

SCANFIL



Interim Report 1-9/2018

Scanfil Group's Interim Report January – September 2018

July – September 2018: Stabilizing growth.

July – September 2018

- Turnover totalled to EUR 131.5 million (Q3 2017: 130.8)
- Operating profit EUR 8.8 (8.5) million, 6.7% (6.5%) of turnover
- Profit was EUR 6.9 (5.2) million
- Earnings per share amounted EUR 0.11 (0.08)

January – September 2018

- Turnover totalled to EUR 422.8 million (1-9 2017: 385.5)
- Operating profit EUR 30.3 (21.7) million, 7.2% (5.6%) of turnover
- Profit for the review period was EUR 22.5 (15.3) million
- Earnings per share were EUR 0.35 (0.24)

Future outlook

Scanfil specifies its estimates of its turnover and operating profit for 2018, estimating that the turnover will be EUR 545 - 570 million and the operating profit will amount to EUR 36 - 39 million.

Previously Scanfil estimated that its turnover for 2018 will be EUR 545 - 585 million and the operating profit will amount to EUR 36 - 40 million.

KEY FIGURES

	Q3/2018	Q3/2017	Change %	Q1-Q3/2018	Q1-Q3/2017	Change %	1-12/2017
Turnover, EUR million	131.5	130.8	1%	422.8	385.5	10%	529.9
Operating Profit, EUR million	8.8	8.5	3%	30.3	21.7	39%	31.3
Operating Profit, %	6.7	6.5		7.2	5.6		5.9
Net Profit, EUR million	6.9	5.2	34%	22.5	15.3	46%	25.8
Earnings per Share, EUR	0.11	0.08	33%	0.35	0.24	46%	0.40
Return on Equity, %				22.8	18.3		22.2
Equity Ratio, %				43.3	37.9		40.7
Net Gearing, %				28.4	44.9		32.6
Net Cash Flow from Operations, EUR million				16.0	7.3	120%	21.3
Employees (Average)				3 419	3 212	6%	3 254

Petteri Jokitalo, CEO

“As expected, the increase in turnover evened out during the third quarter. The turnover increased in the Energy & Automation, Medtech, and Urban Application segments. Instead, sales decreased in the Networks and Other Industries segments as expected from the year before.

The quarter was a strong one in terms of other key figures. Operating profit was 6.7% of turnover, and the net result increased by approximately one-third year-on-year. Return on equity continued to improve, being at a good level at 22.8%. The equity ratio improved to 43% and net gearing decreased to 28%. At the end of September, the net cash flow from operations was at a record level at EUR 16 million.

I am satisfied with the progress of our strategy during the year. Our customer portfolio is broad and well-balanced, with our largest customer accounting for 12% of our turnover. We are able to serve both our global and local customers well with our current factory network and service portfolio.

We have diversified the service range of our plants to correspond to customer needs, depending on whether a plant is close to customer markets or customer R&D. In Sweden, in particular, we have already gone far in

implementing the “Close to customer R&D” strategy, with positive results to show: the acquisition of new customers is making strong progress and the turnover of plants is increasing.

The Atlanta plant has also developed positively. The activities of our global customers in the US internal markets and their needs there for a local contract manufacturer are clearly increasing.

This positive development is partly based on our broad and demanding customer base and, of course, on Scanfil’s personnel. In contract manufacturing, in particular, the personnel play a crucial part and, at best, make us positively differentiate from the competition. Right now we are seeing exactly this type of positive development. I want to thank all Scanfil employees for your good and hard work and excellent results.

As communicated during the year, we expect sales and operating profit for the second half of the year to be lower than for the first half. Based on seen and expected near term customer demand, we can now narrow the guidance range for 2018. Our new guidance for the turnover is EUR 545 - 570 million and operating profit EUR 36 - 39 million.”

Markets and Customer Segments

During the third quarter, the increase in the Group's turnover evened out to approximately 1% compared to the year before. The Energy and Automation business segment showed particular growth, i.e., EUR 2.8 million or 13.4% from the year before. The Medtech, Life Science, Environmental Measurements business segment developed well, showing an increase of EUR 1.5 million (6.8%) from the previous year. The Urban Applications business segment increased by EUR 0.8 million (2.1%), while the

Networks & Communications segment showed a decrease of EUR 2.9 million (-10.8%). Similarly, the Other Industries segment decreased by EUR 1.4 million (-6.4%).

