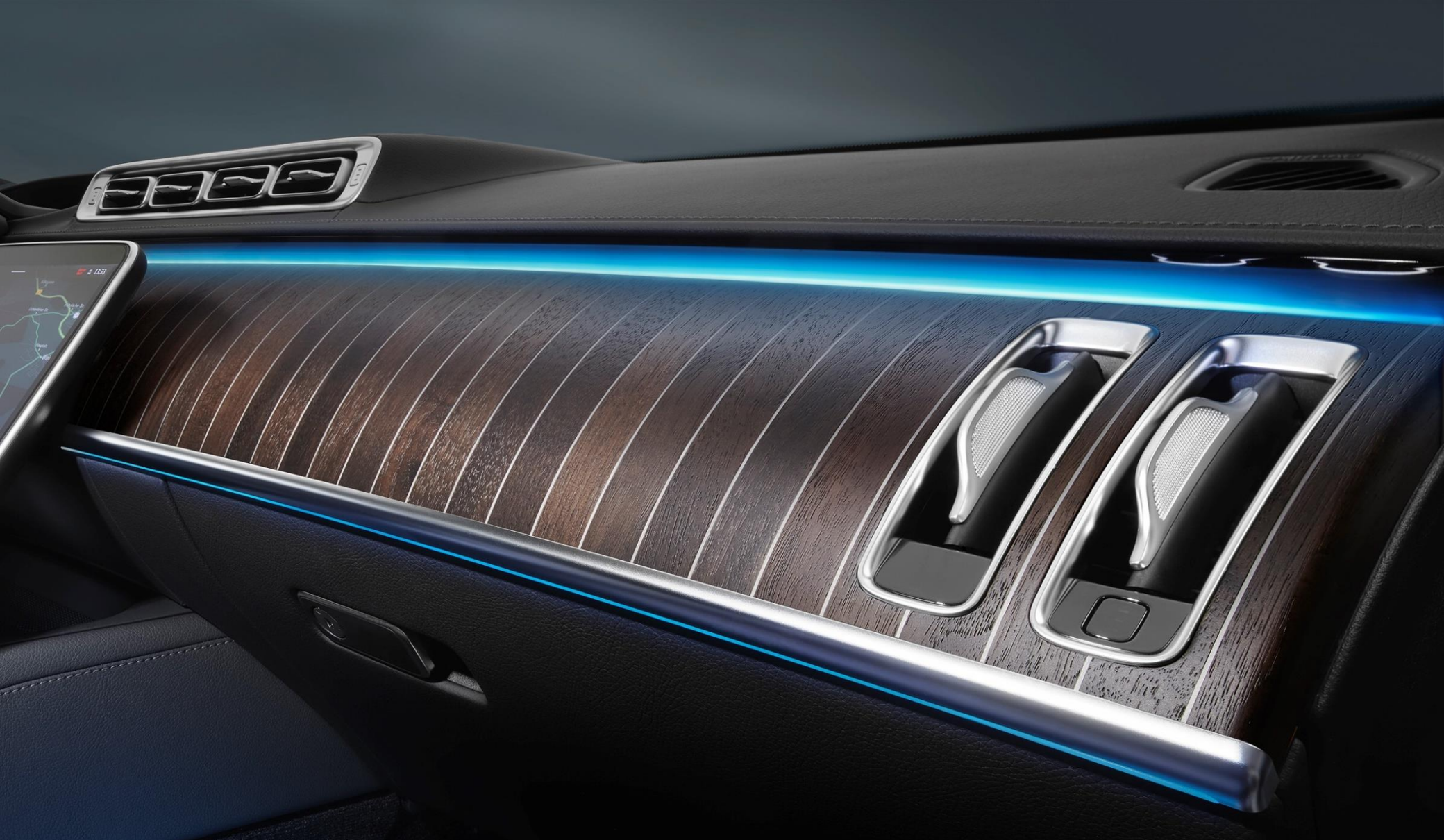




26 August 2021

# Q1 2021/22 Results





# 1 OVERVIEW








## Q1 2021/22 key events

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- In Q1 2021/22, Novem reported revenue growth of +81.7% in comparison to the same quarter previous year
- Adj. EBIT margin recovered well to 16.5% versus last year when the company posted a minor loss of €-1.1m
- As expected, the business rebounded strongly against Q1 2020/21, which was hit the most by the pandemic
- On a LTM basis, Adj. EBIT margin came in at 16.8%, in line with the guidance given in the context of the IPO
- As also indicated at that time, Novem fully repaid its €400.0m bond subsequent to the listing of the company
- As a result, the net financial debt ratio could be further lowered to 1.4x LTM Adj. EBITDA as of 31 July 2021
- Risks of delay and disruption in the supply chain have risen notably due to shortages of certain commodities
- Production output at customers has been adversely affected most recently and become increasingly volatile

