



# Growth slows down but earnings stronger for NCAB

**Q3 2019**



# Today's presenters

**HANS STÅHL**  
CEO

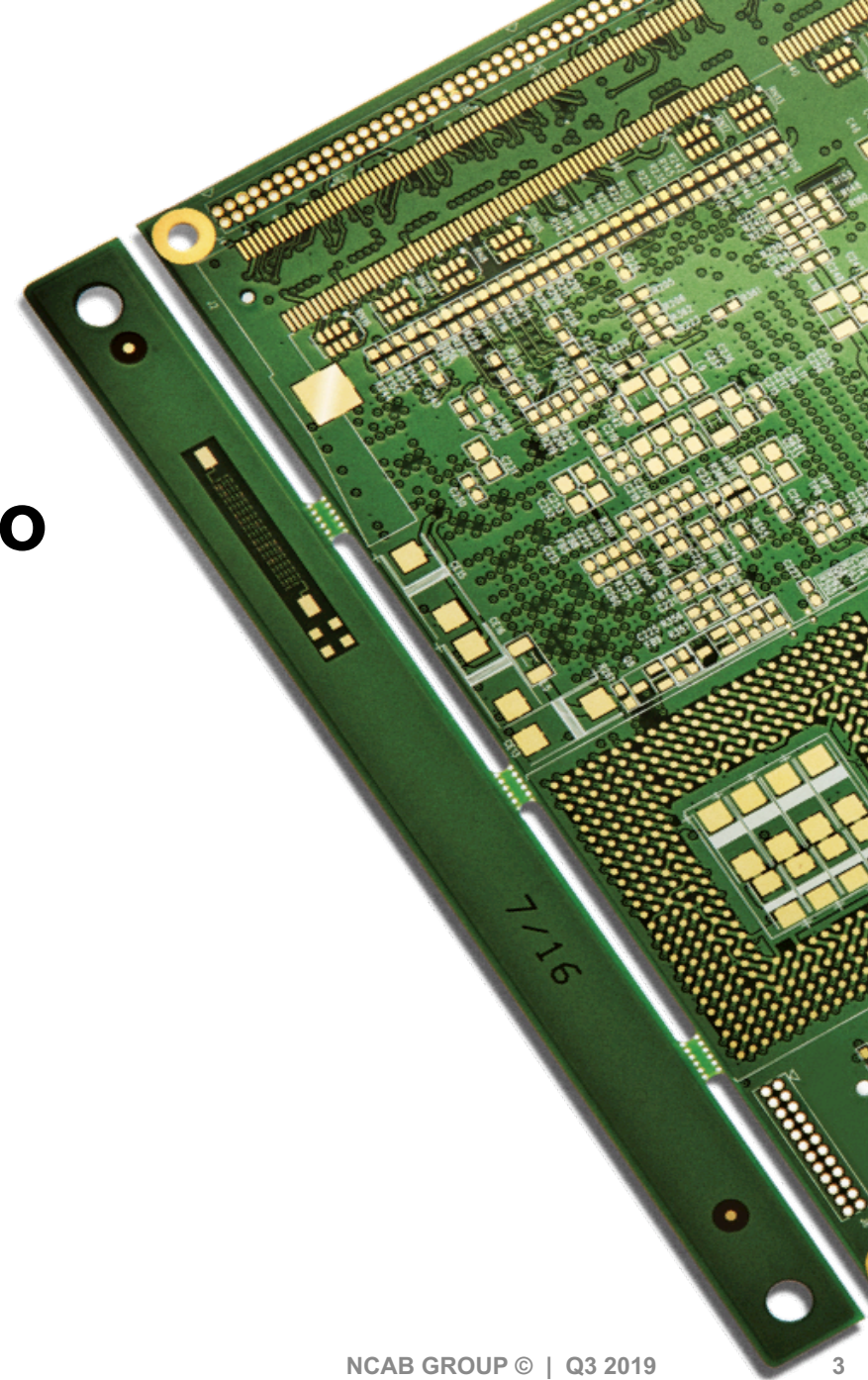


**ANDERS FORSÉN**  
CFO



# Agenda

1. NCAB – who we are and what we do
2. Q3 financials
3. Summary
4. Q & A



**17**

companies

**45**

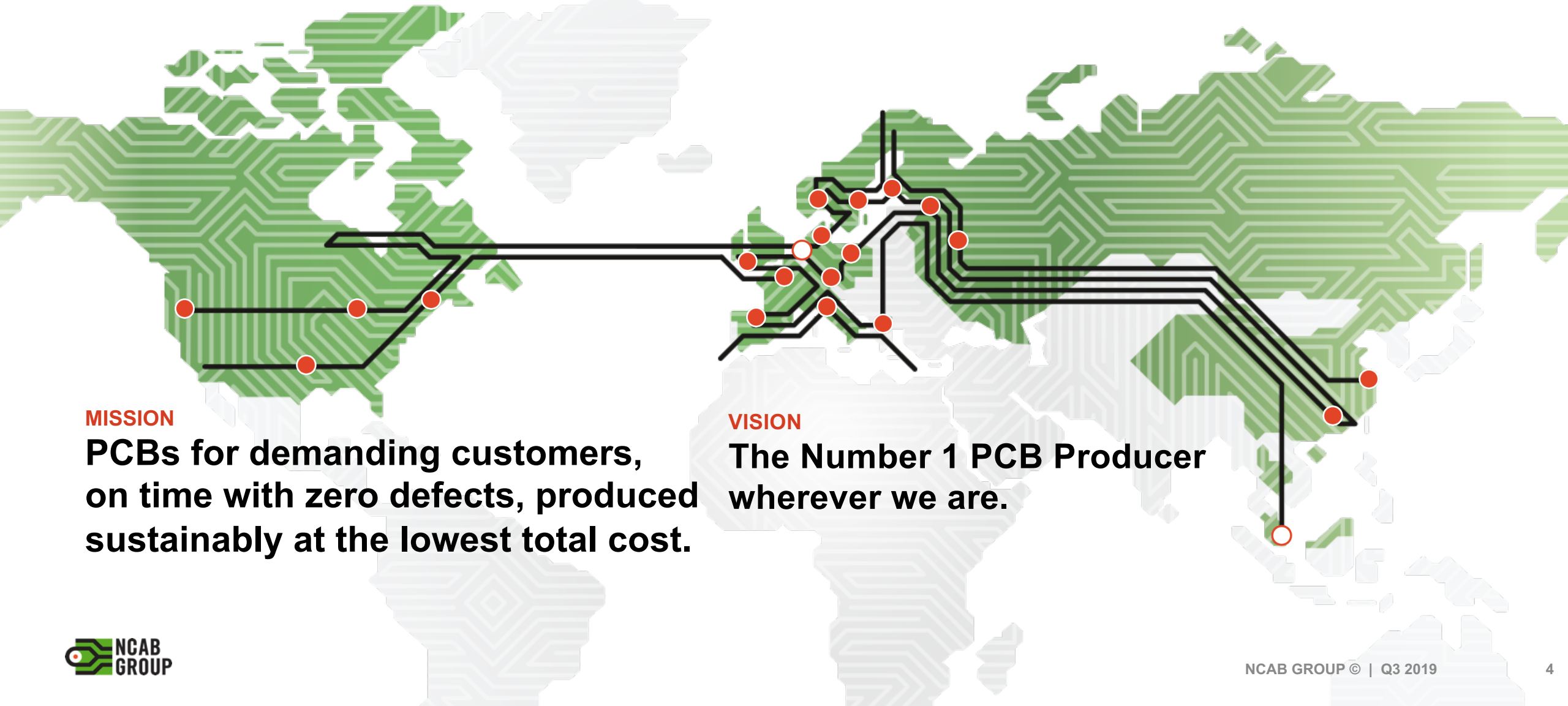
markets

**403**

specialists

**22**

factories



**MISSION**

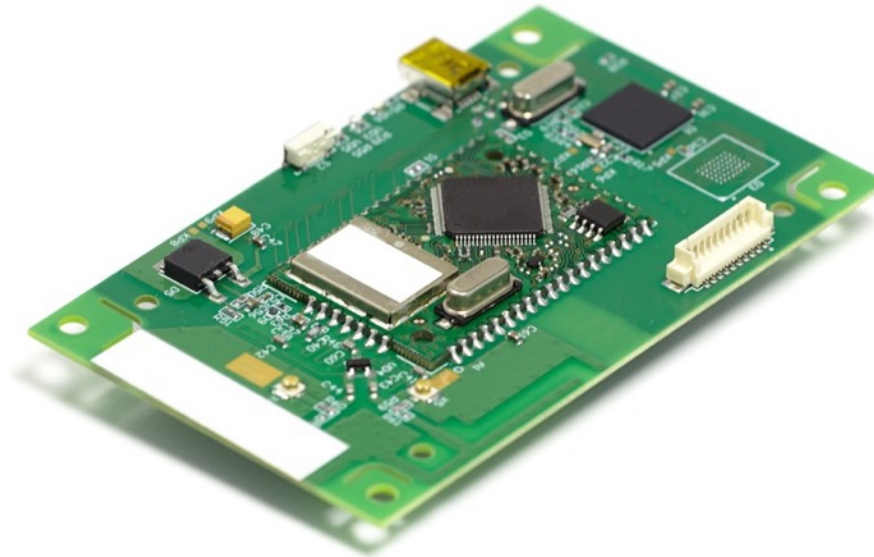
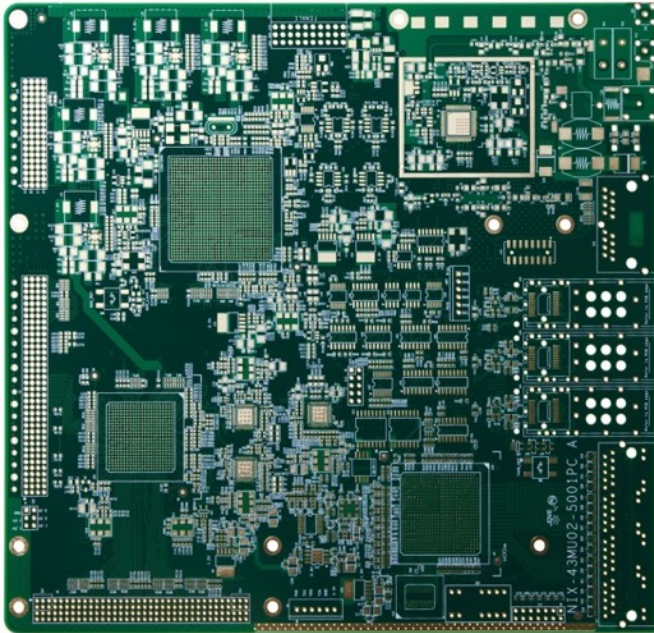
**PCBs for demanding customers,  
on time with zero defects, produced  
sustainably at the lowest total cost.**

