



SCANFIL

Financial Statements Release 1-12/2017

Scanfil Group's Financial Statements for 1 January – 31 December 2017

Year 2017: Strong operating margin benefitted from increased sales and lighter cost structure

October – December 2017

- Turnover totalled EUR 144.4 million (Q4 2016: 122.3), up to 18.1%
- Operating profit EUR 9.6 million (2.8, before adjustment items 4.7), 6.6% (2.3%, before adjustment items 3.8%) of turnover
- Profit was EUR 10.5 million (1.3)
- Earnings per share amounted EUR 0.16 (0.02, before adjustment items 0.05)

January – December 2017

- Turnover totalled to EUR 529.9 million (1-12/2016: 508.0), up to 4.3%
- Operating profit EUR 31.3 million (7.2, before adjustment items 22.3), 5.9% (1.4, before adjustment items 4.4%) of turnover
- Profit for the review period was EUR 25.8 million (0.1)
- Earnings per share were EUR 0.40 (0.00, before adjustment items 0.25)

There are no reportable adjustment items during the financial year. Adjustments for the year 2016 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 in the year 2015.

Future Outlook

Scanfil estimates, that its turnover for 2018 will be EUR 530 - 570 million and the operating profit will amount to 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.

KEY FIGURES

	Q4/2017	Q4/2016	Change%	2017	2016	Change %
Turnover, EUR million	144.4	122.3	18 %	529.9	508.0	4 %
Operating Profit, EUR million	9.6	2.8	243 %	31.3	7.2	335 %
Operating Profit, Adjusted, EUR million	9.6	4.7	104 %	31.3	22.3	40 %
Operating Profit, %	6.6	2.3		5.9	1.4	
Operating Profit, %, Adjusted	6.6	3.8		5.9	4.4	
Net Profit, EUR million	10.5	1.3	708 %	25.8	0.1	
Net Profit, Adjusted, EUR million	10.5	3.2	228 %	25.8	15.7	64 %
Earnings per Share, EUR	0.16	0.02	700 %	0.40	0.00	
Return on Equity, %				22.2	0.1	
Equity Ratio, %				40.7	40.7	
Net Gearing, %				32.6	36.9	
Net Cash Flow from Operations, EUR million				21.3	16.5	29 %
Employees (Average)				3 254	3 483	-7 %

Petteri Jokitalo, CEO

“The year ended with a strong fourth quarter. Excellent customer demand ensured the growth of the turnover with 18 % from the previous year with 6.6 % operating profit. During the whole year 2017, we went firmly forward; turnover grew 4.3 % and reported operating profit 31.3 million euro more than quadrupled compared to 2016. We managed to reach our targeted about 6% operating profit level for the whole year. Net cash flow from operating activities increased by 29% and return on equity was 22.2%.

We made headway in the implementation of our strategy. The optimization of the factory network was completed already in the first half of the year which now can be seen in lower cost structure and cost-benefits. Our investments were record-high; the extension of the electronics factory in Sieradz was completed in December, and our integration factory in Atlanta moved to a bigger facility during the summer. In practice, we doubled our space in both of these factories.

We purchased and took into use new SMT-lines in our electronics factories in Suzhou, Sieradz and Malmö. In Myslowice integration factory we invested in sheet metal parts manufacturing capacity. Investments have been made based on already visible customer demand and to enable that we reach our future growth targets. We are in a good position for 2018.

Our current broad customer base gives us a good foundation to increase our sales for long in the future. In new customer acquisition, we are active in especially in Nordic countries and Central Europe. Our target is to differentiate from the competition with our excellent performance and to be the trusted manufacturing partner to our customers. The needs of our customers are always in the center when developing our operations.

I am pleased with the development of Scanfil in 2017. I want to thank our dedicated personnel, customers and other stakeholders.”

Markets and Customer Segments

In 2017 the turnover increased almost in all customer segments including the "Energy and Automation", "Medtech, Life Science, Environmental Measurements", "Networks & Communication" and "Other Industries" segments. The good development in new customer sales was especially seen in the

growth of the sales in the "Other Industries" segment. However, the development of demand within customer segments was strongly customer-specific.

