Annual results 2018

Amsterdam, 21 February 2019

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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 presentation 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.
Agenda

- Main points
- Neways today
- Financials
- Operations
- Management agenda & outlook
Main points
Main points

Highlights

- Net turnover above € 500 mln following continued high organic growth rate of 15.5%
  - Double digit sales growth for 2nd consecutive year
  - Strong contributions from semiconductor and automotive sectors
  - Higher order intake in all sectors
  - External orderbook grows 15.3% to € 304 million, all sectors contributing, increased backlog and long term visibility: Book-to-bill at 1.08 over the year

- Normalised operating result increases 43.8% to € 22.0 mln
  - Improved result driven by higher turnover and improved operational productivity
  - Electronic component shortage and organizational transformation amid high and growing market demand remain challenging for organization
  - More robust organization increasingly enables delivery of output in a controlled manner
  - Price pressure from supply base to be transferred onto customers
Main points

Market outlook

- General market trends
  - IoT features more and more prominently in our daily lives
  - Amount of semiconductors used in cars is growing fast
  - Consumer electronics still growing which has big impact in the semiconductor chain
- Main growth drivers for Neways: automotive and semiconductor
Main points

Inventory control in challenging times

- Various challenges
  - Increasing demand and more complexity in orders
  - Reliability supply chain due to scarcity
  - Double bookings by market players to secure deliveries
  - Ramp-up new projects with existing and new customers
  - Increased commitments on stock for partners

- Which caused
  - Unbalanced inventories
  - Unbalanced factory loads

- Offset by ongoing supply chain initiatives
  - Continued effort and focus on improving processes with integral approach
  - QLTC improvement program with suppliers further extended and intensified
  - Demand management requires extra focus given less reliable supply chain

- Resulting in
  - Reasonably well managed inventory under the given situation
  - Better control supply chain (supplier reduction, processes, ownership development process) expected to lead to inventory reduction in 2019
Main points

Market trends

- Globalization OEMs
- Increasing demand from OEMs for Life Cycle Management, early involvement and shared participation in development process of a product
- Increased electronics content in automotive and medical end products
- Strong increase electronics due to IoT, growth automotive etc. driving scarcity in component market
- Volatility is a given (the only constant is change)
- Shortened product life cycles
- Increased investment levels
- Intensified cooperation in supply chain through transparency and modern communication
- Consolidation EMS market
- Transition to more regulation
- Product traceability
Neways today
Neways today

Company overview

<table>
<thead>
<tr>
<th>PROFILE</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Custom-made total solutions for product life cycle management of advanced and integrated electronic applications</td>
</tr>
<tr>
<td>• Active in select growth sectors of the Electronic Manufacturing Services (EMS) market</td>
</tr>
<tr>
<td>• Products range from electronic components to complete (box-build) control systems</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CORE ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>- engineering</td>
</tr>
<tr>
<td>- connectivity</td>
</tr>
<tr>
<td>- micro electronics</td>
</tr>
<tr>
<td>- PCB assembly</td>
</tr>
<tr>
<td>- system integration</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>KEY FIGURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ 506.8m</td>
</tr>
<tr>
<td>€ 14.4m</td>
</tr>
<tr>
<td>2.943</td>
</tr>
</tbody>
</table>
Neways today

Product portfolio and product applications

NEWAYS PRODUCTS

NEWAYS INSIDE
Neways today

Business strategy

**AMBITION**

*The technology and life cycle partner of choice*

**CONDITION**

*Understanding customer views, dilemmas and ideas*

**MEANS**

- Serve select market sectors and PMCs
- Build long term partnerships
- Maximize customer value

**FOCUS**

- Industry sectors
- Key account management
- Capabilities throughout the life-cycle
- Accelerate acquisition strategy
- Bottom line improvement
- One Neways
- Management Development

*Leverage three-pillar improvement program (2018 – 2022)*
Three-pillar improvement program: ‘Up to the next level’

