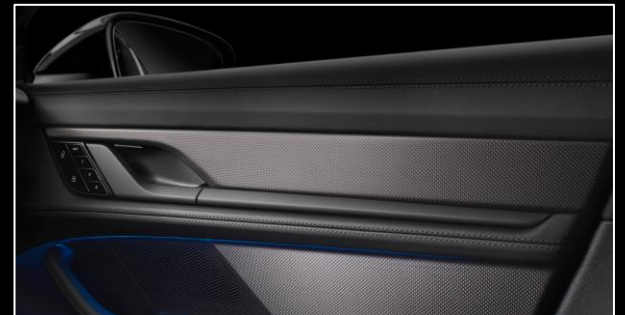
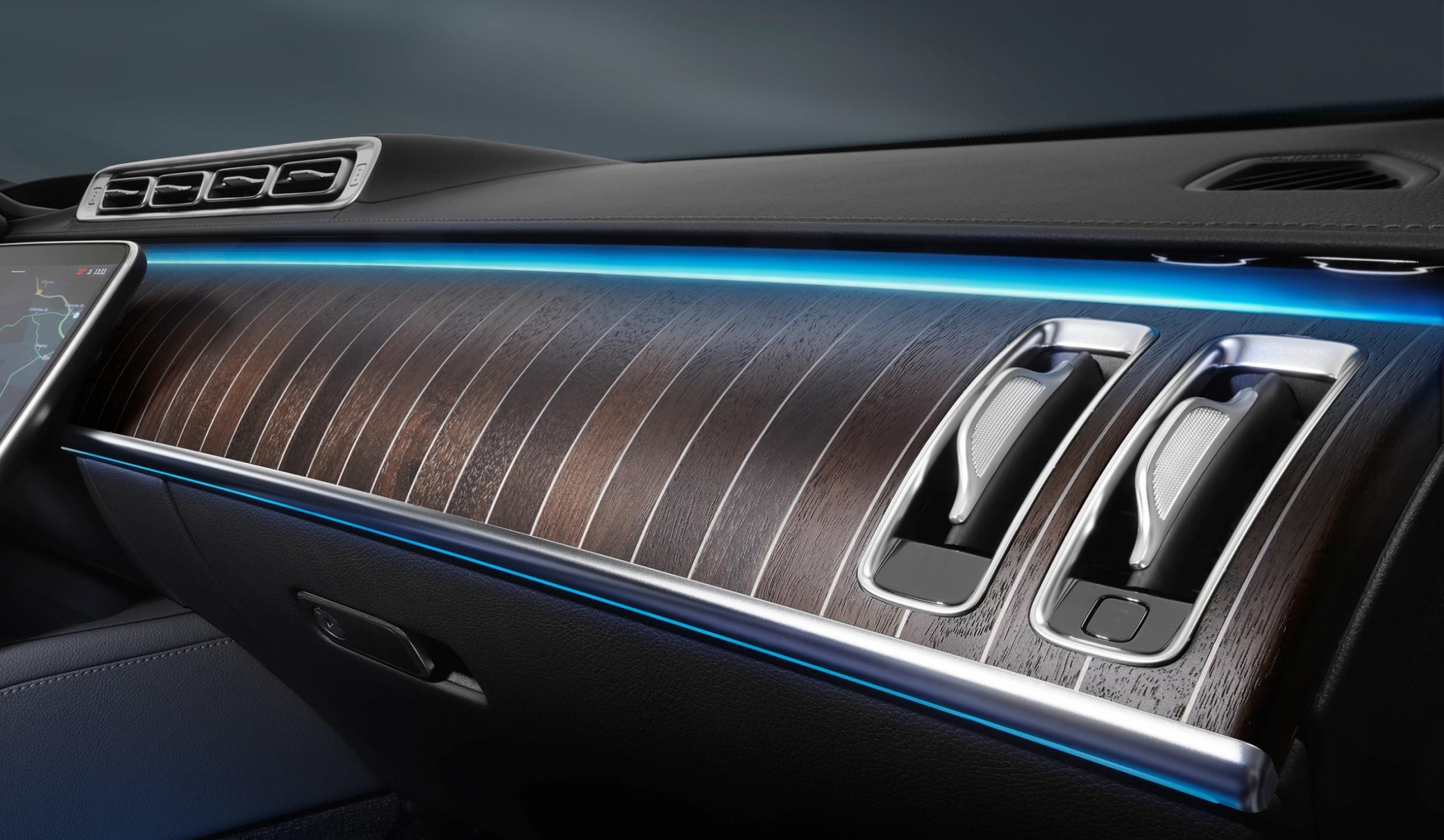




