

Year-end Report 2019

OCTOBER–DECEMBER 2019

- > Net sales increased by 4% to SEK 422.4 million (406.7). In USD, net sales were unchanged.
- > Order intake increased 1% to SEK 479.7 million (474.7). In USD, order intake decreased 5%.
- > EBITA was SEK 41.2 million (36.0), representing an EBITA margin of 9.7% (8.9). EBITA includes SEK 2.2 million in acquisition costs for Altus-PCB. IFRS 16 increased EBITA by SEK 0.6 million.
- > Operating profit was SEK 40.7 million (34.9). Operating margin was 9.6% (8.6).
- > Profit after tax amounted to SEK 31.7 million (34.7). 2018 included a positive tax adjustment.
- > Earnings per share before and after dilution was SEK 1.88 (2.06).

JANUARY–DECEMBER 2019

- > Net sales increased by 10% to SEK 1,781.2 million (1,617.0). In USD, net sales increased 2%.
- > Order intake increased 9% to SEK 1,818.3 million (1,664.5). In USD, order intake increased 1%.
- > EBITA was SEK 165.4 million (132.2), representing an EBITA margin of 9.3% (8.2). IFRS 16 increased EBITA by SEK 1.0 million and increased total assets by SEK 33.5 million.
- > Adjusted* EBITA was SEK 165.4 million (143.8), representing an adjusted* EBITA margin of 9.3% (8.9).
- > Operating profit was SEK 161.7 million (127.6). Operating margin was 9.1% (7.9).
- > Profit after tax amounted to SEK 128.4 million (104.6).
- > Earnings per share was SEK 7.61 (6.37) before dilution and SEK 7.61 (6.24) after dilution**.
- > The Board of Directors proposes a dividend for the 2019 financial year of SEK 4.75 (4.50) per share.

SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

- > Altus-PCB in the USA was acquired in November.
- > Hans Ståhl announced his wish to retire. Recruitment is ongoing to find a new CEO.
- > NCAB came in second place as “Employer of the year” in the Annual survey of Brilliant Awards in the Services industry.
- > The outbreak of the Corona virus in China will have an adverse impact on sales and results in the first quarter.

Key performance indicators

	Oct-Dec			Jan-Dec		
	2019	2018	%	2019	2018	%
Order intake, SEK million	479.7	474.7	1.0	1,818.3	1,664.5	9.2
Order intake, USD million	49.9	52.5	-4.9	192.2	191.1	0.6
Net sales, SEK million	422.4	406.7	3.9	1,781.2	1,617.0	10.2
Net sales, USD million	45.1	45.1	-0.0	189.1	186.0	1.7
Gross margin, %	32.4	32.7		31.7	31.3	
EBITA, SEK million	41.2	36.0	14.2	165.4	132.2	25.0
EBITA margin, %	9.7	8.9		9.3	8.2	
Adjusted* EBITA, SEK million	41.2	36.0	14.2	165.4	143.8	15.0
Adjusted* EBITA margin, %	9.7	8.9		9.3	8.9	
Operating profit, SEK million	40.7	34.9	16.6	161.7	127.6	26.7
Operating margin, %	9.6	8.6		9.1	7.9	
Profit after tax, SEK million	31.7	34.7	-8.7	128.4	104.6	22.8
Earnings per share before dilution**, SEK	1.88	2.06	-8.7	7.61	6.37	19.5
Earnings per share after dilution**, SEK	1.88	2.06	-8.7	7.61	6.24	22.1
Cash flow from operating activities, SEK million	44.9	41.0	9.4	153.0	69.9	118.8
Return on capital employed, %				41.6	44.4	
Return on equity, %				39.8	51.9	
USD/SEK - average	9.61	9.04		9.46	8.57	
EUR/SEK - average	10.64	10.33		10.58	10.26	

* Adjusted for non-recurring items of SEK 11.6 million in the January–December 2018 period. The adjustments refer to costs for the IPO and final settlement costs related to the agreement with the Russian tax authority.

** 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.

This is a translation of the original Swedish interim report. In the event of difference between the English translation and the Swedish original, the Swedish interim report shall prevail.

MESSAGE FROM THE CEO

Earnings and margins improve for NCAB

The fourth quarter continued in line with the third in terms of sales, while order intake was weaker. Despite a lower growth rate, I am proud that we were able to further strengthen our earnings, leading to an increase in EBITA margin to 9.7 per cent. As we do not own any factories, we are able to quickly adapt expenses and this has resulted in earnings improvements despite lower growth. We postponed certain projects and adjusted recruitments to the lower growth rate.

In terms of our segments, *Nordic* continued to report the strongest growth, as has been the case in earlier quarters, with the largest increase in Norway and Denmark while Sweden remains at a stable high level. Earnings and EBITA margin in the quarter were slightly weaker than last year, mostly as growth was strongest in countries with lower margins.

The quarter remained weak in *Europe*, particularly in the UK and Germany, where we noted some market caution, partly due to Brexit and the weaker German economy. In *Europe*, NCAB has an EBITA margin of 6 per cent. This lower margin is a natural consequence of being newly established in many countries and the fact that we continue to invest and build our business.

In our segment *North America* the market seems to have accepted the import tariffs and we noted a slight improvement in the fourth quarter. Earnings improved despite a slight drop in sales. Altus-PCB was acquired in November, a company with a yearly revenue of around SEK 40 millions, high technology and a profitable business, which will be a positive addition to our US operations.

East also noted growth, though this slowed slightly compared with earlier quarters. We have also successfully raised our margin to a healthy 13.4 per cent.

Total sales growth in the quarter was 4 per cent in SEK, while in USD we noted slightly negative growth. Despite the economic slowdown, we are satisfied with the growth delivered in 2019 and the increase in our EBITA margin to 9.3 per cent. We are proud of acquiring two first-rate small companies, Multiprint in Denmark and Altus-PCB in the USA. Both have been properly integrated and we have already seen several synergies. We are continuing to analyse and discuss further acquisition opportunities.

The outbreak of the Corona virus in China will affect our Net sales and result negatively during at least the first quarter. The amount or implications are today difficult to judge. The factories remained closed two extra weeks after the Chinese New Year. Thereafter they have, in the middle of february started production, however with reduced capacity. This will entail delivery delays in both PCBs and other components which will affect our customers' businesses. There might also be disturbances in transports from China. None of our employees are infected and as a security measure our chinese employees work from home. We are working close to our customers and suppliers in order and to assure the best possible deliveries.

I would like to take this opportunity to thank all of our employees around the world for their untiring commitment to our eminent company. It is also great that we were awarded a price for this engagement!

Hans Ståhl
President and CEO, NCAB Group AB



” I am proud of the strong result “

Q4 2019

4%

Sales growth

422

Net sales, SEK million

41.2

EBITA, SEK million

9.7%

EBITA margin

This is information that NCAB Group AB is obligated to disclose pursuant to the EU Market Abuse Regulation. The information was issued for on 19 February 2020, at 7:30 a.m. CET.

ABOUT NCAB

A leading supplier of PCBs

NCAB is one of the world’s leading suppliers of printed circuit boards with some 1,810 customers across 45 markets globally. It is important to achieve scale benefits, which is why NCAB has a strong focus on growth. NCAB is the leader in terms of expertise, service, sustainability and technology. Being the leading player also gives the strength to attract customers through important projects, skilled employees and the best factories.



