

SCANFIL

Scanfil Group Financial Statements Release
1 January – 31 December 2016



Scanfil Group's Financial Statements for 1 January – 31 December 2016

October – December

- Turnover totalled EUR 122.3 million (Q4 2015: 142.8), down 14.3%
- Operating profit EUR 2.8 million (3.9), 2.3% (2.7%) of turnover, adjusted operating profit* EUR 4.7 (5.4) million, 3.8% (3.8%) of turnover
- Profit was EUR 1.3 million (1.2)
- Earnings per share amounted EUR 0.02 (0.02), earnings per share before adjustment items* EUR 0.05 (0.05)

January – December

- Turnover totalled to EUR 508.0 million (1-12/2015: 377.3), up to 34.6%
- Operating profit EUR 7.2 million (14.4), 1.4% (3.8%) of turnover, adjusted operating profit* EUR 22.3 (20.0) million, 4.4% (5.3%) of turnover
- Profit for the review period was EUR 0.1 million (8.4)
- Earnings per share were EUR 0.00 (0.15), earnings per share before adjustment items* EUR 0.25 (0.24)
- Comparison figures for 2015 include the figures of the 2015 acquired PartnerTech AB from 1 June 2015 onwards.

* Adjustments (previously referred to as "non-recurring items") 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. The corresponding adjustments for 2015 consisted of costs related to the acquisition of PartnerTech AB and an impairment related to the Hungarian operations.

Pro forma comparison January–December

- Turnover 1–12/2016: EUR 508.0 (1–12/2015 pro forma: 517.3) million, down -1.8%
- Adjusted operating profit 1–12/2016: EUR 22.3 (1–12/2015 pro forma: 19.2) million, up 16.5%

The pro forma comparison figures have been calculated to illustrate a scenario in which Scanfil plc and PartnerTech AB were merged on 1 January 2015.

Future Prospects

Scanfil estimates that its turnover for 2017 will be EUR 480–520 million and the operating profit will amount to EUR 26–31 million.

Petteri Jokitalo, CEO of Scanfil plc:

In 2016, we went through a significant transformation. The year was strongly marked by the integration of PartnerTech that was acquired in 2015. We combined and streamlined organizations, and harmonized operating processes and IT systems. We eliminated overlapping functions and reorganized unprofitable plants. As a result, our cost structure is significantly lighter than before. We continue operations in ten plants, each of which has a distinct role, a broad customer base, and a sufficient sales volume. Our plant network is in good shape, and all of our plants are well placed for profitable and competitive operations.

We have also kept our foot on the gas; last year we initiated an investment program. We decided to double the production space in Sieradz and Myslowice. We also made an investment in electronics assembly lines for both in Sieradz and Suzhou. Additionally, we invested in punching

machines in Myslowice. Parts of production equipment from closed factories are also being transferred to continuing factories. With these transfers, we have enhanced our manufacturing capacity e.g. in Myslowice as well as added new manufacturing technology, such as electronics assembly lines, to Hamburg.

Our current customer base offers a good opportunity for increasing sales. We aim to find new customers, especially in the Nordic countries and Central Europe. We will develop our operations in cooperation with our customers, based on their needs. Our aim is to stand out from our competitors by offering excellent performance and by being our customers' trusted partner for manufacturing services. Our customers have given us positive feedback on our stronger strategic position and increased potential to add value.

I am extremely satisfied with Scanfil's development in 2016, and I wish to thank our committed personnel, customers and other stakeholders."

Group structure

On 31 December 2016, Scanfil Group comprised the parent company, Scanfil Oyj, and two wholly-owned sub-groups, Scanfil EMS Oy (Finland) and Scanfil Sweden AB (Sweden). The Scanfil EMS sub-group comprises the parent company, Scanfil EMS Oy, and six wholly-owned subsidiaries operating in four different countries. The Scanfil Sweden AB sub-group comprises the parent company, Scanfil Sweden Ab, seven wholly-owned subsidiaries operating in five different countries and five inactive subsidiaries that were not engaged in any production activities at the end of 2016.