15 February 2024

Q3 2023/24 Results











1 OVERVIEW

Q3 2023/24 key events







- In Q3 2023/24, Novem recorded revenue of €138.7m, falling short against previous year by -16.9%
- Top line was adversely affected by extended customer plant holidays over the turn of the year
- Market weakness underlined by several OEMs deploying short-time work and cutting back their production
- Notwithstanding, Novem was able to deliver a robust profit margin of 12.0% (Adj. EBIT of €16.6m)
- Italian operation based in Bergamo closed and successfully transferred to other European factories
- Crisis in the Red Sea jeopardises marine transport from and to China and requires additional safety stock
- Novem secured 2nd EV from Chinese carmaker Avatr, backed by Changan Automobile, CATL and Huawei
- Solid order intake in the current year is well supporting the mid-term guidance on revenue growth of 5-6%

Current market environment remains challenging but good prospects for the future

Q3 2023/24 financial highlights

	Q3 2022/23		Q3 2023/24
Revenue (€m)	166.9		138.7
Adj. EBIT (€m)	19.0		16.6
Adj. EBIT margin (%)	11.4%		12.0%
Free cash flow (€m)	24.6		-3.9
Net leverage (x Adj. EBITDA)	1.3x		1.7x

YTD 2023/24 financial highlights

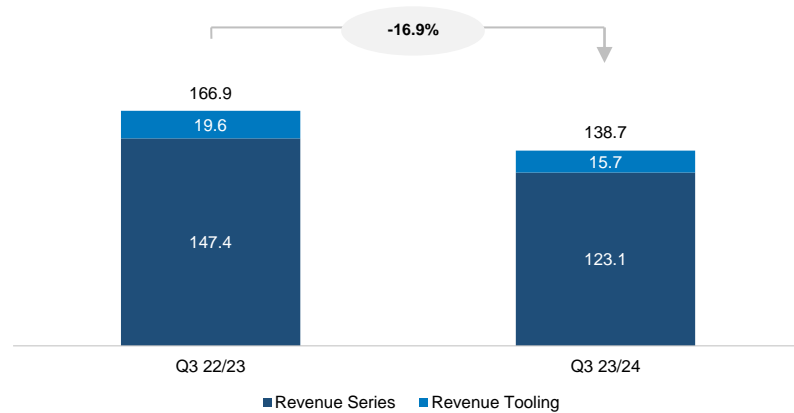
	YTD 2022/23		YTD 2023/24
Revenue (€m)	526.2		485.8
Adj. EBIT (€m)	60.5		54.6
Adj. EBIT margin (%)	11.5%		11.2%
Free cash flow (€m)	44.9		29.6
Net leverage (x Adj. EBITDA)	1.3x		1.7x



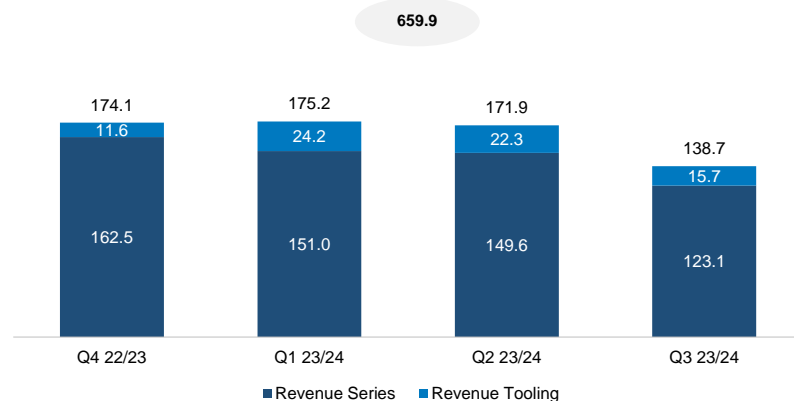
2 GROUP RESULTS

Revenue

Revenue (€m)



LTM revenue (€m)

