

# SCANFIL

Scanfil Group Interim Report  
1 January – 30 September 2016



## Scanfil Group's Interim Report 1 January – 30 September 2016

### *Results of restructuring are already visible in profitability*

#### July – September

- Turnover totalled EUR 121.7 million (Q3 2015: 135.8), down 10.3%
- Operating profit EUR 7.4 million (5.2), 6.1% (3.9%) of turnover, adjusted operating profit\* EUR 7.6 (8.6) million, 6.2% (6.4%) of turnover
- Profit was EUR 6.5 million (2.8)
- Earnings per share amounted EUR 0.11 (0.05), earnings per share without adjustment items\* EUR 0.11 (0.10)

#### January – September

- Turnover totalled to EUR 385.7 million (1-9/2015: 234.5), up to 64.4%
- Operating profit EUR 4.0 million (10.2), 1.0% (4.3%) of turnover, adjusted operating profit\* EUR 17.2 (14.4) million, 4.5% (6.2%) of turnover
- Profit for the review period was EUR -1.2 million (7.2)
- Earnings per share were EUR -0.02 (0.12), earnings per share without adjustment items\* EUR 0.20 (0.19)

\* Adjustments (previously referred to as "non-recurring items") include the costs of the reorganisation, sale and closure of poorly profitable units of PartnerTech AB's plant network and the Metal Precision business acquired the previous year. The corresponding adjustments for 2015 consisted of costs related to the acquisition of PartnerTech AB and an impairment related to the Hungarian operations.

#### Pro forma comparison January–September

- Turnover 1–9/2016: EUR 385.7 (1–9/2015 pro forma: 372.4) million, up 3.6%
- Operating profit excluding adjustments 1–9/2016: EUR 17.2 (1–9/2015 pro forma: 13.4) million, up 28.7%

The pro forma comparison figures have been calculated to illustrate a scenario in which Scanfil plc and PartnerTech AB were merged on 1 January 2015.

Scanfil specifies its estimate of its turnover and operating profit in 2016, estimating that the turnover will be EUR 500–520 million and the operating profit before adjustments will amount to EUR 22 – 25 million.

Previously, Scanfil estimated that its turnover for 2016 would be EUR 500–550 million and the operating profit before adjustments would amount to EUR 22–28 million.

Petteri Jokitalo, CEO of Scanfil plc:

"I am pleased with our profitability in the third quarter. The operating profit of 6% shows that the restructuring and efficiency measures we have taken can already be seen in our result. We have concentrated on our profitable businesses, and our cost structure is significantly lighter. We will continue to challenge our current ways of operating as well as our cost structure. We target to achieve even more agile operating model and lower fixed costs.

January–September turnover was EUR 386 million. The growth in pro forma turnover was 3.6% year-on-year. During the third quarter, customer demand decreased in general, and the market situation was and continues to be challenging.

The integration of companies, elimination of overlapping activities as well as the restructuring of unprofitable factories proceeded according to plans. The Dongguan plant in China was closed down, and the statutory labor negotiations to adjust Vantaa plant's operations were started."

## Business Trends

The turnover for January–September amounted to EUR 386 million, which represents an increase of 3.6% in comparison to our pro forma turnover for the corresponding period of the previous year.

During the third quarter, sales to Network customers grew compared to the first two

quarters. In other customer groups, sales generally decreased.

The largest customer's share of the turnover was 11% in January–September, and that of the ten largest customers was 57%.

Turnover was divided between different customer groups as follows:

EUR/million	Q2/2015	Q3/2015	Q4/2015	Q1/2016	Q2/2016	Q3/2016	% of Q3 turnover 2016
Defence, Oil & Gas and Maritime	0.0	5.2	6.0	7.6	8.0	0.0**	0.0 %
Energy & Automation	16.1	20.7	18.9	19.4	21.2	20.0	16.4 %
Medtec, Life Science, Environmental Measurements	4.6	17.5	16.1	18.7	18.4	16.2	13.3 %
Networks & Communication*	10.7	30.7	30.0	22.7	20.7	27.4	22.5 %
Urban Applications	21.1	46.4	51.0	44.5	48.3	44.7	36.7 %
Other Industries	0.4	15.3	20.8	17.5	16.9	13.5	11.1 %
<b>Total</b>	<b>52.9</b>	<b>135.8</b>	<b>142.8</b>	<b>130.4</b>	<b>133.5</b>	<b>121.7</b>	

\* The Networks customer group was expanded as of Q3/16, and it is now named "Networks & Communication"

\*\* The remaining "Defence, Oil & Gas and Maritime" customer accounts after the restructuring of Metal Precision have been transferred to the "Networks & Communication" and "Other Industries" customer groups as of Q3/2016. Sales to these customers amounted to approximately EUR 3 million during the third quarter.

