General Meeting of Shareholders

Sharing our DNA
Agenda

- Business Summary
- Neways today
- Financials
- Operations & Corona
- Management agenda & outlook
Business Summary
Business Summary

Multiple measures taken since the outbreak of the COVID-19 virus

Installation of two corporate taskforces
- Daily Corona Crises Taskforce
- Demand & Supply Taskforce

Measures taken to safeguard the business continuity in the coming period
- Sensitivity analysis done to prepare for different scenarios
- Limiting operating expenses
- Using government funds and subsidies for the temporary reduction of working hours
- Maximum reduction of the investment programs
- Stringent monitoring of working capital, in particular receivables and inventories
Market trends

- 2019 saw rising geopolitical tensions and international trade barriers which increased overall market volatility
- Technological developments such as artificial intelligence, self-driving cars, robotics and internet of things
  - Become more and more prominent in our daily lives
  - Require more electronics and complex integrated solutions
- Globalization of OEMs
  - Increasing demand from OEMs for Product Lifecycle Management services
  - Early involvement, system innovation and shared participation in product development
- Intensified supply chain cooperation through improved transparency and communication
- Further consolidation of the EMS market
Business Summary

Financial highlights 2019

- Net turnover € 533 mln, organic growth rate of 5.2%
  - Strong growth in Automotive (in particular E-mobility), other segments relatively flat
    - High fluctuations in customer demand and shifts between product lines
    - Well positioned portfolio across and within segments
  - Book-to-Bill 0.98 vs 1.08 in 2018, correction overbooking 2018

- Normalized operating result at € 15.9 mln (2018: € 22.0 mln)
  - Result impacted by ramp-up of new products under development and higher costs to facilitate rapid fluctuations in demand
  - Second half slow down in combustion part of Automotive and in Semiconductors
  - Price pressure on supply side could not be fully passed on to customers

- Strong reduction of inventories from € 115 mln to € 101 mln under difficult circumstances
### FY-19 vs FY-18

- **Strong growth in automotive**, amid weaker market climate, due to position in e-mobility
- **Industrial**, **Medical** and **Semiconductors** weaker in 2nd half
- **Well balanced turnover across segments**

#### Turnover breakdown by market sector

<table>
<thead>
<tr>
<th>Market Sector</th>
<th>FY-19 (€ mln)</th>
<th>FY-18 (€ mln)</th>
<th>Δ (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial</td>
<td>163</td>
<td>164</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Semiconductor</td>
<td>145</td>
<td>149</td>
<td>-2.7%</td>
</tr>
<tr>
<td>Automotive</td>
<td>160</td>
<td>130</td>
<td>23.1%</td>
</tr>
<tr>
<td>Medical</td>
<td>54</td>
<td>56</td>
<td>-3.6%</td>
</tr>
<tr>
<td>Other</td>
<td>11</td>
<td>8</td>
<td>37.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>533</strong></td>
<td><strong>507</strong></td>
<td>5.2%</td>
</tr>
</tbody>
</table>
**Market Outlook**

- **Automotive:**
  - Due to COVID-19 all major OEMs closing plants for several weeks; BMW/Ford restart May 4
  - Combustion market shows strong decline since Q4 2019
  - E-mobility volatile; time-to-market remains difficult to predict

- **Industry:**
  - Relatively stable, but German market is getting weaker (some factory closures, “kurzarbeit”)

- **Semiconductors:**
  - Still strong (e.g. 5G preparations, computing up, China restarting) but mixed market signals
  - Possible disturbance in the supply chain

- **Medical:**
  - Stable so far

- All: increasing electrification across all sectors; Neways positioned well for further growth
Business Summary

Financial Outlook H1 2020

- Net turnover Q1 2020 € 127.2 mln, 4.3% lower than Q1 2019 due to lower turnover in automotive
- Order intake Q1 2020 € 118.6 mln; Orderbook € 282.7 mln, 3.0% lower than ultimo 2019
- Turnover and results for H1 2020 expected to be lower due to the impact of COVID-19 and lower turnover in automotive
Neways today
Neways today

Top 10 EMS Player in Europe

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

CORE ACTIVITIES
- Engineering
- Connectivity
- Micro electronics
- PCB assembly
- System integration

KEY FIGURES
- € 533.4m FY-19 net turnover
- € 8.5m FY-19 net income
- 2.808 FY-19 per ultimo
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Our products

- Automotive
- Industry
- Medical
- Semiconductor

Industry sectors

- Charging station
- Continuous
- Power boards
- NFC readers
- Display electronics

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Neways today

Business strategy (2020 – 2022)