Business Trends

Scanfil's turnover for 2016 was EUR 508 million, which represents an increase of 35%, in comparison to year 2015.

After completing the restructuring of Metal Precision plants, the remaining customer accounts of the Defense segment were transferred to the "Networks & Communication" and "Other Industries" customer groups. The

sales of the remaining customer segments remained relatively stable. However, the development of sales to individual customers varied notably within the customer groups. The largest customer's share of the turnover was approximately 11%, and that of the ten largest customers was 56%.

For the benefit of our existing customers, we broadened our service portfolio and utilized our extended plant network. The acquisition of new customers focused mainly on the Nordic countries and Central Europe. We acquired several new customers for whom we supply mainly integrated products and electronics. We started to ramp-up new customers in 2016, and volume production for them starts in 2017.

The sales of design services developed favorably. We were able to join several customer projects in the early development phase, which plays a fundamental role in our operating model in the Nordic countries and, in the future, also in Central Europe.

Turnover was divided between different customer groups as follows:

EUR million	2015	Q1/2016	Q2/2016	Q3/2016	Q4/2016	2016	% of turnover 2016
Defence, Oil & Gas and Maritime *	11.2	7.6	8.0			15.7	3.1%
Energy & Automation	71.2	19.5	21.2	20.0	20.0	80.7	15.9%
Medtec, Life Science, Environmental Measurements	43.5	18.7	18.4	16.2	17.1	70.4	13.9 %
Networks & Communication **	79.0	22.7	20.7	27.4	28.0	98.8	19.4%
Urban Applications	133.8	44.6	48.3	44.7	42.0	179.6	35.4%
Other Industries	38.6	17.3	16.9	13.5	15.1	62.8	12.4%
Total	377.3	130.4	133.5	121.8	122.2	508.0	100.0%

* The remaining "Defence, Oil & Gas and Maritime" customer accounts after the restructuring of Metal Precision have been transferred to the "Networks & Communication" and "Other Industries" customer groups as of Q3/2016.

** The Networks customer group was expanded as of Q3/16, and it is now named "Networks & Communication"

Restructuring measures carried out during the period under review:

Negotiations on to adjust the operations of Scanfil Sweden AB's Norwegian subsidiary Partnertech AS ended on 11 January 2016. Based on the final result of the negotiations, PartnerTech AS' Board of Directors decided to start closing down production of the plant. The closing down of the plant was completed by the end of June. The close-down of the operations had a negative effect of EUR 4.7 million on the result, and it mainly affected the first quarter of 2016.

The Board of Directors of Scanfil Sweden AB decided to sell the entire share capital of its subsidiary PartnerTech Aerodyn AB, located in Karlskoga, Sweden, for a cash selling price of EUR 350,000. The contract of sale was signed on 19 February 2016. The transaction was completed on 11 April 2016. The transaction resulted in a non-recurring loss of around EUR 1.2 million for Scanfil Group. The loss was recognised in the Group's result for the financial year 2015.

The statutory labour negotiations of Scanfil Sweden AB's English subsidiary Scanfil Limited ended on 25 April 2016. Based on the final result of the negotiations, Scanfil Limited's Board of Directors decided to start closing down production of the plant. The ramp-down of the plant resulted in a cost of approximately EUR 1.3 million. The

measures were completed during July, and the effect on the result mainly affected the second quarter of 2016. Some of the customer accounts of discontinued Scanfil Limited continue at other Scanfil plants in Europe.

The Board of Directors of Scanfil Sweden AB decided on 10 May 2016 to sell the entire share capital of its subsidiary PartnerTech Karlskoga AB, located in Karlskoga, Sweden, for a nominal selling price. The sale caused a loss of approximately EUR 5 million to Scanfil group, and it decreased the net debt of the group by approximately EUR 2 million, which were recognized in the second quarter of 2016.

