

**SCANFIL**

Scanfil Plc  
Financial Report

1 – 12/2018



# Scanfil Group's Financial Statements for 1 January – 31 December 2018

## Year 2018: Strong growth and profitability development

### October – December 2018

- Turnover totalled EUR 140.2 million (Q4 2017: 144.4), down 2.9%
- Operating profit EUR 7.5 (9.6) million, 5.4% (6.6%) of turnover
- Profit was EUR 6.4 (10.5) million
- Earnings per share amounted EUR 0.10 (0.16)

### January – December 2018

- Turnover totalled to EUR 563.0 million (1-12/2017 529.9), up to 6.3%
- Operating profit EUR 37.8 (31.3) million, 6.7% (5.9%) of turnover
- Profit for the review period was EUR 28.9 (25.8) million
- Earnings per share were EUR 0.45 (0.40)

The Board of Directors proposes, that a dividend of EUR 0.13 per share be paid for the financial year 2018, which is 18 % more than 0.11 euro for the financial year 2017.

### Future Outlook

Scanfil estimates, that its turnover for 2019 will be EUR 560 - 610 million and the operating profit will amount to EUR 36 - 41 million.

### Long-term Target

In 2020, Scanfil aims to reach sales of EUR 600 million and 7% operating profit level thru organic growth.

### KEY FIGURES

	Q4/2018	Q4/2017	Change%	2018	2017	Change %
Turnover, EUR million	140.2	144.4	-3 %	563.0	529.9	6 %
Operating Profit, EUR million	7.5	9.6	-22 %	37.8	31.3	21 %
Operating Profit, %	5.4	6.6		6.7	5.9	
Net Profit, EUR million	6.4	10.5	-38 %	28.9	25.8	12 %
Earnings per Share, EUR	0.10	0.16	-38 %	0.45	0.40	12 %
Return on Equity, %				21.5	22.2	
Equity Ratio, %				47.7	40.7	
Net Gearing, %				19.5	32.6	
Net Cash Flow from Operations, EUR million				29.0	21.3	37 %
Employees (Average)				3 414	3 254	5 %

## Petteri Jokitalo, CEO

“Scanfil’s business developed positively with all key indicators in 2018. The turnover increased by 6.3%, supported by almost all customer segments. Over 10% growth rate was achieved in Energy and Automation, Medtec and Life Science and Other Industries segments. The relative operating profit grew from last year and was 6.7%. Net cash flow from operations went up by 37%, and return on equity was good (21.5%).

I am not entirely satisfied with our performance during the fourth quarter. We remained at a lower level than in the previous year, both in terms of turnover and operating profit. The reason behind the decrease in performance was mainly due to significantly decreased demand for a few notable customers and partly also due to seasonal variation compared to the previous year. The decline in demand was anyhow restricted to a few customers, and the overall demand of our customers developed positively also during the fourth quarter.

In terms of our strategy, we proceeded as planned. I am especially satisfied with the development of our “close to customers R&D strategy” which resulted, e.g. a new record in the acquisition of new customers, particularly in Finland and Sweden. In the USA we see

growing demand and growth opportunities, in particular, with our current customers.

We renewed our organizational model in December last year. The goal of our new organizational structure is to increase cooperation between factories and, therefore, to improve the overall optimization and efficiency of our factory network. We also want to create more customer value, for example through a broader service range and design services in particular. Also, our new organizational model emphasizes future production technologies and a higher focus on sales and growth, primarily in the Nordic countries and Central Europe.

Our customers’ forecasts are looking strong and put us in a good position to seek organic growth also in 2019. We are expecting the year to get off to a slower start and for demand to clearly pick up during the second quarter. Even though we are focusing on organic growth, we are also interested in potential business acquisitions, especially in the Nordic countries and Central Europe.

Overall I am satisfied with Scanfil’s development in 2018. I want to thank our committed employees, customers, and other stakeholders.”

## Markets and Customer Segments

The turnover increased in 2018 in almost all customer segments. The Other Industries customer segment showed particularly strong growth, with turnover up by EUR 15.2 million, or 18.3%, from the previous year. The positive development in the operations of a single customer during the first half of the year is particularly reflected in turnover within this customer segment. There was also more than 10% growth in the Medtec, Life Science and Environmental Measurements customer segment with an increase of EUR 11.9 million, or 13.9%, and the Energy and Automation segment increased by EUR 8.5 million, or 10.0%. The turnover of the Networks and Communications segment decreased by EUR 5.2 million, or 5.0%.

However, the development of demand within customer segments was strongly customer-specific.

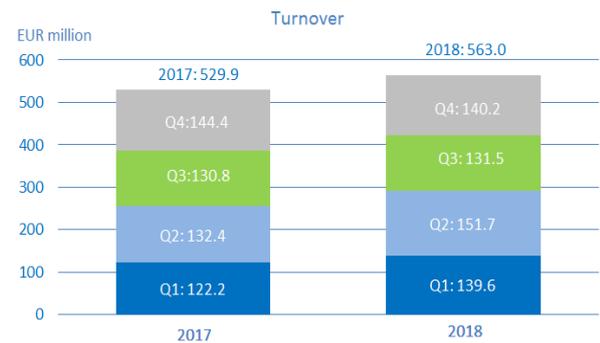
The largest customer accounted for 12% (13%) of turnover and the top ten customers accounted for 60% (61%) of turnover of the year 2018.

