

Interim Report January–March 2018

JANUARY–MARCH 2018 PERIOD

- > Net sales increased by 6 per cent to SEK 374.4 million (354.0) In USD terms, net sales increased by 16 per cent
- > The order intake was slightly lower than in the same period in 2017, at SEK 369.0 million (376.9). In USD terms, the order intake increased by 8 per cent
- > EBITA was SEK 31.1 million (36.2) and the EBITA margin 8.3 per cent (10.2)
- > The company incurred costs of SEK 1.5 million related to preparations for the IPO and final legal costs of SEK 0.9 million related to the tax dispute in Russia
- > Adjusted* EBITA was SEK 33.5 million (36.2) and the adjusted* EBITA margin 8.9 per cent (10.2)
- > The operating profit was SEK 30.0 million (35.0) and the operating margin 8.0 per cent (9.9)
- > Earnings after tax were SEK 21.1 million (29.6)
- > Earnings per share were SEK 1.33 (1.91) before dilution and SEK 1.31 (1.87) after dilution**

SIGNIFICANT EVENTS DURING THE PERIOD

- > A settlement was reached in respect of the demand from the Russian tax authority. The total cost was SEK 32.8 million, of which SEK 31.9 million was expensed in 2017. SEK 14.3 million was paid in December 2017 and the remaining portion in the first quarter of 2018
- > Due to the provisions made for the Russian tax demand, the company was unable to meet one of its financial covenants as at 31 December 2017. The covenant was waived by the bank during the period
- > NCAB Group achieves top ranking as an employer in the Best Service Company category in Brilliant's annual Powered By People survey
- > Gunilla Öhman appointed new Head of Investor Relations

KEY PERFORMANCE INDICATORS

	Jan–Mar		Change, %	Full year	
	2018	2017		LTM***	2017
Order intake, MSEK	369.0	376.9	-2	1,501.3	1,509.2
Order intake, MUSD	45.6	42.2	8	179.8	176.8
Net sales, MSEK	374.4	354.0	6	1,420.5	1,400.1
Net sales, MUSD	46.2	39.9	16	170.3	164.0
Gross margin, %	30.4	30.4		30.2	30.2
EBITA, MSEK	31.1	36.2	-14	65.1	70.2
EBITA margin, %	8.3	10.2		4.6	5.0
Adjusted* EBITA, MSEK	33.5	36.2	-7	111.0	113.7
Adjusted* EBITA margin, %	8.9	10.2		7.8	8.1
Operating profit/loss, MSEK	30.0	35.0	-14	60.6	65.6
Profit after tax, MSEK	21.1	29.6	-29	31.9	40.4
Earnings per share before dilution**, SEK	1.33	1.91	-31	1.85	2.42
Earnings per share after dilution**, SEK	1.31	1.87	-30	1.82	2.38
Cash flow from operating activities, MSEK	-20.9	6.5	Neg	9.9	37.4
Return on equity, %	19.8	53.9		19.8	30.4

* Adjusted for extraordinary items of SEK 2.4 million in EBITA in the first quarter of 2018 related to preparations for the IPO and final legal costs related to the settlement with the Russian tax authority. EBITA has been adjusted by SEK 45.9 million for LTM and by SEK 43.5 million for the full year 2017

** The Annual General Meeting on 14 March 2018 resolved to approve a 10:1 stock split. Earnings per share have been calculated retrospectively based on the total number shares after the stock split for each period

*** LTM = last twelve months = rolling twelve months

MESSAGE FROM THE CEO

A positive first quarter

NCAB has made a good start to 2018. Thanks to our high order intake in late 2017, we achieved strong underlying growth in USD, with net sales increasing by 16 per cent. The order intake in USD also increased, by 8 per cent. In SEK terms, the figures are slightly lower, as the dollar was significantly weaker than in the first quarter of 2017. Pricing in the PCB market is in dollars, which affects our net sales but has less of an impact on earnings, as a large share of our costs are also dollar-related. Adjusted EBITA was slightly below the level in 2017. The adjusted EBITA margin narrowed from 10.2 per cent to 8.9 per cent, partly due to a weaker dollar and a stronger euro, and partly due to costs for new staff.

We expect the market to remain healthy with good demand in all NCAB's segments. The Chinese, German and UK markets have been particularly strong for us, while we still are in a transition phase in USA. We are also pleased to note that Italy, our new market where we established a presence in 2017, has performed well. Although the amounts involved are small, this is a sign that our strategy for launches in new markets is proving successful.

As in the fourth quarter of 2017, our customers have been reporting a shortage of certain types of components that they use, which is also putting a brake on sales of PCBs. The component shortage is partly due to a series of mergers of suppliers in the industry, which has led to longer lead times while the factories ramp up production to full capacity. We expect the component shortage to be temporary and that a balance will be restored over time.

We remain optimistic about 2018, although there are uncertainties about the outlook for the economy and world trade. If the dollar remains below its level in 2017, this will reduce our growth in SEK terms somewhat. In 2018, we will continue to pursue our strategy for profitable growth. We see a potential in deepening the integration with our existing customers with the aim of increasing the value we add and thereby our profitability, continuing to recruit more skilled workers and investing for future growth in selected countries. We are pleased to note that other underlying measures are also pointing in the right direction: the quality of our printed circuit boards reached a new high during the period and were rewarded for our efforts to ensure employee satisfaction.

Hans Ståhl
CEO and President, NCAB Group AB

”

A continued strong market
with good demand

”



Q1 2018

6%

Sales growth

374

Net sales,
SEKm

33.5

Adjusted* EBITA,
SEKm

8.9%

Adjusted* EBITA
margin

*) Adjusted for extraordinary items of SEK 2.4 million in EBITA in the first quarter of 2018, comprising IPO preparation costs of SEK 1.5 million and final legal costs of SEK 0.9 million related to the settlement with the Russian tax authority.