- Moving up the value chain
- Driving growth
- Improving profitability
Financials
<table>
<thead>
<tr>
<th>Financials</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Key figures</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>€ million unless stated otherwise</th>
<th>FY-18</th>
<th>change</th>
<th>FY-18</th>
<th>change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net turnover</td>
<td>506.8</td>
<td>+15.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normalized operating result</td>
<td>22.0</td>
<td>+43.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net result</td>
<td>14.4</td>
<td>+45.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash flow</td>
<td>-4.5</td>
<td>+32.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit per share (€)</td>
<td>1.20</td>
<td>+39.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest coverage</td>
<td>11.2</td>
<td>+9.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net debt / EBITDA</td>
<td>1.4</td>
<td>-12.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solvency %</td>
<td>41.5</td>
<td>-0.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>avg Employees (FTEs)</td>
<td>2,943</td>
<td>+7.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>101.6</td>
<td>+19.5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Profit & Loss

<table>
<thead>
<tr>
<th>(€ mln)</th>
<th>FY 2018</th>
<th>FY 2017</th>
<th>FY 2016</th>
<th>FY 2015</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net turnover</strong></td>
<td>506,8</td>
<td>438,7</td>
<td>393,2</td>
<td>374,1</td>
<td>308,6</td>
</tr>
<tr>
<td>- nominal growth in %</td>
<td>15,5%</td>
<td>11,6%</td>
<td>5,1%</td>
<td>21,2%</td>
<td>16,5%</td>
</tr>
<tr>
<td>- comparable growth in %</td>
<td>15,5%</td>
<td>11,6%</td>
<td>5,1%</td>
<td>-1,3%</td>
<td>-6,4%</td>
</tr>
<tr>
<td><strong>Operating result</strong></td>
<td>21,0</td>
<td>14,3</td>
<td>11,8</td>
<td>5,9</td>
<td>6,6</td>
</tr>
<tr>
<td><strong>Normalized operating result</strong> **</td>
<td>22,0</td>
<td>15,3</td>
<td>12,7</td>
<td>10,1</td>
<td>9,0</td>
</tr>
<tr>
<td><strong>Normalized net result</strong> **</td>
<td>15,1</td>
<td>10,0</td>
<td>9,2</td>
<td>6,2</td>
<td>5,3</td>
</tr>
<tr>
<td><strong>Extraordinary income/expenditure</strong></td>
<td>-0,7</td>
<td>-0,1</td>
<td>0,5</td>
<td>-3,0</td>
<td>1,7</td>
</tr>
<tr>
<td><strong>Net result</strong></td>
<td>14,4</td>
<td>9,9</td>
<td>9,7</td>
<td>3,2</td>
<td>7,0</td>
</tr>
</tbody>
</table>

**Gross margin/net turnover** 38,5% 39,0% 39,1% 39,4% 40,5%
**Gross margin/per employee (k€)** 66,3 62,3 60,0 56,9 54,6
**Operating margin** ** 4,3% 3,5% 3,2% 2,7% 2,9%
**Net margin** ** 3,0% 2,3% 2,3% 1,7% 1,7%
**EPS (€)** 1,20 0,86 0,85 0,28 0,63

** Excluding extraordinary income/expenditure
Financials

Net turnover versus order book

Net turnover – FY-18 vs FY-17
- Y-o-y net sales growth of 15.5%
- High sales growth throughout the year
- Very high growth in semiconductors and automotive
- High growth in industrial, medical flat
- Industrial still biggest segment
- Development activities remained stable

Order book – FY-18 vs FY-17
- Order book 15.3% growth, higher order intake in all segments
- Order book reflects increased long term visibility and backlog
- Book-to-bill 1.08 vs 1.15 last year
Financials

Net turnover and gross margin trends

€ mln

<table>
<thead>
<tr>
<th>Year</th>
<th>Net revenue</th>
<th>Gross margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>309</td>
<td>125</td>
</tr>
<tr>
<td>2015</td>
<td>374</td>
<td>148</td>
</tr>
<tr>
<td>2016</td>
<td>393</td>
<td>154</td>
</tr>
<tr>
<td>2017</td>
<td>439</td>
<td>171</td>
</tr>
<tr>
<td>2018</td>
<td>507</td>
<td>195</td>
</tr>
</tbody>
</table>