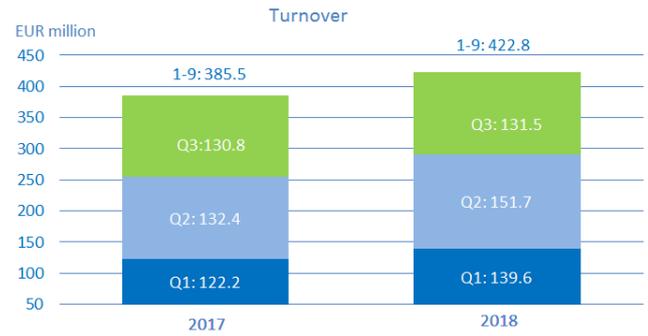
However, the development of demand within customer segments was strongly customer-specific.

The largest customer accounted for 12% (13%) of turnover and the top ten customers 61% (59%) of turnover.

EUR million	Q2/2017	Q3/2017	Q4/2017	Q1/2018	Q2/2018	Q3/2018	% of Q3 turnover 2018
Energy & Automation	22.1	20.7	20.5	22.4	23.9	23.5	17.8%
Medtec, Life Science, Environmental Measurements	21.0	21.5	23.3	25.2	24.6	22.9	17.4%
Networks&Communication	25.5	27.3	23.5	22.3	23.7	24.3	18.5%
Urban Applications	42.9	39.4	49.8	43.2	48.1	40.2	30.6%
Other Industries	20.9	22.0	27.4	26.6	31.4	20.6	15.6%
Total	132.4	130.8	144.4	139.6	151.7	131.5	100.0%

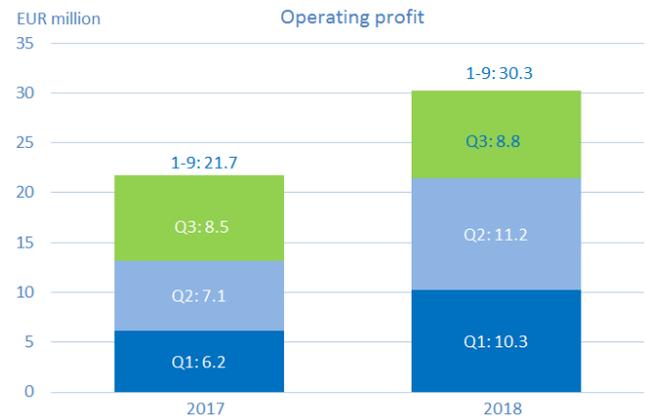
Turnover

- **July-September** turnover totalled to EUR 131.5 million, which is slightly higher than turnover of the corresponding period of the previous year.
- **January-September** turnover was EUR 422.8 million, which is EUR 37.4 million (9.7%) higher than turnover of the corresponding period of the previous year.



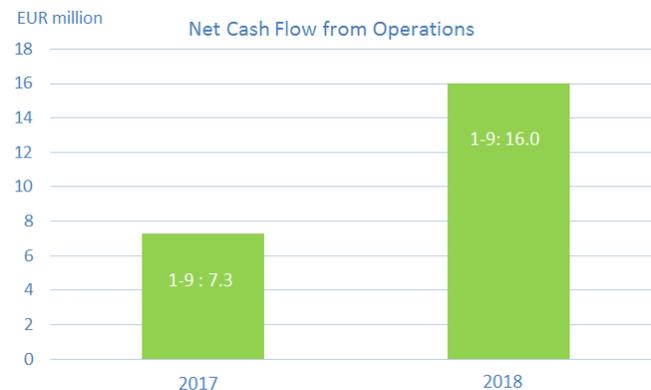
Operating Profit

- **July-September** operating profit was EUR 8.8 million (6.7% of turnover) and increased by EUR 0.3 million (3.2%) compared to last year.
- In addition to the increase in turnover, the activities carried out at the Myslowice plant to improve productivity had a positive impact on operating profit.
- **January-September** operating profit was EUR 30.3 million (7.2% of turnover) and grew by 39.4% compared to the previous year.



