



Scanfil continues to succeed in defending its profit margin in challenging market

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Scanfil plc Interim report 25 October 2024 at 8.00 a.m. EEST

Scanfil continues to succeed in defending its profit margin in challenging market

July-September

- Turnover totaled EUR 173.3 million (212.8), a decrease of 18.6%
- Adjusted operating profit was EUR 12.4 (15.2) million, a decrease of 18.4 %. Operating profit was EUR 12.1 (15.2) million, a decrease of 20.4%
- Adjusted Operating profit margin was 7.2% (7.2%). Operating profit margin was 7.0% (7.2%)
- Earnings per share were EUR 0.13 (0.17)

January-September

- Turnover totaled EUR 567.7 million (680.7), a decrease of 16.6%
- Adjusted operating profit was EUR 39.1 (47.9) million, a decrease of 18.4%. Operating profit was EUR 38.8 (47.9) million, a decrease of 19.1%
- Adjusted operating profit margin was at 6.9% (7.0%). Operating profit margin was at 6.8% (7.0%)
- Earnings per share were EUR 0.45 (0.57)
- Net debt/EBITDA was 0.15 (1.01)

Outlook for 2024

Scanfil updated its outlook for 2024 on 10 June. Scanfil estimates its turnover to be EUR 780–840 (previous, issued on 23 February: 820–900) million, and an adjusted operating profit of EUR 54–61 (57–65) million.

	Q3 2024	Q3 2023	Change,%	1-9 2024	1-9 2023	Change,%	2023
Turnover, EUR million	173.3	212.8	-18.6	567.7	680.7	-16.6	901.6
Operating Profit, EUR million	12.1	15.2	-20.4	38.8	47.9	-19.1	61.3
Operating Profit, adjusted, EUR million	12.4	15.2	-18.4	39.1	47.9	-18.4	61.3
Operating Profit, %	7.0	7.2		6.8	7.0		6.8
Operating Profit, adjusted, %	7.2	7.2		6.9	7.0		6.8
Net Profit, EUR million	8.7	11.0	-20.7	29.4	37.3	-21.4	48.2
Net Profit, adjusted, EUR million	9.1	11.0	-17.9	29.7	37.3	-20.5	48.2
Earnings per Share, EUR	0.13	0.17	-20.8	0.45	0.57	-21.5	0.74
Earnings per Share, adjusted, EUR	0.14	0.17	-18.0	0.46	0.57	-20.7	0.74
Return on Equity, %				14.3	21.0	-31.9	19.6
Return on Equity, adjusted, %				14.5	21.0	-31.0	19.6
Equity Ratio, %				58.2	47.8	21.8	53.7
Net Gearing, %				4.0	32.6	-87.7	19.4
Net debt / EBITDA				0.15	1.01	-85.1	0.64
Net Cash Flow from Operations, EUR million	21.8	9.7	123.8	68.7	34.1	101.6	68.9

Employees, Average				3,535	3,716	-4.9	3,671
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Adjusted items are non-recurring significant items that deviate from normal business operations, which affects the comparability between different periods. Adjusted items in January-September include costs related to the acquisition of SRXGlobal Pty Ltd. (EUR 0.3 million).

Christophe Sut, CEO:

“The third quarter was solid for Scanfil and we continued to deliver the long-term operating margin target of 7%-8% despite a challenging market situation.

As market demand remained slow during the third quarter, the Scanfil team focused on operational efficiency. We secured a solid 7.2% operating margin and generated a net cash flow from operations EUR 21.8 million, resulting from continuous disciplined inventory management.

At the end of the third quarter our financial position was solid. Gearing was 4% (32.6%), and the equity ratio was 58.2% (47.8%). Inventory management improved and inventories were reduced by EUR 9 million in the third quarter. Compared to the end of September last year, inventories decreased by EUR 51.4 million. Our net debt level is down to 0.15 times EBITDA, well below our long-term target of 1.5. Our strong performance allows us to look at potential future investments to support the growth.

On the customer side, we were strong. On-time delivery remained at the high level of 97.9%. We continued to focus on winning new contracts and had another very active quarter in sales, winning new projects with an annualized value of EUR 41.7 million in the third quarter and EUR 126.1 million in January-September 2024.

The Industrial segment was negatively impacted by end-customer demand and customer destocking. We continue to work closely with our customers to adjust our operations and inventory to the market situation. We won new projects with an annualized value of EUR 17.5 million in the third quarter and EUR 51.6 million in January-September.

The continuation of destocking negatively affected the Energy & Cleantech segment. However, the segment’s long-term development remains positive, and we won projects in the third quarter with an annualized value of EUR 16.1 million and EUR 53.8 million in January-September.

The Medtech & Life Science segment’s turnover was expected to be higher even though the drop was less than in other segments. However, we won new contracts with existing and new customers for an annualized value of EUR 8.1 million in the third quarter and EUR 20.6 million in January-September. We have increased our focus on this segment and brought new expertise in sales, quality and project management.

On the strategic front, we announced changes in our management team to secure scalability and realize our growth potential. The evolution was smooth. All newly appointed executives came inside the company with extensive experience and are strongly motivated to take Scanfil to the next level.

After the third quarter, we announced our first acquisition since 2019. SRXGlobal is a perfect match for Scanfil, offering a complementary footprint in the APAC region with excellent growth potential. We can further develop the Malaysian operations and benefit from a complementary customer portfolio. Since the acquisition on 3 October, our teams have engaged with customers to show the value SRX and Scanfil can bring in terms of complementary customer offerings. The acquisition was the first step to implementing our acquisition strategy, and our financial position will allow us to continue to look for new M&A opportunities.

