

Scanfil's Profits Up, Warns that Telecom Lagging

Written by Mike Buetow

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SIEVI, FINLAND -- Scanfil reported third quarter net income of EUR 1.7 million on sales of EUR 48.2 million (\$62.5 million).

The EMS company reported the operating profit for the period ended Sept. 31 was EUR 2.8 million, or 5.7% of turnover. Sales were down 2.2% from the June quarter. Scanfil laid off workers in Finland and China to help boost profitability.

Scanfil plc was established in the demerger of **Sievi Capital** plc on Jan. 1. In the demerger, **Scanfil EMS Oy**, the contract manufacturing arm, transferred to Scanfil plc. Since 2012 is the first operating year of the new company, Scanfil plc does not have comparison figures for previous financial periods. The company has published the figures for the Scanfil EMS Oy Group for 2011 as comparison data. Using data from Scanfil EMS Oy last year, overall revenue was down 5.9% for the quarter, while net income was up 143%. In a press release, CEO Harri Takanen said,

"The situation in the contract manufacturing market is extremely uncertain, which is among other things due to the euro zone crisis. Because of the slowing down of the global economy, investments are reduced and postponed. Global economic growth is expected to be slow also in 2013."

The majority of sales (73%) now come from professional electronics products, and were boosted by a deal with the **Finnish Slot Machine Association (RAY)**. Demand for telecommunications products, which make up 27% of the EMS company's sales, has remained stable but low.

Based on the current outlook, demand for telecommunications products is expected to fall clearly short of the previous year. The demand for professional electronics products is expected to be on a par with 2011. Scanfil estimates that its 2012 turnover will remain somewhat below the level of 2011 and that the 2012 operating profit will show a marked decrease compared with 2011 (Scanfil EMS Oy's turnover for 2011 was EUR 210.8 million and operating profit EUR 9.1 million).

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1.0 EUR = \$1.29744