Restructuring measures carried out during the period under review:

Negotiations on to adjust the operations of Scanfil Sweden AB's Norwegian subsidiary Partnertech AS ended on 11 January 2016. Based on the final result of the negotiations, PartnerTech AS' Board of Directors decided to start closing down production of the plant. The closing down of the plant was completed by the end of June. The close-down of the operations had a negative effect of EUR 4.8 million on the result. Impairment and cost provisions were recognised in the first quarter accordingly.

The Board of Directors of Scanfil Sweden AB decided to sell the entire share capital of its subsidiary PartnerTech Aerodyn AB, located in Karlskoga, Sweden, for a cash selling price of EUR 350,000. The contract of sale was signed on 19 February 2016. The transaction was completed on 11 April 2016. The transaction resulted in a non-recurring loss of around EUR 1.2 million for

Scanfil Group. The loss was recognised in the Group's result for the financial year 2015.

The statutory labour negotiations of Scanfil Sweden AB's English subsidiary Scanfil Limited ended on 25 April 2016. Based on the final result of the negotiations, Scanfil Limited's Board of Directors decided to start closing down production of the plant. The ramp-down of the plant resulted in a cost of approximately EUR 1.2 million. The measures were completed during July, and the effect on the result mainly affected the second quarter of 2016. Some of the customer accounts of discontinued Scanfil Limited will continue at other Scanfil plants in Europe.

The Board of Directors of Scanfil Sweden AB decided on 10 May 2016 to sell the entire share capital of its subsidiary PartnerTech Karlskoga AB, located in Karlskoga, Sweden, for a nominal selling price. The sale caused a loss of approximately EUR 5 million to Scanfil group, and it decreased the net debt of the group by

approximately EUR 2 million, which were recognised in the second quarter of 2016.

Scanfil Sweden AB's Chinese subsidiary PartnerTech Electronics Co., Ltd decided on 27 June 2016 to discontinue production at the Dongguan plant in China. Production at the plant is estimated to close down during the third quarter. The discontinuation of operations is estimated to result in a cost of approximately EUR 2,2 million, of which around EUR 1 million will have a cash effect. A corresponding cost provision was recognised in the second quarter of the year. Some of Dongguan's customer accounts will continue at Scanfil's plants in Hangzhou and Suzhou.

Scanfil Sweden AB's Finnish subsidiary Scanfil Vantaa Oy invited representatives of various personnel groups of the company to statutory employer-employee negotiations due to production and financial reasons and business restructuring on 19 September 2016. The option of closing down the plant will also be discussed in the negotiations.

Below is a summary of the restructured companies, their turnover and operating profit in 2015 and the negative effect on operating profit due to the restructuring:

EUR/million	Turnover 2015	Operating Profit 2015	Estimated Cost Impact
PartnerTech AS (Norway)	7.0	-4.2	-4.8
PartnerTech Aerodyn AB (Sweden)	2.6	-0.6	-1.2*
PartnerTech Kalskoga AB (Sweden)	15.4	-1.3	-4.9
Metal Precision total	<b>25.0</b>	<b>-6.1</b>	
Scanfil Limited (UK)	6.1	-1.1	-1.2
PartnerTech Electronics Co., Ltd (China)	19.5	-1.1	-2.2
<b>Total</b>	<b>50.6</b>	<b>-8.3</b>	<b>-14,3</b>

\*Included in the result for the financial year 2015

## Financial Development

The Group's turnover for January - September was EUR 385.7 (234.5) million. The breakdown of turnover by regional segment was as follows: Europe and USA 79% (69%), Asia 21% (31%).

The Group's operating profit for January - September was EUR 4.0 (10.2) million, representing 1.0% (4.3%) of turnover. Adjusted operating profit was EUR 17.2 (14.4) million, representing 4.5% (6.2%) of turnover. The operating profit for the period under review includes adjustments of EUR 13.2 million, consisting of the restructuring and reorganisation costs of the plant network related to the divestment and the closure of subsidiaries with low profitability. The adjustments for the previous year consisted of costs related to the acquisition of PartnerTech AB and an impairment related to the Hungarian operations, totalling EUR 4.0 million.

The result for the period was EUR -1.2 million (7.2 million), and the result before adjustment items was EUR 12.5 (11.4) million.

