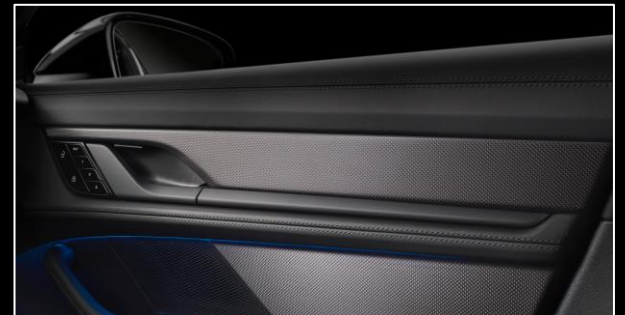
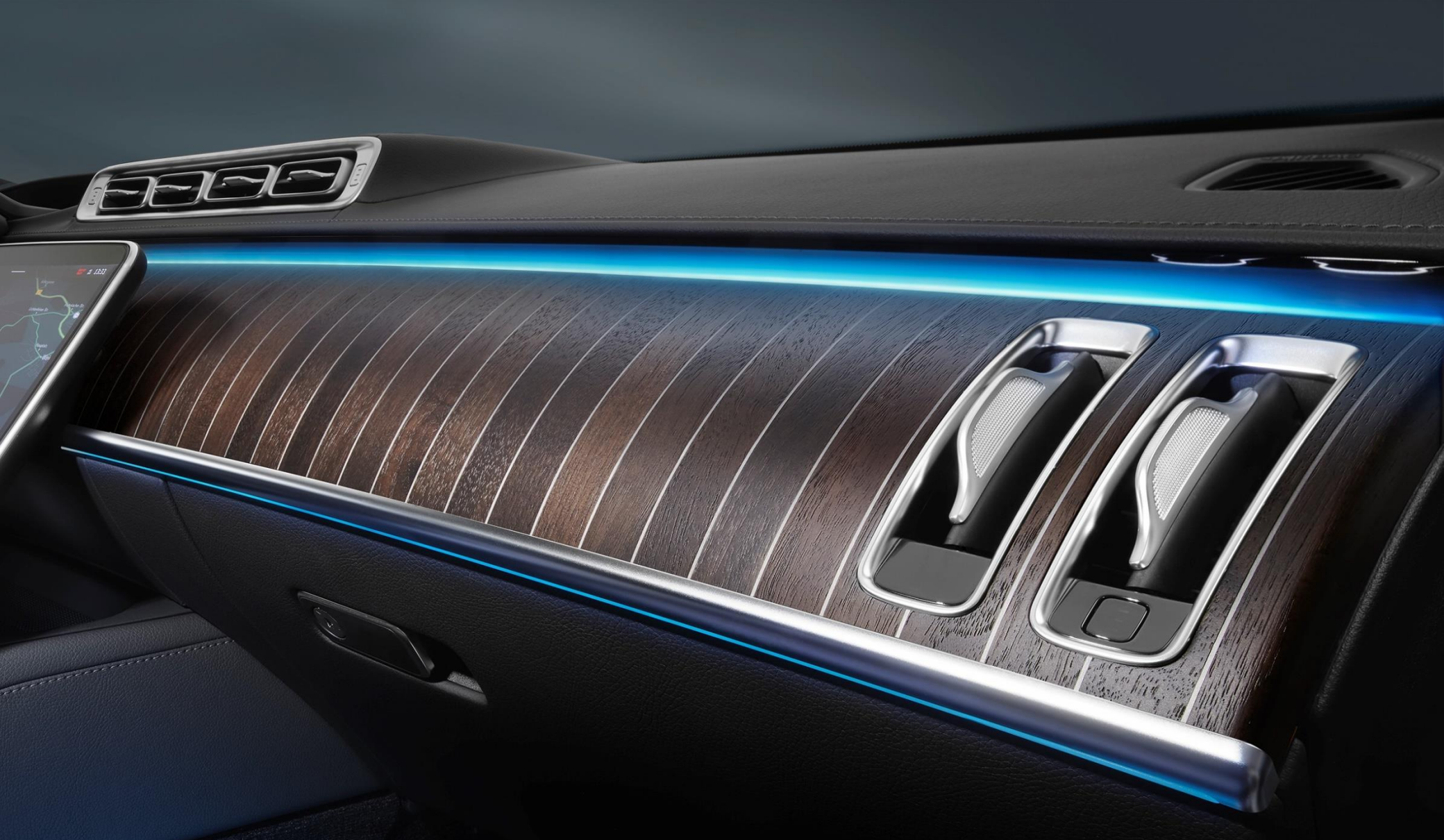




