

ASPOCOMP GROUP Oyj STOCK EXCHANGE BULLETIN July 28,2000 14.30PM 1(7)

ASPOCOMP INTERIM REPORT JANUARY 1 - JUNE 30, 2000

Net sales for the first six months of the year increased 25.3 % totalling EUR 122.2 million (EUR 97.5 million), the profit before extraordinary items and taxes increased 40.0 % totalling EUR 12.5 million (EUR 8.9 million) and earnings per share were EUR 0.98 (EUR 0.70). Increase in net sales and earnings for the entire year is expected to continue at the same rate.

#### GROUP NET SALES AND PROFITS

Net sales totalled EUR 122.2 million for the period from January 1 to June 30, 2000, compared with EUR 97.5 million during the corresponding period the previous year. Other operating income totalled EUR 1.1 million (EUR 1.3 million). The share of net sales from the company's three biggest customers, Ericsson, Nokia and Philips, was 63 %. Direct exports from Finland totalled EUR 12.4 million (EUR 11.0 million) and offshore net sales totalled EUR 35.4 million (EUR 27.8 million).

Operating profit for the period totalled EUR 13.3 million or 10.8 % of net sales (EUR 9.6 million; 9.8 %). The operating profit excluding the costs of the company's share offering would have been EUR 14.0 million and the corresponding EBIT 11.4 %. Net financial costs totalled EUR 0.7 million (EUR 0.7 million).

The profit before extraordinary items and taxes was EUR 12.5 million (EUR 8.9 million). The pre-tax profit totalled EUR 12.3 million (EUR 8.9 million) and the net profit for the period was EUR 8.6 million (EUR 6.1 million). Earnings per share totalled EUR 0.98 (EUR 0.70).

#### FINANCING, INVESTMENTS AND EQUITY RATIO

The Group's liquidity remained good even though major investments were carried out. Gross investments for the period totalled EUR 29.7 million (EUR 11.0 million) or 24.3 % of net sales (11.3 %). During the period a share offering was organized. In that issue the company received a total of EUR 85 million and a net of EUR 81.1 million after deducting the fees. Immediately after receiving the funds from the issue the company paid off its short-term debts. The rest of the funds were invested in short-term instruments such as commercial paper and fixed income funds. Net financial costs as a percentage of net sales totalled 0.6 % (0.7 %). The equity ratio increased from the year end figure of 43.9 % to 62.7 % at the period end (44.7 %).

#### SHARES AND SHARE CAPITAL

As of June 30 the company's share capital totalled EUR 10,141,926 with a total 10,141,926 shares outstanding. As a result of the share issue the share capital rose from 8,770,416 by 1,191,510 to 9,961,926 on May 29 and by 180,000 to 10,141,926 on June 7.

During the period extending from January 1 to June 30 a total of 2,193,431 shares with a value of EUR 135,175,834.68 were traded on the Helsinki Stock Exchange. The non-domestic share in the ownership

of the stock was 27.5 %, as of the end of the period. The share price reached a high of EUR 86.96 and a low of EUR 30.50 between January 1 and June 30, 2000. The average price was EUR 61.63. The closing price on June 30, 2000 was EUR 60.00 and the market value of the capital stock was EUR 608.5 million. European Strategic Investors Holdings NV announced on May 29, 2000 that its share of Aspocomp Group Oyj shares decreased to under 5 % on that date.

#### SHARE ISSUE AND OFFERING

The Aspocomp Oyj Board made a decision on May 2, 2000 on the basis of the authorization granted at the shareholders' meeting of March 17, 2000, to carry out a share issue and offering aimed at Finnish and international institutional investors, as well as the general public in Finland and the Group's personnel. Merrill Lynch International operated as the international manager and Conventum Corporate Finance Oy acted as the main domestic organizer. The share issue comprised a total maximum issuance and sale of 1,200,000 shares including a total maximum of 570,000 shares held by two Aspocomp Group Oyj shareholders, the Kaleva Mutual Insurance Company and European Strategic Investors Holdings NV.

The institutional private placement offered investors a total of 1,700,000 shares for purchase and subscription between May 2 and May 23, 2000. The general public was offered 60,000 shares and company personnel a total of 10,000 shares between May 8 and May 12, 2000. On May 23, 2000, a price of 62 euros was established for the institutional and public issues, while the price for personnel was fixed at 55.80 euros. Of the shares issued and sold, 73 % were allocated to international investors and 27 % to Finnish investors. A total of 1,745,960 shares were allocated to institutional investors, 14,040 shares to the general public and 1,510 to the personnel. The increase in the share capital of Aspocomp Group Oyj resulting from the share issue from 8,770,416 euros to 9,961,926 euros was registered on May 29, 2000. The shares were quoted on the main list of the Helsinki Stock Exchange as of May 30, 2000.