The Group's turnover for July-September amounted to EUR 121.7 (135.8) million and operating profit was EUR 7.4 (5.2) million, or 6.1% (3.9%) of turnover. The third quarter includes a total of EUR 0.1 (3.4) million of adjustments. Operating profit excluding adjustments was EUR 7.6 (8.6) million, representing 6.2% (6.4%) of turnover.

Earnings per share were EUR -0.02 (0.12) for the period under review, and earnings per share excluding adjustments were EUR 0.20 (0.19). The return on investment was 4.1% (10.3%).



## Financing and Capital Expenditure

The Group's financial position improved as a result of a directed share issue carried out during the first quarter.

On 14 March 2016, Scanfil offered a total of 5,715,000 new shares in the company to institutional and other selected investors. The share issue was carried out through an accelerated book-building procedure arranged by Nordea Bank Finland Plc.

Scanfil's Board of Directors approved the subscriptions on 14 March 2016. The shares were offered to institutional and other selected investors in deviation from the shareholders' pre-emptive rights. A total of 5,715,000 shares were subscribed for in the share issue, representing around 9.99% of all shares and votes before the issue. After the share issue, the company's total number of issued and outstanding shares is 63,445,439. The share issue generated EUR 17.1 million in assets for the company before fees and expenses. The total subscription price for the shares will be recognised in full in the company's reserve for invested unrestricted equity.

The consolidated balance sheet total stood at EUR 280.5 million (307.2 million) at the end of the review period. Cash assets totalled EUR 28.9 million (24.7 million). Liabilities amounted to EUR 173.9 million (207.1 million), of which non-interest-bearing liabilities totalled EUR 97.4 million (118.4 million) and interest-bearing liabilities totalled EUR 76.6 million (88.7 million). The equity ratio was 38.0% (32.8%), and net gearing was 44.7% (63.9%). Equity per share was EUR 1.67 (1.74).

Group's financial arrangement includes dismissal covenants related to equity ratio and interest bearing net debt/EBITDA ratio. The terms of the covenants are reviewed quarterly. At the end of the period under review the terms have been complied.

Net cash flow from operating activities for the review period January-September was EUR 3.1 (7.4) million. The change in net working capital during the period amounted to EUR -14.4 (-7.2) million. The change in working capital in 2016 compared to the turn of the year is comprised of

the following items: sales receivables decreased by EUR 4.0 million, inventories increased by EUR 5.8 million and short-term non-interest-bearing liabilities decreased by EUR 12.6 million. Net cash flow from investments was EUR -2.0 million (-49.0). The previous year, cash flow from investments mainly consisted of the acquisition of PartnerTech AB. Cash flow from financing was EUR 6.5 (46.4) million, including the share issue executed during the year, use of the credit limit and dividend payout. Cash flow from financing for the previous year also included a loan raised for the acquisition of PartnerTech AB.

Gross investment in January–September 2016 totalled EUR 3.5 million (3.6), or 0.9% (1.5%) of the turnover. The investments were mainly acquisitions of machinery and equipment. Investments for the previous year excluding the acquisition of PartnerTech AB. Depreciation totalled EUR 8.4 million (7.6 million).

## Board of Directors' Authorisation

The Annual General Meeting authorized the Board of Directors to decide on the acquisition of the company's own shares with distributable assets and to decide on share issues through one or more issues and the issue of other special rights entitling their holders to shares.

The Annual General Meeting decided to authorize the Board of Directors to decide on granting option rights to specific key people of Scanfil Group.

The Board of Directors' proposals to the Annual General Meeting are available on the company website at [www.scanfil.com](http://www.scanfil.com).

The minutes of the Annual General Meeting have been available on the company's website, [www.scanfil.com](http://www.scanfil.com), as of 26 April 2016.

## Own Shares

The company does not own its own shares.

## Share Trading and Share Performance

The highest trading price during the review period was EUR 3.80 and the lowest EUR 2.86, the closing price for the period standing at EUR 3.57. A total of 8,234,258 shares were traded during the period, corresponding to 12.9% of the total number of shares. The market value of the shares on 30 September 2016 was EUR 227.3 million.

## Notifications of Changes in Shareholding

Varikot Oy (Business ID 2473422-8), Riitta-Liisa Kotilainen, Sirpa Kotilainen, Aleksi Kotilainen and Mira Kotilainen disclosed to Scanfil plc on 3 June 2016 in accordance with Chapter 9, Section 5 of the Securities Markets Act that a change had taken place in voting rights in Varikot Oy as of 3 June 2016. Based on an agreement between stakeholders, the voting right in Varikot Oy is now used together by Riitta-Liisa Kotilainen (25%), Sirpa Kotilainen (25%), Aleksi Kotilainen (25%) and Mira Kotilainen (25 %).

