 20 7216 4000

DNB Markets, Inc.

30 Hudson Yards
New York, NY 10001 USA
Telephone: +1 212 551 9800

Carnegie, Inc.

20 West 55th St.
New York N.Y. 10019
Telephone: +1 212 262 5800