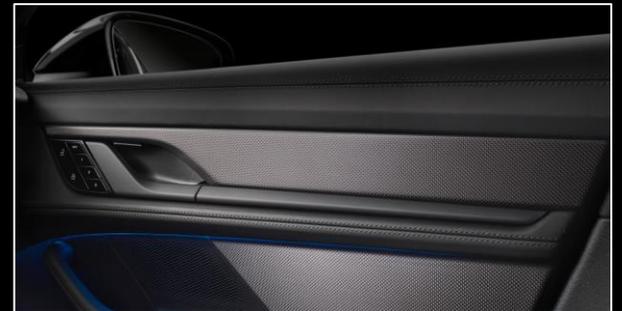
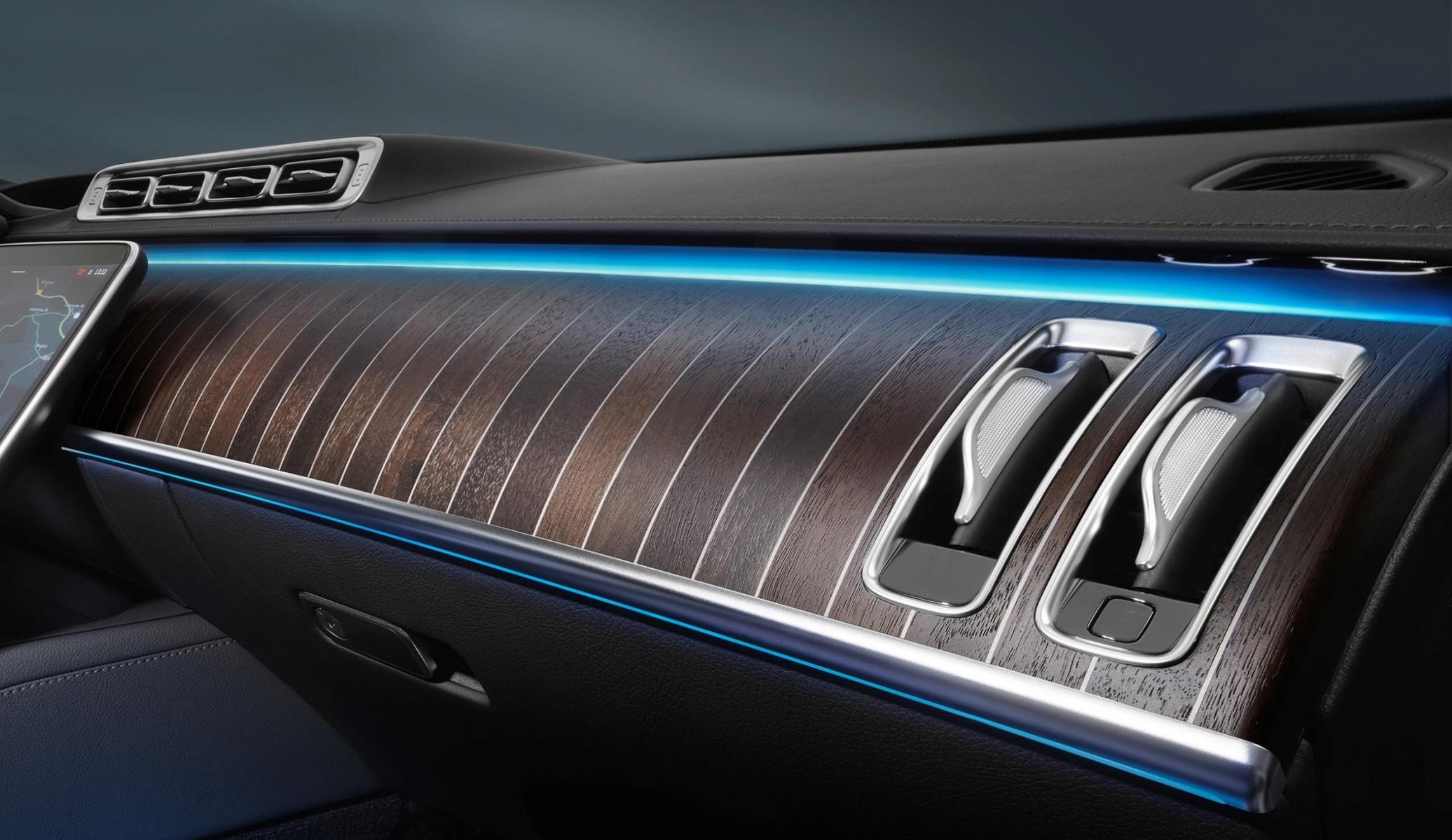




