



PRESS RELEASE

Interim results

Newways posts higher results in first half 2016

Son (the Netherlands) – 30 August 2016 – Newways Electronics International N.V. (Euronext: NEWAY) ('Newways' or the "Company"), today announced its results for the first half (H1) ending 30 June 2016.

HIGHLIGHTS

- Net turnover at € 197.9 million, up 4.7% year-on-year, primarily driven by Automotive and Defence.
- Order intake increased by 11% year-on-year, driven in particular by new orders in Automotive and Semiconductors. Order book stood at € 184.4 million, compared to € 163.0 million at end-June 2015.
- Gross margin increased by 2.6% year-on-year to € 77.6 million. Positive effect of higher volume was partly offset by increased material components, mainly due to mix changes.
- Normalized operating result came in at € 7.2 million, up 22.0% year-on-year, mainly driven by better capacity utilisation and strict cost controls. The first benefits of the organisational adjustments are becoming visible.
- Net income came in at € 4.4 million, up 29.4% due to operating leverage and slightly lower finance expenses.

KEY FIGURES

€ mln unless otherwise stated	H1-16	H1-15	Δ
Net turnover	197.9	189.1	+4.7%
Order book (at end-June)	184.4	163.0	+13.1%
Gross margin	77.6	75.6	+2.6%
Normalized operating result ¹⁾	7.2	5.9	+22.0%
Operating result	6.7	5.2	+28.8%
Net income	4.4	3.4	+29.4%
Net cash flow	-3.8	-5.5	+30.9%

¹⁾The effect of the Purchase Price Amortization (PPA) related to the BuS Group acquisition in 2014 is excluded.

CEO STATEMENT

Huub van der Vrande, CEO: "In the first half year, our order book increased strongly, reflecting the effect of our diversification programme, and the strengthening of our market position in Automotive. We added new clients and won orders in areas such as control systems for e-Mobility. We have largely completed the organisational adjustments we announced at the end of last year and these are now starting to make a positive contribution to the improvement of our normalized operating result, which was more than 20% higher year-on-year."

We will continue to invest in improving our operational processes and customer relationships, which will help to become the trusted technology partner at every stage of our customers' product life cycle management.

Based on the strong order book and our increased visibility, we expect a solid second half of the year."

FINANCIAL AND OPERATIONAL REVIEW

€ mln unless otherwise stated	<u>H1-16</u>	<u>H1-15</u>	<u>Δ</u>
Net turnover	197.9	189.1	+4.7%
Order book (at end-June)	184.4	163.0	+13.1%
Order intake (incl. internal sales)	234.2	210.5	+11.3%
Book-to-bill (ratio)	1.1	1.0	+4.6%

Net turnover came in 4.7% higher at € 197.9 million. This increase was driven by the Automotive and Defence segments. Order intake was strong in H1 2016, leading to a 13.1% increase in the order book to € 184.4 million, compared to € 163.0 million at end-June 2015, and a book-to-bill ratio of 1.1. The increase in the order book and book-to-bill was largely due to new orders at Automotive, Semiconductors and Defence and reflects a longer term visibility in the order book.

Net turnover - sector breakdown			
€ mln unless otherwise stated	<u>H1-16</u>	<u>H1-15</u>	<u>Δ</u>
Industrial	73	71	+3%
Automotive	49	44	+11%
Semiconductor	35	34	+3%
Medical	28	29	-3%
Defence	6	4	+50%
Other	7	7	+0%
Total	198	189	+4.7%

The increase in net turnover was primarily driven by higher sales in the sectors Automotive, driven mainly by e-Mobility, Industrial, Semiconductors and Defence, which was partly offset by a decline in Medical.

€ mln unless otherwise stated	<u>H1-16</u>	<u>H1-15</u>	<u>Δ</u>
Gross margin	77.6	75.6	+2.6%
Normalized operating result	7.2	5.9	+22.0%
<i>Margin</i>	3.6%	3.1%	

The gross margin came in 2.6% higher on the back of the increase in net turnover. Relative to net turnover, gross margin declined to 39.2% in H1 2016 from 40% in H1 2015 (H2 2015: 38.9%). Demand for more complex box-built systems increased, which in turn led to an increase in the level of material components.

Operating expenses increased by 1.0%, mainly as a consequence of higher activity levels. Additional costs related to changes in the organisational processes and the ongoing implementation of the new group ERP system were offset by the improvement in operational execution and initial savings from the largely completed organisational adjustments at two operating companies. The normalized operating result came in 22.0% higher at € 7.2 million, which translates to a margin of 3.6%.

