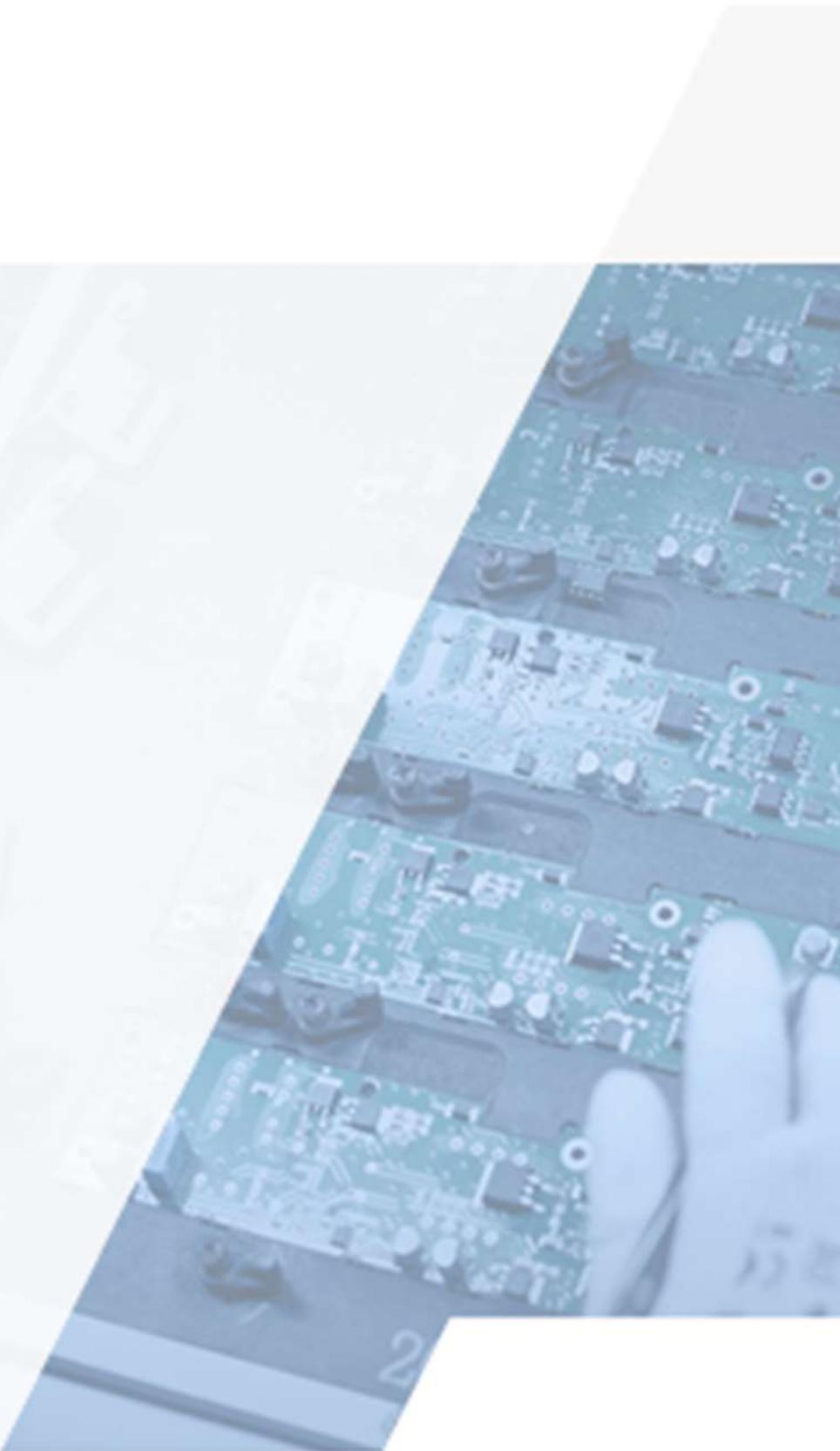


Scanfil Plc Interim Report

1 – 3/2019

25 April 2019



Scanfil Group's Interim Report for 1 January – 31 March 2019

Q1/2019: Expectedly challenging first quarter, a clearly strengthening end-year outlook