30 November 2022

# HY 2022/23 Results





# 1 OVERVIEW

## Q2 2022/23 key events

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- In Q2 2022/23, Novem reported revenue growth of +27.4% y/y in a continued demanding environment
- Top line was supported by FX and pent-up demand in China following corona-related restrictions in Q1
- Adj. EBIT margin of 11.3% for the period under review rebounded well from PY level of 8.9%
- Inflation and inefficiencies resulting from volatile customer call-offs kept burdening the bottom line
- Year-to-date free cash flow turned back into positive territory due to a robust Q2 of €+22.8m
- Novem won the Opel flagship model Insignia (e-SUV), underlining the overall premiumisation trend
- After the award of a luxury SUV platform (Hongqi), Novem acquired the first electric vehicle from FAW
- Further progress made in asking the OEMs to contribute to the rising input costs and inefficiencies

**Strong revenue growth in a demanding environment**

## Q2 2022/23 financial highlights

	Q2 2021/22		Q2 2022/23
Revenue (€m)	139.2		177.4
Adj. EBIT (€m)	12.4		20.1
Adj. EBIT margin (%)	8.9%		11.3%
Free cash flow (€m)	0.9		22.8
Net leverage (x Adj. EBITDA)	1.6x		1.5x

# HY 2022/23 financial highlights

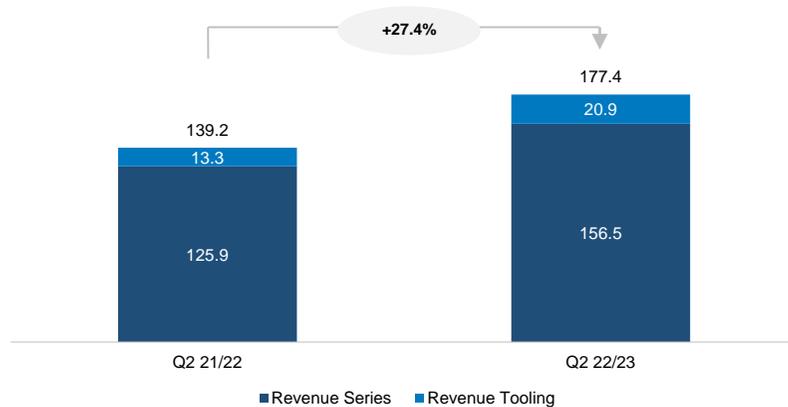
	HY 2021/22		HY 2022/23
Revenue (€m)	295.3		359.3
Adj. EBIT (€m)	38.2		41.5
Adj. EBIT margin (%)	12.9%		11.5%
Free cash flow (€m)	11.0		20.4
Net leverage (x Adj. EBITDA)	1.6x		1.5x



## 2 GROUP RESULTS

# Revenue

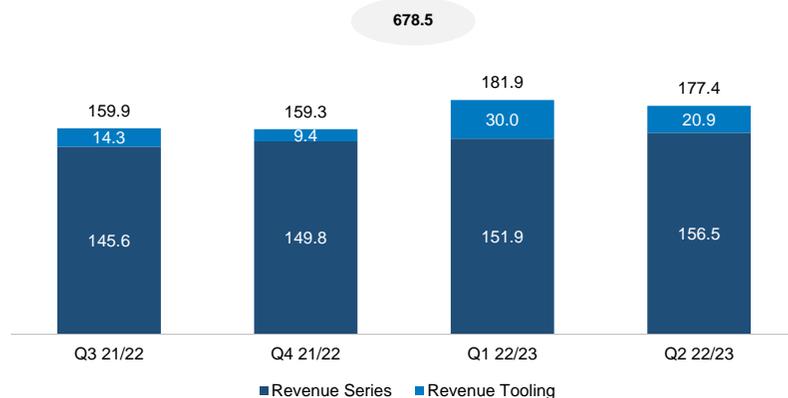
## Revenue (€m)