**VISION**

**The Number 1 PCB Producer  
wherever we are.**

THIS IS WHAT WE DO

# PCBs for making PCB-As

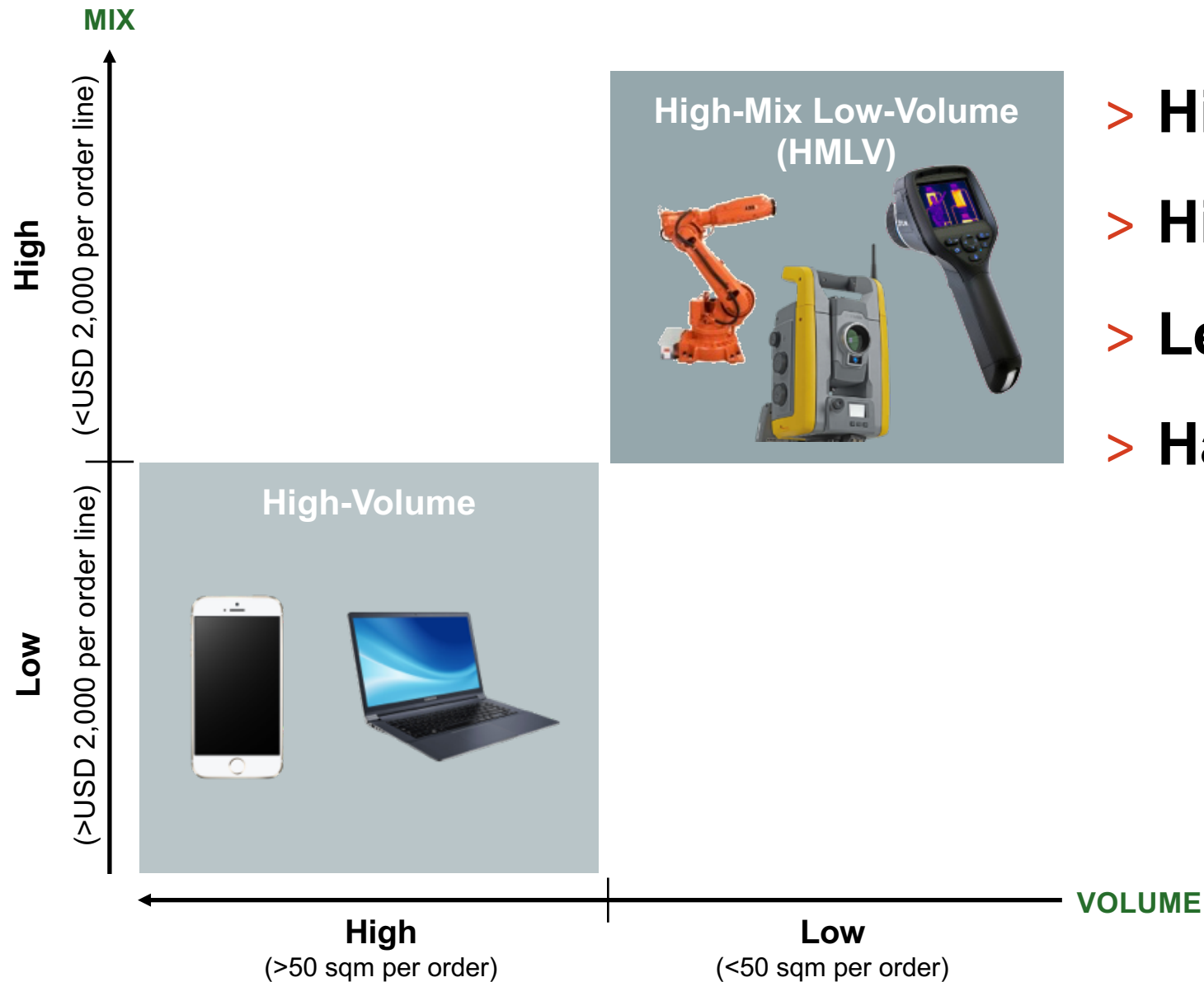




# Different applications



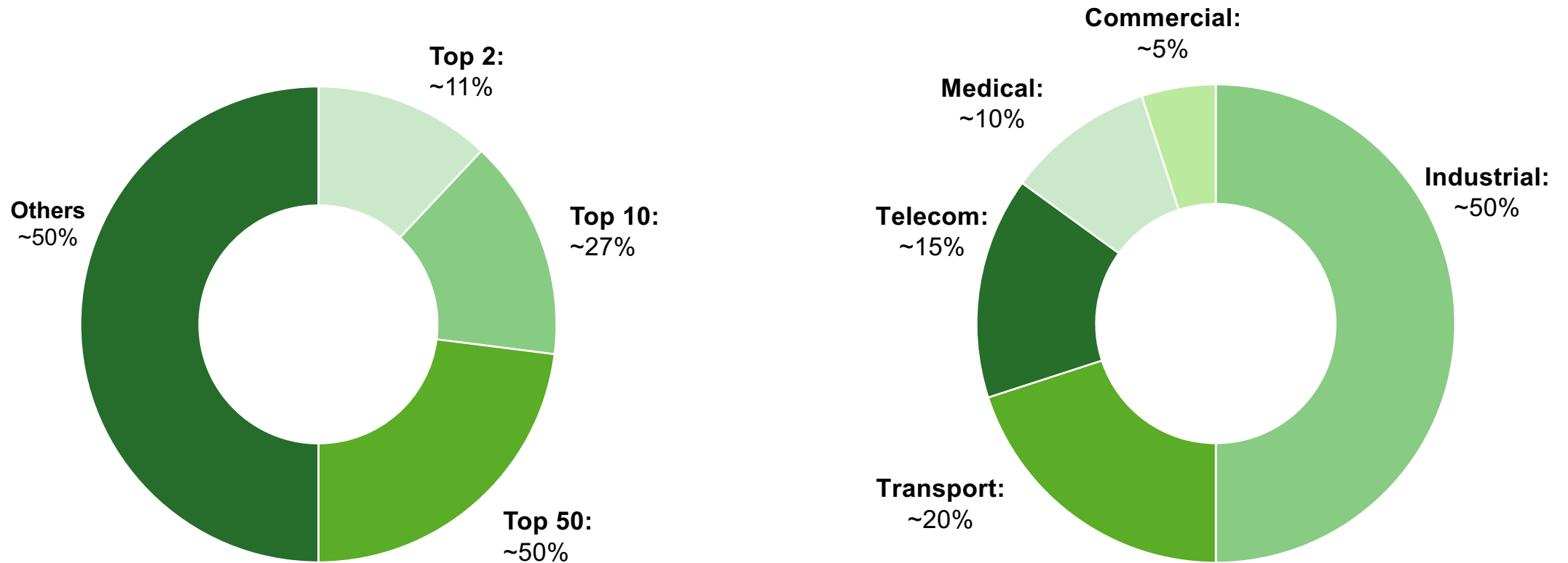
# Our attractive niche – HMLV



- > Higher product value
- > Higher quality demand
- > Less price pressure
- > Harder to buy direct

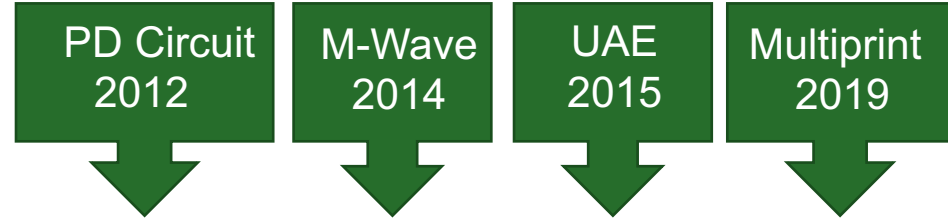
# Low customer concentration and diversified sectors

