

Scanfil Group's Financial Report for Q3 and Jan - Sep 2020

Q3 and January - September 2020

Solid Performance in Exceptional Environment

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SCANFIL

Highlights

Q3 2020

141.6 M€ (-7%)

Turnover

9.9 M€ / (7%)

Adjusted Operating Profit

21.2 M€

Reported Operating Profit
including the sale of
Hangzhou factory

0.28 / 0.14 €

Earnings per share

Q1 - Q3

25.9 M€ / 14.4%

Net cash flow from Operations / Net
Gearing

- Robust profitability even COVID-19 caused some extraordinary costs and loss of productivity.
- Sales impacted by low customer demand in July and August. Clear sales recovery seen in September.
- Hangzhou factory sale realized in July.
- Further improvement in customer satisfaction.
- Strong cash flow and financial position.



Q1-Q3: COVID-19 Impacts to Scanfil

- Impacts to Sales: negative impact, mainly Industrial and Consumer Applications segments.
- Impacts to Operating Profit
 - Factory shutdowns in China (Q1): EUR -0.5 million
 - Temporary shutdown of the Myslowice factory (Q2): EUR -0.5 million
 - Extraordinary costs caused by pandemic: EUR -0.9 million
 - Productivity decrease due to sudden changes / loss of sales (partly covered by governments subsidies)

