



**SCANFIL**

Interim Report 1 January – 31 March 2018

## Scanfil Group's Interim Report for 1 January – 31 March 2018

### *Q1/2018: Positive year start, strengthening outlook for the rest of the year*

#### January – March

- Turnover totalled to EUR 139.6 million (Q1 2017:122.2), growth 14.2%
- Operating profit EUR 10.3 (6.2) million, 7.4 (5.0)% of turnover
- Profit for the review period was EUR 7.6 (5.8) million
- Earnings per share were EUR 0.12 (0.09)

#### 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'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.

#### KEY FIGURES

	Q1/2018	Q1/2017	Change%	2017
Turnover, EUR million	139.6	122.2	14%	529.9
Operating Profit, EUR million	10.3	6.2	67%	31.3
Operating Profit, %	7.4	5.0		5.9
Net Profit, EUR million	7.6	5.8	30%	25.8
Earnings per Share, EUR	0.12	0.09	30%	0.40
Return on Equity, %	23.7	20.9		22.2
Equity Ratio, %	42.1	39.4		40.7
Net Gearing, %	35.2	40.0		32.6
Net Cash Flow from Operations, EUR million	-3.1	5.1	-162%	21.3
Employees (Average)	3 405	3 214	6 %	3 254

## Petteri Jokitalo, CEO

We expected to have a positive start for the year and this we got. The first quarter turnover increased by 14%, supported by the growth in almost all customer segments. The development of the factory network productivity proceeded well, which can be seen in the first quarter profitability. The operating profit in the quarter was EUR 10.3 million with a growth of 67% from the previous year with an operating margin of 7.4%. The return on equity was 23.7%. We have now improved our operating profit both in absolute and relative terms for five consecutive quarters in a row. I am pleased with the sales and profitability development during the first quarter as well as with our longer-term business development.

The availability of the components continued to be challenging which required much focus and activities from our sourcing team. The actions taken ensured the maximum availability of the components, and we did not suffer from remarkable material shortages during the quarter. I am very satisfied with the work done by the sourcing team in this demanding situation. We were also preparing ourselves for second quarter delivery volumes and components needs, which can be seen in the working capital increase.

We continued our investment program and, among other things, took into use a new SMT line in our Suzhou factory. Additionally, we placed orders for new SMT line, 3D testing equipment, and automated testing system. Deliveries of ordered lines will take place mainly by the end of the second quarter. The acquisition of new lines, the value of about EUR 3 million, will bring our automated electronics production into the next level, and it will further improve our production performance, quality and productivity and clearly increase the value-add for our customers.

Our customer demand for the rest of the year has developed better than we expected. We updated our guidance, and according to our new guidance we expect to reach turnover EUR 545 – 585 million and operating profit EUR 36 – 40 million. Higher turnover will partly increase operating profit; also positive productivity development of the factories will have an impact on profitability.

I thank the employees of Scanfil for excellent work. I am happy with the progress of Scanfil and confident that the targets we set will be met.

## Markets and Customer Segments

The turnover grew in the first quarter from the year before. Especially the "Other Industries" customer segment turnover was very good and grew with new customers even EUR 13.8 million (107.6%). Also the "Medtech, Life Science & Environmental Measurements" customer segment grew EUR 4.9 million (24.4%) from last year. In the "Networks & Communications" segment, however, there was a decline

The development of demand within customer segments was strongly customer-specific.

The largest customer accounted for 11 (11)% of turnover and the top ten customers accounted for 62 (58)% of turnover.

EUR million	Q1/2017	Q2/2017	Q3/2017	Q4/2017	Q1/2018	% of Q1 turnover 2018
Energy & Automation	21.4	22.1	20.7	20.5	<b>22.4</b>	16.0 %
Medtec, Life Science & Environmental Measurements	20.3	21.0	21.5	23.3	<b>25.2</b>	18.1 %
Networks & Communications	27.2	25.5	27.3	23.5	<b>22.3</b>	15.9 %
Urban Applications	40.6	42.9	39.4	49.8	<b>43.2</b>	30.9 %
Other Industries	12.8	20.9	22.0	27.4	<b>26.6</b>	19.0 %
<b>Total</b>	122.2	132.4	130.8	144.4	<b>139.6</b>	100.0 %

## Turnover

- **January – March** turnover totalled to EUR 139.6 million, which is 14.2% higher than the corresponding period of the previous year.
- The turnover of almost all customer segments developed positively compared to the first quarter of last year.
- Especially the "Other Industries" customer segment turnover was very good and grew with EUR 13.8 million (107.6%) compared to year before.



