



## Scanfil Group's Interim Report January – September 2017

### *July-September 2017: Strong operating margin benefitted from increased sales and lighter cost structure*

#### July – September 2017

- Turnover totalled to EUR 130.8 million (Q3 2016: 121.7)
- Operating profit EUR 8.5 million (7.6, before adjustments 7.7), 6.5% of turnover (6.2%, before adjustments 6.3%)
- Profit was EUR 5.2 million (6.5)
- Earnings per share amounted EUR 0.08 (0.10, before adjustments 0,11)

#### January – September 2017

- Turnover totalled to EUR 385.5 million (1-9 2016: 385.7)
- Operating profit EUR 21.7 million (4.4, before adjustments 17.6), 5.6% of turnover (1.1%, before adjustments 4.6%)
- Profit for the review period was EUR 15.3 million (-1.2)
- Earnings per share were EUR 0.24 (-0.02, before adjustments 0.19)

The interim report does not include any adjustments to report. 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 2017 will be EUR 500–530 million and the operating profit will amount to EUR 28 – 31 million.

#### KEY FIGURES

	Q3/2017	Q3/2016	Change%	Q1-Q3/2017	Q1-Q3/2016	Change%	1-12.2016
Turnover, EUR million	130.8	121.7	7%	385.5	385.7	0%	508.0
Operating Profit, EUR million	8.5	7.6	12%	21.7	4.4	393%	7.2
Operating Profit, Adjusted, EUR million	8.5	7.7	10%	21.7	17.6	23%	22.3
Operating Profit, %	6.5	6.2		5.6	1.1		1.4
Operating Profit, %, Adjusted	6.5	6.3		5.6	4.6		4.4
Net Profit, EUR million	5.2	6.5	-21%	15.3	-1.2	1380%	0.1
Net Profit, Adjusted, EUR million	5.2	6.7	-23%	15.3	12.5	23%	15.7
Earnings per Share, EUR	0.08	0.10	-20%	0.24	-0.02	1300%	0.00
Return on Equity, %				18.3	-1.6		0.1
Equity Ratio, %				37.9	37.2		40.7
Net Gearing, %				44.9	49.3		36.9
Net Cash Flow from Operations, EUR million				7.3	3.1	135%	16.5
Employees (Average)				3 212	3 534	-9%	3 483

## Petteri Jokitalo, CEO

I am very happy about the achieved sales growth as well as the positive development of profitability during the third quarter. Compared to previous year we grew 7% and reached 6.5% operating profit which exceeded our this year's targeted 6%. Return on equity was 18.3%.

We have been able to increase our operating profit every quarter of the year significantly. This has been possible due to positively developed customer demand and particularly strong growth in new customer sales. The benefits from the optimization of the factory network can be seen, even though it is clear that we still need to improve our operational performance, especially in Myslowice, Poland and Sievi, Finland. I am especially proud of the contribution of Scanfil's employees. The result achieved would not have been possible without the hard work of the employees and their commitment to the set goals.

Our investment in manufacturing capacity and facilities has been at a record level throughout the year. In August, we moved to a larger production facility in Atlanta, and the Sieradz electronics factory is completing an expansion investment that doubles the factory's floor space and capacity. New electronics manufacturing lines have been acquired and deployed at the Suzhou, Sieradz and Malmö plants. The production capacity of the Myslowice factory's sheet metal manufacturing has tripled. With these investments, we have upgraded and increased our manufacturing capacity to meet the foreseen customer demands. These investments also enable us to meet the future growth targets.

I am pleased with Scanfil's financial development in the third quarter. I am confident that the positive development will continue for the rest of the year and we will achieve the goals set for this year.

