

SCANFIL

SCANFIL PLC HALF YEAR FINANCIAL REPORT

Scanfil Plc

Scanfil Group's Financial Report for Q2 and Half Year 2020

7 AUGUST 2020



Scanfil Group's Financial Report for Q2 and Half Year 2020

Q2/2020: *Stable Development in Exceptional Circumstances*

April - June

- Turnover totalled EUR 155.6 million (Q2 2019: 142.6), increase of 9.1%
- Operating profit EUR 10.2 (6.4) million, 6.5% (4.5%) of turnover, adjusted operating profit in the comparison year EUR 10.3 million, 7.2% of turnover
- Net profit was EUR 8.3 (4.6) million
- Earnings per share were EUR 0.13 (0.07)
- On June 29, 2020, Scanfil announced the sale of the entire share capital of Scanfil (Hangzhou) Co., Ltd., a subsidiary located in Hangzhou, China.

January - June

- Turnover totalled EUR 299.6 million (H1 2019: 272.5), increase of 10.0%
- Operating profit EUR 18.8 (13.3) million, 6.3% (4.9%) of turnover, adjusted operating profit in the comparison year EUR 17.3 million, 6.3% of turnover
- Net profit was EUR 15.8 (9.4) million
- Earnings per share were EUR 0.24 (0.15)

Future Outlook

Scanfil updated on 29 June its 2020 outlook and estimates that its turnover for 2020 will be EUR 580 – 620 million and adjusted operating profit EUR 38 – 42 million.

Earlier Scanfil estimated its turnover for 2020 to be EUR 590 – 640 million and adjusted operating profit and EUR 39 – 43 million.

The 2020 guidance is subject to exceptional uncertainty due to the potential negative effects of the coronavirus pandemic on customer demand, supply chain capacity as well as the safety and operational capability of our own plants and personnel.

Long Term Target

Scanfil's long-term target: In 2023, Scanfil is organically aiming for EUR 700 million turnover and 7% operating profit.

In addition, Scanfil is actively exploring acquisition opportunities, especially in the Nordic countries and Central Europe.

KEY FIGURES

	Q2/2020	Q2/2019	Change%	H1/2020	H1/2019	Change %	2019
Turnover, EUR million	155.6	142.6	9.1%	299.6	272.5	10.0%	579.4
Operating Profit, EUR million	10.2	6.4	58.4%	18.8	13.3	41.8%	35.3
Operating Profit, Adjusted, EUR million	10.2	10.3	-0.9%	18.8	17.3	8.8%	39.4
Operating Profit, %	6.5	4.5		6.3	4.9		6.1
Operating Profit, Adjusted, %	6.5	7.2		6.3	6.3		6.8
Net Profit, EUR million	8.3	4.6	80.3%	15.8	9.4	67.5%	28.1
Net Profit, Adjusted, EUR million	8.3	8.4	-2.0%	15.8	13.4	17.4%	32.1
Earnings per Share, EUR	0.13	0.07	79.6%	0.24	0.15	66.8%	0.44
Earnings per Share, Adjusted, EUR	0.13	0.13	-4.3%	0.24	0.21	16.9%	0.50
Return on Equity, %				18.8	12.8		18.0
Return on Equity, Adjusted, %				18.8	18.1		20.4
Equity Ratio, %				47.5	41.7		49.1
Net Gearing, %				27.0	45.6		27.7
Net Cash Flow from Operations, EUR million				16.8	7.4	127.6%	35.9
Employees (Average)				3 535	3 476	1.7%	3 530

There were no adjustment items in 2020 during the first half of the year.

CEO PETERI JOKITALO

The development of COVID-19 into a global pandemic affected Scanfil's operations in many ways during the first half of the year. We prepared a plan and guidelines to prevent COVID-19 infections and ensure production and other operations across our organization. Apart from the infections and production shutdown at the Myslowice plant in Poland in April, there have been no disruptions, and our employees have remained healthy. The measures we have implemented have significantly reduced the risk of infection, which has given us more confidence about the future: we are more prepared for a potential second wave of the COVID-19.

To some extent, COVID-19 will change our operations permanently, and it will also offer new opportunities. The increased use of digital tools not only improves productivity but also increases employee satisfaction and the added value perceived by customers. Virtual plant and product audits reduce travel costs, the time spent on commuting, and accelerating decision-making and processes in general.

Our second-quarter turnover was EUR 155.6 million, representing an increase of EUR 13 million, 9%, compared with the corresponding period last year. We expected sales to increase notably from the first quarter of the year, and the result shows we are heading in the right direction. Customer demand grew organically, particularly in the Communication and Energy & Automation customer segments. The HASEC acquisition, which was completed a year ago, represented a bit less than two-thirds of the increase in turnover, which is mainly reflected in the growth of the Industrial customer segment. For example, there was good demand for 5G network elements, camera surveillance systems and elevator products.

The market situation proved difficult, especially for many of our customers in the Consumer Applications segment. For example, with the pandemic escalating, the use of self-service equipment for consumers decreased significantly, and customers responded quickly by cutting their forecasts and orders. However, we expect the situation to be temporary and believe that demand will pick up during the second half of the year, provided that the number of infections in Europe remains under control.

