PRESS RELEASE

Interim results

Neways records higher turnover, lower result and higher order Book

Son (The Netherlands), 29 August 2019 – Neways Electronics International N.V. (Euronext: NEWAY) ("Neways" or the "Company") today announces its results for the first half of the year (H1) ending on 30 June 2019.

HIGHLIGHTS

- Net turnover increases by 7.1% to € 264.5 million, largely driven by a stronger contribution from the semiconductor and automotive sectors and to a lesser extent from the industrial sector. Medical and defence remained stable.
- Order intake was 6.8% higher than in the first half of 2018, largely due to new e-mobility orders. The order book stood at € 342.6 million at end-June 2019, compared with € 300.8 million at end-June 2018.
- Gross margin rises by 5.2% to € 101.6 million, largely as a result of higher activity levels.
- Normalised operating result comes in at € 8.9 million, a decline of 19.1%, mainly due to an imbalance in client demand across Neways' locations and the associated costs incurred to move production between the locations. In addition, higher start-up costs related to the start of production for new products had a negative impact on the result.
- EBITDA rises to € 15.6 million (including an IFRS 16 impact of € 2.6 million), compared with € 15.1 million in the first half of 2018.
- Net result declines by 25.0% to € 5.1 million.

KEY FIGURES

€ mln unless otherwise stated	**H1-19**	**H1-19 Excl. IFRS 16**	**H1-18**	**Δ**
Net turnover	**264.5**	264,5	247.0	+7.1%
Order book (at end-June)	**342.6**	342,6	300.8	+13.9%
Gross margin	**101.6**	101,6	96.6	+5.2%
Normalised operating result[1)]	**8.9**	8,8	11.0	-19.1%
Operating result	**8.5**	8,4	10.5	-19.0%
EBITDA	**15.6**	13,0	15.1	+3.3%
Net result	**5.1**	5,3	6.8	-25.0%
Net cash flow	**-8.1**	-10,4	-1.2	-575.0%

1) Excluding PPA effect of € 0.4 million (H1 2018: € 0.5 million). The PPA effect is related to the acquisition of BuS Groep in 2014.

MESSAGE FROM THE CEO

Huub van der Vrande, CEO: "Following the record turnover recorded in 2018, we continued on our growth path in the first half of 2019, due in part to the strong demand for e-mobility solutions. Our order book remains well filled across the board, and pressure on deliveries is continuing, although geopolitical tensions have led to a slight decline in the pace of growth and certain clients are postponing orders, mainly in the semiconductor sector. The fact that we are continuing to grow despite a deterioration in market conditions shows that we have a good spread of our turnover, not just across market sectors but also within those sectors. Our continuing growth in the e-mobility segment within the automotive sector shows that we are making the right strategic choices.

Growth was also less predictable in the first half of 2019, which led to a temporary imbalance in the capacity utilisation within the group. In addition to the extra costs related to the relocation of certain products within the group, we also made investments in the start-up for new products. Disciplined cost controls and the improvement of our operational processes remain among our highest priorities as we strive to improve our results on a structural basis. A number of measures we took over the first half of the year have led to efficiency improvements, a relative improvement of our inventories position and, after a long period of increases, we are now seeing a moderate reduction in inventories when compared with the position at year-end 2018.

We expect the uncertain market conditions and geopolitical tensions to play a significant role in a number of the markets in which we are active in the second half of 2019. Despite the increased instability in the market, we will continue to execute our long-term strategy: on the one hand, we will maintain our focus on our selected growth sectors and customer philosophy; at the same time, we will intensify the cost-saving measures we have initiated to offset the decline in our productivity. Barring any unforeseen deterioration in the market, we expect to record higher turnover for the full year 2019 when compared with 2018, and an improved result in the second half of the year when compared with the first half of 2019."

FINANCIAL AND OPERATIONAL OVERVIEW

€ mln unless otherwise stated	H1-19	H1-18	Δ
Net turnover	**264.5**	247.0	+7.1%
Order book (at end-June)	**342.6**	300.8	+13.9%
Order intake	**303.6**	284.2	+6.8%
Book-to-bill (ratio)	**1.15**	1.15	0.0%

Net turnover increased entirely organically by 7.1% to € 264.5 million in the first half of 2019, largely driven by a stronger contribution from automotive and semiconductors. Order intake was 6.8% or € 19.4 million higher, which in turn led to a 13.9% increase in the order book to € 342.6 million, compared with € 300.8 million at end-June 2018. The book-to-bill-ratio was 1.15, largely driven by new orders in the automotive sector.