## Markets and Customer Segments

The turnover increased in the third quarter, especially in the "Medtech, Life Science, Environmental Measurements" and "Other Industries" segments compared to the previous year. However, the development of demand within customer segments

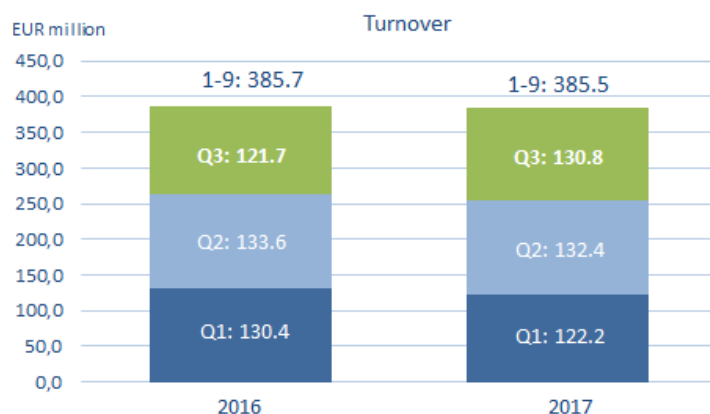
was strongly customer-specific. The growth in new customer sales is reflected in the "Other Industries" customer segment.

The largest customer accounted for 13% of turnover and 59% of the top ten customers.

EUR million	Q3/2016	Q4/2016	Q1/2017	Q2/2017	Q3/2017	% of Q3 turnover 2017
Energy & Automation	20.0	20.0	21.4	22.1	<b>20.7</b>	15.8%
Medtec, Life Science, Environmental Measurements	16.2	17.1	20.3	21.0	<b>21.5</b>	16.4%
Networks&Communication	27.4	28.0	27.2	25.5	<b>27.3</b>	20.9%
Urban Applications	44.7	42.0	40.6	42.9	<b>39.4</b>	30.1%
Other Industries	13.5	15.1	12.8	20.9	<b>22.0</b>	16.8%
<b>Total</b>	121.7	122.3	122.2	132.4	<b>130.8</b>	100.0%

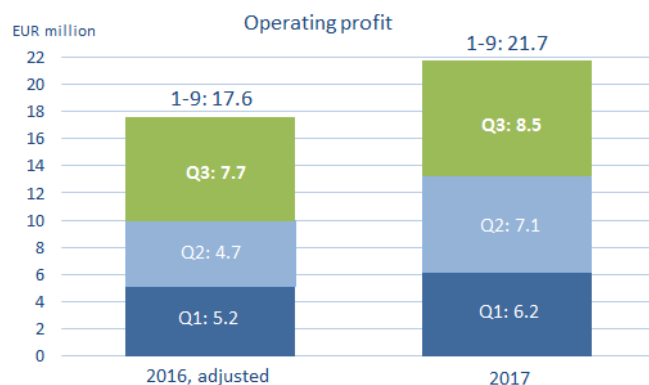
## Turnover

- **July-September** turnover totalled to EUR 130.8 million. It was 7.4% higher than the corresponding period of the previous year. In absolute terms, the turnover grew EUR 9.1 million.
- A significant part of the growth in turnover came from the "Other Industries" customer segment, whose turnover increased by EUR 8.5 million mainly due to new customers.
- **January-September** turnover was almost at the level of the previous year.
- Metal precision business was divested in the year 2016. Excluding the divestment of the Metal-Precision business, turnover grew by 2.7%.



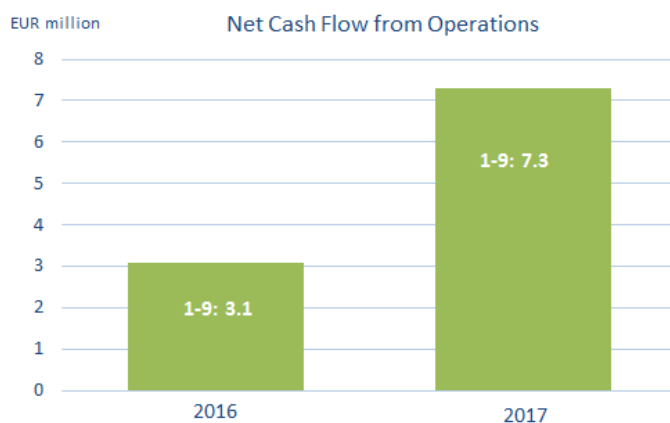
## Operating Profit

- **July-September** operating profit was EUR 8.5 million (6.5% of turnover) and increased by 10.3% compared to last year.
- The increase in operating profit is due to the measures taken by the company during the last year to adapt the factory network and the positive development of turnover combined with the continuous improvement of operations.
- **January-September** operating profit was EUR 21.7 million (5.6% of turnover) and grew by 23.3% compared to the last year.