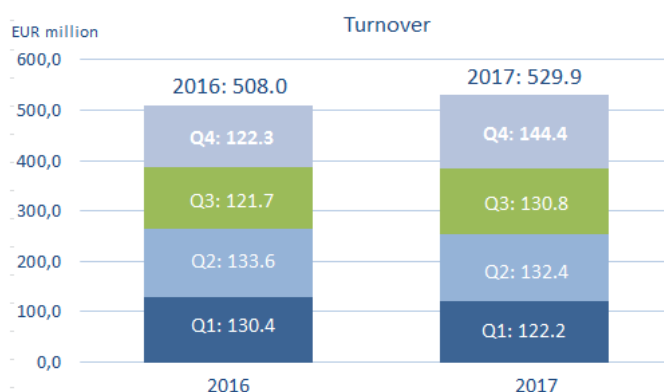
The largest customer accounted for 13% (11%) of turnover and the top ten customers accounted for 61% (56%) of turnover.

EUR, million	2016	Q1/2017	Q2/2017	Q3/2017	Q4/2017	2017	% of 2017 turnover
Defence, Oil & Gas and Maritime	15.7						
Energy & Automation	80.7	21.4	22.1	20.7	20.5	84.7	16.0 %
Medtec, Life Science, Environmental Measurements	70.4	20.3	21.0	21.5	23.3	86.0	16.2 %
Networks&Communication	98.8	27.2	25.5	27.3	23.5	103.5	19.5 %
Urban Applications	179.6	40.6	42.9	39.4	49.8	172.6	32.6 %
Other Industries	62.8	12.8	20.9	22.0	27.4	83.1	15.7 %
Total	508.0	122.3	132.4	130.8	144.4	529.9	100.0 %

"The remaining customer accounts from "Defence, Oil & Gas and Maritime" were transferred to the "Networks & Communication" and "Other Industries" customer groups as of Q3/2016.

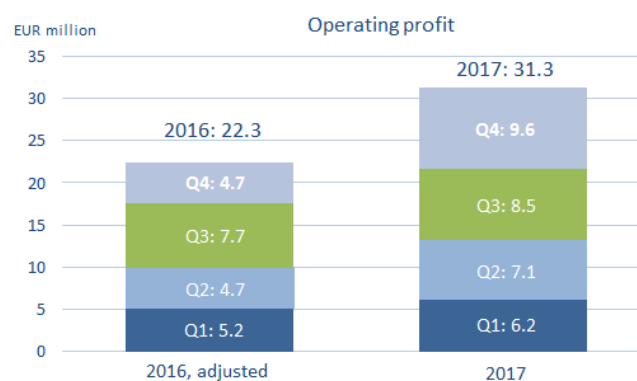
Turnover

- **October-December** turnover totalled to EUR 144.4 million, which is 18.1% higher than the corresponding period of the previous year.
- A significant part of the growth in turnover came from the "Other Industries" customer segment, whose turnover increased by EUR 12.2 million (80.6%) mainly due to new customers. In addition, the "Medtech, Life Science, Environmental Measurements" customer segment grew by more than EUR 6.1 million from last year (35.7%).
- **January-December** turnover was 4.3% higher than last year, mainly thanks to good last quarter.
- Metal Precision business was divested in the year 2016. Excluding the divestment of the Metal Precision business, turnover for the year 2017 grew by 6.4%.