The delivery capability of the supply chain did not set any significant restrictions on our deliveries during the second quarter.

The operating profit was EUR 10.2 million, or 6.5% of turnover. COVID-19 caused extraordinary costs and loss of productivity during the second quarter, and I am pleased with the level of operating profit we achieved in these exceptional circumstances.

Scanfil has a strong financial position. The payment of dividends in May and the investments made in early 2020 have been financed from net cash flow from operating activities without increasing debt. At the end of the second quarter, we had around EUR 19 million in cash assets and an unused credit limit of around EUR 34 million. The equity ratio was 47.5%, and net gearing was 27.0%.

Our investments continued according to the plan during the second quarter and were mainly related to the robotization and automatization of electronics manufacturing, as well as the surface treatment of mechanical products.

At the end of June, we announced the sale of our Hangzhou plant in China. Scanfil's focus in China will now be on the manufacture of electronics and integrated products at the Suzhou plant. At the beginning of July, we announced our plan to close down our Hamburg plant and continue production at Scanfil's other plants in Germany and Poland. The aim of these measures is to secure and improve the performance and competitiveness of Scanfil's network of plants in the long term.

We have updated our guidance, and we expect our turnover for 2020 to be EUR 580–620 million and our operating profit to be EUR 38–42 million. Our estimate is based on our customers' current demand forecasts, while it is clear that this year continues to involve a great deal of uncertainty and risk.

We can be pleased with the results we achieved during the first half of the year in exceptional circumstances. I would like to thank our customers and suppliers for their support and trust, and all our employees for a job well done.

MARKETS AND CUSTOMER SEGMENTS

Scanfil divides its customers into the following customer segments: Communication, Consumer Applications, Energy & Automation, Industrial, and Medtec & Life Science. Typical products of the different customer segments are as following:

- Communication segment include base stations, exchanges and amplifiers, as well as different camera and radio systems.
- Consumer Applications segment's products are typically used by consumers. These include reverse vending machines, machines for self-service laundromats and photo booths, for example.
- Energy & Automation segment's products include frequency converters, inverters, switches and automation systems.
- Industrial segment's products are used in industrial applications, such as forklift guidance systems and smart lighting systems.
- Medtec & Life Science segment's products are e.g. dental chairs, analysers, mass spectrometers and cloud height indicators.

During the second quarter, the Group's turnover increased by EUR 13.0 million (9.1%) compared to the corresponding period of the previous year. Less than two thirds of the increase in turnover came from the acquisition of HASEC during the previous year, while the rest comprised organic growth.

The turnover of the Communication segment increased compared to second quarter of the previous year by EUR 9.5 million (48.8%). In addition to the continued strong demand for 5G network elements, the growth was driven by good demand, e.g. camera surveillance and communication systems.

The Consumer Applications segment's turnover decreased by EUR 7.3 million (-26.4%). The negative effects of COVID-19 were most visible in this segment and demand for several customers declined clearly during the quarter. For example, the use of consumer self-service devices declined significantly, as the pandemic escalated and customers responded quickly by cutting their forecasts and orders.

The turnover of the Energy & Automation segment increased by EUR 4.2 million (15.0%). The turnover development in the segment was mainly positive and the growth came from several customers.

The turnover of the Industrial segment increased year-on-year by EUR 7.0 million (16.8%) mainly due to the acquisition of HASEC. In addition, e.g. the demand for elevator products developed positively

The turnover of the Medtec & Life Science segment remained at the previous year's level.

The largest customer accounted for about 15% (14%) of turnover and the top ten customers accounted for about 59% (56%) of turnover.

EUR million	Q1/2019	Q2/2019	Q3/2019	Q4/2019	2019	Q1/2020	Q2/2020	% of Q2 turnover 2020
Communication	17.9	19.4	21.4	20.7	79.4	22.4	28.9	15.5%
Consumer Applications	23.5	27.6	27.8	28.3	107.3	18.7	20.3	12.9%
Energy & Automation	25.7	28.3	27.9	29.4	111.3	30.7	32.6	21.3%
Industrial	35.9	41.5	49.0	46.8	173.3	45.6	48.5	31.7%
Medtec & Life Science	26.9	25.7	26.1	29.4	108.1	26.7	25.3	18.5%
Total	129.9	142.6	152.3	154.7	579.4	144.1	155.6	100.0%

TURNOVER

April - June turnover totaled to EUR 155.6 million, increase of EUR 13.0 million, 9.1%, compared to the corresponding period of the previous year.

- The HASEC acquisition, which was completed a year ago, represented less than two-thirds of the increase in turnover, which is mainly reflected in sales growth in the Industrial segment.
- The Communication segment and the Energy & Automation segment grew organically.
- COVID-19 had the strongest negative impact on the Consumer Applications segment, where sales decreased notably.
- Changes in turnover are described in more detail in the Markets and Customer Segments section.

January - June turnover was EUR 299.6 million, increase of 10.0% compared to previous year.

OPERATING PROFIT

April – June operating profit totaled EUR10.2 million, 6.5% of turnover. Operating profit was in the same level compared to previous year’s adjusted operating profit (EUR 10.3 million).

