



**PRESS CONFERENCE / ANALYST MEETING DATE: TODAY, TUESDAY 23 FEBRUARY 2016**  
**TIME: 10.30 hrs LOCATION: Hotel Casa 400 (Eerste Ringdijk 4, AMSTERDAM)**

## PRESS RELEASE

### NEWAYS ELECTRONICS INTERNATIONAL N.V. ANNUAL RESULTS 2015

Number of pages: 10

#### Year of transition for Neways

Improvement programme *Up to the next level* launched across the group

**SON, 23 FEBRUARY 2016 – NEWAYS ELECTRONICS INTERNATIONAL N.V. (Neways) (Euronext: NEWAY) recorded net turnover of € 374.1 million in 2015, a rise of 21% compared with 2014 (€ 308.6 million). Neways booked an operating result of € 10.1 million, compared with € 9.0 million in 2014. Net profit from ordinary operations came in at € 6.2 million in 2015, up from € 5.3 million in 2014.**

Neways' turnover increased by 21% in 2015. In the first half, this growth was due entirely to the consolidation of BuS Group. Turnover stabilised in the second half of the year, due to a large extent to more stringent inventory controls by our clients.

#### Key figures

€ mln (unless otherwise stated)	2015	2014
Net turnover	374.1	308.6
Normalised Gross margin	147.9	124.9
Normalised Operating result <sup>1</sup>	10.1	9.0
Normalised Net result <sup>2</sup>	6.2	5.3
Net result	3.2	7.0
Net earnings per share (as the basis for dividend, in €)	0.28	0.63
Dividend per share (in €)	0.11	0.25

<sup>1</sup> Excluding exceptional income and expenses of, on balance, € 4.1 million (gross) in 2015 and € - 2.4 million (gross) in 2014

<sup>2</sup> Excluding exceptional income and expenses of, on balance, € 3.0 million (net) in 2015 and € + 1.7 million (net) in 2014

Huib van der Vrande, CEO:

"The year 2015 was an important year of transition for Neways. A better spread across the various market segments, to which the acquisition of BuS Group made a clear contribution, has transformed Neways into a structurally stronger company. In 2015, we also introduced the group-wide improvement programme 'Up to the next level', the aim of which is to align the organisation optimally with increased market dynamics. The basic goals are to create a more efficient organisation and a better balance in capacity utilisation. The first effects of this are already becoming visible, resulting in a more stable performance of the various operating companies.

In line with the improvement programme, in December 2015 we announced that we were making changes to the organisation of the operating company Neways Cable & Wire Solutions and planned to reallocate Neways Micro Electronics activities in China. These changes will result in the loss of 15 jobs in the Netherlands.

The introduction and implementation of the improvement programme will put the Neways organisation in an even better position to support our clients and continuously take our services and production capacity to a higher level in a more efficient, more productive and smarter manner."

#### Group results

The figures in this press release are derived from the 2015 financial statements for which KPMG Accountants N.V. issued a statement of approval on 22 February 2016.

This press release is a translation of the original Dutch version. In the event of any inconsistencies, the Dutch version of this press release is leading.

### Turnover and order book

In 2015, Neways' net turnover increased by 21% to € 374.1 million, compared with € 308.6 million in 2014. Turnover development was more stable in 2015 than in 2014.

Sales in the second half 2015 were at the same level as the first half of the year, and 6% higher than in the second half of 2014. While growth in the first half of the year was due entirely to the former BuS Group, the growth in the second half, compared with the second half of 2014, was realised by a combination of the Neways operating companies and BuS.

### **Net turnover per market sector**

€ mln	2015	%	2014	%
Industrial	142	38	118	38
Semiconductor	67	18	62	20
Medical	57	15	59	19
Automotive	88	24	55	18
Defence	9	2	8	3
Telecom	5	1	4	1
Other	6	2	3	1
<b>Total</b>	<b>374</b>	<b>100</b>	<b>309</b>	<b>100</b>

At year-end 2015, the order book stood at € 167.6 million, compared with € 155.9 million at year-end 2014. Due in part to the acquisition of BuS Group, the order book was more evenly and more broadly spread across the various sectors in which we are active. Turnover remained relatively stable during 2015, with the exception of the last quarter, in which clients' decisions to postpone orders resulted in fluctuations.

### Gross margin

The gross margin, including an exceptional item of € 0.5 million, increased by 18.1% to € 147.5 million in 2015, compared with € 124.9 million in 2014. This was largely the result of the acquisition of the former BuS Group. Excluding exceptional items, the gross margin, as a percentage of net turnover, came in slightly lower at 39.6%, compared with 40.5% in 2014. In the second half of the year, margins were under pressure due to clients introducing more stringent inventory controls.