## Highlights

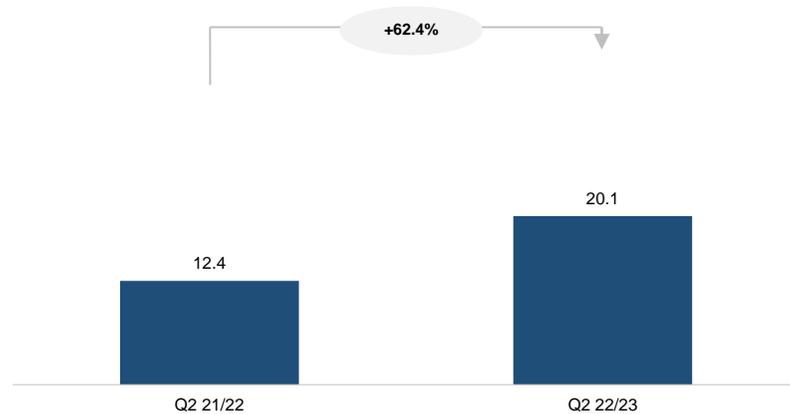
- In Q2 2022/23, total revenue of €177.4m exceeded previous year by +27.4%, which was particularly hard hit by the chip crisis
- Growth was propelled by foreign exchange effects; total revenue would have been lower by -7.1% at constant FX rates
- Revenue Series contributed 88.2% to total revenue with a surge in growth of +24.3% y/y to €156.5m
- Strong sales development was also evidenced by LMC statistics showing a steep rise in LVP of +28.2% y/y
- Despite growing top line, underlying quality of customer call-offs remained poor
- Revenue Tooling of €20.9m was well above last year (+56.9% y/y)
- Total revenue recorded at €678.5m on a twelve-month basis and increased by +6.0% versus last quarter

## LTM revenue (€m)

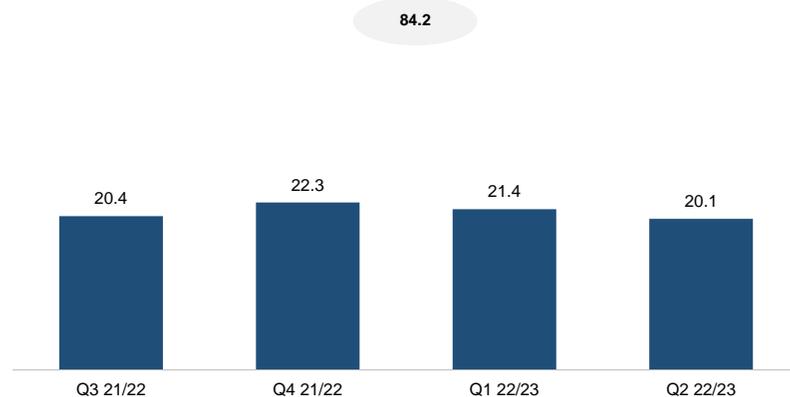


# Adj. EBIT

## Adj. EBIT (€m)



## LTM Adj. EBIT (€m)

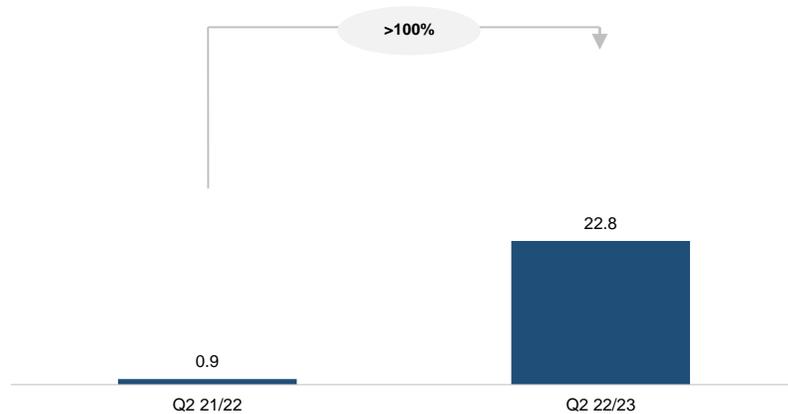


## Highlights

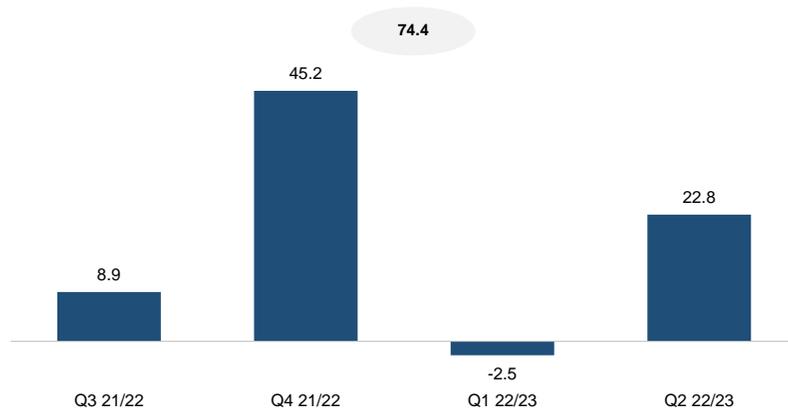
- Adj. EBIT in Q2 2022/23 was well above PY by €+7.7m, which translated into a margin of 11.3%
- Key driver of improved profitability was the buoyant sales trend
- Bottom line was positively influenced by Asia, which rebounded sharply after the pandemic-related restrictions of Q1 2022/23
- Novem received first compensation payments from OEMs
- However, inflation remained a major point of concern with higher material prices, energy costs and logistic expenses
- Higher share of Tooling in the overall business had a dilutive impact on bottom line
- In a twelve-month view, Adj. EBIT rose by €+7.7m or +10.1% to €84.2m compared to last quarter