Net turnover – by market sector

€ mln unless otherwise stated	H1-19	H1-18	Δ
Industrial	**76**	74	+2.7%
Semiconductor	**76**	71	+7.0%
Automotive	**76**	66	+15.2%
Medical	**27**	27	0.0%
Defence	**7**	7	0.0%
Other	**3**	2	+50.0%
Total	**265**	247	+7.3%

€ mln unless otherwise stated	H1-19	H1-19 excl IFRS 16	H1-18	Δ
Gross margin	101.6	**101.6**	96.6	+5.2%
Normalised operating result	8.9	**8.8**	11.0	-19.1%
Margin	*3.4%*	***3.3%***	*4.5%*	

The gross margin came in 5.2% higher, thanks to higher activity levels. As a percentage of net turnover, the gross margin fell to 38.4% in the first half of 2019, from 39.1% in the first half of 2018 (H2 2018: 38.0%). This was due to lower returns in the start-up phase of new products and a change in the product mix that represents a higher material value.

Operating expenses rose by 8.3%, mainly due to an imbalance in the distribution of client demand between our production plants, the costs related to moving production between the plants and higher start-up costs for new products. Personnel expenses as a percentage of the gross margin had increased to 71% at end-June 2019, from 69% at end-June 2018. The normalised operating result declined to € 8.9 million, which translates into a margin of 3.4%. The decline in the margin was primarily due to an imbalance in capacity utilisation across the organisation as a whole. Overcapacity failed to generate sufficient cost savings, and pressure on the organisation elsewhere resulted in a loss of productivity and additional investments to facilitate growth.

€ mln unless otherwise stated	H1-19	H1-19 excl. IFRS 16	H1-18	Δ
Financing expenses (net)	1.5	**1.2**	1.0	+50.0%
Tax rate	27.0%	**27.0%**	28.0%	
Net result	5.1	**5.3**	6.8	-25.0%
Earnings per share (€)	0.42	**0.44**	0.57	-26.3%

Financing expenses, excluding the impact of IFRS 16 (€ 0.3 million), increased by € 0.2 million, primarily as a result of one-off costs for the expansion and extension of Neways' credit facility. In the first half of 2019, Neways converted the remaining € 1.1 million in convertible subordinated loans into shares. This, combined with the exercise of staff share options, resulted in an increase in the current number of outstanding ordinary shares to 12,134,534.

The tax rate was 27.0% in the first half of 2019, which was slightly lower than the 28.0% in the first half of 2018. The net result declined by 25.0% to € 5.1 million. Earnings per share fell by 26.3% to € 0.42 per share.

FINANCIAL CONDITION

€ mln unless otherwise stated	H1-19	H1-19 excl. IFRS 16	H1-18	Δ
Operational cash flow	0.4	**-1.9**	5.1	-92.2%
Investments	-8.5	**-8.5**	-6.3	-34.9%

The operational cash flow came in at € 0.4 million, compared with € 5.1 million in the first half of 2018, primarily as a result of higher receivables due to higher turnover and to increased turnover in the automotive sector, which is subject to longer payment terms. Payables declined due to faster payments.

Net working capital had risen to € 112.4 million at end-June 2019, compared with € 86.2 million at end-June 2018. This includes a positive IFRS impact of € 3.7 million compared with end-June 2018, which consists of an increase in receivables of € 13.0 million and a € 9.3 million reduction in inventories. In addition to this, both the receivables and inventories increased due to higher activity levels and order intake. Inventory turnover, measured in days inventory outstanding (DIO), stood at 82 days at end-June 2019, the same as at end-June 2018 and three days lower than at year-end 2018. The number of days sales outstanding (DSO) stood at 39 days, four days higher than at end-June 2018. The payables outstanding stood at 49 days at end-June 2019, 17 days lower than at end-June 2018.

Investments increased by 34.9%, largely aimed at facilitating growth in e-mobility.

	End H1-19	End-H1-19 excl. IFRS 16	YE-18	End-H1-18
Net debt / EBITDA	1.8	**2.0**	1.4	1.4
Interest coverage	7.7	**8.8**	11.2	10.8
Solvency	35.2%	**40.0%**	41.9%	39.9%

Net debt stood at € 56.5 million at end-June 2019, an increase of 45.6% when compared with end-June 2018. At the same time, the LTM EBITDA increased by 12.5% to € 30.7 million, compared with € 27.3 million at end-June 2018. The net debt / EBITDA ratio stood at 1.8. Interest coverage stood at 7.7 at end-June 2019

Solvency stood at 35.2% at the end of the first half of 2019.