### Operating expenses

Operating expenses consist for the most part of personnel costs. The personnel costs increased by 16.4% to € 102.4 million in 2015, due to the consolidation of the former BuS Group. As a percentage of net turnover, normalised personnel costs came in slightly lower than in 2014 (28.5%), at 27.4% of net turnover. At year-end 2015, the number of FTEs stood at 2,530, 3.1% lower than at year-end 2014.

### Depreciations and amortisation

In 2015, Neways booked depreciations of € 8.3 million, compared with € 6.3 million in 2014. This increase was largely due to the consolidation of the former BuS Group. With the exclusion of the PPA amortisation, depreciation stood at € 6.9 million, compared with € 4.8 million in 2014.

### Exceptional income and expenses

In the previous year, 2014, Neways reported a number of exceptional items, which on balance had a positive impact of € 2.4 million (gross) on the operating result. In 2015, the exceptional expenses before tax amounted to € 4.1 million; these expenses included the reorganisation costs for NME and NCWS (€ 2.7 million) and the PPA expense of € 1.4 million.

### Operating result and operating margin



The operating result came in at € 5.9 million in 2015, compared with € 6.6 million in 2014. Excluding exceptional income and expenses, the operating result increased to € 10.1 million, compared with € 9.0 million in 2014. Based on the normalised operating result, the operating margin stood at 2.7% in 2015 (2014: 2.9%).

#### Financing expenses

Financing expenses increased to € 2.1 million in 2015, compared with € 1.1 million in 2014. This was largely due to the financing of the acquisition of the former BuS Group.

#### Net result

The net result from ordinary operations came in at € 6.2 million in 2015, compared with € 5.3 million in 2014. Including exceptional income and expenses, Neways recorded a net result of € 3.2 million in 2015, compared with € 7.0 million in 2014.

#### Earnings per share and dividend

The basic premise of the current dividend policy is a pay-out ratio of 40% of the net profit. This is subject to the condition that the company is in a solid financial position, which includes a solvency ratio of at least 35%. In accordance with this dividend policy, Neways will propose to the Annual General Meeting of Shareholders that a dividend of € 0.11 per share will be paid out in cash, representing a pay-out ratio of 40%.

### **Financial position**

#### Shareholders' equity and solvency

The company's shareholders' equity increased to € 70.6 million in 2015, from € 66.0 million in 2014.

The company's solvency rate (guaranteed equity as a percentage of total equity) stood at 42.6% at year-end 2015. Adjusted for the deferred tax asset and intangible assets, solvency came in at 35.9%, meeting the banks' solvency requirement of 32.5%.

#### Net debt

At year-end 2015, Neways had a net debt of € 31.5 million, an improvement on the € 34.8 million debt at year-end 2014. Neways paid off a total of € 8.3 million in loans last year. € 3.6 million of this financed from the operational cash flow, while the remaining € 4.7 million was financed through the use of the company's current account facility. At year-end 2015, Neways had used € 12.4 million of the existing current account facility of € 35.0 million. The interest-bearing short-term debts, including the current account credit facility stood at € 21.9 million at year-end 2015.

#### Working capital and net cash flows

In the year under review, the working capital (inventories plus receivables less trade payables and other payable items) rose to € 59.4 million (2014: € 53.5 million) due to the postponement of deliveries by clients and increased activity levels towards the end of the year.

Inventories, measured in days of sales, stood at 81 days at year-end 2015 (2014: 76 days). Neways is specifically monitoring the relatively low turnover rate of BuS Group to improve the turnover rate through tighter inventory management.

The number of days sales outstanding (DSO) stood at 36 days at year-end 2015 (2014: 36 days). Neways conducts strict receivables management and uses a supplier finance programme for several major clients, which encourages fast payments. Neways' total provision for debtors stood at € 0.8 million at year-end 2015 (2014: € 1.1 million).

Net cash flow came in at € 2.9 million in 2015 (2014: € - 32.5 million). The negative cash flow in 2014 was due to the acquisition of BuS Group and the utilisation of the reorganisation provision



set aside in 2014 for the closure of the NEK production facility in Kassel. Cash flows returned to a normal level in 2015.

#### Investments and returns on investments

Total investments in tangible and intangible fixed assets amounted to € 4.5 million in 2015, compared with € 8.7 million in 2014. In addition, the company made further investments in ERP-LN, the new ERP-platform for Neways.

### **Operational highlights**

#### A new foundation

In 2015, Neways launched the improvement programme 'Up to the next level'. This programme will enable the Neways organisation to respond more effectively to its continuously changing environment. This requires flexibility and adaptability and it is also essential if Neways is to maintain its healthy market position in the long term.