On June 5, 2000 the main organizer of the Aspocomp Group Oyj share issue, Merrill Lynch International, decided to exercise its right to increase the number of new shares available for sale by 180,000 in order to cover the over subscription of the issue. As a consequence of this action the company's share capital rose by 180,000 euros to 10,141,926 euros. The increase was registered on June 7, 2000 and shares were quoted on the Helsinki Stock Exchange from June 8, 2000. In the aftermath of the share issue, the Board is still authorized to issue a total of 382,573 shares of the 1,754,083 shares contained in the original authorization. The issued shares carry the same rights and privileges as the company's other outstanding shares, including dividend rights for the period ending December 31, 2000, as well as dividend rights for later periods. The total amount of funds generated by the issue and sale of the new shares comes to 85 million euros before organizing fees and other expenditure. The company's intention is to use these funds to finance operational expansion in Europe, as well as to finance investments and acquisitions in Asia. The company paid a fee to the share issue organizers totalling 3.9 million euros. The organizers are to pay the costs associated

with the issue and sale of the shares from this sum and the fees paid to them have been deducted from the share issue premium. Other expenses related to the share issue totalling 0.7 million euros were charged directly to the income statement.

#### MAJOR SHAREHOLDERS AS OF JULY 25, 2000

	Number of Shares	Holdings and Votes %
Sampo Group		
Sampo Life Insurance Company Limited	460 726	4.54
Sampo Insurance Company Plc	314 000	3.10
Sampo Enterprise Insurance Company Limited	300 000	2.96
Industrial Insurance Company Ltd	200 000	1.97
	1 274 726	12.57
Nyberg H.B.	820 000	8.09
Pohjola Group		
Pohjola Non-Life Insurance Company Limited	387 810	3.82
Suomi Mutual Life Assurance Company	209 400	2.06
Pohjola Life Assurance Company Ltd	153 500	1.51
	750 710	7.39
Varma-Sampo Mutual Insurance Company	547 200	5.40
Vehmas A.E.	398 456	3.93
Vehmas Tapio	374 146	3.69
Vehmas Liisa	333 130	3.28
European Strategic Investors Holdings N.V.	256 000	2.52
Estlander Henrik	242 146	2.39
FIM Forte Investment Fund	173 700	1.71
Nominee registered shares	2 424 918	23.91

#### PERSONNEL

The number of employees averaged 2,023 from January 1 to June 30, 2000, compared to 1,740 for the same period the previous year. Personnel averaged 1,886 for 1999.

Professor Jukka-Pekka Ranta, Doctor of Technology, was appointed Vice President, Strategic Planning and Research and Development for Aspocomp Group Oyj effective September 1, 2000. Ranta resigned from his position as member and Chairman of the Board in connection with this appointment, beginning on July 1, 2000. The Board elected Mr. Jorma Eloranta as Chairman of the Board and Mr. Karl Van Horn as Vice-Chairman, effective from the same date.

## PROSPECTS

The Aspocomp Group's net sales are expected to improve significantly during the year 2000 compared to 1999, at the same rate as during the first half of the year. Earnings are expected to improve even more than net sales. Favourable industry prospects and improved productivity are expected to outweigh the price erosion in all areas of operation. It must however be remembered that the traditional volatility of the electronics industry limits the reliability of forecasting.

The above view is based upon the forecasts for the full year end performance as of the interim report publication date. The materialization of these forecasts is dependent on external factors such as domestic and in particular international macro-economic development and customer-related industry conditions and circumstances.

## BUSINESS UNITS

## MOBILE

The Mobile Business Unit (BU) provides Printed Circuit Board (PCB) - related high technology services for mobile phone customers. The Business Unit has production in Salo, Finland and Evreux, France. Its ongoing investment program includes new buildings and new machinery in both production facilities.

Net sales for the Business Unit comprised 43 % of Aspocomp's total during the period. The first phase of the expansion project at the Salo plant has been completed and the second phase will be completed by September 2000. The expansion project at the Evreux plant was continued and the new mobile plant will be ready for production in the summer of 2001. Profits were good in spite of the ramping up of new investments. The company has committed to a very strong shift towards the new microvia-technology. Already about 72 % of this Business Unit's sales was generated from this cutting edge High Density Interconnection (HDI) -technology, during the period. The shift to HDI is a trend that supports the company's strategic competitiveness. We expect strong volume growth to continue in the near future as well.

## TELECOM

The Telecom Business Unit provides PCB-related services for telecom infrastructure customers producing e.g. base stations for mobile phone networks. The Unit has production in Finland (Oulu, Teuva, Padasjoki, Espoo) and in France (Evreux). The investment program in the Finnish factories has been completed and will be commissioned during the last half of the year. The net sales of the Telecom Business Unit comprised 25 % of Aspocomp's total net sales during the period. Earnings were negative because of extra costs resulting from the execution of the investment program in Finland. We expect earnings to return to a satisfactory level during the second half of the year. Both the sales growth and demand have been good. Demand for HDI-products is growing as new applications like wideband (W-CDMA)

base stations are ramping up. As HDI-demand increases, the competitiveness of our services will rise. Prospects for the immediate future appear promising at the moment.