**Current trading conditions allow only limited visibility**

## Q1 2021/22 financial highlights

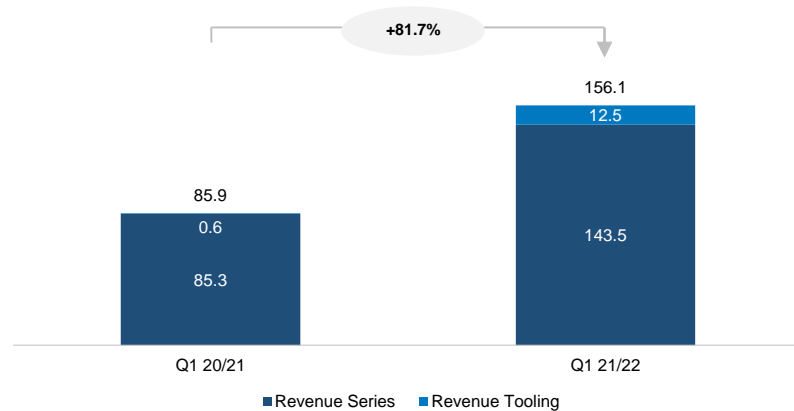
	Q1 Jun 2020/21		Q1 Jun 2021/22
Revenue	85.9		156.1
Adj. EBIT (€m)	-1.1		25.8
Adj. EBIT margin (%)	-1.2%		16.5%
Free cash flow (€m)	-13.5		10.1
Cash conversion (%)	29.9%		93.9%
Net leverage (x Adj. EBITDA)	n/a		1.5x



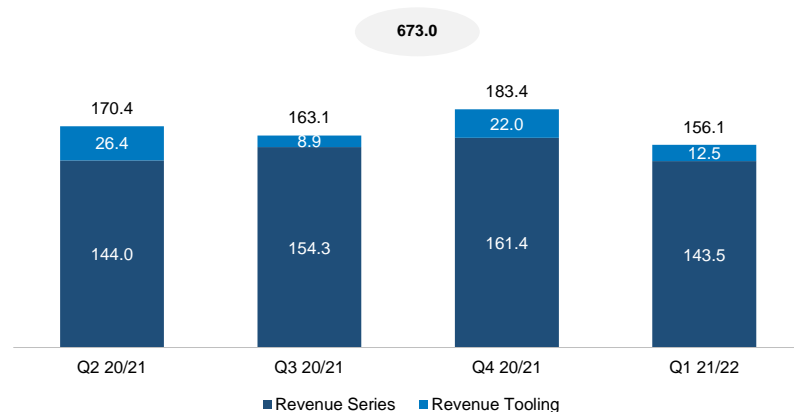
## 2 GROUP RESULTS

# Revenue

## Revenue (€m)



## LTM revenue (€m)

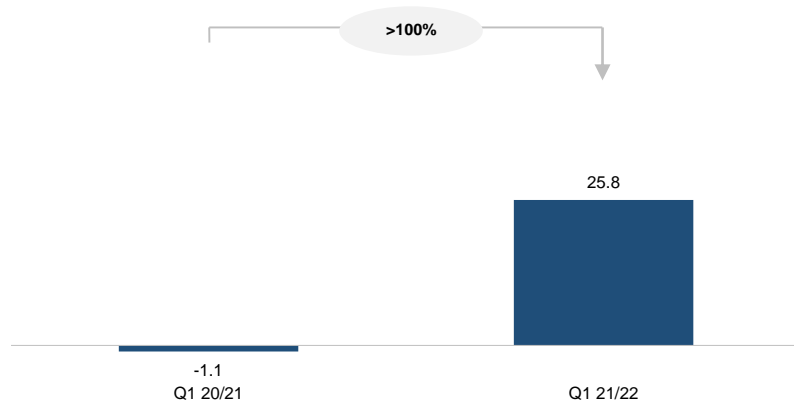


## Highlights

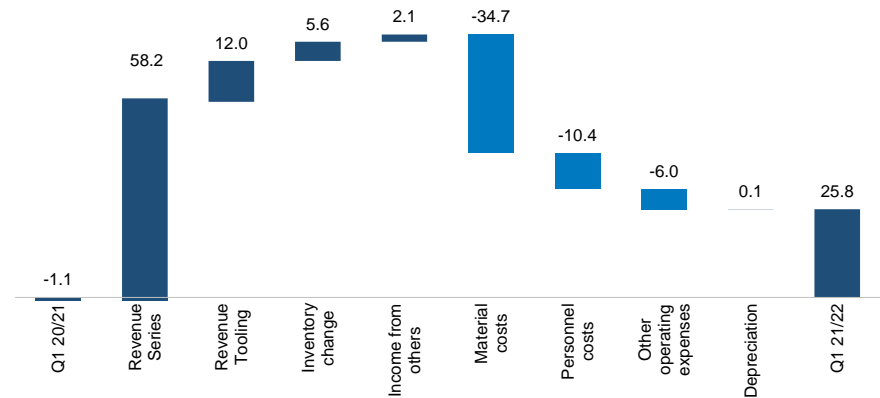
- In Q1 2021/22, overall revenue of €156.1m exceeded previous year (PY) by +81.7%
- Revenue Series of €143.5m contributed 92.0% to total revenue and was driven by higher volumes across all relevant platforms
- As was to be expected, the business rebounded strongly after the global Covid-19 lockdown in Q1 2020/21
- The revenue share of the Top 3 customers (Daimler, BMW, Audi) accounted for c.74% (-3.3pp y/y)
- Tooling added €12.5m to total revenue which was well above PY when project work with the OEMs came almost to a standstill
- If FX rates had remained constant at PY level, reported revenue would have been higher by +1.4%
- LTM revenue recovered strongly from the previous quarter due to the “carve-out” of the lockdown period in the last twelve months