#### Improvement operational performance operating companies

In recent years, Neways has intensified the cooperation between its operating companies in all the regions where Neways is active. The focus is largely on improving the quality and boosting the innovative potential through more intensive cooperation and the sharing of in-house expertise and experience. The support of well-aligned and standardised processes, plus an efficient supply chain, will help us to continue to improve our joint operational performance. To achieve this, Neways has rolled out Lean Leadership Model methods at the various operating companies. In December 2015, Neways announced that it was taking far-reaching measures at the operating companies NME and NCWS. The aim of these measures is to effect a rapid improvement in the operational performance and customer-focus of these two organisations in particular.

#### Improvement of capacity utilisation

Improving the capacity utilisation across the entire group was once again a major priority at Neways in 2015. The short-term peaks and troughs in demand from clients that have dominated the EMS market for the past several years are an additional challenge for Neways. Neways was able to deal with these fluctuations more effectively last year due to a better spread of business across the various sectors, cooperation between its operating companies and the use of fewer temporary staff.

#### Asian operations

In Asia, Neways is primarily active in the production of series on assignment from Western European operations of OEMs. In 2015, we saw another clear increase of 'Local for Local' contracts. At year-end 2015, Neways decided to relocate the business operations of one of its two operating companies in China, as the turnover development of the NME activities failed to meet our expectations. Following an automation drive, the activities are being largely relocated to Neways Micro Electronics plant in Echt. The remaining activities are being covered by Neways Wuxi Electronics in China.

### **Composition Supervisory Board**

On 16 April 2015, the term of Mr. Dick Boers as chairman and member of the Supervisory Board expired. Mr. Peter van Bommel has succeeded Mr. Boers as member of the Supervisory Board. Mr Van Bommel is CFO and a member of the Management Board of ASMI.

He is also a member of the Supervisory Board of KPN and a non-executive director of ASM-PT (Hong Kong). Mr. Van Bommel has previously held CFO positions at companies such as NXP and at various divisions within Philips.



In the new composition, Mr. Henk Scheepers has been appointed as chairman of the Supervisory Board and Mr. René Penning de Vries as the vice-chairman. Mr Scheepers' first four-year term will expire this year, and according to the schedule he can be reappointed during the AGM on 12 April 2016 for a second term of four years. Mr. Scheepers has made himself available for reappointment.

### **Composition of the Board of Directors**

As per 1 January 2015, Mr. Adrie van Bragt was appointed as COO and member of the Neways Board of Directors. Mr. Van Bragt has worked at Neways since 1992 and as COO is responsible for operational matters. As per 1 April 2015, Mr. Paul de Koning was appointed as member of the Board of Directors and CFO of Neways. Mr. De Koning was until recently the CFO at Scheuten Glas and succeeds Mr. Vincent de Bok, who stepped down from the Board of Directors at his own request. As CEO, Mr. Huub van der Vrande will continue to be responsible for the general management of the company and commercial matters.

### **Outlook**

Neways has to deal with the relatively high volatility typical of the EMS market. This therefore makes it difficult to give concrete forecasts for the short and medium term. The structural long-term outlook for the EMS market is largely positive for specialist companies like Neways, which can differentiate themselves in terms of quality, flexibility and added value.

Neways started the year 2016 with a strong order book. The financial basis for this year is healthy and offers room for investments and continued growth.

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#### **PRESS CONFERENCE / ANALYST MEETING**

The combined press conference / analyst meeting on the annual results for 2015 will be held **today at 10.30 hrs in Hotel Casa 400 (Eerste Ringdijk 4, AMSTERDAM).**

#### **For more information:**

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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 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 semi-conductor, medical, automotive, telecom and defence industries. Neways has operating companies in the Netherlands, Germany, the Czech Republic, Slovakia and China, with a total of 2,530 employees at year-end 2015. Neways recorded net turnover of € 374 million in 2015. Neways shares are listed on the Euronext Amsterdam stock exchange (symbol: NEWAY).



**Annexes:**

- Consolidated statement of income
- Consolidated balance sheet
- Consolidated cash flow statement
- Statement of movements in shareholders' equity parent company
- Other information

Neways Electronics International N.V.

