

SCANFIL



Half Year Financial Report 2017

Scanfil Group's Half Year Financial Report January – June 2017

Stable overall development and strong result, full year outlook specified

April – June 2017

- Turnover totalled to EUR 132.4 million (Q2 2016: 133.6)
- Operating profit EUR 7.1 million (-3.6, before adjustments 4.7), 5.3% of turnover (-2.7%, before adjustments 3.6%)
- Profit was EUR 4.3 million (-6.1)
- Earnings per share amounted EUR 0.07 (-0.10, before adjustments 0,05)

January – June 2017

- Turnover totalled to EUR 254.7 million (H1 2016: 263.9)
- Operating profit EUR 13.2 million (-3.1, before adjustments 9.9), 5.2% of turnover (-1.2%, before adjustments 3.8%)
- Profit for the review period was EUR 10.2 million (-7.7)
- Earnings per share were EUR 0.16 (-0.13, before adjustments 0.10)

The half year report does not include any adjustments to report. Adjustments for the year 2016 include the costs of the reorganisation, sale and closure of poorly profitable units of PartnerTech AB's plant network and the Metal Precision business acquired in the year 2015.

Future outlook

Scanfil specifies its estimate of its turnover and operating profit in 2017, estimating that the turnover will be EUR 500–530 million and the operating profit will amount to EUR 28 – 31 million.

Previously Scanfil estimated that its turnover for 2017 will be EUR 480 - 520 million and the operating profit will amount to EUR 26 -31 million.

KEY FIGURES

	Q2/2017	Q2/2016	Change%	H1/2017	H1/2016	Change %	1-12.2016
Turnover, EUR million	132.4	133.6	-1 %	254.7	263.9	-3 %	508.0
Operating Profit, EUR million	7.1	-3.6	297 %	13.2	-3.1	526 %	7.2
Operating Profit, Adjusted, EUR million	7.1	4.7	51 %	13.2	9.9	33 %	22.3
Operating Profit, %	5.3	-2.7		5.2	-1.2		1.4
Operating Profit, %, Adjusted	5.3	3.6		5.2	3.8		4.4
Net Profit, EUR million	4.3	-6.1	170 %	10.2	-7.7	232 %	0.1
Net Profit, Adjusted, EUR million	4.3	2.9	48 %	10.2	5.9	73 %	15.7
Earnings per Share, EUR	0.07	-0.10	170 %	0.16	-0.13	223 %	0.00
Return on Equity, %				18.5	-15.4		0.1
Equity Ratio, %				38.4	35.7		40.7
Net Gearing, %				44.8	58.9		36.9
Net Cash Flow from Operations, EUR million				4.7	-4.9	196 %	16.5
Employees (Average)				3 200	3 625	-12 %	3 483

Petteri Jokitalo, CEO

Scanfil's strong performance in the second quarter shows that the selected strategy works. The factory network is now optimized, and the cost structure is clearly lower and more competitive, enabling profitable business.

In the second quarter, turnover increased by about 10% compared to the first quarter. Growth was driven by generally picked up customer demand and several strong new customer ramp-ups.

Operating profit continued to develop favorably, both in absolute terms and in relative terms, being 5.3% of turnover in the second quarter. The fixed costs of the closed Vantaa and Hungarian factories were still burdening the Q2 result, and the production ramp-ups in Myslowice and Sievi contributed extra costs.

The restructuring of the factory network has now been completed, and I expect to see the positive results in full impact during the rest of the year. We are well on the way to targeted 6% operating profit. Net gearing decreased, and the return on equity was 18.5%.

Many of our customers have indicated that the strengthen economic development, especially in North America and Europe, will improve their business outlook. This can also be seen in higher demand in Scanfil's services. Based on this, we have specified our future outlook for 2017. Our new guidance for the turnover is 500 – 530 MEUR and operating profit 28-31 MEUR.

I thank Scanfil's personnel for the hard work of meeting our company goals.

