



Scanfil plc: Strong profitability driven by operational efficiency

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Scanfil plc Interim report 27 October 2023 at 8.00 a.m. EEST

Scanfil plc: Strong profitability driven by operational efficiency

July-September

- Turnover totaled EUR 212.8 million (7-9 2022: 211.9), an increase of 0.4%
- Operating profit was EUR 15.2 (11.5) million, an increase of 32.2%
- Operating profit margin was at 7.2% (5.4%)
- Net profit was EUR 11.0 (9.4) million, an increase of 17.1%
- Earnings per share were EUR 0.17 (0.15)

January-September

- Turnover totaled EUR 680.7 million (1-9 2022: 621.4), an increase of 9.5%
- Operating profit was EUR 47.9 (32.0) million, an increase of 49.6%
- Operating profit margin was at 7.0% (5.1%)
- Net profit was EUR 37.3 (24.6) million, an increase of 51.9%
- Earnings per share were EUR 0.57 (0.38)

Outlook for 2023

Scanfil revised its outlook for turnover and adjusted operating profit on 10 October.

Scanfil estimates that its turnover for 2023 will be EUR 880–920 (previously issued 10 July 2023: 900–950) million, and an adjusted operating profit of EUR 60–66 (61–68) million.

KEY FIGURES	Q3 2023	Q3 2022	Change	1-9 2023	1-9 2022	Change	2022
Turnover, EUR million	212.8	211.9	0.4%	680.7	621.4	9.5%	843.8
Operating Profit, EUR million	15.2	11.5	32.2%	47.9	32.0	49.6%	45.4
Operating Profit, %	7.2	5.4	1.8pp	7.0	5.1	1.9pp	5.4
Net Profit, EUR million	11.0	9.4	17.1%	37.3	24.6	51.9%	35.0
Earnings per Share, EUR	0.17	0.15	13.3%	0.57	0.38	50.0%	0.54
Return on Equity, %				21.0	15.4	5.6pp	16.1
Equity Ratio, %				47.8	42.5	5.3pp	45.3
Net Gearing, %				32.6	44.2	-11.6pp	37.8
Net Cash Flow from Operations, EUR million				34.1	-3.7	-	10.2
Employees, Average				3,716	3,374	10.1%	3,403

CEO CHRISTOPHE SUT:

“I am proud and happy to present Scanfil’s quarterly report for the third quarter of 2023, which is my first quarterly report at the company. Since I joined, I have had the chance to visit our factories as well as meet some of our key customers around the world. It has been a great opportunity to see the close relationship we have with our customers and the strong partnership between our companies.

In the third quarter, Scanfil delivered strong profitability improvement and increased turnover compared to the third quarter of last year.

Overall demand for EMS returned to more historical industry growth levels. Our third quarter turnover was EUR 212.8 million compared to EUR 211.9 million last year. The turnover growth excluding spot-market purchases was 9%. The overall turnover increased by 0.4% during the third quarter. The turnover growth excluding spot-market purchases for the first nine months was 19.7%, and the overall turnover increased by 9.5%.

Our biggest customer segment, Energy & Cleantech, grew by 37.7%. It confirms the trend related to sustainability and the good positioning of Scanfil in that customer segment with leading customers from the sector.

Operating profit in the third quarter was strong, EUR 15.2 million compared to EUR 11.5 million last year translated into an operating margin of 7.2%, which was 5.1% in the third quarter of 2022. In 2022, operating margin was negatively impacted by spot-market purchases.

Profitability was driven by the continuation of good customer demand and the easing of supply chain challenges. Our continuous focus on automation and digitalization has helped us to improve operational efficiency.

Our financial position is strong, our net gearing was 32.6%, and our equity ratio was 47.8%. Our solid balance sheet enables us to make the investments required to develop our business.

Net cash flow from operations was positive EUR 9.8 million in the third quarter and for the first nine months, it was EUR 34.1 million and at the all-time high level.

On 10 October, we adjusted our turnover and operating profit guidance for the full year 2023 to EUR 880–920 million in turnover and EUR 60–66 million in operating profit. We foresee double-digit growth for the full year and our continuous focus on efficiency will help us to improve the profit level.