16 February 2023

# Q3 2022/23 Results





# 1 OVERVIEW







## Q3 2022/23 key events

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- In Q3 2022/23, Novem posted solid revenue growth of +4.4% y/y under continued challenging trading conditions
- Top line was affected by Covid-19 disruptions in China and extended customer plant holidays in Europe
- Adj. EBIT margin of 11.4% for Q3 remained stable sequentially (YTD Adj. EBIT margin 11.5%)
- High quality of business model and resilience of earnings despite several headwinds (inflation, volatile call-offs)
- Moreover, significant free cash flow of €24.6m generated largely driven by Tooling cash in-flow
- Commitment to sustainability reinforced through second reforestation program with 4,500 trees in Germany
- Discussions with OEMs on the compensation for increased input costs to be continued in 2023
- Strategically, Novem entered into a technology partnership with Finnish based company for in-mould electronics

**Strong sequential financial performance in volatile environment**

## Q3 2022/23 financial highlights

	Q3 2021/22		Q3 2022/23
Revenue (€m)	159.9		166.9
Adj. EBIT (€m)	20.4		19.0
Adj. EBIT margin (%)	12.8%		11.4%
Free cash flow (€m)	8.9		24.6
Net leverage (x Adj. EBITDA)	1.7x		1.3x

# YTD 2022/23 financial highlights

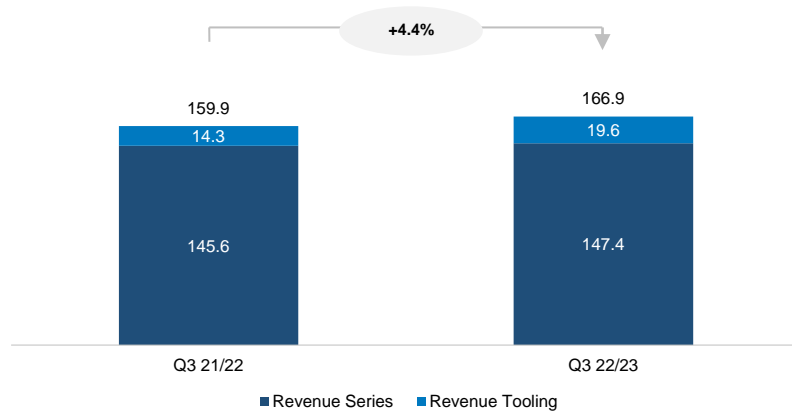
	YTD 2021/22		YTD 2022/23
Revenue (€m)	455.2		526.2
Adj. EBIT (€m)	58.6		60.5
Adj. EBIT margin (%)	12.9%		11.5%
Free cash flow (€m)	19.9		44.9
Net leverage (x Adj. EBITDA)	1.7x		1.3x