## Personnel

At the end of the period under review, the Group employed 3,453 (3,514) people, of whom 3,103 (3,514) worked outside Finland and 350 (312) in Finland. The geographical breakdown of personnel at the end of the period under review was as follows: Europe and USA 72% (67%) and Asia 28% (33%). The average number of Group employees during the review period was 3,686 (1,993) people.

## Option Schemes

A total of 225,000 new shares in the company were subscribed for with Scanfil plc's stock options 2013A. The entire subscription price of EUR 195,750 for subscriptions made with the stock options was entered in the Company's reserve for invested unrestricted equity.

The shares subscribed for under the stock options were registered in the Trade Register on 9 June 2016, as of which date the new shares will establish shareholder rights. Following the registration of the new shares, the number of Scanfil shares is 63,670,439 in total. The new

shares have been traded on the main list of NASDAQ Helsinki Ltd as of 10 June 2016.

## Future Prospects

Scanfil specifies its estimate of its turnover and operating profit in 2016, estimating that the turnover will be EUR 500–520 million and the operating profit before adjustments will amount to EUR 22–25 million.

Previously, Scanfil estimated that its turnover for 2016 would be EUR 500–550 million and the operating profit before adjustments would amount to EUR 22–28 million.

## Operational Risks and Uncertainties

A weakening of the global economy and a decrease in the international demand for capital goods could have a negative effect on the development of the business operations of Scanfil's customers and could subsequently reduce demand in the contract manufacturing market. In addition, Scanfil is exposed to risks resulting from exchange rate fluctuations in its business operations.

No essential changes have taken place in the risks related to Scanfil's business during the review period. The company's risks and risk management are described in greater detail on the company's website under Corporate Governance and in the notes to the consolidated financial statements.

## Accounting Principles

The interim report has been prepared in accordance with the IAS 34 Interim Financial Reporting standard, applying the following accounting policies with the financial statements for 2015.

Scanfil applies ESMA's (European Securities and Markets Authority) Guideline on Alternative Performance Measures, which entered into force on 3 July 2016. The alternative performance measures describe the development of business operations and increase comparability between different reporting periods.

All figures in the financial report have been rounded and consequently the sum of the

individual figures can deviate from the sum figure. The figures are unaudited.

## Consolidated Income Statement

EUR million

	<b>7 - 9</b>	<b>7 - 9</b>	<b>1-9</b>	<b>1-9</b>	<b>1-12</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
<b>Turnover</b>	<b>121,7</b>	<b>135,8</b>	<b>385,7</b>	<b>234,5</b>	<b>377,3</b>
Other operating income	0.2	0.1	1.0	0.3	0.6
Changes in inventories of finished goods and work in progress	-0.1	4.0	-2.9	5.4	4.7
Expenses	-112.4	-129.7	-371.3	-222.5	-357.9
Depreciation	-2.0	-5.0	-8.4	-7.6	-10.8
<b>Operating profit</b>	<b>7.4</b>	<b>5.2</b>	<b>4.0</b>	<b>10.2</b>	<b>14.0</b>
Financial income and expenses	0.9	-0.6	0.4	0.0	-0.2
<b>Profit before taxes</b>	<b>8.3</b>	<b>4.7</b>	<b>4.4</b>	<b>10.2</b>	<b>13.8</b>
Income taxes	-1.8	-1.9	-5.6	-3.1	-5.4
<b>Net profit for the period</b>	<b>6.5</b>	<b>2.8</b>	<b>-1.2</b>	<b>7.2</b>	<b>8.4</b>
Attributable to:					
Equity holders of the parent	6.5	2.8	-1.2	7.2	8.4
Earnings per share for profit attributable to shareholders of the parent:					
undiluted and diluted earnings per share ( EUR)	0.11	0.05	-0.02	0.12	0.15