NCAB works in deep relationships with its customers, where NCAB takes responsibility for the entire delivery so customers can focus on their manufacturing operations. NCAB does not own any factories, but because of its Factory Management team NCAB does “own” the most important element – the relationship with the factories and the entire manufacturing process, which provides access to state-of-the-art technology and limitless capacity without the need for investments.

BUSINESS CONCEPT

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.

FINANCIAL TARGETS AND DIVIDEND POLICY

NCAB’s medium-term target is to achieve average growth of about 8 per cent per year before acquisitions and an adjusted EBITA margin of approximately 8 per cent. The target for the capital structure is that net debt in relation to adjusted EBITDA should be less than 2.0 (before adjustment for IFRS 16). 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, which is expected to correspond to at least 50 per cent of net profit.

1,810
CUSTOMERS



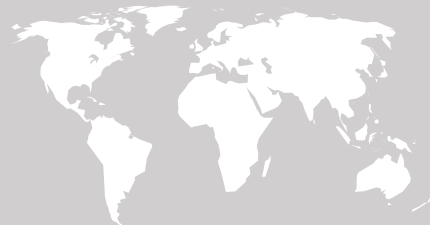
17
COUNTRIES WITH
LOCAL PRESENCE



23
MANUFACTURERS



45
MARKETS



395
SPECIALISTS



137
MILLION PCBs
MANUFACTURED PER YEAR



GROUP PERFORMANCE

OCTOBER–DECEMBER 2019

ORDER INTAKE

Order intake rose 1 per cent during the quarter to SEK 480 million (475) and decreased 5 per cent in USD year-on-year.

NET SALES

Net sales in the fourth quarter increased 4 per cent to SEK 422.4 million (406.7), while net sales in USD was unchanged. Most of NCAB's products are priced or invoiced in USD. Excluding the acquisition of Multiprint and Altus-PCB, growth was a negative 1 per cent. The *North America* segment has begun to report a more positive performance and the acquisition of Altus-PCB has strengthened the segment. Import tariffs remained at 25 per cent. The *Europe* segment noted a weak quarter, primarily due to weaker demand in Germany and the UK. *Nordic* reported continued strong growth for the quarter driven by the integration of the acquired Danish company Multiprint and continuing healthy demand. *East* also continued to grow, though import tariffs to the USA had an impact on demand from Chinese customers who export to the USA.

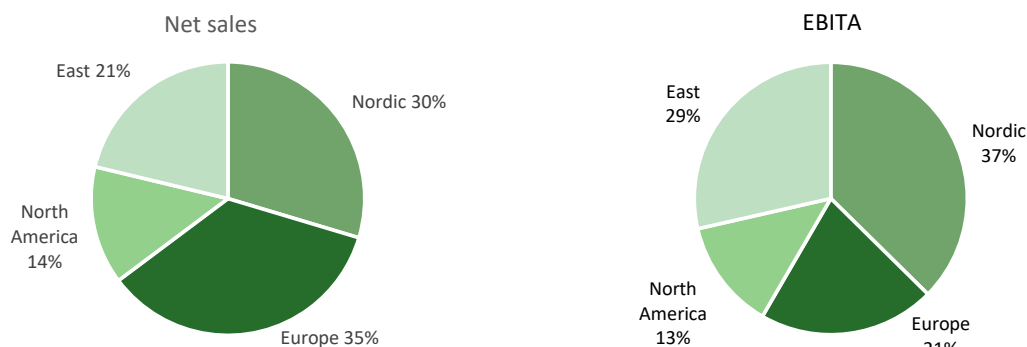
EARNINGS

EBITA was SEK 41.2 million (36.0) and EBITA margin amounted to 9.7 per cent (8.9). Acquisition costs of SEK 2.2 million for Altus-PCB were charged to earnings. Excluding acquisition costs, the EBITA margin was 10.2 per cent. Gross margin rose compared with earlier quarters to 32.4 per cent (32.7). Operating expenses were slightly lower than in 2018, as a consequence of measures taken to adapt to the prevailing business environment. Earnings improved in *North America* and *East*, while earnings were slightly lower in *Nordic* and *Europe* year-on-year.

Operating profit increased to SEK 40.7 million (34.9). Adjustments for IFRS 16 had a positive effect on EBITA of just over SEK 0.6 million, and just under SEK 0.4 million on profit before tax. Excluding acquisition costs for Altus-PCB, operating profit rose to SEK 42.8 million.

Net financial items amounted to SEK -4.0 million (-1.1), where the decline was due to negative foreign exchange differences of SEK -3.2 million (-0.8). Interest expenses due to IFRS 16 amounted to SEK -1.0 million. Tax amounted to SEK -5.1 million (0.9). A number of companies were in a position to pay tax and the fourth quarter 2018 included a positive tax adjustment of SEK 2.4 million. Profit after tax for the period totalled SEK 31.7 million (34.7). Earnings per share before and after dilution was SEK 1.88 (2.06).

BREAKDOWN BY SEGMENT, OCTOBER–DECEMBER 2019



JANUARY–DECEMBER 2019

ORDER INTAKE

The order intake rose 9 per cent during the year and 1 per cent in USD.

NET SALES

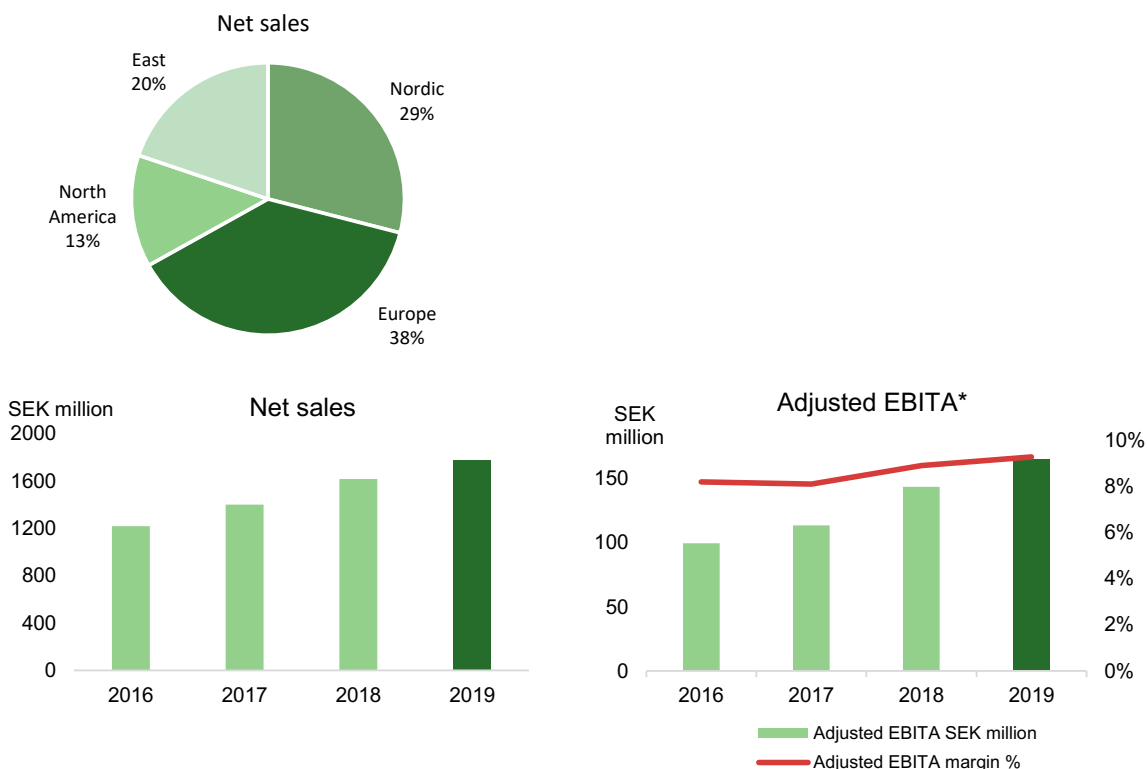
Net sales increased 10 per cent during the year to SEK 1,781.2 million (1,617.0), while growth in USD was about 2 per cent. The weaker SEK had a positive impact on net sales during the year. Sales in *North America* were lower than in 2018, partly due to the uncertainty and negative effects of the higher import tariffs. Other segments demonstrated sales growth in both SEK and USD. The increase in net sales was 7 per cent excluding the acquisitions of Danish company Multiprint, which was carried out at the start of March, and Altus-PCB in the USA, which was carried out in November.