% of revenue





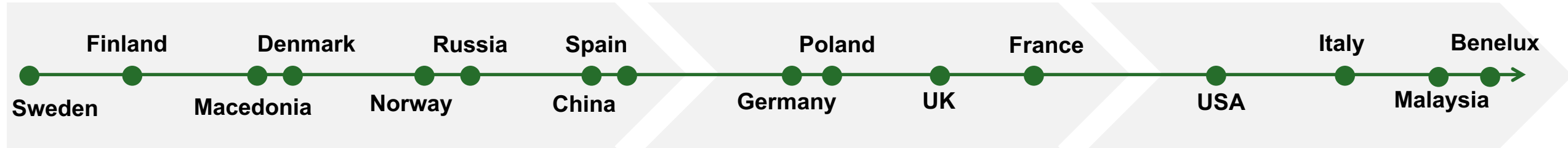
# Our journey



1993–2003

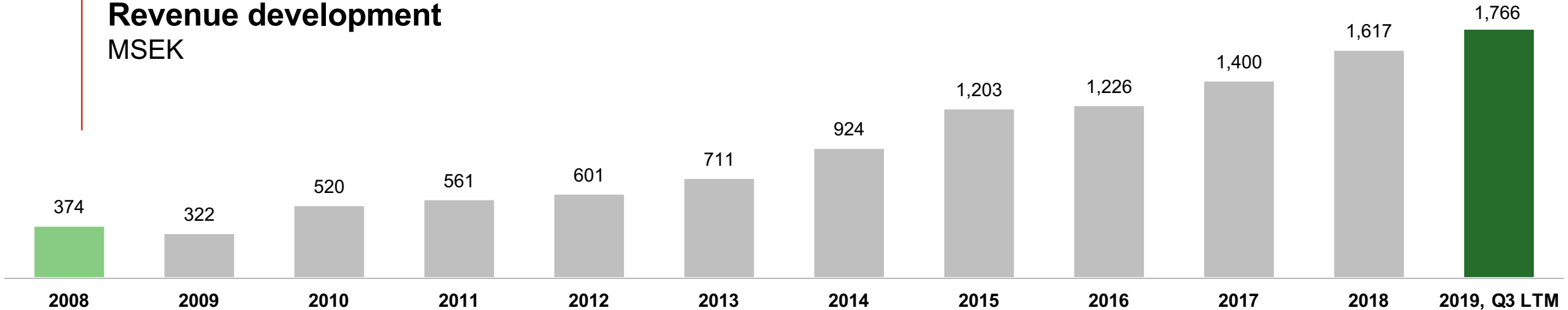
2004–2011

2012–



CAGR: 15.5%

## Revenue development MSEK



# Customer case



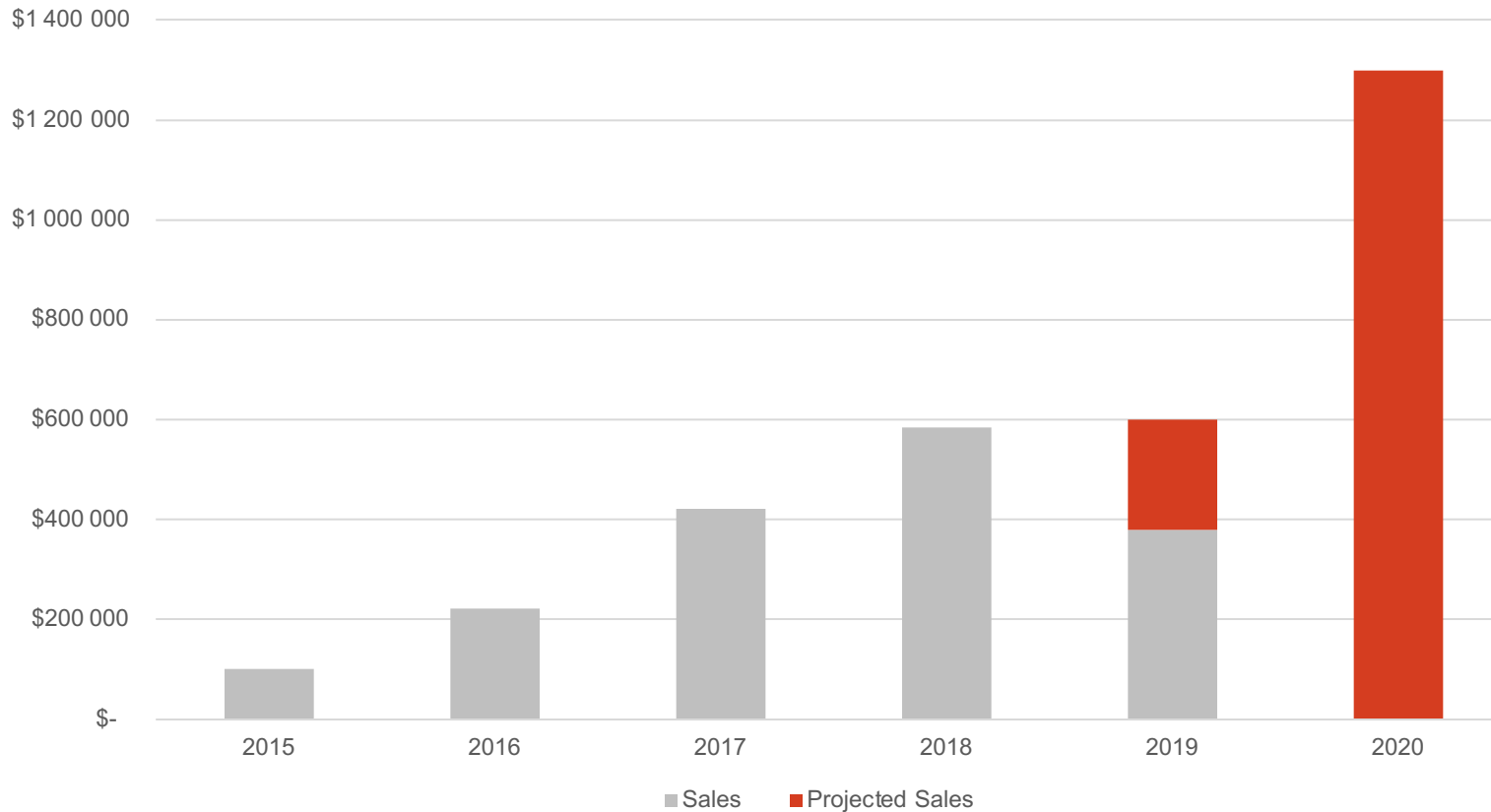
## Kimball Electronics Tampa

- Contract manufacturer
- 227 employees in Tampa location
- 150,000 square foot facility
- PCB spend of 4 million USD
- Industries: Medical, Industrial, Automotive, Public safety
- 7 additional locations in North America, Europe and Asia of which NCAB does business with 4.

## Kimball PCB requirements

- Quick and high responsiveness
- Technical and design expertise
- High-reliability
- High engagement in the prototype stage

NCAB Group Sales to Kimball Tampa USD, NCAB forecast



*“The partnership between Kimball Tampa and NCAB Group is instrumental to us and was significant in recently winning a large and complex long-term project. Our relationship with NCAB Group provides us with technical support and knowledge on PCBs that is critical when we’re trying to win opportunities.”*

