



# Scanfil Group's Half Year Financial Report January – June 2018

*Q2/2018: Record turnover and operating profit, future outlook unchanged*

## April – June

- Turnover totalled EUR 151.7 million (Q2 2017: 132.4), up to 14.5%
- Operating profit EUR 11.2 (7.1) million, 7.4% (5.3%) of turnover
- Net profit was EUR 8.0 (4.3) million
- Earnings per share amounted EUR 0.12 (0.07)

## January – June

- Turnover totalled to EUR 291.3 million (H1 2017: 254.7), up to 14.4%
- Operating profit EUR 21.5 (13.2) million, 7.4% (5.2%) of turnover
- Net profit for the review period was EUR 15.5 (10.2) million
- Earnings per share were EUR 0.24 (0.16)

## Future Outlook

Scanfil estimates that its turnover for 2018 will be EUR 545 - 585 million and the operating profit will amount to EUR 36 - 40 million.

## KEY FIGURES

	Q2/2018	Q2/2017	Change %	H1/2018	H1/2017	Change %	1-12/2017
Turnover, EUR million	151.7	132.4	15%	291.3	254.7	14%	529.9
Operating Profit, EUR million	11.2	7.1	59%	21.5	13.2	63%	31.3
Operating Profit, %	7.4	5.3		7.4	5.2		5.9
Net Profit, EUR million	8.0	4.3	83%	15.5	10.2	53%	25.8
Earnings per Share, EUR	0.12	0.07	83%	0.24	0.16	52%	0.40
Return on Equity, %				24.3	18.5		22.2
Equity Ratio, %				40.6	38.4		40.7
Net Gearing, %				34.1	44.8		32.6
Net Cash Flow from Operations, EUR million				8.5	4.7	81%	21.3
Employees (Average)				3 446	3 200	8%	3 254

## Petteri Jokitalo, CEO

The second quarter was a record one in terms of sales and operating profit. We continued on the same lines as in the first quarter of this year: turnover grew by about 15% on the same period last year, and operating profit was up 59% year-on-year. With the exception of the Networks & Communication segment, every segment grew compared to the year-on-year level. The Other Industries segment grew particularly strongly, and the Urban Applications segment and the Medtec, Life Science, Environmental Measurements segment both grew by more than 10% year-on-year.

April–June operating profit was EUR 11.2 million, with operating margin at a good level of 7.4%. The return on investment was 24.3%. Profitability was driven by productivity improvement actions and good utilization rate of factories capacity, supported by high demand from customers.

Component availability continued to be an issue during the quarter. This required constant attention and actions, as well as seamless cooperation with customers and suppliers. With successful measures and good cooperation, however, we were able to ensure material availability and customer deliveries without any serious disturbance.

In April, in light of strong customer demand we increased our turnover and operating profit estimates

for the year 2018. The updated guidance continues to reflect our outlook, so we expect sales and operating profit for the second half of the year to be lower than for the first half. The main reason for this is weakening demand in the Networks & Communication segment, and the declining demand outlook for the coming months in a significant customer's deliveries in the Other Industries segment. For these customers, we expect growth to resume in early 2019. Strong fluctuation of customer forecasts has been typical for this year and, therefore, it is not possible to narrow the future guidance range for 2018.

The strong result for the first half of the year provides a sound basis for the implementation of Scanfil's strategy. We will continue to strengthen our global delivery capability and our global factory network, to further strengthen our position as the preferred supplier for our global customers. We seek growth from new customers primarily in the Nordic countries and in Central Europe, both organically and through potential acquisitions. We are well positioned to fulfill future growth targets and, in 2020 Scanfil aims to reach sales of EUR 600 million, excluding possible acquisitions.

I am pleased with the operational performance and Scanfil's results in the first half of 2018, and I wish to thank our personnel for their good work and good results.

## Markets and Customer Segments

Turnover grew in the second quarter by 14.5% overall compared to the corresponding period of last year. Growth was particularly strong in the Other Industries customer segment, which grew by EUR 10.4 million, or 49.8%, compared to the previous year. The Urban Applications customer segment also developed well, and grew by EUR 5.2 million (up 12.2%). The Medtec, Life Science and Environmental Measurements customer segment grew by EUR 3.6 million (up 17.0%), and the Energy & Automation segment by EUR 1.8

million (up 8.2%). By contrast, the Networks & Communication segment decreased by EUR 1.8 million, a drop of 7.0%.