#### AUTO & INDUSTRY

The Auto & Industry Business Unit provides PCB-related services for automotive and industrial customers. The Unit has production in Finland (Teuva and Padasjoki) and in France (Evreux). Currently, products in the Auto and Industry segment are mainly standard technology products. Transferring the production to Thailand will continue and the standard technology products of the Auto & Industry Business Unit will be produced by P.C.B. Center (Thailand) Co., Ltd., the company in which Aspocomp acquired a 12.5 % share in February this year. Aspocomp has an option agreement giving the right to acquire majority of the shares in P.C.B. Center during 2001. We expect to gain a competitive advantage in Europe once the industry begins to switch over to HDI-technologies. Auto & Industry net sales represented 13 % of Aspocomp's total during the period. Earnings were negative. We expect losses to be significantly reduced after the transfer of certain products to Thailand during the second half of the year.

#### ELECTRONICS MANUFACTURING SERVICES (EMS)

The EMS Business Unit provides focused services in thick film hybrid circuits and mechanical assemblies mainly to the same customers as the Telecom and Mobile Units. EMS has production in Finland (Klaukkala and at two sites in Oulu). Our investment plan calls for an increase in capacity and the consolidation of all production in the Oulu area into one facility. Net sales represented 19 % of the Group total. The growth rate was good and earnings were satisfactory. Prospects for the immediate future are good.

#### TECHNOLOGY

In the electronics industries the experience shows that research and development as well as investments in new technologies have been critical success and profitability factors. Likewise in the PCB industry now and in the future technology development and utilization of new technologies will bring competitive advantages and profitability.

Aspocomp will be investing more aggressively in the development and launching of new PCB technologies in order to strengthen our position as a technology ground breaker. Research and development activities in the electronics sector are in the process of decentralizing, as internal processes are outsourced and the need for vertical integration declines.

Aspocomp's goal is in fact to use its own development activities to co-ordinate resources from universities, research institutes and material and equipment suppliers worldwide in order to create a greater value-added research for our customers. At the same time we will attempt to incorporate the latest supply chain management know-how into our operational processes.

## ASPOCOMP GROUP INCOME STATEMENT

	1-6/00		Pro forma 1-6/99		Pro forma 1-12/99	
	MEUR	%	MEUR	%	MEUR	%
NET SALES	122.2	100.0	97.5	100.0	201.3	100.0
Other operating income	1.1	0.9	1.3	1.4	2.5	1.2
Depreciation and write-downs	12.2	10.0	9.4	9.6	19.8	9.8
OPERATING PROFIT AFTER DEPRECIATION	13.3	10.8	9.6	9.8	21.5	10.7
Financial income and expenses	-0.7	-0.6	-0.7	-0.7	-1.3	-0.7
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXES	12.5	10.2	8.9	9.2	20.1	10.0
Extraordinary income	0.0		0.0		0.0	
Extraordinary expenses	-0.2	-0.2	0.0		-0.7	-0.4
PROFIT BEFORE TAXES	12.3	10.1	8.9	9.2	19.4	9.6
PROFIT FOR THE PERIOD	8.6	7.1	6.1	6.3	13.7	6.8
EARNINGS/SHARE, EUR	0.98		0.70		1.64	

Figures are unaudited.

Accrued taxes for this interim period have been calculated in accordance with the corporate tax rate in force during the period under review and include taxes brought forward from earlier periods. The calculation of earnings/share excludes taxes on extraordinary items.

## ASPOCOMP GROUP BALANCE SHEET

	6/00	Pro forma		Pro forma
	MEUR	6/99 MEUR	Change %	12/99 MEUR
Non-current assets				
Intangible assets	2.9	3.0	-1.1	3.2
Tangible assets	111.0	75.0	48.0	93.4
Long-term investments	1.2	0.2	-	0.1
Current assets				
Inventories	28.2	19.7	42.8	23.4
Receivables	43.4	37.4	16.4	35.0
Short-term investments	49.8	-	-	-
Cash and bank deposits	9.6	2.1	-	2.3
TOTAL ASSETS	246.1	137.4	79.1	157.4
Shareholders' equity	154.4	61.4	151.3	69.0
Mandatory reserves	0.3	0.3	-	0.3
Long-term liabilities	34.6	23.9	44.8	37.9
Short-term liabilities	56.8	51.8	9.7	50.2

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	246.1	137.4	79.1	157.4
EQUITY / SHARE, EUR	15.22	7.00		7.87
EQUITY RATIO, %	62.7	44.7		43.9

Figures are unaudited.

Accumulated excess depreciation and voluntary reserves totalling EUR 14.0 million have been divided among shareholders' equity and nominal tax liabilities.

CONTINGENT LIABILITIES	6/00 MEUR	Pro forma 12/99 MEUR
Securities on Group liabilities	3.9	3.9
Operational leasing liabilities	0.5	0.5
TOTAL	4.4	4.4

The figures for the comparative year are pro forma. The calculation principles for the pro forma figures have been presented in the 1999 Aspocomp Group Annual Report.

Helsinki, July 28, 2000

ASPOCOMP GROUP Oyj

Board of Directors

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