*Thomas Gainous,  
Supply chain Analyst/Purchaser,  
Kimball Tampa*



# The quarter in numbers

Growth is slowing down, but margins remain strong

**Q3**  
2019

**440**

Net sales, MSEK

**45**

Net sales, MUSD

**46.3**

Adj. EBITA, MSEK

**10.5%**

Adj. EBITA margin

**Change**  
vs  
**Q3 2018**

**+5%**

**-3%**

**+10%**

**+4**  
Basis Points

# Jan-Sep 2019 accumulated

Jan-  
Sep  
2019

**1,359**

Net sales, MSEK

**144**

Net sales, MUSD

**124.2**

Adj. EBITA, MSEK

**9.1%**

Adj. EBITA margin

Change  
vs  
2018

**+12%**

**+2%**

**+15%**

**+2**

Basis Points

# Events and highlights during and after Q3



**First orders received in Malaysia and in the Netherlands**



**Successful integration of Multiprint A/S – synergies larger than anticipated**



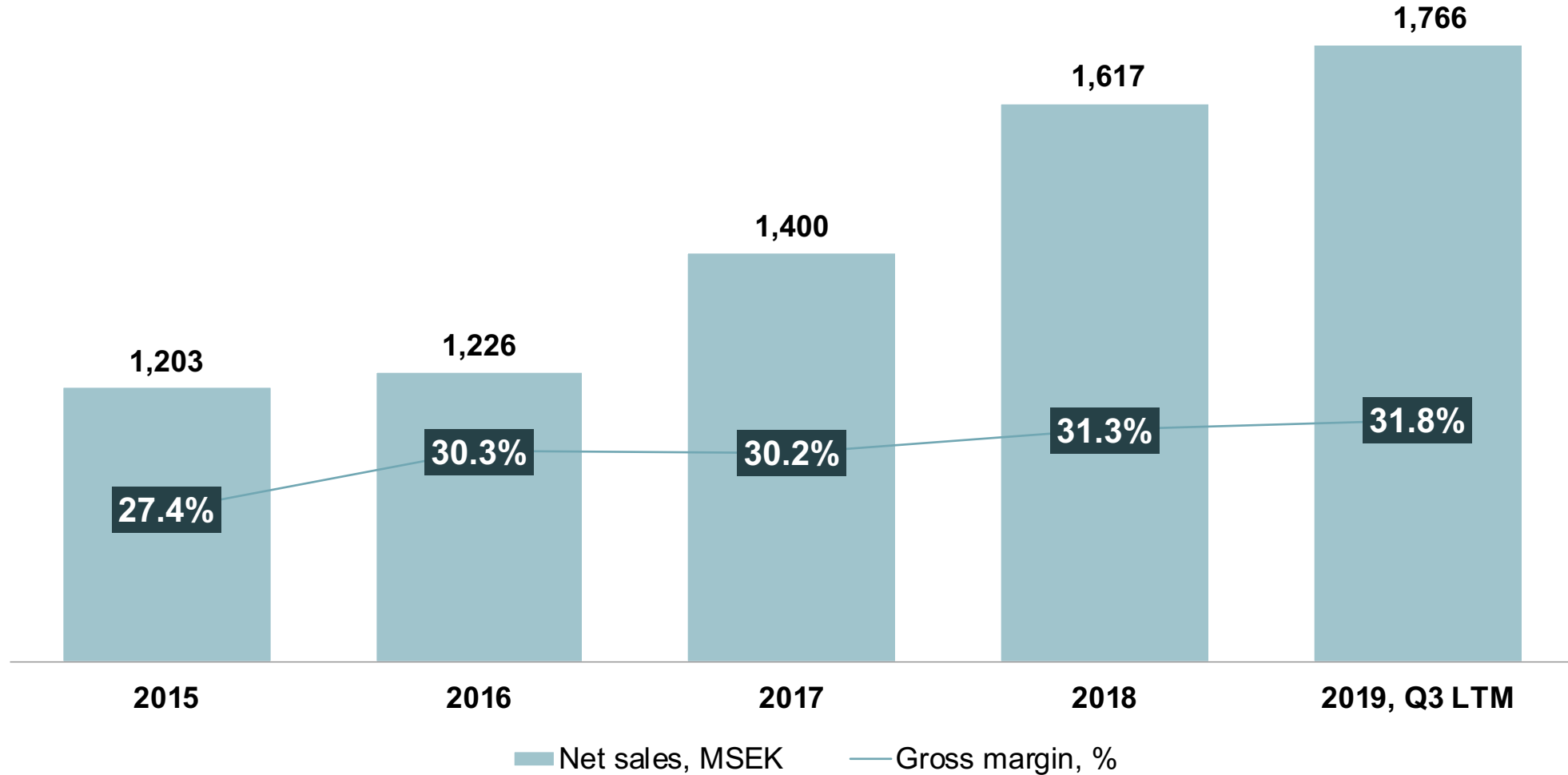
**CEO Hans Ståhl will retire in 2020. The Board will initiate recruitment process with aim to install successor mid 2020.**