Scanfil Covid-19 Counter measures usage		9.9.2020	12.10.2020	12.10.2020	12.10.2020	12.10.2020	12.10.2020	12.10.2020	12.10.2020	12.10.2020	12.10.2020
Latest Review Date:		Alumina	Hamburg	Alumina	Myslowice	Pulmu	Sterng	Sied	Sudbu	Wulbu	Wolfsbu
1	Leadership										
2	Covid-19 crisis management team established (agile decision making)	X	X	X	X	X	X	X	X	X	X
3	Local authorities' rules/recommendations followed	X	X	X	X	X	X	X	X	X	X
4	Covid-19 safety plan reviewed locally in weekly basis	X	X	X	X	X	X	X	X	X	X
5	COVID KPIs in use (Covid cases in Scanfil, incidence rate in county)	X	X	X	X	X	X	X	X	X	X
6	Instruction on place: People don't come to work if any Covid related symptoms	X	X	X	X	X	X	X	X	X	X
7	Trace Covid cases, quarantine and test potentially exposed (or related symptoms)	X	X	X	X	X	X	X	X	X	X
8	Business trips minimized, only with GMT member / MD approval	X	X	X	X	X	X	X	X	X	X
9	Minimize visits in factory, only with MD's approval	X	X	X	X	X	X	X	X	X	X
10	Emphasized Follow up discipline on shop floor by management	X	X	X	X	X	X	X	X	X	X
11	Rearrange people transportation / guidance	X	X	X	X	X	X	X	X	X	X
12	Recommendation to use national Covid-19 application	X	X	X	X	X	X	X	X	X	X
13	Communication										
14	Posters / tv's etc. to share Covid-instructions, general information etc.	X	X	X	X	X	X	X	X	X	X
15	Regular contacts with infected people	X	X	X	X	X	X	X	X	X	X
16	Enhanced communication with employees for regional Covid situation (min weekly)	X	X	X	X	X	X	X	X	X	X
17	Co-operation model agreed and implemented with local authorities / healthcare	X	X	X	X	X	X	X	X	X	X
18	Active communication with customers and sales team for Covid situation	X	X	X	X	X	X	X	X	X	X
19	Isolated Jobs										
20	Additional shifts in use based on local risk analysis	X	X	X	X	X	X	X	X	X	X
21	Maximize number of shifts in use	X	X	X	X	X	X	X	X	X	X
22	Employees separated to isolated groups in the factory	X	X	X	X	X	X	X	X	X	X
23	Isolation shift model in use (no ZH)	X	X	X	X	X	X	X	X	X	X
24	Remote work for office people in use (preventive, quarantine etc)	X	X	X	X	X	X	X	X	X	X
25	Persons who can move between areas marked to get distinguished	X	X	X	X	X	X	X	X	X	X
26	Additional entrances/exits/social premises in use	X	X	X	X	X	X	X	X	X	X
27	Social Distances										
28	No handshaking rule on place	X	X	X	X	X	X	X	X	X	X
29	Max 5 people groups inside of 2m social distance (meetings, work stations)	X	X	X	X	X	X	X	X	X	X
30	Max 5 people groups inside of 2m social distance (meetings, work stations)	X	X	X	X	X	X	X	X	X	X
31	Floor markings installed to remind for keeping distances	X	X	X	X	X	X	X	X	X	X
32	Meetings and classroom trainings in virtual environment only	X	X	X	X	X	X	X	X	X	X
33	Groups planned with >2m distance (where possible)	X	X	X	X	X	X	X	X	X	X
34	Plexi screens in production if social distance <2m	X	X	X	X	X	X	X	X	X	X
35	Plexi screens in office if social distance <2m	X	X	X	X	X	X	X	X	X	X
36	Entrances reorganized to keep social distance >2m	X	X	X	X	X	X	X	X	X	X
37	Smoking arranged for keeping social distances	X	X	X	X	X	X	X	X	X	X
38	Breaks arranged in smaller, separated groups	X	X	X	X	X	X	X	X	X	X
39	People flow planned to minimize F2F (layout plan with one direction corridors)	X	X	X	X	X	X	X	X	X	X
40	Personal Protection										
41	Visible safety instructions (safety distances, hand washing, hand sanitizers, PPE's)	X	X	X	X	X	X	X	X	X	X
42	PPE's available	X	X	X	X	X	X	X	X	X	X
43	Safety plans available for different Covid-19 incidence rate levels (green, yellow, red)	X	X	X	X	X	X	X	X	X	X
44	Mandatory to use masks or visors all the time	X	X	X	X	X	X	X	X	X	X
45	Door-pressed masks in use (where applicable)	X	X	X	X	X	X	X	X	X	X
46	Disinfectant gloves in use (where applicable)	X	X	X	X	X	X	X	X	X	X
47	Body temperature measurement in entrances	X	X	X	X	X	X	X	X	X	X
48	Body measurement and masks to visitors	X	X	X	X	X	X	X	X	X	X
49	Cleanliness & Hygiene										
50	Hand sanitizer available widely	X	X	X	X	X	X	X	X	X	X
51	Enhanced ventilation for premises	X	X	X	X	X	X	X	X	X	X
52	Regular disinfection of premises (min weekly basis)	X	X	X	X	X	X	X	X	X	X
53	Sanitize entrances/exits between shifts	X	X	X	X	X	X	X	X	X	X
54	Disinfection of receiving goods	X	X	X	X	X	X	X	X	X	X
55	Hand drying machines switched off or disinfected twice a day	X	X	X	X	X	X	X	X	X	X
56	Extra door handles allow open doors with elbows	X	X	X	X	X	X	X	X	X	X
57	Touchless door openings / time card stampings	X	X	X	X	X	X	X	X	X	X
58	Keep doors constantly open where possible	X	X	X	X	X	X	X	X	X	X
59	Use disposable, one time cutlery	X	X	X	X	X	X	X	X	X	X
60	% OF MEASURES IN USE	45	39	36	52	42	53	27	34	48	35
61	TOTAL USAGE SCORE	82%	72%	67%	87%	78%	88%	50%	44%	89%	65%