During the fourth quarter, the Group's turnover decreased by EUR 4.2 million, or 2.9%, from the corresponding period last year. Turnover decreased most of all in the Other Industries segment, falling by EUR 7.6 million, or 27.8%. This decrease resulted mainly from a change in demand for a single customer's products. The turnover of the Urban Applications segment decreased by EUR 6.0 million, or 12.0%. The main reason for this decrease was seasonal variation in demand. The turnover of other customer segments developed very positively. The turnover of the Networks and Communications segment went up by EUR 4.5 million (19.1%), with the turnover of the Energy and Automation segment improving by EUR 3.0 million (14.5%), and the turnover of the Medtec, Life Science and Environmental Measurements segment increasing by EUR 1.9 million (8.2%).

EUR million	Q4/2017	2017	Q1/2018	Q2/2018	Q3/2018	Q4/2018	2018	% of 2018 turnover
Energy and Automation	20.5	<b>84.7</b>	22.4	23.9	23.5	23.5	<b>93.2</b>	16.6 %
Medtec, Life Science and Environmental Measurements	23.3	<b>86.0</b>	25.2	24.6	22.9	25.2	<b>97.9</b>	17.4 %
Networks and Communication	23.5	<b>103.5</b>	22.3	23.7	24.3	28.0	<b>98.3</b>	17.5 %
Urban Applications	49.8	<b>172.6</b>	43.2	48.1	40.2	43.8	<b>175.3</b>	31.1 %
Other Industries	27.4	<b>83.1</b>	26.6	31.4	20.6	19.7	<b>98.3</b>	17.5 %
<b>Total</b>	144.4	<b>529.9</b>	139.6	151.7	131.5	140.2	<b>563.0</b>	100.0 %

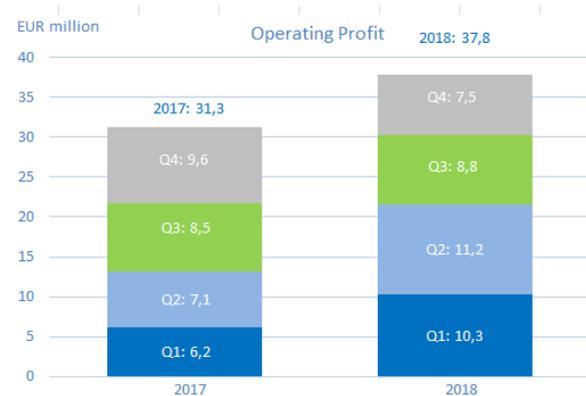
## Turnover

- **October-December** turnover totalled to EUR 140.2 million, which is 2.9% lower than the corresponding period of the previous year. The reason behind the decrease in turnover was mainly due to significantly decreased demand for a few notable customers and partly also due to seasonal variation compared to the previous year.
- **January-December** turnover totalled to EUR 563.0 million, which is EUR 33,0 million, 6.3%, higher than the corresponding period of the previous year.



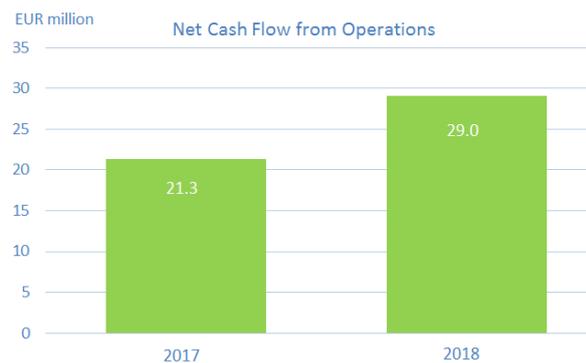
## Operating Profit

- **October - December** operating profit was EUR 7.5 million, 5.4% of turnover. Compared to the corresponding of previous year operating profit decreased EUR 2.1 million, 21.5%.
- The decrease in operating profit mainly resulted from the decrease in turnover.
- **January-December** operating profit was EUR 37.8 million, 6.7% of turnover and EUR 6.5 million, 20.8%, higher than last year.
- The increase in operating profit is mainly due the increase of turnover. In addition during the first half of the previous year, operations ended in factories in Vantaa, Finland and Biatorbagy, Hungary, during which time their expenses reduced the previous year's results.



## Net Cash Flow from Operations

- **January-December**, the net cash flow from operating activities was EUR 29.0 million and grew EUR 7.8 million, 36.5, % compared to the previous year.
- The large increase in net cash flow resulted from actions taken to improve management of the working capital and from the positive development in operating profit.



