



Scanfil Group's Half-Year Report for January-June 2022: Record high turnover in January-June

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Scanfil Group's Half-Year Report for January-June 2022: Record high turnover in January-June

April-June

- Turnover totaled EUR 212.9 million (4-6 2021: 172.9), an increase of 23.2%.
- Operating profit was EUR 10.1 (10.6) million, a decrease of 4.1%
- Operating margin was 4.8% (6.1%) of turnover
- Net profit was EUR 7.1 (8.6) million, a decrease of 17.0%
- Earnings per share were EUR 0.11 (0.13)
- EUR 0.19 dividend per share was paid on 2 May 2022, an increase for the 9th consecutive year

January-June

- Turnover totaled EUR 409.5 million (1-6 2021: 336.2), an increase of 21.8%.
- Operating profit was EUR 20.5 (20.6) million, a decrease of 0.4%
- Operating margin was 5.0% (6.1%) of turnover
- Net profit was EUR 15.2 (16.2) million, a decrease of 6.4%
- Earnings per share were EUR 0.23 (0.25)

Future Outlook for 2022

The outlook was revised by the company on 13 July 2022 and it is as follows:

Scanfil estimates that its turnover for 2022 will be EUR 800–880 million (previous, issued on 14 April 2022: EUR 750–820 million) and its adjusted operating profit will be EUR 43–48 (unchanged) million.

The outlook involves uncertainty especially arising from the availability and price level of semiconductors and the delivery capability of the supply chain. In addition, the war in Ukraine and COVID-19 might create risks and uncertainties.

Long-term targets

Scanfil is organically striving for 5%–7% annual turnover growth and a 7% operating profit level. Scanfil aims to pay an increasing dividend of approximately 1/3 of the earnings per share.

Key Figures

	Q2 2022	Q2 2021	Change,%	H1 2022	H1 2021	Change,%	2021
Turnover, EUR million	212.9	172.9	23.2	409.5	336.2	21.8	695.7
Operating Profit, EUR million	10.1	10.6	-4.1	20.5	20.6	-0.4	39.6
Operating Profit, %	4.8	6.1		5.0	6.1		5.7
Net Profit, EUR million	7.1	8.6	-17.0	15.2	16.2	-6.4	29.8
Earnings per Share, EUR	0.11	0.13	-17.2	0.23	0.25	-6.7	0.46
Return on Equity, %				14.6	17.3		15.2
Equity Ratio, %				40.5	50.2		45.3
Net Gearing, %				45.4	13.0		28.9
Net Cash Flow from Operations, EUR million				-11.7	7.1	-265.1	-12.5
Employees (Average)				3,339	3,255	2.6	3,267

CEO Petteri Jokitalo:

“The turnover for the second quarter of the year was at a record high level, EUR 212.9 million, with an increase of 23 percent compared to last year. Customer demand was generally strong in all customer segments. Individual customer products with a strong demand were, e.g., process automation systems, analyzers, frequency converters, reverse vending machine and indoor air products.

China's corona measures in April-May and the poor availability of electronic components caused challenges during the quarter. In order to meet customer demand, we had to buy, especially semiconductor, components at a significantly higher price than the normal price on the spot market. We invoiced our customers for the additional costs that arose from this, but in general without a material margin. This kind of transitory invoicing affected the turnover of the second quarter by EUR 29.5 million. Without this transitory invoicing, the turnover for the second quarter was EUR 183.4 million.

Operating profit in the second quarter was EUR 10.1 million. The operating profit was negatively affected by the exchange rate loss of EUR-1.4 million, mainly due to the strengthening of the US dollar. China's corona lockdown measures affected the profitability of the Suzhou factory, especially in April, after which we have recovered to a normal level of operation and profitability in May-June. We expect the operating profit to develop positively in the second half of the year.

The net cash flow from operations turned positive in the second quarter and was around EUR 2 million. Strengthening net cash flow and the related halting of inventory growth will remain a key focus area in the second half of the year.

Scanfil's financial position is stable, which enables planned investments to be implemented. The equity ratio at the end of the quarter was 40.5 percent, and the net debt ratio was 45.4 percent.

Our customers indicate further strengthening demand for the latter half of the year. The key near-term business risks are related to the availability of materials, especially semiconductors, the development of the corona pandemic, especially in China, and the effects of the war in Ukraine. Towards the end of the year, the first signals were received about the ease of availability of semiconductors.

We changed the turnover outlook due to increased customer demand and higher than expected spot market purchases and customer transitory invoicing. We expect spot market purchases to be at a high level at least in the third quarter of the year, but the use of the spot market and the resulting transitory invoicing will decrease rapidly as the availability of components improves. We now estimate Scanfil's 2022 turnover to be EUR 800-880 million. Regarding the adjusted operating profit, we stick to the previous outlook of EUR 43-48 million.

To respond to the increase in customer demand, we acquired new production space at the beginning of the year at the Atlanta and Wutha factories. During the spring, we have also increased production space at Suzhou and Malmö factories. In total, we have increased production space by 11,000 m² in 2022.

I thank our committed personnel for their excellent work in challenging conditions and our customers for their support and trust”.

Turnover

The Group's turnover for April-June was EUR 212.9 (172.9) million, an increase of 23.2% compared to the previous year. Turnover includes EUR 29.7 (5.4) million invoicing of spot-market purchases and some other costs related to securing customer deliveries. Invoicing of these costs are separately agreed with customers. This revenue is low or no margin to Scanfil.

