

Autins Group – FY23 Results
March 2024

Agenda

- Financials
- Operational Highlights and Markets
- Investing for Future Profitable Growth
- Summary
- Outlook



01

Financials

Financial Highlights

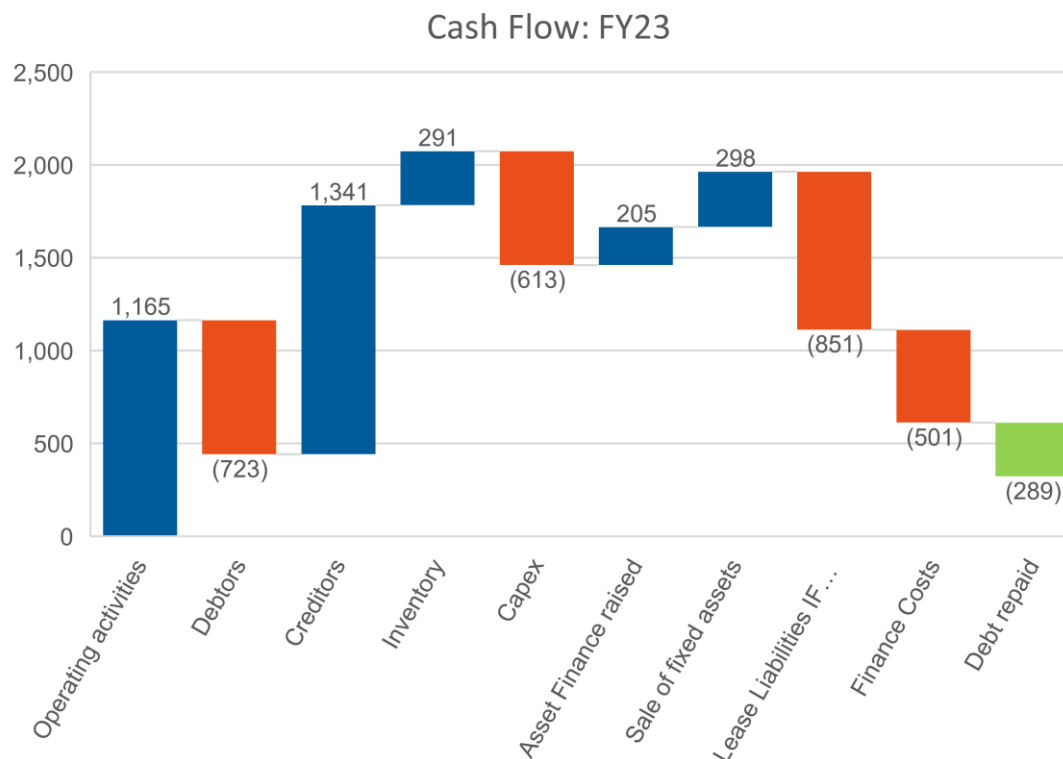
Key Financials	H1 FY23 £m	FY23 £m	FY22 £m	FY23 v FY22 £m/pence
Revenue	10.8	22.7	18.9	3.8
Gross Profit	3.1	6.7	4.2	2.5
Gross margin %	28.2%	29.5%	22.4%	7.1%
EBITDA (IFRS16)	0.4	1.2	(1.1)	2.3
Loss before taxation	(0.9)	(1.0)	(3.6)	2.6
Taxation (inc R&D tax credit)	0.0	0.1	0.3	(0.2)
Loss after taxation	(0.9)	(0.9)	(3.3)	2.4
Net Operating Cash	0.4	2.0	(0.8)	2.8
Cash and cash equivalents	1.3	2.1	1.8	0.3
Net Debt (IFRS16)*	(2.4)	(1.6)	(2.0)	0.4
Cash Headroom	3.5	3.9	3.5	0.4
EPS	(1.65)p	(1.67)p	(6.34)p	4.67p

- Revenue Increased 20.2% YoY
- Gross Margin% improved 7.1% from: Pricing, Materials, Cost control, and...
- Further headcount restructuring & productivity gains. Resultant EBITDA improvement
- OWC – further optimisation - Bank cash increased since H1, exceeding FY22
- Post Period end: Further improvements planned.

