



## Scanfil Group's Interim Report for January-September 2022: Improved profit with strong sales

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### Scanfil Group's Interim Report for January-September 2022: Improved profit with strong sales

#### July-September

- Turnover totaled EUR 211.9 million (7-9 2021: 167.8), an increase of 26.3%
- Operating profit was EUR 11,5 (9.5) million, an increase of 21.5%
- Operating margin was 5,4% (5.7%) of turnover
- Net profit was EUR 9.4 (5.1) million, an increase of 84.1%
- Earnings per share was EUR 0.15 (0.08)

#### January-September

- Turnover totaled EUR 621.4 million (1-9 2021: 504.0), an increase of 23.3%
- Operating profit was EUR 32.0 (30.0) million, an increase of 6.5%
- Operating margin was 5.1% (6.0%) of turnover
- Net profit was EUR 24.6 (21.3) million, an increase of 15.3%
- Earnings per share was EUR 0.38 (0.33)

#### Future Outlook for 2022

The outlook was revised by the company on 13 July 2022 and it is as follows:

Scanfil estimates that its turnover for 2022 will be EUR 800–880 million (previous, issued on 14 April 2022: EUR 750–820 million) and its adjusted operating profit will be EUR 43–48 (unchanged) million.

The outlook involves uncertainty especially arising from the availability and price level of semiconductors and the delivery capability of the supply chain. In addition, the war in Ukraine and COVID-19 might create risks and uncertainties.

#### Long-term targets

Scanfil is organically striving for 5%–7% annual turnover growth and a 7% operating profit level. Scanfil aims to pay an increasing dividend of approximately 1/3 of the earnings per share.

#### Key Figures

	7-9 2022	7-9 2021	Change,%	1-9 2022	1-9 2021	Change,%	2021
Turnover, EUR million	211.9	167.8	26.3	621.4	504.0	23.3	695.7
Operating Profit, EUR million	11.5	9.5	21.4	32.0	30.0	6.5	39.6
Operating Profit, %	5.4	5.7		5.1	6.0		5.7
Net Profit, EUR million	9.4	5.1	84.1	24.6	21.3	15.3	29.8
Earnings per Share, EUR	0.15	0.08	83.6	0.38	0.33	15.0	0.46
Return on Equity, %				15.4	15.0		15.2
Equity Ratio, %				42.5	46.8		45.3
Net Gearing, %				44.2	25.2		28.9
Net Cash Flow from Operations, EUR million	8.0	-19.2		-3.7	-12.1	69.4	-12.5
Employees, Average				3,374	3,267	3.3	3,267

## **CEO PETTERI JOKITALO:**

“The turnover for the third quarter of the year increased by 26 percent compared to last year, and it was EUR 211.9 million. Customer demand was strong in all customer segments. Individual customer products with a strong demand were analyzers, building heating systems, elevators, parcel lockers, reverse vending machines and process automation systems.

The availability of electronic components still caused challenges even if the situation turned out to be a little bit better than before. In order to meet customer demand, we had to buy semiconductor components on the spot market. Spot purchases affected the turnover of the third quarter approximately by EUR 20 million, which is about one third lower than in the previous quarter. Without this transitory invoicing, the turnover for the third quarter was EUR 192.3 million. We invoiced our customers for the additional costs that arose from the spot purchases, but in general without a material margin.

The operating profit improved compared to last year and the previous quarter, and it was EUR 11.5 million. The operating profit was positively affected by the still increased delivery volumes, and on the other hand, the decrease in foreign exchange rate losses. The COVID-19 did not significantly affect the operating profit in the third quarter. We expect the operating profit to develop positively in the last quarter of the year.

The net cash flow from operations turned positive in the second quarter, and it continued to strengthen in the third quarter. The net cash flow from operations in the third quarter was EUR 8 million. Strengthened net cash flow was affected by the improved profitability and halting of inventory growth. Strengthening net cash flow and the related halting of inventory growth will remain as key focus areas.

