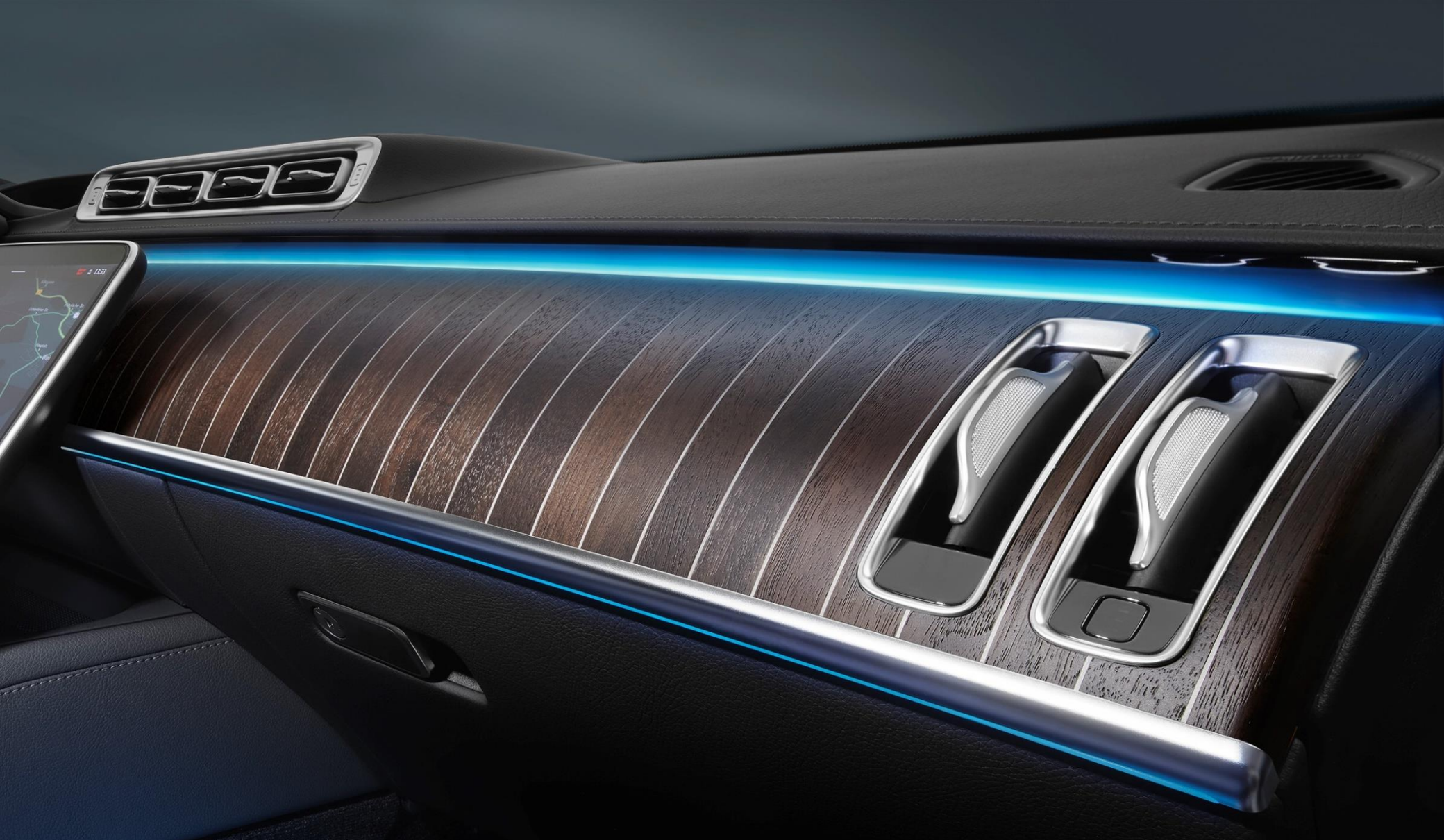




24 February 2022

Q3 2021/22 Results






1 OVERVIEW

Q3 2021/22 key events








- Novem completed a reforestation project with 3,500 trees close to where the company's head office is located
- Transfer of recently acquired Faurecia business of c.€18.0m annual revenue well underway starting in H1 2022
- As expected, Q3 2021/22 showed a slight but noticeable improvement production-wise versus previous quarter
- Trading conditions remained challenging with low visibility of call-offs due to the ongoing chip crisis
- Furthermore, acceleration in inflation (raw materials but also energy and transport) hampered margin recovery
- Ability to pass on higher input costs in prices to OEMs is still fairly limited, at least in the short term
- Discussions over increased prices and compensation for continuous fluctuations in customer call-offs ongoing
- Given the rising inflation, Novem adjusted its mid-term guidance for the Adj. EBIT margin downward to 14-15%