*Net debt is stated prior to IFRS16 adjustments.

Cashflow FY23

Statutory Cash Flow FY23	£k	Subtotal
Operating activities	1,165	
Debtors	(723)	
Creditors	1,341	
Inventory	291	2,074
Capex	(613)	
Asset finance raised	205	
Sale of fixed assets	298	(110)
Lease Liabilities IFRS 16	(851)	
Finance Costs	(501)	(1,352)
Debt repaid	(289)	(289)
	323	323



- Pricing, margins and restructuring actions delivered fast to impact the cashflow and bank position.
- £0.3m targeted action to improve stock and release some of the (pandemic) safety buffers.
- £1.3m Creditors increase, in line with growth and revenues
- £0.7m absorption into Debtors, but this arises from sales increase
- £0.3m Capital Debt repayments per current lender agreements (Revised terms agreed in February 2024)
- CapEx – Machine investment in Germany & Neptune improvements - support growth, and lower unit cost

Financial Highlights *[matched to RNS as an FYI]*

- Revenue increased by 20.2% to £22.7 million (FY22: £18.9 million)
- Gross profit increased by 57.8% to £6.7 million (FY22: £4.2 million)
- Gross margin increased by 7.1%pts to 29.5% (FY22: 22.4%)
- EBITDA increased by £2.3m to £1.2 million (FY22: loss of £1.1 million)
- Net cash inflow from operating activities increased to £2.1 million (FY22: £0.5 million net outflow)
- Net debt decreased to £1.6 million (FY22: £2.0 million)
- Cash and cash equivalents increased to £2.1 million (FY22: £1.8 million)
- Group cash headroom increased to £4.1m (FY22: £3.7m)

P&L Improvement Actions & Impact

Key actions improved performance of the Group: Impact > £2.5m in isolation

Gross Margin

- Price increases were implemented, for c.90% of Revenue by £value
- Restructuring both factory and staff – c.20 personnel with labour productivity gains
- Purchasing savings, material switches, etc –saving c.£0.4m p.a.
- Energy costs hedged (April 22) capping upward pressure, this assisted surety in price negotiations
- Neptune improvements – Multiple projects to improve product margins and line capacity
- Investment in R&D to assist new product offerings and win new contracts (e.g. Thermal & EV applications)
- *FY23: New Machine investment in Germany, Neptune Line operational improvements: Capacity & Cost gains*

Overheads

- Overheads – Headcount and other general savings control Admin costs
- Professional fees – negotiation to lower total costs – both rate and scope based
- Insurance broker change – prevented inflationary increases

FY23

	H1	H2	
• EBITDA <i>(IFRS16)</i>	£0.4m	£0.8m	Results from all actions noted above
• Cash & Equivalents	£1.3m	£2.1m	Mainly EBITDA & OWC changes
• Cash Headroom	£3.7m	£4.1m	Cash and available liquidity in bank facilities
• Gross Profit	£3.1m	£3.6m	Volume, Margin and Neptune recovery
• Gross Profit Margin	28.2%	30.3%	Price, Material switches, Labour productivity, Volume Recovery