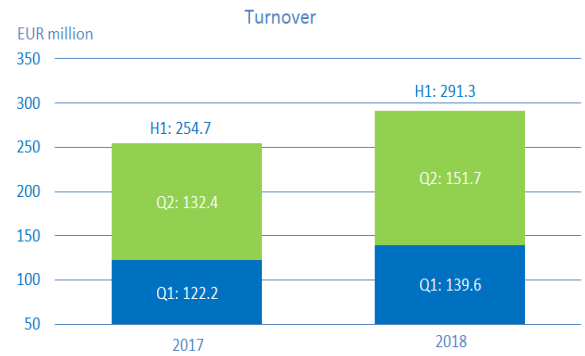
However, the development of demand within customer segments showed high customer-specific variation.

The largest customer's share of the turnover was 12% (13%), and that of the ten largest customers was 62% (59%).

EUR million	Q1/2017	Q2/2017	Q3/2017	Q4/2017	Q1/2018	Q2/2018	% of Q2 turnover 2018
Energy & Automation	21.4	22.1	20.7	20.5	22.4	23.9	15.7 %
Medtec, Life Science, Environmental Measurements	20.3	21.0	21.5	23.3	25.2	24.6	16.2 %
Networks & Communication	27.2	25.5	27.3	23.5	22.3	23.7	15.6 %
Urban Applications	40.5	42.9	39.4	49.8	43.2	48.1	31.7 %
Other Industries	12.8	20.9	22.0	27.4	26.6	31.4	20.7 %
<b>Total</b>	<b>122.2</b>	<b>132.4</b>	<b>130.8</b>	<b>144.4</b>	<b>139.6</b>	<b>151.7</b>	<b>100.0 %</b>

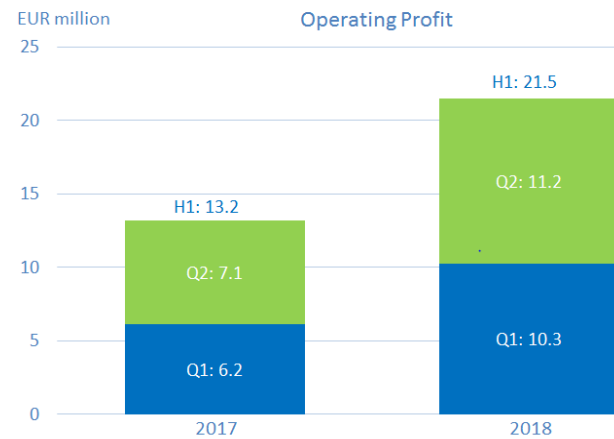
## Turnover

- **April–June** turnover amounted to EUR 151.7 million, which is EUR 19.2 million (14.5%) higher than for the corresponding period last year.
- Also turnover compared to the previous quarter increased by EUR 12.0 million (8.6%).
- **January–June** turnover amounted to EUR 291.3 million, which is EUR 36.6 million (14.4%) higher than for the corresponding period last year.



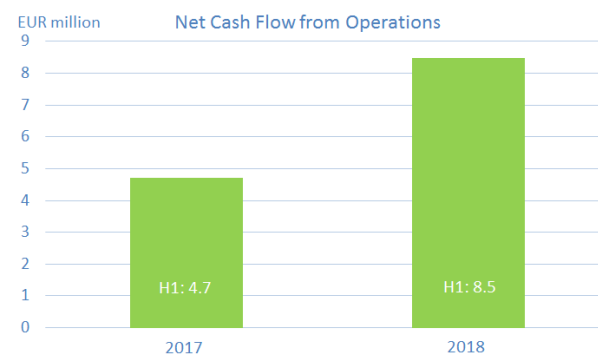
## Operating profit

- **April–June** operating profit was EUR 11.2 million (7.4% of turnover), and increased by 59.1% on the corresponding period of last year.
- The main reasons for the growth in operating profit are as follows:
  - In all units, the utilization rate was at least reasonable, and the delivery reliability and productivity were good. At the Myslowice plant in particular, productivity increased sharply due to the development measures taken at the end of last year and early this year.
  - During the first half of 2017, operations at the plant in Vantaa, Finland and the plant in Biatorbágy, Hungary were discontinued. During this period, the expenses of these two plants to some extent lowered the operating profit for the period in question of the previous year.
- **January–June** operating profit was 21.5 EUR million (7.4% of turnover) and increased by approximately 62.7% from the previous year.