## Larger differences between the segments

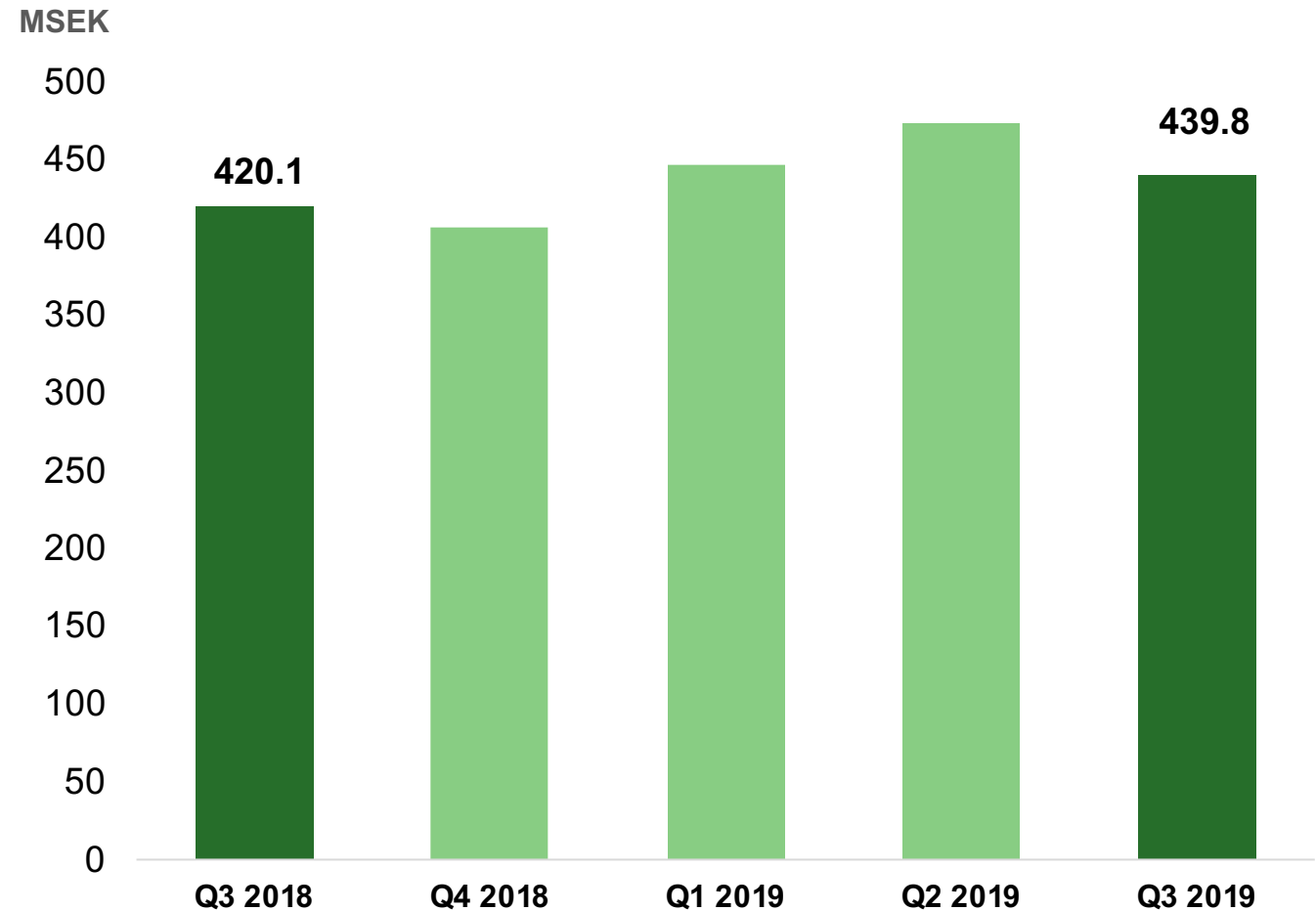
	Growth	EBITA margin
NORDIC	+25%	18.1%
EUROPE	+1%	5.5%
NORTH AMERICA	-16%	6.0%
EAST	+0.2%	13.9%

# Slower top-line growth but increased gross margin



# Slower growth in net sales but strong order intake

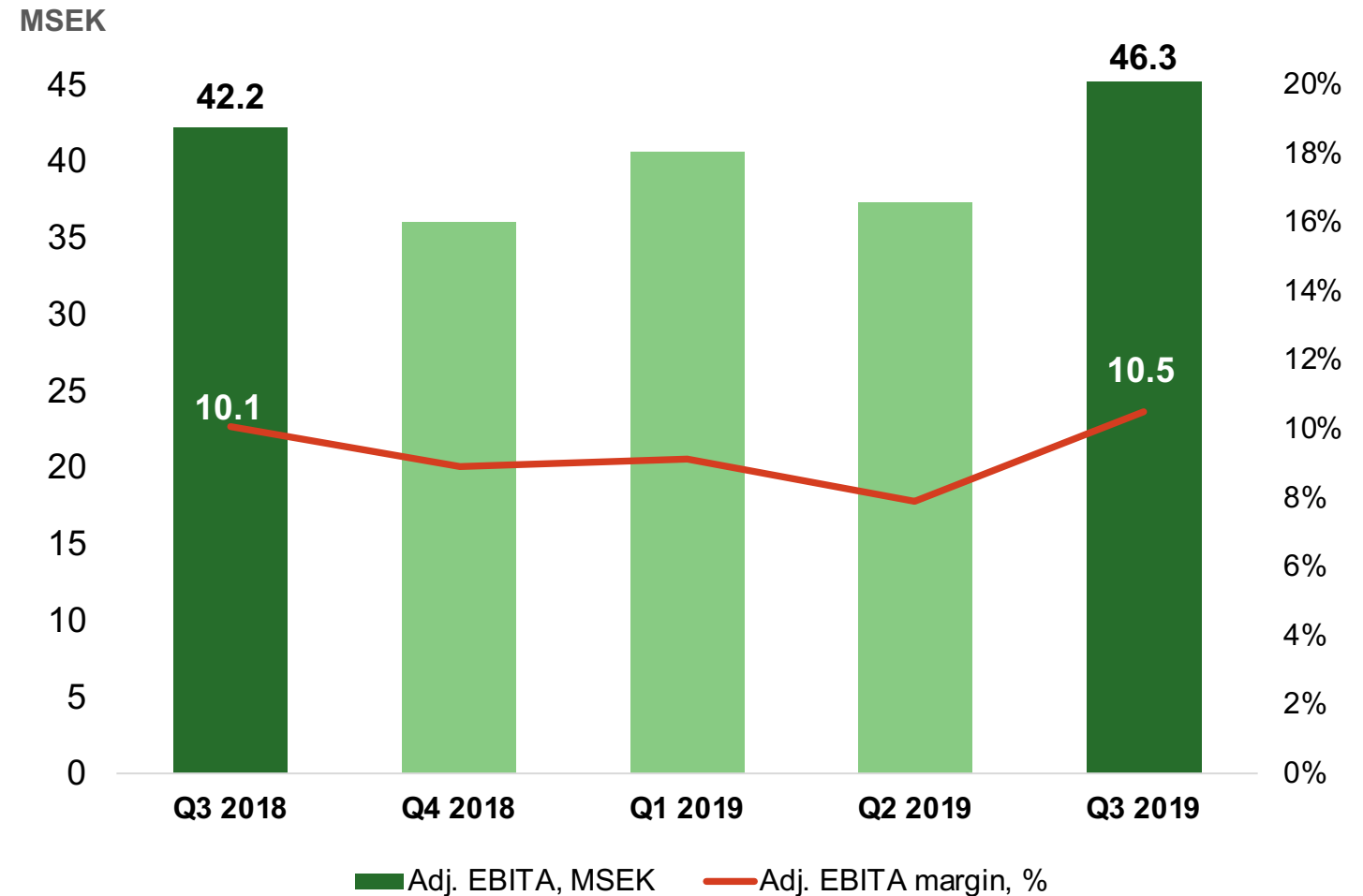
- Increased tariffs had a direct impact on order intake in *North America*
- Growth in order intake in all other segments and tailwind in currencies
- Net sales increased by 5% in SEK and decreased by 3% in USD. 1% increase excluding Multiprint.
- Order intake increased by 9% in SEK, and by 2% in USD.
- Increased cautiousness from European customers