ABOUT NCAB

A leading supplier of printed circuit boards

NCAB is one of the world's leading suppliers of printed circuit boards with some 1,650 customers across 45 markets globally. Being the leader doesn't necessarily mean being the biggest, although size is important for us. We also want to be the leader in terms of expertise, service, sustainability and technology. Being the leading player also gives us the strength to attract customers through important projects, skilled employees and the best factories.



We take overall responsibility for supplying our customers with high-quality PCBs at the right price. We do not own any factories, but thanks to our local sales companies and our Factory Management team, which works closely with the factories, we "own" the most important elements: the whole manufacturing process as well as the relationships with the customer and the factory. This gives us access to the best technology without being dependent on factory investments.

BUSINESS CONCEPT

Our business concept is to provide defect-free printed circuit boards for demanding customers, at the right time and at the lowest overall cost.

VISION

To be the leading supplier of printed circuit boards – in all our countries of operation.

FINANCIAL TARGETS AND DIVIDEND POLICY

NCAB's medium-term target is to achieve average annual organic growth before acquisitions of around 8 per cent and an adjusted EBITA margin of around 8 per cent. Our capital structure target is a ratio of net debt to adjusted EBITDA of less than 2.0. The debt ratio may temporarily exceed this level, in connection with a major acquisition for example. NCAB intends to distribute available cash flow after taking account of the company's debt situation and future growth opportunities, including acquisitions, with an expected payout ratio of 50 per cent of net profit.

1,650
CUSTOMERS



15
COUNTRIES WITH
LOCAL PRESENCE



18
MANUFACTURERS



45
MARKETS

365
SPECIALISTS



113
MILLION PCBs
MANUFACTURED ANNUALLY



GROUP PERFORMANCE

JANUARY–MARCH 2018 PERIOD

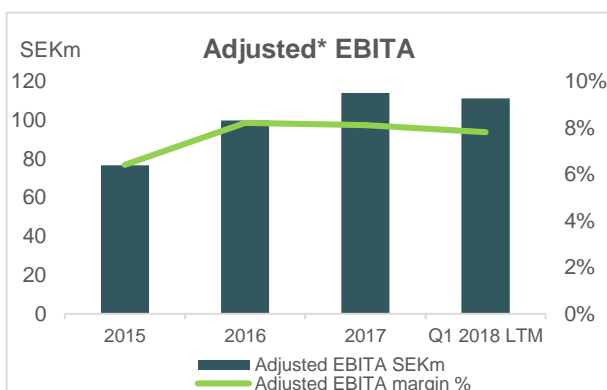
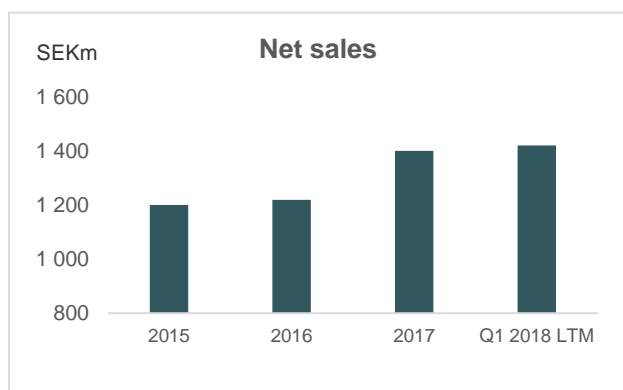
NET SALES

Net sales increased by 6 per cent in the first quarter, to SEK 374.4 million (354.0). Underlying growth in USD terms was around 16 per cent, as the weakening of the US dollar against the Swedish krona is estimated to have had a negative effect of around 10 percentage units off the reported growth rate. Excluding the adverse US dollar impact, the company saw strong growth, especially in its Europe and East segments. The underlying market was positive for all segments and the order intake increased by 8 per cent in USD terms. In SEK terms, the order intake decreased by 2 per cent.

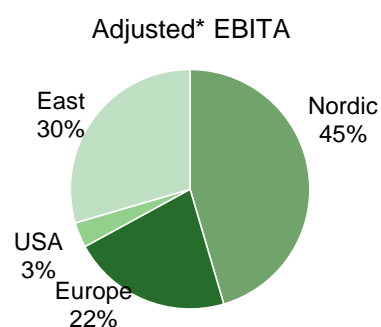
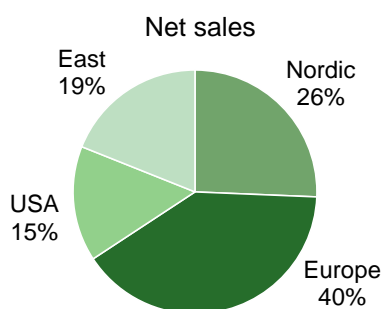
EARNINGS

Adjusted EBITA* was SEK 33.5 million (36.2) and the adjusted EBITA margin decreased to 8.9 per cent (10.2) as a result of currency effects and increased costs for new staff. The company also experienced a delay in call-off orders during the period, which our customers say is due to longer lead times and reduced availability of certain types of components at their end. EBITA was SEK 31.1 million (36.2) after deduction of costs of SEK 1.5 million related to IPO preparations and costs of SEK 0.9 million related to the final legal costs in the Russian tax dispute. The operating profit decreased to SEK 30.0 million (35.0).

The net financial expense was SEK -4.4 million (-1.2), of which SEK -2.4 million (0.0) refers to negative foreign exchange differences. The income tax expense was SEK -4.5 million (-4.2). Earnings after tax for the period were SEK 21.1 million (29.6).



BREAKDOWN BY SEGMENT, JAN–MAR 2018



*) Adjusted for extraordinary items of SEK 2.4 million in EBITA in the first quarter of 2018 related to IPO preparation costs and final legal costs in the settlement with the Russian tax authority

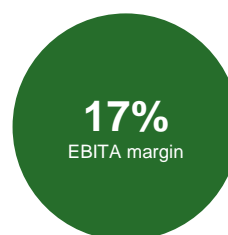
PERFORMANCE BY SEGMENT

NORDIC

Sweden, Norway, Denmark, Finland and Estonia.