# Scanfil Group's Financial Statements Release January – December 2018

## Financial Development

The Group's turnover for January - December was EUR 563.0 (529.9) million, increase of 6.3% compared to the previous year. The Group's operating profit for January – December was EUR 37.8 (31.3) million, representing 6.7% (5.9%) of turnover. Operating profit increased by 20.8% on the previous year. In addition to the positive development of the turnover, the increase in the operating profit was affected by the discontinued operations of plants located in Vantaa, Finland, and Biatorbagy, Hungary, during the first half of the previous year, during which their expenses reduced the previous year's results.

The net profit for the review period was EUR 28.9 (25.8) million.

Earnings per share for the review period were EUR 0.45 (0.40). Return on investment was 20.2% (19.4%).

The Group's turnover for October – December amounted to EUR 140.2 (144.4) million, with the decrease of 2.9% compared to the corresponding period of previous year. Operating profit was EUR 7.5 (9.6) million, or 5.4% (6.6%) of turnover.

## Financing and Capital Expenditure

The Group's financial position is very stable. The consolidated balance sheet total stood at EUR 303.8 (306.6) million at the end of the review period. Cash assets totalled EUR 19.2 (20.6) million. Liabilities amounted to EUR 159.1 (181.9) million, of which non-interest-bearing liabilities totalled EUR 111.7 (120.6) million and interest-bearing liabilities totalled EUR 47.3 (61.3) million. The equity ratio was 47.7% (40.7%), and net gearing was 19.5% (32.6%). Equity per share was EUR 2.26 (1.95). The increase in the equity ratio and the simultaneous decrease in net gearing resulted from the actions taken to improve management of the working capital and the positive development in operating profit.

Group's financial arrangement includes dismissal covenants related to equity ratio and interest bearing net debt/EBITDA ratio. The terms of the covenants are reviewed quarterly. At the end of the period under review the terms have been clearly complied.

Net cash flow from operating activities for the review period January - December was EUR 29.0 (21.3) million. The change in net working capital during the period amounted to EUR -9.5 (-5.8) million. The change in working capital in 2018 compared to the turn of the previous year consists of the following items: short-term non-interest-bearing receivables grew by EUR 1.8 million, inventories increased by EUR 0.1 million and short-term non-interest-bearing liabilities decreased by EUR 7.6 million. Net cash flow from investments was EUR -9.7 million (-10.7). Cash flow from financing was EUR -20.7(-9.1) million. The long-term loan was amortized by EUR 10.5 (10.5) million and EUR 7.0 (5.7) million of dividends were paid.

Net cash flow from operating activities for October – December was EUR 13.1 (14.0) million. The change in working capital during the period was EUR 5.1 (5.1) million. Net cash flow from investments was EUR -2.3 (-3.2). Cash flow from financing was EUR -11.4 (-11.8) million.

Gross investment in January – December 2018 totalled EUR 10.1 million (18.6), or 1.8% (3.5%) of the turnover. The investments mainly consisted of the completed plant expansion in Poland and procurement of machinery and equipment in China and Poland. Depreciation totalled EUR 9.5 million (8.7).

## Board of Directors' Authorisation

The Annual General Meeting authorized the Board of Directors to decide on the acquisition of the company's own shares with distributable assets and to decide on share issues through one or more issues and the issue of other special rights entitling their holders to shares.

The Board of Directors' proposals to the General Meeting are available on the company website at [www.scanfil.com](http://www.scanfil.com).

The minutes of the Annual General Meeting have been available on the company's website, [www.scanfil.com](http://www.scanfil.com), as of 9 May 2018.

## Own Shares

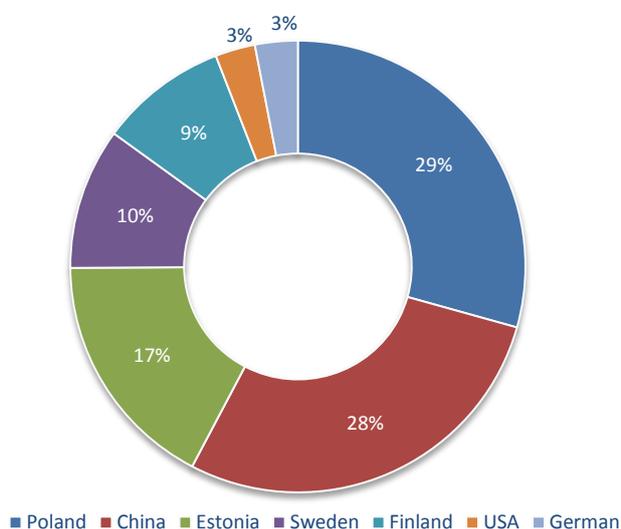
The company does not own its own shares.

## Share Trading and Share Performance

The highest trading price during the review period was EUR 5.16 and the lowest EUR 3.45, the closing price for the period standing at EUR 3.75. A total of 3,340,517 shares were traded during the period, corresponding to 5.2% of the total number of shares. The market value of the shares on 31 December 2018 was EUR 240.1 million

## Personnel

At the end of the period under review, the Group employed 3,348 (3,337) people, of whom 3,030 (3 019) worked outside Finland and 318 (318) in Finland. The average number of Group employees during the review period was 3,414 (3,254) people.