Gradual margin recovery in Q3 2021/22 but business environment remains fragile

Q3 2021/22 financial highlights

	Q3 2020/21		Q3 2021/22
Revenue (€m)	163.1		159.9
Adj. EBIT (€m)	28.9		20.4
Adj. EBIT margin (%)	17.7%		12.8%
Free cash flow (€m)	32.4		8.9
Cash conversion (%)	94.0%		83.9%
Net leverage (x Adj. EBITDA)	2.4x		1.7x

YTD 2021/22 financial highlights

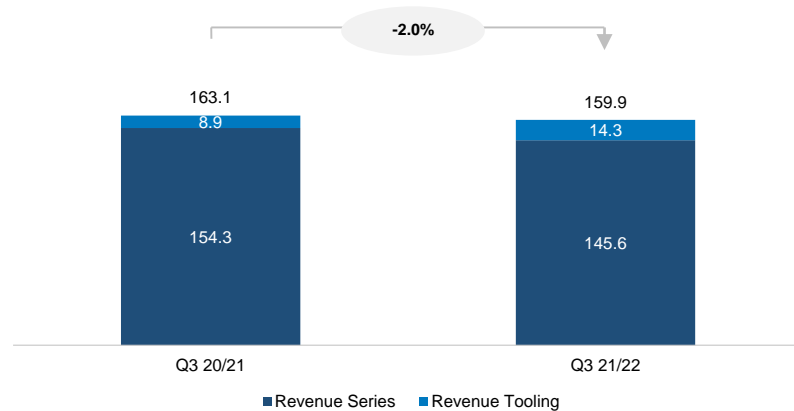
	YTD 2020/21		YTD 2021/22
Revenue (€m)	419.5		455.2
Adj. EBIT (€m)	51.8		58.6
Adj. EBIT margin (%)	12.4%		12.9%
Free cash flow (€m)	64.1		19.9
Cash conversion (%)	86.2%		87.5%
Net leverage (x Adj. EBITDA)	2.4x		1.7x



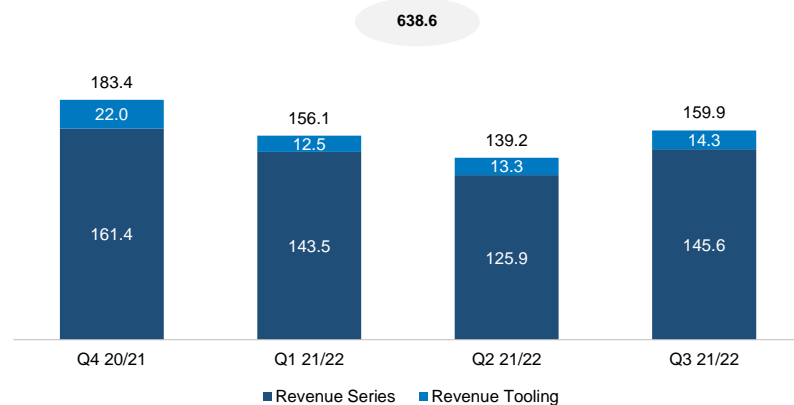
2 GROUP RESULTS

Revenue

Revenue (€m)



LTM revenue (€m)