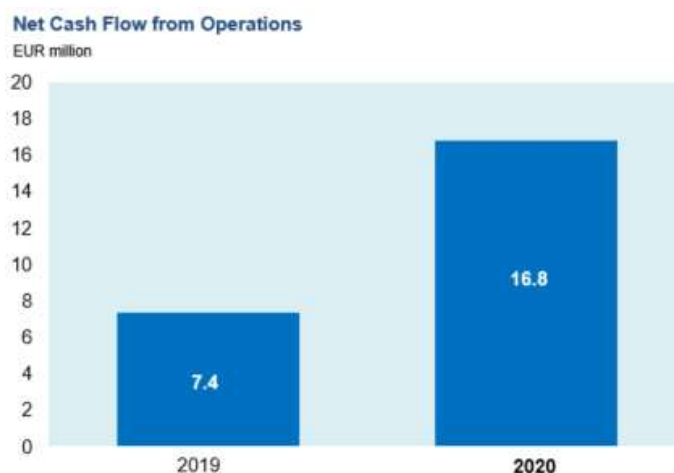
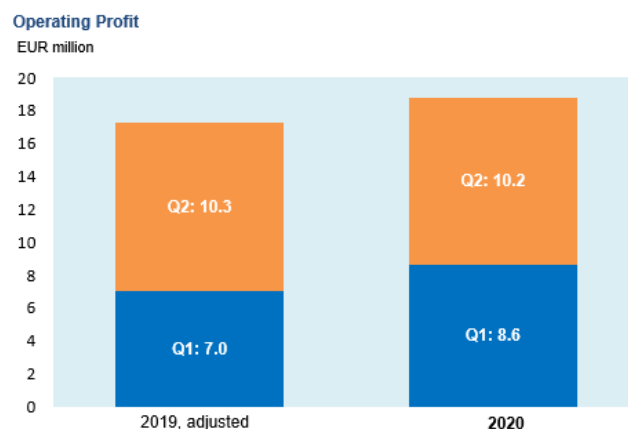
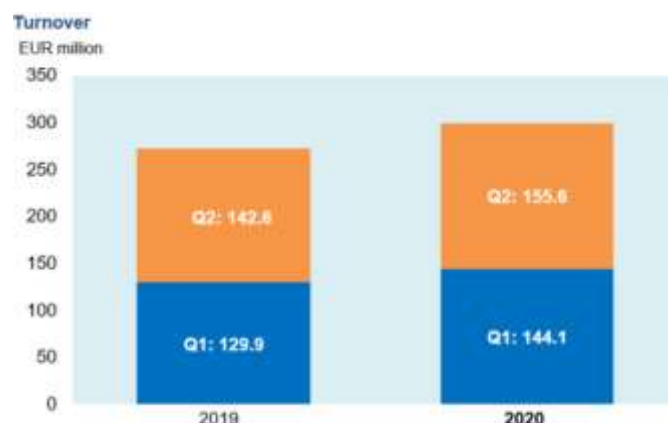
- COVID-19 caused extraordinary costs and loss of productivity during the quarter, which is why the operating margin was somewhat lower than last year.
- The impacts of COVID-19 on the operating profit are described in more detail under “The impact of COVID-19 during the review period.”

January – June operating profit was EUR 18.8 million, 6.3% of turnover.

NET CASH FLOW FROM OPERATIONS

January – June the net cash flow from operating activities was EUR 16.8 million and was EUR 9.4 million better compared to the corresponding period of the previous year.

- The increase in the net cash flow from operating activities resulted mainly from the increase in tied-up working capital being lower than last year.
- In addition, net cash flow was affected by the increase in operating profit.



Scanfil Group's Half Year Financial Report for 1 January – 30 June 2020

FINANCIAL DEVELOPMENT

The Group's turnover for January – June was EUR 299.6 (272.5) million, increase of 10.0% compared to the corresponding period of the previous year.

The effect of the HASEC acquisition, made a year ago, on turnover growth was about two-thirds, which is mainly reflected in the sales growth of the Industrial segment. The Communication and Energy & Automation segments grew organically. The negative effects of COVID-19 were mostly seen in the Consumer Applications segment, in which sales decreased clearly.

The Group's operating profit for January – June was EUR 18.8 (13.3) million, 6.3% (4.9%) of turnover. The previous year's operating profit includes adjustment items of EUR 4.0 million, which consists of expenses related to the acquisition of HASEC-Elektronik GmbH (EUR 0.4 million) and a write-down of goodwill (EUR 3.6 million) related to Scanfil GmbH's business operations. Adjusted operating profit for the previous year was EUR 17.3 million, or 6.3% of turnover. The operating profit increased by 8.8% compared to adjusted operating profit from previous year. The increase in the operating profit mainly resulted from the positive development of the turnover. The net profit for the review period was EUR 15.8 (9.4) million.

Earnings per share for the review period were EUR 0.24 (0.15). Return on investment was 16.9% (12.7%). The improvement in the key figures is mainly due to the better result than in the previous year.

