PRESS CONFERENCE / ANALYSTS MEETING
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PRESS RELEASE

NEWAYS ELECTRONICS INTERNATIONAL N.V.

FIRST-HALF RESULTS 2009

Number of pages: 9

Neways expects recovery in fourth quarter
Cost base reduced, first half loss of EUR 4.2 million

SON, 26 AUGUST 2009 – NEWAYS ELECTRONICS INTERNATIONAL N.V. (Neways) (Euronext: NEWAY) realised a net turnover of EUR 93.4 million in the first six months of 2009. This is a drop of around 28 percent compared with the same period last year. The strong decline in turnover was the result of a decline in demand, particularly in the semiconductor sector, but also in other sectors. In the past six months, the cost base was reduced by 7% to a break-even net turnover level of approximately EUR 195 million annually. The reduced turnover means capacity remained underutilised which led to an operating loss of EUR 3.1 million. This is excluding a one-off reorganisation charge of EUR 1.3 million (gross). The net result came in at EUR -/- 4.2 million.

The order portfolio as of 30 June was EUR 52.6 million, a drop of 8% compared to year-end 2008 and down 23% compared with 30 June 2008. July saw a higher order intake than June. Various market sectors are also clearly showing more activity at the moment. Partly as a result of increasing demand from the semiconductor sector, Neways expects the fourth quarter to show improvements and thus expects the result in the second half to be better than in the first half of 2009.

Key figures

EUR million (unless otherwise stated)	H1 2009	H1 2008	Change
Net turnover	93.4	130.0	(28.2%)
Gross margin	38.0	52.9	(28.2%)
Operating results (excluding exceptional charges)	(3.1)	4.4	NM
Net result (excluding exceptional charges)	(3.2)	2.3	NM
Net result	(4.2)	1.9	NM
Net earnings per share (in EUR)	(0.43)	0.20	NM

Turnover and order portfolio

None of the figures mentioned in this press release are audited.

In the first six months of 2009, gross turnover fell 28% to EUR 102.1 million, from EUR 142.8 million in the same period in 2008. Internal turnover was down 32%, but remained virtually unchanged as a percentage of turnover when compared to the first half of 2008.

Year-on-year, net turnover in the first half also dropped 28% to EUR 93.4 million. The decrease was largely due to a sharp fall in demand from the semiconductor sector and reduced demand from the industrial and automotive sectors. Turnover in the medical industry, the high-end telecommunications and defence sectors is relatively less sensitive to economic fluctuations and showed a more stable picture. Neways believes that in the longer term, a relative increase in turnover in the defence and medical sectors is of strategic importance in the efforts to realise a more stable turnover development.

Net turnover per market sector

EUR millions	**H1 2009**	**%**	**H2 2008**	**%**	**H1 2008**	**%**
Industrial	32	*34*	41	*36*	41	*31*
Medical	31	*33*	32	*29*	34	*26*
Semiconductor	10	*11*	15	*13*	26	*20*
Automotive	7	*8*	9	*8*	11	*8*
Telecom	6	*6*	6	*5*	6	*5*
Defence	5	*6*	6	*5*	9	*7*
Other	2	*2*	4	*4*	3	*3*
Total	**93**	***100***	**113**	***100***	**130**	***100***

The order portfolio as of 30 June 2009 stood at EUR 52.6 million, down 8% compared with year-end 2008 and 23% compared with the end of June 2008. This is largely due to the lower order intake from the semiconductor sector. However, there was also a notable reluctance in order placements in a number of other market sectors in the first half of the year.

Gross margin

The gross margin as a percentage of turnover remained at 40.7% in the first half of 2009. Neways continues to focus on shifting the product mix towards activities with a higher added value, such as development, prototyping and engineering. In the past six months, many of such activities were initiated which allow Neways to cooperate with clients in the early stages of the life cycle of a component or system. Once the economy recovers, these activities will form an important basis in order for Neways to grow alongside its Original Equipment Manufacturer (OEM) clients as their high-tech expertise and production partner.

Operational expenditure

The bulk of the operational expenses are personnel costs. These were reduced to EUR 29.5 million, down 18% compared with the first half of 2008. The average number of FTEs dropped by 19% (432) to 1804 (compared to the first half of 2008), largely due to the reduction in flex-workers.

Other costs, including real estate costs, production costs, cost of sales and consultancy costs were also reduced. The other costs include an exceptional charge for reorganisation of EUR 1.3 million (gross) relating to the previously announced merger of Neways Electronic Assemblies and Neways Industrial Systems in Son. This reorganisation is on schedule and will be completed in the third quarter. It will result in structural annual savings of around EUR 1.5 million.