## Consolidated Statement of Comprehensive Income

EUR million

	<b>7 - 9</b>	<b>7 - 9</b>	<b>1-9</b>	<b>1 - 9</b>	<b>1-12</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
<b>Net profit for the period</b>	<b>6.5</b>	<b>2.8</b>	<b>-1.2</b>	<b>7.2</b>	<b>8.4</b>
Items that may later be recognized in profit or loss					
Translation differences	-1.1	-1.4	-5.4	2.7	2.8
Derivative Financial Instrument	0.2	-0.7	-0.4	-0.3	-0.4
Other comprehensive income. net of tax	-0.9	-2.1	-5.7	2.3	2.4
<b>Total Comprehensive Income</b>	<b>5.6</b>	<b>0.7</b>	<b>-6.9</b>	<b>9.5</b>	<b>10.7</b>
Attributable to:					
Equity holders of the parent	5.6	0.7	-6.9	9.5	10.7

## Consolidated Statement of Financial Position

EUR million

<b>Assets</b>	<b>30.9.2016</b>	<b>30.9.2015</b>	<b>31.12.2015</b>
<b>Non-current assets</b>			
Property, plant and equipment	38.1	45.2	45.1
Goodwill	10.5	10.7	10.9
Other intangible assets	16.6	18.6	18.5
Available-for-sale investments	0.0	0.0	0.0
Deferred tax assets	1.8	3.4	2.4
<b>Total non-current assets</b>	<b>67.1</b>	<b>77.9</b>	<b>76.9</b>
<b>Current assets</b>			
Inventories	88.8	90.6	90.8
Trade and other receivables	93.4	112.9	105.0
Advance payments	1.6	0.2	2.2
Current tax	0.6	0.9	
Cash and cash equivalents	28.9	24.7	22.3
<b>Total current assets</b>	<b>213.4</b>	<b>229.3</b>	<b>220.3</b>
<b>Assets classified as held for sale</b>			<b>1.5</b>
<b>Total assets</b>	<b>280.5</b>	<b>307.2</b>	<b>298.6</b>
<b>Shareholder's equity and liabilities</b>	<b>30.9.2016</b>	<b>30.9.2015</b>	<b>31.12.2015</b>
<b>Equity</b>			
Share capital	2.0	2.0	2.0
Translation differences	10.2	15.5	15.6
Other reserves	5.6	5.9	5.9
Reserve for invested unrestricted equity fund	27.7	10.7	10.7
Retained earnings	61.0	66.0	67.2
<b>Total equity</b>	<b>106.5</b>	<b>100.2</b>	<b>101.4</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	3.1	3.5	3.4
Provisions	4.4	1.9	1.5
Interest bearing liabilities	39.6	54.7	45.5
Other liabilities	0.0	0.0	0.0
<b>Total non-current liabilities</b>	<b>47.1</b>	<b>60.1</b>	<b>50.4</b>
<b>Current liabilities</b>			
Trade and other liabilities	87.3	110.7	105.2
Current tax	1.6	2.2	3.0
Provisions	0.9	0.0	
Interest bearing liabilities	37.0	34.0	37.9
<b>Total current liabilities</b>	<b>126.8</b>	<b>147.0</b>	<b>146.1</b>
<b>Total liabilities</b>	<b>173.9</b>	<b>207.1</b>	<b>197.2</b>
<b>Liabilities of Assets classified for sale</b>			<b>0.7</b>
<b>Total shareholder's equity and liabilities</b>	<b>280.5</b>	<b>307.2</b>	<b>298.6</b>



## Consolidated Cash Flow Statement

EUR million

	1.1.-30.9.2016	1.1.-30.9.2015	1.1.-31.12.2015
<b>Cash flow from operating activities</b>			
Net profit	-1.2	7.2	8.4
Adjustments for the net profit	24.4	11.4	17.2
Change in net working capital	-14.4	-7.2	-6.1
Paid interests and other financial expenses	-1.2	-0.8	-1.5
Interest received	0.2	0.2	0.2
Taxes paid	-4.8	-3.3	-3.8
<b>Net cash from operating activities</b>	<b>3.1</b>	<b>7.4</b>	<b>14.3</b>
<b>Cash flow from investing activities</b>			
The acquisition of a subsidiary less cash and cash equivalents at the time of acquisition	0.8	-45.3	-47.0
Investments in tangible and intangible assets	-3.5	-3.9	-6.2
Sale of tangible and intangible assets	0.8	0.1	0.5
Proceeds from other investments		0.1	0.1
<b>Net cash from investing activities</b>	<b>-2.0</b>	<b>-49.0</b>	<b>-52.6</b>
<b>Cash flow from financing activities</b>			
Issue of share	16.8		
Related-party investment company shares	0.2		
Repayment of short-term loans	-5.7	-1.7	-4.9
Proceeds from short term loans	0.3	3.3	3.3
Repayment of long-term loans		-4.9	-34.8
Proceeds from long term loans		53.7	81.3
Dividends paid	-5.1	-4.0	-4.0
<b>Net cash from financing activities</b>	<b>6.5</b>	<b>46.4</b>	<b>40.7</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>7.6</b>	<b>4.8</b>	<b>2.5</b>
Cash and cash equivalents at beginning of period	22.3	19.2	19.2
Changes in exchange rates	-0.9	0.7	0.6
Cash and cash equivalents of assets classified as held for sale			
<b>Cash and cash equivalents at end of period</b>	<b>28.9</b>	<b>24.7</b>	<b>22.3</b>