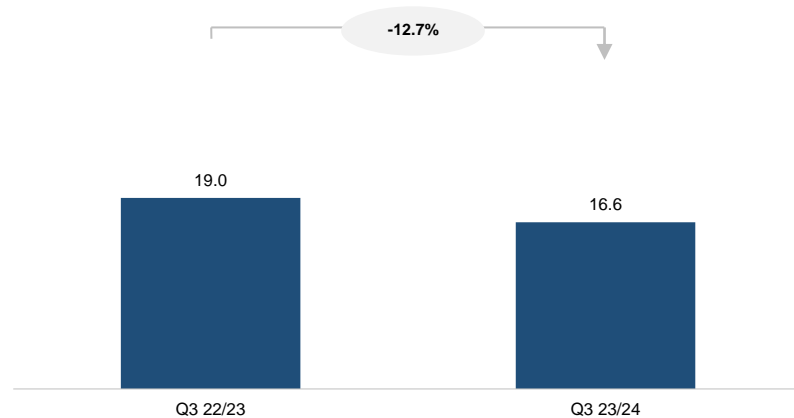


Highlights

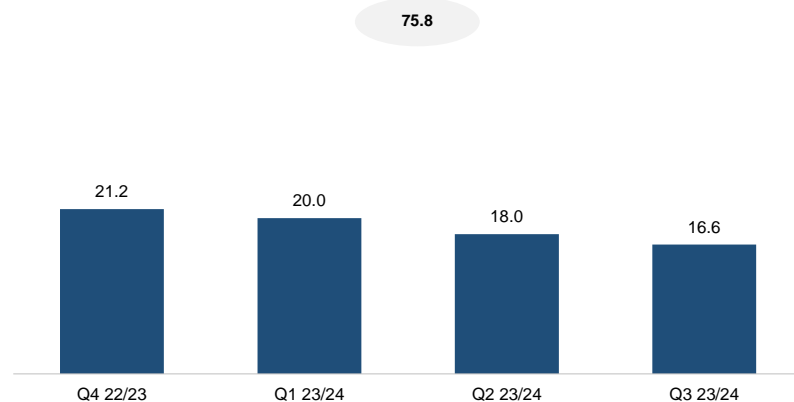
- In Q3 2023/24, total revenue of €138.7m came down by €-28.2m or -16.9% in comparison to last year
- As previously, top line was affected by FX effects; revenue would have been higher by €+3.4m or +2.4% at constant FX rates
- Revenue Series of €123.1m declined considerably by €-24.3m or -16.5% contributing 88.7% to total revenue
- Drop in Series turnover was mainly driven by extended customer plant holidays and continued weak demand, especially in Europe
- In contrast, publicly available data from LMC showed remarkable growth in LVP from 22.0m to 24.4m units (+10.8% y/y)
- Revenue Tooling of €15.7m fell short of PY because of a different project phasing
- On a twelve-month basis, total revenue recorded at €659.9m and decreased by -4.1% versus last quarter

Adj. EBIT

Adj. EBIT (€m)



LTM Adj. EBIT (€m)

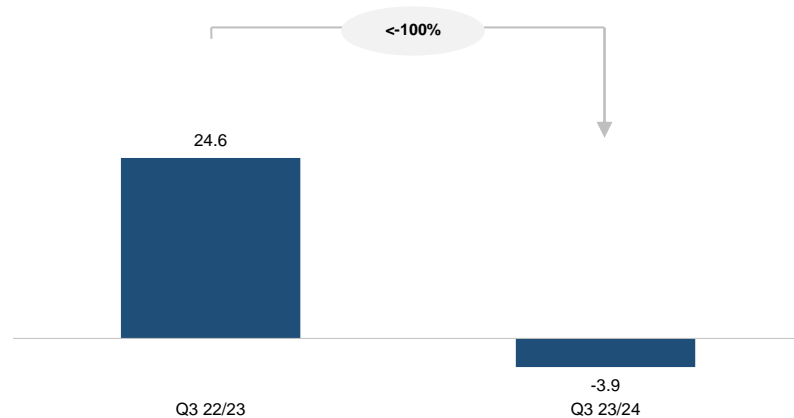


Highlights

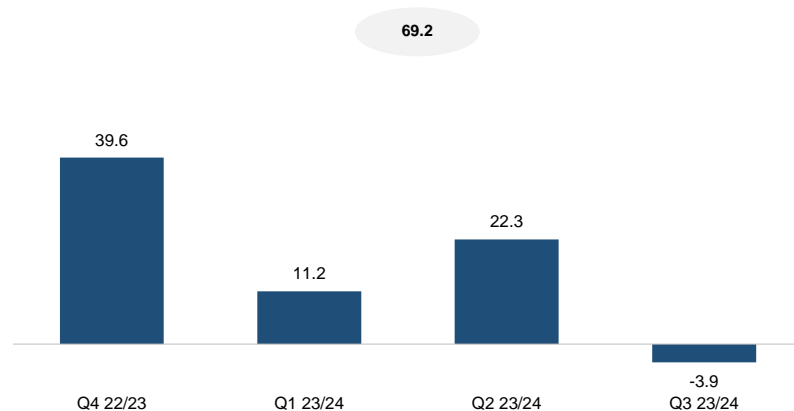
- Adj. EBIT in Q3 2023/24 fell short of previous year by €-2.4m but still resulted in a solid margin of 12.0% for the reporting period
- Bottom line was adversely affected by reduced turnover because of fewer working days and lower call-offs of the OEMs
- Again, this led to a mediocre utilisation of operations, primarily in Bergamo, Pilsen and Žalec
- Production in Italy was smoothly transferred to low-cost countries according to the restructuring plan
- Moreover, operating result was further diluted by an unfavourable product mix and model changes
- Adj. EBIT benefited from lower freight rates and factor input costs like material and leased workers
- Furthermore, operating result was supported by agreed customer compensation payments as well as the release of accruals