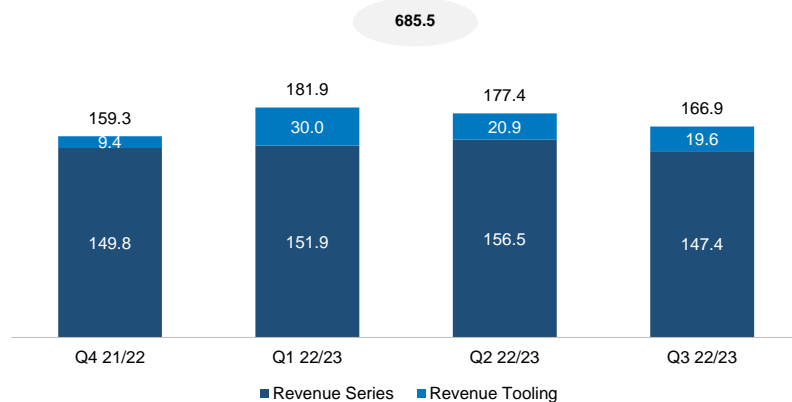
## 2 GROUP RESULTS

# Revenue

## Revenue (€m)



## LTM revenue (€m)

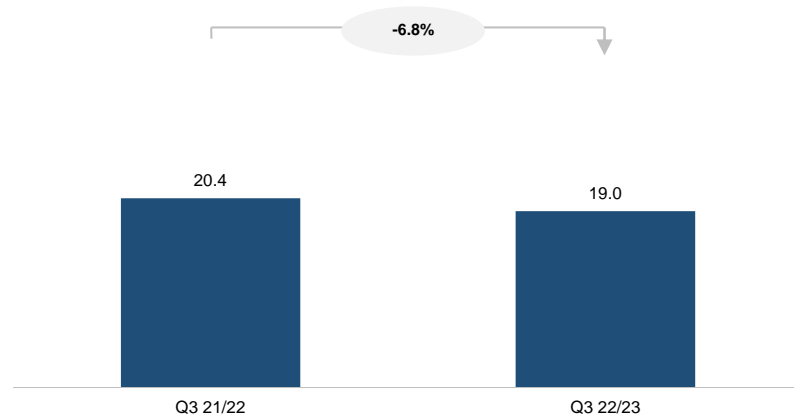


## Highlights

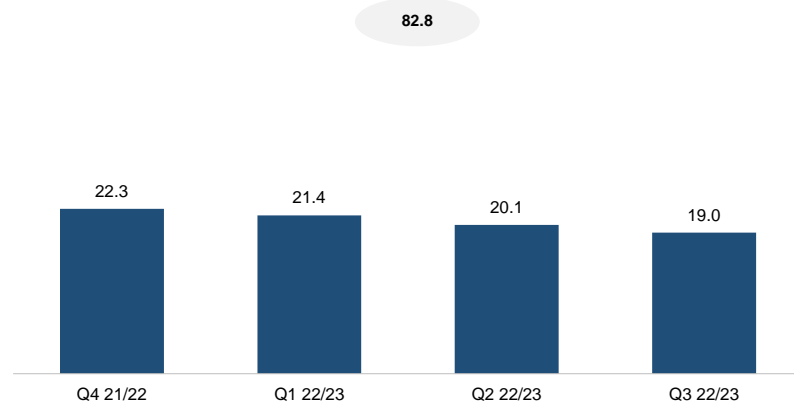
- Total revenue of €166.9m in Q3 2022/23 showed a solid increase of +4.4% in comparison to last year
- As previously, top line benefitted from favourable FX effects; total revenue would have been lower by -4.0% at constant FX rates
- Revenue Series of €147.4m grew only marginally by +1.2% y/y and was impacted by a weak December 2022
- Latest available LMC figures reported moderate growth in LVP of +4.0% y/y for the relevant period
- Revenue Tooling of €19.6m was well above PY (+36.6%) driven by major projects (e.g. BMW X8, Mercedes-Benz C-class)
- LTM total revenue of €685.5m rose over the preceding reporting period and is approaching the €700m mark

# Adj. EBIT

## Adj. EBIT (€m)



## LTM Adj. EBIT (€m)



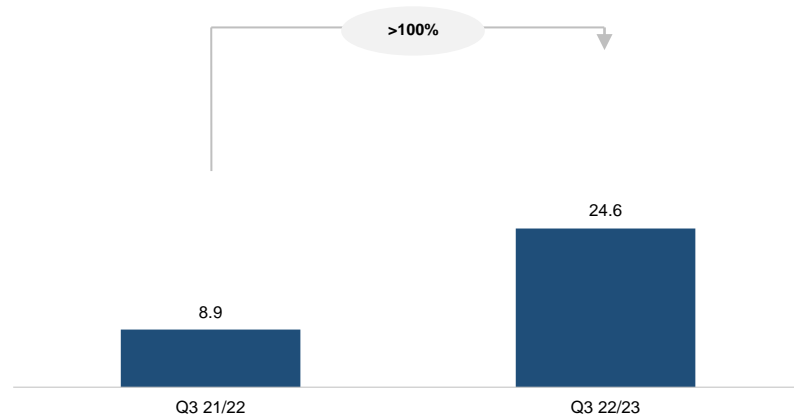
## Highlights

- In Q3 2022/23, Adj. EBIT of €19.0m recorded on a similar level as previous year
- Continued headwinds from higher material prices, energy costs and freight expenses
- Further compensation payments received from OEMs to mitigate the impact from inflation
- Profit margin of 11.4% showed a sequentially stable development since the beginning of the financial year 2022/23
- Like in the previous quarters, the high Tooling share within total revenue led to a certain dilution of the Adj. EBIT margin
- In a twelve-month view, Adj. EBIT of €82.8m slightly decreased in comparison to previous quarter (€84.2m)