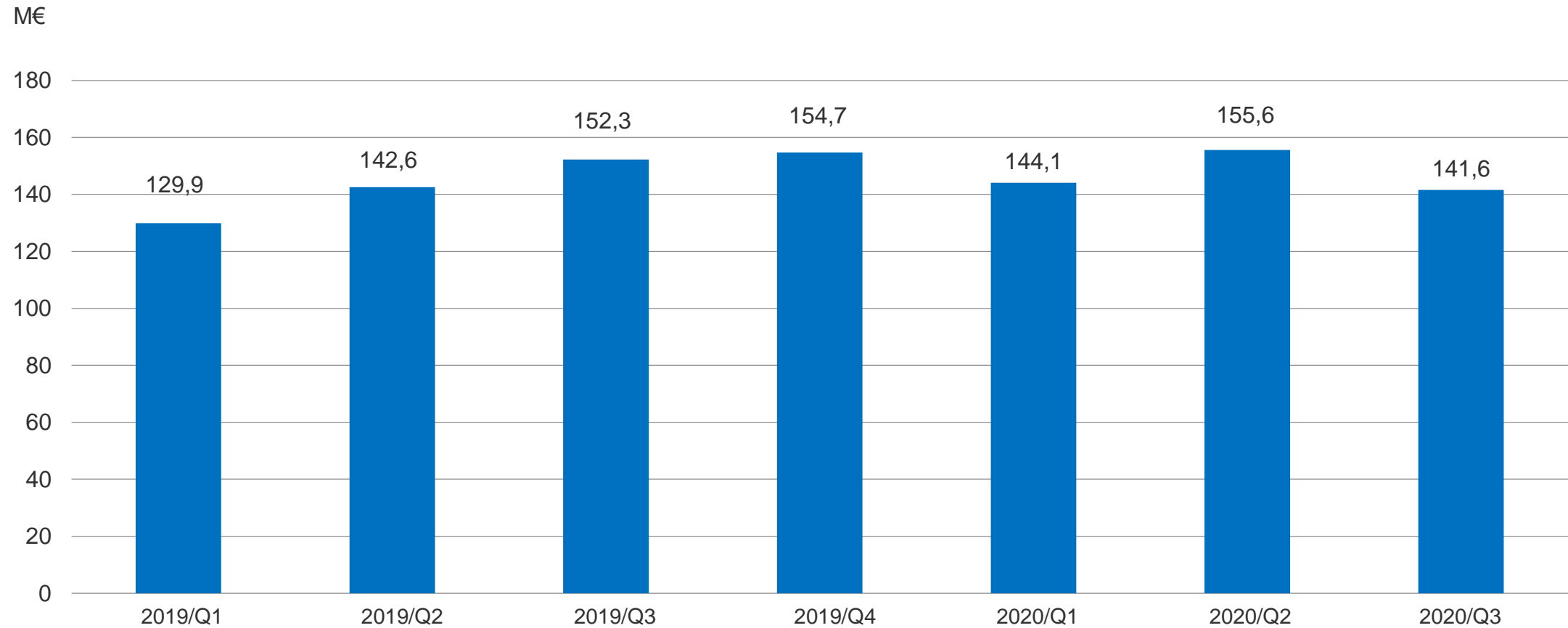
Customer Segments

EUR million	Q1/2019	Q2 /2019	Q3/2019	Q4/2019	Q1/2020	Q2/2020	Q3/2020	% of Q3 turnover 2020
Communication	17.9	19.4	21.4	20.7	22.4	28.9	20.7	14.6%
Consumer Applications	23.5	27.6	27.8	28.3	18.7	20.3	21.3	15.1%
Energy & Automation	25.7	28.3	27.9	29.4	30.7	32.6	28.9	20.4%
Industrial	35.9	41.5	49.0	46.8	45.6	48.5	44.7	31.5%
Medtec & Life Science	26.9	25.7	26.1	29.4	26.7	25.3	26.1	18.4%
Total	129.9	142.6	152.3	154.7	144.1	155.6	141.6	100.0%