## Statement of changes in Consolidated Equity

### Equity attributable to equity holders of the parent company

Equity	Share capital	Translation differences	Other reserves	Reserve for invested unrestricted equity fund	Retained earnings	Equity total
1.1.2016	2.0	15.6	5.9	10.7	67.2	101.4
Total comprehensive income		-5.4	-0.4		-1.2	-6.9
Issue of share				16.8		16.8
Exercised options				0.2		0.2
Fund transfer			0.1		-0.1	0.0
Option Scheme					0.1	0.1
Paid dividends					-5.1	-5.1
<b>Equity</b>						
30.9.2016	2.0	10.2	5.6	27.7	61.0	106.5

### Equity attributable to equity holders of the parent company

Equity	Share capital	Translation differences	Other reserves	Reserve for invested unrestricted equity fund	Retained earnings	Equity total
1.1.2015	2.0	13.0	6.0	10.7	63.0	94.6
Total comprehensive income		2.7	-0.3		7.2	9.5
Fund transfer			0.2		-0.2	0
Option Scheme					0.1	0.1
Paid dividends					-4.0	-4.0
<b>Equity</b>						
30.9.2015	2.0	15.5	5.9	10.7	66.0	100.2

## Key Indicators

	1 - 9 2016	1 - 9 2015	1 - 12 2015
Return on equity, %	-1.5	9.9	8.6
Return on investment, %	4.1	10.3	10.2
Interest-bearing liabilities, EUR million	76.6	88.7	83.4
Gearing, %	44.7	63.9	60.3
Equity ratio, %	38.0	32.8	34.2
Gross investments, EUR million	3.5	3.6	54.3
% of net turnover	0.9	1.5	14.4
Personnel, average	3 686	1 993	2 690
Earnings per share, EUR	-0.02	0.12	0.15
Shareholders' equity per share, EUR	1.67	1.74	1.76
Number of shares at the end of period, 000's			
- not counting own shares	63 670	57 730	57 730
- weighted average	62 000	57 730	57 730

Owing to the nature of the sector, the company's order book covers only a short period of time and does not give an accurate picture of future development.

## Adjusted Operating profit and net profit for the period; reconciliation

EUR million

	7 - 9 2016	7 - 9 2015	1-9 2016	1-9 2015
<b>Operating profit</b>	<b>7.4</b>	<b>5.2</b>	<b>4.0</b>	<b>10.2</b>
Operating profit, % of net turnover	6.1 %	3.9 %	1.0 %	4.3 %
Adjustments:				
Capital losses and ramp-down costs	0.1		13.2	
Acquisition costs of PartnerTech AB		3.4		4.2
Adjustments total	0.1	3.4	13.2	4.2
<b>Adjusted operating income</b>	<b>7.6</b>	<b>8.6</b>	<b>17.2</b>	<b>14.4</b>
<b>Adjusted operating profit, % of net turnover</b>	<b>6.2 %</b>	<b>6.4 %</b>	<b>4.5 %</b>	<b>6.1 %</b>
Financial income and expenses	0.9	-0.6	0.4	0.0
Profit before taxes	8.3	4.6	4.4	10.2
Income taxes	-1.8	-1.9	-5.6	-3.1
Adjustments	0.1	3.4	13.7	4.2
<b>Net profit for the period</b>	<b>6.5</b>	<b>2.7</b>	<b>-1.2</b>	<b>7.2</b>
<b>Adjusted Net profit for the period</b>	<b>6.7</b>	<b>6.1</b>	<b>12.5</b>	<b>11.4</b>