January – March

- Turnover totalled to EUR 129.9 million (Q1 2018:139.6), down 7.0%
- Operating profit EUR 6.8 (10.3) million, 5.3% (7.4%) of turnover
- Profit for the review period was EUR 4.8 (7.6) million
- Earnings per share were EUR 0.08 (0.12)

Future Outlook

Scanfil estimates, that its turnover for 2019 will be EUR 560 - 610 million and the operating profit will amount to EUR 36 - 41 million.

KEY FIGURES

	Q1/2019	Q1/2018	Change%	2018
Turnover, EUR million	129.9	139.6	-7 %	563.0
Operating Profit, EUR million	6.8	10.3	-33 %	37.8
Operating Profit, %	5.3	7.4		6.7
Net Profit, EUR million	4.8	7.6	-36 %	28.9
Earnings per Share, EUR	0.08	0.12	-36 %	0.45
Return on Equity, %	13.0	23.6		21.5
Equity Ratio, %	46.4	42.1		47.7
Net Gearing, %	30.8	35.2		19.5
Net Cash Flow from Operations, EUR million	-0.4	-3.1	87 %	29.0
Employees (Average)	3 443	3 405	1 %	3 414

Petteri Jokitalo, CEO

Demand during the first quarter was in a low level as expected. Turnover stood at EUR 129.9 million, showing a decrease of 7% from the previous year. However, there were no signs of any general decrease in customer demand. Instead, the decrease in sales was highly customer-specific, resulting from low demand among a few significant customers. Therefore, sales in the Consumer Applications and Communication segments decreased clearly from the previous year, while sales within other customer segments were stable or developed positively.

The operating profit during the first quarter was EUR 6.8 million, comprising 5.3% of turnover. The operating profit decreased by EUR 3.5 million from the previous year due to a lower turnover and a partially unfavorable product mix. Net cash flow from operations and Scanfil's equity ratio developed positively during the first quarter. At the end of the quarter, Scanfil's equity ratio was 46.3% and net gearing was 30.8%. Scanfil has a strong balance sheet which enables the investments required for growth and provides possibilities in terms of potential business acquisitions.

During the beginning of the year we invested, for example, in an electronics assembly line at the Malmö plant in order to respond to expected increases in demand. During the past three years, we have more than tripled our electronics manufacturing capacity at the Malmö plant, supported by growing customer needs. We continued our investments in improved productivity and in automated production and material handling.

Customer demand is picking up, and we expect the second quarter to be much stronger, both in terms of turnover and operating profit. I am confident that we will reach our operational and financial goals set for this year. We will renew our guidance for 2019, and we expect our turnover for 2019 to be EUR 560–610 million and our operating profit to be EUR 36–41 million.

I am satisfied with our operational development in the long term, as well as with our capability to defend our position during the first quarter. I would like to thank all our customers and suppliers for your trust and support, and all our employees for a job well done.

Markets and Customer Segments

Scanfil changed its customer segments from the beginning of 2019 to better correspond to its current customer structure and to the general customer segment structure used in the contract manufacturing markets. Customers of the Urban Applications and Other Industries segments were grouped into new Consumer Applications and Industrial segments. Products of customers included in the Consumer Applications segments are typically used by consumers. These include reverse vending machines, slot machines, machines for self-service laundromats and photo booths. Products of customers included in the Industrial segment are used in industrial applications, such as forklift guidance systems and smart lighting systems. Otherwise, the customer segments remained unchanged.

During the first quarter, the group's turnover decreased by EUR 9.7 million, or 7.0%, from the corresponding period last year. This decrease resulted from the low customer demand in the Consumer Applications and Communication segments.