Markets and Customer Segments

Turnover grew from Q1 to Q2 2017 in all customer segments, with the exception of the "Networks & Communication" segment. Although the development of demand within customer segments is strongly customer-specific, the development is now generally positive: our sales with most of our key customers increased in the second quarter compared to the

beginning of the year. In addition, sales to several new customers grew strongly in the second quarter. Especially the growth in new customer sales is reflected in the "Other Industries" customer segment.

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

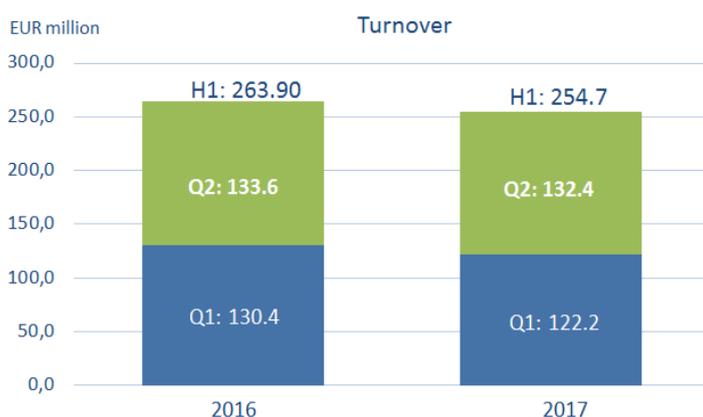
EUR million	Q1/2016	Q2/2016	Q3/2016	Q4/2016	Q1/2017	Q2/2017	% of turnover 2017
Defence, Oil & Gas and Maritime *	7.6	8.0					
Energy & Automation	19.5	21.2	20.0	20.0	21.4	22.1	17.1 %
Medtec, Life Science, Environmental Measurements	18.7	18.4	16.2	17.1	20.3	21.0	16.2 %
Networks&Communication**	22.7	20.7	27.4	28.0	27.2	25.5	20.7 %
Urban Applications	44.6	48.3	44.7	42.0	40.6	42.9	32.8 %
Other Industries	17.3	16.9	13.5	15.1	12.8	20.9	13.2 %
Total	130.4	133.6	121.8	122.2	122.3	132.4	100.0 %

* The remaining "Defence, Oil & Gas and Maritime" customer accounts after the restructuring of Metal Precision have been transferred to the "Networks & Communication" and "Other Industries" customer groups as of Q3/2016.

** The Networks customer group was expanded as of Q3/16, and it is now named "Networks & Communication"

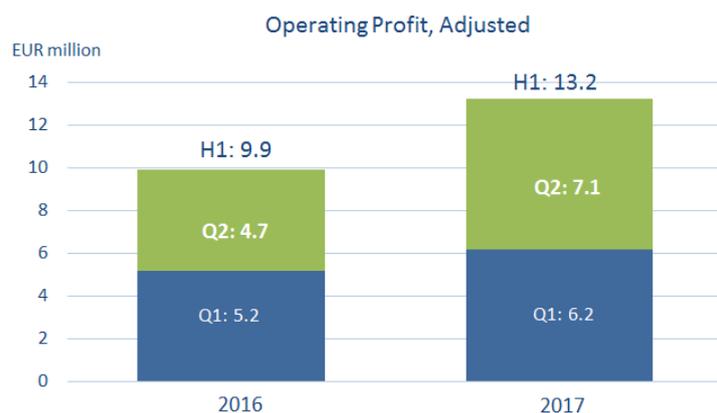
Turnover

- **April-June** turnover totalled to EUR 132.4 million. It was -0.8% lower than the corresponding period of the previous year.
- The decline in turnover was due to the divestiture of the Metal-Precision business. This excluding turnover was about 1.5% higher than last year's corresponding quarter.
- Turnover increased by 10.1% compared to January-March turnover.
- **January-June** turnover was -3.5% lower than the previous year's turnover.
- Excluding the divestment of the Metal-Precision business, turnover was at last year's level.