## Option Schemes

During the period under review, a total of 140,000 Scanfil Plc's new shares have been subscribed for with the company's stock options 2013(C). The entire subscription price for subscriptions made with the stock options of EUR 407,400 has been entered in the company's reserve for invested unrestricted equity.

The shares subscribed for under the stock options have been registered in the Trade Register. The new shares will establish shareholder rights as of the date of registration. As a result of registering the new shares, the number of Scanfil shares is 64,035,439 in total. The new shares are traded on the main list of the Nasdaq Helsinki Ltd.

## Scanfil plc group structure in 2018

On December 31, 2018, the Scanfil Group comprised the parent company, Scanfil plc, and two wholly-owned sub-groups, Scanfil EMS Oy (Finland) and Scanfil Sweden AB (Sweden). The Scanfil EMS sub-group comprises the parent company, Scanfil EMS Oy, and five wholly-owned subsidiaries operating in four different countries. The Scanfil Sweden AB sub-group comprises the parent company, Scanfil Sweden AB, five wholly-owned subsidiaries operating in three different countries, as well as three inactive subsidiaries that were not engaged in any production activities at the end of 2018.

During the financial period, Scanfil Kft, Scanfil EMS Oy's subsidiary in Hungary, merged with its parent company Scanfil EMS Oy by means of a transboundary subsidiary merger. In addition, the dissolution of four discontinued companies was completed through a voluntary liquidation procedure.

## Future Outlook

Scanfil estimates, that its turnover for 2019 will be EUR 560 - 610 million and the operating profit will amount to EUR 36 - 41 million.

## Long-term Target

In 2020, Scanfil aims to reach sales of EUR 600 million and 7% operating profit level thru organic growth.

## Operational Risks and Uncertainties

No essential changes have taken place in the risks related to Scanfil's business during the review period.

A weakening of the global economy and the decrease in international demand for investment commodities might have a negative impact on the development of the business of Scanfil's customers, and weaken demand in the contract manufacturing market. In particular, changes in international trade agreements and increased international trade restrictions could lead to growing uncertainty in the development of the world economy. Scanfil's business operations also involve risks arising from exchange rate fluctuations.

The company's risks and risk management are described on the company's website under Corporate Governance and in the notes to the consolidated financial statements.

## Annual General meeting 2019 and Board of Directors' proposals to the Annual General Meeting

Scanfil plc's Annual General Meeting will be held on 24 April 2019 at the company's head office in Sievi, Finland.

### Dividend for 2018

The company aims to pay dividends amounting to approximately 1/3 of its annual result on a regular basis.

The parent company's distributable funds are EUR 39,015,179.77 including retained earnings EUR 10,228,513.15. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.13 (0.11) per share be paid for a total of EUR 8,324,607.07 for the financial year ending on 31 December 2018. The dividend matching day is 26 April 2019. The dividend will be paid to those shareholders who, on the matching day, are entered in the Company's Register of Shareholders, kept by Euroclear Finland Ltd. The dividend payment day is 6 May 2019.

No significant changes have taken place in the company's financial position since the end of the financial year. In the view of the Board of Directors, the proposed dividend pay-out will not put the company's liquidity at risk.

The proposal of Scanfil plc's nomination committee to the General Meeting for the composition of Scanfil plc's Board of Directors will be published in connection with the invitation to the General Meeting.

The company publishes a notice of the Annual General Meeting later separately.

## Accounting Principles

This interim report has been prepared in compliance with the IAS 34 Interim Financial Reporting standard.

Starting from 1 January 2018, Scanfil has adopted new standards IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*. The changes in accounting principles resulting from this adoption are presented under "Changes in accounting principles." Otherwise, the accounting principles applied correspond with those defined in the Group's 2017 financial statements.

All individual figures and totals presented in tables have been rounded, due to which the total sum of individual figures may differ from the sum presented. The key figures have been calculated using precise values.

This interim report is unaudited.

In its meeting held on 14 February 2019, the Board of Director of Scanfil plc approved this financial statements release for publication.

## Changes in accounting principles

### IFRS 9

IFRS 9 has replaced IAS 39. Changes resulting from the adoption of IFRS 9 concern the classification and measurement of financial assets, the definition of their impairment and the principles of applying hedge accounting.

The changes in classification are presented in the table below:

	Classification in accordance with IAS 39	Classification in accordance with IFRS 9
Trade and other receivables	Loans and other receivables	At amortized cost
Equity investments	Available-for-sale financial assets	Financial assets at fair value
Derivatives, hedge accounting	At fair value, hedge accounting	At fair value, hedge accounting

Financial liabilities have been classified at amortized cost, apart from derivative liabilities.

### Impairment of financial assets

According to the new impairment model, impairment provisions must be recognized on the basis of expected credit losses. A simplified model must be applied to trade receivables, in which the estimated amount of credit losses is based on percentages defined on the basis of the age distribution of the receivables. The adoption of the new impairment model has no significant impact on the Group's profit or loss. Furthermore, no adjustments in retained earnings were made during the IFRS 9 transition.

