

PRESS RELEASE

Third quarter trading update

NEWAYS SEES SLIGHT RECOVERY IN TURNOVER IN THIRD QUARTER

Son (the Netherlands), 29 October 2020 – Neways Electronics International N.V. (Euronext: NEWAY) (“Neways”; the “Company”) today announces its trading update for the third quarter (Q3) and the first nine months (9M) ending on 30 September 2020.

HIGHLIGHTS

- Net turnover of € 121.2 million, a decline of 8.9% compared with Q3 2019 and a rise of 4.7% compared with Q2 2020; Automotive sector turnover shows signs of recovery after dip in Q2 2020;
- Order intake of € 90.2 million, a decline of 17.8% compared with Q3 2019 and a recovery of 5.4% compared with Q2 2020 driven by a slight recovery in demand in Automotive and growth in Semiconductor;
- On balance, market sees cautious recovery, but fourth quarter will remain volatile due to Covid-19-related uncertainty; focus in 2020 will remain on cash flow and cost management to protect profitability.

KEY FIGURES

€ mln unless otherwise stated	<u>Q3 20</u>	<u>Q3 19</u>	<u>Δ</u>	<u>9M 20</u>	<u>9M 19</u>	<u>Δ</u>
Net turnover	121.2	132.9	-8.9%	364.1	397.4	-8.4%
Order intake	90.2	109.7	-17.8%	294.4	413.2	-28.7%
Book-to-bill (ratio)	0.74	0.83		0.81	1.04	

DEVELOPMENTS IN THE THIRD QUARTER

In the third quarter, net turnover fell 8.9% year-on-year, largely due to a sharp decline in Automotive. Industrial saw a slight decline in turnover, Medical remained stable, while Semiconductor saw a rise in turnover. Net turnover was 4.7% higher than in the second quarter, driven by a recovery in demand in Automotive, primarily in e-Mobility.

Order intake fell by 17.8% year-on-year. The order book stood at € 221 million at end-September, compared with € 291 million at year-end 2019. This decline was due to a drop in demand, largely from Automotive and to a lesser extent from Industrial. Order intake from Medical and Semiconductor remained stable or was slightly higher. Order intake was 5.4% higher than in the second quarter, which points to a cautious recovery in demand from Automotive clients.

Due to continued pandemic-related uncertainty, we expect the market to remain volatile in the fourth quarter. In this context and as previously announced, Neways will make a number of structural adjustments at certain operating companies to bring the organisation and capacity utilisation more in line with the current environment.

CEO STATEMENT

Eric Stodel, CEO: “In the third quarter, we saw a cautious recovery in the Automotive sector, primarily in e-Mobility. However, the decline in demand due to the pandemic and the lockdowns was so large in this industry that we will not be able to make up the decline this year. In these exceptional circumstances, we have acted as effectively as possible by continuously ensuring a safe working environment for our employees, by adjusting the organisation and capacity utilisation at certain operating companies where necessary and by continuing to reduce our cost base.



For the remainder of this year, we are assuming market volatility to remain high, driven by pandemic-related uncertainty. We will continue to focus on profitable turnover, cost controls and cash flow. At the same time, we will continue to implement our internal improvement programme One Neways, and will make additional adjustments to accelerate this transformation process and increase the effectiveness of our organisation.

If we look further ahead, we see that Neways remains in an excellent position for growth, which will to a large extent be driven by technological progress with and the proliferation of smart devices. Due to the ever-increasing complexity of components and the electrification of subsystems, combined with the reinforcement of our role as system innovator and product lifecycle partner, we are able to offer greater added value in the four core markets in which we are active.”

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 and general industry. Neways has operating companies in the Netherlands, Germany, the Czech Republic, Slovakia and China, and the United States with a total of 2,808 employees at year-end 2019. Neways recorded net turnover of € 533.4 million in 2019. Neways shares are listed on the Euronext Amsterdam stock exchange (symbol: NEWAY).

www.newayselectronics.com

Not for publication

FOR MORE INFORMATION

Eric Stodel (CEO) / Paul de Koning (CFO)
Tel: + 31 (0)40 – 267 9205

Neways Electronics International N.V.
Postbus 69, 5690 AB SON
www.newayselectronics.com

IMPORTANT DATES

26 February 2021	Publication full-year results 2020
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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.