Our solid performance in the third quarter reflects Scanfil's robust operations and solid customer demand. Scanfil continues to rebalance the customer mix and exposure to faster-growing segments.

We are now working on our annual strategy update, which will allow us to continue and accelerate our profitable growth journey. The updated strategy will be announced in early 2024.

I am proud to report on my first quarter as the CEO of Scanfil, and I would like to thank our employees, customers, and other business partners for our successful collaboration."

TURNOVER

The turnover for July–September was EUR 212.8 (211.9) million, an increase of 0.4% compared to the previous year's comparison period. Turnover includes EUR 3.1 (19.6) million invoicing of spot-market purchases, which were low or no margin to Scanfil. Turnover excluding the spot-market purchases increased by 9.0%.

The turnover for January–September was EUR 680.7 (621.4) million, an increase of 9.5% compared to the previous year's comparison period. Turnover includes EUR 16.2 (66.1) million invoicing of spot-market purchases. Turnover excluding the spot-market purchases increased by 19.7%.

TURNOVER BY CUSTOMER SEGMENT

Advanced Consumer Applications

Turnover in July–September was EUR 49.8 (67.8) million, a decrease of 26.5% compared to the same period in 2022. Turnover in January–September was EUR 159.1 (191.6) million, a decrease of 17.0% compared to the same period in 2022. The turnover in 2022 was heavily impacted by spot-market operations. Excluding the spot-market purchases turnover decreased by 7.3% in July–September and by 2.4% in January–September

Automation & Safety

Turnover in July–September was EUR 42.2 (44.2) million, a decrease of 4.6%. Turnover in January–September was EUR 142.2 (132.5) million, an increase of 7.4% compared to the same period in 2022. Excluding the spot-market purchases turnover increased by 1.1% in July–September and 14.0% in January–September

Connectivity

Turnover in July–September was EUR 10.9 (7.8) million, an increase of 40.2%. Turnover in January–September was EUR 36.7 (27.7) million, an increase of 32.8%. Demand increased, especially for advanced hearing protection.

Energy & Cleantech

Turnover in July–September was EUR 73.5 (53.1) million, an increase of 38.5%. Turnover in January–September was EUR 227.1 (161.1) million, an increase of 40.9%. Demand was good for recycling, green energy, and energy efficiency solutions.

Medtech & Life Science

Turnover in July–September was EUR 36.3 (39.0) million, a decrease of 6.8%. Turnover in January–September was EUR 115.7 (108.7) million, an increase of 6.5%. Demand continued to grow steadily.

In July–September of 2023, the largest customer accounted for about 13.2% (20%) of turnover and the top ten customers accounted for about 57.2% (55%) of turnover.

OPERATING PROFIT

The operating profit for July–September was EUR 15.2 (11.5) million, 7.2% (5.4%) of turnover. The operating profit was positively affected by the continuation of good customer demand and improved component availability, which had a positive impact on operational efficiency.

The operating profit for January–September was EUR 47.9 (32.0) million, 7.0% (5.1%) of turnover. The operating profit was positively affected by good customer demand and improved component availability. The comparison figure for 2022 January–September was also negatively affected by EUR 2.0 million of foreign exchange changes and April–May COVID-19 lockdowns in China.

NET PROFIT AND EARNINGS

The net profit for July–September was EUR 11.0 (9.4) million, an increase of 17.1%. Earnings per share were EUR 0.17 (0.15). The net profit for January–September was EUR 37.3 (24.6) million, an increase of 51.9%. Earnings per share were EUR 0.57 (0.38). Return on investment was 19.9% (13.7%).

The effective tax rate in January–September was 21.4% (15.2%). The tax rate was slightly negatively affected by the recognition of the deferred taxes of intercompany dividend payments. In 2022 the recognition of the deferred taxes had some positive impact.

Publication of financial releases

This stock exchange release is a summary of the Scanfil Group's Third Quarter Report for January–September 2023 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.

Online conference

In conjunction with releasing results, Scanfil arranges an online meeting in English language for analysts, investors and media on the same day 27 October 2023 at 10:00–11:00 a.m. EEST. Results will be presented by CEO Christophe Sut.

You can join the online conference [here](#). The audience can ask questions 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 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](#)
- [Scanfil Group's Interim Report 1.1.-30.9.2023.pdf](#)