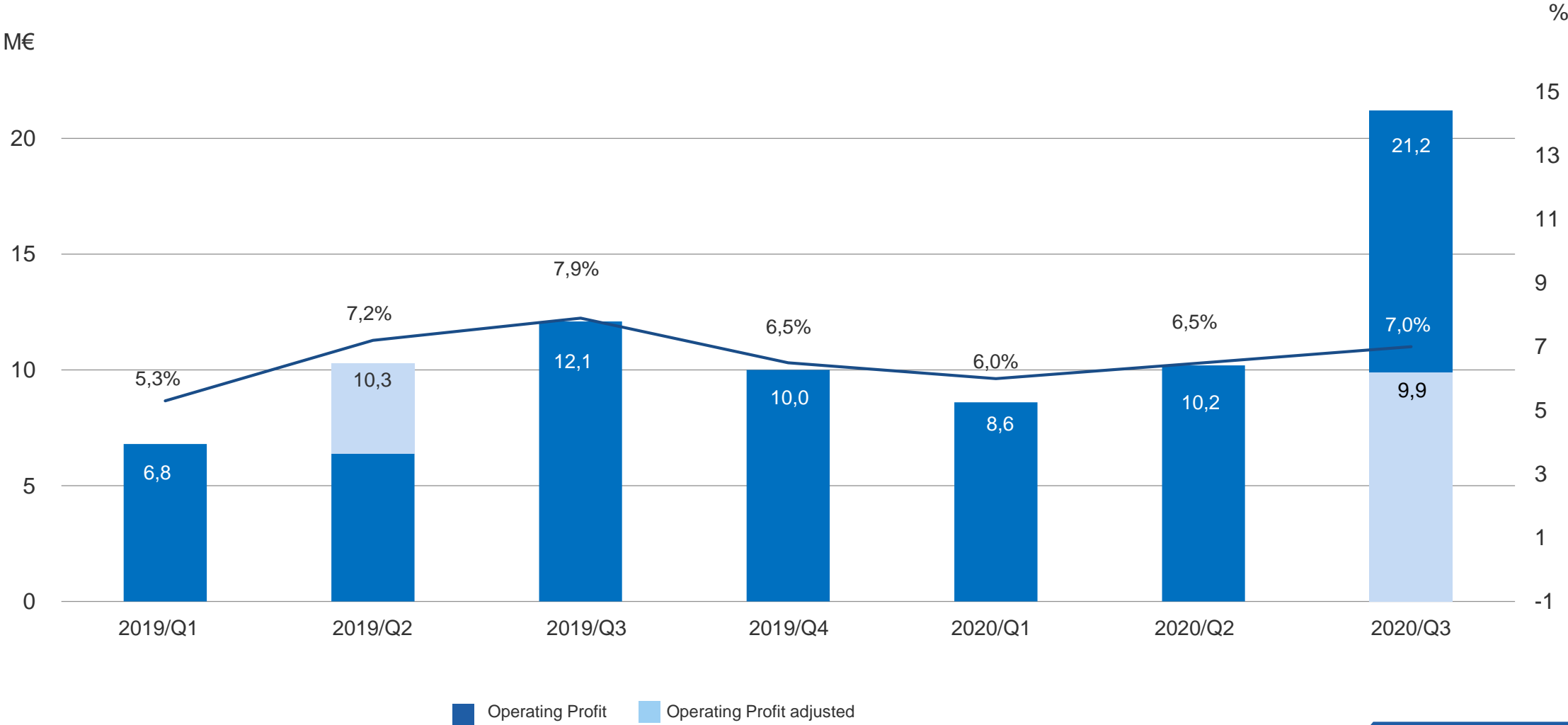
Key Figures

	Q3/2020	Q3/2019	Change%	Q1-Q3 /2020	Q1-Q3 /2019	Change %	2019
Turnover, EUR million	141.6	152.3	-7.0%	441.3	424.8	3.9%	579.4
Operating Profit, EUR million	21.2	12.1	76.1%	40.1	25.3	58.1%	35.3
Operating Profit, Adjusted, EUR million	9.9	12.1	-18.1%	28.7	29.3	-2.3%	39.4
Operating Profit, %	15.0	7.9		9.1	6.0		6.1
Operating Profit, Adjusted, %	7.00	7.9		6.5	6.9		6.8
Net Profit, EUR million	18.0	8.8	103.5%	33.8	18.3	85.0%	28.1
Net Profit, Adjusted, EUR million	7.5	8.8	-14.9%	23.3	22.3	4.6%	32.1
Earnings per Share, EUR	0.28	0.14	100.0%	0.52	0.28	85.7%	0.44
Earnings per Share, Adjusted, EUR	0.12	0.14	-14.3%	0.36	0.35	2.9%	0.50
Return on Equity, %				26.1	16.2		18.0
Return on Equity, Adjusted. %				18.2	19.5		20.4
Equity Ratio, %				53.3	43.3		49.1
Net Gearing, %				14.4	40.5		27.7
Net Cash Flow from Operations, EUR million				25.9	14.9	74.2%	35.9
Employees (Average)				3 445	3 511	-1.9%	3 530