We are gradually seeing customer demand stabilizing even if the rebound has proven to be slower than expected. We believe the fourth quarter will be the strongest quarter of the year.

Finally, our team has shown strong commitment to implementing the strategy and reaching our targets in a challenging market situation. We are building our strength through efficiency improvements, new customer contracts, and M&A.”

Turnover

The turnover for July-September was EUR 173.3 (212.8) million, a decrease of 18.6% compared to the previous year’s comparison period. The turnover decreased by EUR 39.5 million of which EUR 1.3 million were spot market purchases. Excluding spot market purchases, turnover decreased by 18.0%.

The turnover for January-September was EUR 567.7 (680.7) million, a decrease of 16.6% compared to the previous year’s comparison period. The turnover decreased by EUR 113.1 million of which EUR 12.1 million were spot market purchases. Excluding spot market purchases, turnover decreased by 15.2%.

In January–September, the largest customer accounted for about 12% (13%) of turnover and the top ten customers accounted for about 55% (57%) of turnover.

Turnover by customer segment

Industrial

Turnover in July–September was EUR 83.9 (98.8) million, a decrease of 15.1% compared to the same period in 2023.

Turnover in January–September was EUR 268.5 (322.5) million, a decrease of 16.7% compared to the same period in 2023.

The general economic situation has negative impact on certain end-customers demand.

Energy & Cleantech

Turnover in July–September was EUR 55.6 (77.6) million, a decrease of 28.4% compared to the same period in 2023.

Turnover in January–September was EUR 193.4 (241.7) million, a decrease of 20.0% compared to the same period in 2023.

Improved semiconductor availability in the second half of 2023 boosted the demand and drove to overstocking, which is still impacting on the turnover of the period.

Medtech & Life Science

Turnover in July–September was EUR 33.8 (36.4) million, a decrease of 6.9% compared to the same period in 2023. Turnover

in January–September was EUR 105.8 (116.6) million, a decrease of 10.7% compared to the same period in 2023. The drop was mainly caused by a strong comparison period in 2023.

Operating profit

The adjusted operating profit for July–September was EUR 12.4 (15.2) million. The operating profit was impacted by lower turnover. The company continued to keep a high focus on its operational costs and adapted them to demand. As a result of those actions the adjusted operating margin was at the target level 7.2% (7.2%) of turnover. Operating profit was adjusted with EUR 0,3 million acquisition costs related to SRX transaction which realized in the fourth quarter. The operating profit for July–September was EUR 12.1 (15.2) million, 7.0% (7.2%) of turnover.

The adjusted operating profit for January–September was EUR 39,1 (47.9) million, 6.9% (7.0%) of turnover. The adjusted operating profit was negatively impacted by EUR 0.6 million foreign exchange rate change and lay off costs EUR 0.5 million which impacted the adjusted operating margin by 0.2%. The company has adapted its operational costs to reflect the changes in demand and adjusted operating profit margin without impact of lay-off costs and foreign exchange rate change exceeded the previous year's level. Operating profit was adjusted for EUR 0,3 million acquisition costs related to SRX transaction, which realized in the fourth quarter. The operating profit for January–September was EUR 38.8 (47.9) million, 6.8% (7.0%) of turnover.

Net profit and earnings

The net profit for July–September was EUR 8.7 (11.0) million, a decrease of 20.7%. Earnings per share were EUR 0.13 (0.17).

The net profit for January–September was EUR 29.4 (37.3) million, a decrease of 21.4%. Earnings per share were EUR 0.45 (0.57). Return on investment was 15.9% (19.9%).

The effective tax rate in January–September was 24.2% (21.4%). The difference in the rates consist of the negative adjustment of the taxes of Poland Special Economic Zone and tax refund resulting of mutual agreement process in 2023 regarding the tax year 2014 in Poland. Total impact of these were 2,0% in the tax rate. Otherwise, the tax rate represents the weighted average tax rates including the withholding taxes for the dividends.

Publication of financial releases

This stock exchange release is a summary of the Scanfil Group's January–September 2024 interim report release 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.

Investor and media conference

The report will for the first time be presented physically in Stockholm by Scanfil's CEO Christophe and CFO Kai Valo at Carnegie Investment Bank, Regeringsgatan 56, 111 56 Stockholm, Sweden. The event be held in English starting at 10:00 a.m. EEST (9:00 a.m. CEST). Registration is done by emailing philippa.rosenbacke@carnegie.se.

The presentation will also be broadcasted live. You can join the online meeting [here](#).

A recording of the webcast and the presentation material will be available on the company's website later the same day.

Scanfil plc

Additional information:

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Scanfil Plc is Europe's largest listed provider of electronics manufacturing services (EMS), whose turnover in 2023 amounted to EUR 902 million. The company serves global sector leaders in the customer segments of Industrial, Energy & Cleantech, and Medtech & Life Science. The company's services include design services, prototype manufacture, design for manufacturability (DFM) services, test development, supply chain and logistics services, circuit board assembly, manufacture of subsystems and components, and complex systems integration services. Scanfil's objective is to grow customer value by improving their competitiveness and by being their primary supply chain partner and long-term manufacturing partner internationally. Scanfil's longest-standing customer account has continued for more than 30 years. The company has global supply capabilities and nine production facilities across three continents. www.scanfil.com

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Attachments

- [Download announcement as PDF.pdf](#)
- [Scanfil January-September 2024 interim report.pdf](#)