### Hedge accounting

The hedge accounting model in accordance with IFRS 9 facilitates the application of hedge accounting and brings hedge accounting closer to the Group's risk management strategy. Scanfil applies cash flow hedge accounting to currency derivatives and to the interest rate swap used to hedge a variable-rate loan.

The new hedge accounting regulations had no impact on this interim report.

### IFRS 15

IFRS 15 has replaced IAS 18 and IAS 11 and related interpretations. IFRS 15 includes a five-step model to determine when to recognize revenue and at what amount. Revenue is recognized when a company transfers control of goods or services to a customer either over time or at a point in time.

### Changes in the classification of financial assets

The Group has classified its financial assets at financial assets recognized at amortized cost, financial assets recognized at fair value through profit or loss and financial assets recognized at fair value in other comprehensive income items. The classification in accordance with IFRS 9 does not have any impact on equity.

The Group's turnover mainly consist of customer agreements that only include the sale of goods. The Group fulfils the performance obligation at a certain point in time when control of an asset item is transferred to the customer. Typically, control is transferred when goods are delivered in compliance with the terms of delivery. A small part of the turnover consists of service sales, which are recognized over time during the financial period in which the services were carried out for customers.

The adoption of the standard has no significant impact on the date on which the revenues of the Group are recognized as income. The most significant difference from the current recognition date comes from the treatment of customers' consignment stocks. Earlier, the recognition was carried out when the customer used the consignment stock. According to IFRS 15, contractual control is transferred to the customer when goods are transferred to the consignment stock and, consequently, sales are recognized as income when control is transferred.

Scanfil has used the cumulative effect approach when applying IFRS 15. The adjustment to retained earnings in the opening balance sheet of 1 January 2018 was EUR 0.2 million.

The Group's revenue in January – September 2018 reported in accordance with IFRS 15 stood at EUR 563.0 million and would have been EUR 562.5 million if reported in accordance with the principles of IAS 18 and IAS 11.

## New and amended standards and interpretations introduced at the beginning of January 2019

### IFRS 16 Leases

The new standard replaces the current IAS 17 and related interpretations. IFRS 16 requires lessees to recognize lease agreements on the balance sheet as a lease liability and as a related asset item. The accounting model is similar to current financial lease accounting in accordance with IAS 17. Lessor accounting remains mostly similar to current IAS 17.

Five of the Group's ten production plants operate in leased premises. In addition, the Group has lease agreements on cars and other vehicles (mainly forklifts). Scanfil will use a simplified approach during the transition. The Group will use exceptions that concern short-term lease agreements of at most 12 months and assets at a maximum value of USD 5,000,

apart from leasing cars, for example, to which the 12-month exception does not apply. Therefore, nearly all lease agreements will be recognized on the balance sheet at the time of the transition. The interest rate applied to the Group's loans in Finland, Sweden, Germany and Estonia will be used as the discount rate. Discount rates applied in other countries have been defined separately for each country. Lease agreement liabilities and the asset item regarding the right of use on January 1, 2019, recognized on the balance sheet total of EUR 14.8 million.

Other amended standards do not have any impact on consolidated financial statements.

## Consolidated Income Statement

EUR million

	10 - 12 2018	10 - 12 2017	1 - 12 2018	1 - 12 2017
<b>Turnover</b>	<b>140.2</b>	<b>144.4</b>	<b>563.0</b>	<b>529.9</b>
Other operating income	0.3	0.3	0.8	2.7
Changes in inventories of finished goods and work in progress	-0.2	1.0	-0.3	3.0
Expenses	-130.4	-133.8	-516.2	-495.5
Depreciation	-2.5	-2.4	-9.5	-8.7
<b>Operating profit</b>	<b>7.5</b>	<b>9.6</b>	<b>37.8</b>	<b>31.3</b>
Financial income and expenses	-0.1	2.7	-1.7	1.3
<b>Profit before taxes</b>	<b>7.4</b>	<b>12.3</b>	<b>36.0</b>	<b>32.6</b>
Income taxes	-1.0	-1.8	-7.1	-6.8
<b>Net profit for the period</b>	<b>6.4</b>	<b>10.5</b>	<b>28.9</b>	<b>25.8</b>
Attributable to:				
Equity holders of the parent	6.4	10.5	28.9	25.8
Earnings per share for profit attributable to shareholders of the parent: undiluted and diluted earnings per share ( EUR)	0.10	0.16	0.45	0.40

## Consolidated Statement of Comprehensive Income

EUR million

	10 - 12 2018	10 - 12 2017	1 - 12 2018	1 - 12 2017
<b>Net profit for the period</b>	<b>6.4</b>	<b>10.5</b>	<b>28.9</b>	<b>25.8</b>
Items that may later be recognized in profit or loss				
Translation differences	0.4	-1.8	-2.4	-4.9
Cash flow hedges	-0.1	0.4	-0.2	0.4
Other comprehensive income, net of tax	0.2	-1.4	-2.6	-4.5
<b>Total Comprehensive Income</b>	<b>6.7</b>	<b>9.0</b>	<b>26.2</b>	<b>21.3</b>
Attributable to:				
Equity holders of the parent	6.7	9.0	26.3	21.3