Scanfil Sweden AB's Chinese subsidiary Partnertech Electronics Co., Ltd decided on 27 June 2016 to discontinue production at the Dongguan plant in China. Production at the plant was closed down during the third quarter. The discontinuation of operations resulted in a cost of approximately EUR 2.4 million, of which around EUR 1 million had a cash effect. A corresponding cost provision was recognised in the second quarter of the year. Some of Dongguan's customer accounts continue at Scanfil's plants in Hangzhou and Suzhou.

The statutory labor negotiations of Scanfil Sweden AB's Finnish subsidiary, Scanfil Vantaa Oy, ended on 1 November 2016. Based on the final result of

the negotiations, Scanfil Vantaa Oy's Board of Directors decided to start ramping down the production of the plant. The shutdown of the production is expected to result in a non-recurring expense of approximately EUR 0.4 million. The measures are expected to be completed by 30 June 2017. The effect of closing down the factory on profit and loss primarily affected the fourth quarter of 2016. Scanfil Vantaa Oy's customers will be served from other plants in Scanfil.

Scanfil EMS Oy's Hungarian subsidiary, Scanfil Kft, decided on 10 November 2016 to close down the plant located in Biatorbágy, Hungary. The close-down of the plant is expected to result in a non-recurring expense of approximately EUR 1.1 million, and it mainly affected the fourth quarter of

2016. Most of the measures are scheduled to be completed by the end of the second quarter of 2017. Scanfil kft's customer accounts will continue at Scanfil's other plants.

The shutdown of the Hungarian plant completes the restructuring related to the integration of the PartnerTech AB's plant network.

Below is a summary of the restructured companies, their turnover and operating profit in 2015 and 2016 and the negative effect on operating profit in the Group due to the restructuring:

EUR million	Turnover 2015	Turnover 2016	Operating result 2015	Operating result 2016 *	Sales losses and closing -down expenses
PartnerTech AS (Norway)	7.0	2.5	-4.2	-6.0	-4.7
PartnerTech Aerodyn AB (Sweden)	2.6	1.3	-0.6	0.0	-1.2**
PartnerTech Kalskoga AB (Sweden)	15.4	6.3	-1.3	-0.4	-5.0***
Scanfil Limited (UK)	6.1	4.1	-1.1	-2.1	-1.3
Partnertech Electronics Co., Ltd (China)	19.5	11.8	-1.1	-3.0	-2.4
Scanfil Vantaa Oy (Finland)	16.4	18.7	-0.1	-0.5	-0.4
Scanfil Kft (Hungary)	13.6	15.7	-1.2	-1.6	-1.1
Total	80.6	60.4	-9.6	-13.6	-16.1

* operating results include closing-down expenses excluding PartnerTech Aerodyn and Karlskoga AB

** recognized in the consolidated income statement 2015

*** recognized in the consolidated income statement 2016

Financial Development

The Group's turnover for January - December was EUR 508.0 (377.3) million. The breakdown of turnover by regional segment was as follows: Europe and USA 78% (74%), Asia 22% (26%).

The Group's operating profit for January – December was EUR 7.2 (14.4) million, representing 1.4% (3.8%) of turnover. Adjusted operating profit was EUR 22.3 (20.0) million, representing 4.4% (5.3%) of turnover. The operating profit for the period under review includes adjustments of EUR 15.1 million, consisting of the restructuring and reorganisation costs of the plant network related to the

divestment and the closure of subsidiaries with low profitability. The adjustments for the previous year consisted of costs related to the acquisition of PartnerTech AB, the fair value measurement of the subsidiary PartnerTech Aerodyn AB and an impairment related to the Hungarian operations, totaling EUR 5.6 million.

The result for the period was EUR 0.1 million (8.4 million), and the result before adjustment items was EUR 15.7 (13.9) million.

Earnings per share were EUR 0.00 (0.15) for the period under review, and earnings per share before adjustments were EUR 0.25 (0.24). The return on investment was 4.5% (10.6%).

The Group's turnover for October–December amounted to EUR 122.3 (142.8) million and operating profit was EUR 2.8 (3.9) million, or 2.3% (2.7%) of turnover. The fourth quarter includes a total of EUR 1.9 (1.5) million of adjustments. Operating profit before adjustments was EUR 4.7 (5.4) million, representing 3.8% (3.8%) of turnover.