The Group's turnover in April–June was EUR 155.6 (142.6) million, and its operating profit was EUR 10.2 (6.4) million, or 6.5% (4.5%) of turnover. Turnover increased by 9.1% compared to the corresponding period of the previous year. The operating profit for the second quarter of the previous year includes adjustment items totaling EUR 3.8 million. Adjusted operating profit for the second quarter of 2019 was MEUR 10.3. EUR, 7.2% of net sales. The result in April–June was EUR 8.3 (4.6) million.

FINANCING AND CAPITAL EXPENDITURE

The Group has a stable financing position. The consolidated balance sheet total was EUR 356.5 (356.8) million at the end of the review period. Cash assets totalled EUR 19.0 (26.5) million. Liabilities amounted to EUR 187.2 (208.4) million, of which non-interest-bearing liabilities totalled EUR 122.5 (113.9) million and interest-bearing liabilities totalled EUR 64.7 (94.5) million. The

equity ratio was 47.5% (41.7%), and net gearing was 27.0% (45.6%). Equity per share was EUR 2.61 (2.30).

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 - June was EUR 16.8 (7.4) million. The change in net working capital during the period amounted to EUR -5.2 (-11.4) million. The change in working capital in January – June 2020 compared to the turn of the previous year consists of the following items: short-term non-interest-bearing receivables increased by EUR 11.9 million, inventories increased by EUR 10.1 million and short-term non-interest-bearing liabilities increased by EUR 16.8 million. Net cash flow from investing activities was EUR -6.2 (-11.5) million. The net cash flow of 2019 includes the acquisition of HASEC-Elektronik GmbH. Cash flow from financing activities was EUR -11.8 (11.3) million. A total of EUR 9.6 million was paid in dividends. The use of the credit limit increased by EUR 3.2 million compared to the turn of the year, and the long-term loans repayments were made the amount of EUR 3.4 million.

Gross investments in January – June totalled EUR 6.3 (14.3) million, which was 2.1% (5.3%) of the turnover. The investments were mainly acquisitions of machinery and equipment. The previous year's investments include the acquisition price of HASEC-Elektronik GmbH's shares of EUR 10.3 million and are otherwise mainly purchases of machinery and equipment. Depreciation excluding impairments was EUR 7.6 (6.5) million.

THE IMPACT OF COVID-19 DURING THE REVIEW PERIOD

The COVID-19 pandemic had a somewhat negative impact on the Group's turnover, and thereby on its productivity and operating profit. The factory-specific effects depended on the factory's customer base and product mix. The market situation worsened essentially, especially for many of our customers in the Consumer Applications segment. For example, with the pandemic escalating, the use of self-service equipment for consumers decreased significantly, and customers responded quickly by cutting their forecasts and orders.

In addition, the pandemic had the following impacts on the operating profit:

- Factory closures due to orders from the Chinese authorities: EUR -0.5 million
- The shutdown of the Myslowice plant in April: EUR -0.5 million
- Extraordinary costs caused by the pandemic concerning freight, protective equipment and other special arrangements: EUR -0.7 million
- Various governments subsidies mainly related to compensation for employees' shortened working hours: EUR +0.9 million

The estimated net effect of the above items on operating profit excluding the effect of turnover losses was EUR -0.8 million.

There is no change to Group's financial position prior to COVID-19. COVID-19 did not have a significant negative impact on the Group's cash flow during January–June. The pandemic did not have an impact on Group's financial structure or its costs. The Group's current and non-current financial liabilities are at the same level as at the end of 2019. The Group has paid dividends for 2019, EUR 9.6 million in May. The payment of dividends and investments, EUR 6.4 million, have been financed from net cash flow from operating activities. The covenant terms were clearly complied by the end of the review period.

Special attention has been paid to the collection of trade receivables, and the total amount of overdue trade receivables is at the same level as before the pandemic.

Customer risks are monitored regularly. COVID-19 has affected the solvency of some smaller customers, but the related risks are moderate and under control. Special payment arrangements have been negotiated with a few smaller customers, and the customers have complied with these arrangements. In the case of identified risk customers, even a realized credit loss would not have an adverse effect on the Group's operations.

The pandemic has so far had no impact on other balance sheet valuations, such as inventories, fixed assets or goodwill.

The company has universal guidelines for all plants to prevent the spread of COVID-19 infections. These measures include e.g. shift changes being undertaken so that the employees working different shifts do not meet during the changes, the enhanced cleaning of work facilities, the restriction of travel and visits, remote work as far as possible, the use of protective equipment and safety distances, and hygiene guidelines for employees.

Apart from the two-week shutdown at the Myslowice plant and closures at plants in China following orders by the authorities, Scanfil has avoided disruptions in its production operations and epidemic infections among employees.

The guidance issued by the company is based on customer forecasts and Scanfil's normal forecast process, however it should be noted that the 2020 guidance is subject to exceptional uncertainty due to the potential negative effects of the coronavirus pandemic on customer demand, supply chain capacity as well as the safety and operational capability of our own plants and personnel. However, the accuracy of the forecasting process has not deviated from the usual in the first half of the year.

DECISIONS BY THE ANNUAL GENERAL MEETING AND BOARD OF DIRECTORS' AUTHORISATION

Scanfil plc's Annual General Meeting was held on 23 April 2020 in the company headquarters in Sievi, Finland.