First quarter

Net sales increased by 1 per cent in the first quarter, to SEK 96.1 million (95.6). The weakening of the US dollar against the Swedish krona is expected to have reduced reported growth by approximately 11 percentage units. EBITA was SEK 16.0 million (15.0) and the EBITA margin increased to 16.6 per cent (15.7) as a result of a higher gross margin.



NORDIC SEK million	Jan–Mar			Full year	
	2018	2017	Change, %	LTM	2017
Net sales	96.1	95.6	1	368.7	368.2
EBITA	16.0	15.0	6	48.1	47.2
EBITA margin, %	16.6	15.7		13.1	12.8

EUROPE

France, Germany, Spain, Poland, Italy and the United Kingdom.

First quarter

Net sales for the first quarter increased by 14 per cent, to SEK 150.2 million (131.4). The weakening of the US dollar against the Swedish krona is expected to have reduced reported growth by approximately 10 percentage units. Growth was particularly strong in Germany and the UK. EBITA decreased to SEK 7.6 million (9.9) and the EBITA margin fell to 5.1 per cent (7.6), primarily as a result of a large number of new recruitments aimed at supporting future growth and the establishment of operations in Italy.



EUROPE SEK million	Jan–Mar			Full year	
	2018	2017	Change, %	LTM	2017
Net sales	150.2	131.4	14	526.3	507.5
EBITA	7.6	9.9	-24	27.5	29.8
EBITA margin, %	5.1	7.6		5.2	5.9

USA

First quarter

Net sales decreased by 12 per cent in the first quarter, to SEK 57.3 million (65.1). The weakening of the US dollar against the Swedish krona is expected to have reduced reported growth by approximately 9 percentage units. EBITA decreased to SEK 1.2 million (2.5) and the EBITA margin was 2.0 per cent (3.8).

-12%
Change in net sales

NCAB established a presence in the US through two acquisitions in 2012 and 2014. The companies have now been integrated following a partial reorientation of the businesses in 2016 and 2017 with the aim of promoting growth, partly through the opening of new offices. A new managing director was appointed in August 2017.

USA SEK million	Jan–Mar			Full year	
	2018	2017	Change, %	LTM	2017
Net sales	57.3	65.1	-12	253.2	261.0
EBITA	1.2	2.5	-52	11.0	12.3
EBITA margin, %	2.0	3.8		4.3	4.7

EAST

China, Macedonia and Russia.

First quarter

Net sales increased by 15 per cent in the first quarter, to SEK 71.0 million (61.9). The weakening of the US dollar against the Swedish krona is expected to have reduced reported growth by approximately 11 percentage units. The company saw particularly strong growth in China. Adjusted EBITA was SEK 10.4 million (8.6) and the adjusted* EBITA margin 14.7 per cent (13.8).

15%

EAST SEK million	Jan–Mar			Full year	
	2018	2017	Change, %	LTM	2017
Net sales	71.0	61.9	15	271.9	262.8
EBITA	9.5	8.6	11	-3.1	-4.1
Adjusted* EBITA	10.4	8.6	22	29.7	27.8
EBITA margin, %	13.4	13.8		-1.1	-1.6
Adjusted* EBITA margin, %	14.7	13.8		10.9	10.6

*) EBITA for the reporting period has been adjusted by SEK 0.9 million for final legal costs in the settlement with the Russian tax authority. The full year 2017 figure has been adjusted by SEK 31.9 million and the LTM figure by SEK 32.8 million

FINANCIAL POSITION

CASH FLOW AND INVESTMENTS

Cash flow from operating activities in the first quarter was SEK -20.9 million (6.5). The change compared with the same period in 2017 is attributable to the final payment in the Russian tax dispute, a temporary increase in past due trade receivables as a result of Easter falling at the end of the period, a decrease in EBITA, and IPO preparation costs. Cash flow from investing activities was SEK -0.8 million (-0.7) and refers mainly to investments related to the establishment of a subsidiary in Italy as well as adaptations to existing offices.

LIQUIDITY AND FINANCIAL POSITION

The Group's net interest-bearing debt stood at SEK 153.1 million at the end of the period, up from SEK 81.2 million at the end of the first quarter of 2017. The increase in net debt compared with the end of the first quarter of 2017 is mainly attributable to dividends as well as extraordinary items. The equity/assets ratio at 31 March 2018 was 22.3 per cent (35.8) and equity stood at SEK 131.6 million (190.8). At the end of the period, the Group had available liquidity, including undrawn overdraft facilities, of SEK 39.3 million (99.0).

Due to the provisions made for unforeseen costs in the tax dispute in Russia, the company was unable to meet the covenant relating to equity/assets ratio in its loan agreement with the bank as at 31 December 2017. In accordance with IFRS, all bank loans were therefore classified as current liabilities as at 31 December 2017. During the reporting period, the company received a waiver from the bank in respect of the third and fourth quarters of 2017 as well as the first quarter of 2018. The bank loans are therefore again accounted for as current and non-current liabilities for the reporting period.

Other

SIGNIFICANT RISKS AND UNCERTAINTIES

Through its operations, the Group is exposed to risks of a financial as well as operational nature, which the Group can influence to a greater or lesser extent. Continuous processes are in place in the Group to identify any risks and assess how they should be managed.

Operational risks include commercial risks arising from changes in economic activity and demand as well as customer preferences and relationships to the company. Other risks are related to the production capabilities, capacity and order books of the company's manufacturers, and to the availability and prices of raw materials. The company is also dependent on the continued trust of its employees and its ability to recruit skilled employees.

With regard to financial risks, the Group is exposed to currency risk, especially with regard to the exchange rates among USD, EUR and SEK, through the translation exposure of sales and purchase ledgers, and reported assets, liabilities and net investments in the operations. The Group is also exposed to other risks, such as interest rate risk, credit risk and liquidity risk.