Free cash flow

Free cash flow (€m)



LTM free cash flow (€m)

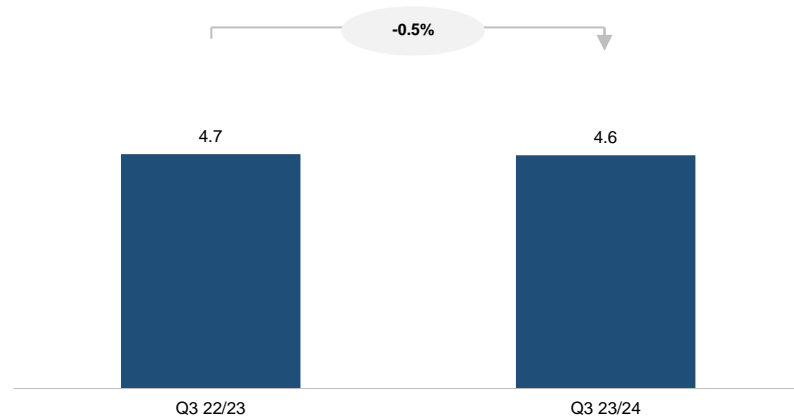


Highlights

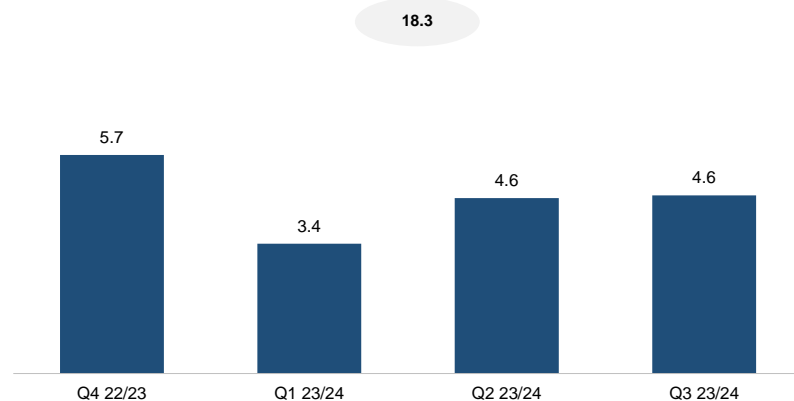
- Free cash flow of €-3.9m turned slightly negative for the reporting period under review and was well below last year by €-28.4m
- Cash flow from operating activities (€-0.3m) fell short of prior year by €-28.8m due to the following reasons:
 - Reduced provisions (€-10.4m) and other liabilities (€-8.2m), lower profit after tax (€-7.7m), higher trade receivables (€-5.2m) and Others (€-5.5m); conversely, other non-cash income PY (€+8.2m)
- Change in provisions was largely linked to the release of accruals and the decline in other liabilities was affected by lower advanced tooling payments – both aperiodic effects
- Cash flow from investing activities of €-3.6m recorded virtually on prior year's level of €-3.9m
- Free cash flow for the last rolling twelve months of €69.2m came down by -29.1% compared to last quarter (€97.7m)

Capital expenditure

Capital expenditure (€m)



LTM capital expenditure (€m)

