ASPOCOMP

Aspocomp's Interim Report January 1 - March 31, 2019: The year started with an increase in net sales and operating profit

Key figures 1-3/2019 in brief

	1-3/2019		1-3/2018		Change *	
Net sales	7.6	M€	6.1	M€	24	%
EBITDA	1.1	M€	0.6	M€	107	%
Operating result	0.9	M€	0.3	M€	200	%
% of net sales	11.3	%	4.7	%	7	ppts
Earnings per share	0.13	€	0.04	€	225	%
Operative cash flow	2.2	M€	0.3	M€	558	%
Equity ratio	59.5	%	60.7	%	-1	ppts
Order book at the end of period	3.4	M€	3.0	M€	12	%

* The total may deviate from the sum totals due to rounding up and down.

OUTLOOK FOR THE FUTURE

The company's full-year guidance remains unchanged. In 2019, net sales are expected to grow approximately 10 percent compared with 2018 and the operating result to be better than in 2018. In 2018, net sales amounted to EUR 29.1 million and the operating result to EUR 2.9 million.

CEO'S REVIEW

“The year started well with demand growing by nearly a quarter, i.e., by 24 percent year-on-year. We performed excellently, even as the entire PCB market contracted by more than two percent in the first quarter (Custer Consulting, April 2019). The strongest demand came, as expected, from the telecommunications network segment, with solutions based on new 5G technology as growth drivers. In other customer segments, growth was more modest in the first quarter.

First-quarter net sales grew to EUR 7.6 million and the operating result tripled to EUR 0.9

million. Operating margin rose to 11.3 percent. The major factors behind the rise in profitability were the higher utilization rate of the Oulu plant and the greater share accounted for by the technologically most demanding products. Cash flow from operations strengthened to EUR 2.2 million.

The order book rose to EUR 3.4 million, up 12 percent. The record-high order book at the end of March supports further positive development in the second quarter. Demand is expected to continue to pick up, spreading across a wider range of customer segments.

The investment program is proceeding as planned and at the same time opens up new opportunities to expand into new product areas and technologies. In the first quarter, we introduced a high-temperature laminating press, which enables the deployment of Teflon-based multilayer structures. Teflon laminates are especially needed in high-frequency technologies, which are typically used in radars and antenna amplifiers.

Another major new technology that we introduced is hard gold, which is used for example in semiconductor manufacturing equipment. The investment program also increases the capacity of the Oulu plant. At the beginning of the year, capacity was increased in the drilling and routing work stages as well as in the plasma etching of laminates.

Alongside the investment program, we are constantly developing a partnership network to support the PCB needs of our customers in a comprehensive way, including volume production service and technology offerings over the entire lifecycle of a product.”

NET SALES AND EARNINGS

January-March 2019

First-quarter net sales amounted to EUR 7.6 (6.1) million, 24 percent on January-March 2018. As expected, sales were boosted by strong demand in the telecommunications network segment, with solutions based on new 5G technology as growth drivers.

The five largest customers accounted for 58 (45) percent of net sales. In geographical terms, 98 (96) percent of net sales were generated in Europe, 1 (2) percent in Asia and 1 (2) percent in North America.

The operating result for the first quarter improved substantially and amounted to EUR 0.9 (0.3) million. First-quarter operating result was 11.3 (4.7) percent of net sales. The major factors behind the rise in profitability were the higher utilization rate of the Oulu plant and the greater share accounted for by more technologically demanding products.

Net financial expenses amounted to EUR 0.0 (0.0) million. Earnings per share were EUR 0.13 (0.04).

The order book at the end of the review period was EUR 3.4 (3.0) million, representing a year-on-year increase of about EUR 0.4 million.

THE GROUP'S KEY FIGURES

	1-3/19	1-3/18	Change	1-12/18
Net sales, M€	7.6	6.1	24 %	29.1

EBITDA, M€	1.1	0.6	107	%	4.0
Operating result, M€	0.9	0.3	200	%	2.9
% of net sales	11%	5%	7	*ppts*	10%
Pre-tax- profit/loss, M€	0.8	0.3	231	%	2.8
% of net sales	11%	4%	7	*ppts*	9%
Profit/loss for the period, M€	0.8	0.3	231	%	3.2
% of net sales	11%	4%	7	*ppts*	11%
Earnings per share, €	0.13	0.04	225	%	0.49
Investments, M€	1.0	1.4	-30	%	3.4
% of net sales	13%	23%	-10	*ppts*	12%
Cash, end of the period	3.3	1.0	230	%	2.6
Equity / share, €	2.36	1.79	57	%	2.23
Equity ratio, %	59%	61%	-1	*ppts*	58%
Gearing, %	12%	22%	-10	*ppts*	19%
Personnel, end of the period	118	115	3	persons	117

* The total may deviate from the sum totals due to rounding up and down.