Financing and Capital Expenditure

The Group's financial position improved as a result of a directed share issue carried out during the first quarter.

On 14 March 2016, Scanfil offered a total of 5,715,000 new shares in the company to institutional and other selected investors. The share issue was carried out through an accelerated book-building procedure arranged by Nordea Bank Finland Plc.

Scanfil's Board of Directors approved the subscriptions on 14 March 2016. The shares were offered to institutional and other selected investors in deviation from the shareholders' pre-emptive rights. A total of 5,715,000 shares were subscribed for in the share issue, representing around 9.99% of all shares and votes before the issue. After the share issue, the company's total number of issued and outstanding shares is 63,445,439. The share issue generated EUR 17.1 million in assets for the company before fees and expenses. The total subscription price for the shares will be recognised in full in the company's reserve for invested unrestricted equity.

The consolidated balance sheet total stood at EUR 266.8 million (301.8 million) at the end of the review period. Cash assets totalled EUR 20.2 million (22.3 million). Liabilities amounted to EUR 158.5 million (201.6 million), of which non-interest-bearing liabilities totalled EUR 98.3 million (113.8 million) and interest-bearing liabilities totalled EUR 60.1 million (87.8 million). The equity ratio was 40.7% (33.4%), and net gearing was 36.9% (65.4%). Equity per share was EUR 1.70 (1.74).

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 of covenants complied.

Net cash flow from operating activities for the review period January–December was EUR 16.5 (13.0) million. The change in net working capital during the period amounted to EUR -6.1 (-7.7) million. The change in working capital in 2016 compared to the turn of the year is comprised of the following items: sales receivables decreased by EUR 8.6 million, inventories increased by EUR 2.5 million and short-term non-interest-bearing liabilities decreased by EUR 12.2 million. Net cash flow from investments was EUR -3.5 million (-51.0). The previous year, cash flow from investments mainly consisted of the acquisition of PartnerTech AB. Cash flow from financing was EUR -14.4 (40.4) million. The share issue generated funds of EUR 16.8 million, dividends were paid to EUR 5.1 million and repayment of long-term loan was EUR 5.3 million. In the previous year, cash flow from financing includes PartnerTech AB's acquisition financing.

Gross investment in January–December 2016 totalled EUR 5.5 million (54.3), or 1.1% (14.4%) of the turnover. The investments were mainly acquisitions of machinery and equipment. Investments for the previous year excluding the acquisition of PartnerTech AB EUR 47.6 million. Depreciation totalled EUR 11.0 million (11.1 million).

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 3.80 and the lowest EUR 2.86, the closing price for the period standing at EUR 3.49. A total of 9,424,254 shares were traded during the period, corresponding to 14.8% of the total number of shares. The market value of the shares on 31 December 2016 was EUR 222.2 million.

Notifications of Changes in Shareholding

Varikot Oy (Business ID 2473422-8), Riitta-Liisa Kotilainen, Sirpa Kotilainen, Aleksi Kotilainen and Mira Kotilainen disclosed to Scanfil plc on 3 June 2016 in accordance with Chapter 9, Section 5 of the Securities Markets Act that a change had taken place in voting rights in Varikot Oy as of 3 June 2016. Based on an agreement between stakeholders, the voting right in Varikot Oy is now used together by Riitta-Liisa Kotilainen (25%), Sirpa Kotilainen (25%), Aleksi Kotilainen (25%) and Mira Kotilainen (25 %).

Personnel

At the end of the period under review, the Group employed 3,471 (3,879) people, of whom 3,133 (3,554) worked outside Finland and 338 (325) in Finland. The geographical breakdown of personnel at the end of the period under review was as follows: Europe and USA 72% (68%) and Asia 28% (32%). The average number of Group employees during the review period was 3,594 (2,690) people.

Option Schemes

A total of 225,000 new shares in the company were subscribed for with Scanfil plc's stock options 2013A. The entire subscription price of EUR 195,750 for subscriptions made with the stock options was entered in the Company's reserve for invested unrestricted equity.