# Adj. EBIT

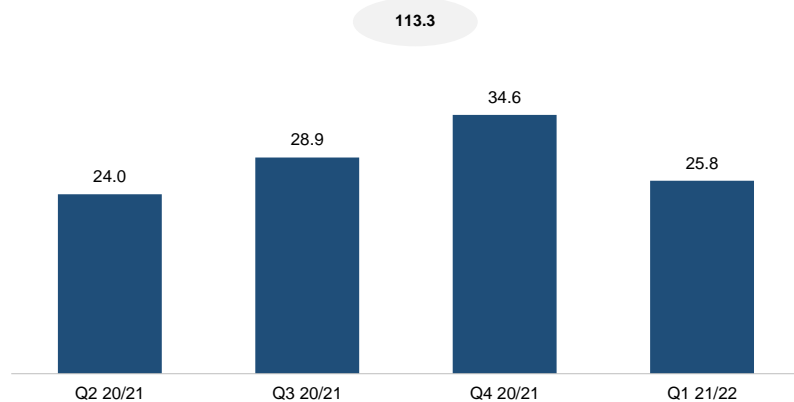
## Adj. EBIT (€m)



## Adj. EBIT bridge (€m)



## LTM Adj. EBIT (€m)

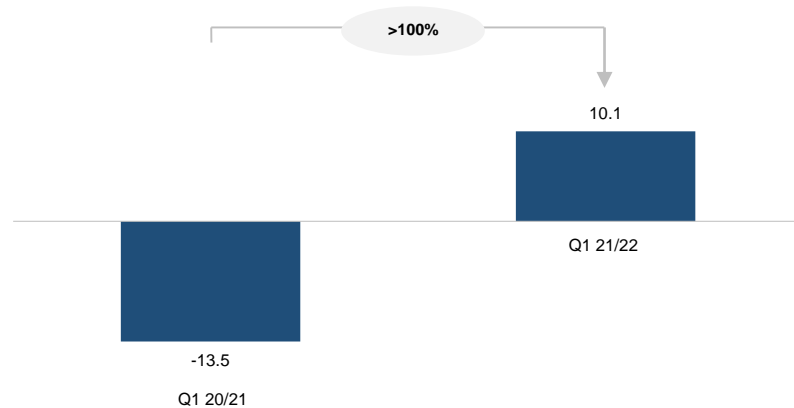


## Highlights

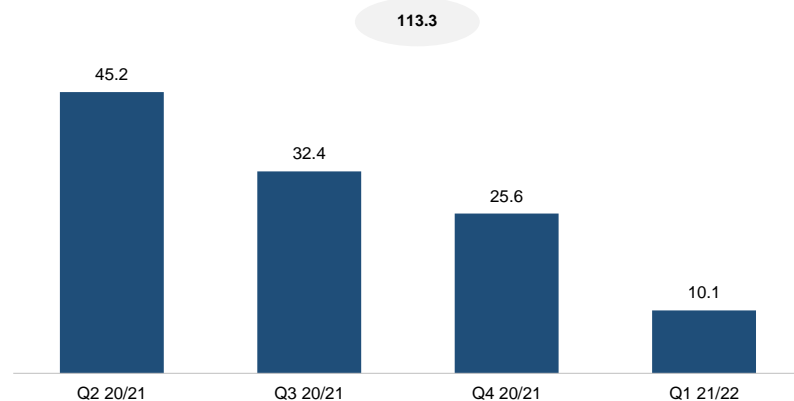
- Adj. EBIT in Q1 2021/22 outperformed PY by €+26.9m which translated into a margin of 16.5% for the period under review
- Outperformance was largely attributable to the increased revenue across all regions except for Asia
- Lower personnel and other operating expenses resulted mainly from highly effective Covid-19 savings measures last year

