

Press Release
Kista, Sweden, 1 November 2018

NOTE expands on the UK market

NOTE has today acquired all shares in the UK based electronics manufacturer Speedboard Assembly Services Ltd. Sales in the last 12 months amounted to just over 155 MSEK with an operating margin of approximately 10%. The acquisition is already expected to contribute positively to NOTE's growth and profitability in the fourth quarter of the year.

Speedboard has been developing successfully for several years. The company has a cost-effective production methodology, several surface mounting lines and a high level of expertise in box build (complete products). Customers are found primarily in advanced communication, surveillance, security and medical technology. The operations are conducted in Windsor outside London and the number of employees amounts to approximately 100.

Speedboard's business model is reminiscent of NOTE's, and builds on long-term customer relationships, high quality services and good delivery precision, which strengthens the customers' competitiveness. Speedboard's former co-owner Neil Owen will continue to act as Managing Director of the company, and Richard Watson, Finance Director, will remain for a while to ensure a smooth transition process.

The acquisition is made by NOTE UK Ltd and the purchase price initially amounts to £ 7 million on a debt-free basis and may under certain favorable circumstances be increased by an additional purchase price of £ 0.5 million in 2020. Based on the company's operating profit over the past 12 months, the initial purchase price corresponds to an acquisition multiple (EV/EBIT) of just below 5.0, which is about 35% below the corresponding valuation multiple of the NOTE share. Over the same period, the acquisition would represent a sales growth of 12% and an increase in operating profit of approximately 20%. Payment of the purchase price is made in cash based on NOTE's strong balance sheet - no dilution is thus made by the number of outstanding NOTE shares. Following the acquisition, NOTE's equity ratio amounts to approximately 42%.

"For a long time, NOTE has had the ambition to expand in the UK. The UK EMS market is approximately at the same level as the entire Nordic market. We are very pleased to implement this acquisition, seeing Speedboard as one of the most competitive players in the UK market. Growth is strong, and the company has many exciting customers and new projects. We are looking forward to further developing the business in Windsor with current staff, management and customers", says Johannes Lind-Widestam, CEO and President of NOTE.

"For some time, I've experienced NOTE as a company that shares our core values with high quality and customers at its core. I look forward to working with other units at NOTE, both in Europe and in China, and not least on the purchasing side. In my eyes, NOTE is an ideal owner for our staff as well as for our customers. I am convinced that this will further strengthen our customer offering and continue our expansion in the UK market", says Neil Owen, MD of Speedboard.

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About NOTE

NOTE is one of northern Europe's leading EMS partners, producing PCBAs, subassemblies and box build products. NOTE's offering covers the complete product lifecycle, from design to after-sales. NOTE has a presence in Sweden, Finland, the UK, Estonia and China. Net sales in the last 12 months were SEK 1,307 million; the group has approximately 980 employees. NOTE is listed on Nasdaq Stockholm. For more information, please go to www.note.eu.

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