# Stronger result and EBITA margin

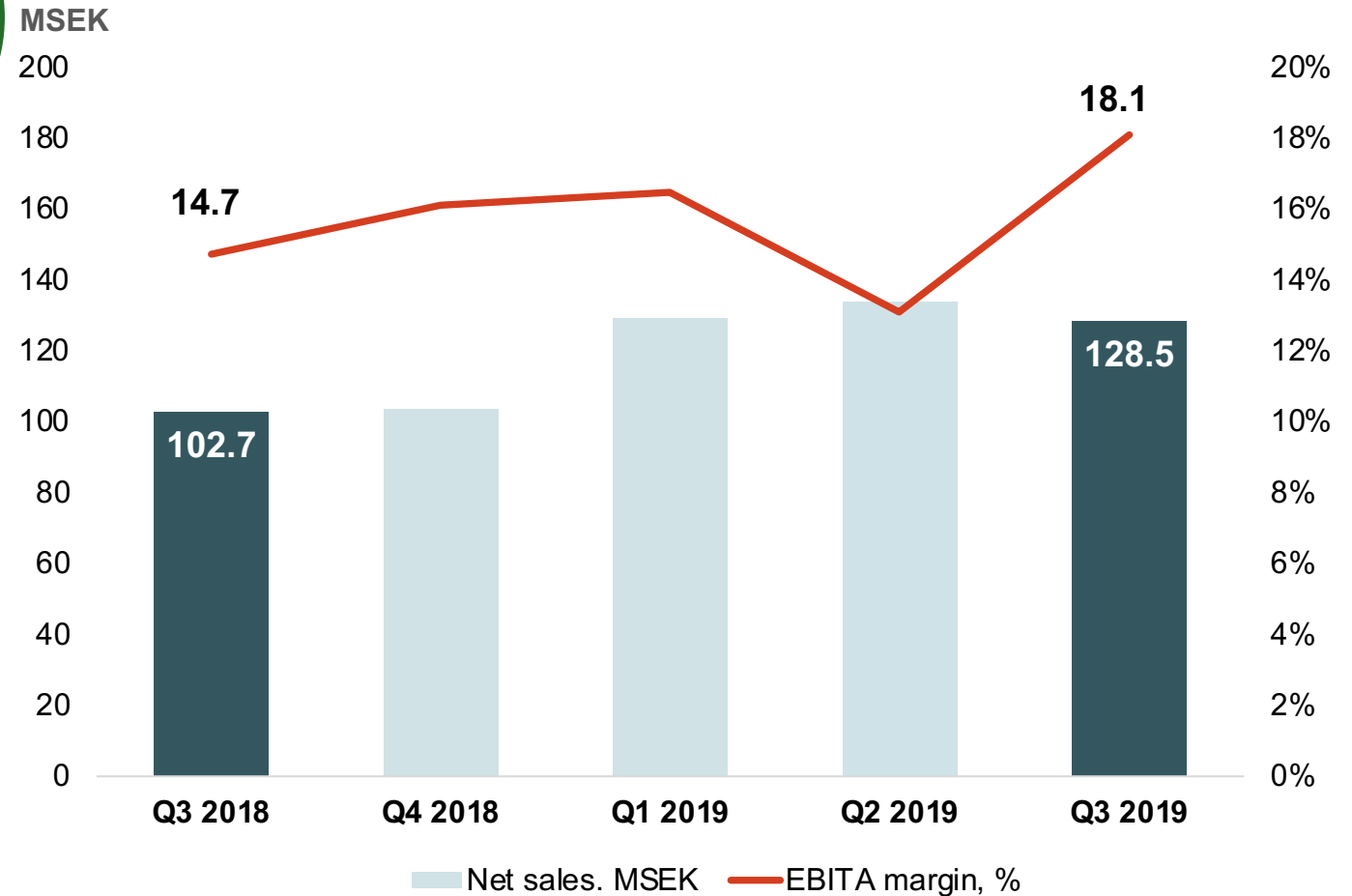
- EBITA increased by 10%, reached 46,3 MSEK (42.2)
- EBITA margin of 10.5% (10.1)
- Stronger result due to higher gross margin. Continue to invest for growth in *Europe* and *East* but in a slower pace
- Earnings per share reached 2.29 SEK (1.93)



# Strong growth in Nordic

**18%**  
EBITA margin

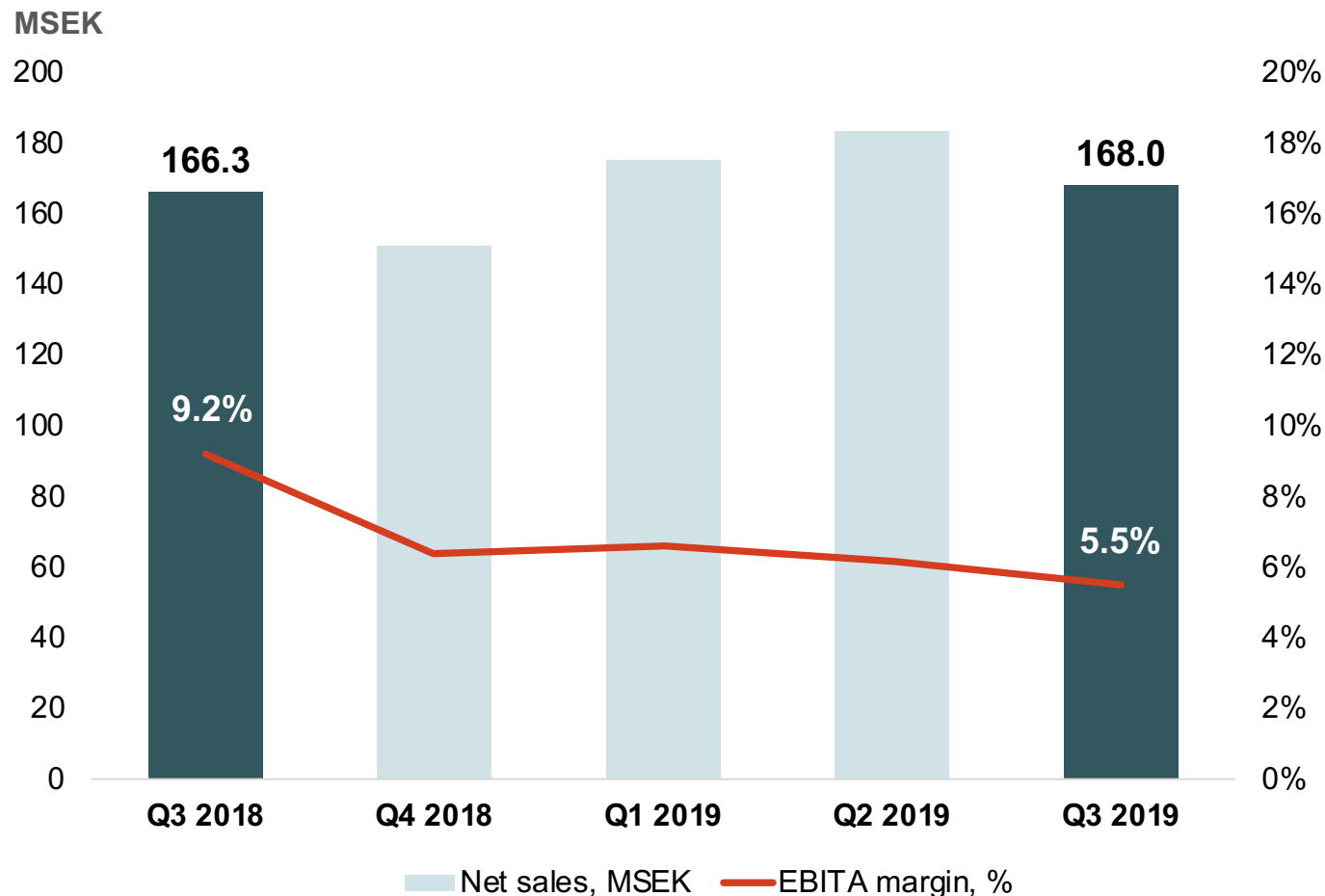
- Strong growth – net sales increased by 25% to 128.5 MSEK (102.7)
- Growth excl. acquired Multiprint was 10%
- Good performance in Norway and Denmark
- Higher EBITA at 23.3 MSEK (15.1). Increased EBITA margin to 18.1% (14.7) – Synergies from Multiprint acquisition