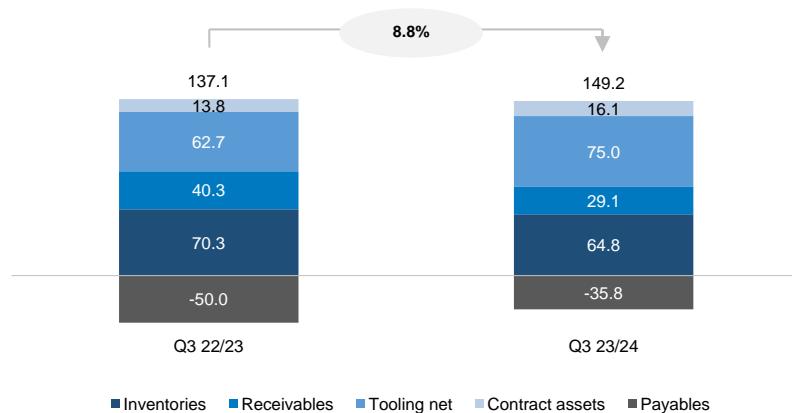


Highlights

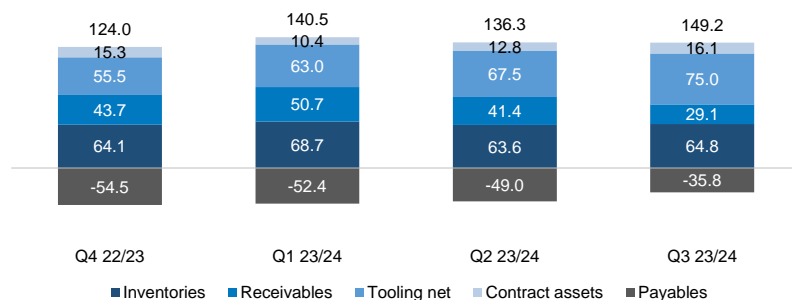
- Capital expenditure of €4.6m in Q3 2023/24 remained almost flat compared to previous year (€4.7m)
- As a result of the weaker top line, the underlying capex ratio rose to 3.3% of revenue (2.8% PY)
- Nearly half of the capital expenditure for the quarter under review was invested in China (€-2.3m)
- Majority of capex was linked to new projects and the necessary preparation of the production infrastructure
- On a last-twelve-month basis, capital expenditure of €18.3m was unchanged to previous quarter (€18.3m)
- Capex ratio for the last twelve months remained at a stable level of 2.8% based on LTM total revenue of €659.9m

Total working capital

Total working capital (€m)



LTM total working capital (€m)

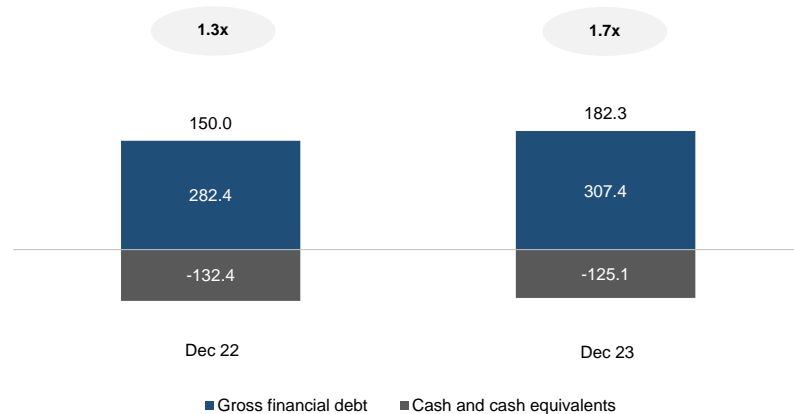


Highlights

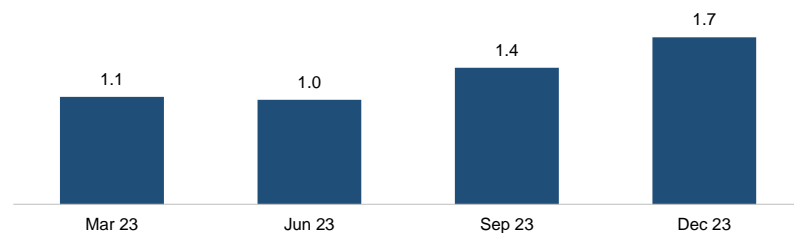
- As of 31 December 2023, total working capital of €149.2m stood 8.8% higher than last year (€137.1m)
- Deviation of €-12.1m y/y attributable to trade payables (€-14.2m), tooling net (€-12.3m) and contract assets (€-2.3m) but also lower trade receivables (€+11.2m) and inventories (€+5.5m)
- Decrease in trade payables came from lower volume and tooling net was driven by lower cash in-flow versus previous year; partly offset by sales-related decline in trade receivables
- Total working capital expressed as a percentage of LTM revenue recorded at 22.6% as of 31 December 2023 (20.0% PY)
- On the other hand, trade working capital (without both tooling net and contract assets) improved from €60.6m to €58.1m
- Reported in days outstanding, DIO of 47 (43 PY) and DPO of 45 (53 PY) deteriorated, while DSO remained stable at 33 (33 PY)

Capital structure

Net financial debt (€m)