**AMBITION**

*The product life cycle and technology partner of choice*

**CONDITION**

Understanding customer views, dilemmas, requirements and ideas

**MEANS**

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

**FOCUS AREAS**

- Industry sectors  
- Key account management  
- Capabilities across the lifecycle  
- Accele-rate acquisition strategy  
- Bottom line improvement  
- One Neways  
- Leadership & talent Development

Leverage three-pillar improvement program
Neways today

Three-pillar improvement program: ‘Up to the next level’

Anchor: Customer intimacy supported by the right balance in operational and technology leadership

CUSTOMER INTIMACY

UNLOCKING GROUP POTENTIAL

Moving up the value chain
Driving growth
Improving profitability
Strengthening Neways’ position as EMS Lifecycle Management (LCM) Partner

- Product Development
- NPI (DfM-DfT) & Proto-production
- Supply chain management
- Manufacturing & Assembly
- After sales (Maintenance & Upgrades)
- Cabinet assembly/ System integration
- Box build
- Qualification & Testing

Lifecyle Management
Masterplan Neways’ Value Proposition as System Innovator

- **APPLICATION** /customer knowledge
- **TECHNOLOGY** /competence intelligence
- **ENDMARKET** /domain expertise
- **Customer VALUE Proposition**

Example Use Cases and Reference Designs:
- Charging/Power management
- Smart sensor interfacing
- Built-in self-testing/calibration
- Product actualization/refurbishment

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Financials
# Financials

## Key figures

<table>
<thead>
<tr>
<th>Metric</th>
<th>FY-19</th>
<th>Change</th>
<th>FY-19</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net turnover</strong></td>
<td>533.4</td>
<td>+5.2%</td>
<td>5.4</td>
<td>-51.8%</td>
</tr>
<tr>
<td><strong>Normalized operating result</strong></td>
<td>15.9</td>
<td>-27.7%</td>
<td>2.2</td>
<td>+57.1%</td>
</tr>
<tr>
<td><strong>Net result</strong></td>
<td>8.5</td>
<td>-41.0%</td>
<td>38.2</td>
<td>-8.0%</td>
</tr>
<tr>
<td><strong>Net cash flow</strong></td>
<td>16.4</td>
<td>na</td>
<td>2,940</td>
<td>-0.1%</td>
</tr>
<tr>
<td><strong>Profit per share (€)</strong></td>
<td>0.70</td>
<td>-41.7%</td>
<td>106.1</td>
<td>+4.4%</td>
</tr>
</tbody>
</table>

**Impacted by IFRS 16**
## Financials

### Profit & Loss

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net turnover</strong></td>
<td>533.4</td>
<td>264.5</td>
<td>506.8</td>
<td>247.0</td>
<td>438.7</td>
<td>393.2</td>
</tr>
<tr>
<td>- nominal growth in %</td>
<td>5.2%</td>
<td>7.1%</td>
<td>15.5%</td>
<td>15.6%</td>
<td>11.6%</td>
<td>5.1%</td>
</tr>
<tr>
<td>- comparable growth in %</td>
<td>5.2%</td>
<td>7.1%</td>
<td>15.5%</td>
<td>15.6%</td>
<td>11.6%</td>
<td>5.1%</td>
</tr>
<tr>
<td><strong>Operating result</strong></td>
<td>15.1</td>
<td>8.5</td>
<td>21.0</td>
<td>10.5</td>
<td>14.3</td>
<td>11.8</td>
</tr>
<tr>
<td><strong>Normalized operating result</strong> **</td>
<td>15.9</td>
<td>8.9</td>
<td>22.0</td>
<td>11.0</td>
<td>15.3</td>
<td>12.7</td>
</tr>
<tr>
<td><strong>Normalized net result</strong> **</td>
<td>9.1</td>
<td>5.4</td>
<td>15.1</td>
<td>7.2</td>
<td>10.0</td>
<td>9.2</td>
</tr>
<tr>
<td>Extraordinary income/expenditure</td>
<td>-0.6</td>
<td>-0.3</td>
<td>-0.7</td>
<td>-0.4</td>
<td>-0.1</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Net result</strong></td>
<td>8.5</td>
<td>5.1</td>
<td>14.4</td>
<td>6.8</td>
<td>9.9</td>
<td>9.7</td>
</tr>
</tbody>
</table>

| **Gross margin/net turnover** | 36.9% | 38.4% | 38.5% | 39.1% | 39.0% | 39.1% |
| **Gross margin/per employee (k€)** | 66.9 | 34.2 | 66.3 | 33.1 | 62.3 | 60.0 |
| **Operating margin** ** | 3.0%    | 3.4%  | 4.3%   | 4.5%  | 3.5%   | 3.2%    |
| **Net margin** ** | 1.70%   | 1.9%  | 3.0%   | 2.9%  | 2.3%   | 2.3%    |
| **EPS (€)** | 0.70    | 0.42  | 1.20   | 0.57  | 0.86   | 0.85    |