Net Cash Flow from Operations

- **January-September**, the net cash flow from operating activities was EUR 16.0 million and grew EUR 8.7 million (119.6%) compared to the corresponding period of the previous year.
- The increase in the net cash flow from the operating activities was mainly due to the increase of EUR 8.6 million in operating profit.



Scanfil Group's Interim Report January – September 2018

Financial Development

The Group's turnover for January–September was EUR 422.8 (385.5) million, an increase of 9.7% on the corresponding period for the previous year. The Group's operating profit for January–September was EUR 30.3 (21.7) million, which is 7.2% (5.6%) of turnover. Operating profit increased by approximately 39.4% on the previous year. In addition to the positive turnover trend, the overall improvement in productivity also contributed to growth in operating profit. The net profit for the period under review was EUR 22.5 (15.3) million.

Earnings per share for the period under review were EUR 0.35 (0.24). The return on investment was 21.2% (16.4%). The improvement in return on investment was mainly due to good profit trends.

The Group's turnover for July–September was EUR 131.5 (130.8) million, showing an increase of 0.6% from the corresponding period last year. Operating profit stood at EUR 8.8 (8.5) million, comprising 6.7% (6.5%) of turnover. Operating profit increased by 3.2% compared with the corresponding quarter in the previous year.

The result for July–September was EUR 6.9 (5.2) million. Changes in exchange rates had a positive impact on the result for the third quarter. In the previous year, the net result for the third quarter included EUR 0.4 million in back taxes, resulting from the tax audit aimed at the Polish subsidiary. The back taxes resulted from transfer prices between Group companies in 2014, and the Group is considering the option of applying for a refund through an EU arbitration process.

Production at Partnertech Electronics Co., Ltd., a Chinese subsidiary of Scanfil Sweden AB, was discontinued during the third quarter of 2016. The subsidiary was dissolved through a voluntary liquidation procedure during the review period. The dissolution had no impact on profit or loss reported in the interim report.

Financing and Capital Expenditure

The Group's financial position is stable. The consolidated balance sheet total stood at EUR 318.3 (304.6) million. Cash assets totalled EUR 19.7 (21.6) million. Liabilities amounted to EUR 180.4 (189.3) million, of which non-interest-bearing liabilities totalled EUR 121.6 (115.9) million and interest-bearing liabilities totalled EUR 58.8 (73.4) million. The equity ratio was 43.3% (37.9%), and net gearing was 28.4% (44.9%). Equity per share was EUR 2.15 (1.81).

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-September was EUR 16.0 (7.3) million. The change in working capital during the review period was EUR -14.7 (-10.9) million. The change in working capital in January-September 2018, compared to the turn of the year, is comprised of the following items: short-term non-interest-bearing receivables increased by EUR 9.9 million, inventories increased by EUR 6.4 million and short-term non-interest-bearing liabilities increased by EUR 1.6 million. Cash flow from investments was EUR -7.4 (-7.5) million. Cash flow from financing was EUR -9.2 (2.7) million. A total of EUR 7.0 million was paid in a dividend, and long-term loan repayments were a total of EUR 5.4 million. The credit limit was increased by EUR 3.0 million.

Gross investments in January–September were EUR 7.6 (15.8) million, which is 1.8% (4.1%) of turnover. The investments are mainly accounted for by completion of the plant extension in Poland, and machinery and equipment procurement in China and Poland. Depreciation was a total of EUR 7.1 (6.4) million.

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.

The minutes of the Annual General Meeting have been available on the company's website, 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 4.08, the closing price for the period standing at EUR 4.90. A total of 2,307,258 shares were traded during the period, corresponding to 3.6% of the total number of shares. The market value of the shares on 30 September 2018 was EUR 313.5 million

Option Schemes

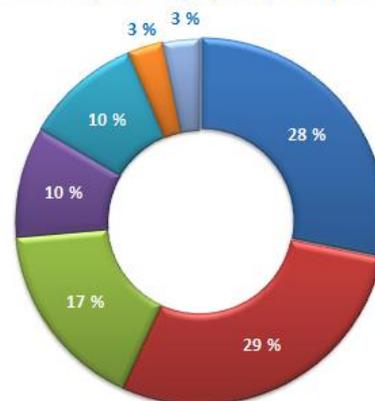
Between 7 May and 5 June 2018, a total of 90,000 Scanfil Plc's (the "Company" or "Scanfil") new shares have been subscribed for with the Company's stock options 2013(C). The entire subscription price for subscriptions made with the stock options 2013(C) of EUR 261,900 has been entered in the Company's reserve for invested unrestricted equity.