EARNINGS

Adjusted EBITA* was SEK 165.4 million (143.8) and the adjusted EBITA margin increased to 9.3 per cent (8.9). The improved adjusted EBITA margin mainly reflects a stronger gross margin. Operating expenses increased compared with 2018 due to currency effects and partly also from continued recruitment, mainly in the *Europe* segment. All segments noted an improvement in earnings compared with 2018. EBITA was SEK 165.4 million (132.2) and operating profit increased to SEK 161.7 million (127.6). Adjustments for IFRS 16 had a positive effect on EBITA of SEK 1.0 million, but an adverse effect on profit before tax of SEK 0.5 million. EBITA includes acquisition costs of SEK 2.8 million for the acquisitions of Multiprint and Altus-PCB.

Net financial items amounted to SEK -0.9 million (-10.6), where the improvement was due to positive foreign exchange differences of SEK 3.4 million (-4.7). Increased interest expenses due to IFRS 16 amounted to SEK 1.5 million. Tax amounted to SEK -32.5 million (-12.4). The average tax rate rose to 20.2 per cent (10.6) as more companies are in a position to pay tax. Profit after tax for the period totalled SEK 128.4 million (104.6). Earnings per share was SEK 7.61 (6.37) before dilution and SEK 7.61 (6.24) after dilution.

BREAKDOWN BY SEGMENT, JANUARY–DECEMBER 2019



* No adjustment to EBITA in 2019. 2018 was adjusted by SEK 11.6 million

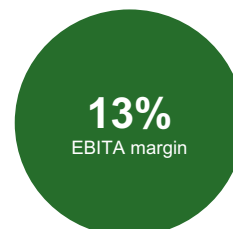
PERFORMANCE BY SEGMENT

NORDIC

Sweden, Norway, Denmark, Finland and Estonia. All companies in the *Nordic* segment have greater focus on profitability than growth. The margin in this segment is higher due to a high technology content and generally lower order volumes per order. The acquisition of Multiprint A/S, which was completed early in 2019, strengthens NCAB's position in the Danish market and the companies complement each other well. The integration has progressed according to plan and financial synergies have been higher than expected.

Fourth quarter 2019

The fourth quarter showed continued growth, though December was weaker than normal as a result of the calendar effect. Growth was again strongest in Norway, and growth in Denmark was due to the acquisition of Multiprint. Finland and Sweden were in line with the previous year. Net sales increased 21 per cent to SEK 125.1 million (103.7). Excluding Multiprint, net sales increased by 5 per cent. Growth in USD was 16 per cent. EBITA fell to SEK 15.8 million (16.7) and the EBITA margin amounted to 12.6 per cent (16.1). This is partly explained by the fact that growth was stronger in countries with lower margins and partly by the long Christmas and New Year holidays.



January to December 2019

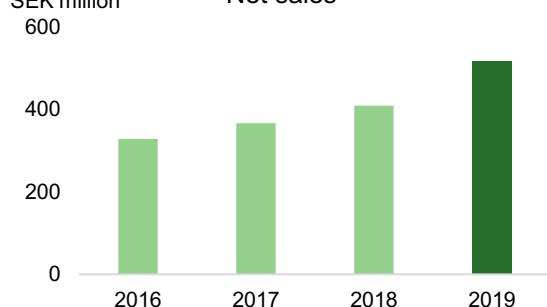
Net sales increased 26 per cent to SEK 516.6 million (409.4), driven by strong growth in Norway and the acquisition of Multiprint in Denmark. Excluding Multiprint, growth was 13 per cent. EBITA increased to SEK 77.9 million (66.4), while the EBITA margin fell to 15.1 per cent (16.2) due to the slightly lower gross margin in the companies that reported the highest growth.

NORDIC

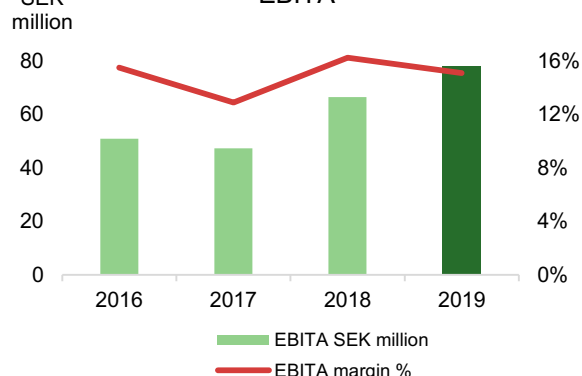
SEK million

	Oct-Dec			Jan-Dec		
	2019	2018	%	2019	2018	%
Net sales	125.1	103.7	20.6	516.6	409.4	26.2
EBITA	15.8	16.7	-5.4	77.9	66.4	17.3
EBITA margin, %	12.6	16.1		15.1	16.2	

SEK million Net sales



SEK million EBITA



EUROPE

France, Germany, Spain, Poland, Italy, the UK, Benelux and North Macedonia. In the *Europe* segment, the main focus is on growth. All companies have a low market share and several companies were established relatively recently. A key factor for achieving continued growth is recruitment, which is putting short-term pressure on profitability. A new company was established in the Netherlands during the second quarter 2019, which will cover the whole Benelux region. The new company now has four employees.

Fourth quarter 2019

Net sales in the fourth quarter decreased 2 per cent to SEK 148.4 million (151.0). In USD, net sales decreased 7 per cent. During the quarter, sales in the UK and Germany declined, while other countries noted slight growth. Benelux has made a positive start, with intensive customer activities and expanding order intake from interesting customers.



The gross margin was slightly higher than in the fourth quarter 2018. EBITA decreased to SEK 8.8 million (9.6) and the EBITA margin declined to 6.0 per cent (6.4). Italy and Benelux had a negative impact on earnings. Germany has continued to recruit to secure future organic growth.