The turnover of the Consumer Applications segment decreased by EUR 12.7 million, or -35.1%, from the previous year. The decrease in sales mainly resulted from the very low demand for a single product of a

customer. Demand for this product has been low since the third quarter of the previous year, and its production is expected to stop during 2019. Despite of this, sales within Consumer Applications segment are expected to develop positively during 2019.

Sales in the Communication segment decreased by EUR 4.3 million, or 19.4%. This decrease resulted from lower demand among a few individual customers compared with the previous year. Demand among these customers is expected to pick up during the second quarter.

The turnover of the Energy & Automation segment remained stable.

The turnover of the Industrial segment increased by EUR 6.0 million, or 20.0%, and that of the Medtec & Life Science segment increased by EUR 1.7 million, or 6.6%, from the corresponding period in the previous year.

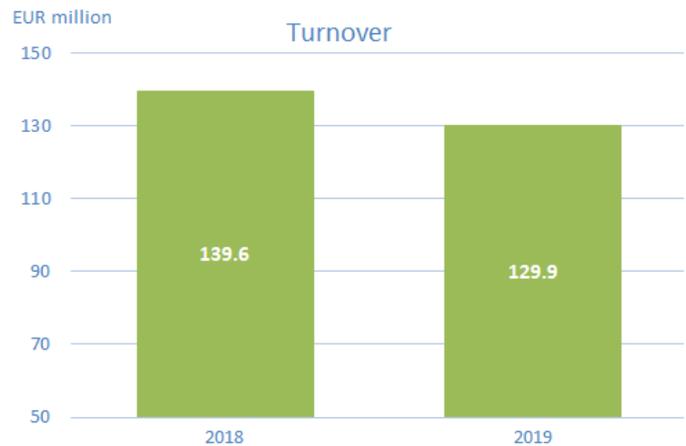
The largest customer accounted for 13% (11%) of turnover and the top ten customers accounted for 57% (62%) of turnover.

The table below presents the breakdown of the 2018 turnover following the new customer segments.

EUR million	Q1/2018	Q2/2018	Q3/2018	Q4/2018	2018	Q1/2019	% of Q1 turnover 2019
Communication	22.3	23.7	24.3	27.2	97.5	17.9	13.8%
Consumer Applications	36.2	38.8	25.6	25.1	125.6	23.5	18.1%
Energy & Automation	26.0	27.3	26.5	27.7	107.5	25.7	19.8%
Industrial	29.9	37.3	32.3	35.1	134.6	35.9	27.7%
Medtec & Life Science	25.2	24.6	22.9	25.2	97.9	26.9	20.7%
Total	139.6	151.7	131.5	140.2	563.0	129.9	100.0%

Turnover

- **January – March** turnover totalled to EUR 129.9 million, which is 7.0% lower than the corresponding period of the previous year.
- The Consumer Applications customer segment showed a particular decrease, as its turnover fell by EUR 12.7 million, or 35.1%. This decrease resulted from a change in demand for a single customer's products.



Operating Profit

- **January – March** operating profit was EUR 6.8 million (5.3% of turnover) and decreased by 33.4% compared to last year.
- The decrease in operating profit mainly resulted from the decrease in turnover.
- In addition, the operating profit was affected by changes in the product mix.



Net Cash Flow from Operations

- **January – March** the net cash flow from operating activities was EUR -0.4 million and was EUR 2.7 million better compared to the previous year.
- The increase in the net cash flow from operations resulted from the increase in working capital being lower than in the year before. As a result of the increase in working capital during the period, the net cash flow from operations was, however, slightly negative.
- Lower income taxes paid than during the corresponding period in the previous year also had a positive impact on the change in the net cash flow from operations.



Scanfil Group's Interim Report for 1 January – 31 March 2019

Financial Development

The Group's turnover for January – March was EUR 129.9 (139.6) million, decrease of 7.0% compared to the corresponding period of the previous year. The Consumer Applications customer segment showed a particular decrease as its turnover fell by EUR 12.7 million, or 35.1%. This decrease resulted from a change in demand for a single customer's products. The Group's operating profit for January – March was EUR 6.8 (10.3) million, 5.3% (7.4%) of turnover. Operating profit decreased 33.4% compared the corresponding period of the previous year. The decrease in the operating profit mainly resulted from the decrease in turnover. The net profit for the review period was EUR 4.8 (7.6) million.

