



## Scanfil plc: All-time high operating profit and cash flow

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### Scanfil plc: All-time high operating profit and cash flow

#### October-December

- Turnover totaled EUR 220.8 million (222.3), a decrease of 0.7%
- Operating profit was EUR 13.4 (13.4) million, an increase of 0.4%
- Operating profit margin was at 6.1% (6.0%)
- Net profit was EUR 10.9 (10.5) million, an increase of 4.0%
- Earnings per share were EUR 0.17 (0.16)

#### January-December

- Turnover totaled EUR 901.6 million (843.8), an increase of 6.9%
- Operating profit was EUR 61.3 (45.4) million, an increase of 35.1%
- Operating profit margin was at 6.8% (5.4%)
- Net profit was EUR 48.2 (35.0) million, an increase of 37.6%
- Earnings per share were EUR 0.74 (0.54)
- Dividend proposal 0.23 (0.21) euro per share

### Outlook for 2024

Scanfil estimates that its turnover for 2024 will be EUR 820-900 million, and an adjusted operating profit of EUR 57-65 million.

KEY FIGURES	Q4 2023	Q4 2022	change,%	1-12 2023	1-12 2022	change,%
Turnover, EUR million	220.8	222.3	-0.7	901.6	843.8	6.9
Operating Profit, EUR million	13.4	13.4	0.4	61.3	45.4	35.1
Operating Profit, %	6.1	6.0		6.8	5.4	
Net Profit, EUR million	10.9	10.5	4.0	48.2	35.0	37.6
Earnings per Share, EUR	0.17	0.16	3.9	0.74	0.54	37.5
Return on Equity, %				19.6	16.1	
Equity Ratio, %				53.7	45.3	
Net Gearing, %				19.4	37.8	
Net Cash Flow from Operations, EUR million				68.9	10.2	
Employees, Average				3,671	3,403	7.9

### Christophe Sut, CEO:

“After my first full quarter at Scanfil, I am happy to present the financial results for October-December 2023, the quarter that ended our record year. I am also pleased to give you some insight into the period where we have been active on many fronts, from internal to external stakeholders and from operational matters to strategy.

The year 2023 was a record year. The turnover growth, excluding spot-market purchases, was 15.6%. The total revenue was over EUR 900 million, and the organic growth was 6.9%. Strong figures demonstrate the quality of our customer portfolio and the solid performance of our factories. Operating profit also reached a record level of EUR 61.3 million and the

operating margin reached the strong level of 6.8%. In 2023, our customer segments showed their growth potential and Scanfil grew to a new level.

In the fourth quarter, as expected, overall demand growth for the EMS market returned to historical levels. The turnover growth excluding spot-market purchases was 4.9%. The overall turnover decreased by 0.7% compared to the fourth quarter of 2022.

Despite a flattish market, our largest customer segment, Energy & Cleantech, grew by 26.8% in 2023 and kept a strong momentum during the fourth quarter with a growth of 21.9%. Energy transformation and sustainability drives the market. Growth figures showcase Scanfil's good positioning in the customer segment with leading companies. I have met many customers with our teams and focused on deepening our partnership. We inaugurated a new electronics assembly line in Atlanta with many of our key customers present and showing strong interest in the site's new capability. In 2023, our customer satisfaction improved significantly compared to the previous year.

In the fourth quarter, profitability improved compared to the fourth quarter of last year. Reported operating profit was EUR 13.4 million, with an operating margin of 6.1%, compared to 6.0% last year. During that quarter demand was flattening out and we focused on efficiency improvements. When fully implemented, the improvement plan will generate EUR 1.7 million in annual savings, and support Scanfil's competitiveness. Excluding one-off costs for the efficiency improvement, customer settlement, spot-market purchases and other material invoicing the operating margin was 6.7%.

Our financial position is strong, gearing was 19.4%, and equity ratio was 53.7%. Our solid balance sheet enables us to make the investments required to develop our business. Our net cash flow from operating activities was at an all-time high. In the fourth quarter, it was EUR 34.8 million, and EUR 68.9 million for the full year. Scanfil is well-positioned and very capable of financing the potential expansion of its operations. The company's ability to pay dividends is at a good level and the Board proposes a dividend of 0.23 euro per share.

We continued our good development towards more sustainable manufacturing. In 2023, we got the honor of being recognized by two of our customers for our sustainability work. The share of fossil-free energy used by us compared to overall energy consumption achieved a 50% milestone and it was 52.4%. The 2030 target for the share of fossil-free energy consumption is 60%. To further drive this change, we are taking the next steps and investing in solar panels and geothermal energy in the Sieradz factory expansion.