**FY-18 vs FY-17**

- Absolute gross margin increased 14.0%, largely driven by sales growth
- Relative margin at 38.5% vs 39.0% in 2017 caused by relatively more system building
- Relative margin decreased resulting from:
  - Trend of increasing material content as consequence of more complex Box-build systems
  - Price pressure suppliers following scarcity in market
  - Partly offset by effects supplier improvement program and higher added value products
Financials

Turnover breakdown by market sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>€ mln FY-18</th>
<th>€ mln FY-17</th>
<th>Δ (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial</td>
<td>152</td>
<td>143</td>
<td>6.3%</td>
</tr>
<tr>
<td>Semiconductor</td>
<td>149</td>
<td>105</td>
<td>41.9%</td>
</tr>
<tr>
<td>Automotive</td>
<td>130</td>
<td>103</td>
<td>26.2%</td>
</tr>
<tr>
<td>Medical</td>
<td>56</td>
<td>55</td>
<td>1.8%</td>
</tr>
<tr>
<td>Defense</td>
<td>12</td>
<td>15</td>
<td>-20.0%</td>
</tr>
<tr>
<td>Other</td>
<td>8</td>
<td>18</td>
<td>-55.6%</td>
</tr>
<tr>
<td>Total</td>
<td>507</td>
<td>439</td>
<td>15.5%</td>
</tr>
</tbody>
</table>

FY-18 vs FY-17
- Strong growth in semiconductor and automotive
- Semiconductor share increased from 24.0% to 29.0%
- Industrial remains biggest sector
- Turnover more balanced between market sectors
Opex and operating result trends

Opex (€ mln)

<table>
<thead>
<tr>
<th>Year</th>
<th>Opex (€ mln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>115,9</td>
</tr>
<tr>
<td>2015</td>
<td>137,8</td>
</tr>
<tr>
<td>2016</td>
<td>141,1</td>
</tr>
<tr>
<td>2017</td>
<td>156,0</td>
</tr>
<tr>
<td>2018</td>
<td>173,2</td>
</tr>
</tbody>
</table>

Normalized EBIT (€ mln)

<table>
<thead>
<tr>
<th>Year</th>
<th>Normalized EBIT (€ mln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>9,0</td>
</tr>
<tr>
<td>2015</td>
<td>10,1</td>
</tr>
<tr>
<td>2016</td>
<td>12,7</td>
</tr>
<tr>
<td>2017</td>
<td>15,3</td>
</tr>
<tr>
<td>2018</td>
<td>22,0</td>
</tr>
</tbody>
</table>

Opex FY-18 vs FY-17

- Organization costs increased with 11.0%, relative decline from 35.6% to 34.2% of turnover following increased productivity
- Cost development largely driven by higher employee costs following increased activity level
- Higher activity level and scarcity component market negatively affected efficiency in the organization
- Increasing organization costs lagging behind margin development reflecting better productivity as a result of improved operational processes

Normalized EBIT FY-18 vs FY-17

- Increased EBIT, improved margin contribution partly offset by increased costs levels
Financials

Financial condition

**Net debt / EBITDA (ratio)**

<table>
<thead>
<tr>
<th>YE14</th>
<th>YE 15</th>
<th>YE 16</th>
<th>YE 17</th>
<th>YE 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.7</td>
<td>1.9</td>
<td>1.5</td>
<td>1.6</td>
<td>1.4</td>
</tr>
</tbody>
</table>

* With effect from 2016 Net debt excluding guaranteed capital

**Solvency % (Guaranteed)**

<table>
<thead>
<tr>
<th>YE14</th>
<th>YE 15</th>
<th>YE 16</th>
<th>YE 17</th>
<th>YE 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>40.5</td>
<td>42.6</td>
<td>44.6</td>
<td>44.0</td>
<td>41.9</td>
</tr>
</tbody>
</table>