LTM net leverage ratio



Highlights

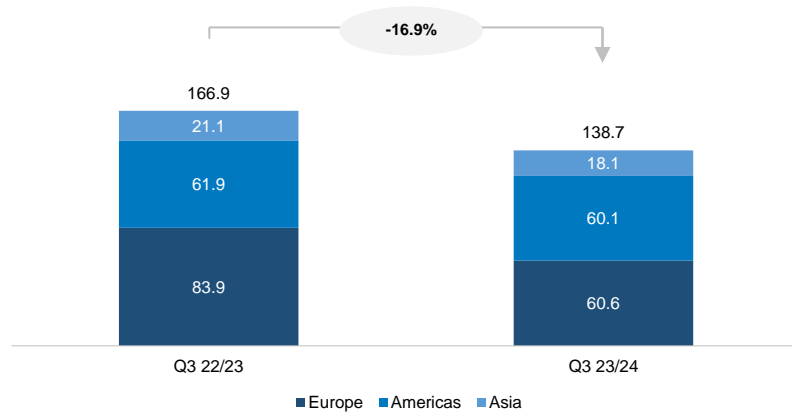
- Gross financial debt of €307.4m increased by €+25.0m versus last year, largely attributable to a step-up in lease liabilities
- Lease liabilities rose considerably to €57.7m (€34.2m PY) due to the renewal of the existing lease contracts in Querétaro
- Principal sources of funds included €125.1m cash (€132.4m PY) and €37.2m from non-recourse factoring (€38.2m PY)
- As of 31 December 2023, net financial debt was at €182.3m and showed a sharp increase versus PY (€150.0m)
- As a result, the net leverage ratio moved up to 1.7x compared to previous year (1.3x Adj. EBITDA)
- However, the ratio would have been at 1.5x only, when adjusted for the special leasing impact in Querétaro



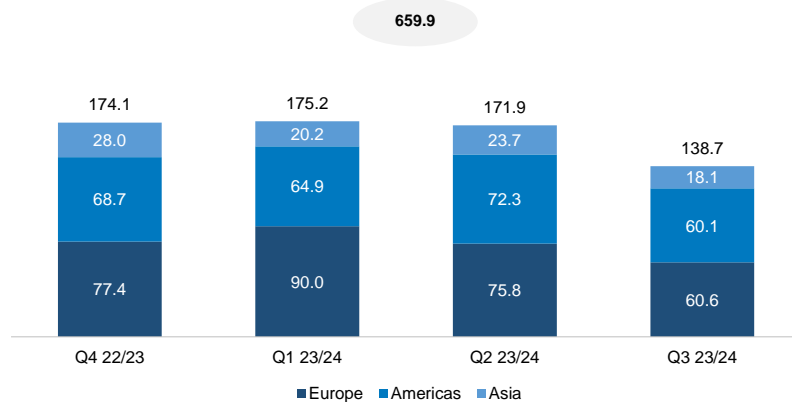
3 RESULTS BY OPERATING SEGMENTS

Revenue by operating segments

Revenue by region (€m)



LTM revenue by region (€m)