## Net Cash Flow from Operations

- **January–June** net cash flow from operations was EUR 8.5 million, and increased by EUR 3.8 million compared to the corresponding period last year.
- The increase in net cash flow was mainly due to growth in operating profit.
- Due to the increase in turnover, the increased working capital contributed negatively to net cash flow.



# Scanfil Group's Half Year Financial Report January – June 2018

## Financial Development

The Group's turnover for January–June was EUR 291.3 (254.7) million, an increase of 14.4% on the corresponding period for the previous year. The group's operating profit for January–June was EUR 21.5 (13.2) million, which is 7.4% (5.2%) of turnover. Operating profit increased by approximately 62.7% on the previous year. In addition to the positive turnover trend, the overall improvement in productivity also contributed to growth in operating profit. The figures for the first half of 2017 were also to some extent negatively affected by the expenses of the discontinued Vantaa and Biatorbágy plants. The net profit for the period under review was EUR 15.5 (10.2) million.

Earnings per share for the period under review were EUR 0.24 (0.16). The return on investment was 22.7% (16.0%). The improvement in return on investment was mainly due to good profit trends.

The Group's turnover for April–June amounted to EUR 151.7 (132.4) million and operating profit was EUR 11.2 (7.1) million, or 7.4% (5.3%) of turnover. The net profit for April–June was EUR 8.0 (4.3) million.

## Financing and Capital Expenditure

The Group has a stable financing position. The consolidated balance sheet total was EUR 323.6 (290.2) million at the end of the review period. Cash assets were EUR 21.2 (19.2) million. Liabilities amounted to EUR 192.3 (178.8) million, of which non-interest-bearing liabilities were EUR 126.2 (109.7) million and interest-bearing liabilities were EUR 66.0 (69.1) million. The equity ratio was 40.6% (38.4%), and net gearing was 34.1% (44.8%). Equity per share was EUR 2.05 (1.75). The positive trends in key indicators were influenced by increased cash assets, the reduction in interest-bearing debts and a good profit trend.

The Group's financing arrangements include termination covenants related to the equity ratio, and the ratio between interest-bearing net liabilities and the operating margin. The terms of the covenants are monitored on a quarterly basis. These terms were clearly fulfilled by the end of the review period.

Net cash flow from operating activities for the review period January–June was EUR 8.5 (4.7) million. The change in working capital during the review period was EUR -12.6 (-5.1) million. The change in working capital in January–June 2018, compared to the turn of the year, is comprised of the following items: short-term non-interest-bearing receivables increased by EUR 12.7 million, inventories increased by EUR 5.6 million and short-term non-interest-bearing liabilities increased by EUR 5.7 million. Cash flow from investments was EUR -5.9 (-3.1) million. Cash flow from financing was EUR -2.1 (-1.8) million. A total of EUR 7.0 million was paid in dividend, and long-term loan repayments were a total of EUR 5.4 million. The credit limit was increased by EUR 10.1 million.

Gross investments in January–June were EUR 6.1 (10.4) million, which is 2.1% (4.1%) of turnover. The investments are mainly accounted for by completion of the plant extension in Poland, and machinery and equipment procurement in China and Poland. Depreciation was a total of EUR 4.6 million (4.2 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 Board of Directors' proposals to the 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 9 May 2018.