# Europe somewhat hesitant

**1%**  
Revenue growth

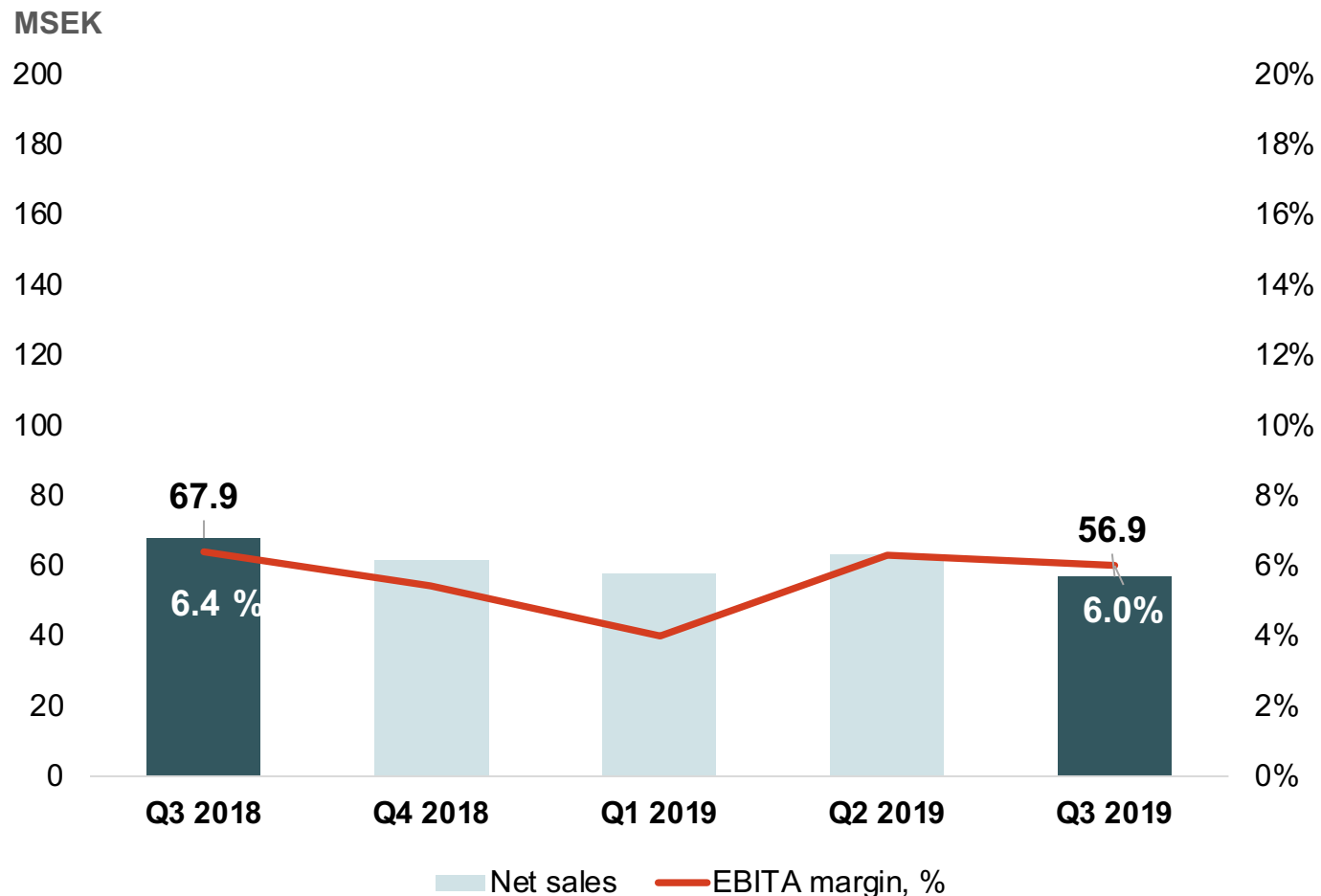
- Net sales growth of 1% to 168.0 MSEK (166.3) and order intake in line with last year
- UK good but Germany somewhat weaker
- First order for the new company in Benelux
- EBITA decreased to 9.3 MSEK (15.2), corresponding to a margin of 5.5% (9.2)