**FY-18 vs FY-17**

- Sound and stable financial basis with increased balance sheet total of € 245.0 million vs € 204.4 million end 2017
- Increased balance sheet fully related to higher inventories and debtors following activity level
- Equity increased by 19.5% to € 101.6 million vs € 85.0 million following additional realized profit, conversion convertibles (€ 3.9 million), partly offset by paid dividend (€ 4.2 million). IFRS 15 adjustment in opening balance equity 2018 € 2.1 million
- The remaining outstanding convertibles amount to € 1.1 million and is part of guaranteed equity
- Net debt increased by 12.6% to € 41.9 million vs € 37.2 million last year largely in order to finance increased working capital
- 29.1% increase LTM EBITDA to € 30.2 million vs € 23.4 million
- Solvency decreased to 41.9% vs 44.0% following higher total assets (working capital)
Financials

Working capital trends

Net working capital (€ mln)

<table>
<thead>
<tr>
<th></th>
<th>YE14</th>
<th>YE15</th>
<th>YE16</th>
<th>YE17</th>
<th>YE18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories</td>
<td>53.5</td>
<td>59.4</td>
<td>64.4</td>
<td>79.4</td>
<td>87.7</td>
</tr>
<tr>
<td>Inventory days</td>
<td>76</td>
<td>81</td>
<td>79</td>
<td>76(*)</td>
<td>85(*)</td>
</tr>
<tr>
<td>Debtors (trade)</td>
<td>35.1</td>
<td>38.1</td>
<td>47.0</td>
<td>51.5</td>
<td>59.7</td>
</tr>
<tr>
<td>Debtor days</td>
<td>36</td>
<td>36</td>
<td>38</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td>Creditors (trade)</td>
<td>42.4</td>
<td>40.4</td>
<td>46.8</td>
<td>51.1</td>
<td>65.8</td>
</tr>
<tr>
<td>Creditor days</td>
<td>58</td>
<td>53</td>
<td>63</td>
<td>61</td>
<td>64</td>
</tr>
</tbody>
</table>

*) based on realized turnover
**) incl IFRS 15 adjustment

FY-18 vs FY-17

• € 8.3 million increase working capital largely related to:
  • Higher activity level driving inventories and debtors
  • Scarcity of materials in the market

• Inventory days increased amidst difficult market environment with scarcity in the component market and continued high sales growth. Continue to run actions to improve (SMOI, tighter monitoring of stocks, supplier reduction)

• Debtors days stable, creditors days increased following increased activity level and higher inventory levels
Financials

Cash flow and capex trends

Operating and net cash flow (€ mln)

<table>
<thead>
<tr>
<th>Year</th>
<th>Operational cash flow</th>
<th>Net cash flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>YE 14</td>
<td>1.9</td>
<td>-32.5</td>
</tr>
<tr>
<td>YE 15</td>
<td>7.4</td>
<td>7.4</td>
</tr>
<tr>
<td>YE 16</td>
<td>10.6</td>
<td>2.9</td>
</tr>
<tr>
<td>YE 17</td>
<td>2.6</td>
<td>-3.4</td>
</tr>
<tr>
<td>YE 18</td>
<td>3.2</td>
<td>-4.5</td>
</tr>
</tbody>
</table>

FY-18 vs FY-17

Operations
- Operating cash flow positively impacted by higher result, partly offset by increased working capital

Investments
- Capex increased from € 6.6 million to € 12.1 million, above depreciation level, largely related to capacity extension to increase productivity and production capacity to meet market demand

Financing
- On balance net debt increased with € 4.7 million vs YE 17 following higher working capital
Headcount trends

Average # staff

<table>
<thead>
<tr>
<th>Year</th>
<th>Western Europe</th>
<th>Eastern Europe, China &amp; USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1614</td>
<td>674</td>
</tr>
<tr>
<td>2015</td>
<td>1924</td>
<td>669</td>
</tr>
<tr>
<td>2016</td>
<td>1940</td>
<td>625</td>
</tr>
<tr>
<td>2017</td>
<td>2037</td>
<td>713</td>
</tr>
<tr>
<td>2018</td>
<td>2216</td>
<td>727</td>
</tr>
</tbody>
</table>