## Segment information

EUR million	1 - 9 2016	1 - 9 2015	1 - 12 2015
<b>Turnover</b>			
Europe	308.7	164.5	282.2
Asia	95.7	80.1	113.2
Turnover between segments	-18.8	-9.9	-18.1
<b>Total</b>	<b>385.7</b>	<b>234.5</b>	<b>377.3</b>
<b>Operating profit</b>			
Europe	-1.3	3.3	4.4
Asia	5.4	6.9	9.6
<b>Total</b>	<b>4.0</b>	<b>10.2</b>	<b>14.0</b>
<b>Assets</b>			
Europe	208.5	213.7	210.8
Asia	71.8	82.8	86.3
Assets classified as held for sale		10.7	1.5
<b>Total</b>	<b>280.3</b>	<b>307.2</b>	<b>298.6</b>

## Changes in tangible non-current assets

EUR million	1 - 9 2016	1 - 9 2015	1 - 12 2015
Book value at the beginning of the period	45.1	27.1	27.1
Additions	3.8	3.3	7.5
Consolidation of business operations	-2.3	18.3	18.3
Deductions	-1.3	0.0	-0.7
Depreciations	-5.5	-4.5	-6.8
Decreases in value	-1.4		-0.3
Exchange rate differences	-0.4	1.0	0.0
<b>Book value at the end of the period</b>	<b>38.1</b>	<b>45.2</b>	<b>45.1</b>

## Financial assets and liabilities, carrying amount and fair value

EUR million

	<b>30.9.2016</b>	<b>30.9.2016</b>
	Book values of balance sheet values	Fair values of balance sheet values
<b>Non-current assets</b>		
Available for sale investments	0.0	0.0
Non-current assets total	0.0	0.0
<b>Current assets</b>		
Trade and other receivables	90.1	90.1
Cash and cash equivalents	28.9	28.9
Forward exchange contracts	0.3	0.3
Current assets total	119.2	119.2
<b>Total financial assets</b>	<b>119.3</b>	<b>119.3</b>
<b>Non-current financial liabilities</b>		
Interest bearing liabilities from financial institutions	39.6	39.6
Financial leasing	0.0	0.0
Non-current financial liabilities total	39.6	39.6
<b>Current financial liabilities</b>		
Interest bearing liabilities from financial institutions	10.5	10.5
Financial leasing	0.1	0.1
Loans withdrawn from the credit limit	26.4	26.4
Derivative	0.9	0.9
Trade and other payables	70.5	70.5
Current financial liabilities total	108.4	108.4
<b>Total financial liabilities</b>	<b>147.9</b>	<b>147.9</b>

The valuation of derivatives is based on market data (level 2).

The valuation of available for sale investments is based on the acquisition cost (level 3) as the fair value of the shares cannot be determined reliably.



## Open derivative contracts

EUR million

	Negative	Net	Nominal value
Interest rate swaps, protective	0.9	0.9	50.0
Interest rate swaps, non-protective	0.0	0.0	10.4
Forward agreement	0.3	0.3	18.3

## Provisions

EUR million

	Reclamation and quarantee	Pension	Restructuring	Other	Total
<b>1.1.2016</b>	0.4	1.0	0.1	0.1	1.6
Exchange rate differences		0.1	0.0	0.0	0.0
Additions	0.5		4.7		5.2
Used provisions	-0.3	-0.5	-0.4		-1.3
Cancellation of unused provisions		-0.1	-0.1		-0.3
<b>30.9.2016</b>	0.6	0.4	4.3	0.1	5.4

Long term provisions are EUR 4,4 million and short term provisions EUR 0.9 million.

## Contingent Liabilities

EUR million

	<b>1 - 9 2016</b>	<b>1 - 9 2015</b>	<b>1 - 12 2015</b>
Business mortgages	110.0	132.7	110.0
Pledged accounts receivables		35.6	
Chattel mortgages	18.3	22.7	21.9
Pledged guarantees	2.5	0.8	3.0
Rent liabilities	17.9	25.6	18.4

Renting expenses mainly comprise the rents of the production facilities. Rent liabilities do not include VAT.

Scanfil Plc has given absolute guarantees to Siemens Finance GmbH in the amount of EUR 0.1 million as security for Scanfil GmbH's lease liabilities and to Nordea Bank AB (publ) for Scanfil Sweden AB's liabilities related to derivative contracts. Scanfil Plc has given absolute guarantee to Skandinaviska Enskilda Banken AB as security for Scanfil Sweden AB's liabilities.

The guarantee is limited to a maximum of EUR 3.3 million.

Scanfil EMS Oy has provided a guarantee of any obligations arising from the subsidiary's delivery contracts with its customers. The guarantee is limited to a maximum of EUR 7.5 million and seven years after the expiry of the last product agreement. Scanfil Sweden AB has given security to two subsidiary suppliers regarding obligations that may be created through the business relationship.