Turnover Q1/2019 – Q3/2020

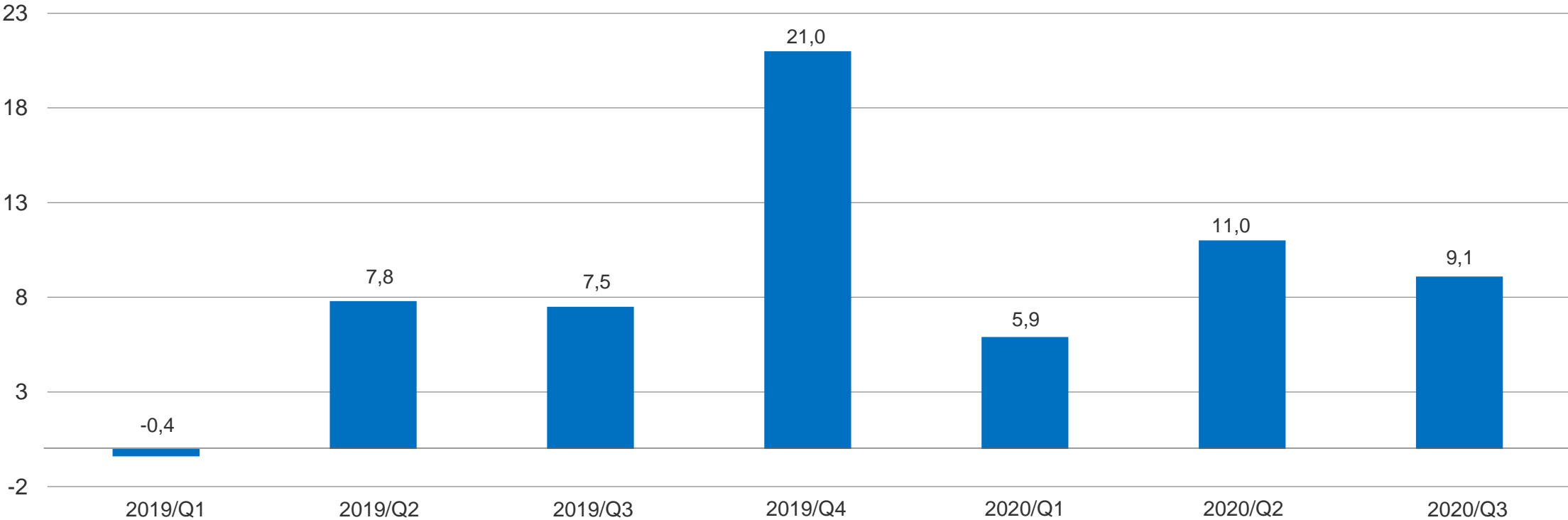


Operating Profit Q1/2019 – Q3/2020



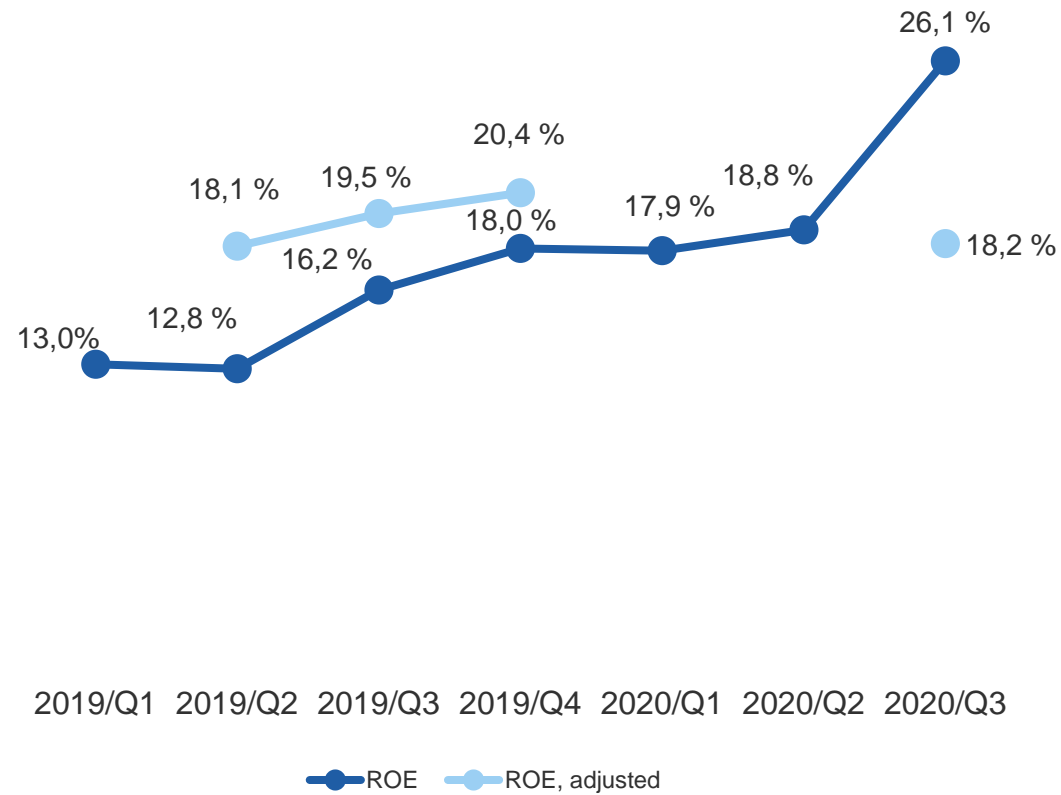
Cash Flow from Operations Q1/2019 – Q3/2020