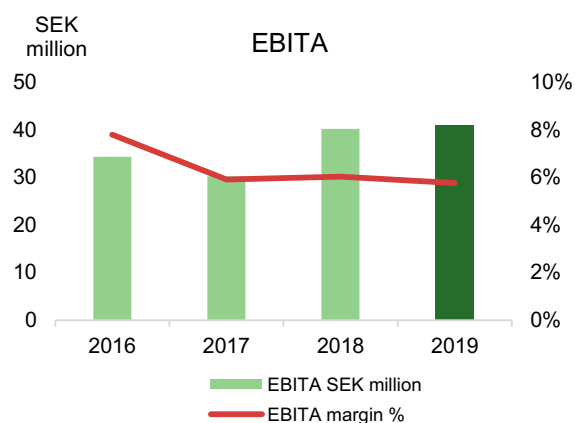
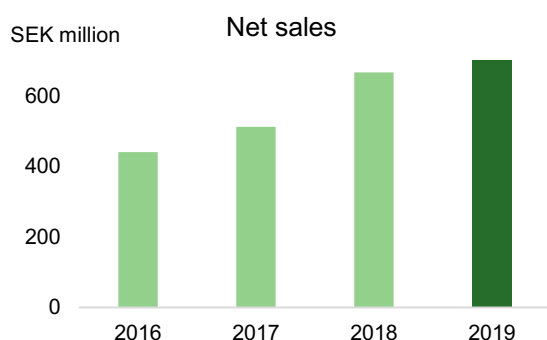
January to December 2019

Net sales increased 7 per cent to SEK 675.0 million (631.5). Growth came primarily from Germany and the UK, though growth in these markets has slowed in the latter half of the year. The gross margin was in line with the year-earlier period. EBITA increased to SEK 41.2 million (40.5), while the EBITA margin fell to 6.1 per cent (6.4). Recruitment is continuing in the segment, but at a slower rate due to the weaker economic situation. Benelux and Italy are still reporting negative earnings.

EUROPE

SEK million

	Oct-Dec			Jan-Dec		
	2019	2018	%	2019	2018	%
Net sales	148.4	151.0	-1.7	675.0	631.5	6.9
EBITA	8.8	9.6	-8.0	41.2	40.5	1.8
EBITA margin, %	6.0	6.4		6.1	6.4	



NORTH AMERICA

NCAB established a presence in the USA through two acquisitions in 2012 and 2014. Since then, three additional regional offices were opened to gain proximity to its customers. In the USA, NCAB has been in a transitional phase where sales of low-tech products are declining in favour of more high-tech products. This has adversely impacted sales in both 2018 and the start of 2019. Altus-PCB, with offices in New Jersey, was acquired in November.

Fourth quarter 2019

The effects of higher import tariffs to the USA from China declined and order intake is again on the rise from many customers. NCAB has approved a new supplier from Taiwan for the US market. No import tariffs are paid from here, but PCBs from Taiwan generally have higher prices than those from China. Altus-PCB, which was acquired in November, is expected to generate annual sales of just over SEK 40 million, with favourable profitability. Net sales for the segment decreased by 4 per cent to SEK 59.0 million (61.4). The decrease in USD was 9 per cent. Order intake for the fourth quarter was also lower year-on-year. NCAB has directly passed these import fees on to its customers but they are not included in net sales.



The gross margin remained high and costs lower, as a result of the efficiency enhancements carried out. EBITA increased to SEK 5.5 million (3.3) and EBITA margin grew to 9.4 per cent (5.4). Profitability for Altus-PCB is higher than for NCAB.

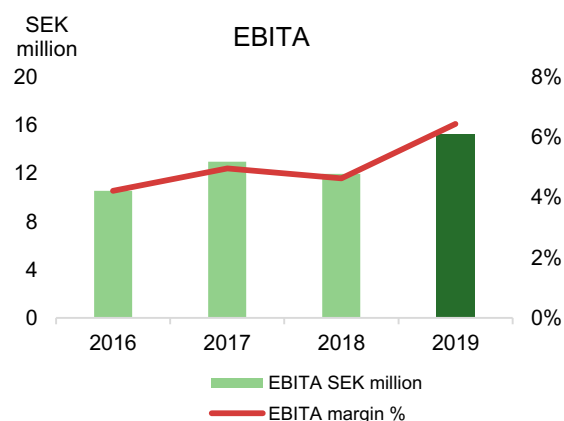
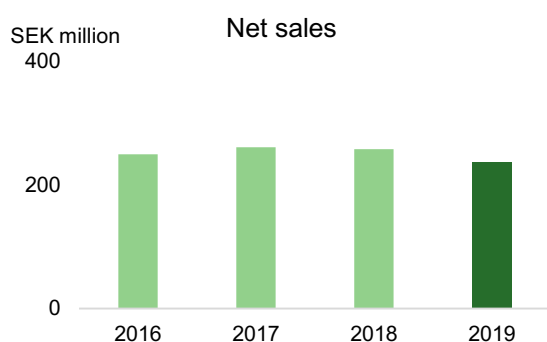
January to December 2019

Net sales decreased 8 per cent to SEK 236.9 million (258.1). EBITA rose due to improved gross margin in combination with cost adjustments to SEK 15.3 million (12.0) with EBITA margin increasing to 6.5 per cent (4.6). NCAB still has a long-term positive view on the US market.

NORTH AMERICA

SEK million

	Oct-Dec			Jan-Dec		
	2019	2018	%	2019	2018	%
Net sales	59.0	61.4	-3.9	236.9	258.1	-8.2
EBITA	5.5	3.3	67.6	15.3	12.0	27.6
EBITA margin, %	9.4	5.4		6.5	4.6	

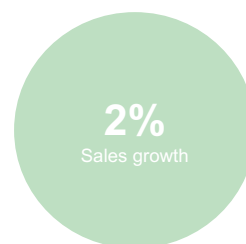


EAST

China, Russia and Malaysia. The *East* segment has a stable and expanding business in Russia. In China, NCAB is rapidly expanding among European and US customers as well as with local Chinese end customers and contract manufacturers. NCAB has four sales offices in China – in Shenzhen, Beijing, Shanghai and Wuhan. NCAB also has several offices in Russia – in St. Petersburg, Moscow and Novosibirsk. In Malaysia, NCAB set up a new company in early 2019.

Fourth quarter 2019

Net sales for the fourth quarter increased slightly to SEK 89.8 million (87.7), with growth in both Russia and China. In USD net sales decreased 2 per cent. However, order intake was slightly weaker following a strong third quarter and ended in line with the previous year.



EBITA improved in both Russia and China partly through an increased gross margin, among other factors. EBITA amounted to SEK 12.1 million (9.3) and EBITA margin grew to 13.4 per cent (10.6), despite negative results from Malaysia.