## Net Cash Flow from Operations

- **January-September**, the net cash flow from operating activities was EUR 7.3 million and grew 135% compared to the previous year.
- During the review period, the net cash flow was negatively affected by the increase of -10.9 million in working capital. Growth in the review period can be explained by more than EUR 8.5 million increase in turnover compared to the last quarter of last year.



# Scanfil Group's Interim Report January – September 2017

## Financial Development

The Group's turnover for January - September was EUR 385.5 (385.7) million. The Group's operating profit for January – September was EUR 21.7 (4.4) million, representing 5.6% (1.1%) of turnover. The operating profit for the previous year includes adjustments total of EUR 13.2 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 23.3% compared to the adjusted operating profit of the corresponding period of the previous year. Operating profit without adjustments in January – September 2016 was EUR 17.6 million, 4.6% of turnover.

The net profit for the review period was EUR 15.3 (-1.2) million. The net profit for the comparison period without adjustments was EUR 12.5 million.

Earnings per share for the review period were EUR 0.24 (-0.02). In the previous year, the earnings per share without adjustments were EUR 0.19. Return on investment was 16.4 (4.2)%.

The Group's turnover for July–September amounted to EUR 130.8 (121.7) million, with the increase of 7.4% compared to the corresponding period of previous year. Operating profit was EUR 8.5 (7.6) million, or 6.5% (6.2%) of turnover. Operating profit grew 12.5% compared to the corresponding quarter of the previous year. The previous year's third quarter included EUR 0.1 million adjustment items.

The net profit of third quarter includes 0.8 million EUR incremental taxes due to tax audit carried out in the Polish subsidiary and dividends paid from China subsidiaries. Incremental taxes from Polish subsidiary (EUR 0.4 million) are related to the transfer pricing between the Group companies in 2014, and the Group is considering reclaiming the taxes in EU arbitration.

## Financing and Capital Expenditure

The Group's financial position is stable. The consolidated balance sheet total stood at EUR 304.6 million (283.5 million) at the end of the review period. Cash assets totalled EUR 21.6 million (28.9 million). Liabilities amounted to EUR 189.3 million (178.2

million), of which non-interest-bearing liabilities totalled EUR 115.9 million (97.4 million) and interest-bearing liabilities totalled EUR 73.4 million (80.8 million). The equity ratio was 37.9% (37.2%), and net gearing was 44.9% (49.3%). Equity per share was EUR 1.81 (1.65).

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-September was EUR 7.3 (3.1) million. The change in net working capital during the period amounted to EUR -10.9 (-14.4) million. The change in working capital between January and September 2017 compared to the turn of the year consists of the following items: short-term non-interest-bearing receivables grew by EUR 19.3 million, inventories increased by EUR 14.6 million and short-term non-interest-bearing liabilities increased by EUR 22.9 million. Net cash flow from investments was EUR -7.5 million (-2.0). Cash flow from financing was EUR -2.7 (6.5) million.

Gross investment in January–September 2017 totalled EUR 15.8 million (3.5), or 4.1% (0.9%) of the turnover. The investments consist mainly of a still unfinished construction project in Poland, as well as acquisitions of machinery and equipment in China, Poland and Sweden. Depreciation totalled EUR 6.4 million (8.6 million).

## Board of Directors' Authorisation

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

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

The minutes of the Annual General Meeting have been available on the company's website, [www.scanfil.com](http://www.scanfil.com), as of 10 May 2017.