02

Operational Highlights & Markets

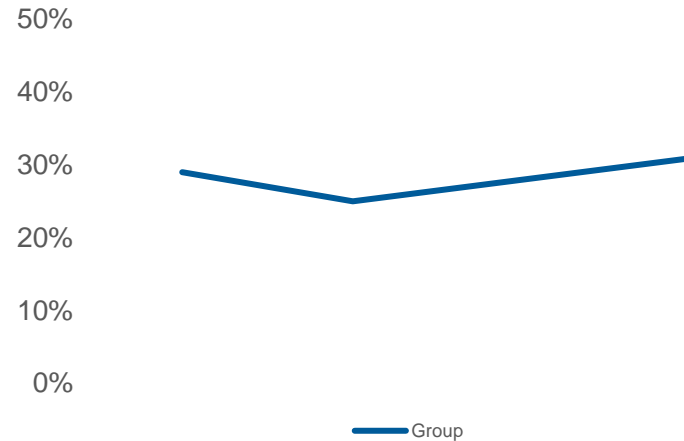
Operational Highlights

- 11 new customers wins: 6 in UK and Sweden and 5 in Germany
- Positioning the business as the most environmentally friendly supplier of Thermal and acoustic NVH solutions
- 35% increase in sales of Neptune products, underpinning new wins
- Successfully launched 100% recyclable Neptune-R material
- 88% reduction in carbon emissions across the Group by converting to renewable energy sources and improving efficiencies in the plants
- Improved cost control with staff restructuring actions and labour productivity gains
- Significantly reduced staff churn to below 10%, fostering stability and a highly engaged workforce
- Customer pricing and material supplier cost improvements
- Recent product launches and an exciting product development pipeline are driving more frequent and higher quality engagement with customer Engineering functions

Customer Contract Improvements

- Successful price and contract negotiations were achieved across the customer base, in all regions and across all market sectors
- This has driven a positive margin progression since the end of FY22
- German price improvements were achieved later than the UK and Sweden
- Operational issues in Germany related to the installation of a new plant and an out of specification raw material, which impacted running costs and margins through to Oct 2023

GM % development since H1 22



Automotive Macro Market Trends

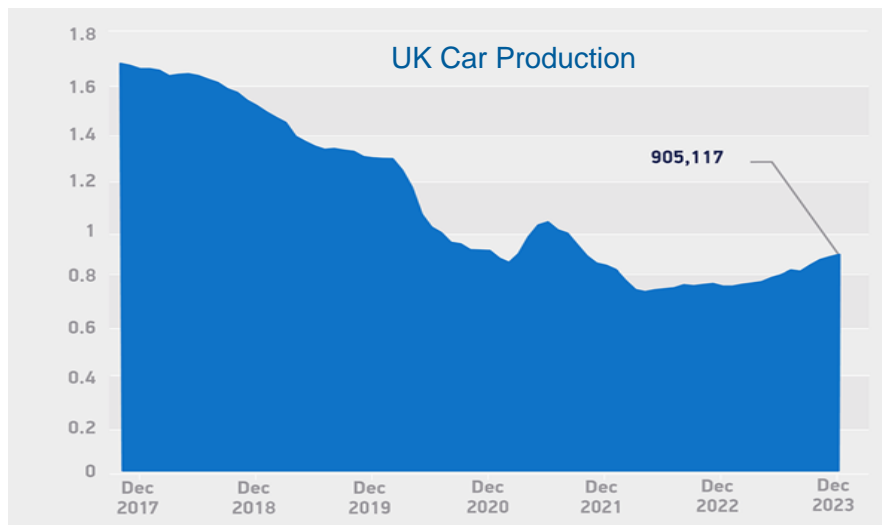
DELAYS TO NEW EV PRODUCTION LAUNCHES and SLOW RECOVERY

UK

- 2023: 905k +16.8% on previous year
- By 2028: UK should reach close to 1.1m and still down 20% compared with 2019
- Government transition to EVs delayed and OEM's have announced some delays in their plans
- This might create uncertainty for consumers around what vehicle models to choose

Europe

- By 2028: Europe should be c.18-18.5m, still down c.7% compared with 2019
- Some European OEMs pulling out of small car production – replaced by China and other Asian supply points
- Long term EV production expected to be lower than ICE volumes