## Consolidated Statement of Financial Position

EUR million

<b>Assets</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
<b>Non-current assets</b>		
Property, plant and equipment	49.1	47.7
Goodwill	10.1	10.4
Other intangible assets	12.2	14.6
Available-for-sale investments	0.0	0.0
Deferred tax assets	4.4	4.2
<b>Total non-current assets</b>	<b>75.9</b>	<b>76.9</b>
<b>Current assets</b>		
Inventories	99.2	100.7
Trade and other receivables	107.6	106.0
Advance payments	0.3	1.0
Current tax	1.6	1.4
Cash and cash equivalents	19.2	20.6
<b>Total current assets</b>	<b>227.8</b>	<b>229.7</b>
<b>Total assets</b>	<b>303.8</b>	<b>306.6</b>
<b>Shareholder's equity and liabilities</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	2.0	2.0
Reserve for invested unrestricted equity fund	28.4	28.0
Fair value reserve	-0.2	-0.1
Other reserves	6.7	6.7
Translation differences	4.3	6.7
Retained earnings	103.6	81.3
<b>Total equity</b>	<b>144.7</b>	<b>124.7</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	6.0	4.8
Provisions	0.3	0.3
Interest bearing liabilities	16.6	27.4
<b>Total non-current liabilities</b>	<b>22.8</b>	<b>32.5</b>
<b>Current liabilities</b>		
Trade and other liabilities	103.5	113.1
Current tax	1.8	2.2
Provisions	0.1	0.2
Interest bearing liabilities	30.8	34.0
<b>Total current liabilities</b>	<b>136.2</b>	<b>149.4</b>
<b>Total liabilities</b>	<b>159.0</b>	<b>181.9</b>
<b>Total shareholder's equity and liabilities</b>	<b>303.8</b>	<b>306.6</b>

## Consolidated Cash Flow Statement

EUR million

	1.1.-31.12.2018	1.1.-31.12.2017
<b>Cash flow from operating activities</b>		
Net profit	28.9	25.8
Adjustments for the net profit	18.2	10.7
Change in net working capital	-9.5	-5.8
Paid interests and other financial expenses	-1.7	-1.8
Interest received	0.1	0.2
Taxes paid	-6.9	-7.7
<b>Net cash from operating activities</b>	<b>29.0</b>	<b>21.3</b>
<b>Cash flow from investing activities</b>		
Investments in tangible and intangible assets	-10.1	-20.7
Sale of tangible and intangible assets	0.4	10.0
<b>Net cash from investing activities</b>	<b>-9.7</b>	<b>-10.7</b>
<b>Cash flow from financing activities</b>		
Related-party investment company shares	0.4	0.3
Repayment of long-term loans	-10.5	-10.5
Repayment of short-term loans	-3.5	-5.1
Proceeds from short term loans		12.0
Dividends paid	-7.0	-5.7
<b>Net cash from financing activities</b>	<b>-20.7</b>	<b>-9.1</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>-1.3</b>	<b>1.5</b>
Cash and cash equivalents at beginning of period	20.6	20.2
Changes in exchange rates	-0.2	-1.1
<b>Cash and cash equivalents at end of period</b>	<b>19.2</b>	<b>20.6</b>

## Statement of changes in Consolidated Equity

EUR million

### Equity attributable to equity holders of the parent company

Equity	Share capital	Reserve for invested unrestricted equity fund	Fair value reserve	Reserve fund	Translation differences	Retained earnings	Equity total
1.1.2018	2.0	28.0	-0.1	6.7	6.7	81.3	124.7
Adjustment according to IFRS 15						0.2	0.2
Total comprehensive income			-0.2		-2.4	28.9	26.2
Exercised options		0.4					0.4
Option Scheme						0.2	0.2
Paid dividends						-7.0	-7.0
<b>Equity</b>							
<b>31.12.2018</b>	<b>2.0</b>	<b>28.4</b>	<b>-0.3</b>	<b>6.7</b>	<b>4.3</b>	<b>103.6</b>	<b>144.7</b>

### Equity attributable to equity holders of the parent company

Equity	Share capital	Reserve for invested unrestricted equity fund	Fair value reserve	Reserve fund	Translation differences	Retained earnings	Equity total
1.1.2017	2.0	27.7	-0.5	6.5	11.6	61.0	108.3
Total comprehensive income			0.4		-4.9	25.8	21.3
Fund transfer				0.2		-0.2	0.0
Exercised options		0.3					0.3
Option Scheme						0.4	0.4
Paid dividends						-5.7	-5.7
<b>Equity</b>							
<b>31.12.2017</b>	<b>2.0</b>	<b>28.0</b>	<b>-0.1</b>	<b>6.7</b>	<b>6.7</b>	<b>81.3</b>	<b>124.7</b>