## Own Shares

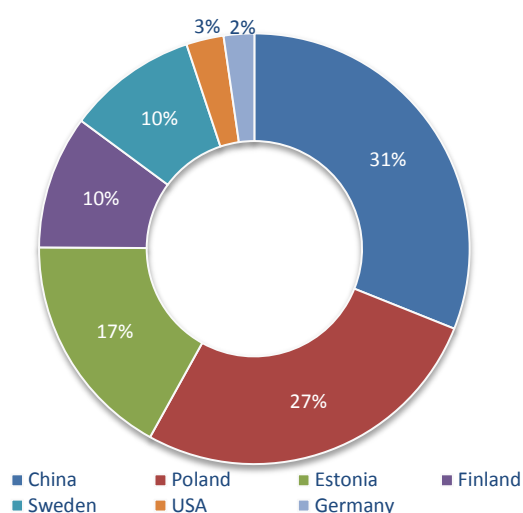
The company does not own its own shares.

## 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 4.39. A total of 2,762,713 shares were traded during the period, corresponding to 4.3% of the total number of shares. The market value of the shares on 30 September 2017 was EUR 280.5 million

## Personnel

At the end of the period under review, the Group employed 3,299 (3,300) people, of whom 2,983 (2,970) worked outside Finland and 316 (330) in Finland. The average number of Group employees during the review period was 3,212 (3,534) 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.

## Future Outlook

Scanfil estimates that its turnover for 2017 will be EUR 500–530 million and the operating profit will amount to EUR 28 – 31 million.

## Operational Risks and Uncertainties

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

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



## 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 interim report is unaudited.



## Consolidated Income Statement

EUR million

	7 - 9 2017	7 - 9 2016	1 - 9 2017	1 - 9 2016	1-12 2016
<b>Turnover</b>	<b>130,8</b>	<b>121,7</b>	<b>385,5</b>	<b>385,7</b>	<b>508,0</b>
Other operating income	0.1	0.2	2.4	1.0	1.0
Changes in inventories of finished goods and work in progress	3.4	-0.1	2.0	-2.9	-1.8
Expenses	-123.7	-112.2	-361.7	-370.7	-488.9
Depreciation	-2.1	-2.1	-6.4	-8.6	-11.0
<b>Operating profit</b>	<b>8.5</b>	<b>7.6</b>	<b>21.7</b>	<b>4.4</b>	<b>7.2</b>
Financial income and expenses	-1.0	0.8	-1.4	0.0	-1.2
<b>Profit before taxes</b>	<b>7.5</b>	<b>8.3</b>	<b>20.3</b>	<b>4.4</b>	<b>6.1</b>
Income taxes	-2.3	-1.8	-5.0	-5.6	-6.0
<b>Net profit for the period</b>	<b>5.2</b>	<b>6.5</b>	<b>15.3</b>	<b>-1.2</b>	<b>0.1</b>
Attributable to:					
Equity holders of the parent	5.2	6.5	15.3	-1.2	0.1
Earnings per share for profit attributable to shareholders of the parent:					
undiluted and diluted earnings per share ( EUR)	0.08	0.10	0.24	-0.02	0.00

## Consolidated Statement of Comprehensive Income

EUR million

	7 - 9 2017	7 - 9 2016	1 - 9 2017	1 - 9 2016	1-12 2016
<b>Net profit for the period</b>	<b>5.2</b>	<b>6.5</b>	<b>15.3</b>	<b>-1.2</b>	<b>0.1</b>
Items that may later be recognized in profit or loss					
Translation differences	-1.2	-1.1	-3.1	-5.4	-4.1
Cash flow hedges	-0.2	0.2	0.1	-0.4	0.0
Other comprehensive income, net of tax	-1.4	-0.9	-3.0	-5.7	-4.1
<b>Total Comprehensive Income</b>	<b>3.8</b>	<b>5.6</b>	<b>12.3</b>	<b>-6.9</b>	<b>-4.0</b>
Attributable to:					
Equity holders of the parent	3.8	5.6	12.3	-6.9	-4.0