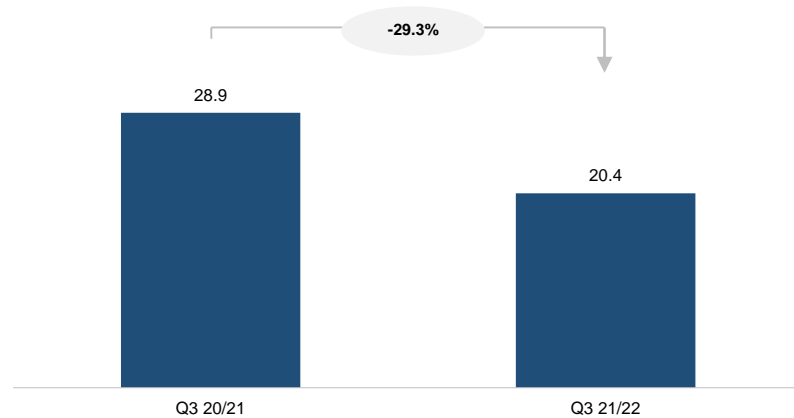


Highlights

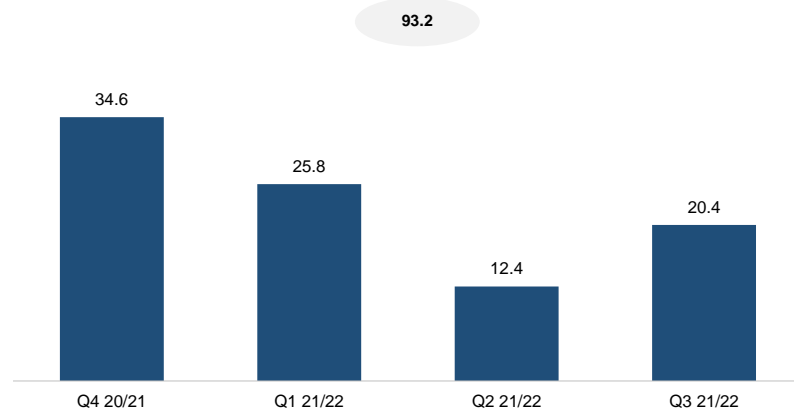
- Q3 2021/22 saw a strong recovery against previous quarter with total revenue of €159.9m almost at prior year level (-2.0% y/y)
- Revenue Series was down by -5.6% or €-8.7m compared to last year largely due to weaker production volumes of OEMs
- Novem could again outperform the global market in light vehicle production, which declined by -12.5% y/y in the relevant period
- Tooling revenue saw a significant rise by 61.8% or €5.5m in the period under review
- If FX rates had remained constant at PY level, reported revenue would have been lower by -1.4%
- Total revenue recorded at €638.6m on a last twelve months basis

Adj. EBIT

Adj. EBIT (€m)



LTM Adj. EBIT (€m)

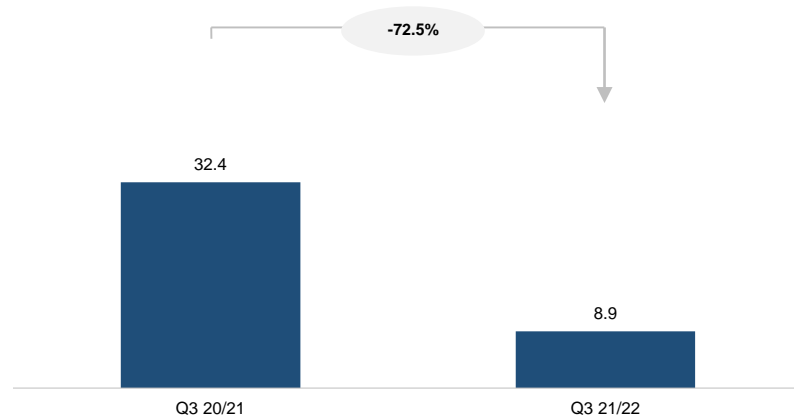


Highlights

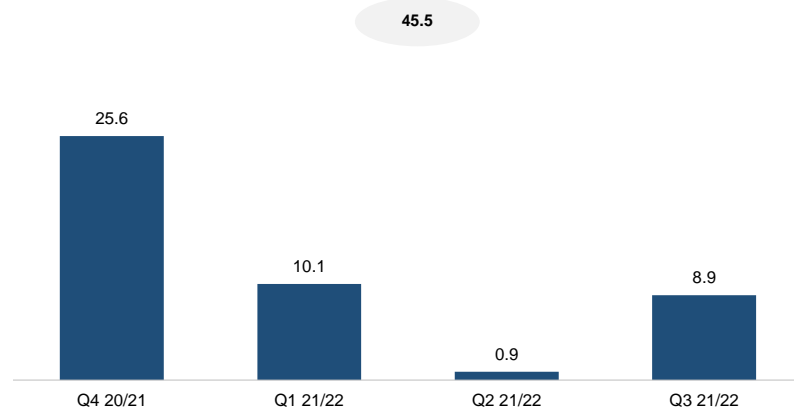
- Adj. EBIT in Q3 2021/22 re-strengthened from previous quarter to €20.4m but fell short of last year by €-8.5m or -29.3%
- As a percentage of revenue, Adj. EBIT margin of 12.8% was back in the double-digit but clearly behind last year (17.7% PY)
- Operational performance was again jeopardised by unforeseen and frequently changing customer call-offs
- Stop-and-go approach of the OEMs led to significant inefficiencies in the plants with increased labour costs
- As in the past, freight expenses, particularly in Americas, weighed high on the bottom line
- Soaring input costs mainly for aluminium and granulates could be partly compensated by purchasing savings in other commodities
- In addition, Adj. EBIT was diluted by a negative mix resulting from the relatively high share of Tooling in the overall revenue

Free cash flow

Free cash flow (€m)



LTM free cash flow (€m)