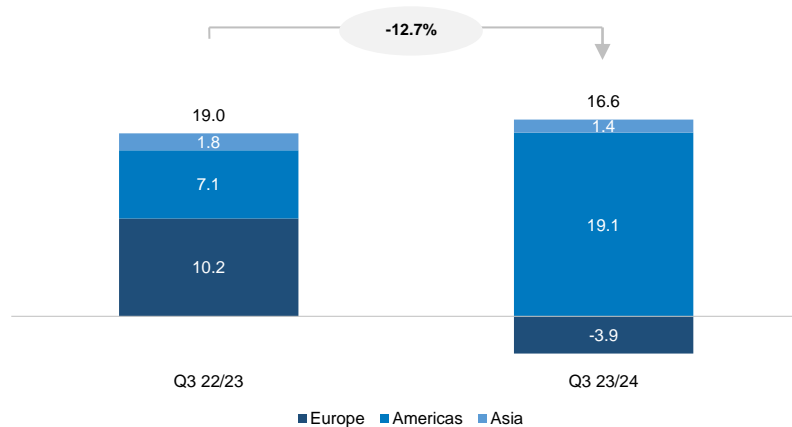


Highlights

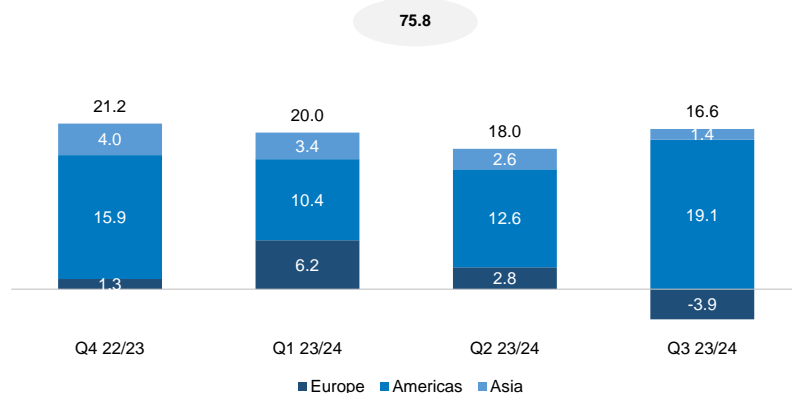
- On a segmental basis, revenue decreased in all regions, in total by €-28.2m y/y, to the largest extent in Europe
- Weaker revenue in Europe (€-23.3m y/y) basically resulted from longer customer plant holidays and generally poor call-offs
- At platform level, the negative ranking was led by BMW 5-series (EOP), MB E-class, S-class and GLC
- Minor decline in Americas (€-1.8m y/y) caused by Tooling, while Series developed favourably despite a weaker US dollar
- Revenue in Asia (€-3.0m y/y) was negatively affected by several model changes (especially SOP/EOP of MB E-class) and a slow ramp-up of local business (Avatr, Hongqi, Lotus Lambda)
- LTM revenue showed the following allocation across all regions: 46.0% Europe, 40.3% Americas and 13.7% Asia

Adj. EBIT by operating segments

Adj. EBIT by region (€m)



LTM Adj. EBIT by region (€m)



Highlights

- Adj. EBIT increased considerably in Americas, moved sideways in Asia and declined sharply in Europe compared to prior year
- Adj. EBIT in Europe dropped to €-3.9m (€10.2m PY) because of significantly lower revenue, volume-related inefficiencies as well as a negative product mix
- Improved material costs (purchasing savings, enhanced quality), customer compensation payments and reduced leased workers mitigated the unfavourable market effects
- In Americas, Adj. EBIT of €19.1m (€7.1m PY) was supported by buoyant Series revenue, continued lower freight and input costs and the release of accruals (customer pricing)
- Stable profit in Asia with an Adj. EBIT of €1.4m (€1.8m PY) due to strong Tooling business and improved input costs
- LTM Adj. EBIT recorded at €75.8m with a moderate reduction of €-2.4m or -3.1% in comparison to last quarter



4 QUESTIONS & ANSWERS



5 APPENDIX

Profit and loss statement

Profit and loss statement (€m)				
	Q3 2022/23	Q3 2023/24	YTD 2022/23	YTD 2023/24
Revenue	166.9	138.7	526.2	485.8
Increase or decrease in finished goods and work in process	-0.8	2.5	-6.1	-9.0
Total operating performance	166.2	141.3	520.1	476.8
Other operating income	4.9	8.2	14.4	13.1
Cost of materials	-82.2	-67.7	-266.3	-231.6
Personnel expenses	-41.0	-40.5	-123.1	-125.9
Depreciation, amortisation and impairment	-8.1	-8.2	-24.2	-24.7
Other operating expenses	-20.6	-16.5	-60.4	-53.1
Adj. EBIT	19.0	16.6	60.5	54.6
Adjustments	-0.6	-1.4	-1.1	-6.0
Operating result (EBIT)	18.5	15.3	59.5	48.6
Finance income	9.9	7.6	2.4	7.8
Finance costs	-2.9	-5.1	-13.5	-14.4
Financial result	7.1	2.5	-11.0	-6.6
Income taxes	-6.0	-2.1	-13.8	-8.3
Deferred taxes	1.5	-2.4	1.1	-2.2
Income tax result	-4.6	-4.5	-12.7	-10.5
Profit for the period	21.0	13.3	35.8	31.4

Balance sheet

Balance sheet (€m)

	31 Dec 2022	31 Dec 2023		31 Dec 2022	31 Dec 2023
			Total equity	89.9	83.6
Intangible assets	2.4	2.0	Pensions and similar obligations	35.4	27.1
Property, plant and equipment	179.6	197.6	Other provisions	3.2	2.1
Trade receivables	50.8	54.3	Financial liabilities	248.1	248.6
Other non-current assets	11.8	14.8	Other liabilities	28.0	56.2
Deferred tax assets	20.3	4.6	Deferred tax liabilities	4.0	-0.8
Total non-current assets	264.9	273.3	Total non-current liabilities	318.7	333.2
Inventories	122.3	110.6	Tax liabilities	19.8	14.4
Trade receivables	43.3	39.1	Other provisions	48.3	46.4
Other receivables	33.7	28.2	Financial liabilities	1.4	1.1
Other current assets	15.2	17.5	Trade payables	52.1	40.1
Cash and cash equivalents	132.4	125.1	Other liabilities	81.5	75.2
Total current assets	346.9	320.5	Total current liabilities	203.2	177.0
Assets	611.8	593.8	Equity and liabilities	611.8	593.8