Earnings per share for the review period were EUR 0.08 (0.12). Return on investment was 14.0% (21.8%). The lower return on investment resulted from results being weaker than in the previous year.

Financing and Capital Expenditure

The Group's financial position is stable. The consolidated balance sheet total stood at EUR 327.9 (312.9). The adoption of the IFRS 16 *Leases* standard resulted increase the balance sheet total. From the beginning of 2019, nearly all of the group's lease agreements have been recognized on the balance sheet as a lease liabilities and as a related asset items. At the end of March 2019, fixed assets included EUR 15.5 million fixed asset items related to lease liabilities in accordance with IFRS 16 and corresponding liability items. Buildings lease agreement related assets are EUR 14.2 million of the total EUR 15,5 million assets. Cash assets totalled EUR 19.1 (17.7) million. Liabilities amounted to EUR 175.7 (181.1) million, of which non-interest-bearing liabilities totalled EUR 109.8 (117.0) million and interest-bearing liabilities totalled EUR 65.9 (64.1) million. Interest-bearing liabilities included EUR 15.6 million in leasing liabilities in accordance with IFRS 16. The equity ratio was 46.4% (42.1%), and net gearing was 30.8% (35.2%). The adoption of IFRS 16 reduced the group's equity ratio by 2.3 percentage points and net gearing by 10.2 percentage points during the first quarter. Equity per share was EUR 2.38 (2.06).

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 -0.4 (-3.1) million. The change in net working capital during the period amounted to EUR -8.0 (-13.4) million. The change in working capital in January – March 2019 compared to the turn of the previous year consists of the following items: short-term non-interest-bearing receivables decreased by EUR 1.9 million, inventories increased by EUR 5.7 million and short-term non-interest-bearing liabilities decreased by EUR 4.2 million. Net cash flow from investments was EUR -2.7 (-2.7) million. Cash flow from financing was EUR 2.3 (2.8) million.

Gross investments in January – March totalled EUR 2.6 (2.8) million, which was 2.0% (2.0%) of the turnover. The investments included mainly machinery and equipment acquisitions. Depreciation totalled EUR 3.2 (2.3) million. EUR 0.7 million increase in depreciation is caused by a change in accounting principles due to the adoption of the IFRS 16 *Leases* standard.

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

Scanfil plc's Annual General Meeting was held on 24 April 2019 in the company headquarters in Sievi, Finland.

According to Board of Directors' proposal The Annual General Meeting decided to distribute a dividend of EUR 0.13 per share. The record date for the payment of dividend is 26 April 2019 and the date of payment of the dividend is 6 May 2019.

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 3,800/month and remuneration of a member of the Board of Directors is EUR 2,200/month. Additionally members of the Committee will receive a compensation of EUR 550/meeting. In it's 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 and to decide on share issues through one or more issues. The Meeting decided to authorize the Board of Directors to decide on granting option rights to key people of Scanfil Group.

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 will be available on the company's website, www.scanfil.com, as of 8 May 2019.

Own Shares

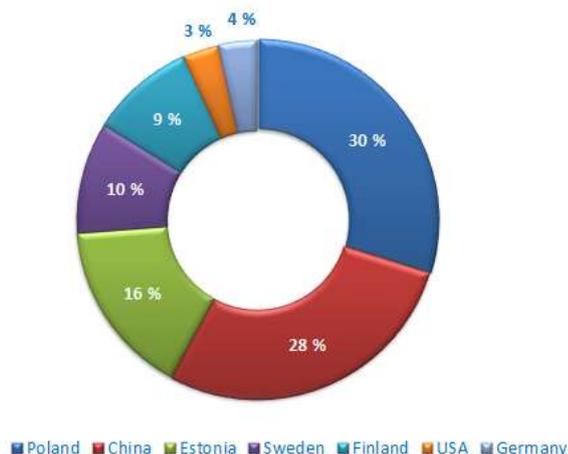
The company does not own its own shares.