# Free cash flow

## Free cash flow (€m)



## LTM free cash flow (€m)

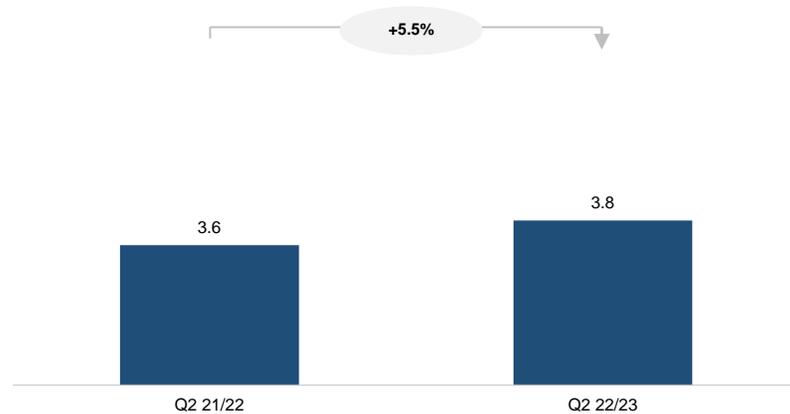


## Highlights

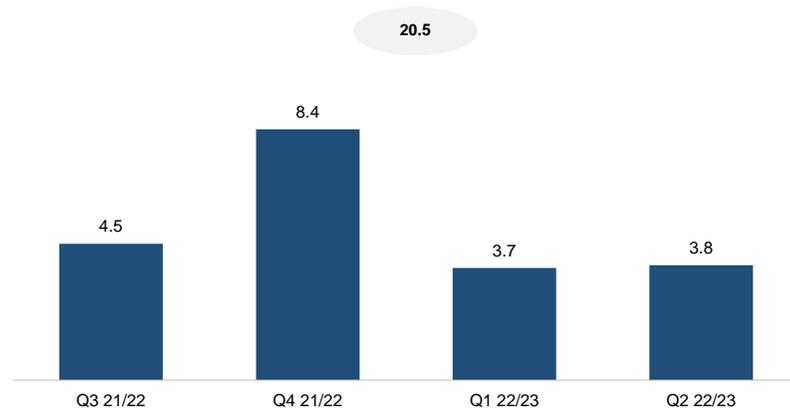
- In Q2 2022/23, Novem generated a free cash flow of €22.8m and outperformed previous year by €+22.0m
- While being slightly negative in the preceding quarter, free cash flow turned positive in the period under review
- Cash flow from operating activities of €25.8m exceeded last year by €+20.4m due to the following reasons:
  - Lower inventories (€+13.0m) driven by Tooling payments, higher profit (€+8.6m) and increased other liabilities (€+7.4m) as well as provisions (€+5.0m); partly offset by higher receivables (€-12.7m) because of the increased revenue and Others (€-0.9m)
- Cash flow from investing activities of €-3.0m was approximately by one third lower than prior year level
- On a last twelve-month calculation, free cash flow strengthened by €+22.0m or +41.8% q/q to €74.4m