## 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 5.14 and the lowest EUR 4.08, the closing price for the period standing at EUR 4.72. A total of 1,499,082 shares were traded during the period,

corresponding to 2.3% of the total number of shares. The market value of the shares on 30 June 2018 was EUR 302.0 million

### Option Schemes

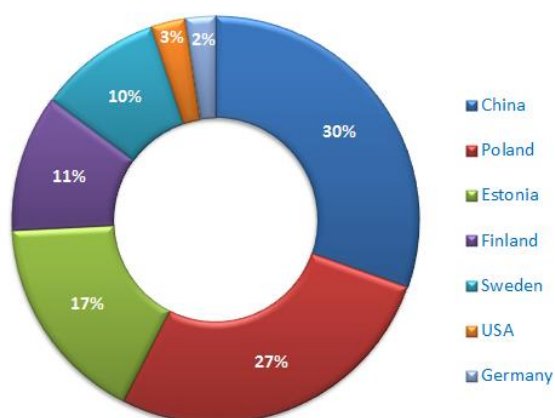
Between 7 May and 5 June 2018, a total of 90,000 Scanfil Plc's (the "Company" or "Scanfil") new shares have been subscribed for with the Company's stock options 2013(C). The entire subscription price for subscriptions made with the stock options 2013(C) of EUR 261,900 will be entered in the Company's reserve for invested unrestricted equity.

The shares subscribed for under the stock options have been registered in the Trade Register on 19 June 2018, as of which date the new shares will establish shareholder rights. As a result of registering the new shares, the number of Scanfil shares is 63,985,439 in total. The new shares are traded on the main list of the Nasdaq Helsinki Ltd since 20 June 2018.

### Personnel

At the end of the period under review, the Group employed 3,484 (3,285) people, of whom 3,105 (2,922) worked outside Finland and 379 (363) in Finland. The average number of Group employees during the review period was 3,446 (3,200) people.

Personnel by Country 3484 (30 June 2018)



### Future Outlook

Scanfil plc upgraded (13 April 2018) its turnover and operating profit outlook for 2018 and estimates that the turnover will be approximately EUR 545 – 585 million and the operating profit EUR 36 – 40 million.

Scanfil expect its turnover and operating profit for the second half of year 2018 to be lower than the first half.

Scanfil's previous estimate was that its turnover for 2018 will be EUR 530 - 570 million and operating profit was estimated to be EUR 33 - 37 million.

### Long-term Target

In 2020, Scanfil aims to reach sales of EUR 600 million and 7% operating profit level thru organic growth.

### Operational Risks and Uncertainties

Weakening of the global economy and the decrease in international demand for investment commodities might have a negative impact on the development of the business of Scanfil's customers, and weaken demand in the contract manufacturing market. In particular, changes in international trade agreements and increased international trade shortages could lead to growing uncertainty in the development of the world economy. Scanfil's business operations also involve risks arising from exchange rate fluctuations.

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 on the company's website under Corporate Governance and in the notes to the consolidated financial statements.

### Accounting Principles

The Group's interim report has been prepared in compliance with the IAS 34 Interim Financial Reporting standard.

Starting from 1 January 2018, Scanfil has adopted new standards IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*. The changes in accounting principles resulting from this adoption are presented under "Changes in accounting principles." Otherwise, the accounting principles applied correspond with those defined in the Group's 2017 financial statements.

All individual figures and totals presented in tables have been rounded, due to which the total sum of individual figures may differ from the sum presented. The key figures have been calculated using precise values.

This interim report is unaudited.

In its meeting held on 9 August 2018, the Board of Director of Scanfil plc approved this financial statements release for publication.



## Changes in accounting principles

### IFRS 9

IFRS 9 replaces IAS 39. Changes resulting from the adoption of IFRS 9 concern the classification and measurement of financial assets, the definition of their impairment and the principles of applying hedge accounting.

The changes in classification are presented in the table below:

	Classification in accordance with IAS 39	Classification in accordance with IFRS 9
Trade and other receivables	Loans and other receivables	At amortized cost
Equity investments	Available-for-sale financial assets	Financial assets at fair value
Derivatives, hedge accounting	At fair value, hedge accounting	At fair value, hedge accounting

Financial liabilities have been classified at amortized cost, apart from derivative liabilities.

#### Impairment of financial assets

According to the new impairment model, impairment provisions must be recognized on the basis of expected credit losses. A simplified model must be applied to trade receivables, in which the estimated amount of credit losses is based on percentages defined on the basis of the age distribution of the receivables. The adoption of the new impairment model has no significant impact on the Group's profit or loss. Furthermore, no adjustments in retained earnings were made during the IFRS 9 transition.