The cost reduction programmes launched in mid-2008 resulted in cost savings of around EUR 4 million in the first half of 2009. This means the breakeven net turnover level has dropped to approximately EUR 195 million.

Depreciations

Depreciations increased slightly to EUR 2.4 million from EUR 2.2 million, largely due to higher investments in tangible fixed assets in 2008.

Operating result

The operating result excluding reorganisation costs was EUR -/- 3.1 million, compared with an operating profit of EUR 4.4 million in the first half of 2008. Including the reorganisation costs of EUR 1.3 million, the operating result amounted to EUR -/- 4.4 million.

Financing costs

Financing costs were EUR 0.6 million, down 40% compared with the same period last year, largely due to lower interest rates and a reduced average debt position.

Net result and earnings per share

The net result including exceptional reorganisation costs was EUR -/- 4.2 million, compared with a net profit of EUR 1.9 million in the first half of 2008. The net earnings per share fell to EUR -/- 0.43, compared with EUR 0.20 in the first half of 2008. The number of outstanding ordinary shares remained unchanged at 9,644,198 as of 30 June 2009.

Shareholders equity and solvency

Neways' financial position remains good. The net loss meant shareholders' equity dropped 9% to EUR 42.2 million, from EUR 46.2 million in 2008. The guarantee capital is the same as the shareholders' equity due to the conversion of the remaining subordinated convertible bond loan in 2008. The solvency ratio (shareholders' equity / total capital) fell to 43.6% at end-June 2009, compared with 45.3% at year-end 2008. Adjusted for the deferred tax claims and goodwill, the solvency ratio dropped to 41.3%, from 43.7%, well above the minimum target of 35%.

Net debt position

The interest bearing debts, which are mostly short-term, total EUR 19.6 million. This is an increase of EUR 9.8 million compared with year-end 2008 and a decrease of EUR 2.2 million compared with the end of June 2008. The net debt position stands at EUR 19.3 million.

Related to the 2008 annual results, the banks granted an exemption allowing the company a shortfall in interest coverage. Alternatively, the results and cash flow developments are being assessed periodically. In this context and as also noted in the announcement of the annual results, the credit facility was reduced to EUR 25 million.

Working capital

The working capital (inventories plus receivables, minus trade debts and other payable items) increased to EUR 45.2 million, up 13% from year-end 2008. This was largely due to considerably reduced purchasing in the past six months, which meant a reduction in accounts payable and other short-term debt. Lower turnover led to a reduction of the inventories position and the outstanding receivables. The turnover rate of inventories remained too low at 77 days, compared with 76 days, and a target of 60 days, due to reduction of plans by clients. The pressure on payment terms increased. The number of days receivables outstanding was 61, compared with 51 in the same period of last year. The provision for doubtful debtors stood at EUR 0.4 million as per 30 June 2009, compared with EUR 1.2 million a year earlier.

Investments and net cash flow

Total investments in tangible and intangible fixed assets were EUR 2.0 million, from EUR 4.1 million in the first half of 2008. The return on invested capital (operating result as a percentage of invested capital) fell to -/- 6.8%, compared with 7.5% in same period of last year.

Due to the realised losses, the reorganisation and the larger claim on working capital, net cash flow in the first half flow stood at EUR -/- 9.9 million, compared with EUR -/- 6.2 million in the first six months of 2008. In the second half of the year, Neways will continue its strong focus on improving both working capital and cash flow.

Key operational developments

In the past six months, Neways faced a weakening of the EMS market in general and a reduction in demand in the semiconductor sector in particular. In line with its strategy, Neways has focused more strongly on (co-)development and prototyping orders in cooperation with its clients (often larger OEMs). This greater involvement and closer cooperation in the early stages of the life cycle of these products means that Neways has strengthened its position for potential subsequent orders in fields such as serial production and (re)engineering.

The cost-cutting measures introduced, including the internal reorganisation and the reduction of flex-workers, have reduced the impact of the lower turnover on the results as much as possible. Good progress was made in this context in recent months.

The integration of our subsidiaries Neways Electronics Assemblies and Neways Industrial Systems in Son is progressing as planned and is expected to be completed in the third quarter. As announced earlier, a one-off charge of around EUR 1.3 million (gross) was taken in this context in the first half of 2009. Integrating the two companies is a necessary move, which will result in a structural annual reduction in costs of around EUR 1.5 million.