# Capital expenditure

## Capital expenditure (€m)



## LTM capital expenditure (€m)

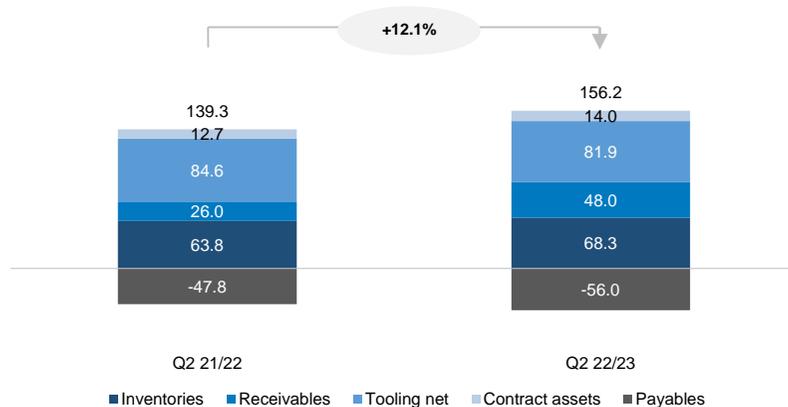


## Highlights

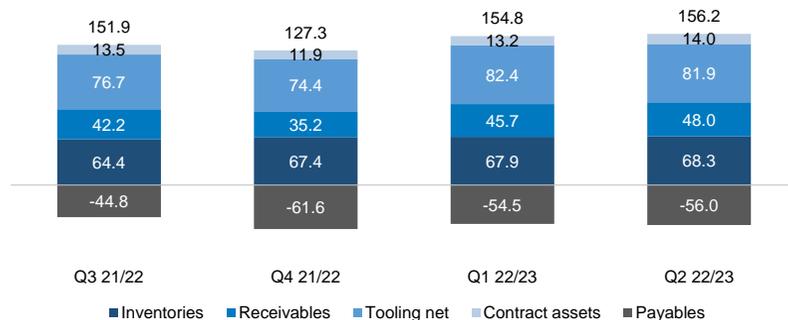
- In Q2 2022/23, capital expenditure of €3.8m recorded almost on the same level as previous year
- Because of the higher top line, the capex ratio decreased to 2.2% of revenue (2.6% PY)
- Majority of capex invested in Langfang (€1.2m), Žalec (€0.9m) and Querétaro (€0.8m) as well as Others (€0.9m)
- LTM capex of €20.5m implied a ratio of 3.0% of revenue, which was largely driven by the platforms taken over from Faurecia
- On a twelve-month basis, investments included around €5.0m for the machinery relating to Faurecia
- Solid asset base with no major changes to the current production footprint required

# Total working capital

## Total working capital (€m)



## LTM total working capital (€m)



## Highlights

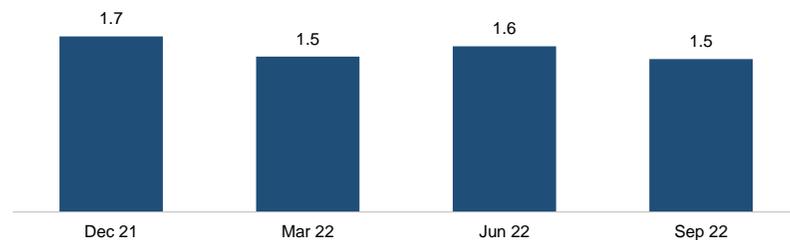
- As of 30 September 2022, total working capital stood at €156.2m, which equalled a rise of +12.1% y/y
- Deviation of €-16.9m resulted from trade receivables (€-22.0m) due to higher revenue, inventories (€-4.5m) relating to customer safety stock requirements and contract assets (€-1.4m); on the other hand, the variance was narrowed down by extended trade payables (€+8.2m) and lower tooling net (€+2.8m)
- As % of LTM revenue, total working capital recorded at 23.0% as of 30 September 2022, slightly higher than last year's 21.7%
- While DIO of 39 days (46 PY) developed favourably and DPO of 53 days basically remained at prior year level (54 PY), DSO rose to 36 days (28 PY)
- Comparatively higher DSO was influenced by regional distribution of revenue with an overweight of Americas and Asia

# Capital structure

## Net financial debt (€m)



## LTM net leverage ratio



## Highlights

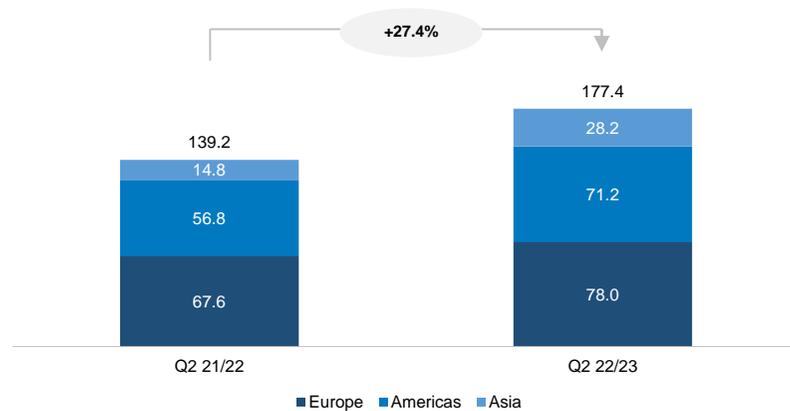
- As of 30 September 2022, gross financial debt remained at prior year level, while cash balances increased significantly
- Lease liabilities, by definition forming part of gross financial debt, amounted to €34.4m (€33.0m PY)
- Principal sources of funds came from €113.5m cash (€71.4m PY) and €48.7m from non-recourse factoring (€51.5m PY)
- Net financial debt as of 30 September 2022 recorded at €168.9m and improved considerably versus last year (€210.3m)
- Net leverage ratio of 1.5x reached the lowest level in the previous twelve months (net financial debt / Adj. EBITDA)
- Novem accomplished this result in spite of a dividend distribution of €17.2m in August 2022