The shares subscribed for under the stock options have been registered in the Trade Register on 19 June 2018. As a result of registering the new shares, the number of Scanfil shares is 63,985,439 in total.

Personnel

At the end of the period under review, the Group employed 3,369 (3,299) people, of whom 3,038 (2,983) worked outside Finland and 331 (316) in Finland. The average number of Group employees during the review period was 3,419 (3,212) people.

Personnel by Country 3,369 (30 September 2018)



■ China ■ Poland ■ Estonia ■ Finland ■ Sweden ■ USA ■ Germany

Future Outlook

Scanfil specifies its estimates of its turnover and operating profit in 2018, estimating that the turnover will be EUR 545 - 570 million and the operating profit will amount to EUR 36 - 39 million.

Previously Scanfil estimated that its turnover for 2018 will be EUR 545 - 585 million and the operating profit will amount to EUR 36 - 40 million.

Long-term Target

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

Events after the review period

Operations of Scanfil Kft's plant in Biatorbagy in Hungary were discontinued during the second quarter of 2017. It has been decided that Scanfil Kft will be merged into its parent company Scanfil EMS Oy by means of a cross-border subsidiary merger. A notice regarding the final execution of the merger has been submitted to the Trade Register, and the merger is expected to be registered on 31 October 2018.

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.

Accounting Principles

The Group's 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 25 October 2018, the Board of Director of Scanfil plc approved this financial statements release for publication.

Changes in accounting principles

IFRS 9

IFRS 9 replaces 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 do not have any impact on this interim report.

IFRS 15

IFRS 15 replaces 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.

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

The Group's revenue in January–September 2018 reported in accordance with IFRS 15 stood at EUR 422.8 million and would have been EUR 422.7 million if reported in accordance with the principles of IAS 18 and IAS 11.

Consolidated Income Statement

EUR million

	7 - 9 2018	7 - 9 2017	1 - 9 2018	1 - 9 2017	1 - 12 2017
Turnover	131.5	130.8	422.8	385.5	529.9
Other operating income	0.0	0.1	0.5	2.4	2.7
Changes in inventories of finished goods and work in progress	0.9	3.4	-0.1	2.0	3.0
Expenses	-121.2	-123.7	-385.8	-361.7	-495.5
Depreciation	-2.4	-2.1	-7.1	-6.4	-8.7
Operating profit	8.8	8.5	30.3	21.7	31.3
Financial income and expenses	0.6	-1.0	-1.6	-1.4	1.3
Profit before taxes	9.4	7.5	28.6	20.3	32.6
Income taxes	-2.4	-2.3	-6.2	-5.0	-6.8
Net profit for the period	6.9	5.2	22.5	15.3	25.8
Attributable to:					
Equity holders of the parent	6.9	5.2	22.5	15.3	25.8
Earnings per share for profit attributable to shareholders of the parent:					
undiluted and diluted earnings per share (EUR)	0.11	0.08	0.35	0.24	0.40

Consolidated Statement of Comprehensive Income

EUR million

	7 - 9 2018	7 - 9 2017	1 - 9 2018	1 - 9 2017	1 - 12 2017
Net profit for the period	6.9	5.2	22.5	15.3	25.8
Items that may later be recognized in profit or loss					
Translation differences	-0.8	-1.2	-2.8	-3.1	-4.9
Cash flow hedges	0.3	-0.2	0.0	0.1	0.4
Other comprehensive income, net of tax	-0.5	-1.4	-2.8	-3.0	-4.5
Total Comprehensive Income	6.4	3.8	19.6	12.3	21.3
Attributable to:					
Equity holders of the parent	6.4	3.8	19.6	12.3	21.3