Share Trading and Share Performance

The highest trading price during the review period was EUR 4.68 and the lowest EUR 3.73, the closing price for the period standing at EUR 4.06. A total of 963,185 shares were traded during the period, corresponding to 1.5% of the total number of shares. The market value of the shares on 31 March 2019 was EUR 260.0 million.

Personnel

Personnel by Country 3,460 (31 March 2019)



At the end of the period under review, the Group employed 3,460 (3,405) people, of whom 3,135 (3,064) worked outside Finland and 325 (341) in Finland. The average number of Group employees during the review period was 3,443 (3,405) people.

Future Outlook

Scanfil estimates, that its turnover for 2019 will be EUR 560 - 610 million and the operating profit will amount to EUR 36 - 41 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

No essential changes have taken place in the risks related to Scanfil's business 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 for 2018.

Accounting principles

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

Scanfil reports single business segment.

Starting from 1 January 2019, Scanfil has adopted new standard IFRS 16 *Leases*. 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 2018 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 24 April 2019, the Board of Director of Scanfil plc approved this interim report release for publication.

Changes in accounting principles

IFRS 16 Leases

The new standard replaced IAS 17 and related interpretations. IFRS 16 requires lessees to recognize lease agreements on the balance sheet as a lease liability and as a related asset item. The accounting model is similar to current financial lease accounting in accordance with IAS 17. Lessor accounting remains mostly similar to current IAS 17.

Five of the group's ten production plants operate in leased premises. In addition, the group has lease

agreements on cars and other vehicles (mainly forklifts). Scanfil has started to use a simplified approach. The group used exceptions that concern short-term lease agreements of at most 12 months and assets at a maximum value of USD 5000, apart from leasing cars, for example, to which the 12-month exception does not apply. Therefore, nearly all lease agreements were recognized on the balance sheet at the time of the transition. The interest rate applied to the Group's loans in Finland, Sweden, Germany and Estonia will be used as the discount rate. Discount rates applied in other countries have been defined separately for each country.

Lease agreement liabilities and the asset item regarding the right of use on January 1, 2019, recognized on the balance sheet totaled EUR 14.8 million.

The adoption of the standard has an impact on key figures; the equity ratio is expected to decrease by approximately two percentage points and net gearing by 10 percentage points. The adoption is only expected to have a minor impact on net results.

Reconciliation calculation

EUR 1,000

Minimum leasing liabilities in financial statements of December 31, 2018	12 035
Minimum leasing liabilities in financial statements of December 31, 2018	-1 145
Lease periods longer than minimum lease periods	5 371
New lease agreement, starting on February 1, 2019, included in lease agreement liabilities	-1 422
Fixed asset item in accordance with IFRS 16, January 1, 2019	14 839

Other amended standards do not have any impact on consolidated financial statements.

Consolidated Income Statement

EUR million

	1 - 3 2019	1 - 3 2018	1 - 12 2018
Turnover	129,9	139,6	563,0
Other operating income	0.1	0.3	0.8
Changes in inventories of finished goods and work in progress	0.4	-1.0	-0.3
Expenses	-120.4	-126.4	-516.2
Depreciation	-3.2	-2.3	-9.5
Operating profit	6.8	10.3	37.8
Financial income and expenses	-0.8	-1.0	-1.7
Profit before taxes	6.0	9.3	36.0
Income taxes	-1.2	-1.7	-7.1
Net profit for the period	4.8	7.6	28.9
Attributable to:			
Equity holders of the parent	4.8	7.6	28.9
Earnings per share for profit attributable to shareholders of the parent:			
undiluted and diluted earnings per share (EUR)	0.08	0.12	0.45

