ASPOCOMP

ASPOCOMP'S INTERIM REPORT JANUARY 1 – MARCH 31, 2016

Key figures 1-3/2016 in brief

	1-3/2016	1-3/2015	Change
Net sales	4.1 M€	4.6 M€	-0.4 M€
EBITDA	-0.2 M€	0.4 M€	-0.6 M€
Operating result	-0.4 M€	0.1 M€	-0.6 M€
% of net sales	-10.7 %	2.6 %	
Earnings per share	-0.07 €	0.02 €	-0.09 €
Operative cash flow	-0.6 M€	-0.5 M€	-0.1 M€
Equity ratio	66.3 %	67.7 %	
Order book at the end of period	1.4 M€	1.3 M€	0.1 M€

OUTLOOK FOR THE FUTURE

The company's full-year guidance remains unchanged. In 2016, net sales are expected to grow and the operating result to be in the black. In 2015, net sales amounted to EUR 17.5 million and the operating result to EUR -1.2 million.

CEO'S REVIEW

"The order intake started to decline rapidly at the end of last year, but we returned it to growth in February. Due to weak demand, first-quarter net sales amounted to only EUR 4.1 million, a year-on-year decrease of EUR 0.4 million. Very low sales in January pushed the first-quarter operating result EUR 0.4 million into the red. However, performance improved rapidly during the first quarter and the operating result turned positive in March as the order intake picked up and delivery volumes increased.

The company's order book is typically very short, only a few weeks, and is therefore exposed to rapid changes. We aim to systematically expand our customer base and customer segment in order to reduce fluctuations in overall demand.

The quality management system of the Oulu plant, which complies with the requirements of the automotive industry, was audited early this year. Quality certification is an important milestone in the realization of the strategy. It enables the Oulu plant to produce a wider product range for the automotive industry and thus complements our end-to-end service offering to our customers. The majority of Aspocomp's automotive industry products are manufactured for the company at its partners' factories in Asia. We expect automotive industry customers to grow in the near future.

Despite the difficult early months of the year, the company expects net sales to grow and the operating result to be in the black in 2016."

NET SALES AND EARNINGS

January-March 2016

First-quarter net sales amounted to EUR 4.1 million (EUR 4.6 million 1-3/2015), a year-on-year decrease of 9 percent. The decline in net sales was due to weak demand in January.

The five largest customers accounted for 51 percent of net sales (50% 1-3/2015). In geographical terms, 88 percent of net sales were generated in Europe (95%), 6 percent in Asia (3%) and 6 percent in North America (2%).

The low net sales and weak operating result in January pushed the operating result for the entire first quarter into the red, EUR -0.4 million (EUR 0.1 million 1-3/2015).

Net financial expenses for the review period amounted to EUR -0.0 million (EUR 0.0 million). Earnings per share were EUR -0.07 (EUR 0.02).

INVESTMENTS AND R&D

Investments during the review period amounted to EUR 0.0 million (EUR 0.1 million 1-3/2015).

R&D costs comprise general production development costs. These costs do not fulfill the IAS 38 definition of either development or research and are therefore booked into plant overheads.

CASH FLOW AND FINANCING

Cash flow from operations during the period was EUR -0.6 million (EUR -0.5 million 1-3/2015).

Cash flow after investments was EUR -0.6 million (EUR -0.6 million).

Cash assets amounted to EUR 0.3 million at the end of the period (EUR 1.0 million 3/2015). Interest-bearing liabilities amounted to EUR 1.9 million (EUR 2.1 million 3/2015). Gearing was 18.4 percent (10.3%). Non-interest-bearing liabilities amounted to EUR 2.7 million (EUR 3.1 million). At the end of the period, the Group's equity ratio amounted to 66.3 percent (67.4%).

The company also has a EUR 0.75 million credit facility, of which EUR 0.4 million was in use on the closing date. In addition, the company has a recourse factoring agreement, of which EUR 1.0 million was in use.

PERSONNEL

During the review period, the company had an average of 105 employees (141 in 1-3/2015). The personnel count on March 31, 2016 was 104 (141 in 3/2015). Of them, 66 (98) were non-salaried and 38 (43) salaried employees.