#### Hedge accounting

The hedge accounting model in accordance with IFRS 9 facilitates the application of hedge accounting and brings hedge accounting closer to the Group's risk management strategy. Scanfil applies cash flow hedge accounting to currency derivatives and to the interest rate swap used to hedge a variable-rate loan.

The new hedge accounting regulations do not have any impact on this interim report.

### IFRS 15

IFRS 15 replaces IAS 18 and IAS 11 and related interpretations. IFRS 15 includes a five-step model to determine when to recognize revenue and at what amount. Revenue is recognized when a company transfers control of goods or services to a customer either over time or at a point in time.

#### Changes in the classification of financial assets

The Group has classified its financial assets at financial assets recognized at amortized cost, financial assets recognized at fair value through profit or loss and financial assets recognized at fair value in other comprehensive income items. The classification in accordance with IFRS 9 does not have any impact on equity.

The Group's turnover mainly consist of customer agreements that only include the sale of goods. The Group fulfils the performance obligation at a certain point in time when control of an asset item is transferred to the customer. Typically, control is transferred when goods are delivered in compliance with the terms of delivery.

The adoption of the standard has no significant impact on the date on which the revenues of the Group are recognized as income. The most significant difference from the current recognition date comes from the treatment of customers' consignment stocks. Earlier, the recognition was carried out when the customer used the consignment stock. According to IFRS 15, contractual control is transferred to the customer when goods are transferred to the consignment stock and, consequently, sales are recognized as income when control is transferred.

Scanfil uses the cumulative effect approach when applying IFRS 15. The adjustment to retained earnings in the opening balance sheet of 1 January 2018 is EUR 0.2 million.

The Group's revenue in January–June 2018 reported in accordance with IFRS 15 stood at EUR 291.3 million and would have been EUR 291.8 million if reported in accordance with the principles of IAS 18 and IAS 11.

## Consolidated Income Statement

EUR million

	4 - 6 2018	4 - 6 2017	1 - 6 2018	1 - 6 2017	1 - 12 2017
<b>Turnover</b>	<b>151.7</b>	<b>132.4</b>	<b>291.3</b>	<b>254.7</b>	<b>529.9</b>
Other operating income	0.1	1.6	0.4	2.3	2.7
Changes in inventories of finished goods and work in progress	-0.1	-0.9	-1.1	-1.4	3.0
Expenses	-138.2	-124.0	-264.6	-238.1	-495.5
Depreciation	-2.3	-2.1	-4.6	-4.2	-8.7
<b>Operating profit</b>	<b>11.2</b>	<b>7.1</b>	<b>21.5</b>	<b>13.2</b>	<b>31.3</b>
Financial income and expenses	-1.2	-1.1	-2.2	-0.4	1.3
<b>Profit before taxes</b>	<b>10.0</b>	<b>5.9</b>	<b>19.3</b>	<b>12.8</b>	<b>32.6</b>
Income taxes	-2.0	-1.6	-3.7	-2.7	-6.8
<b>Net profit for the period</b>	<b>8.0</b>	<b>4.3</b>	<b>15.5</b>	<b>10.2</b>	<b>25.8</b>
Attributable to:					
Equity holders of the parent	8.0	4.3	15.5	10.2	25.8
Earnings per share for profit attributable to shareholders of the parent: undiluted and diluted earnings per share ( EUR)	0.12	0.07	0.24	0.16	0.40

## Consolidated Statement of Comprehensive Income

EUR million

	4 - 6 2018	4 - 6 2017	1 - 6 2018	1 - 6 2017	1 - 12 2017
<b>Net profit for the period</b>	<b>8.0</b>	<b>4.3</b>	<b>15.5</b>	<b>10.2</b>	<b>25.8</b>
Items that may later be recognized in profit or loss					
Translation differences	-1.2	-2.5	-2.0	-1.9	-4.9
Cash flow hedges	-0.5	0.0	-0.4	0.3	0.4
Other comprehensive income, net of tax	-1.6	-2.5	-2.4	-1.6	-4.5
<b>Total Comprehensive Income</b>	<b>6.3</b>	<b>1.8</b>	<b>13.2</b>	<b>8.5</b>	<b>21.3</b>
Attributable to:					
Equity holders of the parent	6.3	1.8	13.2	8.5	21.3