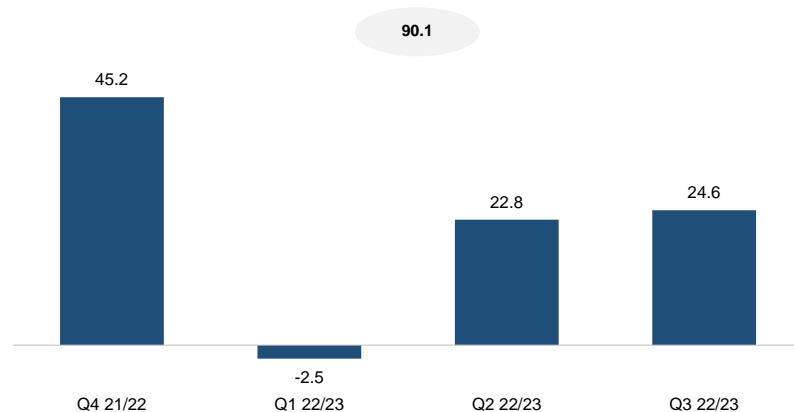


# Free cash flow

## Free cash flow (€m)



## LTM free cash flow (€m)

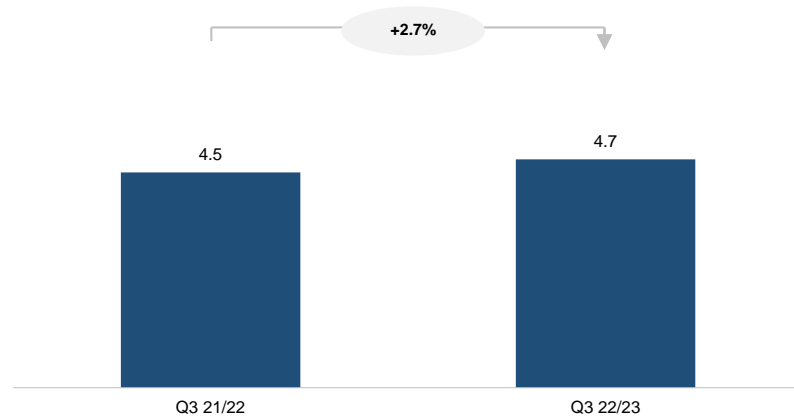


## Highlights

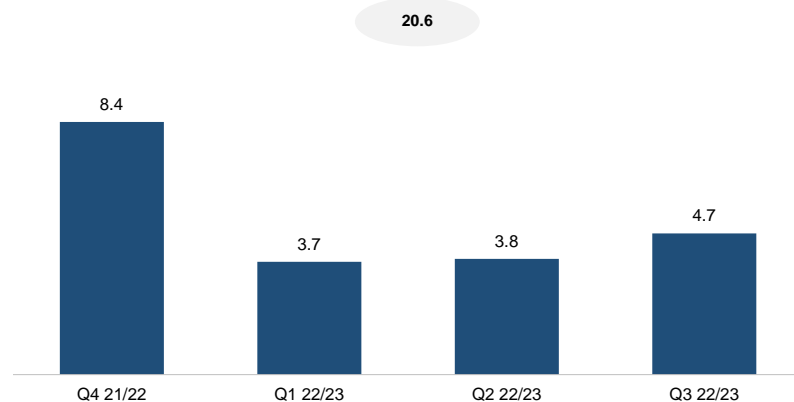
- Outstanding free cash flow of €24.6m for the quarter under review outperformed last year by €+15.6m
- Cash flow from operating activities (€28.5m) contributed the most to this result (€+10.6m vs. PY) due to the following reasons:
  - Lower receivables (€+26.9m) and higher profit (€+11.4m); on the other hand, non-cash income (€-16.4m), reduced payables (€-11.1m) and Others (€-0.2m) partly offset the positive deviation
- Receivables came down because of significant Tooling payments in Q3 2022/23, while foreign exchange revaluation effects caused the variance in other non-cash expenses to a large extent
- Cash flow from investing activities was around half of prior year's figure at €-3.9m leading to a positive variance of €+5.0m
- Free cash flow for the last twelve months peaked at a record level of €90.1m and improved by €+15.6m q/q