January to December 2019

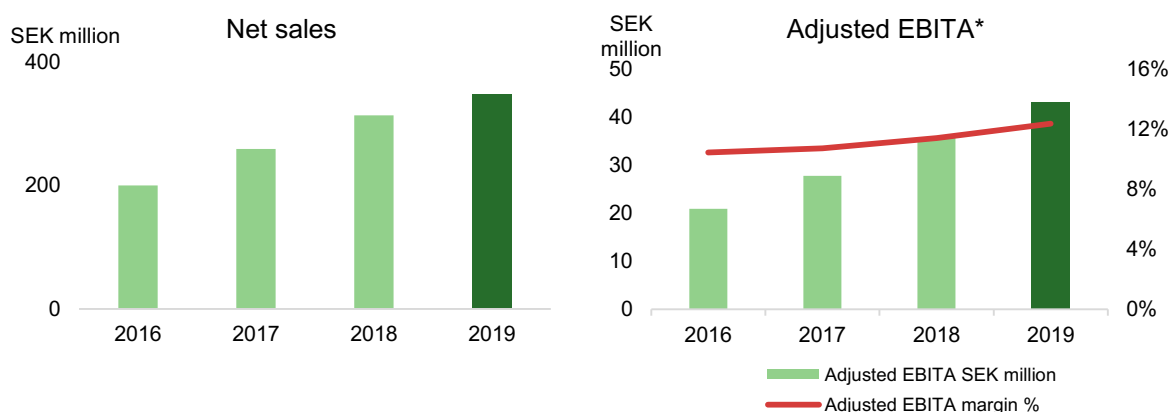
Net sales increased by 11 per cent to SEK 352.6 million (318.4) during the year, with growth in both China and Russia. Adjusted EBITA increased to SEK 43.5 million (36.3), with a slightly improved adjusted EBITA margin to 12.3 per cent (11.4), despite costs for the establishment in Malaysia and a new office in China. The improvement in earnings is evenly distributed between Russia and China.

EAST

SEK million

	Oct-Dec			Jan-Dec		
	2019	2018	%	2019	2018	%
Net sales	89.7	87.7	2.3	352.6	318.4	10.7
EBITA	12.1	9.3	29.5	43.5	35.4	23.0
Adjusted* EBITA	12.1	9.3	29.5	43.5	36.3	19.9
EBITA margin, %	13.4	10.6		12.3	11.1	
Adjusted* EBITA margin, %	13.4	10.6		12.3	11.4	

* EBITA was adjusted for legal costs in the settlement with the Russian tax authority, which totaled SEK 0.9 million in 2018, all related to the first quarter.



FINANCIAL POSITION

CASH FLOW AND INVESTMENTS

Cash flow from operating activities in the quarter was SEK 44.9 million (41.0). Cash flow was driven by strong operating profit and a decrease in tied-up working capital. Cash flow from operating activities in 2019 was SEK 153.0 million (69.9). 2018 was charged with non-recurring payments of SEK -28.0 million. Cash flow from investing activities was SEK -41.8 million (-0.8) during the quarter. Non-acquisition-related investments totalled SEK -5.1 million (-0.8) during the quarter. Cash flow from investment activities amounted to -94,0 for the full year (-5,3), whereof SEK -86,7 million derived from acquisitions (0,0). For the full-year 2019, non-acquisition-related investments totalled SEK -7.4 million (-5.3).

LIQUIDITY AND FINANCIAL POSITION

Net debt at the end of the quarter was SEK 44.8 million (-10.8). Adjustments to IFRS 16 increased net debt by SEK 34.0 million. At 31 December, the equity/assets ratio was 39.9 per cent (41.1) and equity was SEK 348.1 million (296.6). At the end of the period, the Group had available liquidity, including undrawn overdraft facilities, of SEK 188.2 million (219.1).

NCAB has two loans, of which one is free of instalments while the other is being repaid in quarterly instalments of SEK 2.5 million, both maturing in 2023. Moreover, there is an overdraft facility of SEK 114 million. At the balance sheet date of 31 December 2019, the company was in compliance with all covenants under the financing agreement.

Other

SIGNIFICANT RISKS AND UNCERTAINTIES

Through its operations, the Group is exposed to risks of both financial and 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, primarily the exchange rates between 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 2018 Annual Report for a more detailed description of the Group's risk exposure and risk management.

SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

Altus-PCB, a full-service supplier of PCBs based in New Jersey, USA, was acquired on 14 November. Its business model is very similar to NCAB's.

Hans Ståhl informed the Board of Directors of his wish to retire in 2020. Recruitment is ongoing to find a new CEO.

NCAB came in second place as "Employer of the year" in the Annual survey of Brilliant Awards in the Services industry.

The outbreak of the Corona virus in China will have an adverse impact on Net sales and result during the first quarter.

RELATED-PARTY TRANSACTIONS

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

ORGANISATION

At 31 December 2019, the number of employees was 395 (378), of whom 181 (177) were women and 214 (201) were men. The average number of employees in the organisation during the period was 399 (373), of whom 183 (175) were women and 217 (198) were men.

PARENT COMPANY

The Parent Company's net sales for the fourth quarter were SEK 12.4 million (15.3). Sales consist exclusively of internal billing. Profit after financial items was SEK 29.6 million (9.4). The improvement was due to foreign exchange gains on intra-Group loans.

Sales for the full-year 2019 amounted to SEK 55.9 million (57.3). Profit after financial items improved to SEK 8.8 million (-18.2). 2018 was charged with costs in connection with the IPO.

DECLARATION OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

The Board of Directors and Chief Executive Officer provide their assurance that the year-end report gives a true and fair view of the Group's and the Parent Company's operations, position and results and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Bromma, 18 February 2020

Christian Salamon
Chairman of the Board

Jan-Olof Dahlén
Director

Per Hesselmark
Director

Magdalena Persson
Director

Hans Ramel
Director

Gunilla Rudebjer
Director

Hans Ståhl
Chief Executive Officer

CONTACT

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This year-end report has not been reviewed by the company's auditor.

This is information that NCAB Group AB is obligated to disclose pursuant to the EU Market Abuse Regulation. The information was issued for publication through the agency of the contact persons set out above on 19 February 2020, at 7:30 a.m. CET.

NCAB Group AB (publ)

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NCAB will hold a web-cast telephone conference on 19 February 2020 at 10:00 a.m. CET, when CEO Hans Stahl and CFO Anders Forsén will present the report. The presentation will be followed by a Q&A session. The presentation will be held in English and can be followed on the web or over the phone. To participate in the conference call, call the following numbers, from:

Sweden: +46850558356

the UK: +443333009273

the USA: +18335268380

The presentation and conference can also be followed from the following link: <https://tv.streamfabriken.com/ncab-group-q4-2019>.

FINANCIAL CALENDAR

Interim report first quarter

8 May 2020

Annual General Meeting

11 May 2020, 1:00 p.m.

Interim report second quarter

24 July 2020

Interim report third quarter

10 November 2020

About NCAB Group

NCAB is a worldwide leading supplier of printed circuit boards, listed on NASDAQ Stockholm. NCAB offers PCBs for demanding customers, on time with zero defects, produced sustainably at the lowest total cost. NCAB was founded in 1993. Since its foundation, the operations have been characterised by an entrepreneurial and cost-efficient culture and have showed strong growth and good profitability over time. Today, NCAB has a local presence in 17 countries in Europe, Asia and North America and customers in approximately 45 countries worldwide. Revenues in 2019 amounted to SEK 1,781 million. Organic growth and acquisitions are part of NCAB's strategy. For more information about NCAB Group, please visit us at www.ncabgroup.com.