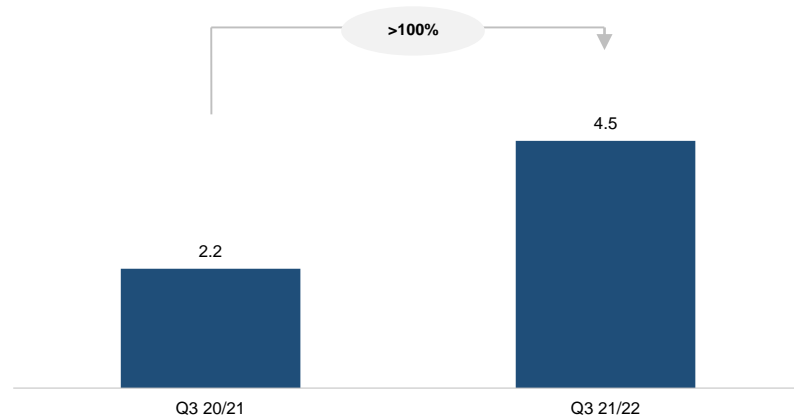


Highlights

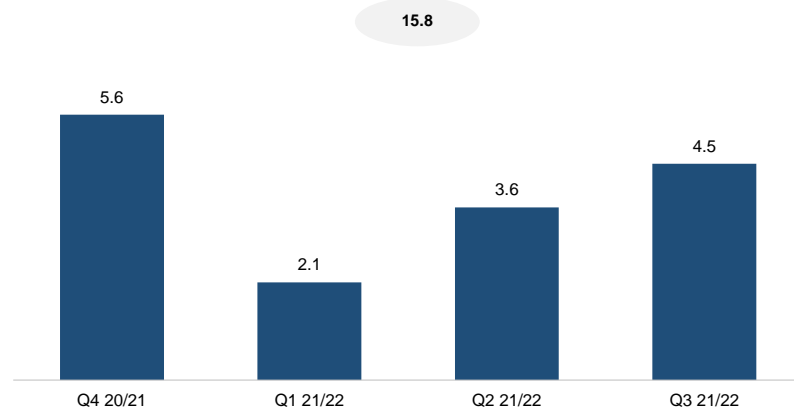
- Although improved over previous quarter, free cash flow recorded at €8.9m in Q3 2021/22, down by €-23.5m or -72.5% y/y
- Cash flow from operating activities of €17.8m was around half of last year (€-18.7m y/y) due to higher trade receivables (€-29.2m), lower trade payables €-6.6m and on the other hand, decreased stock (€21.7m) as well as Others (€-4.6m)
- Favourable change in inventories was largely attributable to cash in-flow for customer tools (i.e. improvement in tooling net)
- Higher cash out-flow for investing activities of €-4.8m to a large extent resulting from increased investments in the period under review (€-5.2m) and Others (€+0.4m)

Capital expenditure

Capital expenditure (€m)



LTM capital expenditure (€m)

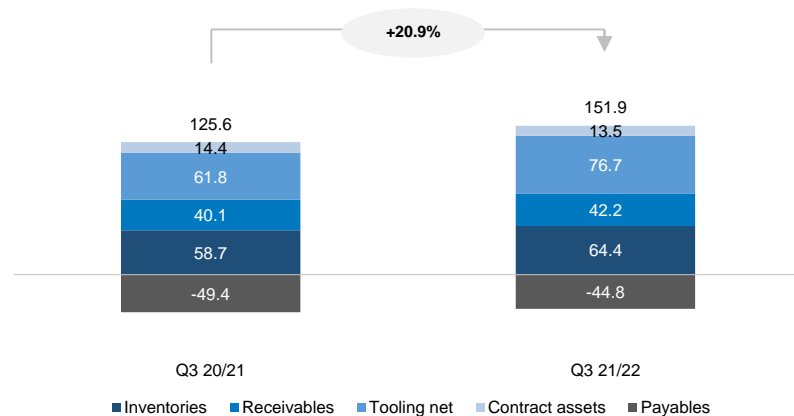


Highlights

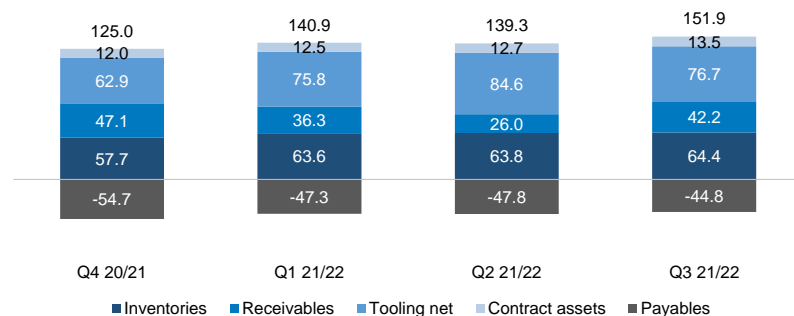
- In Q3 2021/22 capital expenditure doubled compared to the same reporting period last year
- As a consequence, the underlying capex ratio amounted to 2.8% of revenue equalling an increase of 1.5pp y/y
- Novem undertook investments in the range of €0.6m concerning the takeover of the Faurecia business in Q3 2021/22
- It is expected that the company will invest c.€4.0m in connection with this project in the current financial year
- 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)