See NCAB's Annual Report 2017 for a more detailed description of the Group's risk exposure and risk management.

SIGNIFICANT EVENTS DURING THE PERIOD

A settlement was reached in respect of the demand from the Russian tax authority. The total cost was SEK 32.8 million, of which SEK 31.9 million was expensed in 2017. SEK 14.3 million was paid in December 2017 and the remaining amount in February/March 2018. Due to the provisions made for the Russian tax demand, the company was unable to meet one of its financial covenants as at 31 December 2017. The covenant was waived by the lender during the period.

Gunilla Öhman has been appointed new Head of Investor Relations.

At the Annual General Meeting on 14 March 2018, it was resolved to change the name of the company from NCAB Holding AB to NCAB Group AB (publ) and to effect a 10:1 stock split. As the stock split has been approved, earnings per share are presented based on the average number of shares after the split restated for all periods presented in the report. The AGM also authorised the payment of SEK 2.7 million in interest on the company's preference shares, which will be paid in June.

RELATED PARTY TRANSACTIONS

Transactions with related parties have taken place to the same extent as previously and the same principles have been applied as are described in the latest annual report.

ORGANISATION

At 31 March 2018, the number of employees was 365 (315), of whom 172 were women (139) and 193 were men (176). The average number of employees in the organisation during the period was 361 (310), of whom 168 (136) were women and 193 were (174) men.

PARENT COMPANY

In the parent company, net sales for the first quarter of 2018 were SEK 13.0 million (1.6) as a result of increased internal invoicing. Earnings after net financial income/expense were SEK -5.3 million (-8.0), the improvement being due to foreign exchange gains.

DECLARATION OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

The Board of Directors and Chief Executive Officer declare that the interim report provides a true and fair view of the development of the Group's and parent company's business, its financial position and results, and describes significant risks and uncertainties faced by the parent company and the companies included in the Group.

Bromma, 25 April 2018

Christian Salamon
Chairman

Jan-Olof Dahlén
Director

Per Hesselmark
Director

Magdalena Persson
Director

Hans Ramel
Director

Gunilla Rudebjer
Director

Hans Ståhl
Chief Executive Officer

CONTACT

For further information, please contact
Anders Forsén, CFO +46 (0)8-4030 0051
Gunilla Öhman, Head of Investor Relations, +46 (0)70-763 81 25

NCAB Group AB (publ)

Telephone +46 (0)8-4030 0000
Mariehällsvägen 37 A, SE-168 65 Bromma
www.ncabgroup.com

FINANCIAL CALENDAR

Interim report January–June 2018	16 August 2018
Interim report January–September 2018	16 November 2018
Year-end report 2018	20 February 2019

This interim report has been reviewed by the company's auditor.

Group

CONSOLIDATED INCOME STATEMENT

SEK million	Jan–Mar 2018	Jan–Mar 2017	LTM	Full year 2017
Operating revenue				
Net sales	374.4	354.0	1,420.5	1,400.1
Other operating income	0.2	0.2	0.2	0.2
Total	374.7	354.2	1,420.7	1,400.3
Raw materials and consumables	-260.8	-246.6	-992.0	-977.8
Other external expenses	-25.6	-20.8	-97.5	-92.8
Staff costs	-53.7	-49.7	-214.2	-210.2
Depreciation of property, plant and equipment, and amortisation of intangible assets	-2.2	-2.1	-8.7	-8.5
Other operating expenses	-2.4	-	-47.7	-45.3
Total operating expenses	-344.7	-319.2	-1,360.1	-1,334.7
Operating profit	30.0	35.0	60.6	65.6
Net financial expense	-4.4	-1.2	-8.8	-5.6
Profit before tax	25.6	33.8	51.9	60.0
Income tax	-4.5	-4.2	-20.0	-19.6
Profit for the period	21.1	29.6	31.9	40.4
Profit attributable to:				
Shareholders of the parent company	21.0	29.5	31.8	40.3
Non-controlling interests	0.0	0.1	0.1	0.1
Average number of ordinary shares	12,214,170	12,055,170	12,196,190	12,156,330
Average number of preference shares	2,912,620	2,912,620	2,912,620	2,912,620
Average total number of shares	15,126,790	14,967,790	15,108,810	15,068,950
Earnings per share before dilution	1.33	1.91	1.85	2.42
Earnings per share after dilution	1.31	1.87	1.82	2.38

The Annual General Meeting on 14 March 2018 resolved to approve a 10:1 stock split. Earnings per share have been calculated retrospectively based on the total number shares after the stock split for each period. As the company's preference shares, in addition to interest payments, entitle the holder to dividends on the same terms as for ordinary shares, the total number of shares (i.e. ordinary shares and preference shares) is used in calculating earnings per share.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Jan–Mar 2018	Jan–Mar 2017	LTM	Full year 2017
Profit for the period	21.1	29.6	31.9	40.4
Other comprehensive income, items that can subsequently be reclassified to profit or loss				
Foreign exchange differences	4.9	0.4	-1.4	-5.9
Total comprehensive income	25.9	30.0	30.5	34.5
Profit attributable to:				
Shareholders of the parent company	25.9	29.9	30.4	34.4
Non-controlling interests	0.0	0.1	0.1	0.1