The Meeting authorized the Board of Directors to decide on the acquisition of the company's own shares and to decide on share issues through one or more issues.

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 7 May 2020.

OWN SHARES AND SHARES SUBSCRIBED WITH STOCK OPTIONS

During the review period, Scanfil Plc's shares have been subscribed with the company's stock options; 2016(A) 150 000 and 2016(B) 30 000 shares. The subscription price for subscriptions EUR 614 100 has been entered in the company's reserve for invested unrestricted equity. Of the subscribed shares, 140,000 were transferred during the review period, of which 130,000 were new shares and 10,000 were own shares. 40,000 of the shares have been transferred after the review period.

On 30 June 2020 company owned 468,738 its own shares, representing 0.7% of all shares.

SCANFIL

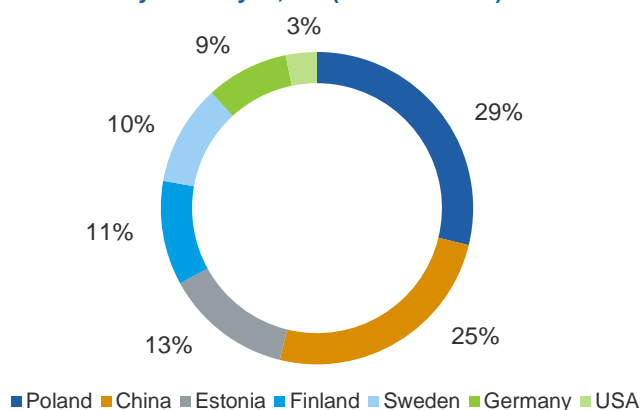
SHARE TRADING AND SHARE PERFORMANCE

The highest trading price during the review period was EUR 5.40 and the lowest EUR 3.26, the closing price for the period standing at EUR 5.10. A total of 3,159,788 shares were traded during the period, corresponding to 4.9 % of the total number of shares. The market value of the shares on 30 June 2020 was EUR 330.6 million.

PERSONNEL

At the end of the period under review, the Group employed 3,574 (3,674) people, of whom 3,188 (3,275) worked outside Finland and 386 (372) in Finland. The average number of Group employees during the review period was 3,535 (3,476) people.

Personnel by Country 3,574 (30 June 2020)



EVENTS AFTER THE REVIEW PERIOD

On June 29, 2020, Scanfil announced that it was going to sell the entire share capital of Scanfil (Hangzhou) Co., Ltd., a subsidiary located in Hangzhou, China. The conditions for the transaction were met after the review period, and the transaction was completed on July 14, 2020. The purchase price was EUR 18.4 million, and the positive impact of the transaction on the operating profit is estimated at around EUR 11.3 million, out of which equity translation differences represent around EUR 7.9 million.

On July 1, 2020, Scanfil announced that it was planning to shut down production at Scanfil GmbH in Hamburg and close the plant. Production would be continuing in the Wutha-Farnroda plant in Germany and the Sieradz plant in Poland. The company has started a consultation process concerning the entire personnel of the Hamburg plant. If the plan is implemented, Scanfil will incur non-recurring restructuring costs of around

EUR 6 million, which will be recognized in the third quarter of 2020. The plan is expected to result in annual cost savings of around EUR 2.5 million.

FUTURE OUTLOOK

Scanfil estimates that its turnover for 2020 will be EUR 580 – 620 million and adjusted operating profit will amount to EUR 38 – 42 million.

The 2020 guidance is subject to exceptional uncertainty due to the potential negative effects of the coronavirus pandemic on customer demand, supply chain delivery capability as well as the safety and operational capability of our own plants and personnel.

LONG TERM TARGET

In 2023, Scanfil is organically aiming for EUR 700 million turnover and 7% operating profit level.

In addition, Scanfil is actively exploring acquisition opportunities, especially in the Nordic countries and Central Europe.

OPERATIONAL RISKS AND UNCERTAINTIES

At present, uncertainty in the current year is caused by the yet unknown negative effects of the spread of the Coronavirus pandemic. No essential changes have taken place in the Scanfil's other business risks during the review period.

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 particular, changes in international trade agreements and an increase in international trade restrictions could increase uncertainty in the development of the world economy. In addition, Scanfil is exposed to risks resulting from exchange rate fluctuations in its business operations.

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.

The accounting principles applied in this Interim Report correspond with those defined in the Group's 2019 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 6 August 2020, the Board of Director of Scanfil plc approved this Interim Report release for publication.