### Key Indicators

	1 - 12 2018	1 - 12 2017
Return on equity, %	21.5	22.2
Return on investment, %	20.2	19.4
Interest-bearing liabilities, EUR million	47.3	61.3
Gearing, %	19.5	32.6
Equity ratio, %	47.7	40.7
Gross investments, EUR million	10.1	18.6
% of net turnover	1.8	3.5
Personnel, average	3 414	3 254
Earnings per share, EUR	0.45	0.40
Shareholders' equity per share, EUR	2.26	1.95
Dividend per share, EUR	0.13	0.11
Dividend per earnings, %	28.7	27.2
Effective dividend yield, %	3.47	2.59
Price-to-earnings ratio (P/E)	8.3	10.5
Year's lowest share price, EUR	3.45	3.42
Year's highest share price, EUR	5.16	4.53
Average share price for year, EUR	4.44	3.92
Share price at year's end, EUR	3.75	4.25
Market capitalisation at end of year, EUR million	240.1	271.6
Number of shares at the end of period, 000's		
- not counting own shares	64 035	63 895
- weighted average	63 945	63 757

Owing to the nature of the sector, the company's order book covers only a short period of time and does not give an accurate picture of future development.

## Disaggregation of revenues

EUR million

	10 - 12 2018			10 - 12 2017		
	Sales of goods	Sales of services	Total	Sales of goods	Sales of services	Total
<b>Customer Segments</b>						
Energy & Automation	21.3	2.2	23.5	19.5	1.0	20.5
Medtec, Life Science, Environmental Measurements	23.2	2.0	25.2	21.8	1.4	23.2
Networks&Communication	24.9	3.0	28.0	21.3	2.2	23.5
Urban Applications	40.9	2.9	43.8	48.6	1.2	49.7
Other Industries	18.1	1.6	19.7	25.9	1.5	27.4
<b>Total</b>	<b>128.5</b>	<b>11.7</b>	<b>140.2</b>	<b>137.1</b>	<b>7.3</b>	<b>144.4</b>
<b>Timing of revenue recognition</b>						
Goods and services transferred at a point of time	128.5	11.0	139.5	137.1	6.4	143.5
Services transferred over time		0.7	0.7		0.9	0.9
<b>Total</b>	<b>128.5</b>	<b>11.7</b>	<b>140.2</b>	<b>137.1</b>	<b>7.3</b>	<b>144.4</b>

	1 - 12 2018			1 - 12 2017		
	Sales of goods	Sales of services	Total	Sales of goods	Sales of services	Total
<b>Customer Segments</b>						
Energy & Automation	87.8	5.4	93.2	80.5	4.2	84.7
Medtec, Life Science, Environmental Measurements	89.4	8.6	97.9	79.8	6.2	86.0
Networks&Communication	87.6	10.7	98.3	94.0	9.5	103.5
Urban Applications	169.1	6.3	175.3	167.2	5.4	172.6
Other Industries	93.0	5.3	98.3	78.7	4.4	83.1
<b>Total</b>	<b>526.8</b>	<b>36.2</b>	<b>563.0</b>	<b>500.2</b>	<b>29.7</b>	<b>529.9</b>
<b>Timing of revenue recognition</b>						
Goods and services transferred at a point of time	526.8	33.3	560.1	500.2	26.6	526.7
Services transferred over time		3.0	3.0		3.2	3.2
<b>Total</b>	<b>526.8</b>	<b>36.2</b>	<b>563.0</b>	<b>500.2</b>	<b>29.7</b>	<b>529.9</b>

## Changes in tangible non-current assets

EUR million

	1 - 12 2018	1 - 12 2017
Book value at the beginning of the period	47.7	40.6
Additions	9.9	23.3
Deductions	-0.1	-9.7
Depreciations	-7.5	-6.7
Exchange rate differences	-0.8	0.1
<b>Book value at the end of the period</b>	<b>49.1</b>	<b>47.7</b>

## Financial assets and liabilities, carrying amount and fair value

EUR million

	<b>31.12.2018</b>	<b>31.12.2018</b>
	Book values of balance sheet values	Fair values of balance sheet values
<b>Non-current assets</b>		
Investments	0.0	0.0
Non-current assets total	0.0	0.0
<b>Current assets</b>		
Trade receivables	97.3	97.3
Cash and cash equivalents	19.2	19.2
Current assets total	118.8	118.8
<b>Total financial assets</b>	<b>118.8</b>	<b>118.8</b>
<b>Non-current financial liabilities</b>		
Interest bearing liabilities from financial institutions	13.3	13.3
Financial leasing	3.3	3.3
Non-current financial liabilities total	16.6	16.6
<b>Current financial liabilities</b>		
Interest bearing liabilities from financial institutions	10.5	10.5
Financial leasing	0.4	0.4
Loans withdrawn from the credit limit	19.8	19.8
Derivatives	0.3	0.3
Trade payables	81.2	81.2
Current financial liabilities total	112.3	112.3
<b>Total financial liabilities</b>	<b>128.8</b>	<b>128.8</b>

The valuation of derivatives is based on market data (level 2).

The valuation of investments is based on the acquisition cost (level 3) as the fair value of the shares cannot be determined reliably.