<b>Consolidated Profit and Loss Account</b>
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<b>Amounts in € mln.</b>	<b>2015</b>	<b>2014</b>
<b>Net turnover</b>	<b>374,1</b>	<b>308,6</b>
Costs of materials	-226,7	-185,3
Change in work in progress and finished products	0,5	1,6
<b>Gross margin</b>	<b>147,9</b>	<b>124,9</b>
<b>Operating expenses</b>		
Personnel costs	102,4	88,0
Depreciation and amortization intangible and tangible fixed assets	6,9	4,8
Other operating expenses	28,6	23,1
<b>Total operating expenses</b>	<b>137,9</b>	<b>115,9</b>
<b>Operating result</b>	<b>10,1</b>	<b>9,0</b>
Financial expenses	-2,1	-1,1
<b>Result from ordinary activities before taxes</b>	<b>8,0</b>	<b>7,9</b>
Taxes	-1,8	-2,6
<b>Result from ordinary activities after taxes</b>	<b>6,2</b>	<b>5,3</b>
Exceptional expenses	-4,1	-2,6
Taxes exceptional expenses	1,1	1,9
Valuation of tax claim on loss compensation Germany	0,0	2,4
<b>Net result</b>	<b>3,2</b>	<b>7,0</b>

<b>Consolidated Balance Sheet</b>
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**Amounts in € mln. as of 31 December**
**2015**
**2014**
**Assets**
**Fixed assets**

Tangible fixed assets	34,8	37,8
Intangible fixed assets	14,1	14,3
Deferred tax assets	4,5	4,6

**Current assets**

Inventories	81,6	79,4
Accounts receivable	39,9	36,9
Corporate income tax	0,6	0,4
Cash and cash equivalents	1,6	1,8

**Total assets**
**177,1**
**175,2**
**Liabilities**
**Group equity**
**70,6**
**66,0**
**Long-term liabilities**

Interest bearing loans	11,1	22,1
Deferred tax liabilities	3,3	4,0
Provisions	0,9	0,0
Pension commitments	4,9	5,4

**Short-term liabilities**

Bank overdrafts	10,8	6,1
Interest bearing loans	11,2	8,4
Trade creditors and short-term liabilities	55,4	56,7
Provisions	2,2	0,2
Corporate income tax	0,1	0,0
Others	6,7	6,3

**Total liabilities**
**177,1**
**175,2**

<b>Consolidated Cash Flow Statement</b>
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Amounts in € mln.	2015	2014
<b>Cash flow from operating activities</b>		
Result before tax	3,9	5,3
<i>Adjustments for:</i>		
Gain on advantageous purchase	0,0	-3,5
Depreciation and amortisation	8,3	6,3
Costs granted personnel options	0,1	0,1
Finance costs	2,0	1,2
Interest paid	-1,9	-1,0
Change in provisions	2,3	-6,7
Corporate income tax (paid) received	-1,7	-4,0
Changes in working capital*)	-5,6	4,2
<b>Total **)</b>	<b>7,4</b>	<b>1,9</b>
<b>Cash flow from investment activities</b>		
Investments in intangible fixed assets	-1,3	-1,2
Investments in tangible fixed assets	-3,2	-7,5
Acquisition subsidiary, less acquired cash or cash equivalents	0,0	-25,7
<b>Total **)</b>	<b>-4,5</b>	<b>-34,4</b>
<b>Cash flow from financing activities</b>		
Received payments from interest bearing loans	0,1	17,9
Repayments of interest bearing loans	-8,3	-11,2
Use of bank overdrafts	4,7	6,1
Returns from options exercise	0,4	0,1
Dividend distributed to shareholders	0,0	-0,6
<b>Total</b>	<b>-3,1</b>	<b>12,3</b>
<b>Movements in cash</b>		
	<b>-0,2</b>	<b>-20,2</b>
Net exchange rate differences	0,0	-0,1
Cash as of 1 January	1,8	22,1
<b>Cash as of 31 December</b>	<b>1,6</b>	<b>1,8</b>
<b>*) Changes in working capital</b>		
Inventories	-2,2	0,9
Accounts receivable	-3,0	11,0
Trade creditors and other liabilities	-0,4	-7,7
	<b>-5,6</b>	<b>4,2</b>
<b>** ) Net cashflow</b>	<b>2,9</b>	<b>-32,5</b>

## Statement of Changes in Group Equity

Amounts in € mln.	2015	2014
<b>Balance as of 1 January</b>	<b>66,0</b>	<b>50,1</b>
Unrealised results	0,7	-0,1
Net result	3,2	7,0
Exercise share options	0,6	0,1
Issuance of shares	0,0	9,3
Issuance of share options	0,1	0,1
Call option convertible loans	0,0	0,1
Dividends	0,0	-0,6
<b>Balance as of 31 december</b>	<b>70,6</b>	<b>66,0</b>

## Additional data

Amounts in € mln.	31/12/2015	31/12/2014
Operating result in % of turnover *)	2,7	2,9
Net result in % of turnover *)	1,7	1,7
Guaranteed equity as percentage of balance sheet total	42,6	40,5
Average number of employees	2,593	2,288
<b>Per ordinary share in €</b>		
Operating result	0,52	0,60
Net result	0,28	0,63
Total equity	6,19	6,01
Dividend	0,11	0,25
Number of outstanding shares x 1,000	11,401	10,986

\*) Excluding exceptional charges