CONSOLIDATED INCOME STATEMENT

EUR million

	4 - 6 2020	4 - 6 2019	1 - 6 2020	1 - 6 2019	1 - 12 2019
Turnover	155.6	142.6	299.6	272.5	579.4
Other operating income	0.2	0.5	0.4	0.6	1.0
Changes in inventories of finished goods and work in progress	-2.3	-0.2	-0.2	0.3	0.8
Manufacturing for own use	0.0		0.0		0.0
Expenses	-139.4	-129.6	-273.4	-250.0	-528.2
Depreciation	-3.8	-6.9	-7.6	-10.1	-17.7
Operating profit	10.2	6.4	18.8	13.3	35.3
Financial income and expenses	-0.6	0.4	-0.5	-0.4	-1.3
Profit before taxes	9.6	6.8	18.3	12.8	34.0
Income taxes	-1.3	-2.2	-2.6	-3.4	-5.9
Net profit for the period	8.3	4.6	15.8	9.4	28.1
Attributable to:					
Equity holders of the parent	8.3	4.6	15.8	9.4	28.1
Earnings per share for profit attributable to shareholders of the parent:					
undiluted (EUR)	0.13	0.07	0.24	0.15	0.44
diluted (EUR)	0.13	0.07	0.24	0.15	0.43

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million

	4 - 6 2020	4 - 6 2019	1 - 6 2020	1 - 6 2019	1 - 12 2019
Net profit for the period	8.3	4.6	15.8	9.4	28.1
Items that may later be recognized in profit or loss					
Translation differences	2.2	-2.4	-3.1	-0.1	0.3
Cash flow hedges	0.2	0.2	-0.4	0.4	0.4
Other comprehensive income, net of tax	2.4	-2.2	-3.4	0.3	0.7
Total Comprehensive Income	10.7	2.4	12.3	9.7	28.8
Attributable to:					
Equity holders of the parent	10.7	2.4	12.3	9.7	28.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million

Assets	30.6.2020	30.6.2019	31.12.2019
Non-current assets			
Property, plant and equipment	51.0	50.6	50.7
Right-of-use asset	19.2	23.3	21.0
Goodwill	8.0	7.9	8.0
Other intangible assets	15.8	16.0	16.8
Available-for-sale investments	0.5	0.5	0.5
Deferred tax assets	6.9	5.0	5.7
Total non-current assets	101.4	103.3	102.7
Current assets			
Inventories	110.5	111.2	101.9
Trade and other receivables	122.4	112.1	112.1
Advance payments	0.8	0.4	0.5
Current tax	2.4	3.3	2.4
Cash and cash equivalents	19.0	26.5	20.4
Total current assets	255.1	253.4	237.3
Total assets	356.5	356.8	340.0
Shareholder's equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	2.0	2.0	2.0
Reserve for invested unrestricted equity fund	31.6	30.6	31.0
Fair value reserve	-0.2	0.2	0.2
Other reserves	6.9	6.9	6.9
Translation differences	1.5	4.1	4.6
Retained earnings	127.5	104.6	122.0
Total equity	169.3	148.4	166.7
Non-current liabilities			
Deferred tax liabilities	6.6	7.2	7.0
Provisions	0.5	0.4	0.4
Interest bearing liabilities	21.5	1.3	24.7
Lease liability	17.2	20.7	18.8
Total non-current liabilities	45.8	29.6	50.9
Current liabilities			
Trade and other liabilities	112.0	103.9	96.1
Current tax	3.1	2.3	3.0
Provisions	0.2	0.2	0.2
Interest bearing liabilities	22.5	68.9	19.5
Lease liability	3.4	3.6	3.5
Total current liabilities	141.4	178.8	122.4
Total liabilities	187.2	208.4	173.3
Total shareholder's equity and liabilities	356.5	356.8	340.0

CONSOLIDATED CASH FLOW STATEMENT

EUR million

	1.1.-30.6.2020	1.1.-30.6.2019	1.1.-31.12.2019
Cash flow from operating activities			
Net profit	15.8	9.4	28.1
Adjustments for the net profit	10.6	14.5	25.6
Change in net working capital	-5.2	-11.4	-7.6
Paid interests and other financial expenses	-1.0	-1.0	-2.3
Interest received	0.1	0.1	0.3
Taxes paid	-3.5	-4.2	-8.2
Net cash from operating activities	16.8	7.4	35.9
Cash flow from investing activities			
Acquisition of subsidiaries less cash and cash equivalents at the time of acquisition		-7.5	-7.5
Investments in tangible and intangible assets	-6.4	-4.1	-10.6
Sale of tangible and intangible assets	0.1	0.0	0.5
Dividends received	0.1		
Net cash from investing activities	-6.2	-11.5	-17.6
Cash flow from financing activities			
Related-party investment company shares	0.6		0.4
Purchase of own shares	-0.8		-1.2
Proceeds from long term loans			30.0
Repayment of long-term loans	-3.4	-5.3	-23.8
Proceeds from short term loans	3.2	27.6	5.3
Repayment of short-term loans		-1.1	-16.1
Repayment of lease liabilities	-1.8	-1.7	-3.3
Dividends paid	-9.6	-8.3	-8.3
Net cash from financing activities	-11.8	11.3	-17.1
Net increase/decrease in cash and cash equivalents	-1.2	7.2	1.1
Cash and cash equivalents at beginning of period	20.4	19.2	19.2
Changes in exchange rates	-0.2	0.1	0.1
Cash and cash equivalents at end of period	19.0	26.5	20.4

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
1.1.2020	2.0	31.0	0.2	6.9	4.6	122.0	166.7
Total comprehensive income			-0.4		-3.1	15.8	12.3
Share issue		0.4					0.4
Option Scheme		0.2				0.1	0.3
Purchase of own shares						-0.8	-0.8
Paid dividends						-9.6	-9.6
Equity 30.6.2020	2.0	31.6	-0.2	6.9	1.5	127.5	169.3