## Operating Profit

- **January – March** operating profit was EUR 10.3 million (7.4% of turnover) and increased by 66.9% compared to last year.
- Key reasons for increase in operating profit
  - Positive turnover development
  - Lighter cost structure. During the first half of 2017, operations ended in factories in Vantaa, Finland and Biatorbagy, Hungary, during which time their costs were still burdening the result of that period.
  - Productivity improvement at the Myslowice factory due to the development measures taken at the end of last year and at the beginning of this year.



## Net Cash Flow from Operations

- **January – March** the net cash flow from operating activities was EUR - 3.1 million and decreased by EUR 8.2 million compared to the previous year.
- The negative net cash flow is mainly explained by growth of EUR 13.4 million in working capital. Working capital has grown towards the end of the quarter as a result of positively developed sales volumes. Additionally, the second-quarter positive net sales outlook is anticipated by increasing stocks.
- In addition, net cash flow was inflated by EUR 3.0 million taxes compared with EUR 1.5 million lower taxes in the corresponding period last year.



# Scanfil Group's Interim Report January – March 2018

## Financial Development

The Group's turnover for January – March was EUR 139.6 (122.2) million, growth 14.2% compared to the corresponding period of the previous year. The Group's operating profit for January – March was EUR 10.3 (6.2) million, 7.4 (5.0)% of turnover. Operating profit grew 66.9% compared the corresponding period of the previous year. The net profit for the review period was EUR 7.6 (5.8) million.

Earnings per share for the review period were EUR 0.12 (0.09). Return on investment was 21.8 (16.7)%.

## Financing and Capital Expenditure

The Group's financial position is stable. The consolidated balance sheet total stood at EUR 312.9 (292.1). Cash assets totalled EUR 17.7 (28.8) million. Liabilities amounted to EUR 181.1 (177.0) million, of which non-interest-bearing liabilities totalled EUR 117.0 (102.2) million and interest-bearing liabilities totalled EUR 64.1 (74.8) million. The equity ratio was 42.1 (39.4)%, and net gearing was 35.2 (40.0)%. Equity per share was EUR 2.06 (1.81).

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 - March was EUR -3.1 (5.1) million. The change in net working capital during the period amounted to EUR -13.4 (-0.1) million. The change in working capital in January – March 2018 compared to the turn of the previous year consists of the following items: short-term non-interest-bearing receivables grew by EUR 8.3 million, inventories increased by EUR 1.6 million and short-term non-interest-bearing liabilities decreased by EUR 3.4 million. Net cash flow from investments was EUR -2.7 million (-5.7). Cash flow from financing was EUR 2.8 (9.3) million.

Gross investment in January – March totalled EUR 2.8 (7.4) million, which was 2.0 (6.1)% of the turnover. The investments included mainly machinery and equipment acquisitions. Depreciation totalled EUR 2.3 (2.1) million.

## Decisions by the Annual General Meeting and Board of Directors' Authorisation

Scanfil plc's Annual General Meeting was held on 25 April 2018 in the company headquarters in Sievi, Finland.

According to Board of Directors' proposal The Annual General Meeting decided to distribute a dividend of EUR 0.11 per share. The record date for the payment of dividend is 27 April 2018 and the date of payment of the dividend is 7 May 2018

The Meeting resolved that the Board of Directors consists of five members. Harri Takanen, Jarkko Takanen, Christer Härkönen, Bengt Engström and Christina Lindstedt were re-elected as members of the Board of Directors. The meeting decided that the remuneration of Chairman of the Board of Directors is EUR 3,675/month and remuneration of a member of the Board of Directors is EUR 2,100/month. Additionally members of the Committee will receive a compensation of EUR 525/meeting. In its meeting, held after the General Meeting, the Board of Directors elected Harri Takanen as the Chairman of the Board of Directors.