Source: SMMT and Ian Hendry, AutoAnalysis Sep 2023

Customer Activity

- Activity with new customers includes blue chip companies such as:
 - Nissan, Kasai, Treves, Novares, Lamborghini, Fisker, Lotus, Mergon, Yangfeng
- Our relationships with customers have strengthened significantly and become broader
- Notably positive feedback related to Bentley, JLR, Draxlmaier, Aston Martin, BMW
- Enquiry activity has picked up and numerous nominations are pending, where we feel confident
- We are engaged in more technical problem-solving sales situations, with higher value parts and creating stickier relations
- Engagement with Volvo Construction Equipment has become very dynamic – samples have been made and we are the only producer that can meet their technical needs for an environmentally recyclable solution
- We still expect some fluctuations in demand at a model level during the transition period to EVs and whilst supply chains are still challenged

German Flooring market

- Sales were 24% lower than previous year at 2.6m€, though sales were stable between the two halves of FY23
- Our customers are being impacted by the weak European macro economy and in addition we are now also seeing Chinese product being dumped into Europe as China tries to shore up its own economy
- We therefore expect to see demand for flooring remain depressed for a while
- The Refleece product launched in 2022 is seeing some slow sales growth
- A new Easylay product has been developed and garnered very positive feedback from installers and distributors, which could boost sales later in 2024



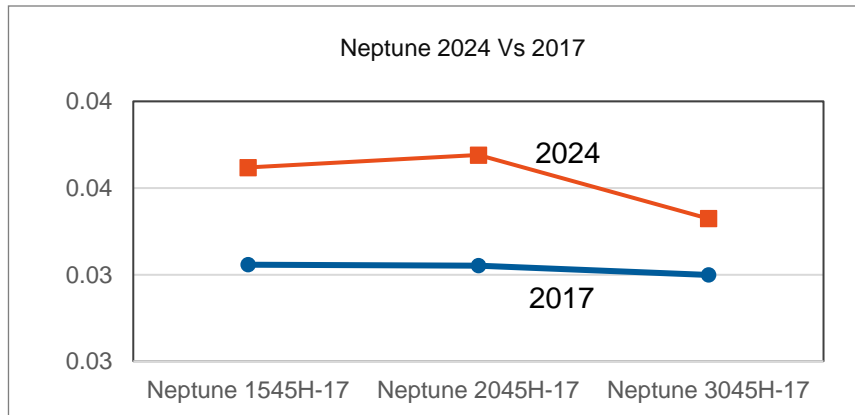
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Investing for future profitable growth