The total number of FTEs fell by 10% to 1,743 at end June 2009, from 1,946. The number of employees in Western Europe fell to 1,072 as of the end of June 2009, from 1,177 a year earlier. In Eastern Europe and China, the number of employees was reduced to 671 as per 30 June 2009, from 769 a year earlier. Approximately 40% of Neways' total staff are employed in Eastern Europe and China.

Good progress has been made with regard to reduction of the number of suppliers. Neways increasingly works with preferred suppliers. This allows the company to obtain better purchasing conditions. In the first half of 2009, the number of suppliers was reduced by 9% to around 780. In addition, purchasing of components in Asia was expanded.

Partly in view of future expansion, the production activities of Neways Wuxi in China were moved to new, larger premises in the first half of 2009. This move will make the production and logistics process more efficient and will allow Neways to better warrant the increasing quality demands on various electronic components.

In May, it was announced that the intention to acquire a part of the activities of Bosch Security Systems (part of the Bosch group) was abandoned. This decision was due to the disappointing development in the market for security products as a result of the current economic climate.

Also in May, agreement was reached with VDL Groep on the (co)engineering, production and supply of electronic cable loom systems for the first 325 buses VDL Groep is building for Dubai. The initial order has a value of around EUR 1 million and the series production has now begun. Subsequent orders could increase the annual turnover to around EUR 10 million.

Outlook

In the second half of the year, Neways will continue to reduce its cost base through the cost-reduction programmes deployed. If necessary, a specific and limited appeal could be made on the possibility of part-time unemployment supported by government-funded benefits. At this time, Neways does not foresee any large-scale measures or reorganisations. The cost-reduction programmes which have been initiated and which are still in progress will further reduce the current break even level of EUR 195 million (based on net turnover) by several million euro's by the end of 2009. In addition, Neways will continue to focus on working capital and cash flow improvements. Investments in the second half of the year will remain at the current low level since Neways has up-to-date equipment and all operating companies have in recent years been moved to representative premises with a sound technical (high-tech) infrastructure.

Neways is moderately positive about the second half of 2009. The relative increase in (co)development and prototyping activities in the first half of 2009 puts the company in a healthy position for potential subsequent orders in serial production and (re)engineering in the second half of the year. A true recovery in the third quarter is at this time not expected, due to the reduced order portfolio as per 30 June 2009. However, order intake has improved in July when compared to June and there is currently a notable increase in movement in the various market sectors such as the semiconductor and automotive sectors. On this basis, Neways expects the fourth quarter to show a notable recovery and the net result in the second half to show an improvement compared with the first half of 2009.

PRESS CONFERENCE / ANALYST MEETING

The combined press conference / analyst meeting regarding the half year 2009 results will be held today **at 11.00 CET** at the offices of **Citigate First Financial, Assumburg 152a in Amsterdam**.

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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 production lifecycle (from product development to after-sales service) of both electronic components and complete (box-build) electronic control systems. Neways operates in a niche of the EMS market and focuses primarily on small to medium-sized specialist series, with quality, flexibility and time-to-market playing a crucial role. Sectors in which Neways´ products are used include the semi-conductor, medical, automotive and defence industries. Neways has operating companies in the Netherlands, Germany, Slovakia and China, with a total of around 1,950 employees in 2008. Neways booked net turnover of EUR 243 million in 2008. The company is listed on Euronext Amsterdam (symbol: NEWAY).

Half Year Report 2009
The official Half Year Report 2009, as obliged and in accordance with the EU Transparency Directive will be published on Friday 28 August 2009 and will be available as of that date on the corporate website of Neways (www.neways.nl).

Addenda:
- Consolidated profit & loss account
- Consolidated balance sheet
- Consolidated cash flow statement
- Statement of changes in group equity
- Additional data

None of the figures mentioned in this press release are audited.