# Free cash flow

## Free cash flow (€m)



## LTM free cash flow (€m)



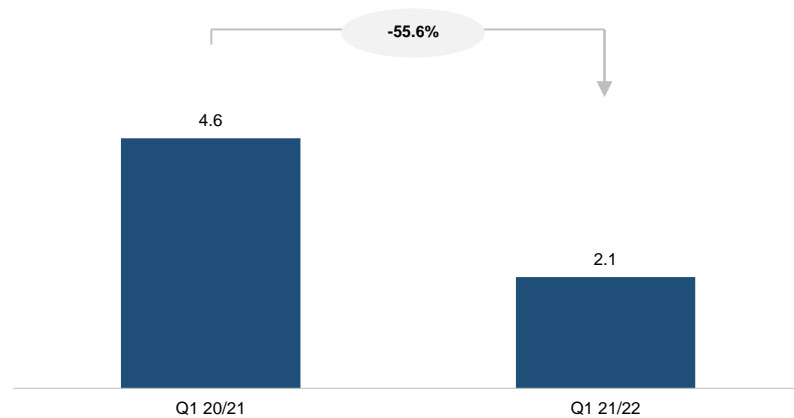
## Highlights

- With the recovery of trading conditions, free cash flow turned positive to €+10.1m in Q1 2021/22, relative to Q1 2020/21, when free cash flow was negative at €-13.5m due to the worldwide lockdown
- While cash flow used in investing activities remained almost on the same level as PY, cash flow from operating activities recorded €23.3m higher than last year
- Improvement mainly due to the marked increase in profit by €+27.6m; the balance being attributable to Others (€-4.3m)
- Overall trade working capital (excluding tooling net and contract assets) was relatively stable. However, individual constituents developed variably
- LTM free cash flow saw a sharp rise to €113.3m because of the exclusion of the cash drain in Q1 2020/21

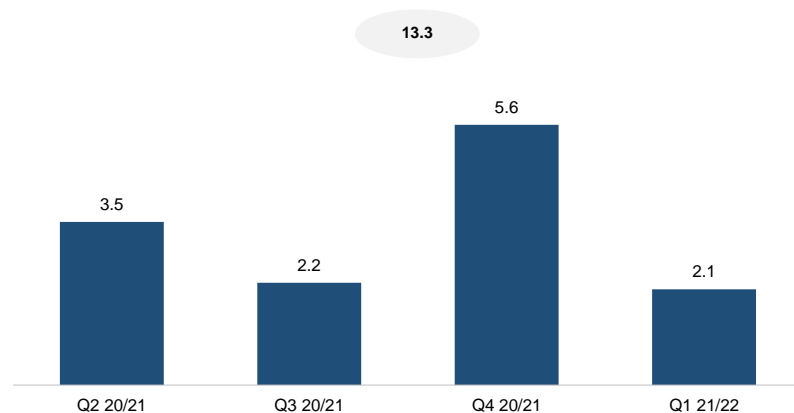


# Capital expenditure

## Capital expenditure (€m)



## LTM capital expenditure (€m)

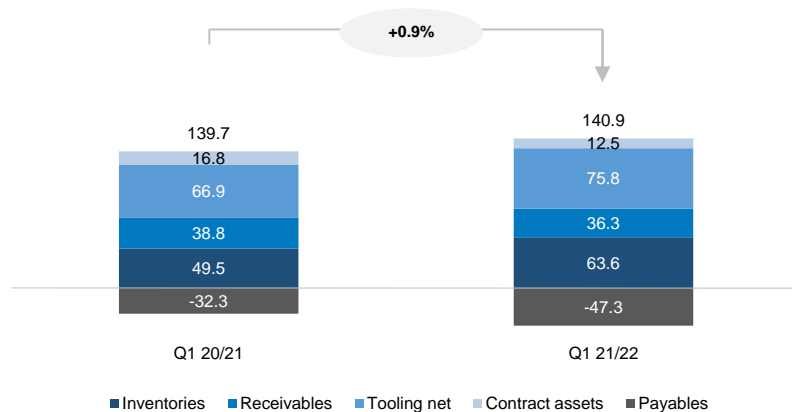


## Highlights

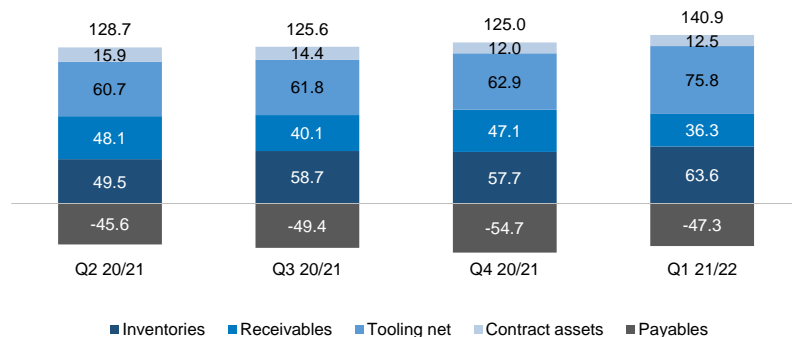
- In Q1 2021/22, capital expenditure was €2.1m compared to €4.6m last year
- This was achieved through cautious and active capex spending
- As a result, the capex ratio declined to 1.3% of revenue (5.4% PY)
- The company's asset base is solid and fully invested with limited investments required in the short term
- LTM capital expenditure was €13.3m, which lowered the capital expenditure ratio to 2.0%
- Management considers this level to be temporary due to Covid-19 and confirms the general guidance of c.4.0%
- It should be noted that, in this presentation, capital expenditure excludes any currency translation effects