The equity ratio and net debt ratio developed positively. The equity ratio at the end of the quarter was 42.5 percent, and the net debt ratio was 44.2 percent. Scanfil’s financial position is stable, which enables needed investments to be implemented.

Our customers indicate further strengthening demand for the last quarter of the year. The near-term business risks are related to the availability of electronic components, especially semiconductors, the development of the COVID-19 pandemic, especially in China, the effects of the war in Ukraine and the economic development especially in Europe. Even if the availability of electronic components is improving, the availability issues of semiconductors are expected to continue next year. We see that spot market purchases and the resulting transitory invoicing is on a clear downward trend and to decrease rapidly as the availability of components improves. This also has a positive effect on inventories.

To strengthen our position and delivery capabilities in North America, we have decided to invest in an electronics manufacturing line (SMT line) in our factory in Atlanta. The investment enables the manufacturing of Printed Circuit Board Assemblies used in the final products assembled in Atlanta and expanding our customer offering to both existing and new customers in the North America. The total value of the investment is about EUR 4 million and the line is expected to be in use in the third quarter of 2023.

In 2022, we have significantly invested in acquiring new production space to respond to the increase in customer demand. We have acquired new production space at the Atlanta, Suzhou, Malmö and Wutha factories. The majority, about 6,000 m<sup>2</sup>, was acquired in Atlanta, and the share of other factories was under 2,000 m<sup>2</sup> each. The previously announced plan to expand the production space at Suzhou factory has been carried out this far in a significantly smaller scale than the initial 11,000 m<sup>2</sup> and by converting other premises into production space.

I want to thank our committed personnel for their excellent work in challenging conditions and our customers for their support and trust.”

## **TURNOVER**

The Group’s turnover for July–September was EUR 211.9 (167.8) million, an increase of 26.3% compared to the previous year. Turnover includes EUR 19.6 (11.7) million invoicing of spot-market purchases and some other costs related to securing customer deliveries. Invoicing of these costs are separately agreed with customers. This revenue is low or no margin to Scanfil.

Turnover in January–September was EUR 621.4 (504.0) million, an increase of 23.3% compared to the previous year. Turnover includes EUR 66.1 (17.6) million of spot-market purchases and some other costs related to securing customer deliveries.

## **TURNOVER BY CUSTOMER SEGMENT**

### **Advanced Consumer Applications**

Turnover in July–September was EUR 67.8 (55.4) million, an increase of 22.6% compared to July–September in 2021. Separately agreed customer invoicing for the segment was EUR 11.4 (9.0) million.

Turnover in January–September was EUR 191.6 (151.7) million, an increase of 26.3% compared to January–September in 2021. The key driver was good demand for elevator products and hand-over solutions. Separately agreed customer invoicing was EUR 32.0 (9.9) million.

### **Automation & Safety**

Turnover in July–September was EUR 44.2 (32.5) million, an increase of 35.9%. Separately agreed customer invoicing for the segment was EUR 3.8 (0.1) million.

Turnover in January–September was EUR 132.5 (103.9) million, an increase of 27.5% compared to January–September in 2021. The key driver was good demand in process automation solutions. Separately agreed customer invoicing was EUR 8.4 (2.6) million.

### **Connectivity**

Turnover in July–September was EUR 7.8 (7.3) million, an increase of 6.9%. Separately agreed customer invoicing for the segment was EUR 0.1 (-) million.

Turnover in January–September was EUR 27.7 (22.7) million, an increase of 22.0% compared to January–September in 2021. Demand was good throughout the customer base. Separately agreed customer invoicing for the segment was EUR 0.8 (-) million.

### **Energy & Cleantech**

Turnover in July–September was EUR 53.1 (43.5) million, an increase of 22.0%. Separately agreed customer invoicing for the segment was EUR 0.5 (1.5) million.

Turnover in January–September was EUR 161.1 (128.7) million, an increase of 25.2% compared to January–September in 2021. The key driver behind the strong growth was good demand for recycling and energy-saving solutions. Separately agreed customer invoicing was EUR 15.2 (3.9) million.

