

INVESTMENT OPPORTUNITY



LIVARNA
MARIBOR

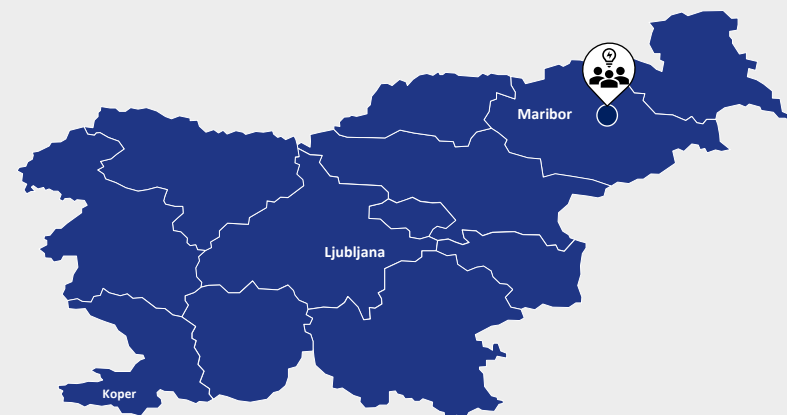
A SLOVENIAN PRODUCER OF ALUMINUM AND COPPER ALLOY PRODUCTS

 CASTING

 FORGING

 TOOLING

Countries of delivery



Key takeaways



Tradition

Strong, long-lasting brand and **international customer recognition** with contracted revenues and a strong pipeline from numerous OEMs as a trustworthy Tier 1/Tier 2 supplier.



Strong asset base

Excess capacity in high pressure die casting, machining and forging units due to **automatization efforts** undertaken by the company



Repositioning

Past investments enable **repositioning** and clear sales strategy towards **more complex products** and consequently **increase in MLM's contribution margins** and overall profitability.



Automatization potential

With the right strategic and financial support, combined with **available production capacities**, to enable further growth of sales and increase in market share.



Skilled workforce

Manufacturing site is located in **Slovenia** which provides a **great mix of engineering talent and skilled workforce** and lower production costs compared to Central and Western Europe or Nordic countries.



Product positioning

Production positioning – **located at the intersection of important logistic routes** in the close proximity of the highway. **Geographical proximity** to the major OEMs sites in CEE, Germany and Italy.



- Production of die-casting parts with machining, production of tools, and production of forged products from copper alloys.
- A wide variety of different technologies such as CNC machines, melting plant, press foundry, sand-blasting machines, grinding and vibratory-grinding machines, impregnation devices, fast-mode automated presses for forging full and hollow forgings and CAD/CAM.



Business overview



- MLM, headquartered in Central Europe (Slovenia), is a Tier-1/Tier 2 automotive supplier of aluminum die casts and forged parts.
- Based on a 100-year tradition in its field of operations, the company has developed into a modern company with a high level of technological expertise and a diverse range of products.



Products and services



CASTING

High pressure die-casting, machining and assembly of aluminum products

■
new aluminum alloys with better chemical and mechanical properties, vacuum – in die-casting, micro spraying – longer lifespan of the tools and thus a positive impact on the environment

■
assortment of brackets, casings, gearbox casings, powertrain casings, power transmission casings (PTU), rear drive casings (RDU), covers, motor mounts, products for anti-vibration technology

■
high pressure die-casting machines from 650 to 2200 tons (Bühler, OMS, Idra), sandblasting machines, vibrating machines, machines for mechanical processing (Chiron, SW; Nakamura; Makino)



FORGING

Forging of copper, brass and aluminum, all types of mechanical and surface treatment

■
fully forged solid or hollow forgings with horizontally or vertically forged holes, parts for all types of fittings, components and finished parts for the sanitary industry, battery terminals

■
connecting parts (nuts, reducing parts, screws), built-in parts for the electrical and machine industries, electrical components for the automotive industry

■
forging machines – manual presses with a range from 200 to 700 tons, automatic presses from 250 to 700 tons, robotic forging trimming cells, sandblasting machines, vibrating machines, flow sandblasting machine for forgings with brass chips, line for ball-type polishing of forgings