Consolidated Statement of Comprehensive Income

EUR million

	1 - 3 2019	1 - 3 2018	1 - 12 2018
Net profit for the period	4.8	7.6	28.9
Items that may later be recognized in profit or loss			
Translation differences	2.3	-0.8	-2.4
Cash flow hedges	0.2	0.1	-0.2
Other comprehensive income, net of tax	2.5	-0.7	-2.6
Total Comprehensive Income	7.3	6.8	26.3
Attributable to:			
Equity holders of the parent	7.3	6.8	26.3

Consolidated Statement of Financial Position

EUR million

Assets	31.3.2019	31.3.2018	31.12.2018
Non-current assets			
Property, plant and equipment	65.7	48.2	49.1
Goodwill	10.0	10.1	10.1
Other intangible assets	12.0	13.9	12.2
Available-for-sale investments	0.0	0.0	0.0
Deferred tax assets	4.8	4.3	4.4
Total non-current assets	92.5	76.5	75.9
Current assets			
Inventories	105.6	101.5	99.2
Trade and other receivables	107.0	113.1	107.6
Advance payments	0.6	1.3	0.3
Current tax	3.1	2.7	1.6
Cash and cash equivalents	19.1	17.7	19.2
Total current assets	235.4	236.4	227.9
Total assets	327.9	312.9	303.8
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	28.4	28.0	28.4
Fair value reserve	-0.0	0.0	-0.2
Other reserves	6.9	6.7	6.7
Translation differences	6.6	5.8	4.3
Retained earnings	108.2	89.1	103.6
Total equity	152.1	131.8	144.7
Non-current liabilities			
Deferred tax liabilities	5.9	4.6	6.0
Provisions	0.3	0.3	0.3
Interest bearing liabilities	29.4	27.3	16.6
Total non-current liabilities	35.6	32.3	22.8
Current liabilities			
Trade and other liabilities	101.3	109.8	103.5
Current tax	2.1	2.0	1.8
Provisions	0.2	0.3	0.1
Interest bearing liabilities	36.5	36.7	30.8
Total current liabilities	140.1	148.8	136.2
Total liabilities	175.7	181.1	159.1
Total shareholder's equity and liabilities	327.9	312.9	303.8

Consolidated Cash Flow Statement

EUR million

	1.1.-31.3.2019	1.1.-31.3.2018	1.1.-31.12.2018
Cash flow from operating activities			
Net profit	4.8	7.6	28.9
Adjustments for the net profit	5.3	6.0	18.2
Change in net working capital	-8.0	-13.4	-9.5
Paid interests and other financial expenses	-0.4	-0.4	-1.7
Interest received	0.0	0.0	0.1
Taxes paid	-2.1	-3.0	-6.9
Net cash from operating activities	-0.4	-3.1	29.0
Cash flow from investing activities			
Investments in tangible and intangible assets	-2.7	-2.8	-10.1
Sale of tangible and intangible assets	0.0	0.1	0.4
Net cash from investing activities	-2.7	-2.7	-9.7
Cash flow from financing activities			
Related-party investment company shares			0.4
Repayment of long-term loans			-10.5
Repayment of short-term loans	-0.8		-3.5
Proceeds from short term loans	3.1	2.8	
Dividends paid			-7.0
Net cash from financing activities	2.3	2.8	-20.7
Net increase/decrease in cash and cash equivalents	-0.8	-3.1	-1.3
Cash and cash equivalents at beginning of period	19.1	20.6	20.6
Changes in exchange rates	0.7	0.1	-0.2
Cash and cash equivalents at end of period	19.1	17.7	19.2

Statement of changes in Consolidated Equity

EUR million

Equity attributable to equity holders of the parent company

Equity	Share capital	Reserve for invested unrestricted equity fund	Fair value reserve	Reserve fund	Translation differences	Retained earnings	Equity total
1.1.2019	2.0	28.4	-0.3	6.7	4.3	103.6	144.7
Total comprehensive income			0.2		2.3	4.8	7.3
Fund transfer				0.2		-0.2	
Option Scheme						0.0	0.0
Equity							
31.3.2019	2.0	28.4	-0.0	6.9	6.6	108.2	152.1