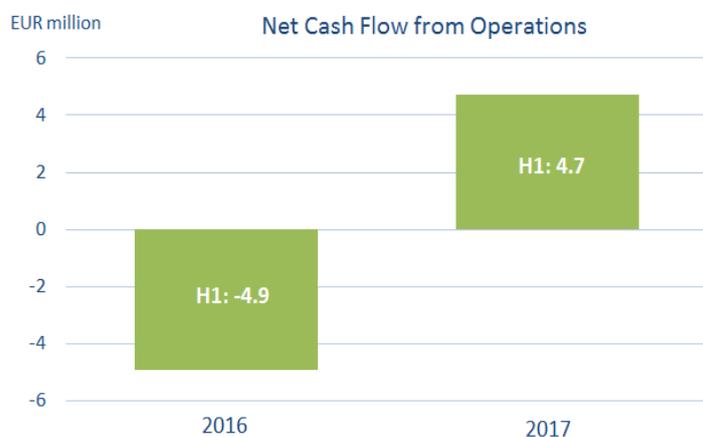
Operating Profit, Adjusted

- **April-June** operating profit was EUR 7.1 million. (5.3% of turnover) and increased by 51% compared to last year.
- The main reasons for the increase in operating profit were the measures taken to adjust the factory network and other efficiency measures taken during the year. This led to significantly lighter cost structure.
- **January-June** operating profit was EUR 13.2 million (5.2% of turnover) and grew by 33% compared to last year.



Net Cash Flow from Operations

- **January-June**, the net cash flow from operating activities was EUR 4.7 million compared to EUR -4.9 million in the same period last year.
- Net cash flow was negatively impacted by EUR -5.1 million increase in working capital due to over EUR 10 million increase in turnover compared to the second half of last year.



Scanfil Group's Half Year Financial Report January – June 2017

Financial Development

The Group's turnover for January - June was EUR 254.7 (263.9) million with a decrease of 3.5% compared to the previous year. The Group's operating profit for January – June was EUR 13.2 (-3.1) million, representing 5.2% (-1.2%) of turnover. The operating profit for the previous year includes adjustments total of EUR 13.1 million, consisting of the costs of the reorganisation, sale and closure of poorly profitable units of PartnerTech AB's plant network and the Metal Precision business acquired in the year 2015. The result for the review period was EUR 10.2 (-7.7) million. The result for the comparison period without adjustments was EUR 5.9 million. Operating profit without adjustments for the comparison period was EUR 9.9 million, 3.8% of turnover.

Earnings per share for the review period were EUR 0.16 (-0.13). In the previous year, the earnings per share without adjustments were EUR 0.10. Return on investment was 16.0 (-3.1)%.

The Group's turnover for April–June amounted to EUR 132.4 (133.6) million and operating profit was EUR 7.1 (-3.6) million, or 5.3% (-2.7%) of turnover. The second-quarter operating profit includes the sales gain of EUR 1.2 million from the sales of the factory property of Rozalia Invest Kft., Hungary, a 100% owned subsidiary of Scanfil EMS Oy. In addition, the operating profit includes a total of EUR 1.0 million expenses related to the closure of the companies and other individual non-recurring expenses. The previous year's operating profit includes EUR 8.4 million adjustment items and operating profit excluding adjustments in the comparative period was EUR 4.7 million, 3.6% of turnover.

Financing and Capital Expenditure

The Group's financial position is stable. The consolidated balance sheet total stood at EUR 290.2 million (280.3 million) at the end of the review period. Cash assets totalled EUR 19.2 million (20.4 million). Liabilities amounted to EUR 178.8 million (180.7 million), of which non-interest-bearing liabilities totalled EUR 109.7 million (101.7 million) and interest-bearing liabilities totalled EUR 69.1 million (79.1 million). The equity ratio was 38.4% (35.7%), and net

gearing was 44.8% (58.9%). Equity per share was EUR 1.75 (1.56).

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-June was EUR 4.7 (-4.9) million. The change in net working capital during the period amounted to EUR -5.1 (-14.7) million. The change in working capital between January and June 2017 compared to the turn of the year consists of the following items: short-term non-interest-bearing receivables grew by EUR 16.4 million. Inventories increased by EUR 6.6 million and short-term non-interest-bearing liabilities increased by EUR 17.9 million. Net cash flow from investments was EUR -3.1 million (-0.7). Cash flow from financing was EUR -1.8 (4.6) million.

