

COMPANY ANNOUNCEMENT

30 October 2020

SECOP TRADING UPDATE FOR THE FIRST EIGHT MONTHS OF 2020

Secop hereby releases preliminary unaudited results for YTD August 2020¹.

Highlights

- Continued strong operational performance enabled Secop to repurchase 8.5 M EUR of the outstanding bonds issued in July 2020
- After a COVID-19-related temporary plant closure in China earlier this year, Secop is operationally currently performing in line with expectations
- Based on YTD August financials Secop is well on track to achieve or overachieve 2020 budget despite a challenging macroeconomic environment
- YTD August 2020 adjusted EBITDA of €18.4 M indicates strong run-rate performance
- Restructuring and reorganization measures largely on track
- Net leverage at moderate levels

TRADING UPDATE

Despite the severe global crisis caused by the Corona virus outbreak, Secop has year-to-date delivered a strong operating performance and rigorously drove the realignment of the group forward.

Thanks to the broad regional and end market exposure, the impact from the complex macroeconomic environment could be managed well to a great extent. The year started with difficulties due to a forced plant closure in Asia followed by a strong recovery in the region until now. European markets saw a later dip in volumes which forced us to implement various countermeasures.

Due to strong relationships with core suppliers, major supply constraints were successfully avoided throughout the last months. We were hence a reliable partner to our core customers.

In the YTD period Secop has generated total revenues of €136.7 M (gross margin: 29.1%) and an adjusted EBITDA of €18.4 M (108% of full year budget). 73% of the yearly revenue budget has been realized with relatively strong trading months during this summer. Gross

¹ The scope of the financials is in line with the financial data set provided in the bond placement process. It hence reflects the future scope of Secop Group excluding the household business and the Austrian operations.

margin is at €39.8 M, corresponding to 75% of the full year budget and driven by a favorable product mix as well as advances in pricing and material costs.

Fixed costs were driven by various savings across all sites and amounted to €-19.1 M (61% of full year budget) partly supported by state assistance programs in the course of the C19 pandemic.

Short update on restructuring and the Austrian reorganization: Overall, our ongoing relocation project is on time and within the planned budget. Currently, the social plan is under execution and our new R&D center has moved to a modern rental site in Gleisdorf near Graz.

Secop's group liquidity and net debt situation is comfortable and represents a sound basis in the current circumstances. We expect net leverage to be below 2.0x at the end of the year.

OUTLOOK

We expect the economic consequences of the COVID-19 pandemic to continue to impact demand for our products, yet we strive to compensate market headwinds through various countermeasures. While for the remaining months of 2020 the macroeconomic developments and their influence on Secop still cannot be reliably assessed, we expect to overachieve the revenue and EBITDA budget communicated earlier this year in the bond placement process. Due to a better than expected recovery in the market and a continued discipline in fixed cost and cash management, we believe that Secop is well positioned to successfully navigate through these complex circumstances.

Secop Income Statement - YTD August 2020

(€m)

	BUD Dec 20	YTD Aug 20	% of BUD Dec 20	Year to go 20	% of BUD Dec 20
Total revenues	186,4	136,7	73%	49,7	27%
% growth					
COGS	-133,4	-96,9	73%	-36,6	27%
Gross margin	52,9	39,8	75%	13,1	25%
%revenues	28,4%	29,1%		26,3%	
Other variable costs	-4,5	-2,9	65%	-1,6	35%
Total fixed expenses (adj.)	-31,4	-19,1	61%	-12,3	39%
Extraordinary income/expenses (PF adj.)		0,6		-0,6	
PF adjusted EBITDA	17,0	18,4	108%	-1,3	-8%
% PF adj. EBITDA margin	9,1%	13,4%		-2,7%	
Capitalized costs	-4,3	-4,8	112%	0,5	-12%
PF adj. EBITDA (excl. capitalized costs)	12,7	13,5	107%	-0,8	-7%
% PF adj. EBITDA margin (excl. capitalized costs)	6,8%	9,9%		-1,7%	

ABOUT SECOP

Secop Group is a leading global provider of cooling solutions for refrigerated appliances installed in various end market applications such as commercial, mobile, automotive and domestic equipment.

The group has 1,350 employees worldwide and operates production sites in Slovakia and China as well as research centers in Germany, Austria, Slovakia, China, and the USA. Secop Group designs and manufactures hermetic compressors and electronic controls for refrigeration solutions in two major business segments: Stationary Cooling and Mobile Cooling.

Secop's "Stationary Cooling" business segment (AC-supply compressors for static applications) provides compressors for light commercial applications in food retail, food service, merchandisers, medical, and special applications and also for selected domestic applications.

Secop's "Mobile Cooling" business segment (Battery-Driven DC-supply for mobile applications) is the global leader in high-performance hermetic DC compressors, for automotive, trucks, recreation vehicles, pharma, portable boxes, solar, and other mobile applications.

Secop has a long track record of successful projects for energy efficient and green refrigerants adoption projects, using innovative solutions for both compressors and control electronics.