# Capital expenditure

## Capital expenditure (€m)



## LTM capital expenditure (€m)

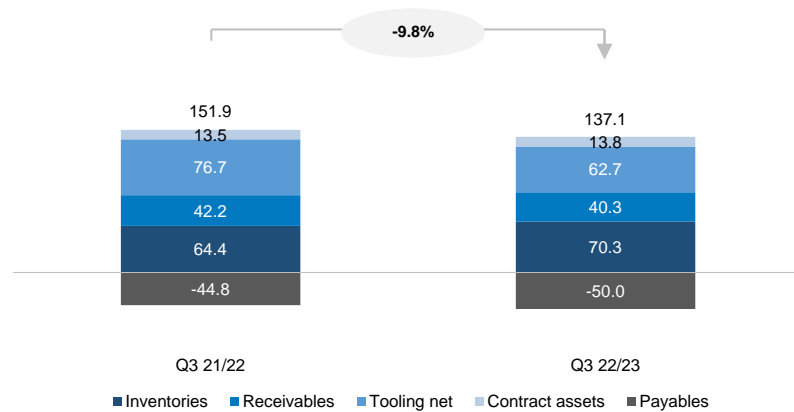


## Highlights

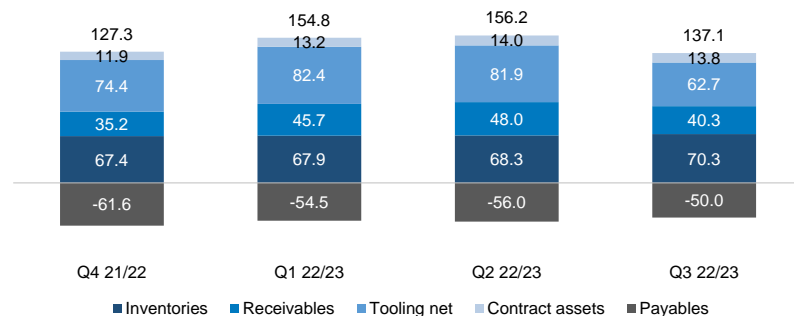
- Capital expenditure of €4.7m in Q3 2022/23 remained almost flat compared to previous year (€4.5m)
- Based on total revenue of €166.9m, the underlying capex ratio of 2.8% was similar to last year
- Majority of investments comprised growth capex concerning new platforms to be launched
- Almost half of the total capex for the relevant period was invested in Langfang in China (€2.2m)
- Stable development of capital expenditure since the beginning of the financial year 2022/23
- On a last-twelve-month calculation, the capex ratio stood at 3.0% of LTM total revenue of €685.5m

# Total working capital

## Total working capital (€m)



## LTM total working capital (€m)

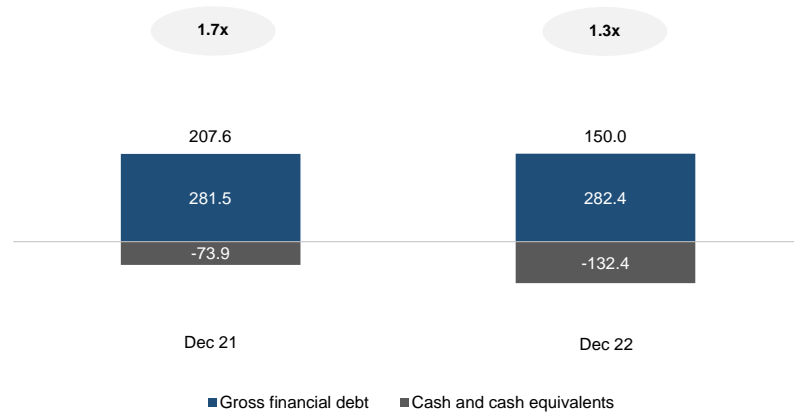


## Highlights

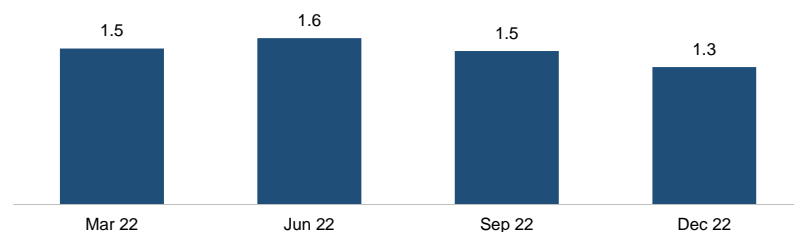
- At the end of the quarter, total working capital stood at €137.1m and was -9.8% lower than last year
- Positive deviation of €+14.8m versus PY due to lower tooling net (€+14.0m), higher trade payables (€+5.2m) and lower trade receivables (€+1.9m); conversely, increased inventories (€-5.9m) and contract assets (€-0.3m)
- Higher inventories across all regions mainly attributable to safety stock requirements from OEMs to cushion potential supply chain disruptions should they arise
- As of 31 December 2022, total working capital measured in % of LTM revenue equalled 20.0% versus 23.8% last year
- Trade working capital, excluding tooling net and contract assets, also developed well and diminished from €61.8m to €60.6m
- Operationally, DIO rose to 43 days (40 PY), DPO improved to 53 days (48 PY) and DSO remained stable at 33 days (34 PY)

# Capital structure

## Net financial debt (€m)



## LTM net leverage ratio



## Highlights

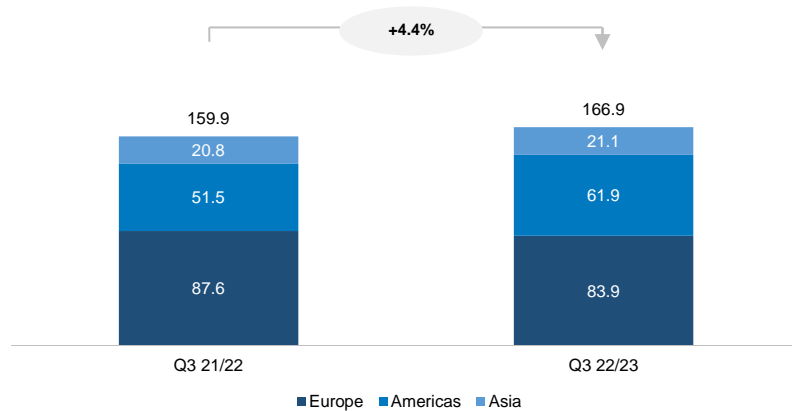
- As of 31 December 2022, gross financial debt recorded at prior year's level, while cash rose considerably
- Lease liabilities, by definition included in the gross financial debt, stood at €34.2m (€33.8m PY)
- Principal sources of funds comprised €132.4m cash (€73.9m PY) and €38.2m derived from non-recourse factoring (€42.0m PY)
- Net financial debt as of 31 December 2022 stood at €150.0m and implied a sharp decline over last year (€207.6m)
- Net leverage ratio of 1.3x (net financial debt / Adj. EBITDA) fell to the lowest level since the post-IPO refinancing
- Novem continued to successfully deleverage its balance sheet in a challenging market environment