M€

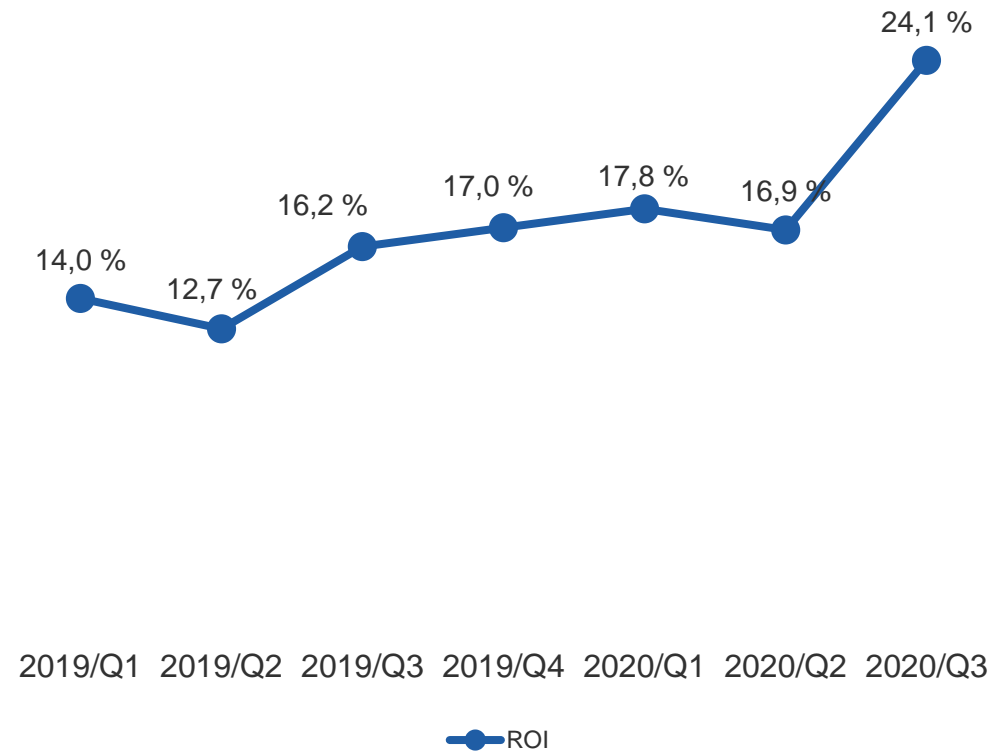


ROE and ROI Q1/2019 – Q3/2020, Cumulative

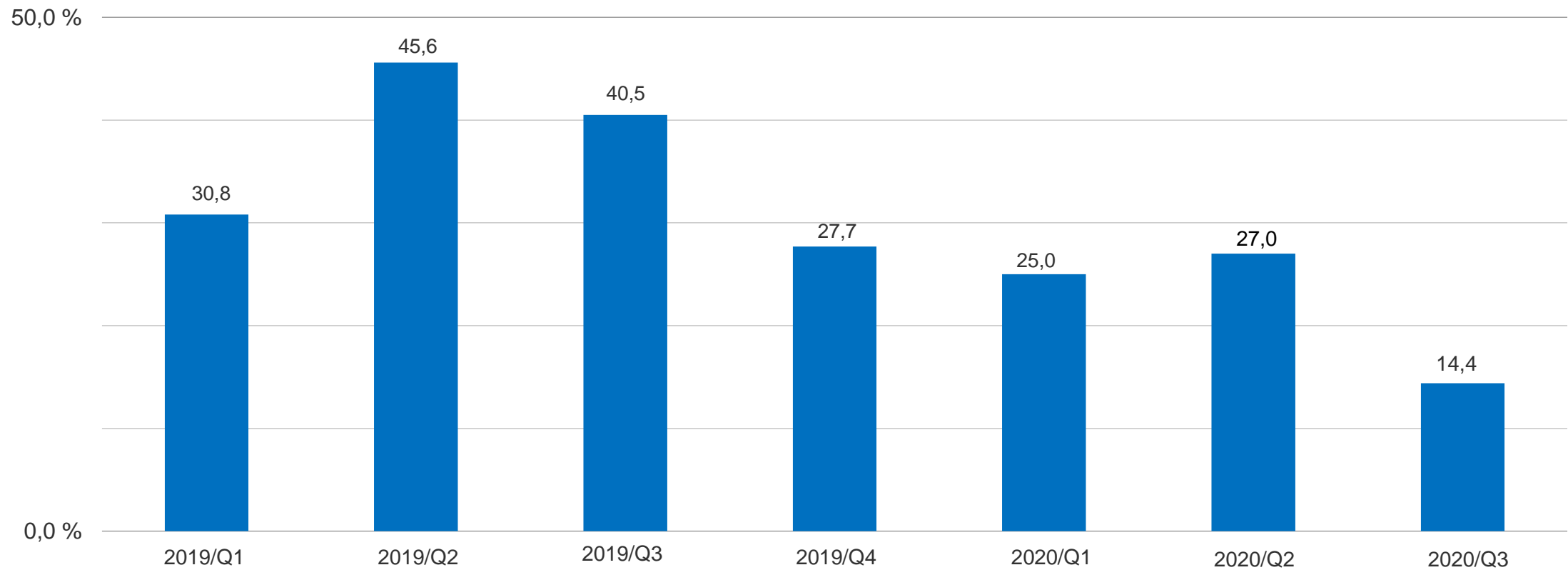
ROE



ROI

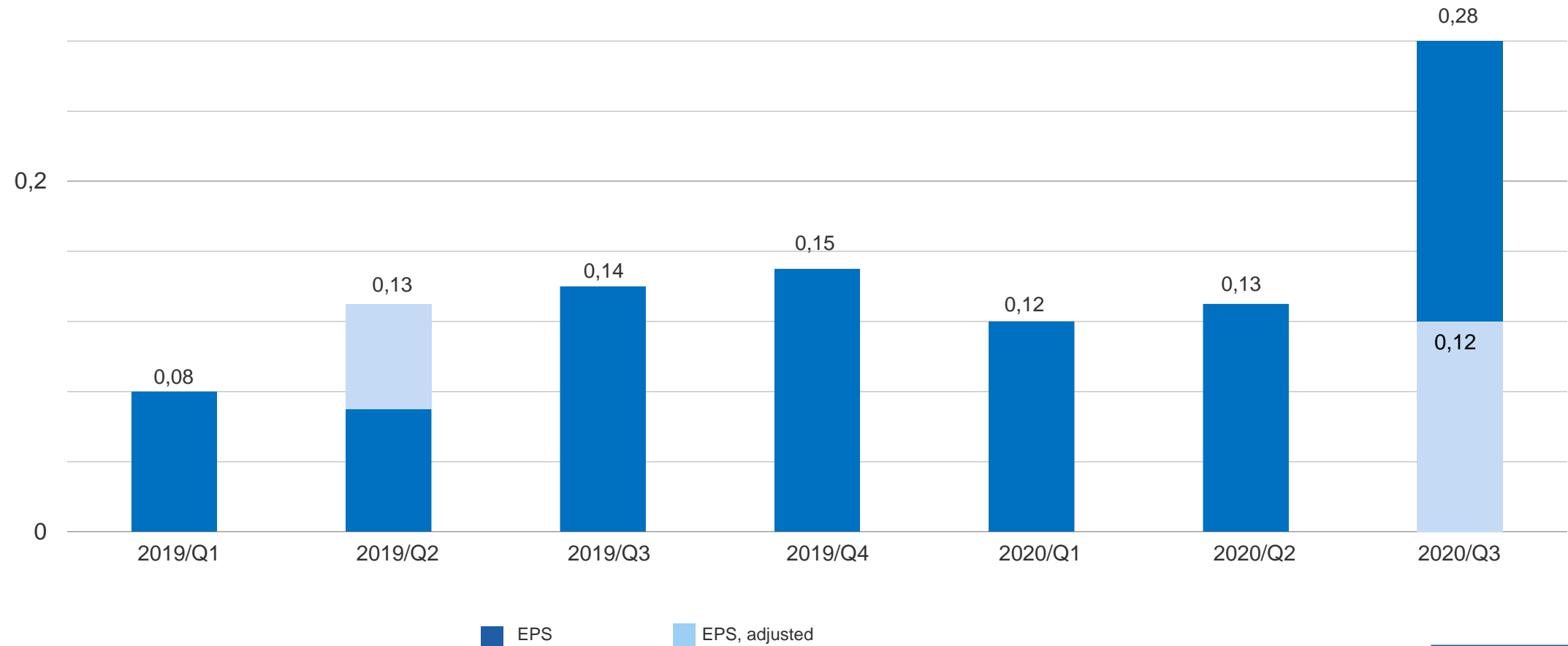


Gearing Q1/2019 – Q3/2020 Cumulative



EPS Q1/2019 – Q3/2020

EUR



2020 Outlook

Scanfil updates its outlook and estimates that its turnover for 2020 will be EUR 590 - 610 million and adjusted operating profit EUR 38 - 40 million.

Earlier estimate:

Scanfil estimates that its turnover for 2020 will be EUR 580 – 620 million and adjusted operating profit 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 capacity as well as the safety and operational capability of our own factories 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 acquisitions, especially in the Nordic countries and Central Europe.