TOOLING

Complete solutions from simulations and tool design to series production

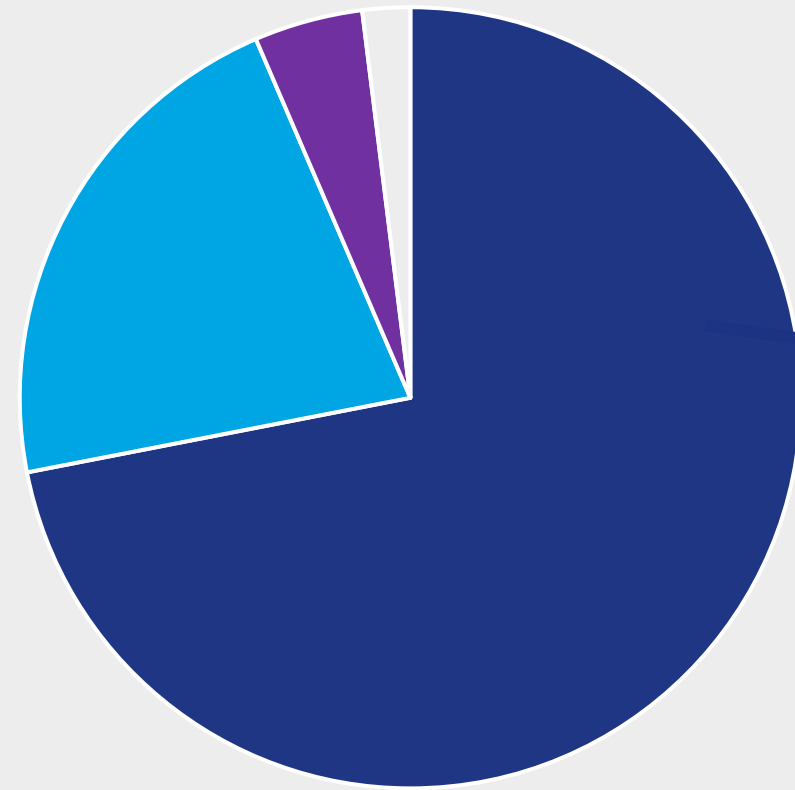
■
tool development, optimization consulting, modeling and concept elaboration, 3D modeling, casting simulations, product development and die-casting preparation

■
die-casting tools – design and construction of prototypes and serial casting tools, trimming tools – design and production of trimming tools, gravity casting tools, forging tools

■
fixtures for machining and CMM measurements – design and production fixtures and measuring devices, CNC programming for 3-axis and 5-axis CNC machining, 3D modeling of electrodes

Brief overview

Revenue by segments in 2023



■ Casting ■ Forging ■ Tooling □ Other

40,53 mio €
of revenues* for MLM in
FY 2023, around $\frac{3}{4}$ from
Alutec
* unaudited

By segments	Share
Casting	76%
Forging	15%
Tooling	8%
Other	1%

17,5 mio €
or roughly 60% of balance
sheet in plant and
equipment, representing a
strong asset base

42k sqm
of production facilities on
total area of 53k sqm
land occupied, further
expansion is possible

The COVID-19 pandemic, various supply shortages in the raw materials sector, the chronic undersupply of semiconductors and the Russia-Ukraine conflict are causing widespread disruptions and ongoing supply problems in automotive supply chains, impacting revenue streams of lower Tier producers.