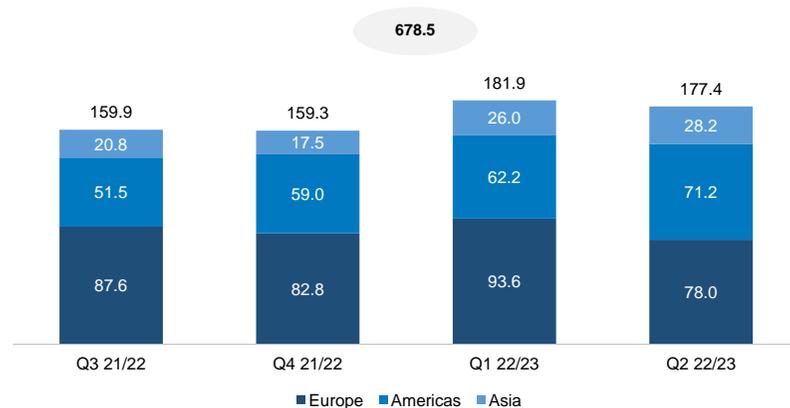
### 3 RESULTS BY OPERATING SEGMENTS

# Revenue by operating segments

## Revenue by region (€m)



## LTM revenue by region (€m)

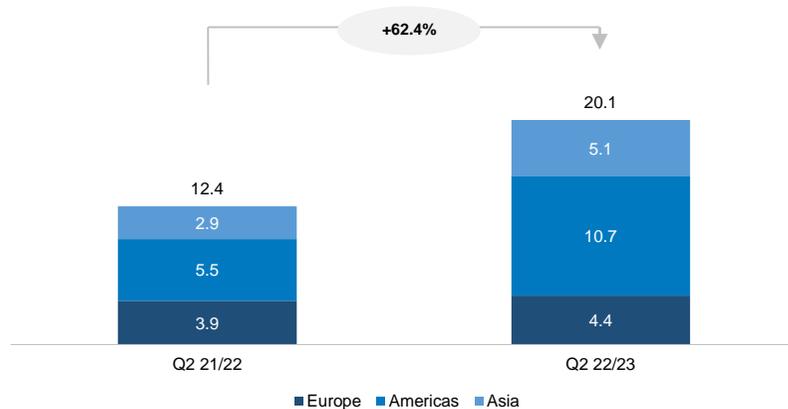


## Highlights

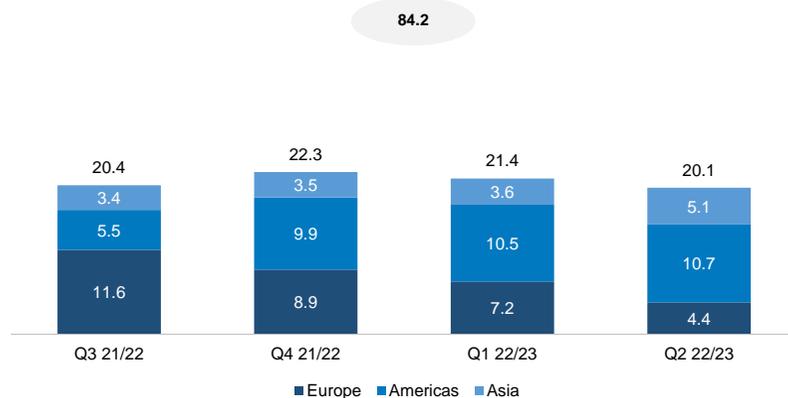
- On a segmental basis, revenue in Q2 2022/23 increased across all regions (in total by €+38.2m y/y)
- Favourable development in Europe (€+10.4m y/y) was supported by strong revenue Tooling
- Growth in Americas (€+14.4m y/y) was mainly driven by buoyant demand for SUVs and a positive FX impact from the USD
- Expansion in Asia (€+13.3m y/y) built on Series business, to a large extent attributable to the ramp-up of the BMW X5 platform localised in China, and a favourable FX impact from the RMB
- In comparison with the previous quarter, LTM revenue increased by €+38.2m from €640.3m to €678.5m
- Similar to the previous quarter, LTM revenue was geographically distributed as follows: 50.4% Europe, 36.0% Americas and 13.6% Asia, which rebounded strongly subsequent to the corona-related restrictions of Q1 2022/23