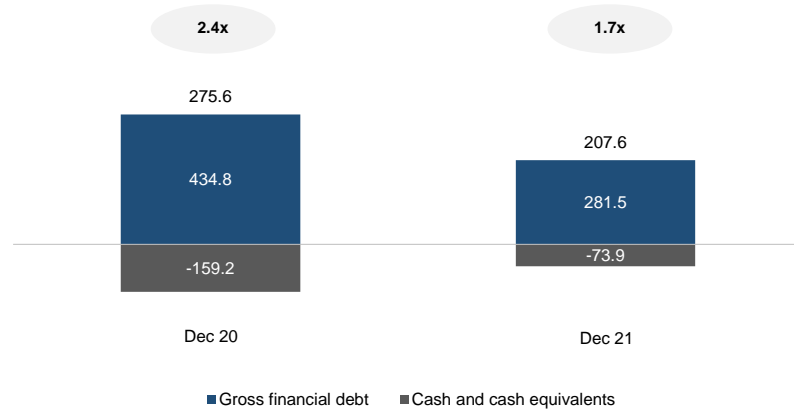


Highlights

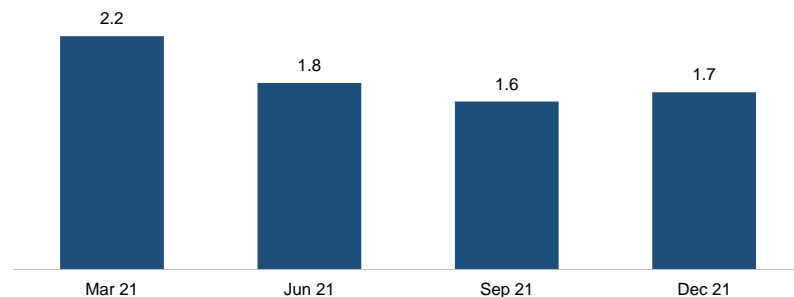
- As of 31 December 2021, total working capital was significantly above last year at €151.9m (+20.9% y/y)
- Variance of €-26.3m y/y was attributable to increased tooling net (€-14.8m), higher inventories (€-5.7m) as well as higher trade receivables (€-2.1m), conversely lower trade payables (€-4.6m) and lower contract assets (€+0.9m)
- As a percentage of LTM revenue, total working capital stood at 23.8% as of 31 December 2021
- Trade working capital excluding tooling net and contract assets rose by +25.2% from €49.4m to €61.8m
- While DIO of 40 days (34 PY) underlined the deliberately higher safety stocks in all segments, both DSO of 34 (32 PY) and DPO of 48 (55 PY) oscillated around prior year levels

Capital structure

Net financial debt (€m)



LTM net leverage (€m)



Highlights

- As of 31 December 2021, both gross financial debt and cash declined sharply compared to 31 December 2020
- As of 31 December 2021, the principal sources of funds were €73.9m cash (31 December 2020: €159.2m) and €42.0m derived from non-recourse factoring (31 December 2020: €38.5m)
- Lease liabilities which are included in the net leverage definition stood at €33.8m (€37.7m PY)
- Robust post-IPO financing structure as evidenced by the strong net leverage ratio of 1.7x as of 31 December 2021