# North America slowed down

**-16%**  
Net sales growth

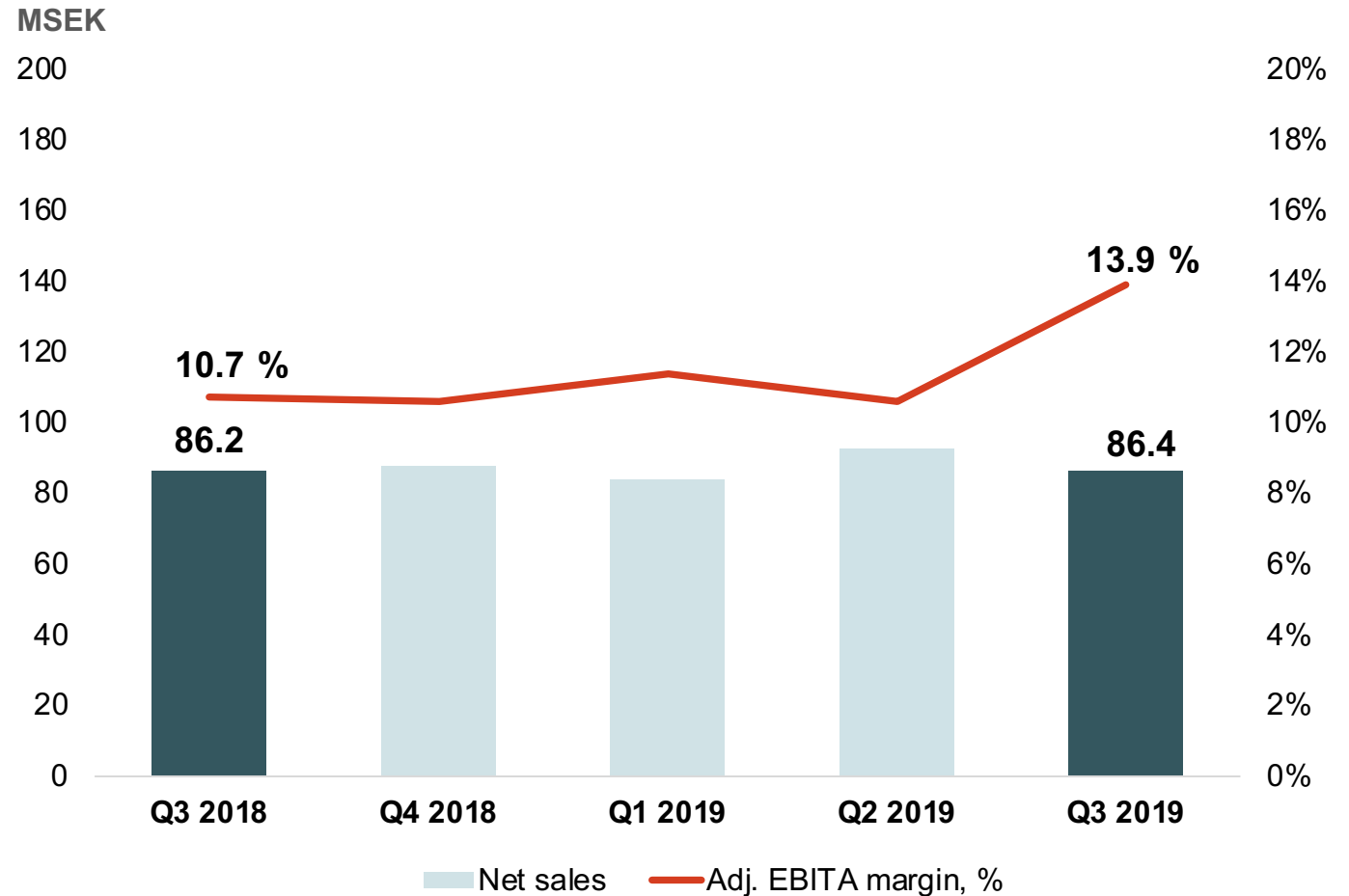
- Net sales -16% to 56.9 MSEK (67.9)  
– in USD revenue fell by 23%
- Trade tariffs are invoiced to customers but have created turbulence on the market. Increase from 10% to 25% from May 10
- EBITA of 3.4 MSEK (4.3), corresponding to a margin of 6.0% (6.4)



# Strong performance in East

**0,2%**  
Revenue growth

- Net sales in line with last year 86.4 MSEK (86.2)
- Chinese customers exporting to USA are affected by the tariffs
- First order in Malaysia
- Order intake grew 25%
- Improved EBITA to 12.0 MSEK (9.2), corresponding to a margin of 13.9% (10.7)





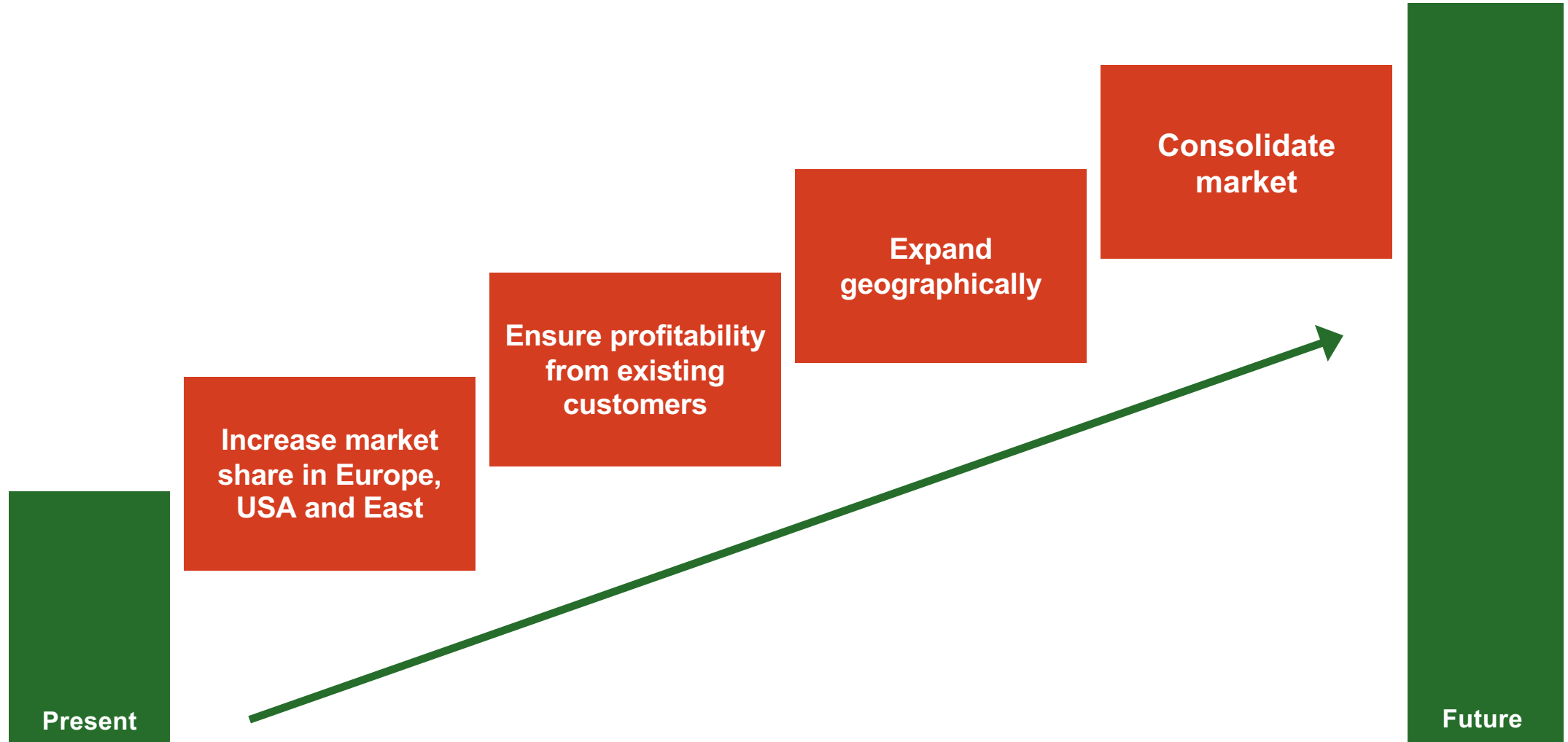
# KPIs

	Sep 2019	Sep 2018	Dec 2018
ROE, %	<b>44.8</b>	32.0	51.9
Net debt/Adj. EBITDA	<b>0.3</b>	0.2	-0.1
Equity/Asset ratio, %	<b>39.4</b>	39.2	41.0
Net working capital, MSEK	<b>153.0</b>	148.7	135.3

## Summary of the Q3 report

- **Growth in sales flattening out, whereas order growth still good**
- **Gross Margin and EBITA margins increasing**
- **Nordic growing well thanks to Norway and acquisition in Denmark**
- **Strong order growth in China**
- **North America shows continued weakness and Europe slowing down**

# Delivering on our strategic plan



# Financial targets, medium-term

Annual average growth before  
acquisitions of

**8%**

Average adjusted EBITA  
margin of

**8%**

Net debt/adjusted  
EBITDA less than

**2x**

Dividend expected to  
correspond to at least

**50%**

of net profit









## Next quarterly report:

January-Dec, 2019

Feb 19 , 2020

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