## Consolidated Statement of Financial Position

EUR million

<b>Assets</b>	<b>30.9.2017</b>	<b>30.9.2016</b>	<b>31.12.2016</b>
<b>Non-current assets</b>			
Property, plant and equipment	46.6	40.8	40.6
Goodwill	10.5	10.5	10.6
Other intangible assets	14.9	16.6	16.4
Available-for-sale investments	0.0	0.0	0.0
Deferred tax assets	2.1	2.1	1.9
<b>Total non-current assets</b>	<b>74.2</b>	<b>70.1</b>	<b>69.5</b>
<b>Current assets</b>			
Inventories	99.2	88.8	85.3
Trade and other receivables	106.3	93.4	88.0
Advance payments	1.0	1.6	2.4
Current tax	2.3	0.6	1.4
Cash and cash equivalents	21.6	28.9	20.2
<b>Total current assets</b>	<b>230.4</b>	<b>213.4</b>	<b>197.2</b>
<b>Total assets</b>	<b>304.6</b>	<b>283.5</b>	<b>266.8</b>
<b>Shareholder's equity and liabilities</b>			
<b>Equity</b>			
Share capital	2.0	2.0	2.0
Translation differences	8.5	10.2	11.6
Other reserves	6.1	5.6	6.0
Reserve for invested unrestricted equity fund	28.0	27.7	27.7
Retained earnings	70.7	59.7	61.0
<b>Total equity</b>	<b>115.4</b>	<b>105.3</b>	<b>108.3</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	2.7	3.1	3.0
Provisions	0.3	4.4	0.1
Interest bearing liabilities	32.9	43.6	38.2
<b>Total non-current liabilities</b>	<b>35.9</b>	<b>51.1</b>	<b>41.4</b>
<b>Current liabilities</b>			
Trade and other liabilities	110.4	87.3	88.3
Current tax	2.1	1.6	1.5
Provisions	0.4	0.9	5.4
Interest bearing liabilities	40.4	37.2	21.9
<b>Total current liabilities</b>	<b>153.3</b>	<b>127.1</b>	<b>117.1</b>
<b>Total liabilities</b>	<b>189.3</b>	<b>178.2</b>	<b>158.5</b>
<b>Total shareholder's equity and liabilities</b>	<b>304.6</b>	<b>283.5</b>	<b>266.8</b>

## Consolidated Cash Flow Statement

EUR million

	1.1.- 30.9.2017	1.1.- 30.9.2016	1.1.- 31.12.2016
<b>Cash flow from operating activities</b>			
Net profit	15.3	-1.2	0.1
Adjustments for the net profit	9.9	24.4	29.6
Change in net working capital	-10.9	-14.4	-6.1
Paid interests and other financial expenses	-1.5	-1.2	-2.0
Interest received	0.1	0.2	0.2
Taxes paid	-5.7	-4.8	-5.3
<b>Net cash from operating activities</b>	<b>7.3</b>	<b>3.1</b>	<b>16.5</b>
<b>Cash flow from investing activities</b>			
The sale of a subsidiary less cash and cash equivalents at the time of sale		0.8	0.9
Investments in tangible and intangible assets	-17.3	-3.5	-5.2
Sale of tangible and intangible assets	9.8	0.8	0.7
Proceeds from other investments			0.0
<b>Net cash from investing activities</b>	<b>-7.5</b>	<b>-2.0</b>	<b>-3.5</b>
<b>Cash flow from financing activities</b>			
Issue of share		16.8	16.8
Related-party investment company shares	0.3	0.2	0.2
Repayment of long-term loans			-5.3
Repayment of short-term loans	-10.5	-5.7	-21.1
Proceeds from short term loans	18.7	0.3	
Dividends paid	-5.7	-5.1	-5.1
<b>Net cash from financing activities</b>	<b>2.7</b>	<b>6.5</b>	<b>-14.4</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>2.5</b>	<b>7.6</b>	<b>-1.3</b>
Cash and cash equivalents at beginning of period	20.2	22.3	22.3
Changes in exchange rates	-1.1	-0.9	-0.6
<b>Cash and cash equivalents at end of period</b>	<b>21.6</b>	<b>28.9</b>	<b>20.2</b>