Consolidated Statement of Financial Position

EUR million

Assets	30.9.2018	30.9.2017	31.12.2017
Non-current assets			
Property, plant and equipment	48.7	46.6	47.7
Goodwill	10.1	10.5	10.4
Other intangible assets	12.6	14.9	14.6
Available-for-sale investments	0.0	0.0	0.0
Deferred tax assets	4.9	2.1	4.2
Total non-current assets	76.4	74.2	76.9
Current assets			
Inventories	105.3	99.2	100.7
Trade and other receivables	114.3	106.3	106.0
Advance payments	0.8	1.0	1.0
Current tax	1.8	2.3	1.4
Cash and cash equivalents	19.7	21.6	20.6
Total current assets	241.9	230.4	229.7
Total assets	318.3	304.6	306.6
Shareholder's equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	2.0	2.0	2.0
Reserve for invested unrestricted equity fund	28.3	28.0	28.0
Fair value reserve	-0.1	-0.4	-0.1
Other reserves	6.7	6.5	6.7
Translation differences	3.9	8.5	6.7
Retained earnings	97.1	70.7	81.3
Total equity	137.9	115.4	124.7
Non-current liabilities			
Deferred tax liabilities	5.3	2.7	4.8
Provisions	0.3	0.3	0.3
Interest bearing liabilities	21.9	32.9	27.4
Total non-current liabilities	27.5	35.9	32.5
Current liabilities			
Trade and other liabilities	112.8	110.4	113.1
Current tax	2.9	2.1	2.2
Provisions	0.3	0.4	0.2
Interest bearing liabilities	36.9	40.4	34.0
Total current liabilities	152.9	153.3	149.4
Total liabilities	180.4	189.3	181.9
Total shareholder's equity and liabilities	318.3	304.6	306.6

Consolidated Cash Flow Statement

EUR million

	1.1.-30.9.2018	1.1.-30.9.2017	1.1.-31.12.2017
Cash flow from operating activities			
Net profit	22.5	15.3	25.8
Adjustments for the net profit	14.9	9.9	10.7
Change in net working capital	-14.7	-10.9	-5.8
Paid interests and other financial expenses	-1.3	-1.5	-1.8
Interest received	0.1	0.1	0.2
Taxes paid	-5.5	-5.7	-7.7
Net cash from operating activities	16.0	7.3	21.3
Cash flow from investing activities			
Investments in tangible and intangible assets	-7.8	-17.3	-20.7
Sale of tangible and intangible assets	0.4	9.8	10.0
Net cash from investing activities	-7.4	-7.5	-10.7
Cash flow from financing activities			
Related-party investment company shares	0.3	0.3	0.3
Repayment of long-term loans	-5.4	-10.5	-10.5
Repayment of short-term loans			-5.1
Proceeds from short term loans	3.0	18.7	12.0
Dividends paid	-7.0	-5.7	-5.7
Net cash from financing activities	-9.2	2.7	-9.1
Net increase/decrease in cash and cash equivalents	-0.6	2.5	1.5
Cash and cash equivalents at beginning of period	20.6	20.2	20.2
Changes in exchange rates	-0.4	-1.1	-1.1
Cash and cash equivalents at end of period	19.7	21.6	20.6

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			-0.0		-2.8	22.5	19.6
Exercised options		0.3					0.3
Option Scheme						0.2	0.2
Paid dividends						-7.0	-7.0
Equity							
30.9.2018	2.0	28.3	-0.1	6.7	3.9	97.1	137.9

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			0.1		-3.1	15.3	12.3
Exercised options		0.3					0.3
Option Scheme						0.1	0.1
Paid dividends						-5.7	-5.7
Equity							
30.9.2017	2.0	28.0	-0.4	6.5	8.5	70.7	115.4

Key Indicators

	1 - 9 2018	1 - 9 2017	1 - 12 2017
Return on equity, %	22.8	18.3	22.2
Return on investment, %	21.2	16.4	19.4
Interest-bearing liabilities, EUR million	58.8	73.4	61.3
Gearing, %	28.4	44.9	32.6
Equity ratio, %	43.3	37.9	40.7
Gross investments, EUR million	7.6	15.8	18.6
% of net turnover	1.8	4.1	3.5
Personnel, average	3 419	3 212	3 254
Earnings per share, EUR	0.35	0.24	0.40
Shareholders' equity per share, EUR	2.15	1.81	1.95
Number of shares at the end of period, 000's			
- not counting own shares	63 985	63 895	63 895
- weighted average	63 929	63 714	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	7 - 9 2018			7 - 9 2017		
	Sales of goods	Sales of services	Total	Sales of goods	Sales of services	Total
Customer Segments						
Energy & Automation	22.2	1.3	23.5	19.9	0.8	20.7
Medtec, Life Science, Environmental Measurements	21.3	1.6	22.9	19.6	1.9	21.5
Networks&Communication	21.5	2.8	24.3	24.8	2.5	27.3
Urban Applications	39.3	0.9	40.2	38.5	0.8	39.4
Other Industries	19.3	1.2	20.6	20.7	1.2	22.0
Total	123.7	7.8	131.5	123.5	7.3	130.8
Timing of revenue recognition						
Goods and services transferred at a point of time	123.7	7.8	131.5	123.5	7.3	130.8