Sale of Scanfil Hangzhou

Scanfil sold its subsidiary Scanfil (Hangzhou) Co., Ltd in China, for a selling price of EUR 18.4 million to Hangzhou Cabinet Technology. The transaction closing date was 1 July 14, 2020 and Scanfil reports the transaction in the third quarter of 2020.

Scanfil (Hangzhou) plant is focusing on sheet metal mechanics, with a turnover of EUR 29 million and the operating profit of EUR 2.2 million in 2019 and the number of employees was approximately 400. Scanfil will concentrate its Chinese operations on its factory in Suzhou, focusing on electronics manufacturing and demanding integration.

The non-recurring positive effect of the transaction on operating profit is EUR 11.4 million.

Hamburg Restructuring

Scanfil announced on July 1, 2020 its plan to scale down and close its Hamburg factory. Hamburg's production would continue at Wutha-Farnroda factory in Germany and at Sieradz factory in Poland. The company starts a consultation process concerning the entire personnel working at the Hamburg factory.

If the plan is decided to be implemented, Scanfil will recognize one-time restructuring costs of approximately EUR 6 million as items affecting comparability in its Q3 2020 results. The planned actions would result in annual costs savings of approximately EUR 2.5 million.

The planned actions have no major impact on Scanfil's present financial outlook for 2020.





Time for questions

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Global contract manufacturer and systems supplier