INVESTMENTS

Investments during the review period amounted to EUR 1.0 (1.4) million. The investments were mainly focused on improving the capabilities of the Oulu plant. The investment program to enhance the capabilities of the Oulu plant and increase its capacity, announced in December 2017, is proceeding on schedule. The investment program focuses in the first stage on enhancing the capabilities of the plant and in the second stage on increasing capacity. In the first quarter, the Oulu plant introduced both a high-temperature laminating press and hard gold, a major new technology. Thanks to these investments in the first quarter, the plant’s capacity was increased in the drilling and routing work stages as well as in the plasma etching of laminates, for example. Most of the first stage equipment has already been ordered and installation will be completed in 2019. With the investment program, the company will be able to respond better to the rise in demand generated by global digitalization and thereby bolster the company’s position as a partner to the world’s leading technology and semiconductor companies.

CASH FLOW AND FINANCING

Cash flow from operations amounted to EUR 2.2 (0.3) million. The rise in cash flow was due to positive development of net sales and earnings as well as a decrease in working capital.

Cash assets grew and amounted to EUR 3.3 (1.0) million at the end of the period. Interest-bearing liabilities amounted to EUR 5.2 (3.6) million. Gearing was 12 (27) percent. Non-interest-bearing liabilities amounted to EUR 5.1 (4.1) million.

At the end of the period, the Group’s equity ratio amounted to 59 (61) percent.

The company also has a EUR 1.0 (1.0) million credit facility, which was not in use at the end of the review period. In addition, the company has a recourse factoring agreement, of which EUR 0.0 (0.2) million was in use.

PERSONNEL

During the review period, the company had an average of 118 (115) employees. The personnel count on March 31, 2019 was 118 (115). Of them, 73 (72) were blue-collar and 45 (43) white-collar employees.

ANNUAL GENERAL MEETING 2019, THE BOARD OF DIRECTORS AND AUTHORIZATIONS GIVEN TO THE BOARD

The Annual General Meeting of Aspocomp Group Plc held on April 3, 2019 adopted the annual accounts and the consolidated annual accounts for the financial period 2018 and granted the members of the Board of Directors and the CEO discharge from liability.

The Annual General Meeting decided to pay a dividend of EUR 0.12 per share, as proposed by the Board of Directors. It was decided that the dividend would be paid to shareholders registered in the company's register of shareholders maintained by Euroclear Finland Ltd on the record date of the dividend distribution, April 5, 2019. The dividend payout date was set as April 12, 2019.

The Annual General Meeting decided to set the number of Board members at five (5). The AGM re-elected the current members of the Board, Ms. Päivi Marttila, Ms. Kaarina Muurinen, Ms. Julianna Borsos, Mr. Juha Putkiranta, and Mr. Matti Lahdenperä, 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. Jouko Malinen, 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, the vice chairman of the Board of Directors EUR 20,000 and the other members EUR 15,000 each in remuneration for their term of office. The Annual General Meeting further decided that EUR 1,000 will be paid as remuneration per meeting to the chairman and that the other members be paid EUR 500 per meeting of the Board and its committees. The members of the Board of Directors will further be reimbursed for reasonable travel costs. 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 666,650 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 16, 2018 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, 2020.

THE BOARD OF DIRECTORS' ORGANIZATION MEETING AND AUDIT COMMITTEE

At its organization meeting held on April 3, 2019, the Board of Directors of Aspocomp Group Plc re-elected Ms. Päivi Marttila as Chairman of the Board and Ms. Kaarina Muurinen as Vice Chairman.

The Board of Directors re-elected Ms. Kaarina Muurinen as Chairman and Ms. Julianna Borsos and Mr. Matti Lahdenperä as members of the Audit Committee.

SHARES

The total number of Aspocomp's shares at March 31, 2019 was 6,666,505 and the share capital stood at EUR 1,000,000. The company did not hold any treasury shares. Each share is of the same share series and entitles its holder to one vote at a General Meeting and to have an identical dividend right.