## Consolidated Statement of Financial Position

EUR million

<b>Assets</b>	<b>30.6.2018</b>	<b>30.6.2017</b>	<b>31.12.2017</b>
<b>Non-current assets</b>			
Property, plant and equipment	49.1	43.3	47.7
Goodwill	10.0	10.5	10.4
Other intangible assets	13.1	15.4	14.6
Available-for-sale investments	0.0	0.0	0.0
Deferred tax assets	4.8	2.1	4.2
<b>Total non-current assets</b>	<b>77.0</b>	<b>71.3</b>	<b>76.9</b>
<b>Current assets</b>			
Inventories	104.3	92.0	100.7
Trade and other receivables	118.5	105.3	106.0
Advance payments	1.2	1.1	1.0
Current tax	1.5	1.3	1.4
Cash and cash equivalents	21.2	19.2	20.6
<b>Total current assets</b>	<b>246.7</b>	<b>218.8</b>	<b>229.7</b>
<b>Total assets</b>	<b>323.6</b>	<b>290.2</b>	<b>306.6</b>
<b>Shareholder's equity and liabilities</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	2.0	2.0	2.0
Reserve for invested unrestricted equity fund	28.3	27.9	28.0
Fair value reserve	-0.4	-0.3	-0.1
Other reserves	6.7	6.5	6.7
Translation differences	4.7	9.7	6.7
Retained earnings	90.1	65.5	81.3
<b>Total equity</b>	<b>131.4</b>	<b>111.4</b>	<b>124.7</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	4.4	3.0	4.8
Provisions	0.3	0.3	0.3
Interest bearing liabilities	21.9	32.9	27.4
<b>Total non-current liabilities</b>	<b>26.6</b>	<b>36.2</b>	<b>32.5</b>
<b>Current liabilities</b>			
Trade and other liabilities	118.2	103.8	113.1
Current tax	2.9	2.3	2.2
Provisions	0.4	0.4	0.2
Interest bearing liabilities	44.1	36.1	34.0
<b>Total current liabilities</b>	<b>165.6</b>	<b>142.6</b>	<b>149.4</b>
<b>Total liabilities</b>	<b>192.3</b>	<b>178.8</b>	<b>181.9</b>
<b>Total shareholder's equity and liabilities</b>	<b>323.6</b>	<b>290.2</b>	<b>306.6</b>

## Consolidated Cash Flow Statement

EUR million

	1.1.-30.6.2018	1.1.-30.6.2017	1.1.-31.12.2017
<b>Cash flow from operating activities</b>			
Net profit	15.5	10.2	25.8
Adjustments for the net profit	10.2	3.5	10.7
Change in net working capital	-12.6	-5.1	-5.8
Paid interests and other financial expenses	-0.9	-1.0	-1.8
Interest received	0.0	0.1	0.2
Taxes paid	-3.8	-2.9	-7.7
<b>Net cash from operating activities</b>	<b>8.5</b>	<b>4.7</b>	<b>21.3</b>
<b>Cash flow from investing activities</b>			
Investments in tangible and intangible assets	-6.3	-12.8	-20.7
Sale of tangible and intangible assets	0.3	9.7	10.0
<b>Net cash from investing activities</b>	<b>-5.9</b>	<b>-3.1</b>	<b>-10.7</b>
<b>Cash flow from financing activities</b>			
Related-party investment company shares	0.3	0.1	0.3
Repayment of long-term loans	-5.4	-10.7	-10.5
Repayment of short-term loans			-5.1
Proceeds from short term loans	10.1	14.5	12.0
Dividends paid	-7.0	-5.7	-5.7
<b>Net cash from financing activities</b>	<b>-2.1</b>	<b>-1.8</b>	<b>-9.1</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>0.5</b>	<b>-0.1</b>	<b>1.5</b>
Cash and cash equivalents at beginning of period	20.6	20.2	20.2
Changes in exchange rates	0.1	-0.9	-1.1
<b>Cash and cash equivalents at end of period</b>	<b>21.2</b>	<b>19.2</b>	<b>20.6</b>