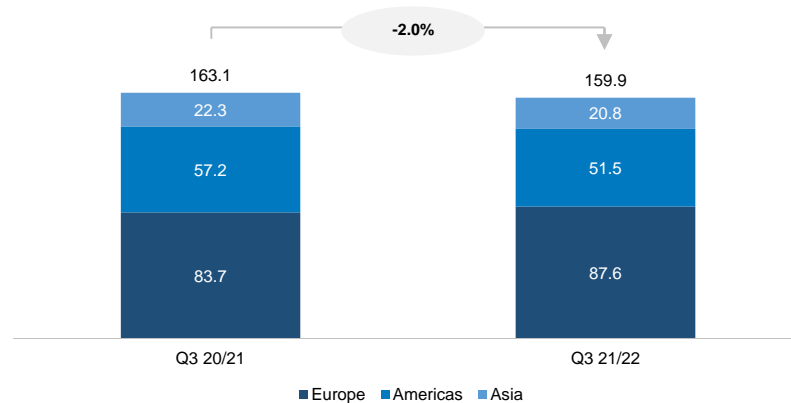


3

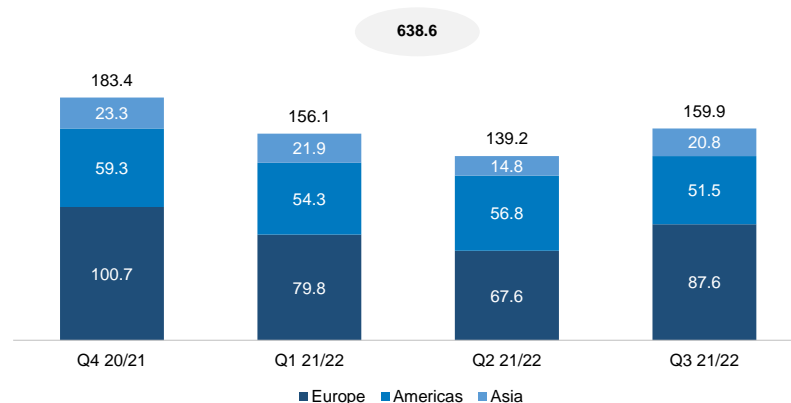
RESULTS BY OPERATING SEGMENTS

Revenue by operating segments

Revenue by region (€m)



LTM revenue by region (€m)

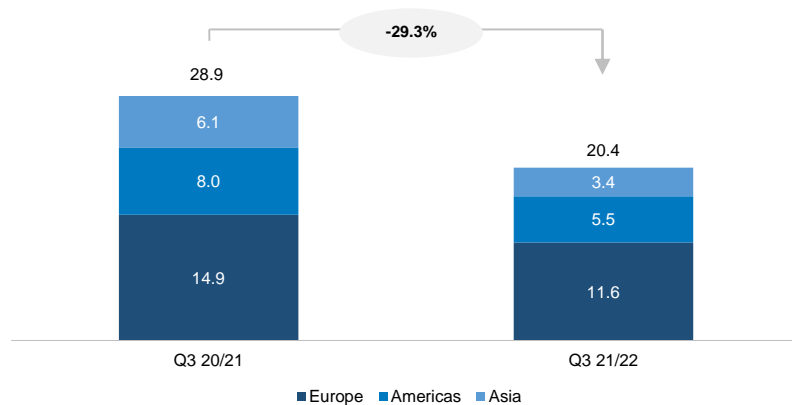


Highlights

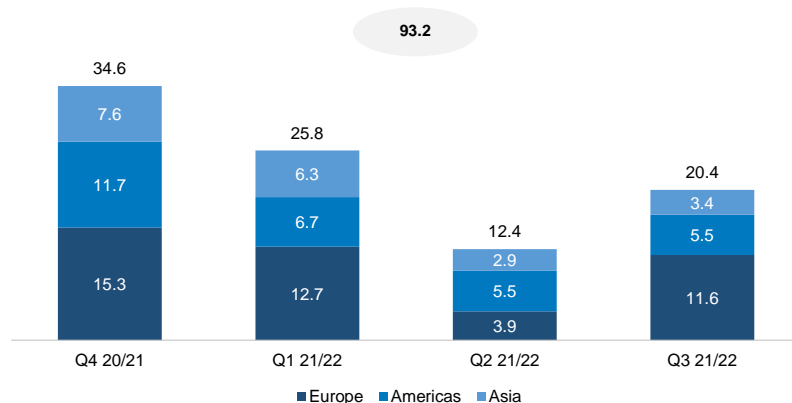
- From a geographical perspective, revenue declined in Americas (€-5.6m y/y) and Asia (€-1.5m y/y), partly compensated by higher revenue in Europe (€3.9m y/y)
- Favourable variance in Europe exclusively attributable to Tooling (€+8.1m y/y), while running platforms showed lower revenue and saw one model come to its EOP
- Amongst others, lower revenue in Americas resulted from the end of production of a specific model
- Lower revenue in Asia was largely attributable to weaker demand for specific platforms
- LTM revenue showed the following distribution across the regions: 52.6% Europe, 34.8% Americas and 12.7% Asia
- Compared to previous quarter, revenue for the last twelve months remained stable at €638.6m

Adj. EBIT by operating segments

Adj. EBIT by region (€m)



LTM Adj. EBIT by region (€m)