Cash flow statement

Cash flow statement (€m)

	Q3 2022/23	Q3 2023/24	YTD 2022/23	YTD 2023/24
Profit for the period	21.0	13.3	35.8	31.4
Income tax expense (+)/income (-)	6.0	2.1	13.8	8.3
Financial result (+)/(-) net	2.1	4.1	4.2	10.1
Depreciation, amortisation and impairment (+)	8.1	8.7	24.2	25.2
Other non-cash expenses (+)/income (-)	-7.1	1.1	-6.9	-0.6
Increase (-)/decrease (+) in inventories	-3.4	-5.7	7.1	6.8
Increase (-)/decrease (+) in trade receivables	8.6	3.4	-9.5	-1.2
Increase (-)/decrease (+) in other assets	0.5	-1.2	-1.6	5.6
Increase (-)/decrease (+) in deferred taxes	-1.5	2.4	-1.1	2.2
Increase (-)/decrease (+) in prepaid expenses/deferred income	1.0	0.3	0.9	-1.3
Increase (+)/decrease (-) in provisions	2.2	-8.2	6.5	-4.4
Increase (+)/decrease (-) in trade payables	-14.5	-17.0	-14.6	-21.9
Increase (+)/decrease (-) in other liabilities	8.9	0.6	2.9	-10.9
Gain (-)/loss (+) on disposals of non-current assets	0.0	0.0	0.1	0.0
Cash received (+) from/cash paid (-) for income taxes	-3.5	-4.2	-7.8	-11.6
Cash flow from operating activities	28.5	-0.3	53.9	37.9

Cash flow statement (cont'd)

Cash flow statement (€m)

	Q3 2022/23	Q3 2023/24	YTD 2022/23	YTD 2023/24
Cash received (+) from disposals of property, plant and equipment	0.0	0.0	0.8	0.0
Cash paid (-) for investments in intangible assets	-0.0	-0.1	-0.1	-0.2
Cash paid (-) for investments in property, plant and equipment	-4.7	-4.5	-12.2	-12.4
Interest received (+)	0.8	1.0	2.4	4.3
Cash flow from investing activities	-3.9	-3.6	-9.0	-8.3
Cash paid (-) for subsidies/grants	-	-	-0.0	-0.0
Cash paid (-) for finance leases	-2.5	-2.7	-6.9	-7.7
Interest paid (-)	-2.3	-4.4	-5.2	-12.5
Dividends paid (-)	-	-	-17.2	-49.5
Cash flow from financing activities	-4.8	-7.1	-29.4	-69.7
Net increase (+)/decrease (-) in cash and cash equivalents	19.8	-11.0	15.6	-40.1
Effect of exchange rate fluctuations on cash and cash equivalents	-0.8	-0.5	-0.1	-0.3
Cash and cash equivalents at the beginning of the reporting period	113.5	136.6	117.0	165.5
Cash and cash equivalents at the end of the reporting period	132.4	125.1	132.4	125.1

EBIT adjustments

EBIT adjustments (€m)					
	Q3 2022/23	Q3 2023/24	YTD 2022/23	YTD 2023/24	
Revenue	166.9	138.7	526.2	485.8	
EBIT	18.5	15.3	59.5	48.6	
EBIT margin	11.1%	11.0%	11.3%	10.0%	
Restructuring	-	0.7	-	5.2	
Covid-19 costs	0.1	-	0.3	-	
Others	0.4	0.7	0.7	0.8	
Exceptional items	0.6	0.7	1.1	0.8	
Discontinued operations	-	-	-	-	
Adjustments	0.6	1.4	1.1	6.0	
Adj. EBIT	19.0	16.6	60.5	54.6	
Adj. EBIT margin	11.4%	12.0%	11.5%	11.2%	

Definitions and basis of preparation of the financial information

- **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. EBIT margin** is defined as Adj. EBIT divided by revenue
- **Adj. EBITDA** is defined as profit for the year before income tax result, financial result and amortisation, 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. 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** is defined as free cash flow 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 amortisation and depreciation
- **Free cash flow** is defined as the sum of cash flow from operating and investing activities
- **Gross financial debt** is defined as the sum of liabilities to banks, hedging and lease liabilities
- **Net financial debt** is defined as gross financial debt less cash and cash equivalents
- **Net leverage ratio** is defined as the ratio of net financial debt to Adj. EBITDA
- **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
- **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

Further information and disclaimer

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