The company's auditor is KPMG Oy AB, a company of Authorized Public Accountants, and the main auditor is Authorized Public Accountant Kirsi Jantunen. The auditor is appointed for an indefinite term.

The Meeting authorized the Board of Directors to decide on the acquisition of the company's own shares 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 and resolutions of the Meeting are available on the company website at [www.scanfil.com](http://www.scanfil.com).

The minutes of the Annual General Meeting will be 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.



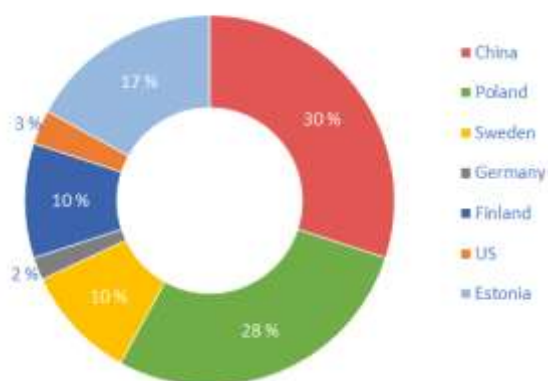
## Share Trading and Share Performance

The highest trading price during the review period was EUR 4.58 and the lowest EUR 4.08, the closing price for the period standing at EUR 4.46. A total of 727,589 shares were traded during the period, corresponding to 1.14% of the total number of shares. The market value of the shares on 31 March 2018 was EUR 285.0 million.

## Personnel

At the end of the period under review, the Group employed 3,405 (3,188) people, of whom 3,064 (2,860) worked outside Finland and 341 (328) in Finland. The average number of Group employees during the review period was 3,405 (3,214) people.

Personnel by Country, 3405 (31 March 2018)



## Future Outlook

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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

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.

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 26 April 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 net sales 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–March reported in accordance with IFRS 15 stood at EUR 139.6 million and would have been EUR 139.8 million if reported in accordance with the principles of IAS 18 and IAS 11.



## Consolidated Income Statement

EUR million

	1 - 3 2018	1 - 3 2017	1 - 12 2017
<b>Turnover</b>	<b>139.6</b>	<b>122.2</b>	<b>529.9</b>
Other operating income	0.3	0.7	2.7
Changes in inventories of finished goods and work in progress	-1.0	-0.6	3.0
Expenses	-126.4	-114.1	-495.5
Depreciation	-2.3	-2.1	-8.7
<b>Operating profit</b>	<b>10.3</b>	<b>6.2</b>	<b>31.3</b>
Financial income and expenses	-1.0	0.8	1.3
<b>Profit before taxes</b>	<b>9.3</b>	<b>6.9</b>	<b>32.6</b>
Income taxes	-1.7	-1.1	-6.8
<b>Net profit for the period</b>	<b>7.6</b>	<b>5.8</b>	<b>25.8</b>
Attributable to:			
Equity holders of the parent	7.6	5.8	25.8
Earnings per share for profit attributable to shareholders of the parent:			
undiluted and diluted earnings per share ( EUR)	0.12	0.09	0.40

## Consolidated Statement of Comprehensive Income

EUR million

	1 - 3 2018	1 - 3 2017	1 - 12 2017
<b>Net profit for the period</b>	<b>7.6</b>	<b>5.8</b>	<b>25.8</b>
Items that may later be recognized in profit or loss			
Translation differences	-0.8	0.6	-4.9
Cash flow hedges	0.1	0.2	0.4
Other comprehensive income, net of tax	-0.7	0.9	-4.5
<b>Total Comprehensive Income</b>	<b>6.8</b>	<b>6.7</b>	<b>21.3</b>
Attributable to:			
Equity holders of the parent	6.8	6.7	21.3