The shares subscribed for under the stock options were registered in the Trade Register on 9 June 2016, as of which date the new shares will establish shareholder rights. Following the registration of the new shares, the number of Scanfil shares is 63,670,439 in total. The new shares have been traded on the main list of NASDAQ Helsinki Ltd as of 10 June 2016.

Based on the authorization granted at the Annual General Meeting on 8 December 2016, Scanfil Oyj's Board of Directors decided to grant 250,000 option rights to the CEO and the members of the management team.

Future Prospects

Scanfil estimates that its turnover for 2017 will be EUR 480–520 million and the operating profit will amount to EUR 26–31 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 to be published on week 12.

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 Annual General Meeting decided to authorize the Board of Directors to decide on granting option rights to specific key people of Scanfil Group.

The decisions of the Annual General Meeting have been published in a stock exchange release which is available on company's internet pages at www.scanfil.com.

Annual General meeting 2017 and board of directors' proposals to the Annual General Meeting

Scanfil plc's Annual General Meeting will be held on 26 April 2017 at the company's head office in Sievi, Finland.

Dividend for 2016

The company aims to pay dividends amounting to approximately 1/3 of its annual result on a regular basis.

The parent company's distributable funds are EUR 34,338,367.26 including retained earnings EUR 6,276,359,64. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.09 per share be paid for a total of EUR 5.730.339,51 for the financial year ending on 31 December 2016. The dividend matching day is 28 April 2017. The dividend will be paid to those shareholders who, on the matching day, are entered in the Company's Register of Shareholders, kept by Euroclear Finland Ltd. The dividend payment day is 8 May 2017.

No significant changes have taken place in the company's financial position since the end of the financial year. In the view of the Board of Directors, the proposed dividend pay-out will not put the company's liquidity at risk.

The proposal of Scanfil plc's nomination committee to the General Meeting for the composition of Scanfil plc's Board of Directors will be published in connection with the invitation to the General Meeting.

The company publishes a notice of the Annual General Meeting later separately.

Accounting Principles

The interim report has been prepared in accordance with the IAS 34 Interim Financial. Scanfil applies ESMA's (European Securities and Markets Authority) Guideline on Alternative Performance Measures, which entered into force on 3 July 2016. The alternative performance measures describe the development of business operations and increase comparability between different reporting periods.

All figures in the financial report have been rounded and consequently the sum of the individual figures can deviate from the sum figure.

The figures are unaudited.

Consolidated Income Statement

EUR million

	10 - 12 2016	10 - 12 2015	1-12 2016	1-12 2015
Turnover	122,3	142,8	508,0	377,3
Other operating income	-0.1	0.3	1.0	0.6
Changes in inventories of finished goods and work in progress	1.1	-0.7	-1.8	4.7
Expenses	-118.2	-135.2	-488.9	-357.2
Depreciation	-2.3	-3.3	-11.0	-11.1
Operating profit	2.8	3.9	7.2	14.4
Financial income and expenses	-1.1	-0.3	-1.2	-0.6
Profit before taxes	1.7	3.6	6.1	13.8
Income taxes	-0.4	-2.4	-6.0	-5.4
Net profit for the period	1.3	1.2	0.1	8.4
Attributable to:				
Equity holders of the parent	1.3	1.2	0.1	8.4
Earnings per share for profit attributable to shareholders of the parent: undiluted and diluted earnings per share (EUR)	0.02	0.02	0.00	0.15

Consolidated Statement of Comprehensive Income

EUR million

	10 - 12 2016	10 - 12 2015	1-12 2016	1-12 2015
Net profit for the period	1.3	1.2	0.1	8.4
Items that may later be recognized in profit or loss				
Translation differences	1.3	0.1	-4.1	2.8
Cash flow hedges	0.4	-0.1	0.0	-0.4
Other comprehensive income, net of tax	1.7	0.0	-4.1	2.4
Total Comprehensive Income	2.9	1.2	-4.0	10.6
Attributable to:				
Equity holders of the parent	2.9	1.2	-4.0	10.6