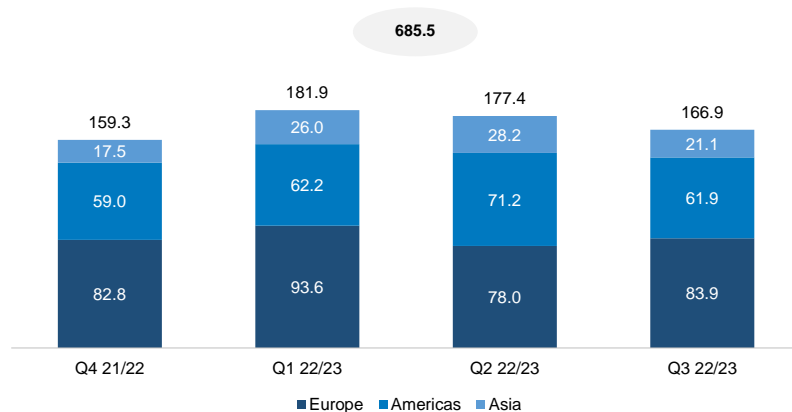
### 3 RESULTS BY OPERATING SEGMENTS

# Revenue by operating segments

## Revenue by region (€m)



## LTM revenue by region (€m)

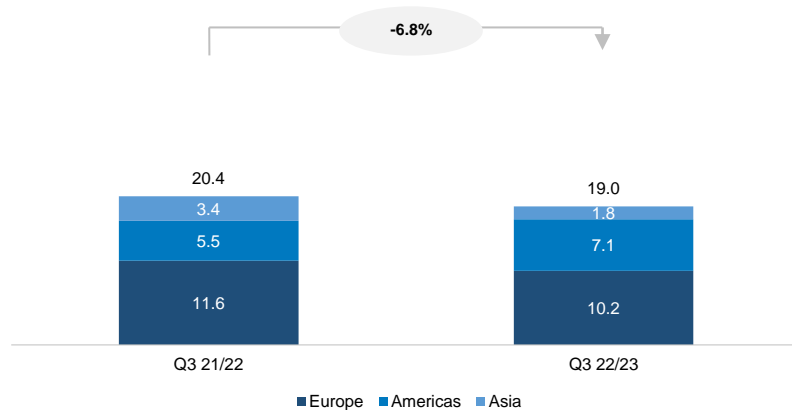


## Highlights

- From a geographical perspective, revenue growth in Q3 2022/23 was exclusively driven by Americas (€+10.4m y/y), while Asia remained stable (€+0.3m y/y) and Europe decreased (€-3.7m y/y)
- Poor revenue in Europe was largely attributable to lower call-offs from several OEMs (e.g. BMW, Mercedes-Benz, Volvo) because of extended customer plant holidays in December 2022
- Revenue in Americas was driven by a favourable FX impact from the USD, strong demand for SUVs (in particular Audi Q5) as well as increased revenue Tooling
- Asia basically showed a flat development compared to the same quarter last year, as additional revenue from BMW X5 could offset lower demand for other programs, particularly in December 2022
- LTM revenue increased by €+7.0m q/q from €678.5m to €685.5m
- From a geographical standpoint, LTM revenue was distributed as follows: 49.4% Europe, 37.1% Americas and 13.5% Asia

# Adj. EBIT by operating segments

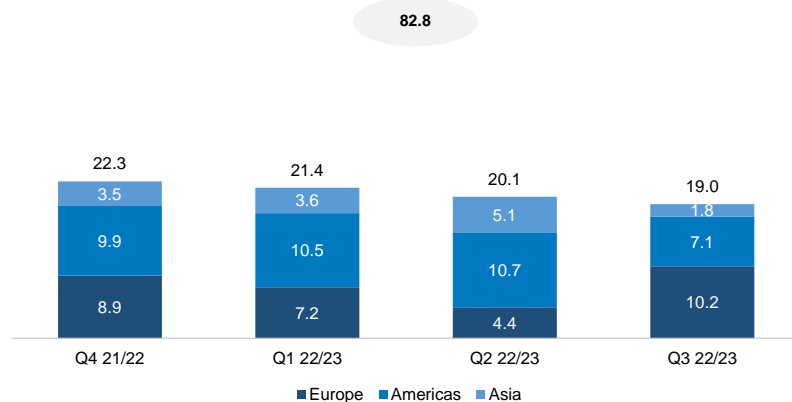
## Adj. EBIT by region (€m)