ANNUAL GENERAL MEETING 2016, THE BOARD OF DIRECTORS AND AUTHORIZATIONS GIVEN TO THE BOARD

The Annual General Meeting of Aspocomp Group Plc held on April 7, 2016 adopted the annual accounts and the consolidated annual accounts for the financial period 2015 and granted the members of the Board of Directors and the CEO discharge from liability. The Meeting decided not to pay dividend for the financial period 2015.

The Annual General Meeting decided to set the number of Board members at four (4). The AGM re-elected the current members of the Board Ms. Päivi Marttila and Ms. Kaarina Muurinen and elected Mr. Juha Putkiranta, M.Sc. Engineering (born 1957), and Mr. Matti Lahdenperä, Lic.Sc. Tech. (born 1953), as new members of the Board, for a term of office ending at the closing of the following Annual General Meeting. The Annual General Meeting re-elected PricewaterhouseCoopers Oy, Authorized Public Accountants, as the company's auditor for a term of office ending at the closing of the following Annual General Meeting. PricewaterhouseCoopers Oy has notified that Mr. Markku Katajisto, Authorized Public Accountant, will act as its principal auditor.

The Annual General Meeting decided that the chairman of the Board of Directors will be paid EUR 30,000 and the other members will be paid EUR 15,000 each in remuneration for their term of office. In addition, no meeting remuneration will be paid. The members of the Board of Directors will further be reimbursed for reasonable travel and lodging costs. Travel and lodging costs will however not be compensated to those members of the Board of Directors who reside in the greater Helsinki area when the meetings are held in the greater Helsinki area. The auditor's fees will be paid according to the auditor's invoice.

The Annual General Meeting decided to authorize the Board of Directors, in one or more installments, to decide on the issuance of shares and the issuance of options and other special rights entitling to shares referred to in Chapter 10, Section 1 of the Companies Act as follows:

The number of shares to be issued based on the authorization may in total amount to a maximum of 1,280,000 shares.

The Board of Directors decides on all the terms and conditions of the issuances of shares and of options and other special rights entitling to shares. The authorization concerns both the issuance of new shares as well as own shares possibly held by the company. The issuance of shares and of options and other special rights entitling to shares referred to in Chapter 10, Section 1 of the Companies Act may be carried out in deviation from the shareholders' pre-emptive rights (directed issue).

The authorization cancels the authorization given by the General Meeting on March 26, 2015 to decide on the issuance of shares as well as the issuance of special rights entitling to shares. The authorization is valid until June 30, 2017.

In its organization meeting held on April 7, 2016, the Board of Directors re-elected Päivi Marttila as Chairman of the Board and Kaarina Muurinen as Vice Chairman. Board committees were not established as the extent of the company's business did not require it.

SHARES

The total number of Aspocomp's shares at March 31, 2016 was 6,406,505 and the share capital stood at EUR 1,000,000. The company did not hold any treasury shares.

A total of 1,890,611 Aspocomp Group Plc. shares were traded on Nasdaq Helsinki during the period from January 1 to March 31, 2016. The aggregate value of the shares exchanged was EUR 2,250,070. The shares traded at a low of EUR 0.97 and a high of EUR 1.55. The average share price was EUR 1.19. The closing price at March 31, 2016 was EUR 1.24, which translates into market capitalization of EUR 7.9 million.

Nominee-registered shares accounted for 6.5 percent of the total shares.

Aspocomp's business operations

Aspocomp sells and manufactures PCBs and offers related design and logistics services. The company's own manufacturing unit in Oulu comprises the core of its business operations. The Oulu plant focuses on prototype and quick-turn deliveries and the commercialization of new PCB technologies in cooperation with customers' product design departments. In addition, operating as a service business, Aspocomp provides technology solutions and more competitive products.

Aspocomp's customers are companies that design and manufacture telecom systems and equipment, industrial and automotive electronics, and healthcare systems.

The Oulu plant manufactures HDI (*High Density Interconnection*), multilayer and special material PCBs. It is capable of very fast deliveries, even in the case of structurally complex PCBs. Aspocomp's HDI product development and commercialization are centralized in Oulu. In addition, the Oulu plant develops technologies for heat management on PCBs.

