



## Scanfil plc: Solid operational performance and gearing for future growth

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Scanfil plc Interim report 24 April 2024 at 8.00 a.m. EEST

### Scanfil plc: Solid operational performance and gearing for future growth

January–March

- Turnover totaled EUR 198.9 million (224.6), a decrease of 11.5%
- Operating profit was EUR 12.7 (15.1) million, a decrease of 15.8%
- Operating profit margin was at 6.4% (6.7%)
- Net profit was EUR 9.8 (11.8) million, a decrease of 17.1%
- Earnings per share were EUR 0.15 (0.18)
- Dividend proposal of EUR 0.23 (0.21) 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	1-3 2024	1-3 2023	Change,%	1-12 2023
Turnover, EUR million	198.9	224.6	-11.5	901.6
Operating Profit, EUR million	12.7	15.1	-15.8	61.3
Operating Profit, %	6.4	6.7		6.8
Net Profit, EUR million	9.8	11.8	-17.1	48.2
Earnings per Share, EUR	0.15	0.18	-17.8	0.74
Return on Equity, %	14.5	20.3		19.6
Equity Ratio, %	55.5	46.5		53.7
Net Gearing, %	17.1	38.7		19.4
Net Cash Flow from Operations, EUR million	9.7	-0.9		68.9
Employees, Average	3,585	3,603		3,671

### Christophe Sut, CEO:

"I am proud to present the results of Scanfil's first quarter of 2024. Our team improved operational efficiency and prepared for future growth.

As expected, we faced lower market demand compared to the corresponding period of 2023. The focus in the first quarter of 2024 was on improving the efficiency of our operations. The outcome was a solid 6.8% operating margin excluding layoff costs and changes in foreign exchange rates. Reported operating profit was EUR 12.7 million, with an operating margin of 6.4%, compared to 6.7% last year.

Our operational focus translated into improvement in many areas that benefit our customers. The on-time delivery rate exceeded 98%, a notable improvement from 92% in the corresponding period last year. Despite the lower turnover level, we managed to reduce our overall inventory by EUR 10.3 million. We worked closely with our suppliers to build flexibility into our operations and to improve our supply chain competitiveness. The combined improvement in operational efficiency and delivery performance was a positive step in positioning the company for future growth.

On the turnover side, we reached EUR 198 million, equivalent to a decrease of -8.6%, excluding spot market purchases. Reported revenue change was negative 11.5% compared to last year.

The Energy & Cleantech segment continued to grow, and several new customer projects were implemented during the quarter. Turnover excluding the energy saving solutions developed positively and increased by +11.3%. The market remains dynamic and strong as several countries and organizations are building infrastructure for energy transformation. Our outlook for the segment remains positive long term. The overall turnover changed by -3.3% compared to last year's first quarter.

The Industrial, and Medtech & Life Science segments were negatively impacted by demand changes and destocking which continued with some customers. We are continuing to work closely with our customers to adjust operations and inventory to the prevailing market situation. The strong variation in demand we experienced during the last 12 months has created a new situation with our key customers. Our collaboration has become much closer with a true teamwork and partnership mindset.

Our financial position is strong, gearing was 17.1%, and equity ratio was 55.5%. Our solid balance sheet enables us to make the investments required to develop our business. Our net cash flow from operations was EUR 9.7 million, a very positive result in comparison to EUR -0.9 in 2023. Scanfil is well-positioned and very capable of financing the potential expansion of its operations organically and inorganically.

During the quarter, we finalized our strategy update and communicated it during our Capital Markets Day event at the beginning of March.

Empowerment is our new value. The aim is to build both accountability as well as solution-oriented culture across the whole company. This started to be realized and it was very pleasing to see every site took action to adjust their costs to defend their margin and make Scanfil more resilient to business cycle changes. We have clear targets and processes to follow-up KPIs regularly across the organization, and when needed we can take actions for improvements.

In addition, we clarified our market segment focus and have created three sales organizations focused on Industrial, Energy & Cleantech, and Medtech & Life Science customers. The change was implemented during the quarter, and it is creating an improved focus on developing customer relationships and building a stronger pipeline in those segments.

In February, we accelerated our sustainability efforts by committing to the Science Based Targets initiative (SBTi) organization's Net Zero target by 2050. In addition to the good progress in previous years, we are convinced that this new initiative will increase Scanfil's competitiveness in its core market. Our commitment was also received positively by our major customers.

The outlook for 2024 will remain two-fold. In the first half of the year, the market is expected to remain sluggish, impacting on our turnover and operating profit. In these circumstances, we will continue to work on protecting the operating margin and preparing for future growth. We expect the market to pick up in the second half of the year allowing us to further improve our performance.

I am proud of the work done by our dynamic team in the quarter to protect our operating margin in a slow market, while continuing to transform and prepare Scanfil for growth and potential acquisitions."

## **Turnover**

The turnover for January–March was EUR 198.9 (224.6) million, a decrease of 11.5% compared to the previous year's comparison period. The turnover decreased by EUR 25.7 million of which EUR 6.4 million were spot market purchases. Excluding spot market purchases, turnover decreased by 8.6%.

## **Turnover by customer segment**

### **Industrial**

Turnover in January–March was EUR 94.2 (111.2) million, a decrease of 15.3% compared to the same period in 2023. Turnover declined due to destocking and demand changes of a subsegment.

### **Energy & Cleantech**

Turnover in January–March was EUR 70.4 (72.8) million, a decrease of 3.3%. Turnover declined due to lower demand for energy saving solutions. Turnover excluding them increased by 11.3%.

### **Medtech & Life Science**

Turnover in January–March was EUR 34.4 (40.6) million, a decrease of 15.4% due to destocking and demand changes for some customers.

In January–March, the largest customer accounted for about 11% (13%) of turnover and the top ten customers accounted for about 55% (55%) of turnover.

## Operating profit

The operating profit for January–March was EUR 12.7 (15.1) million, 6.4% (6.7%) of turnover. Operating profit was impacted by a lower turnover. However, the company strongly adjusted its operational costs to reflect the demand change. An adjustment in personnel caused some lay-off costs. In addition, operating profit was impacted by the negative impact of foreign exchange rates changes. The operating margin excluding the layoff costs and the foreign exchange rates change impact was 6,8% (6.7%).

## Net profit and earnings

The net profit for January–March was EUR 9.8 (11.8) million, a decrease of 17.1%. Earnings per share were EUR 0.15 (0.18). Return on investment was 15.9% (18.7%).

The effective tax rate in January–March was 24.2% (18.9%). The tax rate was negatively impacted by taxes of intercompany dividends and the previous year was impacted positively by EUR 0.3 million tax refund which resulted from a mutual agreement process related to the 2014 tax year in Poland.

## Publication of financial releases

This stock exchange release is a summary of the Scanfil Group's January-March 2024 interim report release 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 24 April 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-March 2024 interim report.pdf](#)