

autins

Autins Group – Interim Results Presentation
Six months ending 31 March 2022

Agenda

- Highlights
- Financials
- Market Activity
- Summary

01

Highlights



Financial Highlights

- Revenue decreased by 31.5% to £9.39m (H1 21: £13.7m).
- However, H1 22 revenue at £9.4m is only £300k lower than H2 21 at £9.7m
- Auto market impacted by shortage of semi-conductors and Ukraine war. Flooring saw a slow down of home refurbishment post Covid
- Gross margin reduced by 3.4% to 25.1% (H1 21: 28.5%), though marginally better than H2 21
- EBITDA was a loss of £0.35m (H1 21: £1.18m profit), but underlying EBITDA improved in comparison to H2 21 (£0.27m lower but without the benefit of £0.35m of furlough)
- Operating cash net outflow of £0.40m (H1 21: £0.87m inflow)
- Cash and cash equivalents of £2.8m at period end (H1 21: £2.9m)
- Group cash headroom of £5.1m (H1 21: £6.1m)

Operational Highlights

- OEM's have record levels of unfulfilled orders and our customer base expects to see recovery
- UK auto demand was 8.3% higher in reporting period than H2 21
- German auto sales flat in reporting period compared to H2 21, but post period end running 19% ahead of prior year
- Neptune retail sales are up 10% at £3.28m on H2 21
- Flooring sales were down 30% compared to H2 21 at £1.67m. Sales in the post end period are 25% higher than the H1 average and tracking above £5m pa
- Enquiry pipeline has increased between Jan and Apr by £17m to £31m, £11m of which is for electric vehicle platforms
- 13 office pod companies are now specifying Neptune for their products, 5 of which are now regularly purchasing material from Autins



02

Financials

Financial Highlights

<i>Key Financials</i> £k	H1 FY22	H2 FY21	H1 FY21	H1 22 VS H2 21
Revenue	9,392	9,719	13,712	(327)
Gross Profit	2,353	2,419	3,909	(66)
Gross margin %	25.1%	24.9%	28.5%	
Furlough income	0	362	287	(362)
EBITDA	-357	-87	1,181	(270)
Profit/(loss) after taxation	-1,381	-1,094	10	(287)
Operating Cashflow	-361	60	934	(421)
£m				
Net Debt	1.0	2.7	1.9	1.7
Cash Headroom	5.1	2.9	6.1	2.2
<i>Relatively Consistent Performance from H2 21 to H1 22</i>		<i>Net Debt improved with December Equity Raise</i>		
<i>Adjusted for Furlough, H1 22 EBITDA is slightly higher than H2 21.</i>		<i>Cash Headroom improved, but lower than H1 21.</i>		
<i>H1 21 remains a key performance benchmark, with positive EBITDA, Operating Cashflow, and Headroom improvement, despite only a partial sales recovery in that period.</i>				

Cashflow H1 22

	H1 FY22	Analysed
Operating Activities	(332)	(332)
Debtors	(360)	
Inventory	326	
Creditors	5	(29)
JV dividend income	20	
Capex	(153)	(133)
Finance Costs	(399)	(250)
IFRS 16 lease costs	(366)	(515)
Net Equity raised	2,800	2,800
H1 22 total	1,541	1,541