# Adj. EBIT by operating segments

## Adj. EBIT by region (€m)



## LTM Adj. EBIT by region (€m)



## Highlights

- In summary, bottom line was well supported by the buoyant sales development in Americas and Asia
- In Europe, profit for the period moved sideways with Adj. EBIT of €4.4m (€3.9m PY) despite significantly higher turnover
- As mentioned above, the largest region remained a focal point of concern with inflation being the highest worldwide and continued inefficiencies caused by volatile call-offs from carmakers
- In Americas, Adj. EBIT almost doubled from €5.5m previous year to €10.7m on the back of the higher revenue
- In Asia, Adj. EBIT showed a similarly dynamic development from €2.9m last year to €5.1m in Q2 2022/23 as a result of the pent-up demand in China
- In comparison with the last quarter, LTM Adj. EBIT in the amount of €84.2m increased by €+7.7m



# 4 QUESTIONS & ANSWERS



5 APPENDIX

# Profit and loss statement

<b>Profit and loss statement (€m)</b>				
	Q2 2021/22	Q2 2022/23	HY 2021/22	HY 2022/23
Revenue	139.2	177.4	295.3	359.3
Increase or decrease in finished goods and work in process	3.2	-4.0	12.2	-5.3
<b>Total operating performance</b>	<b>142.4</b>	<b>173.4</b>	<b>307.5</b>	<b>354.0</b>
Other operating income	6.8	5.0	9.5	9.6
Cost of materials	74.3	90.6	153.1	184.1
Personnel expenses	39.1	40.7	79.1	82.1
Depreciation, amortisation and impairment	7.6	8.0	15.2	16.1
Other operating expenses	15.8	18.9	31.4	39.8
<b>Adj. EBIT</b>	<b>12.4</b>	<b>20.1</b>	<b>38.2</b>	<b>41.5</b>
<b>Adjustments</b>	<b>2.5</b>	<b>0.3</b>	<b>3.1</b>	<b>0.5</b>
<b>Operating result (EBIT)</b>	<b>9.8</b>	<b>19.8</b>	<b>35.0</b>	<b>41.0</b>
Finance income	1.1	0.9	1.8	1.7
Finance costs	11.7	11.4	22.2	19.8
<b>Financial result</b>	<b>-10.6</b>	<b>-10.6</b>	<b>-20.4</b>	<b>-18.1</b>
Income taxes	3.2	3.1	9.5	7.7
Deferred taxes	-1.6	-0.1	-0.6	0.4
<b>Income tax result</b>	<b>1.6</b>	<b>3.0</b>	<b>8.9</b>	<b>8.1</b>
<b>Profit for the period</b>	<b>-2.4</b>	<b>6.3</b>	<b>5.8</b>	<b>14.7</b>

## Balance sheet

<b>Balance sheet (€m)</b>					
	30 Sep 2021	30 Sep 2022		30 Sep 2021	30 Sep 2022
			<b>Total equity</b>	<b>19.9</b>	<b>82.7</b>
Intangible assets	3.4	2.7	Pensions and similiar obligations	36.4	35.3
Property, plant and equipment	179.9	182.4	Tax liabilities		
Trade receivables	45.1	51.6	Other provisions	4.8	3.2
Other non-current assets	14.4	11.8	Financial liabilities	247.9	247.9
Deferred tax assets	8.5	19.3	Other liabilities	31.6	29.9
			Deferred tax liabilities	2.5	4.2
<b>Total non-current assets</b>	<b>251.2</b>	<b>267.8</b>	<b>Total non-current liabilities</b>	<b>323.2</b>	<b>320.5</b>
Inventories	113.0	121.7	Tax liabilities	17.6	17.0
Trade receivables	35.8	54.6	Other provisions	47.1	51.2
Other receivables	30.0	33.4	Financial liabilities	1.4	5.8
Other current assets	13.9	16.8	Trade payables	51.9	59.8
Cash and cash equivalents	71.4	113.5	Other liabilities	55.3	70.7
Assets held for sale	1.2				
<b>Total current assets</b>	<b>265.2</b>	<b>340.0</b>	<b>Total current liabilities</b>	<b>173.3</b>	<b>204.5</b>
<b>Assets</b>	<b>516.4</b>	<b>607.8</b>	<b>Equity and liabilities</b>	<b>516.4</b>	<b>607.8</b>