## Consolidated Statement of Financial Position

EUR million

<b>Assets</b>	<b>31.3.2018</b>	<b>31.3.2017</b>	<b>31.12.2017</b>
<b>Non-current assets</b>			
Property, plant and equipment	48.2	46.8	47.7
Goodwill	10.1	10.6	10.4
Other intangible assets	13.9	16.2	14.6
Available-for-sale investments	0.0	0.0	0.0
Deferred tax assets	4.3	1.9	4.2
<b>Total non-current assets</b>	<b>76.5</b>	<b>75.5</b>	<b>76.9</b>
<b>Current assets</b>			
Inventories	101.5	89.0	100.7
Trade and other receivables	113.1	96.1	106.0
Advance payments	1.3	1.1	1.0
Current tax	2.7	1.6	1.4
Cash and cash equivalents	17.7	28.8	20.6
<b>Total current assets</b>	<b>236.4</b>	<b>216.5</b>	<b>229.7</b>
<b>Total assets</b>	<b>312.9</b>	<b>292.1</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	28.0	27.7	28.0
Fair value reserve	0.0	-0.3	-0.1
Other reserves	6.7	6.5	6.7
Translation differences	5.8	12.2	6.7
Retained earnings	89.1	66.8	81.3
<b>Total equity</b>	<b>131.8</b>	<b>115.1</b>	<b>124.7</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	4.6	3.2	4.8
Provisions	0.3	0.2	0.3
Interest bearing liabilities	27.3	38.2	27.4
<b>Total non-current liabilities</b>	<b>32.3</b>	<b>41.5</b>	<b>32.5</b>
<b>Current liabilities</b>			
Trade and other liabilities	109.8	96.5	113.1
Current tax	2.0	1.1	2.2
Provisions	0.3	1.3	0.2
Interest bearing liabilities	36.7	36.6	34.0
<b>Total current liabilities</b>	<b>148.8</b>	<b>135.5</b>	<b>149.4</b>
<b>Total liabilities</b>	<b>181.1</b>	<b>177.0</b>	<b>181.9</b>
<b>Total shareholder's equity and liabilities</b>	<b>312.9</b>	<b>292.1</b>	<b>306.6</b>

## Consolidated Cash Flow Statement

EUR million

	1.1.-31.3.2018	1.1.-31.3.2017	1.1.-31.12.2017
<b>Cash flow from operating activities</b>			
Net profit	7.6	5.8	25.8
Adjustments for the net profit	6.0	1.1	10.7
Change in net working capital	-13.4	-0.1	-5.8
Paid interests and other financial expenses	-0.4	-0.3	-1.8
Interest received	0.0	0.0	0.2
Taxes paid	-3.0	-1.5	-7.7
<b>Net cash from operating activities</b>	<b>-3.1</b>	<b>5.1</b>	<b>21.3</b>
<b>Cash flow from investing activities</b>			
Investments in tangible and intangible assets	-2.8	-9.8	-20.7
Sale of tangible and intangible assets	0.1	4.1	10.0
<b>Net cash from investing activities</b>	<b>-2.7</b>	<b>-5.7</b>	<b>-10.7</b>
<b>Cash flow from financing activities</b>			
Related-party investment company shares			0.3
Repayment of long-term loans			-10.5
Repayment of short-term loans		-5.4	-5.1
Proceeds from short term loans	2.8	14.7	12.0
Dividends paid			-5.7
<b>Net cash from financing activities</b>	<b>2.8</b>	<b>9.3</b>	<b>-9.1</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>-3.1</b>	<b>8.7</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	-0.1	-1.1
<b>Cash and cash equivalents at end of period</b>	<b>17.7</b>	<b>28.8</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 January 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			0.1		-0.8	7.6	6.8
Option Scheme						0.1	0.1
<b>Equity</b>							
<b>31 March 2018</b>	<b>2.0</b>	<b>28.0</b>	<b>0.0</b>	<b>6.7</b>	<b>5.8</b>	<b>89.1</b>	<b>131.8</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 January 2017	2.0	27.7	-0.5	6.5	11.6	61.0	108.3
Total comprehensive income			0.2		0.6	5.8	6.7
Option Scheme						0.0	0.0
<b>Equity</b>							
<b>31 March 2017</b>	<b>2.0</b>	<b>27.7</b>	<b>-0.3</b>	<b>6.5</b>	<b>12.2</b>	<b>66.8</b>	<b>115.1</b>

