



Scanfil Group's financial statement for 2022: Year ended with record high sales and profit

21.2.2023 08:00:00 EET | Scanfil Oyj | Financial Statement Release

Scanfil plc Financial Statement Release 21 February 2023 at 8.00 a.m.

Scanfil Group's financial statement for 2022: Year ended with record high sales and profit

October-December

- Turnover totaled EUR 222.3 million (10-12 2021: 191.7), an increase of 15.9%
- Operating profit was EUR 13.4 (9.5) million, an increase of 40.3%
- Operating margin was 6.0% (5.0%) of turnover
- Net profit was EUR 10.5 (8.4) million, an increase of 24.0%
- Earnings per share was EUR 0.16 (0.13)

January-December

- Turnover totaled EUR 843.8 million (2021: 695.7), an increase of 21.3%
- Operating profit was EUR 45.4 (39.6) million, an increase of 14.6%
- Operating margin was 5.4% (5.7%) of turnover
- Net profit was EUR 35.0 (29.8) million, an increase of 17.8%
- Earnings per share was EUR 0.54 (0.46)

Future Outlook for 2023

Scanfil estimates that its turnover for 2023 will be EUR 820–890 million and its adjusted operating profit will be EUR 49–55 million.

Scanfil estimates that the spot market purchases of electronic components in 2023 will be significantly less compared to last year. In 2022 spot market purchases increased turnover by EUR 80.7 and EUR 32.0 million in 2021.

Key Figures	10-12 2022	10-12 2021	Change,%	1-12 2022	1-12 2021	Change,%
Turnover, EUR million	222.3	191.7	15.9	843.8	695.7	21.3
Operating Profit, EUR million	13.4	9.5	40.3	45.4	39.6	14.6
Operating Profit, %	6.0	5.0		5.4	5.7	
Net Profit, EUR million	10.5	8.4	24.0	35.0	29.8	17.8
Earnings per Share, EUR	0.16	0.13	23.8	0.54	0.46	17.5
Return on Equity, %				16.1	15.2	
Equity Ratio, %				45.3	45.3	
Net Gearing, %				37.8	28.9	
Net Cash Flow from Operations, EUR million	13.9	-0.5		10.2	-12.5	
Employees, Average				3,403	3,267	4.2

CEO PETTERI JOKITALO:

"I am satisfied with our performance in 2022. At the start of the year we had a strong customer demand which strengthened further during the year. The year progressed upward both in terms of turnover and operating profit and ended with a record-breaking last quarter.

Our focus was clear and we concentrated on organic growth and managing the risks of cost inflation and operating environment. The operating environment was demanding and headwinds were brought by the availability challenges of electronic components, cost inflation, the corona situation especially in China. To meet the growing customer demand, we invested in production capacity at the factories in Suzhou, Malmö and Wutha. As a whole, we made strong progress! I would like to thank our dedicated employees for their good work and our customers for their support and trust.

The turnover for the fourth quarter increased by 15.3% from a year ago and was EUR 222.3 million. The component availability challenges partially eased towards the end of the year, which was reflected in reduced spot market purchases. The operating profit for the quarter increased by 40% compared to a year ago and was EUR 13.4 million. The positive development of the operating profit was influenced by the increase in turnover and the efficiency of operations resulting from the easing of challenges in the availability of components. The impact of exchange rate changes on the quarter's operating profit was EUR 0.3 million positive.

The net cash flow from operations, which turned positive in the second quarter of the year, continued to strengthen and was EUR 13.9 million in the last quarter. Strengthening the net cash flow and related inventory management will continue to be a key development area.

Scanfil's financial position and balance sheet are stable and enable the necessary investments and the implementation of the dividend policy. The board proposes to pay a dividend of 0.21 euros per share for 2022, which is a 10.5% increase compared to a year ago. If implemented according to the proposal, Scanfil's dividend will increase for the tenth year in a row.

Scanfil's customers' demand outlook for 2023 continues to be strong and gives us a good base for organic growth and positive profitability development towards the target level of a 7% operating profit margin. The near-term risks of the business are mainly related to the development of the economy both in Europe and globally, and, despite the improved situation, the availability of semiconductors, which we believe will partly continue to be challenging.

We expect our turnover to be EUR 820–890 million this year and the adjusted operating profit will grow to EUR 49–55 million. We also believe that the number of spot market purchases will decrease significantly from 2022.

In the longer term, we aim for organic 5–7% annual growth and a 7% operating profit level. In 2023, key investments to increase production capacity are investments in electronics manufacturing lines for the Atlanta factory in the United States and the Sieradz factory in Poland. For both factories, the new production lines are expected to be in use in the third quarter of 2023. We have also started preliminary planning to expand the Sieradz factory with a production building of about 8,000 m².

In the longer term, we see the North American and Asian markets as interesting expansion areas”.

TURNOVER

Scanfil Group's turnover for October–December was EUR 222.3 (191.7) million, an increase of 15.9% compared to the previous year. Turnover includes EUR 14.6 (14.4) million invoicing of spot-market purchases and some other costs related to securing customer deliveries. In order to meet customer demand, Scanfil had to buy especially semiconductor components at a significantly higher price than the normal price on the spot market. The company invoiced customers for the additional costs that arose in this way, but as a rule without a material margin.

Turnover in January–December was EUR 843.8 (695.7) million, an increase of 21.3% compared to the previous year. Turnover includes EUR 80.7 (32.0) million of spot-market purchases and some other costs related to securing customer deliveries.