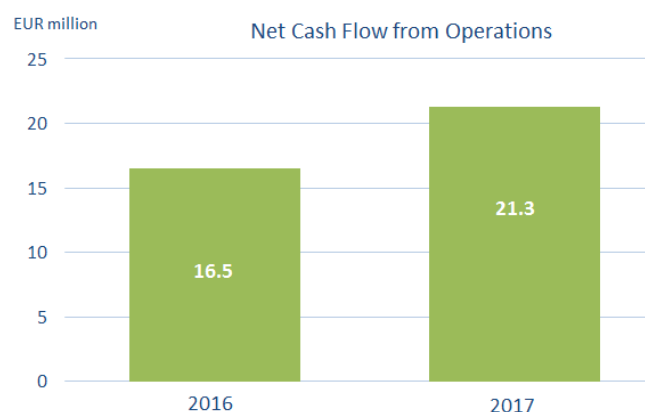
Operating Profit

- **October - December** operating profit was EUR 9.6 million (6.6% of turnover) and increased by 103.9% compared to last year.
- **January-December** operating profit was EUR 31.3 million representing 5.9% of turnover. In the second half of the year operating profit exceeded the 6.0% level targetted for 2017. Operating profit increased by 40.2% compared to last year's adjusted operating profit.
- The increase in operating profit is due to the measures taken by the company during the last year to adapt the factory network which is now finalized.
- In addition, the strong turnover trend in the fourth quarter supported development of good operating profit.
- During the first half of the year, operations ended in factories in Vantaa, Finland and Biatorbagy, Hungary, during which time their costs were still burdening the result of that period.



Net Cash Flow from Operations

- **January-December**, the net cash flow from operating activities was EUR 21.3 million and grew 29.3% compared to the previous year.
- The increase in net cash flow is mainly due to the positive development of operating profit.
- The net cash flow was affected by the improved result by EUR 2.4 million higher taxes paid
- Change in working capital was at the previous year's level.



Scanfil Group's Financial Statements Release January – December 2017

Financial Development

The Group's turnover for January - December was EUR 529.9 (508.0) million. The Group's operating profit for January – December was EUR 31.3 (7.2) million, representing 5.9% (1.4%) of turnover. The operating profit for the previous year includes adjustments total of EUR 15.1 million, consisting of the costs of the reorganisation, sale and closure of poorly profitable units of PartnerTech AB's plant network and the Metal Precision business acquired in the year 2015. Operating profit grew 40.2% compared to the adjusted operating profit of the corresponding period of the previous year. Operating profit without adjustments in January – December 2016 was EUR 22.3 million, 4.4% of turnover.

The net profit for the review period was EUR 25.8 (0.1) million. The net profit for the comparison period without adjustments was EUR 15.7 million. The result includes EUR 2.4 million non-recurring capital gains on discontinued units recognized in financial items. The batch has no impact to cash flow. In addition, deferred taxes include tax benefit related to the Polish special economic zone as well as withholding tax on dividends based on inter company dividend distribution plans for the coming years. Their positive net effect is EUR 0.5 million on the net profit.

Earnings per share for the review period were EUR 0.40 (0.00). In the previous year, the earnings per share without adjustments were EUR 0.25. Return on investment was 19.4 (4.6)%. The effect of booked translation differences and above mentioned taxes is EUR 0.05 on the earnings per share.

The Group's turnover for October–December amounted to EUR 144.4 (122.3) million, with the increase of 18.1% compared to the corresponding period of previous year. Operating profit was EUR 9.6 (2.8) million, or 6.6% (2.3%) of turnover. Operating profit more than tripled compared to the fourth quarter of the previous year. The previous year's fourth quarter included EUR 1.9 million adjustment items.

Financing and Capital Expenditure

The Group's financial position is stable. The consolidated balance sheet total stood at EUR 306.6 million (266.8 million) at the end of the review period. Cash assets totalled EUR 20.6 million (20.2 million). Liabilities amounted to EUR 181.9 million (158.5 million), of which non-interest-bearing liabilities totalled EUR 120.6 million (98.3 million) and interest-bearing liabilities totalled EUR 61.3 million (60.1 million). The equity ratio was 40.7% (40.7%), and net gearing was 32.6% (36.9%). Equity per share was EUR 1.95 (1.70).

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 clearly complied.

Net cash flow from operating activities for the review period January-December was EUR 21.3 (16.5) million. The change in net working capital during the period amounted to EUR -5.8 (-6.1) million. The change in working capital in 2017 compared to the turn of the previous year consists of the following items: short-term non-interest-bearing receivables grew by EUR 18.1 million, inventories increased by EUR 15.4 million and short-term non-interest-bearing liabilities increased by EUR 27.6 million. Net cash flow from investments was EUR -10.7 million (-3.5). Cash flow from financing was EUR -9.1 (-14.4) million. The long-term loan was shortened by EUR 10.5 (5.3) million and EUR 5.7 (5.1) million of dividends were paid. In the previous year, assets of EUR 16.8 million EUR was raced by emission.