CONSOLIDATED BALANCE SHEET

SEK million			
ASSETS	31 Mar 2018	31 Mar 2017	31 Dec 2017
Non-current assets			
Goodwill	130.0	132.6	129.4
Other intangible assets	6.9	13.1	8.1
Improvements to third party's property	1.8	1.1	1.9
Plant and equipment	4.9	5.3	4.9
Financial assets	1.1	0.5	1.0
Deferred tax assets	0.7	1.8	0.7
Total non-current assets	145.5	154.3	146.0
Current assets			
Inventories	83.1	55.9	97.5
Trade receivables	305.3	262.0	254.3
Other current receivables	20.2	6.3	15.9
Prepaid expenses and accrued income	8.9	15.1	9.4
Cash and cash equivalents	27.7	39.7	31.2
Total current assets	445.2	378.9	408.3
TOTAL ASSETS	590.7	533.2	554.3
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent company			
Share capital	1.5	1.5	1.5
Additional paid-in capital	119.5	116.5	117.6
Reserves	-2.5	-1.1	-7.4
Retained earnings	12.8	73.7	-5.5
Non-controlling interests	0.2	0.2	0.1
Total equity	131.6	190.8	106.4
Non-current liabilities			
Borrowings	73.3	69.8	-
Deferred tax	3.5	2.3	3.4
Total non-current liabilities	76.8	72.1	3.4
Current liabilities			
Other provisions	-	-	17.6
Current liabilities	107.6	51.1	165.1
Trade payables	199.5	165.0	192.9
Current tax liabilities	7.3	2.7	7.1
Other current liabilities	31.2	25.0	19.4
Accrued expenses and deferred income	36.8	26.4	42.4
Total current liabilities	382.3	270.3	444.5
TOTAL EQUITY AND LIABILITIES	590.7	533.2	554.3

As the required equity/assets ratio was not met at 31 December 2017, all bank loans were classified as non-current liabilities. The requirement was waived by the bank during the period. See also page 7.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK million	Attributable to shareholders of the parent company					Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Reserves	Retained earnings	Total		
1 Jan 2017	1.5	115.3	-1.5	44.2	159.5	0.1	159.7
Profit for the period	-	-	-	29.5	29.5	0.1	29.6
Other comprehensive income for the period	-	-	0.4	-	0.4	-	0.4
Total comprehensive income	-	-	0.4	29.5	29.9	0.1	30.0
Issue of new ordinary shares	0.0	1.2	-	-	1.2	-	1.2
Total transactions with shareholders, recognised directly in equity	0.0	1.2	-	-	1.2	-	1.2
31 Mar 2017	1.5	116.5	-1.1	73.7	190.6	0.2	190.8

SEK million	Attributable to shareholders of the parent company					Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Reserves	Retained earnings	Total		
1 Jan 2018	1.5	117.6	-7.3	-5.5	106.2	0.1	106.4
Profit for the period	-	-	-	21.0	21.0	0.0	21.1
Other comprehensive income for the period	-	-	4.9	-	4.9	-	4.9
Total comprehensive income	-	-	4.9	21.0	25.9	0.0	25.9
Issue of new ordinary shares	0.0	1.9	-	-	2.0	-	2.0
Authorised, undistributed dividend on preference shares	-	-	-	-2.7	-2.7	-	-2.7
Total transactions with shareholders, recognised directly in equity	0.0	1.9	-	-2.7	-0.7	-	-0.7
31 Mar 2018	1.5	119.5	-2.5	12.8	131.4	0.2	131.6

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million	Jan–Mar 2018	Jan–Mar 2017	LTM	Full year 2017
Cash flow from operating activities				
Profit before net financial income/expense	30.0	35.0	60.6	65.6
Adjustment for non-cash items	-4.5	3.3	-8.3	-0.4
Provisions	-17.6	-	-	17.6
Interest received	0.1	0.1	0.8	0.8
Interest paid	-2.0	-1.3	-7.8	-7.2
Income taxes paid	-10.7	-9.5	-11.9	-18.6
Cash flow from operating activities before changes in working capital	-4.8	27.5	33.2	57.7
Change in inventories	14.4	33.4	-27.2	-8.2
Change in current receivables	-40.6	-36.5	-44.5	-32.6
Change in current operating liabilities	10.1	-17.8	48.4	20.5
Total changes in working capital	-16.2	-21.0	-23.3	-20.3
Cash flow from operating activities	-20.9	6.5	9.9	37.4
Cash flow from investing activities				
Investments in property, plant and equipment	-0.5	-0.7	-3.3	-3.5
Investments in intangible assets	-0.2	0.0	-0.9	-0.7
Investments in financial assets	-0.1	-	-0.5	-0.5
Cash flow from investing activities	-0.8	-0.7	-4.7	-4.6
Cash flow from financing activities				
Issue of new shares	2.0	1.2	3.1	2.3
Change in overdraft facility	26.5	0.3	52.6	26.4
Borrowings	-	-	57.2	57.2
Transaction cost, loans	-	-	-0.6	-0.6
Repayment of loans	-10.3	-7.8	-38.4	-35.8
Dividend	-	-	-90.1	-90.1
Cash flow from financing activities	18.2	-6.3	-16.1	-40.6
Decrease/increase in cash and cash equivalents				
Cash flow for the period	-3.6	-0.4	-10.9	-7.8
Foreign exchange difference in cash and cash equivalents	0.1	0.3	-1.0	-0.9
Cash and cash equivalents at beginning of period	31.2	39.9	39.7	39.9
Cash and cash equivalents at end of period	27.7	39.7	27.7	31.2

Parent company

PARENT COMPANY INCOME STATEMENT

SEK million	Jan–Mar 2018	Jan–Mar 2017	Full year 2017
Operating revenue			
Net sales	13.0	1.6	55.3
Total	13.0	1.6	55.3
Other external expenses	-9.5	-5.6	-30.0
Staff costs	-4.5	-4.3	-22.7
Depreciation of property, plant and equipment, and amortisation of intangible assets	-0.2	-0.3	-1.0
Other operating expenses	-1.5	-	-11.6
Total operating expenses	-15.6	-10.2	-65.3
Operating loss	-2.6	-8.5	-10.0
Income from investments in Group companies	-0.1	-	26.6
Other interest income and similar income	3.0	2.5	25.7
Interest expense and similar charges	-5.8	-2.0	-11.8
Net financial income/expense	-2.7	0.5	40.5
Profit/loss before tax	-5.3	-8.0	30.5
Appropriations	-	-	-1.0
Tax on profit for the period	-	-	-0.7
Profit/loss for the period	-5.3	-8.0	28.8

The parent company has no items which are accounted for as other comprehensive income. Total comprehensive income is therefore the same as profit for the period.