Disaggregation of revenues

EUR million	1 - 9 2018			1 - 9 2017		
	Sales of goods	Sales of services	Total	Sales of goods	Sales of services	Total
Customer Segments						
Energy & Automation	66.5	3.2	69.7	61.0	3.2	64.2
Medtec, Life Science, Environmental Measurements	66.2	6.6	72.7	58.0	4.8	62.8
Networks&Communication	62.6	7.7	70.3	72.7	7.3	80.0
Urban Applications	128.2	3.4	131.5	118.7	4.2	122.9
Other Industries	74.9	3.6	78.5	52.7	3.0	55.7
Total	398.4	24.5	422.8	363.1	22.4	385.5
Timing of revenue recognition						
Goods and services transferred at a point of time	398.4	24.5	422.8	363.1	22.4	385.5

Changes in tangible non-current assets

EUR million	1 - 9 2018	1 - 9 2017	1 - 12 2017
Book value at the beginning of the period	47.7	40.6	40.6
Additions	7.6	21.0	23.3
Deductions	-0.2	-9.8	-9.7
Depreciations	-5.6	-4.8	-6.7
Exchange rate differences	-0.8	-0.4	0.1
Book value at the end of the period	48.7	46.6	47.7

Financial assets and liabilities, carrying amount and fair value

EUR million

	30.9.2018	30.9.2018
	Book values of balance sheet values	Fair values of balance sheet values
Non-current assets		
Available for sale investments	0.0	0.0
Non-current assets total	0.0	0.0
Current assets		
Trade receivables	99.1	99.1
Derivative	0.1	0.1
Cash and cash equivalents	19.7	19.7
Current assets total	118.8	118.8
Total financial assets	118.8	118.8
Non-current financial liabilities		
Interest bearing liabilities from financial institutions	18.5	18.5
Financial leasing	3.4	3.4
Non-current financial liabilities total	21.9	21.9
Current financial liabilities		
Interest bearing liabilities from financial institutions	10.5	10.5
Financial leasing	0.4	0.4
Loans withdrawn from the credit limit	26.0	26.0
Derivative	0.2	0.2
Trade payables	89.2	89.2
Current financial liabilities total	126.3	126.3
Total financial liabilities	148.2	148.2

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

The valuation of available for sale 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

	Positive	Negative	Net	Nominal value
Interest rate swaps, protective		-0.2	-0.2	29.0
Forward agreement, protective	0.2	-0.1	0.1	18.3

Provisions

EUR million

	Reclamation and guarantee	Pension	Other	Total
1.1.2018	0.2	0.0	0.2	0.5
Exchange rate differences	0.0	0.0	0.0	0.0
Additions	0.3		0.0	0.3
Used provisions	-0.1			-0.1
Cancellation of unused provisions	-0.1			-0.1
30.9.2018	0.3	0.0	0.3	0.6

Long term provisions are EUR 0.3 million and short term provisions EUR 0.3 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 - 9 2018	1 - 9 2017	1 - 12 2017
Business mortgages	110.0	110.0	110.0
Pledged guarantees	1.4	2.2	2.1
Rent liabilities	9.1	8.3	9.0

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.

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 contracts derivative 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 26.0 million of the credit limits were in use on 30 September 2018.

	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17	Q4/16
Turnover, MEUR	131.5	151.7	139.6	144.4	130.8	132.4	122.2	122.3
Operating profit, MEUR	8.8	11.2	10.3	9.6	8.5	7.1	6.2	2.8
Operating profit, %	6.7	7.4	7.4	6.6	6.5	5.3	5.0	2.3
Net income, MEUR	6.9	8.0	7.6	10.5	5.2	4.3	5.8	1.3

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 3,400.

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