Electronics supply chains are occasionally hit by disturbances that result in urgent needs. For instance, PCB deliveries might be hindered by overdemand, accidents, natural catastrophes or holiday seasons. Furthermore, problems with deliveries of any of the components assembled on PCBs could lead to layout changes in PCBs. Fulfilling urgent needs due to such changes is difficult and cost-ineffective for high-volume PCB suppliers that manufacture long series. In such situations, the Oulu plant can step in to plug these urgent high-volume needs.

In addition to its in-house manufacture, Aspocomp also offers PCB trading services to its customers. These services include the selection of the most suitable high-volume manufacturer, provision of the technical specifications of the product, quality assurance and logistics services. These trading services round out Aspocomp's own manufacturing, enabling customers to cost-effectively buy their PCBs from a single provider over the entire life cycle of a product. Aspocomp's own production operations in Oulu keep it up to date on developments in PCB technology — customers can thus rest assured that the company will provide them with the best knowledge and service.

Outlook for the future

A major share of Aspocomp's net sales is generated by quick-turn deliveries and R&D series, and thus the company's order book is short. The company seeks to systematically expand its services to cover the PCB needs of customers over the entire life cycle and thereby balance out variations in demand and the order book.

The company estimates that the pick-up in demand that started in February will continue and that the full year as a whole will be better than 2015. The company expects to grow particularly in the automotive industry, industrial electronics and different kinds of security applications. Furthermore, next-generation R&D projects are anticipated to generate growth in telecom equipment.

The company's full-year guidance remains unchanged. In 2016, net sales are expected to grow and the operating result to be in the black. In 2015, net sales amounted to EUR 17.5 million and the operating result to EUR -1.2 million.

Assessment of short-term business risks

Dependence on key customers

Aspocomp's customer base is concentrated; the majority of sales are generated by a small number of key customers. Aspocomp does not as yet have enough medium-sized customers and still remains too dependent on its key customers. This exposes the company to significant fluctuations in demand.

Market trends

Although Aspocomp is a marginal player in the global electronics market, changes in global PCB demand also have an impact on the company's business. A prolonged downturn has increased competition in quick-turn deliveries and short production series and has had a negative impact on both demand and prices. Correspondingly, overdemand for PCBs increases the need for quick-turn deliveries and decreases competition in short series, as high-volume manufacturers seek to optimize their capacity utilization ratios.

Aspocomp's main market area comprises Northern and Central Europe. In case Aspocomp's clients would transfer their R&D and manufacturing out of Europe, demand for Aspocomp's offerings might weaken significantly.

Liquidity

The Group's liquidity will remain tight during the next few months. On the basis of the cash flow forecast prepared monthly, the company estimates that it has enough working capital to meet its needs during the next 12 months, provided that the company's sales and production cost structure develop as predicted and the availability of financing does not weaken unexpectedly.

Publication of financial releases

Aspocomp Group Plc.'s financial information publication schedule for 2016 is:

- Half-year financial report for January-June: Thursday, August 4, 2016
- Interim report for January-September: Thursday, October 28, 2016

Interim reports will be published at around 9:00 a.m.

Accounting policies

The reported operations include the Group's parent company, Aspocomp Group Plc. All figures are unaudited. The interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting principles that were applied in the preparation of the financial statements of December 31, 2015 have been applied in the preparation of this report. However, as of January 1, 2016 the company has applied the following new or modified standards. The amendments do not have an impact on the consolidated financial statements.