Group

CONSOLIDATED INCOME STATEMENT

SEK million	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
Operating revenue				
Net sales	422.4	406.7	1,781.2	1,617.0
Other operating income	4.1	0.6	9.2	6.3
Total	426.5	407.3	1,790.3	1,623.3
Raw materials and consumables	-289.8	-274.4	-1,225.4	-1,117.2
Other external expenses	-20.4	-31.4	-107.5	-117.8
Staff costs	-65.1	-64.3	-274.7	-240.2
Depreciation of property, plant and equipment, and amortisation of intangible assets	-8.3	-2.3	-18.2	-8.9
Other operating expenses	-2.2	-	-2.8	-11.6
Total operating expenses	-385.8	-372.4	-1,628.6	-1,495.7
Operating profit	40.7	34.9	161.7	127.6
Net financial income/expense	-4.0	-1.1	-0.9	-10.6
Profit before tax	36.8	33.8	160.9	117.0
Income tax	-5.1	0.9	-32.5	-12.4
Profit for the period	31.7	34.7	128.4	104.6
Profit attributable to:				
Shareholders of the Parent Company	31.7	34.7	128.3	104.5
Non-controlling interests	-	-	0.1	0.1
Average number of ordinary shares	16,847,124	16,847,124	16,847,124	14,882,810
Average number of preference shares	-	-	-	1,268,785
Average number of shares before dilution	16,847,124	16,847,124	16,847,124	16,151,595
Average number of shares after dilution	16,847,124	16,847,124	16,847,124	16,498,547
Earnings per share before dilution	1.88	2.06	7.61	6.37
Earnings per share after dilution	1.88	2.06	7.61	6.24

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 of shares after the stock split for each period. During the second quarter 2018, the preference shares were converted into ordinary shares following a resolution of the shareholders' meeting. 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. In connection with the IPO in June 2018, all outstanding options were exercised to acquire new shares.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
Profit for the period	31.7	34.7	128.4	104.6
Other comprehensive income, items that can subsequently be reclassified to profit or loss:				
Foreign exchange differences	-10.2	-1.8	-1.0	4.2
Total comprehensive income	21.5	32.9	127.4	108.7
Profit attributable to:				
Shareholders of the Parent Company	21.5	32.9	127.3	108.6
Non-controlling interests	-	-	0.1	0.1

CONSOLIDATED BALANCE SHEET

SEK million

ASSETS	31 Dec 2019	31 Dec 2018
Non-current assets		
Goodwill	206.3	132.8
Other intangible assets	16.8	3.3
Leasehold improvement costs	2.8	1.5
Right-of-use Office and Cars	33.5	-
Plant and equipment	4.1	4.2
Financial assets	4.0	3.9
Deferred tax assets	7.7	7.8
Total non-current assets	275.2	153.4
Current assets		
Inventories	148.8	110.9
Trade receivables	320.0	314.0
Other current receivables	17.9	13.4
Prepaid expenses and accrued income	29.0	16.9
Cash and cash equivalents	82.2	113.9
Total current assets	598.0	569.1
TOTAL ASSETS	873.1	722.5
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Parent Company		
Share capital	1.7	1.7
Additional paid-in capital	201.6	201.6
Reserves	-4.1	-3.2
Retained earnings	148.7	96.2
Non-controlling interests	0.2	0.2
Total equity	348.1	296.6
Non-current liabilities		
Borrowings	75.0	85.0
Leased liabilities	22.7	-
Deferred tax	8.1	2.9
Total non-current liabilities	105.8	87.9
Current liabilities		
Current liabilities	17.9	18.2
Current Leased liabilities	11.4	-
Trade payables	252.5	231.5
Current tax liabilities	29.4	9.8
Other current liabilities	26.9	21.2
Accrued expenses and deferred income	81.2	57.4
Total current liabilities	419.2	338.0
TOTAL EQUITY AND LIABILITIES	873.1	722.5

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 earning	Total			
1 Jan 2018	1.5	117.6	-7.4	-5.5	106.2	0.1	106.4	
Profit for the period				104.5	104.5	0.1	104.6	
Other comprehensive income for the period	-	-	4.2	-	4.2	-	4.2	
Total comprehensive income	-	-	4.2	104.5	108.7	0.1	108.8	
Issue of new ordinary shares	0.2	104.0			104.2	-	104.2	
Dividend				-2.7	-2.7	-0.1	-2.8	
Transaction cost		-20.0	-		-20.0	-	-20.0	
Total transactions with shareholders, recognised directly in equity	0.2	84.0	-	-2.7	81.5	-0.1	81.4	
31 Dec 2018	1.7	201.6	-3.2	96.3	296.4	0.2	296.6	

SEK million	Attributable to shareholders of the Parent Company						Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Reserves	Retained earning	Total			
1 Jan 2019	1.7	201.6	-3.2	96.2	296.4	0.2	296.6	
Profit for the period				128.3	128.3	0.1	128.4	
Other comprehensive income for the period	-	-	-1.0	-	-1.0	-	-1.0	
Total comprehensive income	-	-	-1.0	128.3	127.3	0.1	127.4	
Dividend	-	-	-	-75.8	-75.8	-0.1	-75.9	
Total transactions with shareholders, recognised directly in equity	-	-	-	-75.8	-75.8	-0.1	-75.9	
31 Dec 2019	1.7	201.6	-4.1	148.7	347.9	0.2	348.1	

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
Cash flow from operating activities				
Profit before net financial income/expense	40.7	34.9	161.7	127.6
Adjustment for non-cash items	-1.8	-3.0	13.9	6.6
Provisions	-	-	-	-17.6
Interest received	0.7	0.7	1.2	1.0
Interest paid	-1.1	-1.1	-5.4	-6.9
Income taxes paid	3.8	-0.6	-17.2	-21.8
Cash flow from operating activities before changes in working capital	42.3	30.9	154.2	88.9
Change in inventories	-28.5	-19.0	-25.6	-13.4
Change in current receivables	47.4	14.0	8.1	-60.3
Change in current operating liabilities	-16.4	15.1	16.5	54.8
Total changes in working capital	2.5	10.1	-1.1	-19.0
Cash flow from operating activities	44.9	41.0	153.0	69.9
Cash flow from investing activities				
Investments in property, plant and equipment	-2.9	-0.5	-4.3	-1.6
Investments in intangible assets	-2.1	-0.3	-2.5	-0.8
Investments in subsidiaries	-36.9	-	-86.7	-
Investments in financial assets	0.1	-	-0.6	-2.9
Cash flow from investing activities	-41.8	-0.8	-94.0	-5.3
Cash flow from financing activities				
Issue of new shares	-	-	-	104.2
Costs for issue of shares / IPO	-	-	-	-20.0
Change in overdraft facility	4.9	6.5	0.4	-31.5
Borrowings	-	-	-	100.0
Transaction cost, loans	-	-	-	-
Repayment of loans	-2.5	-2.5	-10.0	-132.9
Repayment of leased liabilities	-7.2	-	-11.3	-
Dividend	-	-	-75.8	-2.7
Cash flow from financing activities	-4.8	4.0	-96.8	17.1
Decrease/increase in cash and cash equivalents				
Cash flow for the period	-1.7	44.2	-37.8	81.7
Foreign exchange difference in cash and cash equivalents	1.6	0.1	6.1	1.0
Cash and cash equivalents at beginning of period	82.4	69.6	113.9	31.2
Cash and cash equivalents at end of period	82.2	113.9	82.2	113.9

Parent Company

PARENT COMPANY INCOME STATEMENT

SEK million	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
Operating revenue				
Net sales	12.4	15.3	55.9	57.4
Total	12.4	15.3	55.9	57.4
Other external expenses	-8.0	-12.9	-33.7	-42.4
Staff costs	-6.6	-5.9	-27.6	-23.3
Depreciation of property, plant and equipment, and amortisation of intangible assets	-0.1	-0.2	-0.4	-0.9
Other operating expenses	-	-	-0.6	-10.6
Total operating expenses	-14.7	-19.0	-62.3	-77.2
Operating loss	-2.4	-3.7	-6.4	-19.8
Income from investments in Group companies	17.9	18.5	22.5	22.9
Other interest income and similar income	1.7	2.0	20.5	14.8
Interest expense and similar charges	12.4	-7.3	-27.7	-35.9
Net financial income/expense	32.0	13.2	15.2	1.7
Profit before tax	29.6	9.4	8.8	-18.2
Appropriations	14.0	61.0	14.0	61.0
Tax on profit for the period	-0.2	-0.2	-0.2	-0.2
Profit for the period	43.4	70.2	22.6	42.6

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.