Consolidated Statement of Financial Position

EUR million

Assets	31.12.2016	31.12.2015
Non-current assets		
Property, plant and equipment	40.6	48.1
Goodwill	10.6	10.9
Other intangible assets	16.4	18.5
Available-for-sale investments	0.0	0.0
Deferred tax assets	1.9	2.7
Total non-current assets	69.5	80.1
Current assets		
Inventories	85.3	90.8
Trade and other receivables	88.0	105.0
Advance payments	2.4	2.2
Current tax	1.4	
Cash and cash equivalents	20.2	22.3
Total current assets	197.2	220.3
Assets classified as held for sale		1.5
Total assets	266.8	301.8
Shareholder's equity and liabilities		
	31.12.2016	31.12.2015
Equity		
Share capital	2.0	2.0
Translation differences	11.6	15.6
Other reserves	6.0	5.9
Reserve for invested unrestricted equity fund	27.7	10.7
Retained earnings	61.0	66.0
Total equity	108.3	100.2
Non-current liabilities		
Deferred tax liabilities	3.0	3.4
Provisions	0.1	1.5
Interest bearing liabilities	38.2	49.7
Other liabilities		0.0
Total non-current liabilities	41.4	54.6
Current liabilities		
Trade and other liabilities	88.3	105.2
Current tax	1.5	3.0
Provisions	5.4	
Interest bearing liabilities	21.9	38.1
Total current liabilities	117.1	146.3
Total liabilities	158.5	201.6
Liabilities of Assets classified for sale		0.7
Total shareholder's equity and liabilities	266.8	301.8

Consolidated Cash Flow Statement

EUR million

	1.1.-31.12.2016	1.1.-31.12.2015
Cash flow from operating activities		
Net profit	0.1	8.4
Adjustments for the net profit	29.6	18.0
Change in net working capital	-6.1	-7.7
Paid interests and other financial expenses	-2.0	-1.9
Interest received	0.2	0.2
Taxes paid	-5.3	-3.8
Net cash from operating activities	16.5	13.0
Cash flow from investing activities		
The acquisition of a subsidiary less cash and cash equivalents at the time of acquisition		-45.3
The sale of a subsidiary less cash and cash equivalents at the time of sale	0.9	
Investments in tangible and intangible assets	-5.2	-6.3
Sale of tangible and intangible assets	0.7	0.5
Proceeds from other investments	0.0	0.1
Net cash from investing activities	-3.5	-51.0
Cash flow from financing activities		
Issue of share	16.8	
Related-party investment company shares	0.2	
Repayment of long-term loans	-5.3	-8.9
Proceeds from long term loans		50.2
Repayment of short-term loans	-21.1	-31.2
Proceeds from short term loans		34.4
Dividends paid	-5.1	-4.0
Net cash from financing activities	-14.4	40.4
Net increase/decrease in cash and cash equivalents	-1.3	2.5
Cash and cash equivalents at beginning of period	22.3	19.2
Changes in exchange rates	-0.6	0.6
Cash and cash equivalents at end of period	20.2	22.3

Statement of changes in Consolidated Equity

EUR million

Equity attributable to equity holders of the parent company

Equity	Share capital	Translation differences	Other reserves	Reserve for invested unrestricted equity fund	Retained earnings	Equity total
1.1.2016	2.0	15.6	5.9	10.7	66.0	100.2
Total comprehensive income		-4.1	0.0		0.1	-4.0
Issue of share				16.8		16.8
Exercised options				0.2		0.2
Fund transfer			0.2		-0.2	0
Option Scheme					0.1	0.1
Paid dividends					-5.1	-5.1
Equity						
31.12.2016	2.0	11.6	6.0	27.7	61.0	108.3

Equity attributable to equity holders of the parent company

Equity	Share capital	Translation differences	Other reserves	Reserve for invested unrestricted equity fund	Retained earnings	Equity total
1.1.2015	2.0	12.9	6.0	10.7	63.0	94.6
Error correction					-1.2	-1.2
Total comprehensive income		2.8	-0.4		8.4	10.7
Fund transfer			0.2		-0.2	0
Option Scheme					0.1	0.1
Paid dividends					-4.0	-4.0
Equity						
31.12.2015	2.0	15.6	5.9	10.7	66.0	100.2

