Novem Group S.A.: HY 2022/23 figures show strong revenue growth in a demanding environment

HY 2022/23 revenue of €359.3 million, +21.7% above HY 2021/22

Adj. EBIT1 of €41.5 million, +8.7% above HY 2021/22

Newly won Opel flagship model Insignia underlines overall premiumisation trend

Market remains difficult due to inflationary pressures and inefficiencies

Luxembourg, 30 November 2022 – Novem Group S.A. today published its half-year figures for the financial year 2022/23. In a demanding market environment, Novem generated a total revenue of €359.3 million in the first six months, up 21.7% compared to last year.

Strong revenue increase across all regions

In Q2 2022/23, total revenue of €177.4 million exceeded the previous year by 27.4%. Thereby, revenue Series contributed 88.2% to total revenue with a growth spurt of 24.3% year-on-year to €156.5 million. Also, revenue Tooling of €20.9 million was well above the same reporting period last year (+56.9% year-on-year). The growth was propelled by foreign exchange effects; total revenue in this year's second quarter would have been lower by -7.1% at constant FX rates.

On a segmental basis, revenue in Q2 2022/23 increased across all regions (in total by €+38.2 million year-on-year). The favourable development in Europe (€+10.4 million year-on-year) was supported by strong revenue Tooling, while growth in Americas (€+14.4 million year-on-year) was mainly driven by brisk demand for SUVs and a positive FX impact from the US Dollar. The expansion in Asia (€+13.3 million year-on-year) was built on Series business, mainly attributable to the ramp-up of the BMW X5 platform localised in China and a favourable FX impact from the Chinese Renminbi.

In the first six months of its financial year, Novem achieved an increased Adj. EBIT of €41.5 million (PY: €38.2 million), translating into an Adj. EBIT margin of 11.5%. The buoyant sales trend across all regions was a key driver of this improved profitability. While inflation remained a major concern with higher material prices, energy costs and logistic expenses, Novem received its first compensation payments from OEMs in the second quarter. In addition, bottom line was positively influenced by Asia, which rebounded sharply after the pandemic-related restrictions in the last quarter.

Significantly increased free cash flow and stable level of capex

While being slightly negative in the preceding quarter, free cash flow1 turned positive in the second quarter of financial year 2022/23, with Novem generating a free cash flow of €22.8 million and outperforming the previous year by €22.0 million.

Capital expenditure1 of €3.8 million in Q2 2022/23 recorded almost on the same level as previous year (PY: €3.6 million). Because of the higher top line, the capex ratio decreased to 2.2% of revenue (PY: 2.6%).

Increased working capital

As of 30 September 2022, total working capital1 stood at €156.2 million, equalling a rise of 12.1% year-on-year. The deviation of €-16.9 million mainly resulted from trade receivables (€-22.0 million) due to higher revenue and inventories (€-4.5 million) relating to customer safety stock requirements. Conversely, the variance was narrowed down by extended trade payables (€+8.2 million) and lower tooling net (€+2.8 million).

Improved net leverage ratio despite first-time dividend payout

Gross financial debt1 remained at prior year's level, while cash balances increased significantly. Principal sources of funds were cash in the amount of €113.5 million (PY: €71.4 million) and non-recourse factoring of €48.7 million (PY: €51.5 million). Net financial debt1 as of 30 September 2022 recorded at €168.9 million and improved considerably versus last year (€210.3 million). The net leverage ratio1 of 1.5x reached the lowest level in the last twelve months despite paying a dividend of €17.2 million in August 2022.

Start of business relationship with Opel and expansion with FAW

With the flagship model Insignia (e-SUV), Novem has won Opel as a new customer and expects the first revenue in 2025. This underlines the overall trend towards premiumisation in the automotive sector, where volume brands are increasingly adding premium trims to their flagship models. Anticipated as one of the megatrends to drive Novem's future growth, this opens many doors and enables further diversification of the customer base. After acquiring a luxury SUV platform last year, Novem has now also secured the first electric vehicle from FAW. With this award, Novem continues to strengthen its position in China.

The interim statement for the first half of financial year 2022/23 can be found on the Investor Relations website under Reports & Presentations.

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1 For the definition/calculation of the used Alternative Performance Measures (APMs), please refer to the glossary provided in the corresponding interim statement for the first half of financial year 2022/23, which can be found on the Investor Relations website under Reports & Presentation.

About Novem

German-headquartered Novem is a globally leading supplier of decorative interior trim parts for the premium automotive industry. Across the range of key materials such as genuine wood, aluminium, carbon and premium synthetics, the Company offers unrivalled quality, technology and innovation to a growing customer base including all major premium carmakers worldwide. Founded in Vorbach, Germany, back in 1947, the Company has continuously expanded its global footprint in Germany, Italy, Czech Republic, Slovenia, China, USA, Honduras and Mexico. Novem employs about 5,440 people at 12 locations and achieved revenue of around €615 million in FY 2021/22.

For more information, please visit www.novem.com.

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