PARENT COMPANY BALANCE SHEET

SEK million

ASSETS	31 Dec 2019	31 Dec 2018
Non-current assets		
Capitalised development costs	1.3	0.2
Plant and equipment	0.1	0.1
Non-current financial assets	267.1	215.9
Total non-current assets	268.5	216.2
Current assets		
Trade receivables	2.2	1.3
Receivables from Group companies	131.1	115.8
Other current receivables	0.4	2.0
Prepaid expenses and accrued income	4.1	3.4
Cash and cash equivalents	6.8	69.3
Total current assets	144.6	191.8
TOTAL ASSETS	413.2	408.0
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital (16,847,124 shares)	1.7	1.7
Non-restricted equity		
Share premium account	201.6	201.6
Retained earnings	-64.8	-31.5
Profit/ loss for the period	22.6	42.6
Total equity	161.1	214.4
Untaxed reserves	8.8	8.8
Non-current liabilities		
Liabilities to credit institutions	75.0	85.0
Total non-current liabilities	75.0	85.0
Current liabilities		
Liabilities to credit institutions	10.0	10.0
Trade payables	3.2	2.9
Liabilities to Group companies	145.6	75.4
Current tax liabilities	-	0.2
Other current liabilities	2.1	1.4
Accrued expenses and deferred income	7.4	10.0
Total current liabilities	168.3	99.8
TOTAL EQUITY AND LIABILITIES	413.2	408.0

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK million	Restricted equity	Non-restricted equity		Total
	Share capital	Share premium account	Retained earnings	
1 January 2018	1.5	117.6	-28.9	90.3
Loss for the year	-	-	42.6	42.6
Total comprehensive income	-	-	42.6	42.6
Issue of new ordinary shares	0.2	104.0	-	104.2
Dividend, shares	-	-	-2.7	-2.7
Transaction cost	-	-20.0	-	-20.0
Total transactions with shareholders, recognised directly in equity	0.2	84.0	-2.7	81.6
31 Dec 2018	1.7	201.6	11.1	214.4

SEK million	Restricted equity	Non-restricted equity		Total
	Share capital	Share premium account	Retained earnings	
1 January 2019	1.7	201.6	11.0	214.3
Loss for the year	-	-	22.6	22.6
Total comprehensive income	-	-	22.6	22.6
Dividend, shares	-	-	-75.8	-75.8
Total transactions with shareholders, recognised directly in equity	-	-	-75.8	-75.8
31 Dec 2019	1.7	201.6	-42.2	161.1

Notes

Note 1 Accounting policies

This year-end 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 2018 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 2018, 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, North America and East*.

The interim financial information on pages 1-29 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 2018. For significant estimates and judgements relating to IFRS 16 see below.

Effects of new IFRS standards

IFRS 16 Leases is effective from 1 January 2019. The standard replaced 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 chosen to apply the modified retrospective approach during the transition. This entails that leases were restated as of 1 January 2019, without restating comparative figures. Leases of 12 months or less were not included in accordance with the simplified rules applied when using the method. Nor were leases of low value taken into account. The discount rate applied was assessed by country taking into account the length of the lease, country-specific currency risk and risk premium. The Group has two types of operating leases that are managed as financial leases: office premises and leased cars, where lease of office premises represents the largest part.

On 31 December, total assets increased by SEK 33.5 million and net debt increased by SEK 34.0 million. The implementation of IFRS 16 changed Net debt / Adjusted EBITDA from SEK 0.1 million prior to IFRS 16 classification to SEK 0.2 million. Refer to the table below for the restating of IFRS 16.

Profit & Loss	Jan-Dec	Effect of IFRS 16	Jan-Dec excl. IFRS 16
Operating revenue	1,790.3	-	1,790.3
Raw materials and consumables	-1,225.4	-7.6	-1,233.1
Other external expenses	-107.5	-	-107.5
Staff costs	-274.7	-3.7	-278.4
Depreciation	-18.2	10.3	-7.8
Other operating expenses	-2.8	-	-2.8
Operating Profit/loss	161.7	-1.0	160.7
Net financial expense	-0.9	1.5	0.6
Profit before tax	160.9	0.5	161.3

Balansräkning	2019-12-31	Effect of IFRS 16	2019-12-31
Fixed assets	275.2	-33.5	241.6
Current assets	598.0	-	598.0
Total assets	873.1	-33.5	839.6
Total Equity	348.1	0.5	348.6
Long term liabilities	105.8	-22.6	83.1
Current liabilities	29.3	-11.4	17.9
Other current liabilities/Accrued expenses and deferred income	389.9	-	389.9
Total current liabilities	419.2	-11.4	407.9
Total Equity and liabilities	873.1	-33.5	839.6

Note 2 Information on financial assets and liabilities

For more information on financial assets and liabilities, see the 2018 Annual Report, Note 2. 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 "Financial assets measured at amortised cost". 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. These are of the same extent as described in the latest annual report.

Note 4 Segments

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, Spain, Benelux and North Macedonia. 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.

North America

Provides a broad range of PCBs from NCAB Group's companies in the USA. 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 China, Russia and Malaysia. 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. However, minor amounts may be invoiced between the segments for freight and services, which are provided on market terms.

Sales and earnings of segments, October–December 2019

Quarter	Nordic		Europe		North America		East		Central functions		Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Net sales	125.1	103.7	148.4	151.0	59.0	61.4	89.7	87.7	0.1	1.5	422.4	406.7
EBITA	15.8	16.7	8.8	9.6	5.5	3.3	12.1	9.3	-1.1	-2.9	41.2	36.0
EBITA margin, %	12.6	16.1	6.0	6.4	9.4	5.4	13.4	10.6			9.7	8.9
Amortis. intangible assets											-0.4	-1.2
Operating profit											40.8	34.9
Operating margin, %											9.7	8.6
Net financial expense											-4.0	-1.1
Profit before tax											36.8	33.7
Net working capital	30.4	38.1	66.2	81.5	2.6	17.1	30.7	17.8	-5.6	-19.1	124.3	135.3

Sales and earnings of segments, January–December

[Click here to enter text.](#)