Key Indicators

	1 - 12 2016	1 - 12 2015
Return on equity, %	0.1	8.6
Return on investment, %	4.5	10.6
Interest-bearing liabilities, EUR million	60.1	87.8
Gearing, %	36.9	65.4
Equity ratio, %	40.7	33.4
Gross investments, EUR million	5.5	54.3
% of net turnover	1.1	14.4
Personnel, average	3 649	2 690
Earnings per share, EUR	0.00	0.15
Shareholders' equity per share, EUR	1.70	1.74
Dividend per share, EUR	0.09	0.08
Dividend per earnings, %	6 118.9	55.2
Effective dividend yield, %	2.58	2.10
Price-to-earnings ratio (P/E)	2 372.8	26.3
Year's lowest share price, EUR	2.86	2.36
Year's highest share price, EUR	3.80	4.06
Average share price for year, EUR	3.41	2.92
Share price at year's end, EUR	3.49	3.81
Market capitalization at end of year, EUR million	222.2	220.0
Number of shares at the end of period, 000's		
- not counting own shares	63 670	57 730
- weighted average	62 423	57 730

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

	10 - 12 2016	10 - 12 2015	1-12 2016	1-12 2015
Operating profit	2.8	3.9	7.2	14.4
Operating profit, % of net turnover	2.3 %	2.7 %	1.4 %	3.8 %
Adjustments:				
Capital losses and ramp-down costs	1.9	1.2	15.1	1.2
Acquisition costs of PartnerTech Ab		0.4		2.3
Reduction in value of goodwill				2.1
Adjustments total	1.9	1.5	15.1	5.6
Adjusted operating income	4.7	5.4	22.3	20.0
Adjusted operating profit, % of net turnover	3.8 %	3.8 %	4.4 %	5.3 %
Financial income and expenses	-1.1	-0.3	-1.2	-0.6
Profit before taxes	1.7	3.6	6.1	13.8
Income taxes	-0.4	-2.4	-6.0	-5.4
Adjustments			0.5	
Net profit for the period	1.3	1.2	0.1	8.4
Adjusted Net profit for the period	3.2	2.7	15.7	14.0

Segment information

EUR million

	1 - 12 2016	1 - 12 2015
Turnover		
Europe	401.4	282.2
Asia	129.0	113.2
Turnover between segments	-22.4	-18.1
Total	508.0	377.3
Operating profit		
Europe	-1.1	4.8
Asia	8.3	9.6
Total	7.2	14.4
Assets		
Europe	189.1	214.0
Asia	77.6	86.3
Assets classified as held for sale		1.5
Total	266.8	301.8

Changes in tangible non-current assets

EUR million

	1 - 12 2016	1 - 12 2015
Book value at the beginning of the period	48.1	30.4
Additions	4.7	7.5
Consolidation of business operations		18.3
Deductions	-2.6	-0.7
Depreciations	-7.4	-7.1
Decreases in value	-1.5	-0.3
Exchange rate differences	-0.6	0.0
Book value at the end of the period	40.6	48.1

The lease agreement on the property in Myslowice, Poland, was reclassified as a financial leasing agreement starting from January 1, 2015. As a result, the opening balance of tangible fixed assets on January 1, 2015 increased by EUR 3.2 million. The impact on depreciation during the 2015 financial period was EUR 0.3 million. Correspondingly, the opening balance on January 1, 2016 increased by EUR 2.9 million, and the impact on depreciation during the 2016 financial period was EUR 0.3 million.