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
1.1.2019	2.0	28.4	-0.2	6.7	4.3	103.6	144.7
Total comprehensive income			0.4		-0.1	9.4	9.7
Fund transfer				0.2		-0.2	
Share issue		2.2					2.2
Option Scheme						0.1	0.1
Paid dividends						-8.3	-8.3
Equity 30.6.2019	2.0	30.6	0.2	6.9	4.1	104.6	148.4

KEY INDICATORS

	1 - 6 2020	1 - 6 2019	1 - 12 2019
Return on equity, %	18.8	12.8	18.0
Return on investment, %	16.9	12.7	17.0
Interest-bearing liabilities, EUR million	64.7	94.5	66.6
Gearing, %	27.0	45.6	27.7
Equity ratio, %	47.5	41.7	49.1
Gross investments, EUR million	6.3	14.3	21.1
% of net turnover	2.1	5.3	3.6
Personnel, average	3 535	3 476	3 530
Earnings per share, EUR	0.24	0.15	0.44
Shareholders' equity per share, EUR	2.61	2.30	2.58
Number of shares at the end of period, 000's			
- not counting own shares	64 361	64 580	64 400
- weighted average	64 351	64 074	64 296

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.

RECONCILIATION OF ADJUSTED OPERATING PROFIT, NET PROFIT FOR THE PERIOD AND SHAREHOLDERS' EQUITY

EUR million

	4 - 6 2020	4 - 6 2019	1 - 6 2020	1 - 6 2019	1 - 12 2019
Operating profit	10.2	6.4	18.8	13.3	35.3
Operating profit, % of turnover	6.5%	4.5%	6.3%	4.9%	6.1%
Adjustment items:					
<i>Goodwill write-down</i>		3.6		3.6	3.6
<i>Acquisition costs of acquired transactions</i>		0.2		0.4	0.4
Adjustments items total		3.8		4.0	4.0
Adjusted operating profit	10.2	10.3	18.8	17.3	39.4
Adjusted operating profit, % of turnover	6.5%	7.2%	6.3%	6.3%	6.8%
Financial income and expenses	-0.6	0.4	-0.5	-0.4	-1.3
Profit before taxes	9.6	6.8	18.3	12.8	34.0
Income taxes	-1.3	-2.2	-2.6	-3.4	-5.9
Net profit for the period	8.3	4.6	15.8	9.4	28.1
Earnings per share, EUR	0.13	0.07	0.24	0.15	0.44
Adjusted net profit for the period	8.3	8.4	15.8	13.4	32.1
Adjusted earnings per share, EUR	0.13	0.13	0.24	0.21	0.50
Equity			169.3	148.4	166.7
Return on equity, %			18.8%	12.8%	18.0%
Adjustment items:					
<i>Net profit for the period</i>				4.0	4.0
Adjusted equity			169.3	152.4	170.7
Adjusted return on equity, %			18.8%	18.1%	20.4%

The first half of the year 2020 included no adjustment items.

DISAGGREGATION OF REVENUES

EUR million

	4 - 6 2020			4 - 6 2019		
	Goods	Services	Total	Goods	Services	Total
Customer Segments						
Communication	26.1	2.7	28.9	16.4	2.9	19.4
Consumer Applications	19.2	1.1	20.3	26.6	1.1	27.6
Energy & Automation	30.9	1.7	32.6	26.8	1.5	28.3
Industrial	46.7	1.8	48.5	38.5	3.0	41.5
Medtec & Life Science	23.5	1.8	25.3	23.6	2.2	25.7
Total	146.4	9.2	155.6	132.0	10.6	142.6
Timing of revenue recognition						
Goods and services transferred at a point of time	146.4	8.8	155.2	132.0	9.5	141.5
Services transferred over time		0.4	0.4		1.1	1.1
Total	146.4	9.2	155.6	132.0	10.6	142.6

	1 - 6 2020			1 - 6 2019		
	Goods	Services	Total	Goods	Services	Total
Customer Segments						
Communication	45.4	5.9	51.2	31.3	6.0	37.3
Consumer Applications	37.2	1.8	39.0	49.2	2.0	51.1
Energy & Automation	59.9	3.3	63.2	51.5	2.5	54.0
Industrial	90.4	3.7	94.1	72.1	5.4	77.4
Medtec & Life Science	48.9	3.1	52.1	48.6	3.9	52.6
Total	281.7	17.9	299.6	252.7	19.8	272.5
Timing of revenue recognition						
Goods and services transferred at a point of time	281.7	16.8	298.5	252.7	17.8	270.5
Services transferred over time		1.1	1.1		2.0	2.0
Total	281.7	17.9	299.6	252.7	19.8	272.5

CHANGES IN GOODWILL

EUR million

	1 - 6	1 - 6	1 - 12
	2020	2019	2019
Book value at the beginning of the period	8.0	10.1	10.1
Business combinations		1.6	1.6
Impairment		-3.6	-3.6
Exchange rate differences	-0.0	-0.2	-0.2
Book value at the end of the period	8.0	7.9	8.0

In the financial year 2019, the business combination consists of the goodwill recognized from the acquisition of Hasec-Elektronik GmbH and the impairments include the write-down of goodwill of Scanfil GmbH.