Net cash flow from operating activities for October – December was EUR 14.0 (13.4) million. The change in working capital during the period was EUR 5.1 (8.3) million. Net cash flow from investments was EUR -3.2 (-1.5). Cash flow from financing was EUR -11.8 (-20.9) million.

Gross investment in January–December 2017 totalled EUR 18.6 million (5.5), or 3.5% (1.1%) of the turnover. The investments included mainly the expansion of the production facility in Poland, SMT lines to Suzhou, China, Sieradz, Poland and Malmö, Sweden. In addition, investment to sheet metal capacity was made in Myslowice, Poland. Depreciation totalled EUR 8.7 million (11.0).

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.

The minutes of the Annual General Meeting have been available on the company's website, www.scanfil.com, as of 10 May 2017.

Own Shares

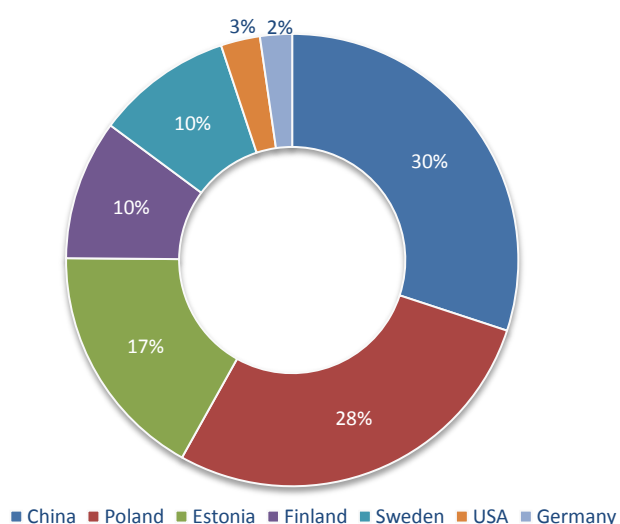
The company does not own its own shares.

Share Trading and Share Performance

The highest trading price during the review period was EUR 4.53 and the lowest EUR 3.42, the closing price for the period standing at EUR 4.25. A total of 3,295,944 shares were traded during the period, corresponding to 5.2% of the total number of shares. The market value of the shares on 31 December 2017 was EUR 271.6 million

Personnel

At the end of the period under review, the Group employed 3,337 (3,294) people, of whom 3,019 (2,973) worked outside Finland and 318 (321) in Finland. The average number of Group employees during the review period was 3,254 (3,483) people.



Option Schemes

During the period under review, a total of 225,000 Scanfil Plc's new shares have been subscribed for with the company's stock options 2013(B). The entire subscription price for subscriptions made with the stock options of EUR 317,250 has been 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. The new shares will establish shareholder rights as of the date of registration. As a result of registering the new shares, the number of Scanfil shares is 63,895,439 in total. The new shares are traded on the main list of the Nasdaq Helsinki Ltd.

Based on the authorization granted at the Annual General Meeting Scanfil Oyj's Board of Directors decided on 21 November 2017 to grant 250,000 option rights to the CEO and the members of the management team.

Future Outlook

Scanfil estimates, that its turnover for 2018 will be EUR 530 - 570 million and the operating profit will amount to 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

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

Annual General meeting 2018 and Board of Directors' proposals to the Annual General Meeting

Scanfil plc's Annual General Meeting will be held on 25 April 2018 at the company's head office in Sievi, Finland.

Dividend for 2017

The company aims to pay dividends amounting to approximately 1/3 of its annual result on a regular basis.

The parent company's distributable funds are EUR 37,164,484.87 including retained earnings EUR 8,785,218.25. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.11 (0.09) per share be paid for a total of EUR 7,028,498.29 for the financial year ending on 31 December 2017. The dividend matching day is 27 April 2018. The dividend will be paid to those shareholders who, on the matching day, are entered in the Company's Register of Shareholders, kept by Euroclear Finland Ltd. The dividend payment day is 7 May 2018.

No significant changes have taken place in the company's financial position since the end of the financial year. In the view of the Board of Directors, the proposed dividend pay-out will not put the company's liquidity at risk.