## Open derivative contracts

EUR million

	<b>Positive</b>	<b>Negative</b>	<b>Net</b>	<b>Nominal value</b>
Interest rate swaps, protective		-0.2	-0.2	23.8
Forward agreement, protective	0.0	-0.1	-0.1	9.1

## Provisions

EUR million

	Reclamation and guarantee	Pension	Other	Total
<b>1.1.2018</b>	0.2	0.0	0.2	0.5
Exchange rate differences	0.0	0.0	0.0	0.0
Additions	0.3	0.0	0.0	0.3
Used provisions	-0.1			-0.1
Cancellation of unused provisions	-0.3			-0.3
<b>31.12.2018</b>	0.1	0.0	0.2	0.4

Long term provisions are EUR 0.3 million and short term provisions EUR 0.1 million.

The reclamation and warranty provision includes the estimated cost of repairing defective products that is related to customer complaints and warranty obligations, and any fees resulting from delayed deliveries. Other provisions are related to a bonus agreed upon locally in Poland to be paid on the basis of service years. It applies to employees who have worked in the company for several years.

## Contingent Liabilities

EUR million

	1 - 12 2018	1 - 12 2017
Business mortgages	110.0	110.0
Pledged guarantees	8.3	2.1
Rent liabilities	12.0	9.0

The increase in the amount of pledged guarantees is due to the guarantees given to the customer in connection with the storage arrangement.

Rent liabilities mainly comprise the rents of the production facilities. Rent liabilities do not include VAT. Group is operating in rented premises in Sweden, Germany, USA, in Myslowice Poland and Vantaa and Oulu in Finland. Scanfil Oyj has guaranteed the subsidiary Scanfil Inc.'s lease obligations.

In addition to the above commitments, the following guarantees have been given:

Scanfil Oyj has given absolute guarantees to Nordea Bank AB (publ) as security for payment of the liabilities which Scanfil Sweden AB has created from time to time towards Nordea Bank AB (publ) on the basis of derivative contracts concluded, as well as to Skandinaviska Enskilda Banken AB replacing the previous liabilities of Scanfil Sweden AB. The maximum liability is EUR 3.6 million.

Scanfil EMS Oy has provided a guarantee of any obligations arising from the subsidiary's delivery contracts with its customers. The guarantee is limited to a maximum of EUR 7.5 million and seven years after the expiry of the last product agreement.

Scanfil Sweden AB has given security to some subsidiary suppliers regarding obligations that may be created through the business relationship.

A total of EUR 19.8 million of the credit limits were in use on 31 December 2018.

## Key Indicators quarterly

	Q4/18	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17
Turnover, MEUR	140.2	131.5	151.7	139.6	144.4	130.8	132.4	122.2
Operating profit, MEUR	7.5	8.8	11.2	10.3	9.6	8.5	7.1	6.2
Operating profit, %	5.4	6.7	7.4	7.4	6.6	6.5	5.3	5.0
Net income, MEUR	6.4	6.9	8.0	7.6	10.5	5.2	4.3	5.8

## Calculation of key indicators

Return on equity, %	$\frac{\text{Net profit for the period} \times 100}{\text{Shareholders' equity (average)}}$
Return on investment, %	$\frac{(\text{Profit before taxes} + \text{interest and other financial expenses}) \times 100}{\text{Balance sheet total} - \text{non-interest-bearing liabilities (average)}}$
Gearing (%)	$\frac{(\text{Interest-bearing liabilities} - \text{cash and other liquid financial assets}) \times 100}{\text{Shareholders' equity}}$
Equity ratio (%)	$\frac{\text{Shareholders' equity} \times 100}{\text{Balance sheet total} - \text{advance payments received}}$
Earnings per share	$\frac{\text{Net profit for the period}}{\text{Average adjusted number of shares during the year}}$
Shareholders' equity per share	$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the financial period}}$
Dividend per share	$\frac{\text{Dividend to be distributed for the period (Board's proposal)}}{\text{Number of shares at the end of year}}$
Dividend per earnings (%)	$\frac{\text{Dividend per share} \times 100}{\text{Earnings per share}}$
Effective dividend yield (%)	$\frac{\text{Dividend per share} \times 100}{\text{Share price at the end of year}}$
Price-to-earnings ratio (P/E)	$\frac{\text{Share price at the end of year}}{\text{Earnings per share}}$
Average share price	$\frac{\text{Total share turnover}}{\text{Number of shares traded}}$
Market capitalisation	Number of shares x last trading price of the financial period

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Scanfil is an international contract manufacturer and system supplier for the electronics industry with 40 years of experience in demanding contract manufacturing. Scanfil provides its customers with an extensive array of services, ranging from product design to product manufacturing, material procurement and logistics solutions. Vertically integrated production and a comprehensive supply chain are the foundation of Scanfil's competitive advantages: speed, flexibility and reliability.

Typical Scanfil products include mobile and communications network devices, automation system modules, frequency converters, lift control systems, analysers, various slot and vending machines, and devices related to medical technology and meteorology. Scanfil services are used by numerous international automation, energy, IT and health service providers, as well as companies operating in the field of urbanisation. Scanfil's network of factories consists of 10 production units in Europe, Asia and North America. The total number of employees is about 3,300.

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