Gross investment in January–June 2017 totalled EUR 10.4 million (2.4), or 4.1% (0.9%) of the turnover. The investments consist mainly of a still unfinished construction project in Poland, as well as acquisitions of machinery and equipment in China and Poland. Depreciation totalled EUR 4.2 million (6.6 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 10 May 2017.

Own Shares

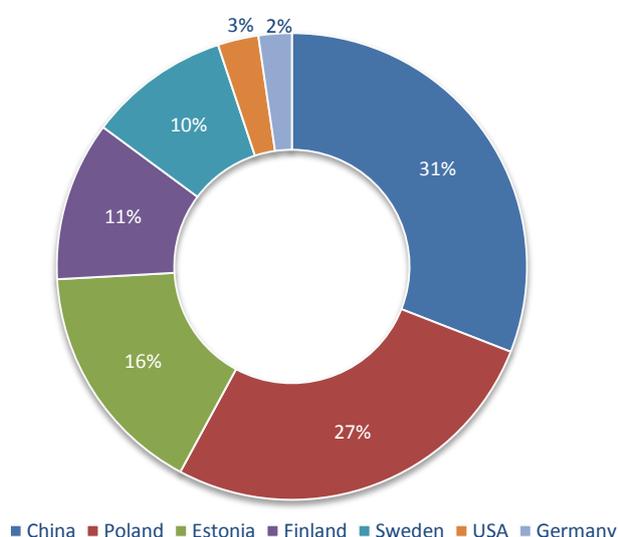
The company does not own its own shares.

Share Trading and Share Performance

The highest trading price during the review period was EUR 4.25 and the lowest EUR 3.42, the closing price for the period standing at EUR 4.17. A total of 1,972,009 shares were traded during the period, corresponding to 3.1% of the total number of shares. The market value of the shares on 30 June 2017 was EUR 265.9 million

Personnel

At the end of the period under review, the Group employed 3,285 (3,617) people, of whom 2,922 (3,225) worked outside Finland and 363 (392) in Finland. The average number of Group employees during the review period was 3,200 (3,625) people.



Option Schemes

Between 22 May and 7 June 2017, a total of 100,000 Scanfil Plc's new shares have been subscribed for with the Company's stock options 2013(B). The entire subscription price for subscriptions made with the stock options 2013(B) of EUR 141,000 will be 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 2017, as of which date the new shares will establish shareholder rights. As a result of registering the new shares, the number of Scanfil shares is 63,770,439 in total. The new shares are traded on the main list of the Nasdaq Helsinki Ltd since 20 June 2017.

Future Outlook

Scanfil specifies its estimate of its turnover and operating profit in 2017, estimating that the turnover will be EUR 500–530 million and the operating profit will amount to EUR 28–31 million.

Previously, Scanfil estimates that its turnover for 2017 would be EUR 480 - 520 million and the operating profit would amount to EUR 26 - 31 million.

Events after the Review Period

The operations of Scanfil Kft, Scanfil's EMS Oy's 100% owned Hungarian subsidiary, have been closed and the company has been voluntarily liquidated since 1 July 2017.

Operational Risks and Uncertainties

A weakening of the global economy and a decrease in the international demand for capital goods could have a negative effect on the development of the business operations of Scanfil's customers and could subsequently reduce demand in the contract manufacturing market. In addition, Scanfil is exposed to risks resulting from exchange rate fluctuations in its business operations.

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

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

Starting from January 1, 2017, accounting principles have been changed as follows:

Derivative financial instruments and hedge accounting: The Group applies cash flow hedge accounting to currency derivative contracts prepared for hedging purposes after January 1, 2017. Changes in fair value are entered in other comprehensive income items and presented in the fair value reserve under equity. Hedge accounting has not previously been applied to currency derivatives.

Business segments: Scanfil's group structure has been simplified and, starting from January 1, 2017, Scanfil shifted to a single operating segment reporting system.

Otherwise, this interim report has been prepared following the same accounting principles as in the 2016 financial statements. All figures in the financial report have been rounded and consequently the sum of the individual figures can deviate from the sum figure.

The interim report is unaudited.