Consolidated Profit and Loss Account

Amounts in € million	First half year 2009	First half year 2008	year 2008
Gross turnover	102.1	142.8	267.2
Internal turnover	-8.7	-12.8	-24.4
Net turnover	**93.4**	**130.0**	**242.8**
Costs of materials	-55.1	-77.7	-144.3
Change in work in progress and finished products	-0.3	0.6	1.0
Gross margin	**38.0**	**52.9**	**99.5**
Personnel costs	29.5	35.9	68.8
Depreciation intangible and tangible fixed assets	2.4	2.2	4.4
Other operating expenses	10.5	10.9	24.9
Total operating expenses	**42.4**	**49.0**	**98.1**
Operating result	**-4.4**	**3.9**	**1.4**
Financial income and expenses	-0.6	-1.0	-1.8
Result before tax	**-5.0**	**2.9**	**-0.4**
Tax	0.8	-1.0	-0.1
Net result	**-4.2**	**1.9**	**-0.5**
Attributable to:			
Holders equity instruments of the parent company	-4.2	1.9	-0.5
Minority interest	0.0	0.0	0.0
	-4.2	**1.9**	**-0.5**

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Neways Electronics International N.V.

Consolidated Balance Sheet

Amounts in € million	30-6-2009	31-12-2008
Assets		
Fixed assets		
Tangible fixed assets	15.5	15.9
Intangible fixed assets	1.6	1.8
Deferred tax assets	3.0	2.1
Current assets		
Inventories	42.3	47.1
Accounts receivable	34.0	34.9
Cash and cash equivalents	0.3	0.3
Total assets	**96.7**	**102.1**
Liabilities		
Group Equity *)	42.2	46.2
Minority interest	0.0	0.0
Shareholders' equity	***42.2***	***46.2***
Long-term liabilities		
Other interest bearing loans	1.5	1.2
Provision	0.2	0.6
Others	3.6	3.5
Short-term liabilities		
Bank overdrafts	17.1	7.5
Other interest bearing loans	1.0	1.1
Trade creditors and other short-term liabilities	25.4	33.8
Provision	1.5	3.0
Others	4.2	5.2
Total liabilities	**96.7**	**102.1**

*) Guaranteed equity	42.2	46.2

None of the figures mentioned in this press release are audited.

Neways Electronics International N.V.

Consolidated Cash Flow Statement

Amounts in € million		First half year 2009		First half year 2008	
Cash flow from operating activities					
Result before tax		-5.0		2.9	
Adjustments for:					
Depreciation and Impairment of Tangible Fixed Assets		2.6		2.2	
Costs granted personnel options		0.1		0.1	
Finance costs		0.6		1.0	
Interest paid		-0.6		-1.0	
Changes in provisions		-1.8		0.1	
Paid corporate income tax		0.0		-1.1	
Changes in working capital *)		-3.8		-6.3	
	Total **)		**-7.9**		**-2.1**
Cash flow from investment activities					
Investments in tangible fixed assets		-2.0		-4.1	
	Total **)		**-2.0**		**-4.1**
Cash flow from financing activities					
Revenue from lease and purchase agreements		0.9		0.0	
Bank overdrafts		9.6		12.7	
Repayments from long-term debt		-0.6		-2.1	
Dividend		0.0		-4.4	
Revenues from exercise of options		0.0		0.1	
	Totaal		**9.9**		**6.3**
Changes in cash and cash equivalents			**0.0**		**0.1**
Net exchange rate differences			0.0		-0.1
Cash and cash equivalents as of 1 January			0.3		0.2
Cash and cash equivalents as of 30 June			**0.3**		**0.2**

***) Changes in working capital**		
Inventories	4.8	-1.2
Accounts receivable	0.9	5.9
Trade creditors and other liabilities	-9.5	-11.0
	-3.8	**-6.3**

****) Net cash flow**	**-9.9**	**-6.2**

None of the figures mentioned in this press release are audited.

Statement of Changes in Group Equity

Amounts in € million	**First half year 2009**	**First half year 2008**
Balance on 1 January	**46.2**	**48.9**
Exchange rate differences	0.1	-0.1
Net result	-4.2	1.9
Conversion bond loan	0.0	1.5
Exercise of share options	0.0	0.1
Issuance of share options	0.1	0.1
Dividend	0.0	-4.4
Balance on 30 June	**42.2**	**48.0**

Additional Data

Amounts in € million	**30-6-2009**	**30-6-2008**	**31-12-2008**
Operating result in % of net turnover *)	-3.3	3.0	2.4
Net result in % of net turnover *)	-3.4	1.5	1.3
Guaranteed equity as % of balance sheet total	43.6	42.0	45.3
Average number of employees	1,804	2,236	2,168
Per ordinary share in €			
Operating result	-0.46	0.40	0.14
Net result	-0.43	0.20	-0.05
Shareholders' equity	4.38	4.98	4.79
Dividend	0.00	0.00	0.00
No. of outstanding shares x 1000	9,644	9,644	9,644

*) Excluding exceptional items