## Statement of changes in Consolidated Equity

EUR million

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

<b>Equity</b>	<b>Share capital</b>	<b>Translation differences</b>	<b>Other reserves</b>	<b>Reserve for invested unrestricted equity fund</b>	<b>Retained earnings</b>	<b>Equity total</b>
1.1.2017	2.0	11.6	6.0	27.7	61.0	108.3
Total comprehensive income		-3.1	0.1		15.3	12.3
Excercised options				0.3		
Option Scheme					0.1	0.1
Paid dividends					-5.7	-5.7
<b>Equity</b>						
<b>30.9.2017</b>	<b>2.0</b>	<b>8.5</b>	<b>6.1</b>	<b>28.0</b>	<b>70.7</b>	<b>115.4</b>

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

<b>Equity</b>	<b>Share capital</b>	<b>Translation differences</b>	<b>Other reserves</b>	<b>Reserve for invested unrestricted equity fund</b>	<b>Retained earnings</b>	<b>Equity total</b>
1.1.2016	2.0	15.6	5.9	10.7	66.0	100.2
Total comprehensive income		-5.4	-0.4		-1.2	-6.9
Issue of share				16.8		16.8
Excercised options				0.2		0.2
Fund transfer			0.1		-0.1	0.0
Option Scheme					0.1	0.1
Paid dividends					-5.1	-5.1
<b>Equity</b>						
<b>30.9.2016</b>	<b>2.0</b>	<b>10.2</b>	<b>5.6</b>	<b>27.7</b>	<b>59.7</b>	<b>105.3</b>

## Key Indicators

	1 - 9 2017	1 - 9 2016	1 - 12 2016
Return on equity, %	18.3	-1.6	0.1
Return on investment, %	16.4	4.2	4.5
Interest-bearing liabilities, EUR million	73.4	80.8	60.1
Gearing, %	44.9	49.3	36.9
Equity ratio, %	37.9	37.2	40.7
Gross investments, EUR million	15.8	3.5	5.5
% of net turnover	4.1	0.9	1.1
Personnel, average	3 212	3 534	3 483
Earnings per share, EUR	0.24	-0.02	0.00
Shareholders' equity per share, EUR	1.81	1.65	1.70
Number of shares at the end of period, 000's			
- not counting own shares	63 895	63 670	63 670
- weighted average	63 714	62 433	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

	<b>7 - 9</b>	<b>7 - 9</b>	<b>1 - 9</b>	<b>1 - 9</b>	<b>1-12</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
<b>Operating profit</b>	<b>8.5</b>	<b>7.6</b>	<b>21.7</b>	<b>4.4</b>	<b>7.2</b>
Operating profit, % of net turnover	6.5 %	6.2 %	5.6 %	1.1 %	1.4 %
Adjustments:					
Capital losses and ramp-down costs		0.1		13.2	15.1
Adjustments total		0.1		13.2	15.1
<b>Adjusted operating income</b>	<b>8.5</b>	<b>7.7</b>	<b>21.7</b>	<b>17.6</b>	<b>22.3</b>
<b>Adjusted operating profit, % of net turnover</b>	<b>6.5 %</b>	<b>6.3 %</b>	<b>5.6 %</b>	<b>4.6 %</b>	<b>4.4 %</b>
Financial income and expenses	-1.0	0.8	-1.4	0.0	-1.2
Profit before taxes	7.5	8.3	20.3	4.4	6.1
Income taxes	-2.3	-1.8	-5.0	-5.6	-6.0
Adjustments				0.5	0.5
<b>Net profit for the period</b>	<b>5.2</b>	<b>6.5</b>	<b>15.3</b>	<b>-1.2</b>	<b>0.1</b>
<b>Adjusted Net profit for the period</b>	<b>5.2</b>	<b>6.7</b>	<b>15.3</b>	<b>12.5</b>	<b>15.7</b>