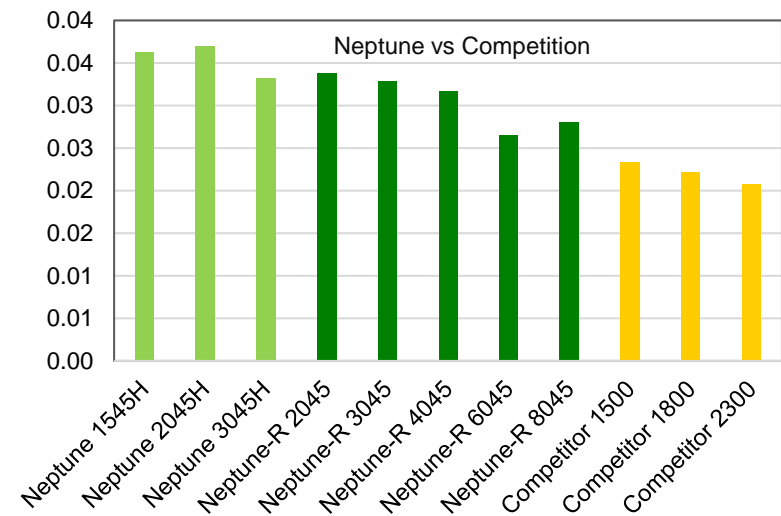
Neptune and Neptune-R are class leading

Improvements in Neptune and comparison to competition

Thermal resistance /mm



**+19-40% improvement
compared to our
original material**
Note: depends on thickness



**20-23% better than
competition**

Neptune has class leading performance in Acoustic and Thermal applications

Investment in Capacity, NPD, CRM and Marketing

New capacity in Germany to meet growth



New sustainable solutions to support environmental positioning

Neptune-R
& Neptune Green



SilentShell



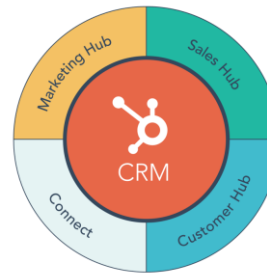
Recycling of waste Neptune used in oil containment booms

Strong environmental positioning

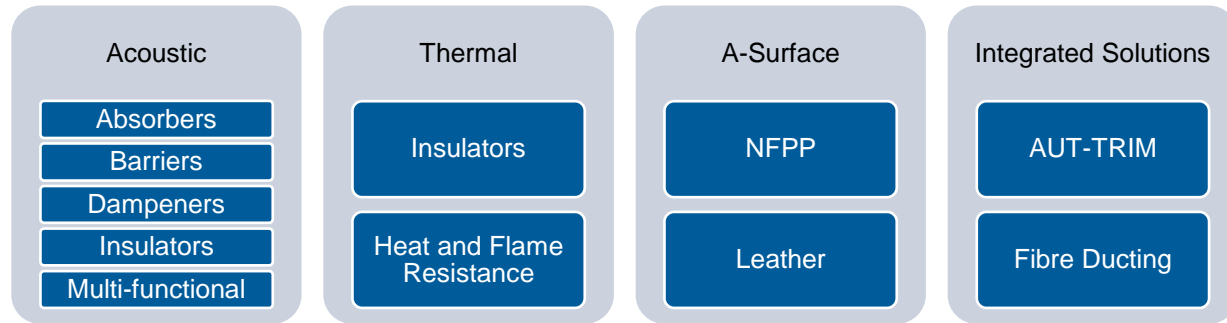
1. better vehicle RANGE
2. GREENER vehicles and
3. more COMFORT

HubSpot CRM to aide commercial efficiency

Digital and Social media
To grow brand awareness



Innovation – leadership in sustainability



ESG - Environment

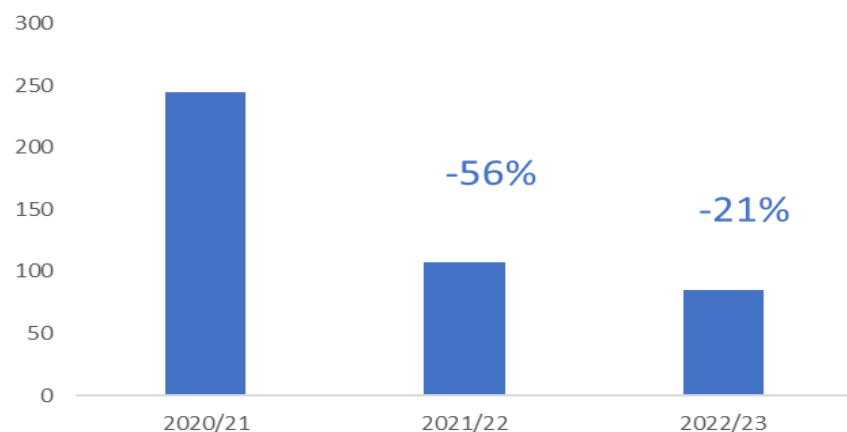
Energy Usage kw/h

	Autins Plc			
	2019/20	2020/21	2021/22	2022/23
Total Energy used in buildings & process KWh	2,777,674	3,682,169	3,175,250	3,142,772
KW/h per million turnover	114,699	138,292	148,348	122,168
		21%	7%	-18%