The proposal of Scanfil plc's nomination committee to the General Meeting for the composition of Scanfil plc's Board of Directors will be published in connection with the invitation to the General Meeting.

The company publishes a notice of the Annual General Meeting later separately.

Accounting Principles

This interim report has been prepared in compliance with the IAS 34 Interim Financial Reporting standard.

Starting from January 1, 2017, accounting principles have been changed as follows:

Derivative financial instruments and hedge accounting: The Group applies cash flow hedge accounting to currency derivative contracts prepared for hedging purposes after January 1, 2017. Changes in fair value are entered in other comprehensive income items and presented in the fair value reserve under equity. Hedge accounting has not previously been applied to currency derivatives.

Business segments: Scanfil's group structure has been simplified and, starting from January 1, 2017, Scanfil shifted to a single operating segment reporting system.

Otherwise, this interim report has been prepared following the same accounting principles as in the 2016 financial statements. All figures in the financial report have been rounded and consequently the sum of the individual figures can deviate from the sum figure.

The Financial Statements Release is unaudited.

New and amended standards introduced at the beginning of January 2018

IFRS 15 Revenue from Contracts with Customers

The introduction of the standard is not expected to have a material effect on the timing of posting the sales revenues of the Group as income. Difference from the current timing of posting is created by the treatment of customers' consignment stocks. The Group will use the cumulative effect approach when applying IFRS 15.

IFRS 9 Financial Instruments

Introduction of the standard is not expected to have a material effect on the consolidated financial statements.

In its meeting held on 16 February 2018, the Board of Directors of Scanfil plc approved this financial statements release for publication.

Consolidated Income Statement

EUR million

	10 - 12 2017	10 - 12 2016	1 - 12 2017	1-12 2016
Turnover	144.4	122.3	529.9	508.0
Other operating income	0.3	-0.1	2.7	1.0
Changes in inventories of finished goods and work in progress	1.0	1.1	3.0	-1.8
Expenses	-133.8	-118.2	-495.5	-488.9
Depreciation	-2.4	-2.3	-8.7	-11.0
Operating profit	9.6	2.8	31.3	7.2
Financial income and expenses	2.7	-1.1	1.3	-1.2
Profit before taxes	12.3	1.7	32.6	6.1
Income taxes	-1.8	-0.4	-6.8	-6.0
Net profit for the period	10.5	1.3	25.8	0.1
Attributable to:				
Equity holders of the parent	10.5	1.3	25.8	0.1
Earnings per share for profit attributable to shareholders of the parent: undiluted and diluted earnings per share (EUR)	0.16	0.02	0.40	0.00

Consolidated Statement of Comprehensive Income

EUR million

	10 - 12 2017	10 - 12 2016	1 - 12 2017	1-12 2016
Net profit for the period	10.5	1.3	25.8	0.1
Items that may later be recognized in profit or loss				
Translation differences	-1.8	1.3	-4.9	-4.1
Cash flow hedges	0.4	0.4	0.4	0.0
Other comprehensive income, net of tax	-1.4	1.7	-4.5	-4.1
Total Comprehensive Income	9.0	2.9	21.3	-4.0
Attributable to:				
Equity holders of the parent	9.0	2.9	21.3	-4.0

Consolidated Statement of Financial Position

EUR million

Assets	31.12.2017	31.12.2016
Non-current assets		
Property, plant and equipment	47.7	40.6
Goodwill	10.4	10.6
Other intangible assets	14.6	16.4
Available-for-sale investments	0.0	0.0
Deferred tax assets	4.2	1.9
Total non-current assets	76.9	69.5
Current assets		
Inventories	100.7	85.3
Trade and other receivables	106.0	88.0
Advance payments	1.0	2.4
Current tax	1.4	1.4
Cash and cash equivalents	20.6	20.2
Total current assets	229.7	197.2
Total assets	306.6	266.8
Shareholder's equity and liabilities		
Equity		
Share capital	2.0	2.0
Translation differences	6.7	11.6
Reserve fund	6.7	6.5
Fair value reserve	-0.1	-0.5
Reserve for invested unrestricted equity fund	28.0	27.7
Retained earnings	81.3	61.0
Total equity	124.7	108.3
Non-current liabilities		
Deferred tax liabilities	4.8	3.0
Provisions	0.3	0.1
Interest bearing liabilities	27.4	38.2
Total non-current liabilities	32.5	41.4
Current liabilities		
Trade and other liabilities	113.1	88.3
Current tax	2.2	1.5
Provisions	0.2	5.4
Interest bearing liabilities	34.0	21.9
Total current liabilities	149.4	117.1
Total liabilities	181.9	158.5
Total shareholder's equity and liabilities	306.6	266.8

