

ASPOCOMP GROUP Oyj STOCK EXCHANGE BULLETIN Oct 27,2000 10.35AM1(8)

ASPOCOMP INTERIM REPORT JANUARY 1 - SEPTEMBER 30, 2000

Net sales for the period increased 23.1 % totalling EUR 177.8 million (EUR 144.4 million). The profit before extraordinary items and taxes increased by 25.8 % to EUR 16.1 million (EUR 12.8 million) and earnings per share increased by 20.8 % to EUR 1.22 (EUR 1.01). Aspocomp is expanding in China and Thailand and new business opportunities are being created through R&D co-operation. Expectations for sales growth in 2001 are more than 40 % and the forecast for EBIT-margin exceeds our 10 % long-term target.

#### EXPANSIONS IN CHINA AND IN THAILAND

Due to the strong growth and increasing demand in the Chinese HDI (High Density Interconnection) market, Aspocomp has decided to enter this market. Aspocomp has today signed a Letter of Intent to start a Joint Venture with the Taiwanese listed company Chin-Poon Industrial Co., Ltd, which has already constructed a building of 28,000 square meters in Shanghai area. This plant will be producing HDI-microvia boards. The production is planned to start during the third quarter of the year 2001. The transaction is subject to a final agreement between the parties, which is supposed to be signed before the end of this year. Aspocomp will own 51 % of the Joint Venture and investment for Aspocomp would be about EUR 40 million.

In February 2000 Aspocomp acquired 12.5 % of the equity of P.C.B. Center (Thailand) Co., Ltd., the second biggest printed circuit producer in Thailand. Aspocomp has an option agreement giving the right to acquire a majority of the shares in P.C.B. Center during 2001. The Board has decided to use this option so that Aspocomp's ownership will be 51 %. Possibilities to use the option before the end of year 2000 are being studied. P.C.B. Center has a good capacity utilization, net sales of EUR 24.5 million for the first nine months of year 2000 and EBIT-margin close to 10 %. P.C.B. Center is planning to triple its sales during the next three years.

#### NEW BUSINESS OPPORTUNITIES THROUGH R & D

A year ago Aspocomp Group Oyj made an initiative to our key customer, suppliers and academia to have a research partnership on the future electronics interconnection technologies and to develop next generation solutions in a networked organization along the value chain. The initiative received a very positive response and the partnership, now called Elitec Consortium, had the kick-off meeting in September and the activities are now in the ramp-up phase. The Consortium will focus on creating future interconnection and packaging technologies for advanced and leading edge electronic products. The Consortium includes semiconductor manufacturers, material suppliers, process and equipment manufacturers, our key customer, academia and Aspocomp as the only printed circuit board producer in the Consortium. The first Chairman of the Consortium is Professor, Doctor Jukka Ranta from Aspocomp. Beside of its own research Aspocomp Group will support Consortium work at Helsinki University of Technology and other Universities. The whole

partnership will have annually a research effort of about 25 person years.

Aspocomp also is building and implementing R&D Center in Salo and it will be ready together with the factory expansion during second quarter in 2001. It will have clean room facilities, environmental test facilities, wet process space meeting the standards and requirements to make research and development in the area of new imaging technologies, additive technologies, embedded components, micromechanics and reliability. It will be a vehicle in implementing the vision of Aspocomp that PCB will turn from a passive interconnection platform to an active and functional component. The estimated investment in the R&D Center is EUR 5 million.

#### PROSPECTS

Increase in net sales for the entire year is expected to be about 20 % and earnings are expected to be on the same good level as in year 1999. The fourth quarter in 1999 was exceptionally good, both in sales and in margins. This year, during the third and fourth quarter, delay of ramp-ups, the strong US Dollar and Japanese YEN and the increase of material costs as well as the component shortage in hybrid circuits production are limiting the growth of sales and margins to the level mentioned above. Expectations for organic sales growth in 2001 are over 30 %, but including the Asian expansions more than 40 %, and the forecast for EBIT-margin exceeds our 10 % long-term target.

The above view is based upon the forecasts for the fourth quarter performance and forecasts for the year 2001 as of the interim report publication date.

#### GROUP NET SALES AND PROFITS

Net sales totalled EUR 177.8 million for the period from January 1 to September 30, 2000, compared with EUR 144.4 million during the corresponding period in the previous year. Other operating income was EUR 1.7 million (EUR 1.9 million). The share of net sales from the company's three biggest customers, Nokia, Ericsson and Philips, was 62 % (66 %), Nokia being by far the biggest out of these.

Operating profit for the period totalled EUR 16.6 million or 9.3 % of net sales (EUR 13.8 million; 9.5 %). Operating profit excluding the costs of the company's share offering and the costs of preparations for the above-mentioned expansions in China and Thailand was EUR 17.5 million and the corresponding EBIT margin 9.9 %. Net financial costs totalled EUR 0.5 million (EUR 1.0 million).

Profit before extraordinary items and taxes was EUR 16.1 million (EUR 12.8 million), an increase of 25.8 %. Pre-tax profit totalled EUR 15.9 million (EUR 12.0 million) and the net profit for the period was EUR 11.3 million (EUR 8.3 million). Earnings per share totalled EUR 1.22 (EUR 1.01).

## 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 48.9 million (EUR 23.1 million) or 27.5 % of net sales (16.0 %). In the share offering the company received a total of EUR 85 million and a net of EUR 81.1 million after deducting the fees. With these funds the company paid off its short-term interest bearing debts. The rest of the funds were invested in short-term instruments such as commercial papers and fixed income funds. Net financial costs as a percentage of net sales totalled 0.3 % (0.7 %). The equity ratio increased from the year end figure of 43.9 % to 63.5 % at the period end (44.2 %).