Consolidated Income Statement

EUR million

	4 - 6 2017	4 - 6 2016	1 - 6 2017	1 - 6 2016	1-12 2016
Turnover	132.4	133.6	254.7	263.9	508.0
Other operating income	1.6	0.2	2.3	0.8	1.0
Changes in inventories of finished goods and work in progress	-0.9	-1.8	-1.4	-2.8	-1.8
Expenses	-124.0	-132.3	-238.1	-258.6	-488.9
Depreciation	-2.1	-3.3	-4.2	-6.6	-11.0
Operating profit	7.1	-3.6	13.2	-3.1	7.2
Financial income and expenses	-1.1	-0.3	-0.4	-0.8	-1.2
Profit before taxes	5.9	-3.9	12.8	-4.0	6.1
Income taxes	-1.6	-2.1	-2.7	-3.8	-6.0
Net profit for the period	4.3	-6.1	10.2	-7.7	0.1
Attributable to:					
Equity holders of the parent	4.3	-6.1	10.2	-7.7	0.1
Earnings per share for profit attributable to shareholders of the parent:					
undiluted and diluted earnings per share (EUR)	0.07	-0.10	0.16	-0.13	0.00

Consolidated Statement of Comprehensive Income

EUR million

	4 - 6 2017	4 - 6 2016	1 - 6 2017	1 - 6 2016	1-12 2016
Net profit for the period	4.3	-6.1	10.2	-7.7	0.1
Items that may later be recognized in profit or loss					
Translation differences	-2.5	-2.2	-1.9	-4.3	-4.1
Cash flow hedges	0.0	-0.4	0.3	-0.6	0.0
Other comprehensive income, net of tax	-2.5	-2.5	-1.6	-4.8	-4.1
Total Comprehensive Income	1.8	-8.6	8.5	-12.6	-4.0
Attributable to:					
Equity holders of the parent	1.8	-8.6	8.5	-12.6	-4.0

Consolidated Statement of Financial Position

EUR million

Assets	30.6.2017	30.6.2016	31.12.2016
Non-current assets			
Property, plant and equipment	43.3	41.0	40.6
Goodwill	10.5	10.7	10.6
Other intangible assets	15.4	17.2	16.4
Available-for-sale investments	0.0	0.0	0.0
Deferred tax assets	2.1	2.2	1.9
Total non-current assets	71.3	71.1	69.5
Current assets			
Inventories	92.0	85.6	85.3
Trade and other receivables	105.3	100.9	88.0
Advance payments	1.1	1.9	2.4
Current tax	1.3	0.4	1.4
Cash and cash equivalents	19.2	20.4	20.2
Total current assets	218.8	209.2	197.2
Total assets	290.2	280.3	266.8
Shareholder's equity and liabilities			
Equity			
Share capital	2.0	2.0	2.0
Translation differences	9.7	11.4	11.6
Other reserves	6.3	5.4	6.0
Reserve for invested unrestricted equity fund	27.9	27.7	27.7
Retained earnings	65.5	53.2	61.0
Total equity	111.4	99.6	108.3
Non-current liabilities			
Deferred tax liabilities	3.0	3.0	3.0
Provisions	0.3	4.1	0.1
Interest bearing liabilities	32.9	48.9	38.2
Total non-current liabilities	36.2	56.1	41.4
Current liabilities			
Trade and other liabilities	103.8	90.8	88.3
Current tax	2.3	2.2	1.5
Provisions	0.4	1.5	5.4
Interest bearing liabilities	36.1	30.1	21.9
Total current liabilities	142.6	124.6	117.1
Total liabilities	178.8	180.7	158.5
Total shareholder's equity and liabilities	290.2	280.3	266.8