Of which flex pool:
- 2014: 160
- 2015: 186
- 2016: 227
- 2017: 391
- 2018: 432

Headcount

- Knowledge component in human resource mix increasingly important
- No. of engineers increasing, approx. 9% of total number of employees
- Higher headcount largely driven by higher activity level, productivity affected by late and uncertain deliveries of material following scarcity in component market
- Eastern Europe increased headcount slightly due to activity level
- Attraction of new employees increasingly difficult, requiring more effort and inventiveness
## Financials

### Data per share

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating result</strong></td>
<td>1,76</td>
<td>1,25</td>
<td>1,03</td>
<td>0,52</td>
<td>0,60</td>
</tr>
<tr>
<td><strong>Net result</strong></td>
<td>1,20</td>
<td>0,86</td>
<td>0,85</td>
<td>0,28</td>
<td>0,63</td>
</tr>
<tr>
<td><strong>Dividend</strong></td>
<td>0,48</td>
<td>0,35</td>
<td>0,34</td>
<td>0,11</td>
<td>0,25</td>
</tr>
<tr>
<td><strong>Shareholders' equity</strong></td>
<td>8,50</td>
<td>7,40</td>
<td>6,89</td>
<td>6,19</td>
<td>6,01</td>
</tr>
<tr>
<td><strong>Number of issued shares (x 1.000 year-end)</strong></td>
<td>11.958</td>
<td>11.481</td>
<td>11.459</td>
<td>11.401</td>
<td>10.986</td>
</tr>
</tbody>
</table>
## Financial condition

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt / EBITDA ratio</td>
<td>1,4</td>
<td>1,6</td>
<td>1,5</td>
<td>1,9</td>
<td>1,7</td>
</tr>
<tr>
<td>Interest coverage ratio</td>
<td>11,2</td>
<td>10,2</td>
<td>6,8</td>
<td>4,9</td>
<td>6,9</td>
</tr>
<tr>
<td>Solvency (Guaranteed) %</td>
<td>41,9%</td>
<td>44,0%</td>
<td>44,6%</td>
<td>42,6%</td>
<td>40,5%</td>
</tr>
<tr>
<td>Equity</td>
<td>101,6</td>
<td>85,0</td>
<td>78,9</td>
<td>70,6</td>
<td>66,0</td>
</tr>
<tr>
<td>Solvency **)</td>
<td>88,7</td>
<td>73,8</td>
<td>66,1</td>
<td>56,9</td>
<td>52,0</td>
</tr>
<tr>
<td>EBITDA</td>
<td>30,2</td>
<td>23,4</td>
<td>20,0</td>
<td>16,9</td>
<td>13,7</td>
</tr>
</tbody>
</table>

**) incl convertible loans and corrected for intangible assets and deferred tax assets
Operations
### Initiative

<table>
<thead>
<tr>
<th>A</th>
<th>Key account management</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Capabilities throughout the life-cycle</td>
</tr>
<tr>
<td>C</td>
<td>Bottom-line improvement</td>
</tr>
<tr>
<td>D</td>
<td>One Neways</td>
</tr>
<tr>
<td>E</td>
<td>Management development</td>
</tr>
</tbody>
</table>

### Description

- **A** Each sector will embrace Key Account Management Program, aimed at growing existing clients and targeting new accounts
- **B** Building capabilities throughout the life-cycle, to become “I-EMS provider”
- **C** Continue with focus on strategy to improve the bottom-line results of the Group
- **D** Lean harmonization of business processes to improve OC integration in the Group and become one coherent company
- **E** Management and talent development in all leadership positions

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**UP TO THE NEXT LEVEL**

**FROM EMS TO LIFE CYCLE PARTNER**
Operations

- Sector plans and client plans in place
- Ready for the next level
  - Connect sector, account and strategy as continuous improvement
  - Organisation structure in place
- Centralised key account management support in place

Understanding sectors and clients
Operations

Capabilities throughout the life-cycle

- Connect all ingredients in the life cycle and create an integral process
- Develop life cycle management to the next level

Turnover from projects with Neways design included:

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>before 2000</td>
<td>≈ 0%</td>
</tr>
<tr>
<td>2010</td>
<td>≈ 10%</td>
</tr>
<tr>
<td>2018</td>
<td>≈ 40%</td>
</tr>
</tbody>
</table>
Operations