A total of 562,231 Aspocomp Group Plc. shares were traded on Nasdaq Helsinki during the period from January 1 to March 31, 2019. The aggregate value of the shares exchanged was EUR 2,408,068. The shares traded at a low of EUR 3.71 and a high of EUR 4.90. The average share price was EUR 4.28. The closing price at March 29, 2019 was EUR 4.31, which translates into market capitalization of EUR 28.7 million.

The company had 3,036 shareholders at the end of the review period. Nominee-registered shares accounted for 3.8 percent of the total shares.

OUTLOOK FOR THE FUTURE

The company's full-year guidance remains unchanged. In 2019, net sales are expected to grow approximately 10 percent compared with 2018 and the operating result to be better than in 2018. In 2018, net sales amounted to EUR 29.1 million and the operating result to EUR 2.9 million.

The cornerstones of Aspocomp's growth include, for instance, next-generation 5G telecommunications and government networks, the e-revolution in the automotive industry, the development of testing requirements for semiconductor components as well as the spread of artificial intelligence and mechanical applications in the industry.

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's aim is 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.

ASSESSMENT OF SHORT-TERM BUSINESS RISKS

Dependence on key customers
Aspocomp's customer base is concentrated; around half of sales are generated by a small number of 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. Competition for quick-turn deliveries and short production series accelerated as the market for PCBs weakened, and continues to have a negative impact on both total demand and market prices.

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
Although the Group's liquidity has improved markedly due to the improvement in operating profit, the company still remains dependent on the net sales generated by its key customers. Liquidity risk is managed, if necessary, with a recourse factoring agreement and credit facility.

PUBLICATION OF FINANCIAL RELEASES

Aspocomp has changed the disclosure procedure for its financial releases and will from now on publish its Interim Reports, Half-Yearly Reports and Financial Statements as complete and unmodified stock exchange releases. This stock exchange release is Aspocomp Group's complete Interim Release for January-March 2019. Aspocomp will follow this disclosure procedure in the publication of all future financial reports, except for the Annual Report (containing the Financial Statements and the report of Board of Directors).

Aspocomp Group Plc.'s financial information publication schedule for 2019 is:

Half-year report for January-June 2019 Thursday, August 8, 2019
Interim report January-September 2019: Tuesday, October 29, 2019

The interim report and half-year reports will be published at around 9:00 a.m. (EET) on the given date.

Aspocomp's silent period commences 30 days prior to the publication of its financial information.

Espoo, April 30, 2019

ASPOCOMP GROUP PLC
Board of Directors

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.

ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICES

The reported operations include the Group's parent company, Aspocomp Group Plc. The figures presented for the review period have not been audited. This interim report has been prepared in accordance with IAS 34, following the same accounting principles as in the annual financial statements for 2018; however, the company complies with the standards and amendments that came into effect as from January 1, 2019.

R&D
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.

IFRS 16 Leases (application from January 1, 2019)
The new standard replaces IAS 17 and its interpretations. Above all, IFRS 16 provides guidance for the lessee and defines principles for the accounting treatment of a rental agreement as an asset and a liability (lease obligation). In the income statement, the cost of rental agreements will be presented as depreciations and financing expenses instead of rental expenses.

The application of the standard is carried out with a simplified approach and therefore the company does not adjust its comparative information for the previous financial year. Lease liability is determined based on the present value of the remaining lease payments using the rate of interest of additional credit at the time of application. The standard contains two exemptions regarding short-term (less than 12 months) or low-value leases, both of which will also be applied in the Group's reporting.

Right-of-use assets recognized by the Group consist of leasing cars, rented offices and land lease. The right-of-use assets recognized by the Group amount to approximately EUR 0.2 million and the impacts arising from implementation of the standard are thus not considered to have a material impact on the Group's key figures. In the balance sheet, the lease liability is presented as long-term and short-term interest-bearing liabilities.

PROFIT & LOSS STATEMENT **January-March 2019**

1 000 €	1-3/2019		1-3/2018		Change	1-12/2018	
Net sales	**7,622**	***100%***	**6,136**	***100%***	***24%***	**29,136**	***100%***
Other operating income	0	*0%*	6	*0%*	*-94%*	57	*0%*
Materials and services	-3,424	*-45%*	-2,764	*-45%*	*24%*	-13,162	*-45%*
Personnel expenses	-1,861	*-24%*	-1,770	*-29%*	*5%*	-7,733	*-27%*
Other operating costs	-1,197	*-16%*	-1,056	*-17%*	*13%*	-4,338	*-15%*
Depreciation and amortization	-281	*-4%*	-266	*-4%*	*6%*	-1,075	*-4%*
Operating result	**859**	***11%***	**286**	***5%***	***200%***	**2,885**	***10%***