Financial assets and liabilities, carrying amount and fair value

EUR million

	31.12.2016	31.12.2016
	Book values of balance sheet values	Fair values of balance sheet values
Non-current assets		
Available for sale investments	0.0	0.0
Non-current assets total	0.0	0.0
Current assets		
Trade and other receivables	83.8	83.8
Cash and cash equivalents	20.2	20.2
Current assets total	104.0	104.0
Total financial assets	104.0	104.0
Non-current financial liabilities		
Interest bearing liabilities from financial institutions	34.3	34.3
Financial leasing	3.9	3.9
Non-current financial liabilities total	38.2	38.2
Current financial liabilities		
Interest bearing liabilities from financial institutions	10.6	10.6
Financial leasing	0.3	0.3
Loans withdrawn from the credit limit	11.1	11.1
Derivative	0.7	0.7
Forward agreement	0.1	0.1
Trade and other payables	67.5	67.5
Current financial liabilities total	90.3	90.3
Total financial liabilities	128.5	128.5

The lease agreement on the property in Myslowice, Poland, was reclassified as a financial leasing agreement starting from January 1, 2015. As a result, non-current financial leasing liabilities increased by EUR 4.2 million, and current financial leasing liabilities increased by EUR 0.3 million on December 31, 2015. Correspondingly, non-current financial leasing liabilities increased by EUR 3.9 million, and current financial leasing liabilities increased by EUR 0.3 million on December 31, 2015.

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		0.7	0.7	44.8
Forward agreement		0.1	0.1	16.0

Provisions

EUR million

	Reclamation and guarantee	Pension	Restructuring	Other	Total
1.1.2016	0.2	1.0		0.4	1.6
Exchange rate differences	0.0	0.0		0.0	0.0
Divested businesses		-0.1			-0.1
Additions	0.7	0.0	4.9	0.0	5.7
Used provisions	-0.4	-0.2		0.0	-0.7
Cancellation of unused provisions	-0.1	-0.6		-0.3	-1.0
31.12.2016	0.5	0.0	4.9	0.1	5.6

Long term provisions are EUR 0.1 million and short term provisions EUR 5.2 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. Restructuring and reclamation provision are expected to realized mainly during the first half of 2017.

Contingent Liabilities

EUR million

	1 -12 2016	1 - 12 2015
Business mortgages	110.0	110.0
Chattel mortgages		21.9
Pledged guarantees	2.5	3.0
Rent liabilities	7.0	17.9

Renting expenses 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 Vantaa and Oulu in Finland, in Myslowice Poland and also in Dongguang and Hongkong in China. The lease agreement on the property in Myslowice, Poland, was reclassified as a financial leasing agreement starting from January 1, 2015 and, therefore, leasing liabilities arising from the specific property have not been presented in leasing liabilities on December 31, 2015 or December 31, 2016.

Rent liabilities have decreased mainly due to discontinued operations.

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 3.3 million.

Furthermore, Scanfil Oyj has given an absolute guarantee to Siemens Finance GmbH of which 15 thousand EUR were outstanding on 31 December 2016.

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 11.1 million of the credit limits were in use on 31 December 2016.

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 head owner is Jussi Capital Oy. Harri Takanen and Jarkko Takanen, members of Board of Scanfil, are head owners of Jussi Capital Oy.

Rental costs January - December 2016 were EUR 19 thousand (EUR 19 thousand in January - December 2015) and are market-based rents.

Administrative service income from Sievi Capital plc were EUR 28 thousand from January - December 2016 (EUR 31 thousand in January - December 2015).

Key indicators quarterly

EUR million

	Q4/16	Q3/16	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15
Turnover, MEUR	122.3	121.7	133.6	130.4	142.8	135.8	52.8	45.9
Operating profit, MEUR	2.8	7.6	-3.6	0.5	3.9	5.3	2.4	2.8
Adjusted Operating income, MEUR	4.7	7.7	4.7	5.2	5.4	8.5	3.1	2.9
Operating profit, %	2.3	6.2	-2.7	0.4	2.7	3.9	4.5	6.1
Adjusted Operating income, %	3.8	6.3	3.6	4.0	3.8	6.3	6.0	6.3
Net income, MEUR	1.3	6.5	-6.1	-1.7	1.2	2.8	1.7	2.7

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 12 production units in Europe, Asia and North America. The total number of employees is 3,500.

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