A total of EUR 26.4 million of the credit limits were in use on 30 September 2016.

## Transactions with related parties

Scanfil EMS Oy has rented an office space from Kiinteistö Oy Pilot 1, which is owned by a company Jussi Real Estate Oy whose main owner is Jussi Capital Oy.

Harri Takanen and Jarkko Takanen, members of Board of Scanfil, are main owners of Jussi Capital Oy.

Rental costs January - September 2016 were EUR 15 thousand (EUR 15 thousand in January - September 2015).

Administrative service income from Sievi Capital plc were EUR 19 thousand from January - September 2016 (EUR 24 thousand in January - September 2015).

## Key indicators quarterly

EUR million

	<b>Q3/16</b>	<b>Q2/16</b>	<b>Q1/16</b>	<b>Q4/15</b>	<b>Q3/15</b>	<b>Q2/15</b>	<b>Q1/15</b>	<b>Q4/14</b>
Turnover, MEUR	121.7	133.6	130.4	142.8	135.8	52.8	45.9	49.6
Operating profit, MEUR	7.4	-3.8	0.4	3.8	5.2	2.3	2.7	3.3
Adjusted operating income, MEUR	7.6	4.6	5.1	5.3	8.6	3.0	2.8	3.3
Operating profit, %	6.1	-2.8	0.3	2.7	3.9	4.3	5.8	6.6
Adjusted operating income, %	6.2	3.5	3.9	3.7	6.4	5.8	6.0	6.6
Net income, MEUR	6.5	-6.1	-1.7	1.2	2.8	1.7	2.7	2.5

## Calculation of key indicators

Return on equity, %	$\frac{\text{Net profit for the period} \times 100}{\text{Shareholders' equity (average)}}$
Return on investment, %	$\frac{(\text{Profit before taxes} + \text{interest and other financial expenses}) \times 100}{\text{Balance sheet total} - \text{non-interest-bearing liabilities (average)}}$
Gearing (%)	$\frac{(\text{Interest-bearing liabilities} - \text{cash and other liquid financial assets}) \times 100}{\text{Shareholders' equity}}$
Equity ratio (%)	$\frac{\text{Shareholders' equity} \times 100}{\text{Balance sheet total} - \text{advance payments received}}$
Earnings per share	$\frac{\text{Net profit for the period}}{\text{Average adjusted number of shares during the year}}$
Shareholders' equity per share	$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the financial period}}$
Dividend per share	$\frac{\text{Dividend to be distributed for the period (Board's proposal)}}{\text{Number of shares at the end of year}}$
Dividend per earnings (%)	$\frac{\text{Dividend per share} \times 100}{\text{Earnings per share}}$
Effective dividend yield (%)	$\frac{\text{Dividend per share} \times 100}{\text{Share price at the end of year}}$
Price-to-earnings ratio (P/E)	$\frac{\text{Share price at the end of year}}{\text{Earnings per share}}$
Average share price	$\frac{\text{Total share turnover}}{\text{Number of shares traded}}$
Market capitalisation	Number of shares x last trading price of the financial period

SCANFIL PLC

Petteri Jokitalo  
CEO

Additional information:  
CEO Petteri Jokitalo  
Tel +358 8 4882 111

Distribution      NASDAQ OMX, Helsinki  
                         Major Media  
                         www.scanfil.com

Scanfil is an international contract manufacturer and system supplier for the electronics industry with 40 years of experience in demanding contract 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 include mobile and communications network devices, automation system modules, frequency converters, lift control systems, analysers, various slot and vending machines, and devices related to medical technology and meteorology. Scanfil services are used by numerous international automation, energy, IT and health service providers, as well as companies operating in the field of urbanisation. Scanfil's network of factories consists of 12 production units in Europe, Asia and North America. The total number of employees is 3,500.

Not to be published or distributed, directly or indirectly, in any country where its distribution or publication is unlawful. Forward looking statements: certain statements in this stock exchange release may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of Scanfil Oyj to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this stock exchange release, such statements use such words as "may," "will," "expect," "anticipate," "project," "believe," "plan" and other similar terminology. New risk factors may arise from time to time and it is not possible for management to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance and achievements of Scanfil Oyj to be materially different from those contained in forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. The forward-looking information contained in this stock exchange release is current only as of the date of this stock exchange release. There should not be an expectation that such information will in all circumstances be updated, supplemented or revised, except as provided by the law or obligatory regulations, whether as a result of new information, changing circumstances, future events or otherwise.