# Total working capital

## Total working capital (€m)



## LTM total working capital (€m)

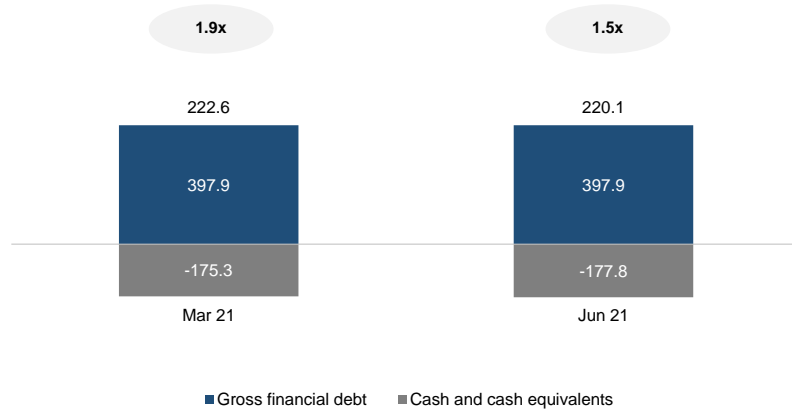


## Highlights

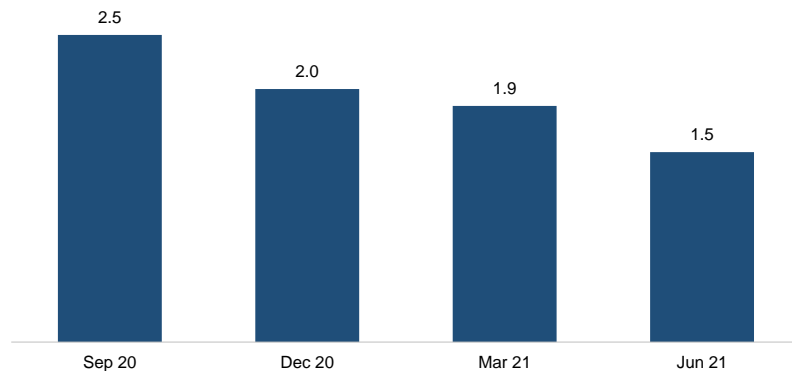
- As of 30 June 2021, total working capital of €140.9m was +0.9% above last year
- Deviation of €-1.2m compared to PY resulted from higher trade payables (€+15.0m), lower trade receivables (€+2.5m) as well as decreased contract assets (€+4.3m); on the other hand, higher inventories (€-14.1m) and tooling net (€-8.8m)
- As % of LTM revenue, total working capital stood at 20.9%, highlighting management's close attention to all aspects of working capital development
- Trade working capital (excluding tooling net and contract assets) decreased from €56.0m to €52.7m (-5.9% y/y)
- Measured in days outstanding, all ratios developed favourably: DIO 40 (52 PY), DSO 31 (59 PY), DPO 57 (54 PY)
- Novem purposely carried excess stock to mitigate the implications of the current supply shortages in the automotive industry

# Capital structure

## Net financial debt (€m)



## LTM net leverage (€m)



## Highlights

- As of 30 June 2021, cash rose by €+2.5m compared to 31 March 2021, bolstering the company's liquidity reserves further
- Net leverage ratio strongly improved from 1.9x to 1.5x at the end of Q1 2021/22
- As of 30 June 2021, the principal sources of funds represented €177.8m cash (31 March 2021: €175.3m) and €48.5m derived from non-recourse factoring (31 March 2021: €40.1m)

## Subsequent events

- As stated in the context of the IPO, Novem redeemed its €400.0m bond in July 2021 through new equity from the private placement and the drawdown of a €250.0m term loan
- As part of the €310.0m senior facilities agreement the €60.0m revolving facility remained undrawn as of 31 July 2021
- Refinancing process was successfully completed as per plan