### Changes in tangible non-current assets

EUR million

	<b>1 - 9</b>	<b>1 - 9</b>	<b>1 - 12</b>
	<b>2017</b>	<b>2016</b>	<b>2016</b>
Book value at the beginning of the period	40.6	48.1	48.1
Additions	21.0	3.2	4.7
Deductions	-9.8	-2.5	-2.6
Depreciations	-4.8	-5.7	-7.4
Decreases in value		-1.4	-1.5
Exchange rate differences	-0.4	-0.8	-0.6
<b>Book value at the end of the period</b>	<b>46.6</b>	<b>40.8</b>	<b>40.6</b>

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

EUR million

	<b>30.9.2017</b>	<b>30.9.2017</b>
	Book values of balance sheet values	Fair values of balance sheet values
<b>Non-current assets</b>		
Available for sale investments	0.0	0.0
Non-current assets total	0.0	0.0
<b>Current assets</b>		
Trade receivables	100.3	100.3
Forward agreement	0.0	0.0
Cash and cash equivalents	21.6	21.6
Current assets total	121.9	121.9
<b>Total financial assets</b>	<b>121.9</b>	<b>121.9</b>
<b>Non-current financial liabilities</b>		
Interest bearing liabilities from financial institutions	29.0	29.0
Financial leasing	3.9	3.9
Non-current financial liabilities total	32.9	32.9
<b>Current financial liabilities</b>		
Interest bearing liabilities from financial institutions	10.6	10.6
Financial leasing	0.2	0.2
Loans withdrawn from the credit limit	29.7	29.7
Derivative	0.5	0.5
Trade payables	90.4	90.4
Current financial liabilities total	131.3	131.3
<b>Total financial liabilities</b>	<b>164.3</b>	<b>164.3</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		-0.4	-0.4	39.5
Forward agreement, hedge accounting	0.0	-0.2	-0.1	17.3
Forward agreement	0.0		0.0	0.8

### Provisions

EUR million

	Reclamation and guarantee	Pension	Restructuring	Other	Total
<b>1.1.2017</b>	0.4	0.0	4.9	0.2	5.6
Exchange rate differences	0.0	0.0	-0.1	0.0	-0.1
Additions		0.0		0.0	0.0
Used provisions			-4.8		-4.8
Cancellation of unused provisions	-0.0	-0.0		-0.0	-0.0
<b>30.9.2017</b>	0.4	0.0	0.0	0.2	0.7

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

### Contingent Liabilities

EUR million

	1 -9 2017	1 -9 2016	1 -12 2016
Business mortgages	110.0	110.0	110.0
Chattel mortgages		18.3	
Pledged guarantees	2.2	2.5	2.5
Rent liabilities	8.3	13.7	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 2.1 million.

Furthermore, Scanfil Oyj has given an absolute guarantee to Siemens Finance GmbH of which 8 thousand EUR were outstanding on 30 September 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 29.7 million of the credit limits were in use on 30 September 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 main owners of Jussi Capital Oy.

Rental costs January - September 2017 were EUR 15 thousand (EUR 15 thousand in January - September 2016) and are market-based rents.

### Key indicators quarterly

EUR million

	Q3/17	Q2/17	Q1/17	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15
Turnover, MEUR	130.8	132.4	122.2	122.3	121.7	133.6	130.4	142.8
Operating profit, MEUR	8.5	7.1	6.2	2.8	7.6	-3.6	0.5	3.9
Operating profit, %	6.5	5.3	5.0	2.3	6.2	-2.7	0.4	2.7
Net income, MEUR	5.2	4.3	5.8	1.3	6.5	-6.1	-1.7	1.2

## 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 3,300.

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