## Statement of changes in Consolidated Equity

EUR million

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

Equity	Share capital	Reserve for invested unrestricted equity fund	Fair value reserve	Reserve fund	Translation differences	Retained earnings	Equity total
1.1.2018	2.0	28.0	-0.1	6.7	6.7	81.3	124.7
Adjustment according to IFRS 15						0.2	0.2
Total comprehensive income			-0.4		-2.0	15.5	13.2
Exercised options		0.3					0.3
Option Scheme						0.1	0.1
Paid dividends						-7.0	-7.0
<b>Equity</b>							
<b>30.6.2018</b>	<b>2.0</b>	<b>28.3</b>	<b>-0.4</b>	<b>6.7</b>	<b>4.7</b>	<b>90.1</b>	<b>131.4</b>

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

Equity	Share capital	Reserve for invested unrestricted equity fund	Fair value reserve	Reserve fund	Translation differences	Retained earnings	Equity total
1.1.2017	2.0	27.7	-0.5	6.5	11.6	61.0	108.3
Total comprehensive income			0.3		-1.9	10.2	8.5
Exercised options		0.1					0.1
Option Scheme						0.1	0.1
Paid dividends						-5.7	-5.7
<b>Equity</b>							
<b>30.6.2017</b>	<b>2.0</b>	<b>27.9</b>	<b>-0.3</b>	<b>6.5</b>	<b>9.7</b>	<b>65.5</b>	<b>111.4</b>

## Key Indicators

	1 - 6 2018	1 - 6 2017	1 - 12 2017
Return on equity, %	24.3	18.5	22.2
Return on investment, %	22.7	16.0	19.4
Interest-bearing liabilities, EUR million	66.0	69.1	61.3
Gearing, %	34.1	44.8	32.6
Equity ratio, %	40.6	38.4	40.7
Gross investments, EUR million	6.1	10.4	18.6
% of net turnover	2.1	4.1	3.5
Personnel, average	3 446	3 200	3 254
Earnings per share, EUR	0.24	0.16	0.40
Shareholders' equity per share, EUR	2.05	1.75	1.95
Number of shares at the end of period, 000's			
- not counting own shares	63 985	63 770	63 895
- weighted average	63 901	63 677	63 757

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.

## Disaggregation of revenues

EUR million	4 - 6 2018			4 - 6 2017		
	Sales of goods	Sales of services	Total	Sales of goods	Sales of services	Total
<b>Customer Segments</b>						
Energy & Automation	22.7	1.2	23.9	20.8	1.3	22.1
Medtec, Life Science, Environmental Measurements	21.4	3.2	24.6	19.7	1.3	21.0
Networks&Communication	21.0	2.7	23.7	22.8	2.7	25.5
Urban Applications	46.3	1.8	48.1	40.3	2.6	42.9
Other Industries	30.0	1.4	31.4	19.9	1.0	20.9
<b>Total</b>	<b>141.4</b>	<b>10.3</b>	<b>151.7</b>	<b>123.5</b>	<b>8.9</b>	<b>132.4</b>
<b>Timing of revenue recognition</b>						
Goods and services transferred at a point of time	<b>141.4</b>	<b>10.3</b>	<b>151.7</b>	<b>123.5</b>	<b>8.9</b>	<b>132.4</b>

## Disaggregation of revenues

EUR million	1 - 6 2018			1 - 6 2017		
	Sales of goods	Sales of services	Total	Sales of goods	Sales of services	Total
<b>Customer Segments</b>						
Energy & Automation	44.3	2.0	46.3	41.1	2.4	43.5
Medtec, Life Science, Environmental Measurements	44.8	5.0	49.8	38.6	2.7	41.3
Networks&Communication	41.1	4.8	46.0	47.8	4.9	52.7
Urban Applications	88.8	2.5	91.3	80.1	3.4	83.5
Other Industries	55.5	2.4	57.9	31.9	1.8	33.7
<b>Total</b>	<b>274.6</b>	<b>16.7</b>	<b>291.3</b>	<b>239.6</b>	<b>15.1</b>	<b>254.7</b>
<b>Timing of revenue recognition</b>						
Goods and services transferred at a point of time	<b>274.6</b>	<b>16.7</b>	<b>291.3</b>	<b>239.6</b>	<b>15.1</b>	<b>254.7</b>