PROFIT AND LOSS STATEMENT

January - March

1 000 €	1-3/2016		1-3/2015		Change	1-12/2015	
Net sales	**4,137**	***100%***	**4,557**	***100%***	***-9%***	**17,452**	***100%***
Other operating income	2	*0%*	134	*3%*	*-98%*	161	*1%*
Materials and services	-1,717	*-41%*	-1,530	*-34%*	*12%*	-7,124	*-41%*
Personnel expenses	-1,568	*-38%*	-1,541	*-34%*	*2%*	-5,923	*-34%*
Other operating costs	-1,033	*-25%*	-1,188	*-26%*	*-13%*	-4,593	*-26%*
Depreciation and amortization	-262	*-6%*	-314	*-7%*	*-16%*	-1,168	*-7%*
Operating result	**-441**	***-11%***	**118**	***3%***	***-475%***	**-1,194**	***-7%***
Financial income and expenses	-26	*-1%*	9	*0%*	*-391%*	-102	*-1%*
Profit/loss before tax	**-467**	***-11%***	**126**	***3%***	***-470%***	**-1,295**	***-7%***
Income taxes	0	*0%*	0	*0%*		277	*2%*
Profit/loss for the period	**-467**	***-11%***	**126**	***3%***	***-471%***	**-1,018**	***-6%***
Other comprehensive income							
Items that will not be reclassified to profit or loss	0	*0%*	0	*0%*		0	*0%*
Items that may be reclassified subsequently to profit or loss:							
Currency translation differences	2	*0%*	-2	*0%*	*-199%*	0	*0%*
Total other comprehensive income	2	*0%*	-2	*0%*	*-199%*	0	*0%*
Total comprehensive income	**-465**	***-11%***	**124**	***3%***	***-476%***	**-1,018**	***-6%***
Earnings per share (EPS)							
Basic EPS	-0.07 €		0.02 €		*-450%*	-0.16 €	
Diluted EPS	-0.07 €		0.02 €		*-450%*	-0.16 €	

Consolidated Balance Sheet

1 000 €	3/2016	3/2015	Change	12/2015
Assets				
Non-current assets				
Intangible assets	3,080	3,066	*0%*	3,066
Tangible assets	2,020	2,671	*-24%*	2,156
Available for sale investments	15	15	*0%*	15
Deferred income tax assets	2,595	2,311	*12%*	2,595
Total non-current assets	**7,710**	**8,064**	***-4%***	**7,833**
Current assets				
Inventories	2,390	2,167	*10%*	2,384
Short-term receivables	3,221	4,736	*-32%*	3,311
Cash and bank deposits	282	978	*-71%*	268
Total current assets	**5,893**	**7,881**	***-25%***	**5,963**
Total assets	**13,603**	**15,945**	***-15%***	**13,796**
Equity and liabilities				
Share capital	1,000	1,000	*0%*	1,000
Reserve for invested non-restricted equity	4,129	4,052	*2%*	4,117
Retained earnings	3,883	5,749	*-32%*	4,348
Total equity	**9,012**	**10,801**	***-17%***	**9,465**
Long-term financing loans	96	429	*-78%*	129
Other non-current liabilities	358	108	*231%*	358
Deferred income tax liabilities	12	8	*46%*	12
Short-term financing loans	1,844	1,656	*11%*	1,176
Trade and other payables	2,281	2,943	*-22%*	2,656
Total liabilities	**4,591**	**5,144**	***-11%***	**4,331**
Total equity and liabilities	**13,603**	**15,945**	***-15%***	**13,796**

CONSOLIDATED CHANGES IN EQUITY

January-March 2016

1000 €	Share capital	Other reserve	Translation differences	Retained earnings	Total equity
Balance at Jan. 1, 2016	**1,000**	**4,117**	**-3**	**4,351**	**9,465**
Comprehensive income					
Comprehensive income for the period				-467	**-467**
Other comprehensive income for the period, net of tax					
Translation differences			2		**2**
Total comprehensive income for the period	**0**	**0**	**2**	**-467**	**-465**
Business transactions with owners					
Share-based payment		12		0	**12**
Business transactions with owners, total	**0**	**12**	**0**	**0**	**12**
Balance at March 31, 2016	**1,000**	**4,129**	**-1**	**3,884**	**9,012**

January-March 2015

1000 €	Share capital	Other reserve	Translation differences	Retained earnings	Total equity
Balance at Jan. 1, 2015	**1,000**	**4,030**	**-3**	**5,628**	**10,655**
Comprehensive income					
Comprehensive income for the period				126	**126**
Other comprehensive income for the period, net of tax					
Translation differences			-2		**-2**
Total comprehensive income for the period	**0**	**0**	**-2**	**126**	**124**
Business transactions with owners					
Share-based payment		22		0	**22**
Business transactions with owners, total	**0**	**22**	**0**	**0**	**22**
Balance at March 31, 2015	**1,000**	**4,052**	**-6**	**5,754**	**10,801**