€ mln unless otherwise stated	<u>H1-16</u>	<u>H1-15</u>	<u>Δ</u>
Financial expenses (net)	0.9	1.2	-25.0%
Tax rate	23,8%	17.0%	
Net income	4.4	3.4	+29.4%
Earnings per share (€)	0.39	0.30	+30.0%



Financial expenses fell by 25%, mainly due to lower effective interest rates in the period under review. In the 12 months to 30 June 2016, Newways has repaid a total of € 5.3 million in loans that carried higher interest rates.

The tax rate increased to 23.8% in H1 2016, compared with 17% in H1 2015. Last year's tax rate was positively impacted by a € 0.4 million revaluation of tax credits. As a result, net income increased by 29.4% to € 4.4 million, while earnings per share came in 30% higher at € 0.39 per share, based on 11,406,301 shares outstanding as per end-June 2016.

FINANCIAL CONDITION

€ mln unless otherwise stated	H1-16	H1-15	Δ
Operating cash flow	-1.6	-3.2	+50.0%
Capex	-2.2	-2.3	+4.3%

Operating cash flow came in at - € 1.6 million, a € 1.6 million or 50% improvement, mainly due to higher operating income and lower financing costs. The operating cash flow in the first half year is influenced by seasonal patterns that require a higher working capital.

Net working capital increased to € 69.5 million, up from € 63.8 million at end-June 2015. Both inventories and receivables increased, driven by higher activity levels. Newways has initiated measures to reduce inventory levels. The company is also developing additional plans for the reduction and more effective control of inventories, the first results of which are expected to become visible in 2017. DSI increased to 82 days versus 77 days at end-June 2015. DSO was stable at 36 and this is supported by the use of supplier finance programmes for a number of larger OEM clients, encouraging rapid payments. Newways has managed to reduce the level of outstanding accounts payable despite the higher activity level.

Capex was in line with last year and was primarily related to replacement investments in equipment and tooling, R&D and the implementation of the new group ERP system. Return on invested capital came in at 7.6% compared to 6.5% in H1 2015.

	HYE-16	YE-15	HYE-15
Net debt / EBITDA	2.0	1.9	2.3
Interest coverage	9.5	4.9	5.0
Solvency	39.2%	39.8%	37.4%

Net debt amounted to € 36.8 million at end-June 2016, down 7% versus end-June 2015, largely due to reduced bank loans, while LTM EBITDA increased by 7% to € 18.3 million versus € 17.1 million. Net debt / EBITDA stood at 2.0, a clear improvement compared with end-June 2015.

Interest coverage improved sharply, driven by the reduced interest costs and improved profitability.

Solvency was stable and stood at 39.2% at end-June 2016, compared with 39.8% at year-end 2015 and 37.4% at end-June 2015. Adjusted for the deferred tax asset and intangible fixed assets, solvency improved to 35.4% from 33.6%, which is in line with the bank requirement of 35%.

OUTLOOK

Newways will continue to roll out its group-wide improvement programme "Up to the next level" in the second half of 2016. The order book is at a relatively high level when compared to the same period last year. Based on this, Newways expects to record higher net turnover and operating result for the full year 2016 than in 2015.

ENDS



ABOUT NEWWAYS

Newways Electronics International N.V. (Newways) is an international company active in the EMS (Electronic Manufacturing Services) market. Newways 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. Newways 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. Newways products are used in sectors such as the semiconductor, medical, automotive, telecom and defence industries. Newways has operating companies in the Netherlands, Germany, the Czech Republic, Slovakia and China, with a total of 2,543 employees at 30 June 2016. Newways recorded net turnover of € 374 million in 2015. Newways shares are listed on the Euronext Amsterdam stock exchange (symbol: NEWAY). www.newayselectronics.com

Not for publication

ENQUIRIES

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MEDIA, ANALYST & INVESTOR MEETING

A combined media, analyst and investor meeting will be held today at 10.30 CET at Hotel Casa 400, Eerste Ringdijk 4 in Amsterdam. The slide deck will be available for download via www.newayselectronics.com.

INTERIM FINANCIAL REPORT

Today, Newways published its interim financial report for the six months ending 30 June 2016. This report comprises regulated information within the meaning of articles 1:1 and 5:25d of the Dutch Financial Markets Supervision Act (*Wet op het Financieel Toezicht*). The interim financial report is available online at www.newayselectronics.com

IMPORTANT DATES

30 August 2016 (today)	Publication interim results
13 September 2016	Investor day / company visit
1 November 2016	Publication trading update

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 Newways' 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.



Addenda:

- Consolidated profit and loss account
- Consolidated balance sheet
- Consolidated cash flow statement
- Statement of changes in Group equity
- Additional data



Newways Electronics International N.V.