321
FTE in FY 2023

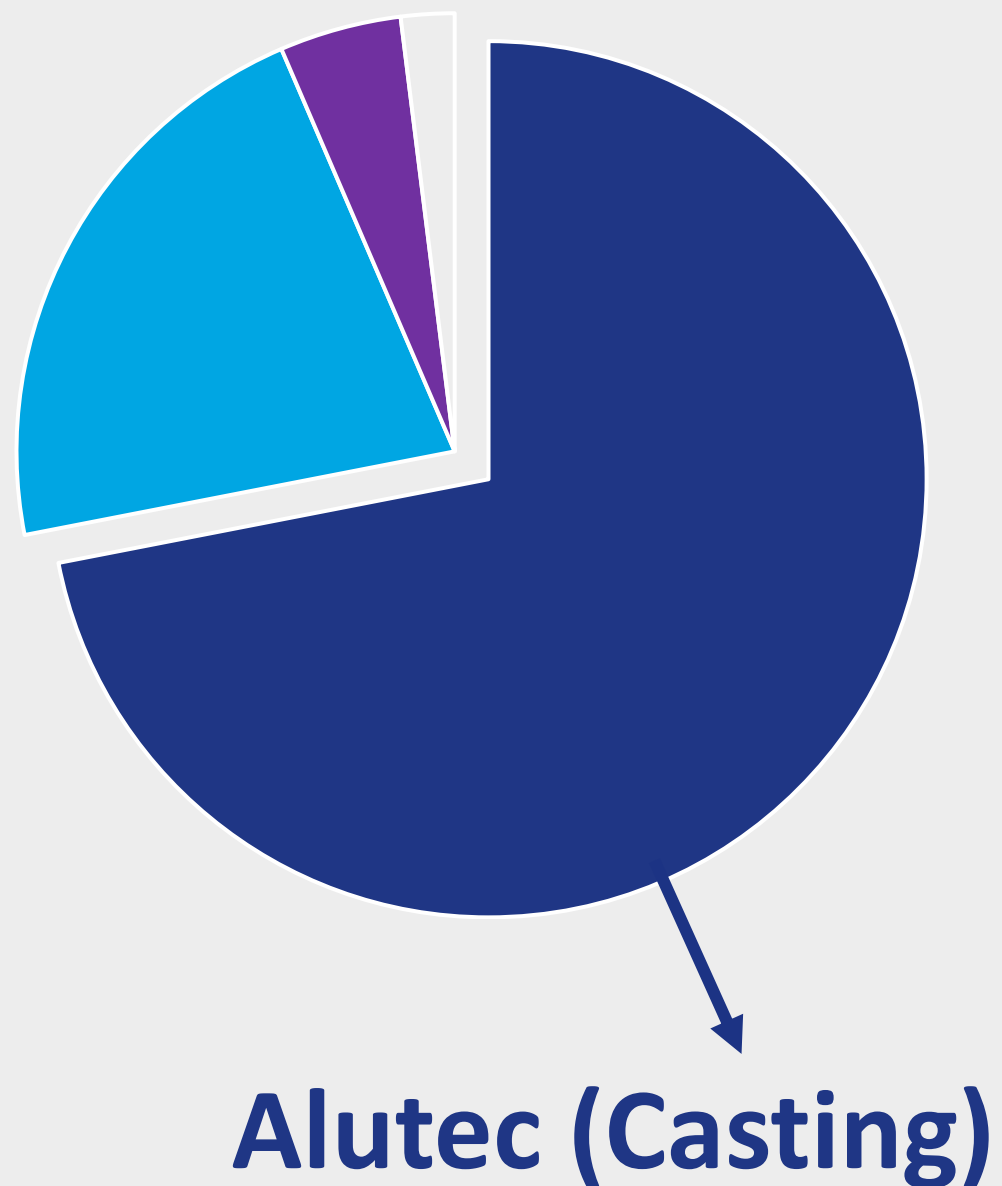
Business segment Alutec

MLM has 3 main divisions, with around ¾ sales generated by MLM Alutec (die casting and machining), followed by the forge workshop and tool shop, electroplating is an addition to the offer.

- most of MLM Alutec's strategic products are in the powertrain and transmission segment (i.e. clutch PTU and transmission housings, engine carriers and covers, etc.), the segment of e-mobility already over 60%



- machine park can support further business growth with minor CAPEX with an addition of the recent die casting and machining units and process automatization