## Highlights

- On a segmental basis, Adj. EBIT strongly improved in Americas, while Europe moved sideways and Asia contributed only half of prior year's result
- In Europe, Adj. EBIT of €10.2m (€11.6m PY) was again affected by inflation and inefficiencies due to volatile call-offs from OEMs, partly offset by customer compensation payments
- As for the last reporting period, Americas again showed a robust performance with Adj. EBIT of €7.1m (€5.5m PY) benefiting from buoyant sales and a positive product mix
- In Asia, Adj. EBIT of €1.8m (€3.4m PY) was negatively impacted by an unfavourable product mix and Covid-19 related disruptions in December 2022
- LTM Adj. EBIT in the amount of €82.8m came down from €84.2m in Q2 2022/23, leading to a profit margin of 12.1% over the course of the last twelve months

## LTM Adj. EBIT by region (€m)





4

## QUESTIONS & ANSWERS





5 APPENDIX

# Profit and loss statement

<b>Profit and loss statement (€m)</b>					
	Q3 2021/22	Q3 2022/23	YTD 2021/22	YTD 2022/23	
Revenue	159.9	166.9	455.2	526.2	
Increase or decrease in finished goods and work in process	4.4	-0.8	16.5	-6.1	
<b>Total operating performance</b>	<b>164.3</b>	<b>166.2</b>	<b>471.8</b>	<b>520.1</b>	
Other operating income	2.1	4.9	11.6	14.4	
Cost of materials	-82.9	-82.2	-236.0	-266.3	
Personnel expenses	-38.5	-41.0	-117.6	-123.1	
Depreciation, amortisation and impairment	-7.7	-8.1	-23.0	-24.2	
Other operating expenses	-16.8	-20.6	-48.2	-60.4	
<b>Adj. EBIT</b>	<b>20.4</b>	<b>19.0</b>	<b>58.6</b>	<b>60.5</b>	
<b>Adjustments</b>	<b>-3.6</b>	<b>-0.6</b>	<b>-6.8</b>	<b>-1.1</b>	
<b>Operating result (EBIT)</b>	<b>16.8</b>	<b>18.5</b>	<b>51.9</b>	<b>59.5</b>	
Finance income	0.6	9.9	2.4	2.4	
Finance costs	-2.5	-2.9	-24.7	-13.5	
<b>Financial result</b>	<b>-1.9</b>	<b>7.1</b>	<b>-22.3</b>	<b>-11.0</b>	
Income taxes	-4.9	-6.0	-14.4	-13.8	
Deferred taxes	-0.5	1.5	0.2	1.1	
<b>Income tax result</b>	<b>-5.4</b>	<b>-4.6</b>	<b>-14.2</b>	<b>-12.7</b>	
<b>Profit for the period</b>	<b>9.6</b>	<b>21.0</b>	<b>15.4</b>	<b>35.8</b>	

## Balance sheet

### Balance sheet (€m)

	31 Dec 2021	31 Dec 2022		31 Dec 2021	31 Dec 2022
			<b>Total equity</b>	<b>33.6</b>	<b>89.9</b>
Intangible assets	3.2	2.4	Pensions and similiar obligations	36.5	35.4
Property, plant and equipment	181.5	179.6	Tax liabilities		
Trade receivables	50.5	50.8	Other provisions	4.9	3.2
Other non-current assets	14.4	11.8	Financial liabilities	247.6	248.1
Deferred tax assets	8.2	20.3	Other liabilities	30.6	28.0
			Deferred tax liabilities	2.6	4.0
<b>Total non-current assets</b>	<b>257.8</b>	<b>264.9</b>	<b>Total non-current liabilities</b>	<b>322.1</b>	<b>318.7</b>
Inventories	117.0	122.3	Tax liabilities	16.0	19.8
Trade receivables	48.6	43.3	Other provisions	48.3	48.3
Other receivables	26.4	33.7	Financial liabilities	0.9	1.4
Other current assets	13.8	15.2	Trade payables	48.5	52.1
Cash and cash equivalents	73.9	132.4	Other liabilities	69.2	81.5
Assets held for sale	1.2				
<b>Total current assets</b>	<b>280.9</b>	<b>346.9</b>	<b>Total current liabilities</b>	<b>182.9</b>	<b>203.2</b>
<b>Assets</b>	<b>538.6</b>	<b>611.8</b>	<b>Equity and liabilities</b>	<b>538.6</b>	<b>611.8</b>