The company has previously recognised foreign exchange differences on a gross basis in Other interest income and similar income, and Interest expense and similar charges. In this and future interim reports, foreign exchange differences are recognised on a net basis. Historical periods have been restated.

PARENT COMPANY BALANCE SHEET

SEK million			
ASSETS	31 Mar 2018	31 Mar 2017	31 Dec 2017
Non-current assets			
Capitalised development costs	0.7	1.5	0.9
Plant and equipment	0.2	0.5	0.2
Non-current financial assets	210.8	205.7	206.2
Total non-current assets	211.7	207.7	207.3
Current assets			
Trade receivables	1.5	0.3	0.6
Receivables from Group companies	148.4	118.1	128.8
Other current receivables	6.1	3.3	7.0
Prepaid expenses and accrued income	3.3	3.3	2.0
Cash and cash equivalents	0.1	0.1	0.1
Total current assets	159.3	125.1	138.5
TOTAL ASSETS	371.0	332.8	345.8
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (1,541,179 shares)	1.5	1.5	1.5
Non-restricted equity			
Share premium account	119.5	116.5	117.6
Retained earnings	-31.5	32.3	-57.7
Profit/loss for the period	-5.3	-8.0	28.8
Total equity	84.2	142.3	90.2
Untaxed reserves	8.8	7.8	8.8
Non-current liabilities			
Liabilities to credit institutions	73.3	69.8	-
Total non-current liabilities	73.3	69.8	0.0
Current liabilities			
Liabilities to credit institutions	41.2	31.1	123.8
Trade payables	3.8	4.2	12.1
Overdraft facility	58.9	14.4	37.7
Liabilities to Group companies	89.9	60.3	63.4
Current tax liabilities	-	-	1.5
Other current liabilities	5.2	-	-
Accrued expenses and deferred income	5.6	3.0	8.2
Total current liabilities	204.6	112.9	246.7
TOTAL EQUITY AND LIABILITIES	371.0	332.8	345.8

As the required equity/assets ratio was not met at 31 December 2017, all bank loans were classified as non-current liabilities. The requirement was waived by the bank during the period. See also page 7.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK million	Restricted equity	Non-restricted equity		Total
	Share capital	Share premium account	Retained earnings	
1 Jan 2017	1.5	115.3	32.3	149.2
Profit/loss for the period	-	-	-8.0	-8.0
Total comprehensive income	-	-	-8.0	-8.0
Issue of new shares	0.0	1.2	-	1.2
Total transactions with shareholders, recognised directly in equity	0.0	1.2	-	1.2
31 Mar 2017	1.5	116.5	24.3	142.3

SEK million	Restricted equity	Non-restricted equity		Total
	Share capital	Share premium account	Retained earnings	
1 Jan 2018	1.5	117.6	-28.9	90.2
Profit/loss for the period	-	-	-5.3	-5.3
Total comprehensive income	-	-	-5.3	-5.3
Issue of new shares	0.0	1.9	-	2.0
Authorised, undistributed dividend on preference shares	-	-	-2.7	-2.7
Total transactions with shareholders, recognised directly in equity	0.0	1.9	-2.7	-0.7
31 Mar 2018	1.5	119.5	-36.9	84.2

Notes

Note 1 Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The financial statements of the parent company have been prepared in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board.

The applied accounting policies are consistent with the policies described in the annual report for the financial year ended 31 December 2017 and should be read in conjunction with these. With the exception of the accounting policies described below, the applied accounting policies are consistent with those described in the NCAB Group's annual report for 2017, which is available on NCAB Group's website.

Segments are accounted for in a way that is consistent with the internal reports submitted to the chief operating decision maker. The chief operating decision maker is the function that is responsible for allocating resources and assessing the results of segments. In the Group, this function has been identified as the Chief Executive Officer, who makes strategic decisions. The Group's operations are evaluated based on geography. The following four segments have been identified: Nordic, Europe, USA and East.

The interim financial information on pages 1–23 is an integral part of this financial report.

Significant estimates and judgements

For information on significant estimates and judgements made by management in preparing the consolidated financial statements, see Note 2 of the annual report for 2017.

Effects of new IFRS standards

IFRS 9 Financial Instruments is effective from 1 January 2018. The new standard contains rules for the classification and measurement of financial assets and liabilities, impairment of financial instruments and hedge accounting. As indicated by the previous analysis, the application of IFRS 9 has not had any significant impact on the company's financial statements.

IFRS 15 Revenue from Contracts with Customers is effective from 1 January 2018 and introduces new rules for the determination of obligations and transaction price as well as for when an entity should recognise revenue. The Group's material revenue flows and contracts have been reviewed and it has been established that control is mainly transferred at a point in time, when a good is delivered. The company applies the standard retrospectively. As indicated in the previous analysis, the introduction of the standard has not had any significant impact on the company's financial statements other than any possible additional disclosure requirement. The Group's revenue streams consist of one single product, printed circuit boards, and therefore no other revenue reporting than per segment is disclosed.

IFRS 16 Leases will be effective for financial years beginning on 1 January 2019. The standard will replace IAS 17 Leases and the related interpretations. The standard requires that assets and liabilities attributable to all leases, with a few exceptions, be recognised in the balance sheet. This accounting treatment is based on the view that the lessee has a right to use an asset during a specific period of time as well as an obligation to pay for this right. The Group has initiated an evaluation of the effects of IFRS 16 on the company's financial statements, which will be completed in 2018.