## Key Indicators

	1 - 3 2018	1 - 3 2017	1 - 12 2017
Return on equity, %	23.6	20.9	22.2
Return on investment, %	21.8	16.7	19.4
Interest-bearing liabilities, EUR million	64.1	74.8	61.3
Gearing, %	35.2	40.0	32.6
Equity ratio, %	42.1	39.4	40.7
Gross investments, EUR million	2.8	7.4	18.6
% of net turnover	2.0	6.1	3.5
Personnel, average	3,405	3,214	3,254
Earnings per share, EUR	0.12	0.09	0.40
Shareholders' equity per share, EUR	2.06	1.81	1.95
Number of shares at the end of period, 000's			
- not counting own shares	63,895	63,670	63,895
- weighted average	63,895	63,670	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	1 - 3 2018			1 - 3 2017		
	Sales of goods	Sales of services	Total	Sales of goods	Sales of services	Total
<b>Customer Segments</b>						
Energy & Automation	21.5	0.9	22.4	20.0	1.4	21.4
Medtec, Life Science, Environmental Measurements	23.4	1.8	25.2	18.7	1.5	20.3
Networks & Communications	20.0	2.2	22.3	24.8	2.4	27.2
Urban Applications	42.6	0.5	43.2	39.1	1.5	40.5
Other Industries	25.5	1.1	26.6	11.9	0.9	12.8
<b>Total</b>	<b>133.0</b>	<b>6.6</b>	<b>139.6</b>	<b>114.4</b>	<b>7.8</b>	<b>122.2</b>
<b>Timing of revenue recognition</b>						
Goods and services transferred at a point of time	<b>133.0</b>	<b>6.6</b>	<b>139.6</b>	<b>114.4</b>	<b>7.8</b>	<b>122.2</b>

### Changes in tangible non-current assets

EUR million	1 - 3 2018	1 - 3 2017	1 - 12 2017
Book value at the beginning of the period	47.7	40.6	40.6
Additions	2.6	13.0	23.3
Deductions	-0.1	-5.9	-9.7
Depreciations	-1.8	-1.6	-6.7
Exchange rate differences	-0.2	0.7	0.1
<b>Book value at the end of the period</b>	<b>48.2</b>	<b>46.8</b>	<b>47.7</b>

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

EUR million

	31.3.2018 Book values of balance sheet values	31.3.2018 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	101.8	101.8
Forward agreement	0.4	0.4
Cash and cash equivalents	17.7	17.7
Current assets total	119.9	119.9
<b>Total financial assets</b>	<b>119.9</b>	<b>119.9</b>
<b>Non-current financial liabilities</b>		
Interest bearing liabilities from financial institutions	23.8	23.8
Financial leasing	3.6	3.6
Non-current financial liabilities total	27.3	27.3
<b>Current financial liabilities</b>		
Interest bearing liabilities from financial institutions	10.5	10.5
Financial leasing	0.3	0.3
Loans withdrawn from the credit limit	25.9	25.9
Derivative	0.3	0.3
Trade payables	86.4	86.4
Current financial liabilities total	123.5	123.5
<b>Total financial liabilities</b>	<b>150.8</b>	<b>150.8</b>

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

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



### Open derivative contracts

EUR million

	Positive	Negative	Net	Nominal value
Interest rate swaps, protective		-0.3	-0.3	34.3
Forward agreement, protective	0.4	-0.0	0.4	21.3

### Provisions

EUR million

	Reclamation and guarantee	Pension	Other	Total
<b>1 January 2018</b>	0,2	0,0	0,2	0,5
Exchange rate differences	0,0	0,0	0,0	0,0
Additions	0,1			0,1
Used provisions	-0,0			0,0
<b>31 March 2018</b>	0,3	0,0	0,2	0,6

Long term provisions are EUR 0.3 million and short term provisions EUR 0.3 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 -3 2018	1 -3 2017	1 -12 2017
Business mortgages	110.0	110.0	110.0
Pledged guarantees	1.4	2.2	2.1
Rent liabilities	8.3	9.6	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 25.9 million of the credit limits were in use on 31 March 2018.

## Key indicators quarterly

	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17	Q4/16	Q3/16	Q2/16
Turnover, MEUR	139.6	144.4	130.8	132.4	122.2	122.3	121.7	133.6
Operating profit, MEUR	10.3	9.6	8.5	7.1	6.2	2.8	7.6	-3.6
Operating profit, %	7.4	6.6	6.5	5.3	5.0	2.3	6.2	-2.7
Net income, MEUR	7.6	10.5	5.2	4.3	5.8	1.3	6.5	-6.1

## 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

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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 3,500.

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