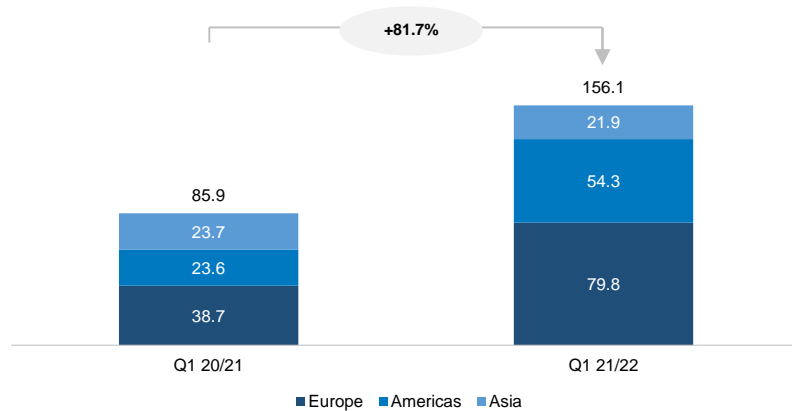


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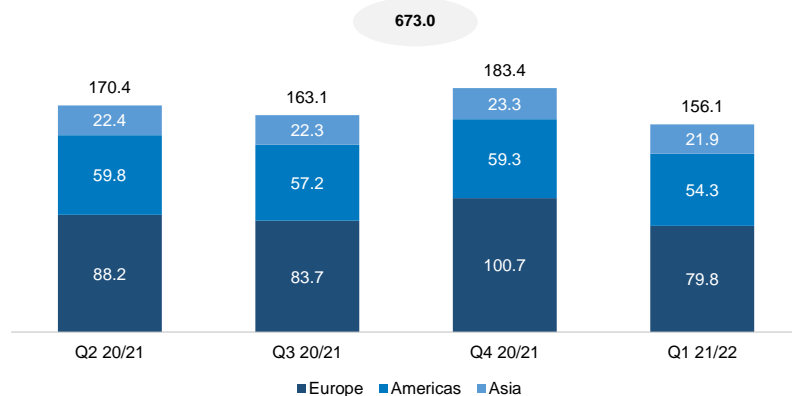
## RESULTS BY OPERATING SEGMENTS

# Revenue by operating segments

## Revenue by region (€m)



## LTM revenue by region (€m)

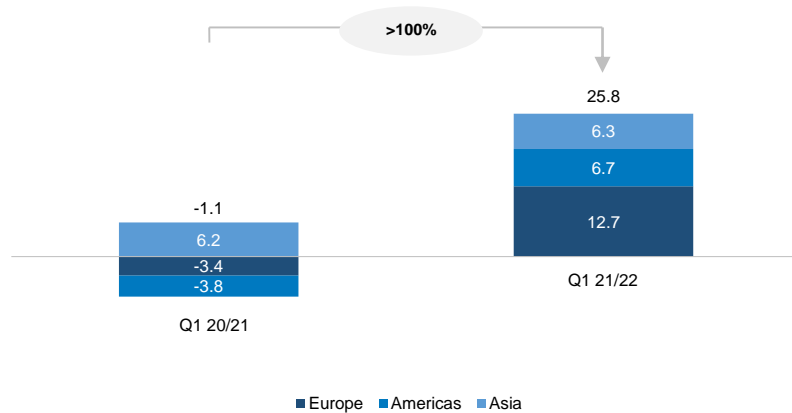


## Highlights

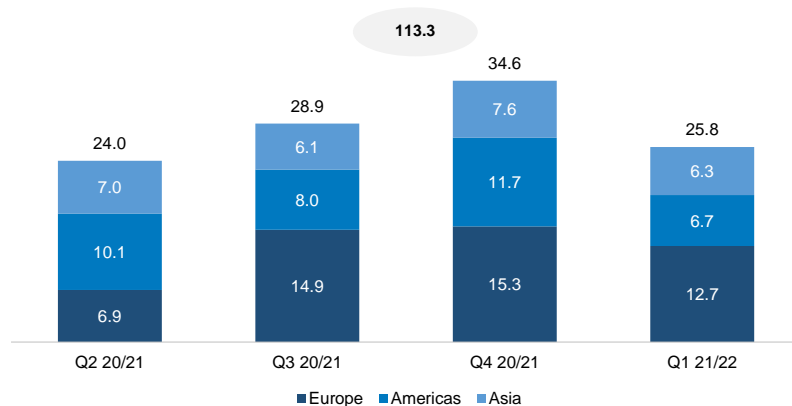
- Revenue growth was largely driven by Europe (+106.3% y/y) and the Americas (+130.7% y/y)
- Both segments showed a pronounced rebound compared to the lockdown period last year; all platforms contributed to the strong recovery of the top line, especially the big SUV models (Audi Q5, BMW X5/X6/X7, Daimler GLE, GM Escalade) in the Americas
- Revenue in Asia was no longer compromised by the pandemic in Q1 2020/21 (pent-up demand) and therefore does not show the rebound Europe and the Americas do; the region suffered a moderate decline (-7.3% y/y) mainly due to lower revenue with Daimler E-class
- LTM revenue split by region showed the following composition: 52.4.% Europe, 34.3% Americas and 13.4% Asia
- Compared to last quarter, LTM revenue surged from €602.7m to €673.0m (+11.7%)