### **Medtech & Life Science**

Turnover in July–September was EUR 39.0 (29.1) million, an increase of 33.8%. Separately agreed customer invoicing for the segment was EUR 3.8 (1.1) million.

Turnover in January–September was EUR 108.7 (86.7) million, an increase of 25.4% compared to January–September in 2021. The key driver behind the strong growth was good demand for diagnostics and analytical test solutions. Separately agreed customer invoicing was EUR 9.7 (1.3) million.

In January–September 2022, the largest customer accounted for 20% (18%) of turnover, and the top ten customers accounted for about 56% (55%) of turnover.

## **OPERATING PROFIT**

Operating profit for July–September was EUR 11.5 (9.5) million, 5.4% (5.7%) of turnover. The operating profit was positively affected by the continuation of good customer demand. The performance of the factories was generally at the good level. Especially Polish factories were performing well. Currency hedging process has improved and the negative impact on foreign exchange rate changes were gradually mitigated towards the end of the quarter. The negative impact of foreign exchange rate changes was EUR -0.7 million. In the second quarter of 2022 the effect on operating profit was EUR -1.4 million. The operating margin was negatively impacted by the separately agreed customer invoicing with no or low margin.

Operating profit for January–September was EUR 32.0 (30.0) million, 5.1% (6.0%) of turnover. The operating profit was positively affected by good customer demand. Overall, the factories performance has been at the good level. China COVID lockdowns in April had a negative effect on the profitability. The foreign exchange rate changes had a negative impact of EUR 2.8 million on operating profit. The operating margin was negatively impacted by the separately agreed customer invoicing with low or no margin.

## **NET PROFIT AND EARNINGS**

The net profit for July–September was EUR 9.4 (5.1) million. In the comparison year net profit was negatively impacted by a non-recurring tax adjustment of EUR 1.7 million. The adjusted net profit for 2021 were EUR 6.8 million. Earnings per share was EUR 0.15 (0.08). Previous year adjusted earnings per share was EUR 0.10.

The net profit for January–September was EUR 24.6 (21.3) million. In the comparison year adjusted net profit was EUR 23.0 million. Earnings per share was EUR 0.38 (0.33). The adjusted earnings per share for 2021 was EUR 0.36. Return on investment was 13.7% (16.7%).

The effective tax rate in January–September was 15.2% (24.7%). The tax rate was positively affected mostly by the revaluation of the deferred taxes of intercompany dividend payments in the third quarter. The tax rate for the comparison year was negatively affected by a tax adjustment of EUR 1.7 million.

## **Publication of financial releases**

This stock exchange release is a summary of the Scanfil Group's Interim Report for January-September 2022 and includes the most relevant information of the report. The complete report is attached to this release as a pdf file and is also available on the company's website at [www.scanfil.com](http://www.scanfil.com).

## **Webcast**

In conjunction with releasing our results, we arrange English webcast for analysts, investors and media on the same day at 10:00–11:00 a.m. EET. Results will be presented by CEO Petteri Jokitalo.

You can register and join the webcast at <https://scanfil.videosync.fi/q3-2022-results/register>. The audience can ask questions via Chat. Questions will be addressed at the end of the conference.

An on-demand version of the webcast and the presentation material will be available on the company's website later on the same day.

## **Scanfil plc**

### **Additional information:**

CEO Petteri Jokitalo

Tel +358 8 4882 111

Scanfil is an international manufacturing partner and system supplier for the electronics industry with over 45 years of experience in demanding 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 are modules or integrated products for e.g. self-service application, automation systems, wireless connectivity modules, climate control systems, collection and sorting systems, analyzers and environmental measurement solutions. Scanfil services are used by numerous international automation, safety, energy, cleantech and health service providers, as well as companies operating in the field of urbanization. Scanfil's network of factories consists of nine production units in Europe, Asia and North America.

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## **Attachments**

- [Download announcement as PDF.pdf](#)
- [Scanfil Group's Interim Report 1.1.-30.9.2022.pdf](#)