## Changes in tangible non-current assets

EUR million	1 - 6 2018	1 - 6 2017	1 - 12 2017
Book value at the beginning of the period	47.7	40.6	40.6
Additions	6.1	15.6	23.3
Deductions	-0.1	-9.7	-9.7
Depreciations	-3.6	-3.2	-6.7
Exchange rate differences	-1.0	0.0	0.1
<b>Book value at the end of the period</b>	<b>49.1</b>	<b>43.3</b>	<b>47.7</b>

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

EUR million	30.6.2018 Book values of balance sheet values	30.6.2018 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 receivables	107.7	107.7
Cash and cash equivalents	21.2	21.2
Current assets total	128.9	128.9
<b>Total financial assets</b>	<b>128.9</b>	<b>128.9</b>

### Non-current financial liabilities

Interest bearing liabilities from financial institutions	18.5	18.5
Financial leasing	3.4	3.4
Non-current financial liabilities total	21.9	21.9

### Current financial liabilities

Interest bearing liabilities from financial institutions	10.5	10.5
Financial leasing	0.4	0.4
Loans withdrawn from the credit limit	33.1	33.1
Derivative	0.6	0.6
Trade payables	93.9	93.9
Current financial liabilities total	138.6	138.6

### Total financial liabilities

**160.5** **160.5**

### Open derivative contracts

EUR million

	Positive	Negative	Net	Nominal value
Interest rate swaps, protective		-0.3	-0.3	29.0
Forward agreement, protective	0.1	-0.4	-0.3	21.5

### Provisions

EUR million

	Reclamation and guarantee	Pension	Other	Total
<b>1.1.2018</b>	0.2	0.0	0.2	0.5
Exchange rate differences	0.0	0.0	0.0	0.0
Additions	0.3		0.0	0.3
Used provisions	0.0			0.0
<b>30.6.2018</b>	0.4	0.0	0.3	0.7

Long term provisions are EUR 0.3 million and short term provisions EUR 0.4 million.

The reclamation and warranty provision includes the estimated cost of repairing defective products that is related to customer complaints and warranty obligations, and any fees resulting from delayed deliveries. Other provisions are related to a bonus agreed upon locally in Poland to be paid on the basis of service years. It applies to employees who have worked in the company for several years.



## Contingent Liabilities

EUR million

	1 -6 2018	1 -6 2017	1 -12 2017
Business mortgages	110.0	110.0	110.0
Pledged guarantees	1.4	2.2	2.1
Rent liabilities	9.9	8.8	9.0

Rent liabilities mainly comprise the rents of the production facilities. Rent liabilities do not include VAT. Group is operating in rented premises in Sweden, Germany, USA, in Myslowice Poland and Vantaa and Oulu in Finland. Scanfil Oyj has guaranteed the subsidiary Scanfil Inc.'s lease obligations.

Scanfil Oyj has given absolute guarantees to Nordea Bank AB (publ) as security for payment of the liabilities which Scanfil Sweden AB has created from time to time towards Nordea Bank AB (publ) on the basis of derivative contracts concluded, as well as to Skandinaviska Enskilda Banken AB replacing the previous liabilities of Scanfil Sweden AB. The maximum liability is EUR 3.6 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 some subsidiary suppliers regarding obligations that may be created through the business relationship.

A total of EUR 33.1 million of the credit limits were in use on 30 June 2018.

## Key indicators quarterly

	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17	Q4/16	Q3/16
Turnover, MEUR	151.7	139.6	144.4	130.8	132.4	122.2	122.3	121.7
Operating profit, MEUR	11.2	10.3	9.6	8.5	7.1	6.2	2.8	7.6
Operating profit, %	7.4	7.4	6.6	6.5	5.3	5.0	2.3	6.2
Net income, MEUR	8.0	7.6	10.5	5.2	4.3	5.8	1.3	6.5

## 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  
puh. +358 8 4882 111

DISTRIBUTION NASDAQ OMX, Helsinki  
Major media  
[www.scanfil.com](http://www.scanfil.com)

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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 10 production units in Europe, Asia and North America. The total number of employees is about 3,500.

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