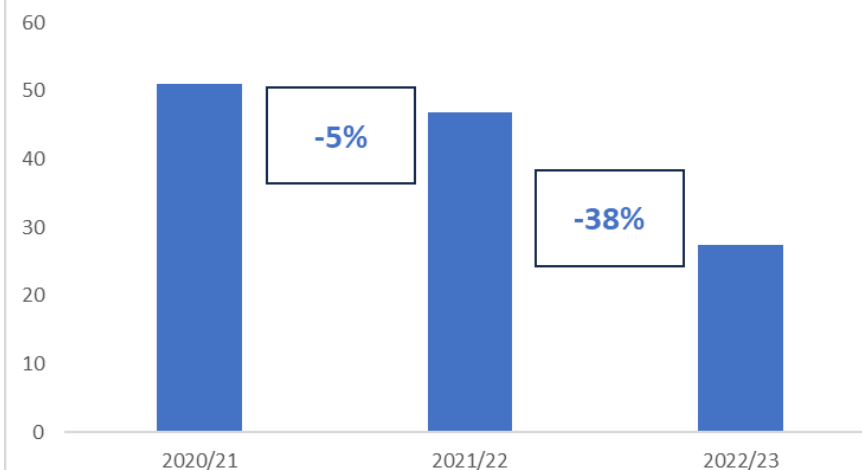
CO2e Emissions

	Autins Plc			
	2019/20	2020/21	2021/22	2022/23
Total kgCO2	6,050,415	7,064,662	6,082,790	861,983
tCO2 per million of revenue	250	265	284	34
		6%	7%	-88%

Water usage (km³) reduction per £m of revenue



Waste in tonnes/£m of revenue



ESG - Social

- **Staff retention, engagement and morale are critical elements of delivering a happy and highly productive workforce**
- **We have had 3 very challenging years.**
- **Proactive actions have reduced staff churn in UK from over 30% to 10% and churn across the group stands at 6.5%**
- **Actions taken include:**
 - Strong enforcement of the company values and a focus on respect between individuals
 - Salary increases ahead of the curve and transparency in how wages set
 - Multi-skilling across different equipment, so that we could pay more to permanent staff and reduce temporary labour from above 30% to “practically” zero
 - Improved overtime rates to help staff earn more
 - Banked hours to guarantee monthly take home pay and provide flexibility against customer demand
 - Bonuses on the shop floor linked to above budget productivity – self funded recognition
 - A highly proactive suggestion scheme which works

We have a highly engaged and motivated workforce



04

Summary

In Summary

- FY23 has seen strong progress to recover margins through price, cost, labour and material
- Pushing forward on all fronts to grow and improve profit
 - Improving relationships with major customers and winning new customer business
 - Investment in new equipment to meet growing European auto demand
 - Expanding our product offering to provide more environmentally friendly solutions
 - Investing in marketing activity to grow awareness and reputation
- Much has been done, but there is much more to do



05

Outlook

Outlook

- The automotive market is stabilising, and we have seen a trend of sales and profit improvement which has continued into Q1 FY24
- We still expect some fluctuations in demand at a model level during the transition period to EVs and whilst supply chains are still challenged
- Increasing level of opportunities provides optimism for sales growth
- New CEO, Andy Bloomer, arrives 19th April 2024:
 - Career in the automotive manufacturing industry: Morgan Advanced Materials, Unipart Eberspacher, Denso and JLR
 - Very strong commercial background
- We are confident that Andy is the right person to take the company into the next stage of our sales growth