Note 2 Information on financial assets and liabilities

For more information about financial assets and liabilities, please refer to note 2 in the annual report for 2017. All of the Group's financial assets and liabilities are measured at amortised cost. There are no financial assets and liabilities which are measured at fair value. The carrying amounts of the Group's financial assets and liabilities are deemed to approximate their fair values. All financial assets are recognised in the category "Loans and receivables". All financial liabilities are recognised in the category "Other financial liabilities".

Note 3 Pledged assets and contingent liabilities

The Group has provided shares in subsidiaries as collateral for liabilities to credit institutions.

Note 4 Segment

Description of segments and principal activities

In NCAB Group, the CEO is the Group's chief operating decision maker. The segments are based on the information that is handled by the CEO and used as a basis for decisions on the allocation of resources and evaluation of results. NCAB Group has identified four segments, which also constitute reportable segments in the Group's operations:

Nordic

Provides a broad range of PCBs from NCAB Group's companies in Sweden, Norway, Denmark, Finland and Estonia. The PCBs are purchased from external suppliers, mainly in China. Most of the PCBs are of the high-mix-low-volume (HMLV) type, i.e. specialised products that are produced in small quantities. NCAB Group has a local presence through technicians and customer support staff to ensure that its customers receive support throughout the process.

Europe

Provides a broad range of PCBs from NCAB Group's companies in the UK, Poland, France, Italy, Germany and Spain. The PCBs are purchased from external suppliers, mainly in China. Most of the PCBs are of the high-mix-low-volume (HMLV) type, i.e. specialised products that are produced in small quantities. NCAB Group has a local presence through technicians and customer support staff to ensure that its customers receive support throughout the process.

USA

Provides a broad range of PCBs from NCAB Group's companies in the United States. The PCBs are purchased from external suppliers, mainly in China. Most of the PCBs are of the high-mix-low-volume (HMLV) type, i.e. specialised products that are produced in small quantities. NCAB Group has a local presence through technicians and customer support staff to ensure that its customers receive support throughout the process.

East

Provides a broad range of PCBs from NCAB Group's companies in Macedonia, China and Russia. The PCBs are purchased from external suppliers, mainly in China. Most of the PCBs are of the high-mix-low-volume (HMLV) type, i.e. specialised products that are produced in small quantities. NCAB Group has a local presence through technicians and customer support staff to ensure that its customers receive support throughout the process.

Revenue

Revenue is generated from a large number of customers across all segments. There are no sales of goods between segments. Minor amounts may be invoiced for freight and services, which are provided on market terms. The revenue from external parties reported to the CEO is measured in the same way as in the income statement.

Net sales and earnings of segments, January–March

	Nordic		Europe		USA		East		Central functions		Group	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Net sales	96.1	95.6	150.2	131.4	57.3	65.1	71.0	61.9	-0.2	-	374.4	354.0
Adjusted EBITA	16.0	15.0	7.6	9.9	1.2	2.5	10.4	8.6	-1.7	0.2	33.5	36.2
Adj. EBITA margin, %	16.6	15.7	5.1	7.6	2.0	3.8	14.7	13.8	-	-	8.9	10.2
Extraordinary items	-	-	-	-	-	-	-0.9	-	-1.5	-	-2.4	0.0
EBITA	16.0	15.0	7.6	9.9	1.2	2.5	9.5	8.6	-3.2	0.2	31.1	36.2
EBITA margin, %	16.6	15.7	5.1	7.6	2.0	3.8	13.4	13.8	-	-	8.3	10.2
Amortis. intangible assets											-1.1	-1.2
Operating profit/loss											30.0	35.0
Operating margin, %											8.0	9.9
Net fin. income/expense											-4.4	-1.2
Profit before tax											25.6	33.7
Net working capital	31.6	27.3	75.6	56.6	19.0	23.3	21.1	17.2	-4.5	-4.1	142.7	120.2

Net sales and earnings of segments, 12 months

	Nordic		Europe		USA		East		Central functions		Group	
	2018 LTM	2017	2018 LTM	2017	2018 LTM	2017	2018 LTM	2017	2018 LTM	2017	2018 LTM	2017
Net sales	368.7	368.2	526.3	507.5	253.2	261.0	271.9	262.8	0.4	0.6	1,420.5	1,400.1
Adjusted EBITA	48.1	47.2	27.5	29.8	11.0	12.3	29.7	27.8	-5.3	-3.4	111.0	113.7
Adj. EBITA margin, %	13.1	12.8	5.2	5.9	4.3	4.7	10.9	10.6	-	-	7.8	8.1
Extraordinary items	-	-	-	-	-	-	-32.8	-31.9	-13.1	-11.6	-45.9	-43.5
EBITA	48.1	47.2	27.5	29.8	11.0	12.3	-3.1	-4.1	-18.4	-15.0	65.1	70.2
EBITA margin, %	13.1	12.8	5.2	5.9	4.3	4.7	-1.1	-1.6	-	-	4.6	5.0
Amortis. intangible assets											-4.5	-4.6
Operating profit/loss											60.6	65.6
Operating margin, %											4.3	4.7
Net fin. income/expense											-8.8	-5.6
Profit before tax											51.8	60.0
Net working capital	31.6	27.2	75.6	69.7	19.0	16.8	21.1	13.9	-4.5	-12.4	142.7	115.3

Note 5 Quarterly summary

SEK million	Q1 '18	Q4 '17	Q3 '17	Q2 '17	Q1 '17	Q1 '16
Order intake	369.0	422.3	340.7	369.3	376.9	375.1
Net sales	374.4	327.3	342.7	376.1	354.0	309.9
Gross margin, %	30.4	29.7	30.9	29.7	30.4	31.6
EBITA	31.1	-1.1	1.1	34.4	36.2	22.4
EBITA adjusted for extraordinary items	33.5	12.4	31.1	34.4	36.2	22.4
Operating profit/loss	30.0	-2.7	0.1	33.2	35.0	21.4
Total assets	590.7	554.3	556.6	541.1	533.2	533.3
Cash flow from operating activities	-20.9	14.8	13.1	5.6	6.5	32.1
Equity/assets ratio, %	22.3	19.2	19.4	21.5	35.8	29.6
Number of employees	365	354	327	320	315	307

Note 6 Alternative performance measures

Some of the information contained in this report that is used by management and analysts to assess the Group's performance has not been prepared in accordance with IFRS. Management believes that this information helps investors to analyse the Group's financial performance and financial position. Investors should regard this information as complementary rather than as replacing financial reporting in accordance with IFRS.