Consolidated Cash Flow Statement

EUR million

	1.1.-31.12.2017	1.1.-31.12.2016
Cash flow from operating activities		
Net profit	25.8	0.1
Adjustments for the net profit	10.7	29.6
Change in net working capital	-5.8	-6.1
Paid interests and other financial expenses	-1.8	-2.0
Interest received	0.2	0.2
Taxes paid	-7.7	-5.3
Net cash from operating activities	21.3	16.5
Cash flow from investing activities		
The sale of a subsidiary less cash and cash equivalents at the time of sale		0.9
Investments in tangible and intangible assets	-20.7	-5.2
Sale of tangible and intangible assets	10.0	0.7
Proceeds from other investments		0.0
Net cash from investing activities	-10.7	-3.5
Cash flow from financing activities		
Issue of share		16.8
Related-party investment company shares	0.3	0.2
Repayment of long-term loans	-10.5	-5.3
Repayment of short-term loans	-5.1	-21.1
Proceeds from short term loans	12.0	
Dividends paid	-5.7	-5.1
Net cash from financing activities	-9.1	-14.4
Net increase/decrease in cash and cash equivalents	1.5	-1.3
Cash and cash equivalents at beginning of period	20.2	22.3
Changes in exchange rates	-1.1	-0.6
Cash and cash equivalents at end of period	20.6	20.2

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
1.1.2017	2.0	27.7	-0.5	6.5	11.6	61.0	108.3
Total comprehensive income			0.4		-4.9	25.8	21.3
Fund transfer				0.2		-0.2	0.0
Excercised options		0.3					0.3
Option Scheme						0.4	0.4
Paid dividends						-5.7	-5.7
Equity							
31.12.2017	2.0	28.0	-0.1	6.7	6.7	81.3	124.7

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
1.1.2016	2.0	10.7	-0.5	6.3	15.6	66.0	100.2
Total comprehensive income			0.0		-4.0	0.1	-4.0
Fund transfer				0.2		-0.2	0
Issue of share		16.8					16.8
Excercised options		0.2					0.2
Option Scheme						0.1	0.1
Paid dividends						-5.1	-5.1
Equity							
31.12.2016	2.0	27.7	-0.5	6.5	11.6	61.0	108.3

Key Indicators

	1 - 12 2017	1 - 12 2016
Return on equity, %	22.2	0.1
Return on investment, %	19.4	4.6
Interest-bearing liabilities, EUR million	61.3	60.1
Gearing, %	32.6	36.9
Equity ratio, %	40.7	40.7
Gross investments, EUR million	18.6	5.5
% of net turnover	3.5	1.1
Personnel, average	3 254	3 483
Earnings per share, EUR	0.40	0.00
Shareholders' equity per share, EUR	1.95	1.70
Dividend per share, EUR	0.11	0.09
Dividend per earnings, %	27.2	6 118.9
Effective dividend yield, %	2.59	2.58
Price-to-earnings ratio (P/E)	10.5	2 372.8
Year's lowest share price, EUR	3.42	2.86
Year's highest share price, EUR	4.53	3.80
Average share price for year, EUR	3.92	3.41
Share price at year's end, EUR	4.25	3.49
Market capitalisation at end of year, EUR million	271.6	222.2
Number of shares at the end of period, 000's		
- not counting own shares	63 895	63 670
- weighted average	63 757	62 423