Consolidated Profit and Loss Account

Amounts x € mln.	First half year 2016	First half year 2015	Year 2015
Turnover	197.9	189.1	374.1
Costs of materials	-119.6	-114.7	-226.7
Change in work in progress and finished products	-0.7	1.2	0.5
Gross margin	77.6	75.6	147.9
Operating expenses			
Personnel costs	54.0	52.1	102.4
Depreciation and amortisation			
tangible and intangible fixed assets	3.4	3.3	6.9
Other operating expenses	13.0	14.3	28.5
Total operating expenses	70.4	69.7	137.8
Normalised operating result	7.2	5.9	10.1
Financial expenses	-0.9	-1.2	-2.1
Result from ordinary activities before taxes	6.3	4.7	8.0
Taxation on ordinary activities	-1.5	-0.8	-1.8
Result from ordinary activities after taxes	4.8	3.9	6.2
Extraordinary expenses	-0.5	-0.7	-4.1
Taxes extraordinary expenses	0.1	0.2	1.1
Net income	4.4	3.4	3.2



Newways Electronics International N.V.

Consolidated Balance Sheet

Amounts x € mln.	30/06/2016	31/12/2015	30/06/2015
Assets			
Fixed assets	51.7	53.4	55.0
Tangible fixed assets	33.0	34.8	36.8
Intangible fixed assets	14.2	14.1	13.6
Deferred tax assets	4.5	4.5	4.6
Current assets	136.3	123.7	132.8
Inventories	85.9	81.6	83.7
Receivables	49.1	39.9	46.9
Corporate income tax	0.0	0.6	0.1
Cash and cash equivalents	1.3	1.6	2.1
Total assets	188.0	177.1	187.8
Liabilities			
Group equity	73.7	70.6	70.3
Long-term liabilities	16.8	20.2	26.6
Interest bearing loans	8.2	11.1	17.7
Deferred tax liabilities	3.2	3.3	3.8
Provisions	0.7	0.9	5.1
Pension and long service awards liabilities	4.7	4.9	0.0
Short-term liabilities	97.5	86.3	90.9
Bank overdrafts	20.4	10.8	13.6
Interest bearing loans	9.5	11.2	10.3
Trade creditors and other payables	56.0	55.4	58.7
Provisions	1.8	2.1	0.0
Corporate income tax	0.3	0.1	0.2
Other	9.5	6.7	8.1
Total liabilities	188.0	177.1	187.8



Newways Electronics International N.V.

Consolidated Cash Flow Statement

<u>Amounts x € mln.</u>	First half year 2016	First half year 2015
Cash flow from operating activities		
Results before tax	6.3	4.7
<i>Adjustments for:</i>		
Depreciation and amortisation	3.4	3.3
Costs granted staff options	0.0	0.0
Finance costs	0.9	1.2
Interest paid	-0.8	-1.2
Change in provisions	-0.7	-0.5
Received (paid) corporate income taxes	-0.6	-0.2
Changes in working capital *)	-10.1	-10.5
Total **)	-1.6	-3.2
Cash flow from investment activities		
Investments in intangible fixed assets	-0.6	-0.1
Investments in tangible fixed assets	-1.6	-2.2
Total **)	-2.2	-2.3
Cash flow from financing activities		
Returns from interest bearing loans		
Repayments of interest bearing loans	-4.6	-2.5
Use of bank overdrafts	9.6	7.5
Returns from options exercised	0.0	0.6
Dividends paid to shareholders	-1.3	0.0
Total	3.7	5.6
Change in cash and cash equivalents		
Net exchange rate differences	-0.2	0.2
Cash and cash equivalents as per 1 January	1.6	1.8
Cash and cash equivalents as per 30 June	1.3	2.1
*) Changes in working capital		
Inventories	-4.3	-4.3
Accounts receivable	-9.2	-10.0
Trade creditors and other liabilities	3.4	3.8
-10.1	-10.5	
**) Net cash flow	-3.8	-5.5



Newways Electronics International N.V.

Statement of Changes in Group Equity

Amounts x € mln.	First half year 2016	First half year 2015
Balance as per 1 January	70.6	66.0
Unrealised results	-0.1	0.3
Net income	4.4	3.4
Exercised share options	0.0	0.6
Issuance share options	0.1	0.0
Dividends	-1.3	0.0
Balance on 30 June	73.7	70.3

Additional data

Amounts x € mln.	30/06/2016	30/06/2015	31/12/2015
Operating result in % of turnover *)	3.6	3.1	2.7
Net result in % of turnover	2.2	1.8	0.9
Total equity in % of balance total	41.8	40.0	42.6
Average number of employees	2,543	2,629	2,593
Per ordinary share in €			
Operating result *)	0.63	0.52	0.89
Net earnings	0.39	0.30	0.28
Total equity	6.46	6.17	6.19
Dividends	0.00	0.00	0.11
Number of outstanding shares x 1,000	11,406	11,399	11,401

*) Excluding exceptional charges and PPA