Note 5

Quarterly summary

	Q4 19	Q3 19	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Order intake, SEK million	479.7	446.6	450.0	442.1	474.7	411.2	409.6	369.0
Order intake, USD million	49.9	46.7	47.8	48.0	52.5	45.9	47.2	45.6
Net sales, SEK million	422.4	439.8	473.1	445.9	406.7	420.1	415.8	374.4
SEK annual growth, %	3.9	4.7	13.8	19.1	24.3	22.6	10.5	5.8
Net sales, USD million	45.1	45.2	50.0	48.8	45.1	46.7	48.0	46.2
USD annual growth, %	0.0	-3.3	4.1	5.6	13.7	12.0	12.8	15.8
Gross margin, %	32.4	32.2	30.9	31.5	32.7	31.4	30.6	30.4
EBITA, SEK million	41.2	46.3	37.3	40.6	36.0	42.2	22.8	31.1
Adjusted EBITA, SEK million	41.2	46.3	37.3	40.6	36.0	42.2	32.0	33.5
Adjusted EBITA margin, %	9.7	10.5	7.9	9.1	8.9	10.1	7.7	8.9
Operating profit/loss, SEK million	40.7	45.9	35.7	39.4	34.9	41.0	21.7	30.0
Total assets, SEK million	873.1	827.9	792.7	808.4	722.5	672.2	644.2	590.7
Cash flow from operating activities, SEK million	44.9	57.8	35.5	14.8	41.0	38.4	11.5	-20.9
Equity/assets ratio, %	39.9	39.4	36.0	41.8	41.0	39.2	36.2	22.3
Number of employees	395	403	398	388	378	367	366	365
Average exchange rate, SEK/USD	9.61	9.59	9.44	9.17	9.04	8.95	8.67	8.11
Average exchange rate, SEK/EUR	10.64	10.66	10.62	10.42	10.33	10.41	10.33	9.97

Note 6 Acquisitions

Multiprint

On 4 March 2019, 100 per cent of the shares were acquired in Multiprint A/S. Operating profit together with assets and liabilities associated with the acquired company were consolidated from 4 March 2019. Goodwill of SEK 26.3 million arose in conjunction with the acquisition. Multiprint contributed SEK 54.7 million in net sales and SEK 9.2 million in EBITA in the period between 4 March and 31 December 2019. Transaction costs of SEK 0.6 million relate to Multiprint, which were expensed in the first quarter.

Purchase consideration, 4 March 2019

Cash and cash equivalents	44,681
Additional purchase consideration	5,571
Total purchase consideration	50,252

Acquired assets and assumed liabilities

Non-current assets	334
Customer relationships	7,000
Other current assets	25,778
Other operating liabilities	-7,696
Deferred tax	-1,498
Total net assets	23,918
Goodwill	26,334

Altus-PCB

On 14 November 2019, 100 per cent of shares in Altus-PCB were acquired. New Jersey, USA. The shares were paid using cash and cash equivalents on 14 November plus an earn-out based on earnings until June 2020. Operating profit together with assets and liabilities associated with the acquired company were consolidated from 14 November 2019. Goodwill of SEK 46.9 million arose in conjunction with the acquisition. Altus-PCB contributed SEK 5.5 million in net sales and SEK 1.3 million in EBITA in the period between 14 November and 31 December 2019. Transaction costs related to the acquisition of Altus-PCB amounted to SEK 2.2 million, which were expensed in the fourth quarter.

Purchase consideration, 14 November 2019

Cash and cash equivalents	37,878
Calculated purchase consideration	19,697
Total purchase consideration	57,575

Acquired assets and assumed liabilities

Non-current assets	43
Customer relationships	9,072
Other current assets	11,059
Other operating liabilities	-6,960
Deferred tax	-2,540
Total net assets	10,674
Goodwill	46,902

Amounts reported in the table above are preliminary values.

If Multiprint and Altus-PCB had been consolidated on 1 January 2019, net sales for the full-year 2019 would have increased by SEK 47.6 million to SEK 1,828.8 million and EBITA by SEK 6.9 million to SEK 172.3 million.

Note 7 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	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
Net sales	422.4	406.7	1,781.2	1,617.0
Other operating income	2.5	-2.9	4.9	1.7
Cost of goods sold	-289.8	-274.4	-1,225.4	-1,117.2
Translation differences	1.6	3.6	4.3	4.7
Total gross profit	136.8	132.9	564.9	506.1
Gross margin, %	32.4	32.7	31.7	31.3

EBITA and adjusted EBITA

SEK million	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
Operating profit	40.7	34.9	161.7	127.6
Amortisation and impairment of intangible assets	0.4	1.2	3.6	4.6
EBITA	41.2	36.0	165.4	132.2
EBITA margin, %	9.7	8.9	9.3	8.2
Non-recurring items	-	-	-	11.6
Adjusted EBITA	41.2	36.0	165.4	143.8
Adjusted EBITA margin, %	9.7	8.9	9.3	8.9

EBITDA and adjusted EBITDA

SEK million	Oct-Dec		Jan-Dec	
	2019	2018	2019	2018
Operating profit	40.7	34.9	161.7	127.6
Depreciation, amortisation and impairment of property, plant and equipment, and intangible assets	8.3	2.3	18.2	8.9
EBITDA	49.1	37.2	179.9	136.6
EBITDA margin, %	11.6	9.2	10.1	8.4
Non-recurring items	-	-	-	11.6
Adjusted EBITDA	49.1	37.2	179.9	148.1
Adjusted EBITA margin, %	11.6	9.2	10.1	9.2

Return on equity

SEK million	Dec 2019	Dec 2018
Profit for the period — LTM	128.4	104.6
Equity (average)	322.4	201.5
Return on equity, %	39.8	51.9

Net working capital and capital employed

SEK million	31 Dec 2019	31 Dec 2018
Inventories	148.8	110.9
Trade receivables	320.0	314.0
Other current receivables	17.9	13.4
Prepaid expenses and accrued income	29.0	16.9
Trade payables	-252.5	-231.5
Current tax liabilities	-29.4	-9.8
Other current liabilities	-26.9	-21.2
Accrued expenses and deferred income	-81.2	-57.4
Net working capital	125.8	135.3
Non-current assets	275.2	153.4
Prepaid expenses and accrued income	82.2	113.9
Deferred tax	-8.1	-2.9
Capital employed	475.1	399.7

Return on capital employed

SEK million	Dec 2019	Dec 2018
Operating profit/loss — LTM	161.7	127.6
Capital employed (average)	388.9	287.1
Return on capital employed, %	41.6	44.4

Equity/assets ratio

SEK million	31 Dec 2019	31 Dec 2018
Equity	348.1	296.6
Untaxed reserves	-	-
Total	348.1	296.6
Total assets	873.1	722.5
Equity/assets ratio, %	39.9	41.1

Net debt

SEK million	31 Dec 2019	31 Dec 2018
Interest-bearing liabilities	127.0	103.2
Cash and cash equivalents	-82.2	-113.9
Total net debt	44.8	-10.8
Adjusted EBITDA LTM	179.9	148.1
Net debt / Adjusted EBITDA	0.2	-0.1

Alternative performance measure	Definition	Purpose
Gross profit	Net sales less raw materials and consumables and for other operating income, which includes 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 non-recurring 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 non-recurring items	Adjusted EBITA is adjusted for non-recurring 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 non-recurring items, divided by net sales	Adjusted EBITA margin is adjusted for non-recurring 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
Capital employed	Equity and interest-bearing liabilities	Capital from external parties
Return on capital employed	Profit/loss for the past 12 months divided by average capital employed	Return on capital employed is used to analyse the company's profitability, based on how much equity is used
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