Financial income and expenses	-16	*0%*	-31	*-1%*		-122	*0%*
Profit/loss before tax	**843**	***11%***	**255**	***4%***	***231%***	**2,763**	***9%***
Income taxes	-1	*0%*	-1	*0%*		481	*2%*
Profit/loss for the period	**842**	***11%***	**254**	***4%***	***231%***	**3,244**	***11%***
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:							
Remeasurements of employee benefits	0	*0%*	0	*0%*		-13	0%
Currency translation differences	-1	*0%*	0	*0%*		0	*0%*
Total other comprehensive income	-1	*0%*	0	*0%*		-12	*0%*
Total comprehensive income	**841**	***11%***	**254**	***4%***	***231%***	**3,232**	***11%***
Earnings per share (EPS)							
Basic EPS	0.13 €		0.04 €		*225%*	0.49 €	
Diluted EPS	0.13 €		0.04 €		*225%*	0.49 €	

CONSOLIDATED BALANCE SHEET

1 000 €	3/2019	3/2018	Change	12/2018
Assets				
Non-current assets				
Intangible assets	3,272	3,285	*0%*	3,281
Tangible assets	5,418	3,672	*48%*	4,941
Available for sale investments	15	15	*0%*	15
Deferred income tax assets	3,985	3,501	*14%*	3,985
Total non-current assets	**12,691**	**10,474**	***21%***	**12,222**
Current assets				
Inventories	2,535	2,410	*5%*	2,332
Short-term receivables	7,924	5,767	*37%*	8,714
Cash and bank deposits	3,317	1,018	*226%*	2,565
Total current assets	**13,776**	**9,195**	***50%***	**13,611**
Total assets	**26,466**	**19,668**	***35%***	**25,833**
Equity and liabilities				
Share capital	1,000	1,000	*0%*	1,000

Reserve for invested non-restricted equity	4,511	4,479	*1%*	4,504
Remeasurements of employee benefits	-53	-41		-53
Retained earnings	10,277	6,509	*58%*	9,436
Total equity	**15,734**	**11,948**	***32%***	**14,888**
Long-term financing loans	3,938	2,580	*53%*	4,266
Other non-current liabilities	424	402	*5%*	424
Deferred income tax liabilities	21	21	*0%*	21
Short-term financing loans	1,222	1,053	*16%*	1,170
Trade and other payables	5,126	3,663	*40%*	5,064
Total liabilities	**10,732**	**7,720**	***39%***	**10,946**
Total equity and liabilities	**26,466**	**19,668**	***35%***	**25,833**

CONSOLIDATED CHANGES IN EQUITY

January-March 2019

1000 €	Share capital	Other reserve	Remeasuremets of empolyee benefits	Translation differences	Retained earnings	**Total equity**
Balance at Jan. 1, 2019	**1,000**	**4,504**	**-53**	**4**	**9,432**	**14,888**
Comprehensive income						
Comprehensive income for the period					842	**842**
Other comprehensive income for the period, net of tax						
Translation differences				-1		**-1**
Total comprehensive income for the period	**0**	**0**	**0**	**-1**	**842**	**841**
Business transactions with owners						
Dividends paid						
Share-based payment		6			0	**6**
Business transactions with owners, total	**0**	**6**	**0**	**0**	**0**	**6**
Balance at March 31, 2019	**1,000**	**4,511**	**-53**	**3**	**10,274**	**15,734**

January-March 2018

Balance at Jan. 1, 2018	**1,000**	**4,478**	**-41**	**4**	**6,655**	**12,096**
Comprehensive income						
Comprehensive income for the period					254	**254**

Other comprehensive income for the period, net of tax						
Translation differences			0	0		**0**
Total comprehensive income for the period	**0**	**0**	**0**	**0**	**254**	**254**
Business transactions with owners						
Dividends paid					-403	**-403**
Share-based payment		1			0	**1**
Business transactions with owners, total	**0**	**1**	**0**	**0**	**-403**	**-402**
Balance at March 31, 2018	**1,000**	**4,479**	**-41**	**3**	**6,506**	**11,948**