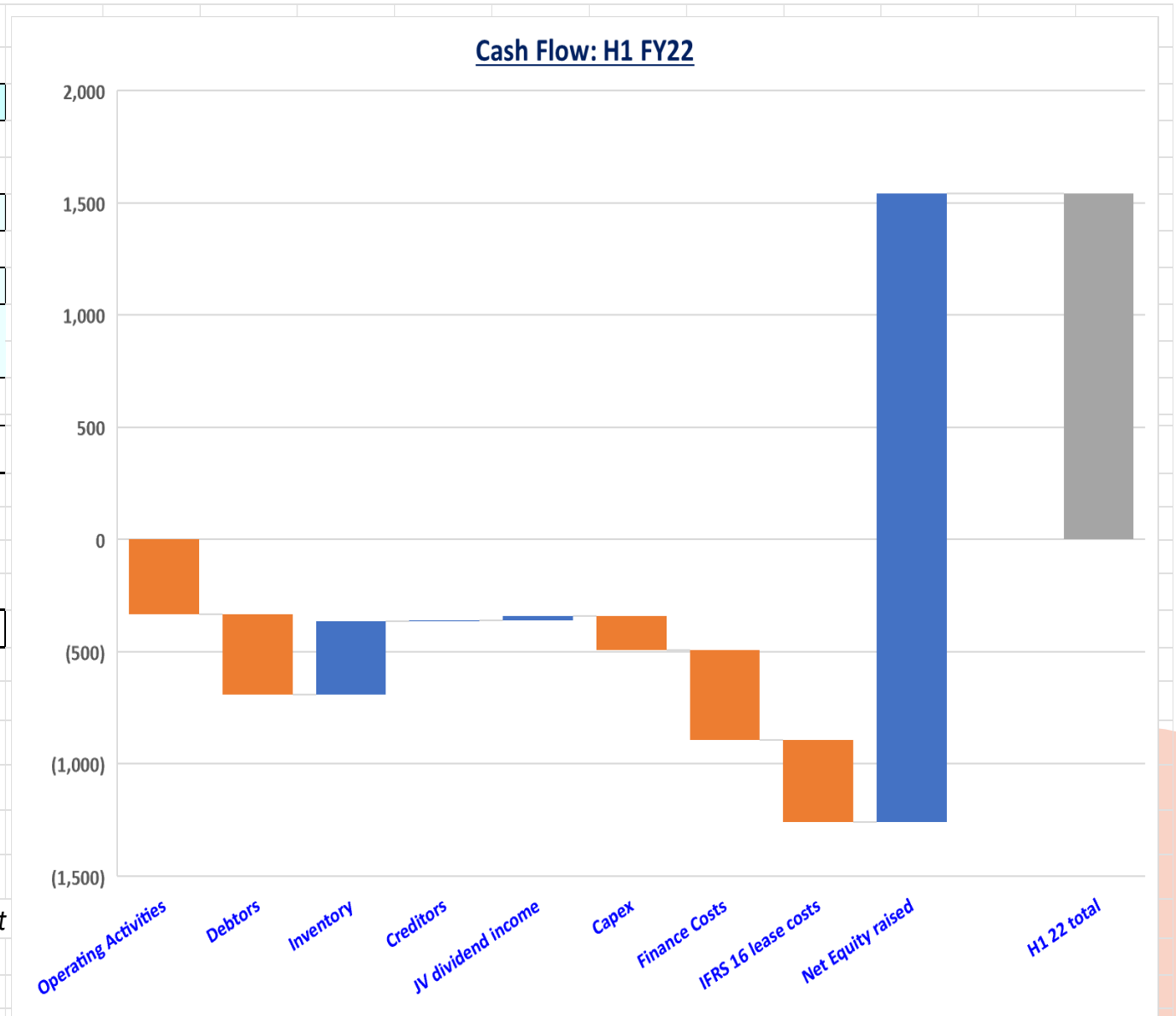
£m

Group Cash Head room June 2022

4.5

Performance Summary

- Marginal EBITDA loss
- Working capital held stable
- CapEx maintenance biased
- Debt / lease servicing payments made
- Equity Raise strengthens balance sheet





03

Market Activity

Auto enquiry activity is coming back

New quotation activity has increased significantly since January 2022 as project teams returned to offices

New quotations	Jan – Apr 2022	Jan to Apr 2021	Change
UK	£12.6m	£1.3m	+£11.3m
Germany	£4.4m	£1.9m	+£2.5m
Sweden	£0.3m	£0.5m	-£0.2m
	17.3m	£3.7m	+£13.6m

A healthy live enquiry pipeline:

Market	Total live enquiry pipeline
UK Auto	£19.8m
German Auto	£9.2m
Sweden	£1.5m
Other markets	£0.8m
Total	£31.2m

45 new enquiries:

- £11m of the £17m enquiries received since January 22 are for EV platforms
- Includes established marques: JLR, Volvo, Nissan, Toyota
- Start ups: Arrival vans, Fisker, Charge, TEVVA trucks.....
- Award rate is still slow but we have wins with Bentley and Fisker

Auto market outlook – signs of improvement

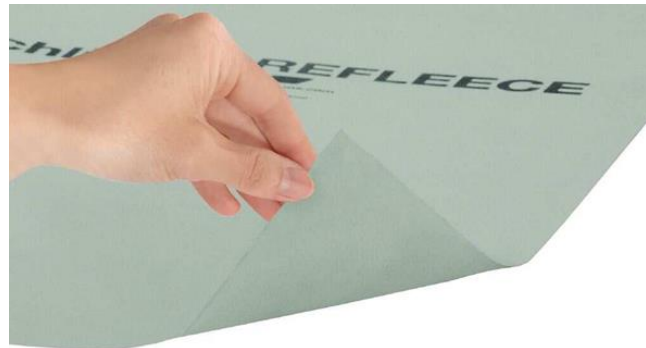
- Backlogs still remain high which will fuel recovery:
 - JLR 160k vehicles, Renault Group 159k, Stellantis 807k, Ford 53k
- Car registrations and production are still below prior year and 2019 levels
 - EU registrations YTD are -14% vs 2021 and -45% vs 2019
 - Forecast predicts recovery to +2% by end of the year vs '21 (-24% vs '19)
 - Actual production is still lower than registrations
- Autins continues to broaden its customer base, particularly through Germany where we now have 25 automotive customers and 10 flooring customers
- German auto sales post period end have improved by 19% YoY

Source: SMMT and S&P Global Mobility data and IHS Markit

Other markets

Flooring:

- Post Covid refurbishment market slowed during the latter part of 2021, but now stable at a run rate of c.£5m pa
- New product Schluter REFLEECE has now been launched in Europe and UK



Commercial vehicles:

- The commercial vehicle market was impacted by the semi-conductor crisis
- As a result Neptune sales to DAF trucks only began in April 2022 with projected annual value of c. £1m
- New commercial business development manager has opened up meetings through his personal contacts in 5 key European accounts

Other markets

Office pods:

- Office refurbishment activity is very high as employers re-invent the workspace environment to attract staff back into the office
- Popularity of office pods has grown exponentially with almost every furniture design studio including a pod offering in their portfolio
- Early stage market development: 43 companies engaged, 5 buying, 8 completing trials with Neptune
- Neptune is a winning technology, because of combined acoustic and thermal performance, lightweight and thin, it is easy to handle and has no VOC or odours
- We are the only company proactively targeting this segment to convert from traditional materials like rock or glass wool, and foams
- Margins between c.45 and 75%

Electric vehicles and NPD

Themes for new NVH solutions:

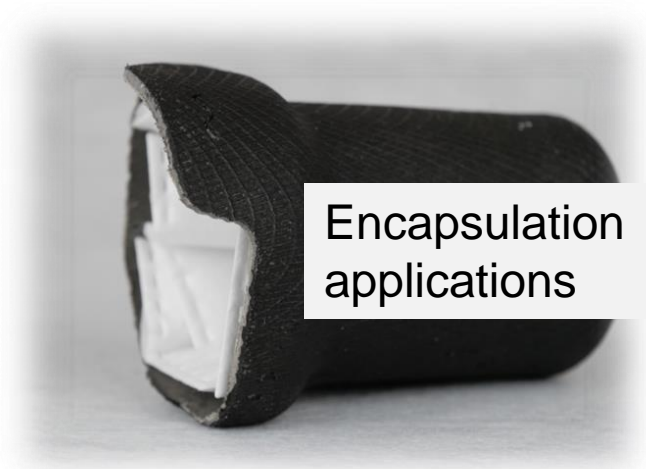
- Sustainable solutions
- More fibrous materials rather than foams
- Lightweight

New Developments:

- 100% recyclable version of Neptune



- Green Neptune – less virgin polymer
- Waste recycling project with Aston University
- Recycled natural fibres – NFPP



- ✓ Actuators
- ✓ Air Conditioning Compressor
- ✓ Powertrain
- ✓ Gearbox
- ✓ Ventilation
- ✓ Servo System
- ✓ Locking System
- ✓ Electric Motor
- ✓ Mechatronic System
- ✓ Battery & Energy System
- ✓ Steering System
- ✓ Electric Drive
- ✓ E – Axis
- ✓ Pumps

Cost inflation and labour challenges

Cost & Margins Pressures:

- Energy cost increase £0.6m+ pa
- Production labour rates: 7.5% increases in H1 of c.£0.2m, with more planned for FY23
- Lease rates push with area logistics growth £0.1m
- Material cost pressures c.3-5%: each 1% is c.£0.22m across the Group

Offset Actions:

- Flexible banked hours scheme for production staff, with premium overtime rates has proven to be very successful. 95%+ retention & > 5% productivity
- Ongoing cost / productivity improvement projects > £0.3m
- Energy consumption / machine management projects > £0.1m
- Group wide price increases targeted - each 1% is c.0.22m improvement
- Successful September overhead and staff restructuring mostly offset furlough loss
- Production overheads – transport, packing and waste further rationalised £0.1m
- Volume recovery will assist gross margins (fixed costs absorption)

ESG

ENVIRONMENT:

- 25% reduced carbon footprint at Rugby site
- Roll out learning to other sites
- LED lighting installed throughout UK and Sweden
- We will reduce carbon footprint by a further 92% in 2022
- Localised sourcing across a number of materials

SOCIAL:

- Staff churn reduced from above 30% immediately post-Covid to less than 5% in last 6 months
- Improved ventilation at Tamworth facility – major improvement in working conditions
- Critical to maximise engagement of staff in an environment of labour shortages and inflation



04

Summary

Strategy for Growth

- Protect the existing business during the semi-conductor crisis in order to capture the market recovery
- Maintain focus on our core NVH automotive market, which remains our biggest growth opportunity:
 - Bring 100% recyclable Neptune to the market
 - Win on EV platforms with established brands and start ups – sustainable, lightweight and fibrous solutions
 - Penetrate new customers Nissan, Toyota, BMW, Audi and Tiers
 - Sweden opportunities with Volvo European production
- Non-automotive growth
 - Flooring remains a priority along with Commercial vehicles
 - Broaden base of customers that have specified Neptune for Workspace applications

Summary

- OEM's have record order backlog and recovery should begin in latter part of 2022
- We have seen improvement in sales of Neptune and sales into the German automotive, flooring and commercial market
- High cost inflation will challenge margins so we continue to put focus on cost reductions and price increases
- We have a much better cost base and lower breakeven revenue level than pre-Covid
- Continue to execute the growth strategy with:
 - Dedicated commercial resource to diversify and grow sales into new market sectors
 - Maximise penetration into full electric vehicle platforms
 - Develop innovative fully recyclable NVH solutions
- Whilst Ukraine war might suppress the trajectory of recovery, the medium term outlook remains positive