CHANGES IN TANGIBLE NON-CURRENT ASSETS

EUR million

	1 - 6	1 - 6	1 - 12
	2020	2019	2019
Book value at the beginning of the period	71.6	63.9	63.9
Additions	6.2	4.9	10.0
Deductions	-0.2	-0.0	0.2
Business combinations		10.4	10.4
Depreciations	-6.3	-5.5	-11.8
Exchange rate differences	-1.2	0.2	-1.3
Book value at the end of the period	70.2	73.9	71.6

FINANCIAL ASSETS AND LIABILITIES, CARRYING AMOUNT AND FAIR VALUE

EUR million

	30.6.2020	30.6.2020
	Book values of balance sheet values	Fair values of balance sheet values
Non-current assets		
Investments	0.5	0.5
Non-current assets total	0.5	0.5
Current assets		
Trade receivables	110.2	110.2
Cash and cash equivalents	19.0	19.0
Current assets total	129.2	129.2
Total financial assets	129.7	129.7
Non-current financial liabilities		
Interest bearing liabilities from financial institutions	21.5	21.5
Lease liability	17.2	17.2
Non-current financial liabilities total	38.7	38.7
Current financial liabilities		
Interest bearing liabilities from financial institutions	6.2	6.2
Lease liability	3.4	3.4
Loans withdrawn from the credit limit	16.4	16.4
Trade payables	85.3	85.3
Derivatives	0.6	0.6
Current financial liabilities total	111.9	111.9
Total financial liabilities	150.6	150.6

The valuation of derivatives is based on market data (level 2). The valuation of 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 30.6.2020	0.1	-0.4	-0.2	24.2

PROVISIONS

EUR million

	Reclamation and guarantee	Pension	Other	Total
1.1.2020	0.2	0.1	0.3	0.6
Exchange rate differences	0.0	0.0	0.0	0.0
Additions	0.0	0.0	0.1	0.2
30.6.2020	0.2	0.1	0.5	0.7

Long term provisions are EUR 0.5 million and short term provisions EUR 0.2 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

	30.6.2020	30.6.2019	31.12.2019
Business mortgages		110.0	10.0
Pledged guarantees	8.3	8.3	8.6

The amount of bank guarantees is due to the guarantees given to the customer in connection with the storage arrangement.

In addition to the above commitments, the following guarantees have been given:

Scanfil Oyj has given absolute guarantees to Nordea Bank Abp as security for payment of the liabilities which Scanfil Sweden AB has created from time to time towards Nordea Bank Abp 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 to Skandinaviska Enskilda Banken AB is EUR 3.6 million.

Scanfil Oyj has provided a guarantee for the lease obligations of its subsidiary Scanfil Inc.

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.

KEY INDICATORS QUARTERLY

EUR million

	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18
Turnover	155.6	144.1	154.7	152.3	142.6	129.9	140.2	131.5	151.7
Operating profit	10.2	8.6	10.0	12.1	6.4	6.8	7.5	8.8	11.2
Operating profit, %	6.5	6.0	6.5	7.9	4.5	5.3	5.4	6.7	7.4
Net income, MEUR	8.3	7.5	9.8	8.8	4.6	4.8	6.4	6.9	8.0

EVENTS AFTER THE REVIEW PERIOD

On June 29, 2020, Scanfil announced that it was going to sell the entire share capital of Scanfil (Hangzhou) Co., Ltd., a subsidiary located in Hangzhou, China. The conditions for the transaction were met after the review period, and the transaction was completed on July 14, 2020. The purchase price was EUR 18.4 million, and the positive impact of the transaction on the operating profit is estimated at around EUR 11.3 million, out of which equity translation differences represent around EUR 7.9 million. At the end of the review period the assets of the sold company were EUR 26.8 million and liabilities EUR 11.8 million and both consisted mainly of working capital items.

On July 1, 2020, Scanfil announced that it was planning to shut down production at Scanfil GmbH in Hamburg and close the plant. Plants production would be continuing in the Wutha-Farnroda plant in Germany and the Sieradz plant in Poland. The company has started a consultation process concerning the entire personnel of the Hamburg plant. If the plan is implemented, Scanfil will incur non-recurring restructuring costs of around EUR 6 million, which will be recognized in the third quarter of 2020. The plan is expected to result in annual cost savings of around EUR 2.5 million.

CALCULATION OF KEY INDICATORS

Return on equity, %	$\frac{\text{Net profit for the period} \times 100}{\text{Shareholders' equity (average)}}$
Adjusted return on equity, %	$\frac{\text{Adjusted net profit for the period} \times 100}{\text{Adjusted shareholders' equity (average)}}$
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	$\frac{\text{Net profit for the period}}{\text{Average adjusted number of shares during the year}}$
Adjusted earnings per share	$\frac{\text{Adjusted net profit for the period}}{\text{Average adjusted number of shares during the year}}$
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 over 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 production units in Europe, Asia and North America.

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