CONSOLIDATED CASH FLOW STATEMENT **January-March**

1 000 €	1-3/2019	1-3/2018	1-12/2018
Profit for the period	**842**	**254**	**3,244**
Adjustments	312	296	729
Change in working capital	1,077	-186	-1,794
Received interest income	0	0	0
Paid interest expenses	-28	-29	-138
Paid taxes	-1	-1	-3
Cash flow from operating activities	**2,203**	**335**	**2,039**
Investments	-992	-1,421	-3,357
Proceeds from sale of property, plant and equipment	0	0	34
Cash flow from investing activities	**-992**	**-1,421**	**-3,323**
Increase in financing	0	2,200	4,556
Decrease in financing	-458	-77	-625
Dividends paid	0	-403	-467
Cash flow from financing activities	**-458**	**1,720**	**3,465**
Change in cash and cash equivalents	752	634	2,181
Cash and cash equivalents at the beginning of period	2,565	384	384
Cash and cash equivalents at the end of period	**3,317**	**1,018**	**2,565**

KEY INDICATORS

	Q1/2019	Q4/2018	Q3/2018	Q2/2018	Q1/2018
Net sales, M€	7.6	8.5	6.7	7.7	6.1

Operating result before depreciation (EBITDA), M€	1.1	1.5	0.9	1.1	0.6
Operating result (EBIT), M€	0.9	1.2	0.6	0.8	0.3
of net sales, %	*11%*	*15%*	*9%*	*10%*	*5%*
Profit/loss before taxes, M€	0.8	1.2	0.5	0.8	0.3
of net sales, %	*11%*	*14%*	*8%*	*10%*	*4%*
Net profit/loss for the period, M€	0.8	1.7	0.5	0.8	0.3
of net sales, %	*11%*	*20%*	*8%*	*10%*	*4%*
Equity ratio, %	59%	58%	60%	58%	61%
Gearing, %	12%	19%	14%	22%	22%
Gross investments in fixed assets, M€	1.0	0.7	0.6	0.6	1.4
of net sales, %	13%	9%	10%	7%	23%
Personnel, end of the quarter	118	117	120	116	115
Earnings/share (EPS), €	0.13	0.25	0.08	0.12	0.04
Equity/share, €	2.36	2.23	1.98	1.90	1.79

The Alternative Performance Measures (APM) used by the Group

Aspocomp presents in its financial reporting alternative performance measures, which describe the businesses' financial performance and its development as well as investments and return on equity. In addition to accounting measures which are defined or specified in IFRS, alternative performance measures complement and explain presented information. Aspocomp presents in its financial reporting the following alternative performance measures:

EBITDA = Earnings before interests, taxes, depreciations and amortizations

EBITDA indicates the result of operations before depreciations, financial items and income taxes. It is an important key figure, as it shows the profit margin on net sales after operating expenses are deducted.

Operating result = Earnings before income taxes and financial income and expenses presented in the IFRS consolidated income statement.

The operating result indicates the financial profitability of operations and their development.

Profit/loss before taxes = The result before income taxes presented in the IFRS consolidated statements.

$$\text{Equity ratio, \%} = \frac{\text{Equity}}{\text{Total assets - advances received}} \times 100$$

$$\text{Gearing, \%} = \frac{\text{Net interest bearing liabilities}}{\text{Total equity}} \times 100$$

		Gearing indicates the ratio of capital invested in the company by shareholders and interest-bearing debt to financiers. A high gearing ratio is a risk factor that may limit a company's growth opportunities and financial latitude.
Gross investments	=	Acquisitions of long-term intangible and tangible assets (gross amount).
Order book	=	Undelivered customer orders at the end of the financial period.
Cash flow from operating activities	=	Profit for the period + non-cash transactions +- other adjustments +- change in working capital + received interest income – paid interest expenses – paid taxes

CONTINGENT LIABILITIES

1 000 €	3/2019	3/2018	12/2018
Business mortgage	4,000	4,000	4,000
Operating lease liabilities	72	56	330
Other liabilities	1,235	1,221	1,235
Total	**5,307**	**5,277**	**5,565**

All figures are unaudited.

Further information
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Aspocomp – a service company specializing in PCB technologies

A printed circuit board (PCB) is used for electrical interconnection and as a component assembly platform in electronic devices. Aspocomp provides PCB technology design, testing and logistics services over the entire lifecycle of a product. The company's own production and extensive international partner network guarantee cost-effectiveness and reliable deliveries.

Aspocomp's customers are companies that design and manufacture telecommunication systems and equipment, automotive and industrial electronics, and systems for testing semiconductor components for security technology. The company has customers around the world and most of its net sales are generated by exports.

Aspocomp is headquartered in Espoo and its plant is in Oulu, one of Finland's major technology hubs.

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