Consolidated Cash Flow Statement

EUR million

	1.1.- 30.6.2017	1.1.- 30.6.2016	1.1.- 31.12.2016
Cash flow from operating activities			
Net profit	10.2	-7.7	0.1
Adjustments for the net profit	3.5	22.3	29.6
Change in net working capital	-5.1	-14.7	-6.1
Paid interests and other financial expenses	-1.0	-1.1	-2.0
Interest received	0.1	0.1	0.2
Taxes paid	-2.9	-3.7	-5.3
Net cash from operating activities	4.7	-4.9	16.5
Cash flow from investing activities			
The sale of a subsidiary less cash and cash equivalents at the time of sale		0.8	0.9
Investments in tangible and intangible assets	-12.8	-2.3	-5.2
Sale of tangible and intangible assets	9.7	0.7	0.7
Proceeds from other investments			0.0
Net cash from investing activities	-3.1	-0.7	-3.5
Cash flow from financing activities			
Issue of share		16.8	16.8
Related-party investment company shares	0.1	0.2	0.2
Repayment of long-term loans			-5.3
Repayment of short-term loans	-10.7	-7.6	-21.1
Proceeds from short term loans	14.5	0.3	
Dividends paid	-5.7	-5.1	-5.1
Net cash from financing activities	-1.8	4.6	-14.4
Net increase/decrease in cash and cash equivalents	-0.1	-1.1	-1.3
Cash and cash equivalents at beginning of period	20.2	22.3	22.3
Changes in exchange rates	-0.9	-0.8	-0.6
Cash and cash equivalents at end of period	19.2	20.4	20.2

Statement of changes in Consolidated Equity

EUR million

Equity attributable to equity holders of the parent company

Equity	Share capital	Translation differences	Other reserves	Reserve for invested unrestricted equity fund	Retained earnings	Equity total
1.1.2017	2.0	11.6	6.0	27.7	61.0	108.3
Total comprehensive income		-1.9	0.3		10.2	8.5
Exercised options				0.1		
Option Scheme					0.1	0.1
Paid dividends					-5.7	-5.7
Equity						
30.6.2017	2.0	9.7	6.3	27.9	65.5	111.4

Equity attributable to equity holders of the parent company

Equity	Share capital	Translation differences	Other reserves	Reserve for invested unrestricted equity fund	Retained earnings	Equity total
1.1.2016	2.0	15.6	5.9	10.7	66.0	100.2
Total comprehensive income		-4.3	-0.6		-7.7	-12.6
Exercised options				16.8		16.8
Fund transfer			0.1	0.2	-0.1	0.0
Option Scheme					0.1	0.1
Paid dividends					-5.1	-5.1
Equity						
30.6.2016	2.0	11.4	5.4	27.7	53.2	99.6

Key Indicators

	1 - 6 2017	1 - 6 2016	1 - 12 2016
Return on equity, %	18.5	-15.4	0.1
Return on investment, %	16.0	-3.1	4.5
Interest-bearing liabilities, EUR million	69.1	79.1	60.1
Gearing, %	44.8	58.9	36.9
Equity ratio, %	38.4	35.7	40.7
Gross investments, EUR million	10.4	2.4	5.5
% of net turnover	4.1	0.9	1.1
Personnel, average	3 200	3 625	3 483
Earnings per share, EUR	0.16	-0.13	0.00
Shareholders' equity per share, EUR	1.75	1.56	1.70
Number of shares at the end of period, 000's			
- not counting own shares	63 770	63 670	63 670
- weighted average	63 677	61 183	62 423

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.

Adjusted Operating profit and Net profit for the period; reconciliation

EUR million

	4 - 6 2017	4 - 6 2016	1 - 6 2017	1 - 6 2016	1-12 2016
Operating profit	7.1	-3.6	13.2	-3.1	7.2
Operating profit, % of net turnover	5.3 %	-2.7 %	5.2 %	-1.2 %	1.4 %
Adjustments:					
Capital losses and ramp-down costs		8.4		13.1	15.1
Adjustments total		8.4		13.1	15.1
Adjusted operating income	7.1	4.7	13.2	9.9	22.3
Adjusted operating profit, % of net turnover	5.3 %	3.6 %	5.2 %	3.8 %	4.4 %
Financial income and expenses	-1.1	-0.3	-0.4	-0.8	-1.2
Profit before taxes	5.9	-3.9	12.8	-4.0	6.1
Income taxes	-1.6	-2.1	-2.7	-3.8	-6.0
Adjustments		0.5		0.5	0.5
Net profit for the period	4.3	-6.1	10.2	-7.7	0.1
Adjusted Net profit for the period	4.3	2.9	10.2	5.9	15.7