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Backup Slides

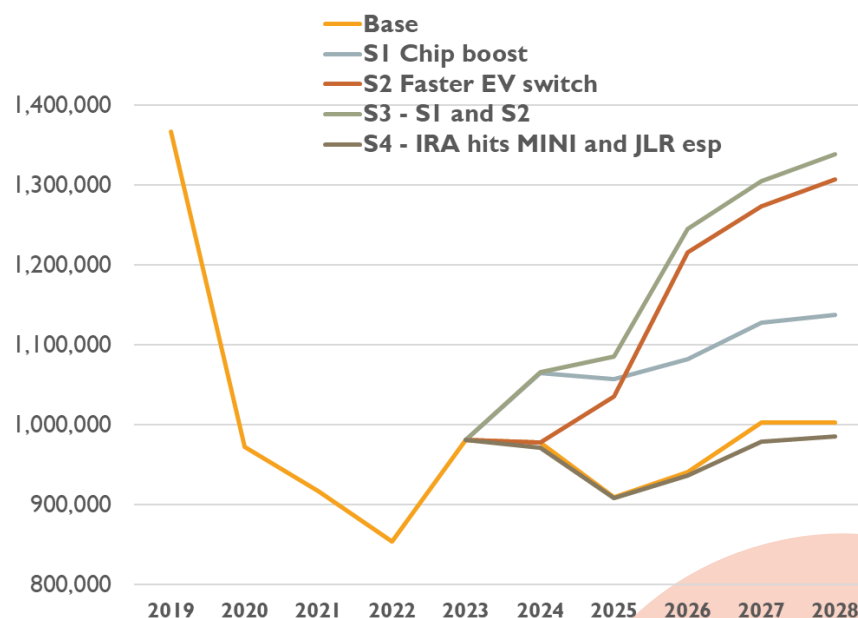
UK Automotive Production Scenarios

Base Outlook assumes

- Chips and broader supply chain issues not resolved until 2024
- JLR delays EV switch, Nissan launches new EVs – with production dip during transition in 2025
- No factory closures

4 alternative scenarios

- Chip shortage resolved in '23, impacts '24
- Production boost with faster EV switch and wider EV range from 2026
- Scenario 1 & 2 combined
- Negative impact on exports from 2027 to US due to Inflation Reduction Act and to the EU due to Rules of Origin problems



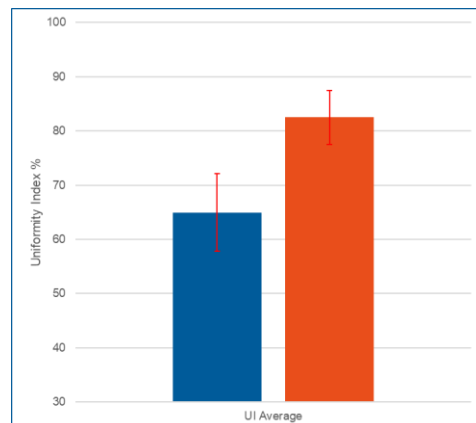
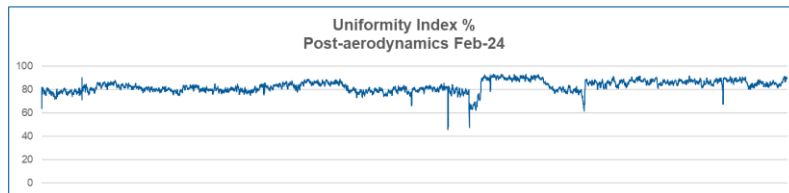
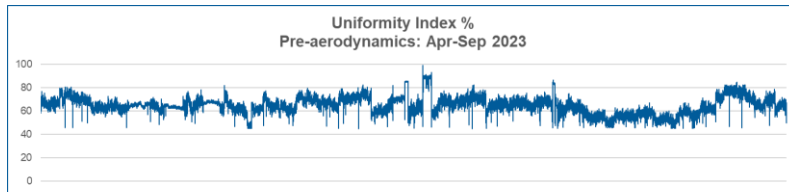
Source: Ian Hendry, AutoAnalysis Sep 2023

We therefore expect a slow recovery path and lower long-term volumes than pre-Covid