# Adj. EBIT by operating segments

## Adj. EBIT by region (€m)



## LTM Adj. EBIT by region (€m)



## Highlights

- All segments contributed to a considerable turnaround of Adj. EBIT by €+26.9m
- On a segmental basis, Adj. EBIT margin improved strongly and consistently, starting with Europe 15.9% (-8.8% PY), followed by Americas 12.4% (-16.1% PY) and Asia 28.9% (26.1% PY)
- Improvement in Europe and Americas primarily driven by revenue growth, partly tempered by higher personnel and other operating expenses which could not be temporarily absorbed by short-time work or reduced through Covid-19 savings measures
- Adj. EBIT in Asia reached almost the same level as last year, however, the company received lower governmental grants than previously
- LTM Adj. EBIT soared to €113.3m with Q4 2020/21 representing the strongest quarter in the last twelve months



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## QUESTIONS & ANSWERS



5 APPENDIX



# Profit and loss statement

## Profit and loss statement (€m)

	Q1 2020/21	Q1 2021/22
Revenue	85.9	156.1
Increase or decrease in finished goods and work in process	3.4	9.0
<b>Total operating performance</b>	<b>89.3</b>	<b>165.0</b>
Other operating income	0.6	2.7
Cost of materials	44.1	78.8
Personnel expenses	29.6	40.0
Depreciation, amortization and impairment	7.6	7.6
Other operating expenses	9.6	15.6
<b>Adj. EBIT</b>	<b>-1.1</b>	<b>25.8</b>
<b>Adjustments</b>	<b>0.2</b>	<b>0.6</b>
<b>Operating result (EBIT)</b>	<b>-1.2</b>	<b>25.2</b>
Finance income	2.0	2.9
Finance costs	12.6	12.7
<b>Financial result</b>	<b>-10.6</b>	<b>-9.8</b>
Income taxes	7.0	6.3
Deferred taxes	0.7	1.0
<b>Income tax result</b>	<b>7.6</b>	<b>7.3</b>
<b>Profit for the period</b>	<b>-19.5</b>	<b>8.2</b>

## Balance sheet

### Balance sheet (€m)

	30 Jun 2020	30 Jun 2021		30 Jun 2020	30 Jun 2021
			<b>Total equity</b>	<b>-533.7</b>	<b>-497.7</b>
Intangible assets	3.0	3.5	Pensions and similiar obligations	31.7	34.9
Property, plant and equipment	196.3	182.0	Tax liabilities		
Trade receivables	51.5	48.5	Other provisions	9.0	5.2
Other non-current assets	14.4	14.6	Financial liabilities	836.7	863.2
Deferred tax assets	16.2	8.0	Other liabilities	34.9	32.3
			Deferred tax liabilities	13.8	3.7
<b>Total non-current assets</b>	<b>281.4</b>	<b>256.7</b>	<b>Total non-current liabilities</b>	<b>926.0</b>	<b>939.3</b>
Inventories	105.0	107.2	Tax liabilities	17.7	18.8
Trade receivables	43.8	42.0	Other provisions	40.0	54.5
Other receivables	22.8	28.8	Financial liabilities	78.6	3.0
Other current assets	20.1	17.4	Trade payables	36.3	50.6
Cash and cash equivalents	174.2	177.8	Other liabilities	82.4	62.8
Asset held for sale		1.2			
<b>Total current assets</b>	<b>365.9</b>	<b>374.6</b>	<b>Total current liabilities</b>	<b>255.0</b>	<b>189.6</b>
<b>Assets</b>	<b>647.3</b>	<b>631.2</b>	<b>Equity and liabilities</b>	<b>647.3</b>	<b>631.2</b>

# Cash flow statement

## Cash flow statement (€m)

	Q1 2020/21	Q1 2021/22
Profit for the period	-19.5	8.2
Income tax expense (+)/income (-)	7.0	6.3
Financial result (+)/(-) net	12.0	12.0
Depreciation, amortization and impairment	7.6	7.6
Other non-cash expenses (+)/income (-)	-10.3	-6.7
Increase (-)/decrease (+) in inventories	-0.0	-16.0
Increase (-)/decrease (+) in trade receivables	16.2	12.1
Increase (-)/decrease (+) in other assets	-7.3	-1.4
Increase (-)/decrease (+) in deferred taxes	0.8	1.0
Increase (-)/decrease (+) in prepaid expenses/deferred income	-1.5	-3.3
Increase (+)/decrease (-) in provisions	7.4	6.6
Increase (+)/decrease (-) in trade payables	-21.6	-11.3
Increase (+)/decrease (-) in other liabilities	1.2	0.4
Gain (-)/loss (+) on disposals of non-current assets	0.0	-0.0
Cash received from (+)/cash paid for (-) for income taxes	-2.5	-2.4
<b>Cash flow from operating activities</b>	<b>-10.4</b>	<b>12.9</b>