## SHARES AND SHARE CAPITAL

As of September 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 September 30 a total of 2,701,782 shares with a value of EUR 163,537,853 were traded on the Helsinki Stock Exchange. The non-domestic share in the ownership of the stock was 26.9 %, as of the end of the period. The number of shareholders on September 30 was 1,336. The share price reached a high of EUR 86.96 and a low of EUR 30.50 between January 1 and September 30, 2000. The average price was EUR 60.53. The closing price on September 29, 2000 was EUR 43.50 and the market value of the capital stock was EUR 441.2 million. European Strategic Investors Holdings NV announced on May 29, 2000 that its share of Aspocomp Group Oyj shares decreased to less than 5 % on that date.

## SHARE ISSUE AND OFFERING

The Aspocomp Group 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 international and Finnish 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 and the general public was offered 60,000 shares and company personnel a total of 10,000 shares. 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 shares 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 Merrill Lynch International, decided to exercise its right (so-called overallotment option) to increase the number of new shares available for sale by 180,000 in order to cover the over subscription of the issue. Consequently 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. Other expenses related to the share issue totalling 0.7 million euros were charged directly to the income statement. As of September 30 all costs related to the share issue have been charged to the profit and loss statement.

MAJOR SHAREHOLDERS AS OF OCTOBER 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	560 900	5.53
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	5(8) 2.52
Estlander Henrik	242 146	2.39
FIM Forte Investment Fund	178 700	1.76
Nominee registered shares	2 353 191	23.20

#### PERSONNEL

The number of employees averaged 2,031 from January 1 to September 30, 2000, compared to 1,815 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.

#### 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 40 % of Aspocomp's total sales during the period. Growth compared to the same period in 1999 was 37 %. The expansion project at the Evreux plant was continued and the new mobile plant will be ready for production in the summer of 2001. Profit ability was 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 83 % of the 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 also in year 2001.

##### TELECOM

The Telecom Business Unit provides PCB-related services for telecom infrastructure customers producing 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. This together with the investments in Evreux will enable strong growth in 2001. The net sales of the Telecom Business Unit comprised 27 % of Aspocomp's total sales during the period, growing by 34 % compared to the same period in 1999. Earnings are expected to improve, especially in Evreux. 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 year 2001 are good.

#### 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 use mainly standard technology. 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. We expect to gain a competitive advantage in Europe once the switch over to HDI-technologies gains momentum. Auto & Industry net sales represented 13 % of Aspocomp's total during the period, decreasing 13 % from the year 1999 in Europe due to the transferring of production to Thailand. However, as P.C.B. Center is a minority interest to Aspocomp, the growth in Auto & Industry Business Unit in Thailand has not been consolidated in Aspocomp Group figures.

#### 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 before the end of year 2000. Net sales represented 20 % of the Group total sales, growth being 17 % compared to the same period in 1999. The shortage of components in hybrid circuits production is limiting the growth of both the sales and earnings during the third and fourth quarter. Prospects for the future are good.

#### ASPOCOMP GROUP INCOME STATEMENT

	1-9/00		Pro forma 1-9/99		Pro forma 1-12/99	
	MEUR	%	MEUR	%	MEUR	%
NET SALES	177.8	100.0	144.4	100.0	201.3	100.0
Other operating income	1.6	0.9	1.9	1.3	2.5	1.2
Depreciation and write-downs	18.7	10.5	14.4	9.9	19.8	9.8
OPERATING PROFIT AFTER DEPRECIATION	16.6	9.3	13.8	9.5	21.5	10.7
Financial income and expenses	-0.5	-0.3	-1.0	-0.7	-1.3	-0.7
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXES	16.1	9.0	12.8	8.9	20.1	10.0
Extraordinary income	0.0		0.0		0.0	
Extraordinary expenses	-0.2	-0.1	-0.8	-0.6	-0.7	-0.4

PROFIT BEFORE TAXES	15.9	8.9	12.0	8.3	19.4	7(8) 9.6
PROFIT FOR THE PERIOD	11.3	6.4	8.3	5.7	13.7	6.8
EARNINGS/SHARE, EUR	1.22		1.01		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

	9/00 MEUR	Pro forma 9/99 MEUR	Change %	Pro forma 12/99 MEUR
Non-current assets				
Intangible assets	2.9	2.9	-1.2	3.2
Tangible assets	122.8	82.4	49.0	93.4
Long-term investments	1.1	0.1	-	0.1
Current assets				
Inventories	27.9	20.3	37.4	23.4
Receivables	46.1	35.7	29.1	35.0
Short-term investments	31.0	-	-	-
Cash and bank deposits	15.6	2.5	-	2.3
TOTAL ASSETS	247.3	143.9	71.9	157.4
Shareholders' equity	157.0	63.5	147.2	69.0
Mandatory reserves	0.8	1.1	-30.4	0.3
Long-term liabilities	35.8	26.2	37.0	37.9
Short-term liabilities	53.7	53.1	1.1	50.2
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	247.3	143.9	71.9	157.4
EQUITY / SHARE, EUR	15.48	7.24		7.87
EQUITY RATIO, %	63.5	44.2		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.

	9/00 MEUR	Pro forma 12/99 MEUR
CONTINGENT LIABILITIES		
Securities on behalf of others	2.2	3.9
Operational leasing liabilities	0.3	0.5

TOTAL 2.5 4.4 8(8)

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, October 27, 2000

ASPOCOMP GROUP Oyj

Board of Directors

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ASPOCOMP GROUP Oyj

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