Turnover in January-June was EUR 409.5 (336.2) million, an increase of 21.8% compared to the previous year. Turnover includes EUR 46.8 (16.7) million of spot-market purchases and some other costs related to securing customer deliveries.

Turnover by customer segment

Advanced Consumer Applications

Turnover in April-June was EUR 68.7 (53.4) million, an increase of 28.6% compared to April-June in 2021. Separately agreed customer invoicing for the segment was EUR 15.2 (0.7) million.

Turnover in January-June was EUR 123.7 (96.3) million, an increase of 28.5% compared to January-June in 2021. Separately agreed customer invoicing was EUR 20.6 (0.8) million. The key driver was good demand for elevator products and hand-over solutions.

Automation & Safety

Turnover in April-June was EUR 45.6 (36.8) million, an increase of 24.0%. Separately agreed customer invoicing for the segment was EUR 2.5 (2.0) million.

Turnover in January–June was EUR 88.2 (71.3) million, an increase of 23.7% compared to January–June in 2021. Separately agreed customer invoicing was EUR 4.7 (2.5) million. The key driver was good demand in process automation and safety solutions.

Connectivity

Turnover in April–June was EUR 9.1 (7.3) million, an increase of 24.0%. Separately agreed customer invoicing for the segment was EUR 0.5 (-) million.

Turnover in January–June was EUR 19.9 (15.4) million, an increase of 29.1% compared to January–June in 2021. Separately agreed customer invoicing for the segment was EUR 0.7 (-) million. Demand was good throughout the customer base.

Energy & Cleantech

Turnover in April–June was EUR 53.5 (44.8) million, an increase of 19.2%. Separately agreed customer invoicing for the segment was EUR 7.3 (2.4) million.

Turnover in January–June was EUR 108.0 (85.1) million, an increase of 26.9% compared to January–June in 2021. Separately agreed customer invoicing was EUR 14.7 (2.4) million. The key driver behind the strong growth was good demand for recycling and energy-saving solutions.

Medtech & Life Science

Turnover in April–June was EUR 36.0 (28.5) million, an increase of 26.4%. Separately agreed customer invoicing for the segment was EUR 4.1 (-) million.

Turnover in January–June was EUR 69.7 (57.5) million, an increase of 21.1% compared to January–June in 2021. Separately agreed customer invoicing was EUR 5.9 (0.2) million.

In January–June 2022, the largest customer accounted for 19.1% (16.1%) of turnover, and the top ten customers accounted for about 55.5% (54.9%) of turnover.

Operating profit

Operating profit for April–June was EUR 10.1 (10.6) million, 4.8% (6.1%) of turnover. The operating profit was positively affected by the continuation of good customer demand. Recently the currency exchange rates have fluctuated very rapidly. Although the company has taken strong measures in hedging of the key currencies, the rapid daily changes especially with the strengthening of USD and CNY result in a EUR 1.4 million negative impact on operating profit. Actions to further mitigation of the risk will continue in the third quarter. In addition, China COVID lockdowns had a negative impact on operating profit in April–May. In addition, material shortages caused lower productivity, especially in the biggest electronic factories. The operating margin was negatively impacted by the separately agreed customer invoicing with no margin.

Operating profit for January–June was EUR 20.5 (20.6) million, 5.0% (6.1%) of turnover. The operating profit was positively affected by good customer demand. The change in foreign exchange rates had a EUR 2.0 million negative impact on operating profit. In addition, China lockdown and material shortages impacted negatively on the profitability. The operating margin was negatively impacted by the separately agreed customer invoicing with no margin.

Net profit and earnings

The net profit for April–June was EUR 7.1 (8.6) million. Earnings per share were EUR 0.11 (0.13).

The net profit for January–June was EUR 15.2 (16.2) million. Earnings per share were EUR 0.23 (0.25). Return on investment was 13.4% (18.1%).

The effective tax rate in January–June was 20.8% (17.9%).

Publication of financial releases

This stock exchange release is a summary of the Scanfil Group's Half-Year Report for January–June 2022 and includes the most relevant information of the report. The complete report is attached to this release as a pdf file and is also available on the company's website at www.scanfil.com.

Webcast

In conjunction with releasing our results, we arrange English webcast for analysts, investors and media on the same day at 10:00–11:00 a.m. EET. Results will be presented by CEO Petteri Jokitalo.

You can register and join the webcast at <https://scanfil.videosync.fi/q2-2022-results/register>. The audience can ask questions via Chat. Questions will be addressed at the end of the conference.

An on-demand version of the webcast and the presentation material will be available on the company's website later on the same day.

Scanfil plc

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Scanfil is an international manufacturing partner and system supplier for the electronics industry with over 45 years of experience in demanding 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 are modules or integrated products for e.g. self-service application, automation systems, wireless connectivity modules, climate control systems, collection and sorting systems, analyzers and environmental measurement solutions. Scanfil services are used by numerous international automation, safety, energy, cleantech and health service providers, as well as companies operating in the field of urbanization. Scanfil's network of factories consists of nine production units in Europe, Asia and North America.

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Attachments

- [Download announcement as PDF.pdf](#)
- [Scanfil H1 2022 half-year report.pdf](#)