## Cash flow statement (cont'd)

<b>Cash flow statement (€m)</b>	Q1 2020/21	Q1 2021/22
Cash received (+) from disposals of intangible assets		
Cash received (+) from disposals of property, plant and equipment	-0.0	0.0
Cash paid (-) for investments in intangible assets	-0.0	-0.1
Cash paid (-) for investments in property, plant and equipment	-3.6	-3.4
Interest received (+)	0.6	0.7
Dividends received (+)		
<b>Cash flow from/(used in) investing activities</b>	<b>-3.1</b>	<b>-2.8</b>
Cash repayments of loans	-1.8	-0.0
Cash received from loans		
Cash repayments (-) to shareholders of the parent company	-0.0	-0.0
Cash repayments (-) of shareholders loans	0.0	0.0
Cash received from (+) issuance of bonds	0.6	0.4
Cash paid for (-) subsidies/grants	-0.0	-0.0
Cash paid for (-) finance leases	-1.6	-2.4
Interest paid (-)	-5.6	-5.6
Dividends paid (-)		
<b>Cash flow from/(used in) financing activities</b>	<b>-8.5</b>	<b>-7.6</b>
<b>Net increase (+)/ decrease (-) in cash and cash equivalents</b>	<b>-21.9</b>	<b>2.5</b>
Effect of exchange rate fluctuations on cash and cash equivalents		
Cash and cash equivalents at the beginning of the reporting period	196.2	175.3
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>174.2</b>	<b>177.8</b>

## EBIT adjustments

EBIT adjustments (€m)		
	Q1 2020/21	Q1 2021/22
Revenue	85.9	156.1
<b>EBIT</b>	<b>-1.2</b>	<b>25.2</b>
EBIT margin	-1.4%	16.2%
Restructuring		
Exceptional ramp-up costs		
Single impairments		
Covid-19 costs		0.2
Others	0.2	0.3
Exceptional items	0.2	0.6
Discontinued operations		
Adjustments	0.2	0.6
<b>Adj. EBIT</b>	<b>-1.1</b>	<b>25.8</b>
Adj. EBIT margin	-1.2%	16.5%
Depreciation, amortization and impairment		
	7.6	7.6
<b>Adj. EBITDA</b>	<b>6.6</b>	<b>33.4</b>
Adj. EBITDA margin	7.7%	21.4%

## Definitions and basis of preparation of the financial information

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- **Adj. EBIT** is defined as EBIT as adjusted for certain adjustments which management considers to be non-recurring in nature, as Novem believes such items are not reflective of the ongoing performance of the business
- **Adj. EBITDA** is defined as profit for the year before income tax result, financial result and amortization, depreciation and write-downs as adjusted for certain adjustments which management considers to be non-recurring in nature, as Novem believes such items are not reflective of the ongoing performance of the business
- **Adj. EBIT margin** is defined as Adj. EBIT divided by revenue
- **Adj. EBITDA margin** is defined as Adj. EBITDA divided by revenue
- **Capital expenditure** is defined as the sum of cash paid for investments in property, plant and equipment and cash paid for investments in intangible assets excluding currency translation effects
- **Cash conversion rate** is defined as Adj. EBITDA less capital expenditure divided by Adj. EBITDA
- **Days inventory outstanding (DIO)** is defined by dividing inventories (as shown in the consolidated statement of financial position, but excluding tooling) by revenue generated from the sale of series trim elements in the last three months
- **Days sales outstanding (DSO)** is defined by dividing trade payables (as shown in the consolidated statement of financial position, but excluding tooling) by revenue generated from the sale of series trim elements in the last three months
- **Days payables outstanding (DPO)** is defined by dividing trade payables (as shown in the consolidated statement of financial position, but excluding tooling) by net costs series incurred in the three months
- **EBIT** is defined as profit for the year before income tax result and financial result
- **EBITDA** is defined as profit for the year before income tax result, financial result and amortization, depreciation and write-downs
- **Net leverage ratio** is defined as the ratio of net financial debt to Adj. EBITDA
- **Free cash flow** is defined as the sum of cash flow from operating and investing activities
- **Trade working capital** is defined as the sum of inventories non-tooling and trade receivables related to non-tooling less trade payables related to non-tooling
- **Total operating performance** is defined as the sum of revenue and increase or decrease in finished goods
- **Total working capital** is defined as the sum of inventories, trade receivables and contract assets excluding expected losses less trade payables, tooling received advance payments received and other provisions related to tooling
- **Net financial debt** is defined as the sum of liabilities from bonds and liabilities to banks less cash and cash equivalents

## Further information and disclaimer

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### Date of publication

26 August 2021

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