Changes in tangible non-current assets

EUR million	1 - 6 2017	1 - 6 2016	1 - 12 2016
Book value at the beginning of the period	40.6	48.1	48.1
Additions	15.6	2.0	4.7
Deductions	-9.7	-1.4	-2.6
Depreciations	-3.2	-4.3	-7.4
Decreases in value		-1.4	-1.5
Exchange rate differences	0.0	-2.0	-0.6
Book value at the end of the period	43.3	41.0	40.6

Financial assets and liabilities, carrying amount and fair value

EUR million

	30.6.2017 Book values of balance sheet values	30.6.2017 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	98.9	98.9
Forward agreement	0.3	0.3
Cash and cash equivalents	19.2	19.2
Current assets total	118.4	118.4
Total financial assets	118.5	118.5
Non-current financial liabilities		
Interest bearing liabilities from financial institutions	29.1	29.1
Financial leasing	3.9	3.9
Non-current financial liabilities total	32.9	32.9
Current financial liabilities		
Interest bearing liabilities from financial institutions	10.6	10.6
Financial leasing	0.1	0.1
Loans withdrawn from the credit limit	25.4	25.4
Derivative	0.5	0.5
Trade payables	83.3	83.3
Current financial liabilities total	119.9	119.9
Total financial liabilities	152.8	152.8

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, hedge accounting		-0.4	-0.4	39.5
Forward agreements, hedge accounting	0.1		0.1	12.3
Forward agreements	0.2		0.2	3.6

Provisions

EUR million

	Reclamation and quarantee	Pension	Restructuring	Other	Total
1.1.2017	0.4	0.0	4.9	0.2	5.6
Exchange rate differences	0.0	0.0	-0.2	0.0	-0.2
Additions		0.0		0.0	0.0
Used provisions	0.0		-4.7		-4.8
30.6.2017	0.4	0.0	0.0	0.2	0.7

Long term provisions are EUR 0.3 million and short term provisions EUR 0.4 million.

Reclamation and a warranty provision include the estimated repair cost of defective products related to customer complaints. Restructuring provisions consist of the costs coming from closing down unprofitable businesses, which are primarily personnel and rental expenses.

Contingent Liabilities

EUR million

	1 -6 2017	1 - 6 2016	1 -12 2016
Business mortgages	110.0	110.0	110.0
Chattel mortgages		18.6	
Pledged guarantees	2.2	2.6	2.5
Rent liabilities	8.8	16.6	7.0

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 and Vantaa and Oulu in Finland and in Myslowice Poland and in Dongguang China.

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 derivative contracts concluded, as well as to Skandinaviska Enskilda Banken AB replacing the previous liabilities of Scanfil Sweden AB. The maximum liability is EUR 2.1 million.

Furthermore, Scanfil Oyj has given an absolute guarantee to Siemens Finance GmbH of which 12 thousand EUR were outstanding on 30 June 2017.

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 25.4 million of the credit limits were in use on 30 June 2017.

Transactions with related parties

Scanfil EMS Oy has rented an office space from Kiinteistö Oy Pilot 1, which is owned by a company Jussi Real Estate Oy whose main owner is Jussi Capital Oy.

Harri Takanen and Jarkko Takanen, members of Board of Scanfil, are main owners of Jussi Capital Oy.

Rental costs January - June 2017 were EUR 10 thousand (EUR 10 thousand in January - June 2016) and are market-based rents.

Key indicators quarterly

EUR million

	Q2/17	Q1/17	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15	Q3/15
Turnover, MEUR	132.4	122.2	122.3	121.7	133.6	130.4	142.8	135.8
Operating profit, MEUR	7.1	6.2	2.8	7.6	-3.6	0.5	3.9	5.3
Operating profit, %	5.3	5.0	2.3	6.2	-2.7	0.4	2.7	3.9
Net income, MEUR	4.3	5.8	1.3	6.5	-6.1	-1.7	1.2	2.8

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 3,200.

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