OUTLOOK

Neways is well positioned to continue to profit in the coming years from the expected growth in the market sectors in which we are active. The order book is currently at a clearly higher level than at end-June 2018, but the uncertain economic conditions in Europe and Asia, together with geopolitical tensions, are expected to play a significant role in a number of the markets in which Neways is active in the second half of 2019. In this context, our priority is to ensure that the Neways organisation is able to respond more effectively to the potential postponement of orders by its clients, and in the second half of 2019 we will intensify the measures initiated to improve our productivity levels. Barring any unforeseen deterioration in the market, we expect to record higher turnover for the full year 2019 compared to 2018, and an improved result in the second half of the year, when compared to the first half of 2019.

END

ABOUT NEWAYS

Neways Electronics International N.V. (Neways) is an international company active in the EMS (Electronic Manufacturing Services) market. Neways offers its clients custom-made solutions for the complete product life cycle (from product development to after-sales service) of both electronic components and complete (box-built) electronic control systems. Neways operates in a niche of the EMS market and focuses primarily on small to medium-sized specialist series, in which quality, flexibility and time-to-market play a crucial role. Neways products are used in sectors such as the semiconductor, medical, automotive, industry and defence sectors. Neways has operating companies in the Netherlands, Germany, the Czech Republic, Slovakia and China, with a total of 2,998 employees at year-end 2018. Neways recorded net turnover of € 506.8 million in 2018. Neways shares are listed on the Euronext Amsterdam stock exchange (symbol: NEWAY). www.newayselectronics.com

Not for publication

FOR MORE INFORMATION

Huub van der Vrande (CEO) / Paul de Koning (CFO) - Tel: + 31 (0)40 – 267 9205

PRESS / ANALYST MEETING

The combined press conference / analyst meeting on the results for the first half of 2019 will be held at 10.30 hours today at Hotel Casa 400, Eerste Ringdijk 4 in Amsterdam. The presentation is available on our corporate website www.newayselectronics.com.

INTERIM FINANCIAL REPORT

Neways today published its interim financial report for the six months to 30 June 2019. This report contains regulated information as meant in article 1:1 and article 5:25d of the Dutch Financial Supervision Act (Wft). This report is available online via www.newayselectronics.com.

IMPORTANT DATES

29 August 2019 (today)	Publication interim results 2019
25 September 2019	Open day for shareholders
29 October 2019	Publication trading update

FORWARD-LOOKING INFORMATION / DISCLAIMER

This press release includes forward-looking statements. Other than reported financial results and historical information, all statements included in this press release, including, without limitation, those regarding our financial position, business strategy and management plans and objectives for future operations, are forward-looking statements. These forward-looking statements are based on our current expectations and projections about future events and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond Neways' ability to control or estimate precisely, such as future market conditions, the behaviour of other market participants and the actions of governmental regulators. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release and are subject to change without notice. Other than as required by applicable law or the applicable rules of any exchange on which our securities may be traded, we have no intention or obligation to update forward-looking statements.

ADDENDA:

- Consolidated profit and loss account
- Consolidated balance sheet
- Consolidated cash flow statement
- Statement of changes in Group equity
- Additional data

Consolidated Profit and Loss Account

Amounts x € mln.	first half year 2019	first half year 2018	year 2018
Turnover	**264,5**	**247,0**	**506,8**
Costs of materials	-162,9	-152,1	-310,9
Change in work in progress and finished products	0,0	1,7	-0,7
Gross margin	**101,6**	**96,6**	**195,2**
Operating expenses			
Personnel costs	71,7	66,6	134,0
Depreciation and amortization tangible and intangible fixed assets	6,7	4,1	8,2
Other operating expenses	14,3	14,9	31,0
Total operating expenses	**92,7**	**85,6**	**173,2**
Normalized operating result	**8,9**	**11,0**	**22,0**
Financial expenses	-1,5	-1,0	-2,0
Result from ordinary activities before taxes	**7,4**	**10,0**	**20,0**
Taxation on ordinary activities	-2,0	-2,8	-4,9
Result from ordinary activities after taxes	**5,4**	**7,2**	**15,1**
Extraordinary expenses	-0,4	-0,5	-1,0
Taxes extraordinary expenses	0,1	0,1	0,3
Net result	**5,1**	**6,8**	**14,4**

