PRESS RELEASE
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Q3 interim report:
GPV lifts revenue 130 per cent

One of Europe's leading electronics manufacturers GPV generated revenue of DKK 2.2 billion in the first nine months of 2019, a 130 per cent year-on-year improvement driven by the acquisition of Swiss company CCS at the end of 2018.

The interim report from Danish industrial conglomerate Schouw & Co. confirms GPV's position as a leading European EMS (Electronic Manufacturing Services) business with production facilities in Asia, Europe and the Americas.

Revenue grew by 130 per cent from DKK 322 million in Q3 2018 to DKK 741 million in Q3 2019, bringing revenue for the year up to 30 September to DKK 2.17 billion from DKK 903 million in the 9 months 2018 period. The significant revenue increase was driven by the acquisition of CCS at the end of 2018 and the successful integration during the first nine months of 2019:

"Obviously, the acquisition of CCS, which was completed by the end of 2018, and the following integration process have taken up a lot of time across our organization over the past nine months. We began the integration in January 2019 when all units were renamed globally to reflect the GPV brand and every day since then we've been busy taking the best of both worlds," explains GPV's CEO Bo Lybæk, and he continues: *"The entire process has been as expected, only the integration costs have been lower than we had budgeted for. In fact, GPV and CCS have proven to be a perfect match – both in-house and in our customer-facing operations."*

EBITDA rose from DKK 37 million in Q3 2018 to DKK 56 million in Q3 2019, bringing earnings for the nine-month period to DKK 143 million (9 months 2018: DKK 86 million). The earnings are in line with expectations, though adversely impacted by substantial changes in Thai baht and Swiss franc exchange rates relative to the main selling currencies and slowing demand from some of GPV's core customers.

"Our largest production unit is located in Bangkok, Thailand, and here we have seen a 12 per cent strengthen of the Thai baht in just 12 months. That has squeezed our contribution margin on products manufactured in Thailand, because local costs became relatively more expensive relative to the currencies we primarily invoice our customers in. Furthermore, demand from a handful of our largest customers has weakened, particularly here in the third quarter, mainly due to the geopolitical uncertainty arising from the US-China trade war," Bo Lybæk continues.

He adds that a trade agreement between the USA and China will likely eliminate some market concerns, but that it will be difficult to reverse the downward trend of global activity in the short term.

Nevertheless, he notes that GPV is well positioned and a strong player in the global EMS market. By virtue of its size, GPV is among the largest of the small players and the smallest of the big players, and that gives the company certain advantages: GPV can offer more flexibility than the larger players by being able to manufacture smaller series and bespoke solutions that the larger competitors see too little value in bidding for. Also, GPV is recognised for its service excellence thanks to its high level of service and fast response. That ability can lead to opportunities in a market in which our customers are expected to increase their preference for turning fixed costs into variable costs:

"The prospects of a changing business cycle need not be all bad news for GPV. We anticipate that several of our customers will consider whether to restructure their production units and outsource parts of their electronics manufacturing. In a time of crisis, many customers could potentially choose a transition from fixed to variable costs, and as their preferred supplier that would present us with some excellent opportunities," Bo Lybæk emphasises.

He also notes, however, that GPV does not expect to benefit from such a change until in 2021 or 2022 and that in the upcoming period the company must focus on the next stage of integration and on making the identified synergies crystallise.

Following the release of the Q3 interim report, GPV retains its full-year revenue guidance of about DKK 2.75 billion. The company narrows its full-year EBITDA guidance to the range of DKK 190-200 million from previously DKK 190-210 million.

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About GPV

GPV was founded in Denmark in 1961 and is today one of Europe's leading electronics manufacturers. GPV is a customer-driven EMS (Electronics Manufacturing Services) partner providing complex electronics, cable-harness, mechatronics and box-build solutions to customers worldwide. Headquartered in Denmark, GPV has production facilities in Denmark, Switzerland, Germany, Austria, Slovakia, Sri Lanka, Thailand, China and Mexico. GPV generates a revenue at about DKK 2.75 billion with around 4,000 employees. Since 2016, GPV has been owned by the Danish industrial conglomerate Schouw & Co.