Our solid performance in the fourth quarter reflects Scanfil's robust operations and solid customer demand. We continue to rebalance our customer mix and seek growth from faster-growing segments. During the quarter, the Management Team and the Board of Directors have been very active. We are now finalizing our strategy update, and it will be presented at Capital Markets Day on the 5th of March in Stockholm with other topical and interesting subjects.

I would like to thank all our employees, customers, and other business partners for our successful collaboration. The company's current situation emphasizes our strong position and gives us confidence to continue building our success."

## **Turnover**

The turnover for October–December was EUR 220.8 (222.3) million, a decrease of 0.7% compared to the previous year's comparison period. Turnover includes EUR 3.1 (14.6) million invoicing of spot-market purchases, which were low or no margin to Scanfil. The turnover excluding the revenue from the spot-market purchases increased by 4.8%.

The turnover for January–December was EUR 901.6 (843.8) million, an increase of 6.9% compared to 2022. Turnover includes EUR 19.3 (80.7) million invoicing of spot-market purchases. The turnover excluding the spot-market purchases increased by 15.6%.

## **Turnover by customer segment**

### **Advanced Consumer Applications**

Turnover in October–December was EUR 52.5 (56.3) million, a decrease of 6.7% compared to the same period in 2022. Turnover in January–December was EUR 211.5 (247.8) million, a decrease of 14.6% compared to 2022. The turnover in 2022 was heavily increased by spot-market purchases. Excluding the spot-market purchases, turnover decreased by 1.3% in October–December and by 2.1% in January–December.

### **Automation & Safety**

Turnover in October–December was EUR 44.5 (51.4) million, a decrease of 13.4%. Turnover in January–December was EUR 186.7 (183.8) million, an increase of 1.6% compared to 2022. Excluding the spot-market purchases, turnover decreased by 8.1% in October–December and increased by 5.9% in January–December.

### **Connectivity**

Turnover in October–December was EUR 12.0 (10.8) million, an increase of 10.4%. Turnover in January–December was EUR 48.7 (38.5) million, an increase of 26.5%. Demand increased, especially for advanced hearing protection.

## Energy & Cleantech

Turnover in October–December was EUR 74.7 (61.3) million, an increase of 21.9%. Turnover in January–December was EUR 301.8 (222.4) million, an increase of 35.7%. Demand was good for recycling, green energy, and energy efficiency solutions. Excluding the spot-market purchases, turnover increased by 26,8% in October–December and by 44,6% in January–December.

## Medtech & Life Science

Turnover in October–December was EUR 37.2 (42.5) million, a decrease of 12.6%. Turnover in January–December was EUR 152.9 (151.2) million, an increase of 1.1%. Excluding the spot-market purchases, turnover decreased by 6,1% in October–December and increased by 8,4% in January–December.

In January–December, the largest customer accounted for about 13% (19%) of turnover and the top ten customers accounted for about 55% (55%) of turnover.

## Operating profit

The operating profit for October–December was EUR 13.4 (13.4) million, 6.1% (6.0%) of turnover. Due to the destocking and stagnating growth of demand the company started actions to adjust the fixed personnel expenses. Lay-off costs related to the adjustment had a negative impact on the fourth quarter operating profit. In addition, the operating margin was negatively affected by invoicing of spot-market purchases as well as material sales from the inventory and a one-time price settlement with a customer. The total negative impact on the operating margin was 0.6% in the reporting period. The operating margin excluding these negative impacts was 6.7%.

The operating profit for January–December was EUR 61.3 (45.4) million, 6.8% (5.4%) of turnover. The operating profit was positively affected by good customer demand and increased productivity, which was supported by improved component availability. The operating margin in 2023 was negatively affected by spot-market purchases and excluding them it was 6.9%. The operating profit in January–December 2022 was negatively affected by EUR -2.5 million of foreign exchange rates changes. In addition, operating margin in 2022 was negatively affected by high value of spot-market purchases.

## Net profit and earnings

The net profit for October–December was EUR 10.9 (10.5) million, an increase of 4.0%. Earnings per share were EUR 0.17 (0.16). The net profit for January–December was EUR 48.2 (35.0) million, an increase of 37.6%. Earnings per share were EUR 0.74 (0.54). Return on investment was 19.4% (14.6%).

The effective tax rate in January–December was 21.7% (16.0%). The tax rate was impacted negatively by taxes of intercompany dividends. In 2022, taxes of intercompany dividends had a slightly positive impact.

## Publication of financial releases

This stock exchange release is a summary of the Scanfil Group's financial statement release for the financial year 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](http://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 23 February 2024 at 10:00–11:00 a.m. EET. Results will be presented by CEO Christophe Sut and CFO Kai Valo.

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 January-December 2023 financial statement release.pdf](#)