**Excluding extraordinary income and expenditure**
Opex and operating result trends

**Opex FY-19 vs FY-18**
- Costs increased with 4.3%, relative decrease from 34.2% to 33.9% of turnover
- Cost development largely driven by higher employee costs following increased activity level and volatility demand
- Productivity affected by high efforts to ramp up new products and volatility demand in different segments: unbalanced capacity utilization across and within locations.
- Continued effort to improve productivity through improved operational processes

**Normalized EBIT FY-19 vs FY-18**
- EBIT ended at €15.9 million, affected by increased cost levels and moderate margin contribution
**Financial condition**

**Net debt / EBITDA (ratio)**

- **YE 15**: 1.9
- **YE 16**: 1.5
- **YE 17**: 1.6
- **YE 18**: 1.4
- **YE 19**: 2.2

*With effect from 2016 Net debt excluding guaranteed capital
*Excl IFRS 16 effect YE 19: 1.3

**Solvency % (Guaranteed)**

- **YE 15**: 42.6
- **YE 16**: 44.6
- **YE 17**: 44.0
- **YE 18**: 41.9
- **YE 19**: 38.2

*Excl IFRS 16 effect YE 19: 43.7%

**FY-19 vs FY-18**

- **Sound and stable financial basis with increased balance sheet total of € 278 million vs € 245 million end 2018**
- **Increased balance sheet fully related to IFRS 16 effect of € 34.9 million.**
- **Equity increased by 4.4% to € 106.0 million vs € 101.6 million following additional realized profit and converted convertibles partly offset by paid dividend (€ 5.8 million).**
- **Net debt (excl IFRS 16) decreased by 18.1% to € 34.3 million vs € 41.9 million last year, fully related to reduced inventories**
- **LTM EBITDA € 24.2 million vs € 30.2 million in 2018**
- **Incl IFRS 16 effect LTM EBITDA ended at € 29.6 million**
- **Solvency decreased to 38.2% fully related to IFRS 16 effect. Excl IFRS 16 effect solvency improved to 43.7%**
Financials

**Working capital**

Net working capital (€ mln)

<table>
<thead>
<tr>
<th>YE 16</th>
<th>YE 17</th>
<th>YE 18</th>
<th>YE 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>64,4</td>
<td>79,4</td>
<td>87,7</td>
<td>81,5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>€ mln</th>
<th>YE16</th>
<th>YE17</th>
<th>YE18</th>
<th>YE19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories</td>
<td>86,3</td>
<td>98,0</td>
<td>115,2**</td>
<td>100,6**</td>
</tr>
<tr>
<td>Inventory days</td>
<td>79</td>
<td>76*)</td>
<td>85*)</td>
<td>72*)</td>
</tr>
<tr>
<td>Debtors (trade)</td>
<td>47,0</td>
<td>51,5</td>
<td>59,7</td>
<td>66,8</td>
</tr>
<tr>
<td>Debtor days</td>
<td>38</td>
<td>36</td>
<td>36</td>
<td>38</td>
</tr>
<tr>
<td>Creditors (trade)</td>
<td>46,8</td>
<td>51,1</td>
<td>65,8</td>
<td>62,3</td>
</tr>
<tr>
<td>Creditor days</td>
<td>63</td>
<td>61</td>
<td>64</td>
<td>56</td>
</tr>
</tbody>
</table>

*) based on realized turnover, excl. IFRS 15 adjustment  
**) incl IFRS 15 adjustment

**FY-19 vs FY-18**

- € 6.2 million decrease working capital largely related to:
  - Despite higher activity level strongly reduced inventories, partly offset by increased debtors
  - Reduced payables following earlier payments
- DIO reduced compared to YE18 following stock control improvement. Actions are paying off (SMOI, tighter monitoring of stocks, supplier reduction)
- Debtors days slightly increased following relative growth automotive, creditors days decreased
Financials

Cash flow and capex trends

Operating and net cash flow (€ mln)

Operations
- Operating cash flow positively impacted by improved inventory control

Investments
- Capex increased from € 12.1 million to € 13.0 million, above depreciation level to realize capacity growth Automotive

Financing
- On balance net debt decreased, excl IFRS 16 impact, with € 7.6 million vs YE 18 largely due to lower working capital

Cash flow FY 19 positively impacted by IFRS 16: € 5.1 million
**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>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>
<tr>
<td>2019</td>
<td>2260</td>
<td>680</td>
</tr>
</tbody>
</table>