Gross profit

SEK million	Jan–Mar 2018	Jan–Mar 2017	2018 Q1 LTM	Full year 2017
Net sales	374.4	354.0	1,420.5	1,400.1
Other operating income	0.2	0.0	2.2	2.1
Cost of goods sold	-260.8	-246.6	-992.0	-977.8
Translation differences	0.1	0.2	-2.0	-1.9
Total gross profit	113.8	107.6	428.7	422.5
Gross margin, %	30.4	30.4	30.2	30.2

EBITA and adjusted EBITA

SEK million	Jan–Mar 2018	Jan–Mar 2017	LTM	Full year 2017
Operating profit	30.0	35.0	60.6	65.6
Amortisation and impairment of intangible assets	1.1	1.2	4.5	4.6
EBITA	31.1	36.2	65.1	70.2
EBITA margin, %	8.3	10.2	4.6	5.0
Extraordinary items	2.4	-	45.9	43.5
Adjusted EBITA	33.5	36.2	111.0	113.7
Adjusted EBITA margin, %	8.9	10.2	7.8	8.1

EBITDA and adjusted EBITDA

SEK million	Jan–Mar 2018	Jan–Mar 2017	LTM	Full year 2017
Operating profit	30.0	35.0	60.6	65.6
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	2.2	2.1	8.7	8.5
EBITDA	32.2	37.0	69.3	74.1
EBITDA margin, %	8.6	10.5	4.9	5.3
Extraordinary items	2.4	-	45.9	43.5
Adjusted EBITDA	34.6	37.0	115.2	117.6
Adjusted EBITDA margin, %	9.2	10.5	8.1	8.4

Return on equity

SEK million	Mar 2018	Mar 2017	Full year 2017
Profit for the period – rolling 12 months	31.9	76.7	40.4
Equity (average)	161.2	142.2	133.0
Return on equity, %	19.8	53.9	30.4

Net working capital

SEK million	31 Mar 2018	31 Mar 2017	31 Dec 2017
Inventories	83.1	55.9	97.5
Trade receivables	305.3	262.0	254.3
Other current receivables	20.2	6.3	15.9
Prepaid expenses and accrued income	8.9	15.1	9.4
Trade payables	-199.5	-165.0	-192.9
Current tax liabilities	-7.3	-2.7	-7.1
Other current liabilities	-31.2	-25.0	-19.4
Accrued expenses and deferred income	-36.8	-26.4	-42.4
Net working capital	142.7	120.2	115.3

Equity/assets ratio

SEK million	31 Mar 2018	31 Mar 2017	31 Dec 2017
Equity	131.6	190.8	106.4
Untaxed reserves	-	-	-
Total	131.6	190.8	106.4
Total assets	590.7	533.2	554.3
Equity/assets ratio, %	22.3	35.8	19.2

Net debt

SEK million	31 Mar 2018	31 Mar 2017	31 Dec 2017
Interest-bearing liabilities	180.9	120.9	165.1
Cash and cash equivalents	-27.7	-39.7	-31.2
Total net debt	153.1	81.2	133.9
Adjusted EBITDA LTM	115.2	111.7	117.6
Net debt / Adjusted EBITDA	1.3	0.7	1.1

Alternative performance measure	Definition	Purpose
Gross profit	Net sales less raw materials and consumables adjusted for translation differences on trade receivables and trade payables	Gross profit provides an indication of the surplus that is needed to cover fixed and semi-fixed costs in the NCAB Group
Gross margin	Gross profit divided by net sales	The gross margin provides an indication of the surplus as a percentage of net sales that is needed to cover fixed and semi-fixed costs in the NCAB Group
EBITDA	Operating profit before depreciation, amortisation and impairment of property, plant and equipment, and intangible assets	EBITDA along with EBITA provide an overall picture of operating earnings
Adjusted EBITDA	Operating profit before depreciation, amortisation and impairment of property, plant and equipment, and intangible assets adjusted for extraordinary items	Adjusted EBITDA is adjusted for extraordinary items. NCAB Group therefore considers that it is a useful performance measure for showing the company's operating earnings
EBITA	Operating profit before amortisation and impairment of goodwill and acquisition-related intangible assets	EBITDA provides an overall picture of operating earnings
Adjusted EBITA	Operating profit before amortisation and impairment of goodwill and acquisition-related intangible assets adjusted for extraordinary items	Adjusted EBITA is adjusted for extraordinary items. NCAB Group therefore considers that it is a useful performance measure for showing the company's operating earnings
Adjusted EBITA margin	Operating profit before amortisation and impairment of goodwill and acquisition-related intangible assets adjusted for extraordinary items, divided by net sales	The adjusted EBITA margin is adjusted for extraordinary items. NCAB Group therefore considers that it is a useful performance measure for comparing the company's margin with other companies regardless of whether the business is driven by acquisitions or organic growth
Return on equity	Profit/loss for the past 12 months divided by average equity	Return on equity is used to analyse the company's profitability, based on how much equity is used
Net working capital	Current assets excluding cash and cash equivalents less non-interest-bearing current liabilities	This measure shows how much working capital is tied up in the business
Equity/assets ratio	Equity and untaxed reserves net of deferred tax, divided by total assets	NCAB Group considers that this is a useful measure for showing what portion of total assets is financed by equity. It is used by management to monitor the Group's long-term financial position
Net debt	Interest-bearing liabilities less cash and cash equivalents	Net debt is a measure which shows the company's total indebtedness