Consolidated Balance Sheet

Bedragen x € mln.	**30-06-2019**	**31-12-2018 *)**	**30-06-2018**
Assets			
Fixed assets	**92,8**	**53,7**	**51,8**
Tangible fixed assets	78,4	39,7	36,8
Intangible fixed assets	9,4	10,2	11,2
Deferred tax assets	5,0	3,8	3,8
Current assets	**198,6**	**191,3**	**179,3**
Inventories	114,0	115,2	117,8
Receivables	84,5	75,0	58,7
Corporate income tax	0,0	0,0	0,2
Cash and cash equivalents	0,1	1,1	2,6
Total assets	**291,4**	**245,0**	**231,1**
Liabilities			
Group equity	**102,6**	**101,6**	**91,1**
Long term liabilities	**37,7**	**7,1**	**7,5**
Interest bearing loans	30,0	0,0	1,1
Provisions	0,5	0,7	0,9
Pension and long service awards liabilities	4,8	5,0	4,9
Deferred tax liabilities	2,4	1,4	0,6
Short term liabilities	**151,1**	**136,3**	**132,5**
Bank overdrafts	56,6	41,8	40,2
Interest bearing loans	4,7	1,1	0,0
Trade creditors and other payables	77,4	82,9	83,0
Taxes and social insurance premiums	8,7	6,6	7,3
Corporate income tax	2,1	2,1	0,8
Provisions	1,6	1,8	1,2
Total liabilities	**291,4**	**245,0**	**231,1**

*) The Group initially applied IFRS 16 as per 1 January 2019, using the modified retrospective approach, which entails that the cumulative impact of the initial application of IFRS 16 is recognised as an adjustment of the opening balance sheet, without any adjustment of the comparative figures.

Consolidated Cash Flow Statement

Amounts x € mln.	first half year 2019	first half year 2018		
Cash flow from operating activities				
Results before taxes	7,0	9,5		
Adjustments for:				
Depreciation and amortisation	7,1	4,6		
Costs granted performance shares	0,2	0,1		
Finance costs	1,5	1,0		
Interest paid	-1,4	-0,9		
Change in provisions	-0,6	-0,9		
Received (paid) corporate income taxes	-2,0	-2,7		
Changes in working capital *)	-11,4	-5,6		
Total **)			**0,4**	**5,1**
Cash flow from investment activities				
Investments in intangible fixed assets	-0,1	0,0		
Investments in tangible fixed assets	-8,4	-6,3		
Total **)			**-8,5**	**-6,3**
Cash flow from financing activities				
Returns from interest bearing loans	-2,2	-0,3		
More (less) use of bank overdrafts	14,8	7,3		
Returns from options exercised	0,4	0,1		
Dividends paid to shareholders	-5,8	-4,2		
Total			**7,2**	**2,9**
Change in cash and cash equivalents			**-0,9**	**1,7**
Net exchange rate differences			-0,1	-0,1
Cash and cash equivalents as per 1 January			1,1	1,0
Cash and cash equivalents as per 30 June			**0,1**	**2,6**

*) Changes in working capital	2019	2018
Inventories	1,2	-19,8
Accounts receivable	-9,5	-5,4
Trade creditors and other liabilities	-3,1	19,6
	-11,4	**-5,6**

****) Net cashflow**	**-8,1**	**-1,2**

Statement of Changes in Group Equity

Amounts x € mln.	first half year 2019	first half year 2018
Balance as per 1 January	**101,6**	**85,0**
Adjustment for initial application IFRS 15 **)	0,0	-0,6
Adjusted balance as per 1 January	**101,6**	**84,4**
Net result	5,1	6,8
Exercised share options	0,4	0,1
Issuance share options and performance shares	0,2	0,1
Issuance of shares through conversion of loans	1,1	3,9
Dividends	-5,8	-4,2
Balance on 30 June	**102,6**	**91,1**

Additional data

Amounts x € mln.	30-06-2019	30-06-2018	31-12-2018 **)
Operating result in % of turnover *)	3,4	4,5	4,3
Net result in % of turnover	1,9	2,8	2,8
Total equity in % of balance total	35,2	39,9	41,9
Average number of employees	2.972	2.916	2.943
Per ordinary share in €			
Operating result *)	0,73	0,92	1,84
Net result *)	0,44	0,60	1,26
Net result	0,42	0,57	1,20
Total equity	8,45	7,62	8,50
Dividends	0,00	0,00	0,48
Number of outstanding shares x 1.000	12.135	11.955	11.958

*) Excluding exceptional charges and PPA

**) The Group initially applied IFRS 16 as per 1 January 2019, using the modified retrospective approach, which entails that the cumulative impact of the initial application of IFRS 16 is recognised as an adjustment of the opening balance sheet, without any adjustment of the comparative figures.