Consolidated Cash Flow Statement

1 000 €	1-3/2016	1-3/2015	1-12/2015
Profit for the period	**-467**	**126**	**-1,018**
Adjustments	303	338	1,064
Change in working capital	-398	-984	-28
Received interest income	4	32	33
Paid interest expenses	-29	-24	-135
Paid taxes	0	0	-3
Cash flow from operating activities	**-588**	**-512**	**-88**
Investments	-34	-91	-469
Proceeds from sale of property, plant and equipment	0	0	47
Cash flow from investing activities	**-34**	**-91**	**-422**
Increase in financing	745	953	747
Decrease in financing	-109	-107	-704
Cash flow from financing activities	**635**	**846**	**43**
Change in cash and cash equivalents	14	243	-467
Cash and cash equivalents at the beginning of period	268	735	735
Cash and cash equivalents at the end of period	**282**	**978**	**268**

Key Financial Indicators

	Q1/2016	Q4/2015	Q3/2015	Q2/2015	Q1/2015
Net sales, M€	4.1	4.8	3.8	4.4	4.6
Operating result before depreciation (EBITDA), M€	-0.2	-0.1	-0.2	-0.2	0.4
Operating result (EBIT), M€	-0.4	-0.3	-0.5	-0.5	0.1
of net sales, %	*-11%*	*-7%*	*-12%*	*-12%*	*3%*
Profit/loss before taxes, M€	-0.5	-0.4	-0.5	-0.5	0.1
of net sales, %	*-11%*	*-8%*	*-14%*	*12%*	*3%*
Net profit/loss for the period, M€	-0.5	-0.1	-0.5	-0.5	0.1
of net sales, %	*-11%*	*-2%*	*-14%*	*-12%*	*3%*
Equity ratio, %	66%	69%	75%	74%	68%
Gearing, %	18%	11%	5%	5%	10%
Gross investments in fixed assets, M€	0.0	0.1	0.1	0.3	0.1
of net sales, %	*1%*	*1%*	*2%*	*6%*	*2%*
Personnel, end of the quarter	104	106	108	110	141
Earnings/share (EPS), €	-0.07	-0.01	-0.08	-0.08	0.02
Equity/share, €	1.41	1.48	1.53	1.61	1.69

Formulas and definitions

Equity/share, €	=	Equity attributable to shareholders / Number of shares at the end of period	
Equity ratio, %	=	Equity / Total assets - advances received	x 100
Gearing, %	=	Net interest bearing liabilities / Total equity	x 100
Earnings/share (EPS), €	=	Profit attributable to equity shareholders / Adjusted weighted average number of shares outstanding	
EBITDA	=	Earnings before interests, taxes, depreciations and amortisations	

Contingent Liabilities

1 000 €	3/2016	3/2015	12/2015
Business mortgage	4,000	4,000	4,000
Operating lease liabilities	631	1,059	740
Other liabilities	1,086	40	792
Total	**5,717**	**5,099**	**5,532**

All figures are unaudited.

Espoo, April 28, 2016

ASPOCOMP

Board of Directors of Aspocomp Group Plc.

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ASPOCOMP – PCB TECHNOLOGY COMPANY

Aspocomp develops and sells PCB manufacturing services, focusing on the end-to-end fulfillment of customers' PCB needs. Our seasoned professionals help customers to create the most optimal PCB designs, both in terms of performance and cost. Our trimmed production lines produce the most challenging designs with the shortest lead-times in the industry. Operating as a service business, we provide one-stop access to technology solutions and competitive products for all PCB technologies.

A printed circuit board (PCB) is the principal interconnection method in electronic devices. PCBs are used for electrical interconnection and as a component assembly platform in most electronic applications. Aspocomp's PCBs are used in many applications, such as telecommunication networks and devices, automotive electronics, security and medical systems, chipset development and industrial automation.

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Some statements in this stock exchange release are forecasts and actual results may differ materially from those stated. Statements in this stock exchange release relating to matters that are not historical facts are forecasts. All forecasts involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performances or achievements of the Aspocomp Group to be materially different from any future results, performances or achievements expressed or implied by such forecasts. Such factors include general economic and business conditions, fluctuations in currency exchange rates, increases and changes in PCB industry capacity and competition, and the ability of the company to implement its investment program.