TURNOVER BY CUSTOMER SEGMENT

Advanced Consumer Applications

Turnover in October–December was EUR 56.3 (52.9) million, an increase of 6.2% compared to October–December in 2021. Separately agreed customer invoicing for the segment was EUR 4.1 (4.7) million.

Turnover in January–December was EUR 247.8 (204.6) million, an increase of 21.1% compared to January–December in 2021. The key driver was good demand for elevator and smart home control products. Separately agreed customer invoicing was EUR 36.1 (14.6) million.

Automation & Safety

Turnover in October–December was EUR 51.4 (41.1) million, an increase of 25.1%. Separately agreed customer invoicing for the segment was EUR 3.6 (2.3) million.

Turnover in January–September was EUR 183.8 (144.9) million, an increase of 26.8% compared to January–December in 2021. The key driver was good demand in process automation solutions and detector products, among others. Separately agreed customer invoicing was EUR 12.0 (4.9) million.

Connectivity

Turnover in October–December was EUR 10.8 (10.4) million, an increase of 4.5%. Separately agreed customer invoicing for the segment was EUR 0.4 (0.1) million.

Turnover in January–December was EUR 38.5 (33.0) million, an increase of 16.5% compared to January–December in 2021. The key driver was good demand for communication and advanced hearing protection systems. Separately agreed customer invoicing for the segment was EUR 1.2 (0.1) million.

Energy & Cleantech

Turnover in October–December was EUR 61.3 (53.4) million, an increase of 14.8%. Separately agreed customer invoicing for the segment was EUR 3.2 (5.0) million.

Turnover in January–December was EUR 222.4 (182.1) million, an increase of 22.2% compared to January–December in 2021. The key driver behind the strong growth was good demand for recycling systems and energy-saving solutions, e.g. for indoor climate. Separately agreed customer invoicing was EUR 18.4 (8.9) million.

Medtech & Life Science

Turnover in October–December was EUR 42.5 (33.9) million, an increase of 25.3%. Separately agreed customer invoicing for the segment was EUR 2.2 (3.4) million.

Turnover in January–December was EUR 151.2 (120.6) million, an increase of 25.4% compared to January–December in 2021. The key driver behind the strong growth was good demand for diagnostics and analytical test solutions. Separately agreed customer invoicing was EUR 13.0 (3.5) million.

In January–December 2022, the largest customer accounted for 19% (18%) of turnover, and the top ten customers accounted for about 55% (55%) of turnover.

OPERATING PROFIT

Operating profit for October–December was EUR 13.4 (9.5) million, 6.0% (5.0%) of turnover. In the reporting period for 2022 there were no adjustment items. In the comparison year operating profit includes an adjustment item of EUR -0.7 million related to the closure of the Hamburg factory. The adjusted operating profit for the comparison year was EUR 10.2 million, representing 5.3% of turnover. The operating profit was positively affected by the continuation of good customer demand and improved component availability what improved the performance of factories. We were moving the cost inflation to customer prices, in some cases the price changes were realized with delay. Currency hedging process was significantly improved and changes in foreign exchange rates had a minor EUR +0.3 million impact on operating profit. The operating margin was negatively impacted by the separately agreed customer invoicing with no or low margin.

Operating profit for January–December was EUR 45.4 (39.6) million, 5.4% (5.7%) of turnover. In the reporting period for 2022 there were no adjustment items. In the comparison year adjusted operating profit was EUR 40.3 million, 5.8% of turnover. The operating profit was positively affected by good customer demand. Component availability in the market improved gradually during the year and the performance of factories was mostly developing positively or remaining at good level. COVID lockdowns, in China, in April had a negative effect on the profitability. Generally, we were successfully moving the cost inflation to customer prices, but in some cases the price changes were realized with delay. The foreign exchange rate changes had a negative impact of EUR -2.5 million on operating profit, but situation improved significantly towards the year end driven by the improved hedging process and lower currency volatility. The operating margin was also negatively impacted by the separately agreed customer invoicing with low or no margin.

NET PROFIT AND EARNINGS

The net profit for October–December was EUR 10.5 (8.4) million. The adjusted net profit for the comparison period was EUR 9.1 million which was adjusted with the closure cost of Hamburg factory. Earnings per share was EUR 0.16 (0.13). Comparison period's adjusted earnings per share was EUR 0.14.

The net profit for January–December was EUR 35.0 (29.8) million. In the comparison year adjusted net profit was EUR 32.0 million. Net profit in comparison year was negatively impacted by a non-recurring tax adjustment of EUR 1.6 million and closure cost of Hamburg factory. Earnings per share was EUR 0.54 (0.46). The adjusted earnings per share for 2021 was EUR 0.50. Return on investment was 14.6% (15.3%).

The effective tax rate in January–December was 16.0% (21.0%). Mostly, the tax rate was positively affected by the revaluation of the dividend payment timing of the deferred taxes paid by the subsidiary to the parent company. The tax rate for the comparison year was negatively affected by a tax adjustment of EUR 1.6 million. July–September

Publication of financial releases

This stock exchange release is a summary of the Scanfil Group's Financial Statements Release for 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.

Webcast

In conjunction with releasing our results, we arrange English webcast for analysts, investors and media on the same day exceptionally at 9:00–10:00 a.m. EET. Results will be presented by CEO Petteri Jokitalo.

You can register and join the webcast at <https://scanfil.videosync.fi/full-year-2022/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:

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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](#)
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