Capabilities throughout the life cycle

- **Competence centers growing in maturity**
  - Full focus on the existing competence centers’ increasing cooperation between Neways operating companies on technological research and proposition towards customers (deepen and diffuse technological knowledge throughout the Group)
    - Functional testing
    - In-circuit testing testing
    - Surface-Mount Technology
    - SMART Manufacturing

- **Life cycle monitoring of products**
  - Positive feedback from the first customers
  - Increase of preferred components to improve LCM performance

- **Model in place for design, engineering and production in a closed loop**
  - New competence center improves Design for Manufacturing possibilities
Challenging to manage the balance between
- Demand management
- Factory load
- Supply chain

Market situation 2018 required substantial extra effort
- With suppliers
- With customers
- Internal organization eg finding alternative components, balancing capacity

Given circumstances, thanks to matured organization, we secured growth and managed inventories reasonably well
Drivers for organic growth

- change in complexity of electrons
Ceramic Capacitor Market causes an unpredictable supply chain

- +49% in volume for 0 to +5% in value
- Little readiness for investments given low ROI, many suppliers have changed their strategy
Component shortages (procurement intelligence)

- Unforeseen long period of increased demand, lead times >12 months on many items
- Full focus on counter measures, e.g.:
  - Escalation to suppliers/manufacturers, incl. on top level
  - Find alternative sources/customer approved FFF alternatives
  - Work close together with customers, involve when needed (use leverage)
- Next step: Neways takes leading role by proposing PCBA design upgrades
  - Manufacturers dedicate capacity to smaller components; Neways enforces introduction on existing products (short + long term availability)
  - Example of LCM partnership (availability and obsolescence)
- Shortages drive prices and delivery times up: mitigate or transfer to customer
  - Continuing to at least mid-2019
- Result
  - Due to all mitigations we were able to manage the supply chain under the given conditions quite well
Operations

- **Continued improvement program**
  - Further roll-out of operational improvement process; kick-off planned for China operations in Q3-18.
  - First Neways lean green belt training finished in June.

- **Footprint development**
  - China: New modern facility officially opened in Q4-18
  - Eastern Europe:
    - Further expansion planned in Slovakia by the end of 2019 beginning 2020 for low volume/high mix customers.
  - US: start engineering capacity in Bay Area
Operations

- Neways Risk & Control framework for key processes in execution
- Program organization in place to drive common processes throughout organization
- Neways ICT architecture principles defined and integration on track
- Adoption of the GDPR (Neways-wide), register of processing made
- Sustainability strategy in place
  - Group approach to topics like conflict minerals, energy and water consumption, workplace incidents, and waste management and recycling
Operations

- Attract the right people
  - Intensify contacts with recruitment firms and educational institutions
  - Define our employer branding proposition
  - Sharing knowledge across the Group, make use of best-practices

- Neways DNA and lean leadership program as fundament of the Neways House

- Introduction in China of Neways DNA / improvement programs

- Promote learning in the organization
  - Through cooperation across functional axis
  - Competence groups across Neways
  - Providing Neways Lean Leadership Management (LLM) trainings for all managers
  - Start “young potential program” within Neways
Management agenda & outlook
Management agenda & outlook

2019 priorities

- Roll-out of Neways DNA and lean leadership training program in operating companies in China
- Identification and building of knowledge of new PMCs for higher added value solutions
- Drive forward simplification and standardization of the supply chain with a focus on materials purchasing and better supply risk management
- Further strengthening of central alignment with QLTC processes and reducing the workload of operating companies
- Strengthening and expansion of long-term partnerships by applying customer intimacy principles
- Further strengthening of engineering organization by growth of the number of development architects and closer collaboration with operating companies
Outlook

In 2019 we will continue the implementation of our strategy, in which improvement of our operational processes, scalability and customer focus, and our role as supply chain manager are the central issues. Excluding unforeseen events at the macro level, we expect a higher turnover and operating result over 2019 compared to 2018.
Questions & Answers

Striving for TCO partnerships