Equity attributable to equity holders of the parent company

Equity	Share capital	Reserve for invested unrestricted equity fund	Fair value reserve	Reserve fund	Translation differences	Retained earnings	Equity total
1.1.2018	2.0	28.0	-0.1	6.7	6.7	81.3	124.7
Adjustment according to IFRS 15						0.2	0.2
Total comprehensive income			0.1		-0.8	7.6	6.8
Option Scheme						0.1	0.1
Equity							
31.3.2018	2.0	28.0	0.0	6.7	5.8	89.1	131.8

Key Indicators

	1 - 3 2019	1 - 3 2018	1 - 12 2018
Return on equity, %	13.0	23.6	21.5
Return on investment, %	14.0	21.8	20.2
Interest-bearing liabilities, EUR million	65.9	64.1	47.3
Gearing, %	30.8	35.2	19.5
Equity ratio, %	46.4	42.1	47.7
Gross investments, EUR million	2.6	2.8	10.1
% of net turnover	2.0	2.0	1.8
Personnel, average	3 443	3 405	3 414
Earnings per share, EUR	0.08	0.12	0.45
Shareholders' equity per share, EUR	2.38	2.06	2.26
Number of shares at the end of period, 000's			
- not counting own shares	64 035	63 895	64 035
- weighted average	64 035	63 895	63 945

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 2019			1 - 3 2018			1 - 12 2018		
	Sales of goods	Sales of services	Total	Sales of goods	Sales of services	Total	Sales of goods	Sales of services	Total
Customer Groups									
Communication	14.9	3.1	17.9	20.0	2.2	22.3	86.8	10.7	97.5
Consumer Applications	22.6	0.9	23.5	35.8	0.4	36.2	121.6	4.1	125.6
Energy & Automation	24.7	1.0	25.7	25.2	0.9	26.0	101.8	5.7	107.5
Industrial	33.5	2.4	35.9	28.7	1.3	29.9	127.3	7.2	134.6
Medtec & Life Science	25.1	1.8	26.9	23.4	1.9	25.2	89.4	8.6	97.9
Total	120.7	9.2	129.9	133.0	6.6	139.6	526.8	36.2	563.0
Timing of revenue recognition									
Goods and services transferred at a point of time	120.7	8.3	129.0	133.0	6.0	139.0	526.8	33.3	560.1
Services transferred over time		0.9	0.9		0.7	0.7		3.0	3.0
Total	120.7	9.2	129.9	133.0	6.6	139.6	526.8	36.2	563.0

Changes in tangible non-current assets

EUR million

	1 - 3 2019	1 - 3 2018	1 - 12 2018
Book value at the beginning of the period	63.9	47.7	47.7
Additions	3.8	2.6	9.9
Deductions	-0.0	-0.1	-0.1
Depreciations	-2.7	-1.8	-7.5
Exchange rate differences	0.6	-0.2	-0.8
Book value at the end of the period	65.7	48.2	49.1

The carrying amount at the beginning of the financial year on 1 January 2019 includes the effect of the change in accounting principle arising from the adoption of IFRS 16 Leases, EUR 14.8 million. The carrying amount on 31 March 2019 includes the asset item EUR 15.5 million of IFRS 16, which is recognized as an asset.