# Cash flow statement

## Cash flow statement (€m)

	Q2 2021/22	Q2 2022/23	HY 2021/22	HY 2022/23
Profit for the period	-2.4	6.3	5.8	14.7
Income tax expense (+)/income (-)	3.2	3.1	9.5	7.7
Financial result (+)/(-) net	7.8	1.2	19.8	2.1
Depreciation, amortisation and impairment	7.7	8.0	15.3	16.1
Other non-cash expenses (+)/income (-)	-2.0	-0.2	-8.8	0.3
Increase (-)/decrease (+) in inventories	-8.1	4.9	-24.1	10.4
Increase (-)/decrease (+) in trade receivables	9.5	-3.2	21.6	-18.1
Increase (-)/decrease (+) in other assets	-1.2	-1.0	-2.6	-2.1
Increase (-)/decrease (+) in deferred taxes	-1.7	-0.1	-0.7	0.4
Increase (-)/decrease (+) in prepaid expenses/deferred income	2.3	0.3	-1.1	-0.1
Increase (+)/decrease (-) in provisions	-1.8	3.1	4.7	4.3
Increase (+)/decrease (-) in trade payables	1.3	2.8	-10.0	-0.1
Increase (+)/decrease (-) in other liabilities	-4.6	2.8	-4.3	-6.0
Gain (-)/loss (+) on disposals of non-current assets	-0.0	-0.0	-0.0	0.0
Cash received from (+)/cash paid for (-) for income taxes	-4.4	-2.2	-6.7	-4.3
<b>Cash flow from operating activities</b>	<b>5.4</b>	<b>25.8</b>	<b>18.4</b>	<b>25.5</b>

## Cash flow statement (cont'd)

<b>Cash flow statement (€m)</b>				
	Q2 2021/22	Q2 2022/23	HY 2021/22	HY 2022/23
Cash received (+) from disposals of intangible assets	0.1		0.1	
Cash received (+) from disposals of property, plant and equipment	-0.1	0.0	-0.1	0.8
Cash paid (-) for investments in intangible assets	-0.1	-0.0	-0.2	-0.0
Cash paid (-) for investments in property, plant and equipment	-5.5	-3.8	-8.9	-7.5
Interest received (+)	1.1	0.9	1.8	1.7
Dividends received (+)				
<b>Cash flow from investing activities</b>	<b>-4.6</b>	<b>-3.0</b>	<b>-7.4</b>	<b>-5.1</b>
Cash repayments (-) of loans/cash received from (+) loans	250.7		250.7	
Cash received from (+) shareholders of the parent company	49.2		49.2	
Cash repayments (-) of shareholders loans	-0.0			
Cash repayments (-) of bond/cash received from (+) issuance of bond	-400.4		-400.0	
Cash paid for (-) subsidies/grants	-0.0	-0.0	-0.0	-0.0
Cash paid for (-) finance leases	-1.6	-2.4	-4.0	-4.5
Interest paid (-)	-5.2	-1.6	-10.8	-2.9
Dividends paid (-)		-17.2		-17.2
<b>Cash flow from financing activities</b>	<b>-107.2</b>	<b>-21.3</b>	<b>-114.8</b>	<b>-24.6</b>
<b>Net increase (+)/decrease (-) in cash and cash equivalents</b>	<b>-106.4</b>	<b>1.6</b>	<b>-103.9</b>	<b>-4.2</b>
Effect of exchange rate fluctuations on cash and cash equivalents		0.4		0.8
Cash and cash equivalents at the beginning of the reporting period	177.8	111.6	175.3	117.0
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>71.4</b>	<b>113.5</b>	<b>71.4</b>	<b>113.5</b>

# EBIT adjustments

<b>EBIT adjustments (€m)</b>				
	Q2 2021/22	Q2 2022/23	HY 2021/22	HY 2022/23
Revenue	139.3	177.4	295.4	359.3
<b>EBIT</b>	<b>9.8</b>	<b>19.8</b>	<b>35.0</b>	<b>41.0</b>
EBIT margin	7.1%	11.2%	11.9%	11.4%
Revenue	139.2 <sup>1</sup>	177.4	295.3 <sup>1</sup>	359.3
<b>Restructuring</b>				
Material quality claims	-0.1		-0.1	
Single impairments				
Covid-19 costs	0.1	0.0	0.4	0.2
Transaction costs	2.2		2.4	
Others	0.3	0.2	0.4	0.3
Exceptional items	2.5	0.3	3.1	0.5
<b>Discontinued operations</b>				
Adjustments	2.5	0.3	3.1	0.5
<b>Adj. EBIT</b>	<b>12.4</b>	<b>20.1</b>	<b>38.2</b>	<b>41.5</b>
Adj. EBIT margin	8.9%	11.3%	12.9%	11.5%

1) Including revenue-related adjustments

## 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. 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
- **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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## Date of publication

30 November 2022

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## Financial information

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