Neptune improved quality, reduced costs, and increased capacity

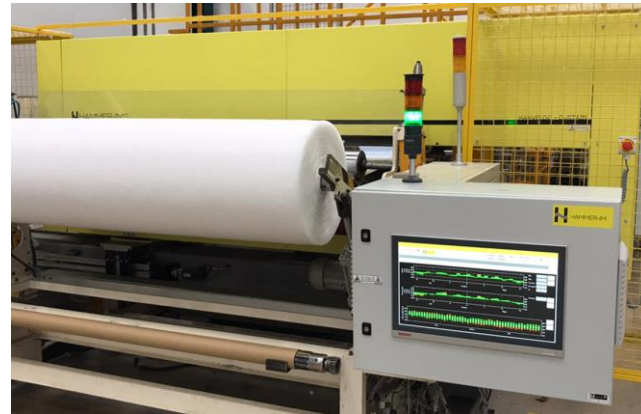
Aerodynamics: Improved product quality & margins

- Higher OEE: lower scrap rate and material waste



Hammer IMS: 100% real-time quality monitoring

- Unique - best quality assurance in the world
- Improved margins & Faster development time



- Uniformity of material across width has improved by 26%
- No other company in the world can meet this standard

Our Vision

Vision/Purpose:

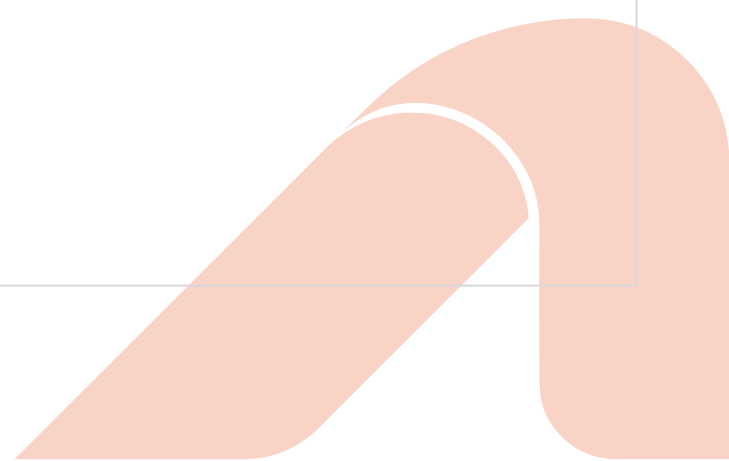
- **To be the most environmentally friendly provider of NVH solutions.**
- **We help our customers increase the Range of their vehicles, produce Greener vehicles and create more Comfort.**
- **We aim to be the most well-known and well-respected Engineering Problem Solver for Acoustic, Thermal and Aesthetic trim problems.**

Strategy:

- Build broader and deeper relationships across auto and commercial OEM's and Tiers, particularly in Engineering, Purchasing, and technology partners
- Create a more technical product offering, which has higher recycled content or is fully recyclable, particularly leveraging our Neptune technology
- Create pull through demand and enquiries using a variety of marketing channels

- We will achieve our Vision by being an Engineering Problem Solver specialising in the areas of Acoustic, Thermal and Aesthetic trim.
- We are Problem Solvers, have Expertise, and outstanding Agility
- We are easy to do business with, because we are a trusted reliable partner and have an outstanding quality and service record.
- This is underpinned by our values:

Values:

- Expertise – Acoustics, Thermal, NVH and Trim
 - Agility
 - Problem Solving
 - Creativity
 - Teamwork
 - Reliable
- 
- A large, stylized orange abstract shape in the bottom right corner of the slide, resembling a thick, curved arrow or a modern logo element.

New Positioning: a stronger environmental positioning of our offer

We can help you and your suppliers reduce costs and achieve:

- **better vehicle RANGE**
- **GREENER vehicles and**
- **more COMFORT**
- We can also help you with:
 - Reducing energy waste in vehicles
 - Supplying 100% recyclable or recycled content materials and components
 - Best in class lightweight, acoustic and thermal trim solutions