Financial assets and liabilities, carrying amount and fair value

EUR million

	31.3.2019	31.3.2019
	Book values of balance sheet values	Fair values of balance sheet values
Non-current assets		
Investments	0.0	0.0
Non-current assets total	0.0	0.0
Current assets		
Trade receivables	97.0	97.0
Cash and cash equivalents	19.1	19.1
Derivatives	0.1	0.1
Current assets total	116.1	116.1
Total financial assets	116.2	116.2
Non-current financial liabilities		
Interest bearing liabilities from financial institutions	13.3	13.3
Financial leasing	16.1	16.1
Non-current financial liabilities total	29.4	29.4
Current financial liabilities		
Interest bearing liabilities from financial institutions	10.5	10.5
Financial leasing	3.1	3.1
Loans withdrawn from the credit limit	23.0	23.0
Derivatives	0.2	0.2
Trade payables	77.7	77.7
Current financial liabilities total	114.4	114.4
Total financial liabilities	143.8	143.8

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		-0.2	-0.2	23.8
Forward agreement, protective	0.1	-0.0	0.1	18.7

Provisions

EUR million

	Reclamation and guarantee	Pension	Other	Total
1.1.2019	0.1	0.0	0.2	0.4
Exchange rate differences	0.0	0.0	0.0	0.0
Additions	0.0			0.0
31.3.2019	0.2	0.0	0.3	0.5

Long term provisions are EUR 0.3 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

	1 - 3 2019	1 - 3 2018	1 - 12 2018
Business mortgages	110.0	110.0	110.0
Bank guarantees	8.6	1.4	8.3

The increase in 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.

Scanfil Sweden AB has given security to some subsidiary suppliers regarding obligations that may be created through the business relationship.

A total of EUR 23.0 million of the credit limits were in use on 31 March 2019.

Key Indicators quarterly

	Q1/19	Q4/18	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17
Turnover, MEUR	129.9	140.2	131.5	151.7	139.6	144.4	130.8	132.4
Operating profit, MEUR	6.8	7.5	8.8	11.2	10.3	9.6	8.5	7.1
Operating profit, %	5.3	5.4	6.7	7.4	7.4	6.6	6.5	5.3
Net income, MEUR	4.8	6.4	6.9	8.0	7.6	10.5	5.2	4.3

Calculation of key indicators

Return on equity, %	$\frac{\text{Net profit for the period} \times 100}{\text{Shareholders' equity (average)}}$
Return on investment, %	$\frac{(\text{Profit before taxes} + \text{interest and other financial expenses}) \times 100}{\text{Balance sheet total} - \text{non-interest-bearing liabilities (average)}}$
Gearing (%)	$\frac{(\text{Interest-bearing liabilities} - \text{cash and other liquid financial assets}) \times 100}{\text{Shareholders' equity}}$
Equity ratio (%)	$\frac{\text{Shareholders' equity} \times 100}{\text{Balance sheet total} - \text{advance payments received}}$
Earnings per share	$\frac{\text{Net profit for the period}}{\text{Average adjusted number of shares during the year}}$
Shareholders' equity per share	$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the financial period}}$
Dividend per share	$\frac{\text{Dividend to be distributed for the period (Board's proposal)}}{\text{Number of shares at the end of year}}$
Dividend per earnings (%)	$\frac{\text{Dividend per share} \times 100}{\text{Earnings per share}}$
Effective dividend yield (%)	$\frac{\text{Dividend per share} \times 100}{\text{Share price at the end of year}}$
Price-to-earnings ratio (P/E)	$\frac{\text{Share price at the end of year}}{\text{Earnings per share}}$
Average share price	$\frac{\text{Total share turnover}}{\text{Number of shares traded}}$
Market capitalisation	Number of shares x last trading price of the financial period

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Scanfil is an international contract manufacturer and system supplier for the electronics industry with 40 years of experience in demanding contract manufacturing. Scanfil provides its customers with an extensive array of services, ranging from product design to product manufacturing, material procurement and logistics solutions. Vertically integrated production and a comprehensive supply chain are the foundation of Scanfil's competitive advantages: speed, flexibility and reliability.

Typical Scanfil products include mobile and communications network devices, automation system modules, frequency converters, lift control systems, analysers, various slot and vending machines, and devices related to medical technology and meteorology. Scanfil services are used by numerous international automation, energy, IT and health service providers, as well as companies operating in the field of urbanisation. Scanfil's network of factories consists of 10 production units in Europe, Asia and North America. The total number of employees is about 3,500.

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