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

	10 - 12 2017	10 - 12 2016	1-12 2017	1-12 2016
Operating profit	9.6	2.8	31.3	7.2
Operating profit, % of net turnover	6.6 %	2.3 %	5.9 %	1.4 %
Adjustments:				
Capital losses and ramp-down costs		1.9		15.1
Adjustments total		1.9		15.1
Adjusted operating income	9.6	4.7	31.3	22.3
Adjusted operating profit, % of net turnover	6.6 %	3.8 %	5.9 %	4.4 %
Financial income and expenses	2.7	-1.1	1.3	-1.2
Profit before taxes	12.3	1.7	32.6	6.1
Income taxes	-1.8	-0.4	-6.8	-6.0
Adjustments				0.5
Net profit for the period	10.5	1.3	25.8	0.1
Adjusted Net profit for the period	10.5	3.2	25.8	15.7

Changes in tangible non-current assets

EUR million	1 - 12 2017	1 - 12 2016
Book value at the beginning of the period	40.6	48.1
Additions	23.3	4.7
Deductions	-9.7	-2.6
Depreciations	-6.7	-7.4
Decreases in value		-1.5
Exchange rate differences	0.1	-0.6
Book value at the end of the period	47.7	40.6

Financial assets and liabilities, carrying amount and fair value

EUR million	31.12.2017 Book values of balance sheet values	31.12.2017 Fair values of balance sheet values
Non-current assets		
Available for sale investments	0.0	0.0
Non-current assets total	0.0	0.0
Current assets		
Trade receivables	99.6	99.6
Forward agreement	0.3	0.3
Cash and cash equivalents	20.6	20.6
Current assets total	120.5	120.5
Total financial assets	120.5	120.5
Non-current financial liabilities		
Interest bearing liabilities from financial institutions	23.8	23.8
Financial leasing	3.6	3.6
Non-current financial liabilities total	27.4	27.4
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	23.0	23.0
Derivative	0.4	0.4
Trade payables	91.0	91.0
Current financial liabilities total	125.3	125.3
Total financial liabilities	152.7	152.7

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

	Positive	Negative	Net	Nominal value
Interest rate swaps, protective		-0,4	-0,4	34,3
Forward agreement, protective	0,3	0,0	0,3	9,9

Provisions

EUR million

	Reclamation and guarantee	Pension	Restructuring	Other	Total
1.1.2017	0,4	0,0	4,9	0,2	5,6
Exchange rate differences	0,0	0,0	-0,3	0,0	-0,3
Additions	0,0	0,0		0,0	0,1
Used provisions	-0,1		-4,6		-4,8
Cancellation of unused provisions	-0,1	-0,0		0,0	-0,1
31.12.2017	0,2	0,0	0,0	0,2	0,5

Long term provisions are EUR 0.3 million and short term provisions EUR 0.2 million.

Reclamation and a warranty provision include the estimated repair cost of defective products related to customer complaints. Restructuring provisions consist of the costs coming from closing down unprofitable businesses, which are primarily personnel and rental expenses. 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 -12 2017	1 -12 2016
Business mortgages	110.0	110.0
Pledged guarantees	2.1	2.5
Rent liabilities	9.0	7.0

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 and Vantaa and Oulu in Finland and in Myslowice Poland.

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.

Furthermore, Scanfil Oyj has given an absolute guarantee to Siemens Finance GmbH of which 6 thousand EUR were outstanding on 31 December 2017.

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 23.0 million of the credit limits were in use on 31 December 2017.

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 significant owners of Jussi Capital Oy. Rental costs in 2017 were EUR 20 thousand (EUR 19 thousand in 2016) and are market-based rents.

Key indicators quarterly

	Q4/17	Q3/17	Q2/17	Q1/17	Q4/16	Q3/16	Q2/16	Q1/16
Turnover, MEUR	144.4	130.8	132.4	122.2	122.3	121.7	133.6	130.4
Operating profit, MEUR	9.6	8.5	7.1	6.2	2.8	7.6	-3.6	0.5
Operating profit, %	6.6	6.5	5.3	5.0	2.3	6.2	-2.7	0.4
Net income, MEUR	10.5	5.2	4.3	5.8	1.3	6.5	-6.1	-1.7

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

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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 10 production units in Europe, Asia and North America. The total number of employees is about 3,300.

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