Highlights

- In line with the revenue development by operating segments, the Adj. EBIT in the regions developed similarly
- In Europe the Adj. EBIT of €11.6m (€14.9m PY) was burdened by the ongoing unproductivity (personnel costs and leased workers) and a negative FX impact
- In Americas the Adj. EBIT of €5.5m (€8.0m PY) was influenced by the lower revenue, a negative product mix and increased freight expenses
- In Asia the Adj. EBIT of €3.4m (€6.1m PY) was hit by the reduced top line, higher social contribution costs and the phasing out of pandemic-related governmental grants
- Adj. EBIT for the last twelve months amounted to €93.2m at the end of Q3 2021/22



4

QUESTIONS & ANSWERS



5 APPENDIX

Profit and loss statement

Profit and loss statement (€m)				
	Q3 2020/21	Q3 2021/22	YTD 2020/21	YTD 2021/22
Revenue	163.1	159.9	419.5	455.2
Increase or decrease in finished goods and work in process	5.6	4.4	-6.6	16.5
Total operating performance	168.8	164.3	412.8	471.8
Other operating income	3.6	2.1	6.8	11.6
Cost of materials	78.7	82.9	197.3	236.0
Personnel expenses	39.2	38.5	104.8	117.6
Depreciation, amortization and impairment	7.9	7.7	23.1	23.0
Other operating expenses	17.6	16.8	42.6	48.2
Adj. EBIT	28.9	20.4	51.8	58.6
Adjustments	5.6	3.6	6.0	6.8
Operating result (EBIT)	23.3	16.8	45.9	51.9
Finance income	3.7	0.6	8.9	2.4
Finance costs	13.3	2.5	38.8	24.7
Financial result	-9.6	-1.9	-29.9	-22.3
Income taxes	10.3	4.9	24.5	14.4
Deferred taxes	-0.1	0.5	0.9	-0.2
Income tax result	10.2	5.4	25.4	14.2
Profit for the period	3.5	9.6	-9.4	15.4

Balance sheet

Balance sheet (€m)					
	31 Dec 2020	31 Dec 2021		31 Dec 2020	31 Dec 2021
			Total equity	-528.6	33.6
Intangible assets	3.2	3.2	Pensions and similar obligations	32.2	36.5
Property, plant and equipment	187.3	181.5	Tax liabilities		
Trade receivables	48.0	50.5	Other provisions	7.8	4.9
Other non-current assets	14.3	14.4	Financial liabilities	850.1	247.6
Deferred tax assets	14.8	8.2	Other liabilities	34.3	30.6
			Deferred tax liabilities	12.8	2.6
Total non-current assets	267.8	257.8	Total non-current liabilities	937.2	322.1
Inventories	101.4	117.0	Tax liabilities	28.2	16.0
Trade receivables	44.1	48.6	Other provisions	48.7	48.3
Other receivables	22.1	26.4	Financial liabilities	2.6	0.9
Other current assets	16.5	13.8	Trade payables	52.2	48.5
Cash and cash equivalents	159.2	73.9	Other liabilities	70.7	69.2
Asset held for sale		1.2			
Total current assets	343.3	280.9	Total current liabilities	202.5	182.9
Assets	611.1	538.6	Equity and liabilities	611.1	538.6

Cash flow statement

Cash flow statement (€m)

	Q3 2020/21	Q3 2021/22	YTD 2020/21	YTD 2021/22
Profit for the period	3.5	9.6	-9.4	15.4
Income tax expense (+)/income (-)	10.3	4.9	24.5	14.4
Financial result (+)/(-) net	12.3	0.9	36.3	20.7
Depreciation, amortization and impairment	7.9	7.7	23.1	23.0
Other non-cash expenses (+)/income (-)	-5.6	9.3	-30.1	0.5
Increase (-)/decrease (+) in inventories	-12.5	9.2	-8.1	-14.9
Increase (-)/decrease (+) in trade receivables	11.0	-18.3	19.2	3.3
Increase (-)/decrease (+) in other assets	0.3	4.4	-3.3	1.7
Increase (-)/decrease (+) in deferred taxes	-0.1	0.3	1.2	-0.3
Increase (-)/decrease (+) in prepaid expenses/deferred income	0.1	0.1	-1.0	-1.0
Increase (+)/decrease (-) in provisions	9.9	1.3	27.8	6.0
Increase (+)/decrease (-) in trade payables	3.2	-3.4	-5.6	-13.4
Increase (+)/decrease (-) in other liabilities	0.8	-1.8	5.2	-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	-4.5	-6.5	-9.6	-13.2
Cash flow from operating activities	36.5	17.8	70.3	36.1

Cash flow statement (cont'd)