- **Knowledge component in human resource mix increasingly important**
- **No. of engineers approx. 9% of total number of employees**
- **Headcount slightly below end of last year, productivity affected by unbalance demand between sites and ramp up new products**
- **Headcount end of 2019 at 2.808 fte of which 262 fte flex pool**
- **Recruiting (technically) talented employees increasingly difficult, requiring more effort and inventiveness**
Operations & Corona
Operations

Main points

- Overview
- Stock
- Production lines in Neways
- COVID-19
## From EMS to Life Cycle Partner and System Innovator

<table>
<thead>
<tr>
<th>Operational Initiative</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Key account management</td>
<td>▪ Each sector will embrace Key Account Management Program, aimed at growing existing clients and targeting new accounts</td>
</tr>
<tr>
<td>B Capabilities throughout the life-cycle</td>
<td>▪ Building capabilities throughout the life-cycle, to become “I-EMS provider”</td>
</tr>
<tr>
<td>C Bottom-line improvement</td>
<td>▪ Continue with focus on strategy to improve the bottom-line results of the Group</td>
</tr>
<tr>
<td>D One Neways</td>
<td>▪ Lean harmonization of business processes to improve OC integration in the Group and become one coherent company</td>
</tr>
<tr>
<td>E Management development</td>
<td>▪ Management and talent development in all leadership positions</td>
</tr>
</tbody>
</table>

Despite the more volatile market circumstances, we continue to invest in our future and pursue our strategic direction.
Stock

- Inventory management improvement initiatives pay off
  - Implemented One Stock program for the group
    - One WoW for stock health check and maintenance
  - One WoW for disciplined maintenance of master data settings
  - One WoW for Order and Forecast management
  - € 15 million inventory reduction to level of € 101 million
Operations

Production lines in Neways

- Ongoing production process improvement
  - Trained over dedicated 32 staff in lean management (Poenk)
  - Installed more improvement teams
    - Equipment efficiency
    - Production Line concepts (more flow)
    - User interfaces at the shop floor (direct feedback to operators)
    - Automation initiatives (reduction labour cost and quality control)
    - Focus on yield
  - Dedicated production concepts in place
Operations

Fully automated production concepts with Neways
Fully automated production concepts with Neways
Problem

- COVID-19 impact is and will remain unpredictable for the coming months
- Fast changing government regulations on behavior, health and safety

Challenge

- COVID-19 is unpredictable
  - The Neways Demand and Supply chain will be affected
    - We need to connect Demand & Supply closer than ever
  - Availability of capacity, Illness in our organization
  - Fast acting and reacting on situations is required from the organization
- Fast changing government regulations
  - Fast adoption and reaction from organization is required
Measures

- Two special taskforces established
  - 1. Daily Corona crises taskforce
    - Discuss daily situation at all operating companies and coordinate measures to limit risks to the health of our employees and their relatives, as well as our clients and suppliers
    - Ensures that our entire group complies strictly with governmental decisions and recommendations
    - Central coordinated communication and actions
    - Guide the organization
    - Several workgroups in place to work out topics
    - Develop scenarios (e.g. contact form)
Measures

1. Daily Corona crises taskforce
   - Neways Corona policy deployed
   - Control OPEX
     - Hiring freeze
     - No overtime for indirect, rest minimize
     - Third party activities stopped
   - Maximum reduction of the Investment program
   - Working capital
     - Be very strict on payment terms
     - Continue payment terms program towards suppliers
     - Continue our inventories program
COVID-19

Measures

- Two special taskforces established
  - 2. Demand & Supply taskforce
    - Ensures that any disruptions in the supply chain are identified early to secure continuity of production
    - Continuous and more intensified demand & supply trend reviews
      - Fast escalations on demand & supply
      - Special tooling in place to monitor effectiveness corrective actions
    - Daily capacity analysis, mainly impacted by increase of workforce absence rates
    - Coordinates communication with clients and suppliers, focussed on an optimum level of service
Management agenda & outlook
Management agenda & outlook

2020 focus areas

(1) Safeguard business continuity by limiting our operational expenses & investments and focusing on cash management

(2) Focus on new business and deliver higher added value LCM and system innovator solutions towards our customers

(3) Strengthen long-term partnerships by fostering customer centricity, technology leadership and operational excellence

(4) Deploy standard business processes, information systems and a harmonized company culture across the group

(5) Drive standardization global supply chain with improved materials, purchasing and supplier risk management

(6) Further develop employee talent, leadership skills and cooperation across all our business critical functions
Management agenda & outlook

Outlook

Based on lower order intake and increased volatility in the market following COVID-19, we anticipate a lower turnover and result for the first half of 2020. Neways has taken its measures to minimize the impact from COVID-19 on the business.

In 2020 we will continue to implement our company strategy, focus on customer requirements, improve our operational and supply chain processes, and drive the leadership development agenda.
Questions & Answers

Striving for TCO partnerships