# Cash flow statement

## Cash flow statement (€m)

	Q3 2021/22	Q3 2022/23	YTD 2021/22	YTD 2022/23
Profit for the period	9.6	21.0	15.4	35.8
Income tax expense (+)/income (-)	4.9	6.0	14.4	13.8
Financial result (+)/(-) net	0.9	2.1	20.7	4.2
Depreciation, amortisation and impairment	7.7	8.1	23.0	24.2
Other non-cash expenses (+)/income (-)	9.3	-7.1	0.5	-6.9
Increase (-)/decrease (+) in inventories	9.2	-3.4	-14.9	7.1
Increase (-)/decrease (+) in trade receivables	-18.3	8.6	3.3	-9.5
Increase (-)/decrease (+) in other assets	4.4	0.5	1.7	-1.6
Increase (-)/decrease (+) in deferred taxes	0.3	-1.5	-0.3	-1.1
Increase (-)/decrease (+) in prepaid expenses/deferred income	0.1	1.0	-1.0	0.9
Increase (+)/decrease (-) in provisions	1.3	2.2	6.0	6.5
Increase (+)/decrease (-) in trade payables	-3.4	-14.5	-13.4	-14.6
Increase (+)/decrease (-) in other liabilities	-1.8	8.9	-6.0	2.9
Gain (-)/loss (+) on disposals of non-current assets	-0.0	0.0	-0.0	0.1
Cash received from (+)/cash paid for (-) for income taxes	-6.5	-3.5	-13.2	-7.8
<b>Cash flow from operating activities</b>	<b>17.8</b>	<b>28.5</b>	<b>36.1</b>	<b>53.9</b>

## Cash flow statement (cont'd)

<b>Cash flow statement (€m)</b>				
	Q3 2021/22	Q3 2022/23	YTD 2021/22	YTD 2022/23
Cash received (+) from disposals of intangible assets	-0.1		-0.1	
Cash received (+) from disposals of property, plant and equipment	0.9	0.0	0.8	0.8
Cash paid (-) for investments in intangible assets	0.1	-0.0	-0.2	-0.1
Cash paid (-) for investments in property, plant and equipment	-10.3	-4.7	-19.2	-12.2
Interest received (+)	0.6	0.8	2.4	2.4
Dividends received (+)				
<b>Cash flow from investing activities</b>	<b>-8.9</b>	<b>-3.9</b>	<b>-16.3</b>	<b>-9.0</b>
Cash repayments (-) of loans/cash received from (+) loans	-3.3		247.4	
Cash received from (+) shareholders of the parent company	0.2		49.4	
Cash repayments (-) of shareholders loans				
Cash repayments (-) of bond/cash received from (+) issuance of bond			-400.0	
Cash paid for (-) subsidies/grants			-0.0	-0.0
Cash paid for (-) finance leases	-2.1	-2.5	-6.1	-6.9
Interest paid (-)	-1.2	-2.3	-12.1	-5.2
Dividends paid (-)				-17.2
<b>Cash flow from financing activities</b>	<b>-6.4</b>	<b>-4.8</b>	<b>-121.3</b>	<b>-29.4</b>
<b>Net increase (+)/decrease (-) in cash and cash equivalents</b>	<b>2.5</b>	<b>19.8</b>	<b>-101.4</b>	<b>15.6</b>
Effect of exchange rate fluctuations on cash and cash equivalents		-0.8		-0.1
Cash and cash equivalents at the beginning of the reporting period	71.4	113.5	175.3	117.0
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>73.9</b>	<b>132.4</b>	<b>73.9</b>	<b>132.4</b>

# EBIT adjustments

<b>EBIT adjustments (€m)</b>				
	Q3 2021/22	Q3 2022/23	YTD 2021/22	YTD 2022/23
Revenue	159.9	166.9	455.3	526.2
<b>EBIT</b>	<b>16.8</b>	<b>18.5</b>	<b>51.9</b>	<b>59.5</b>
EBIT margin	10.5%	11.1%	11.4%	11.3%
Revenue	159.9	166.9	455.2 <sup>1</sup>	526.2
<b>Restructuring</b>				
Material quality claims			-0.1	
Single impairments	3.0		3.0	
Covid-19 costs	0.7	0.1	1.1	0.3
Transaction costs			2.4	
Others	-0.1	0.4	0.3	0.7
Exceptional items	3.6	0.6	6.8	1.1
<b>Discontinued operations</b>				
Adjustments	3.6	0.6	6.8	1.1
<b>Adj. EBIT</b>	<b>20.4</b>	<b>19.0</b>	<b>58.6</b>	<b>60.5</b>
Adj. EBIT margin	12.8%	11.4%	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

16 February 2023

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## Financial information

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