Cash flow statement (€m)				
	Q3 2020/21	Q3 2021/22	YTD 2020/21	YTD 2021/22
Cash received (+) from disposals of intangible assets		-0.1		-0.1
Cash received (+) from disposals of property, plant and equipment	0.2	0.9	-0.2	0.8
Cash paid (-) for investments in intangible assets	-0.0	0.1	-0.4	-0.2
Cash paid (-) for investments in property, plant and equipment	-5.0	-10.3	-8.0	-19.2
Interest received (+)	0.9	0.6	2.4	2.4
Dividends received (+)				0.0
Cash flow from/(used in) investing activities	-4.0	-8.9	-6.2	-16.3
Cash repayments (-) of loans/cash received from (+) loans	-75.0	-3.3	-77.2	247.4
Cash received from (+) shareholders of the parent company	0.0	0.2	0.0	49.4
Cash repayments (-) of shareholders loans	0.0	0.0	0.0	0.0
Cash repayments (-) of bond/cash received from (+) issuance of bond	0.5	0.0	1.3	-400.0
Cash paid for (-) subsidies/grants	-0.0	-0.0	-0.0	-0.0
Cash paid for (-) finance leases	-3.3	-2.1	-7.4	-6.1
Interest paid (-)	-6.2	-1.2	-17.8	-12.1
Dividends paid (-)		-0.0		
Cash flow from/(used in) financing activities	-84.0	-6.4	-101.1	-121.3
Net increase (+)/decrease (-) in cash and cash equivalents	-51.6	2.5	-37.0	-101.4
Effect of exchange rate fluctuations on cash and cash equivalents			0.1	
Cash and cash equivalents at the beginning of the reporting period	210.8	71.4	196.2	175.3
Cash and cash equivalents at the end of the reporting period	159.2	73.9	159.2	73.9

EBIT adjustments

EBIT adjustments (€m)				
	Q3 2020/21	Q3 2021/22	YTD 2020/21	YTD 2021/22
Revenue	163.1	159.9	419.5	455.2
EBIT	23.3	16.8	45.9	51.9
EBIT margin	14.3%	10.5%	10.9%	11.4%
Restructuring	5.6		5.6	
Exceptional ramp-up costs				
Material quality claims				-0.1
Single impairments		3.0		3.0
Covid-19 costs		0.7		1.1
Transaction costs				2.4
Others	0.0	-0.1	0.3	0.3
Exceptional items	0.0	3.6	0.3	6.8
Discontinued operations				
Adjustments	5.6	3.6	6.0	6.8
Adj. EBIT	28.9	20.4	51.8	58.6
Adj. EBIT margin	17.7%	12.8%	12.4%	12.9%
Depreciation, amortization and impairment	7.9	7.7	23.1	23.0
Adj. EBITDA	36.8	28.2	74.9	81.6
Adj. EBITDA margin	22.6%	17.6%	17.9%	17.9%

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. 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
- **Gross financial debt** is defined as the sum of liabilities to banks, hedging and lease liabilities
- **Net leverage ratio** is defined as the ratio of net financial debt to Adj. EBITDA
- **Net financial debt** is defined as gross financial debt less cash and cash equivalents
- **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

Date of publication

24 February 2022

Contact

investor.relations@novem.com | All information is constantly updated and available. Please visit the Investor Relations Portal on the Company website: <https://ir.novem.com/websites/novem/English/1/investor-relations.html>

Editor

Novem Group S.A. | 19, rue Edmond Reuter | 5326 Contern | Luxembourg | www.novem.com

Disclaimer

Novem Group S.A. (the “Company”, “Novem”) has prepared this presentation solely for your information. It should not be treated as giving investment advice. Neither the Company, nor any of its directors, officers, employees, direct or indirect shareholders and advisors nor any other person shall have any liability whatsoever for any direct or indirect losses arising from any use of this presentation. While the Company has taken all reasonable care to ensure that the facts stated in this presentation are accurate and that the opinions contained in it are fair and reasonable, this presentation is selective in nature. Any opinions expressed in this presentation are subject to change without notice and neither the Company nor any other person is under any obligation to update or keep current the information contained in this presentation. Where this presentation quotes any information or statistics from any external source, you should not interpret that the Company has adopted or endorsed such information or statistics as being accurate. This presentation contains forward-looking statements, which involve risks, uncertainties and assumptions that could cause actual results, performance or events to differ materially from those described in, or expressed or implied by, such statements. These statements reflect the Company’s current knowledge and its expectations and projections about future events and may be identified by the context of such statements or words such as “anticipate”, “believe”, “estimate”, “expect”, “intend”, “plan”, “project” and “target”. No obligation is assumed to update any such statement. Numbers were rounded to one decimal. Due to rounding, the numbers presented may not add up precisely to the totals provided.



Novem Group S.A.
19, rue Edmond Reuter | 5326 Contern | Luxembourg

E-Mail: investor.relations@novem.com
www.novem.com