Business segment Forge shop

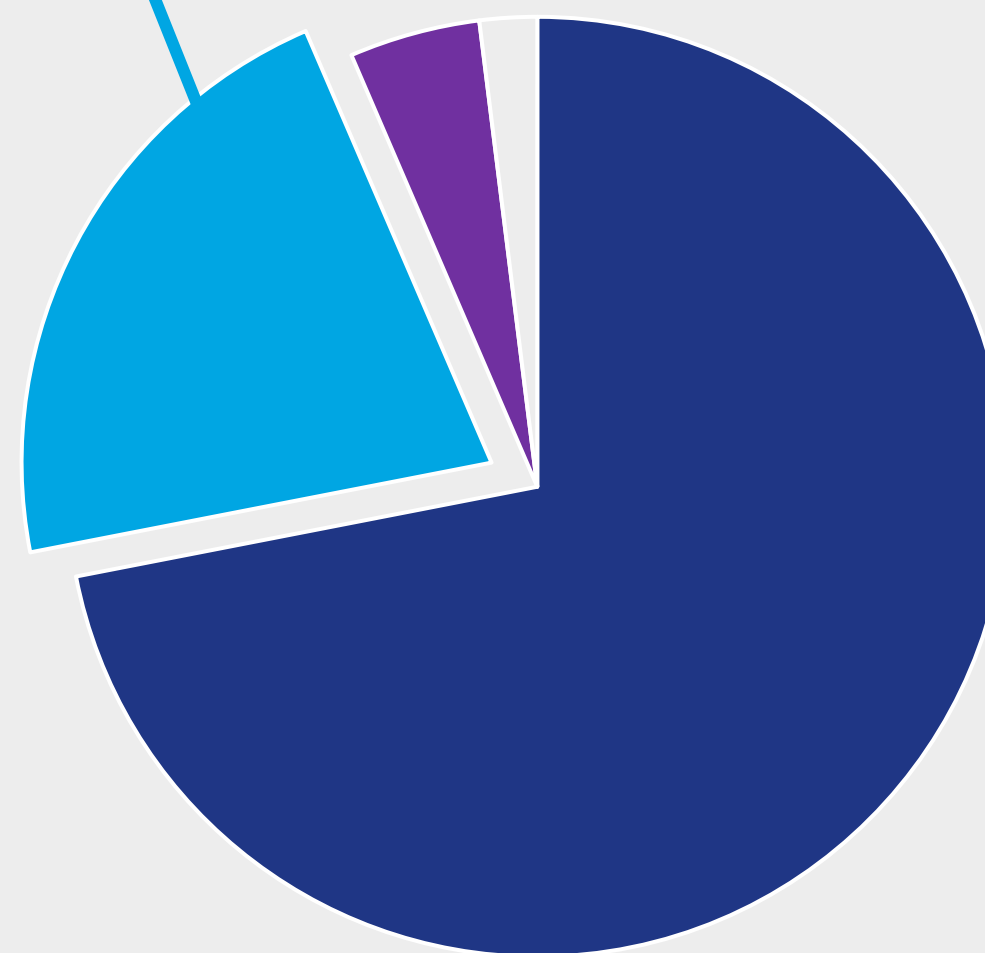
Forging segment ensures somewhere between 15% and 20% of revenues, depending on business year.

- Forged products are mainly from brass alloy and generally sold in construction and automotive industry.



- The company offers a complete set of solutions from 3D modelling and tool manufacturing to CNC machining, electroplating and final assembly.

Forging



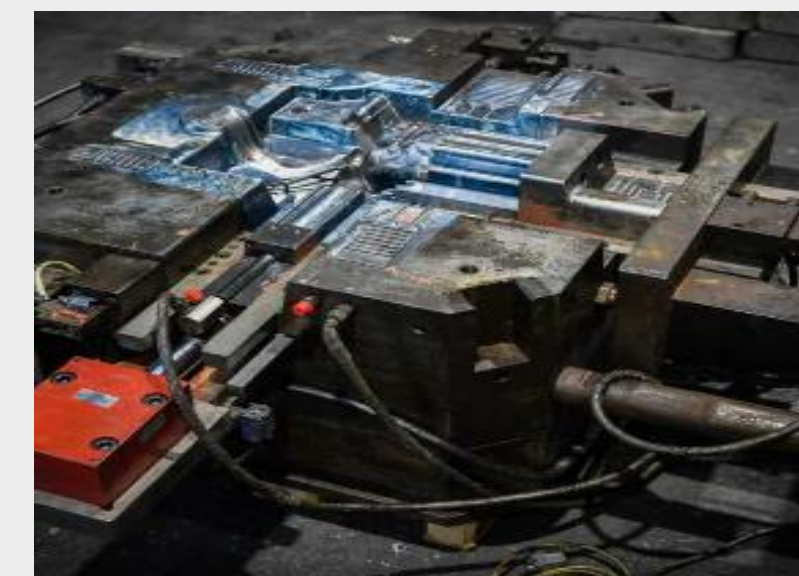
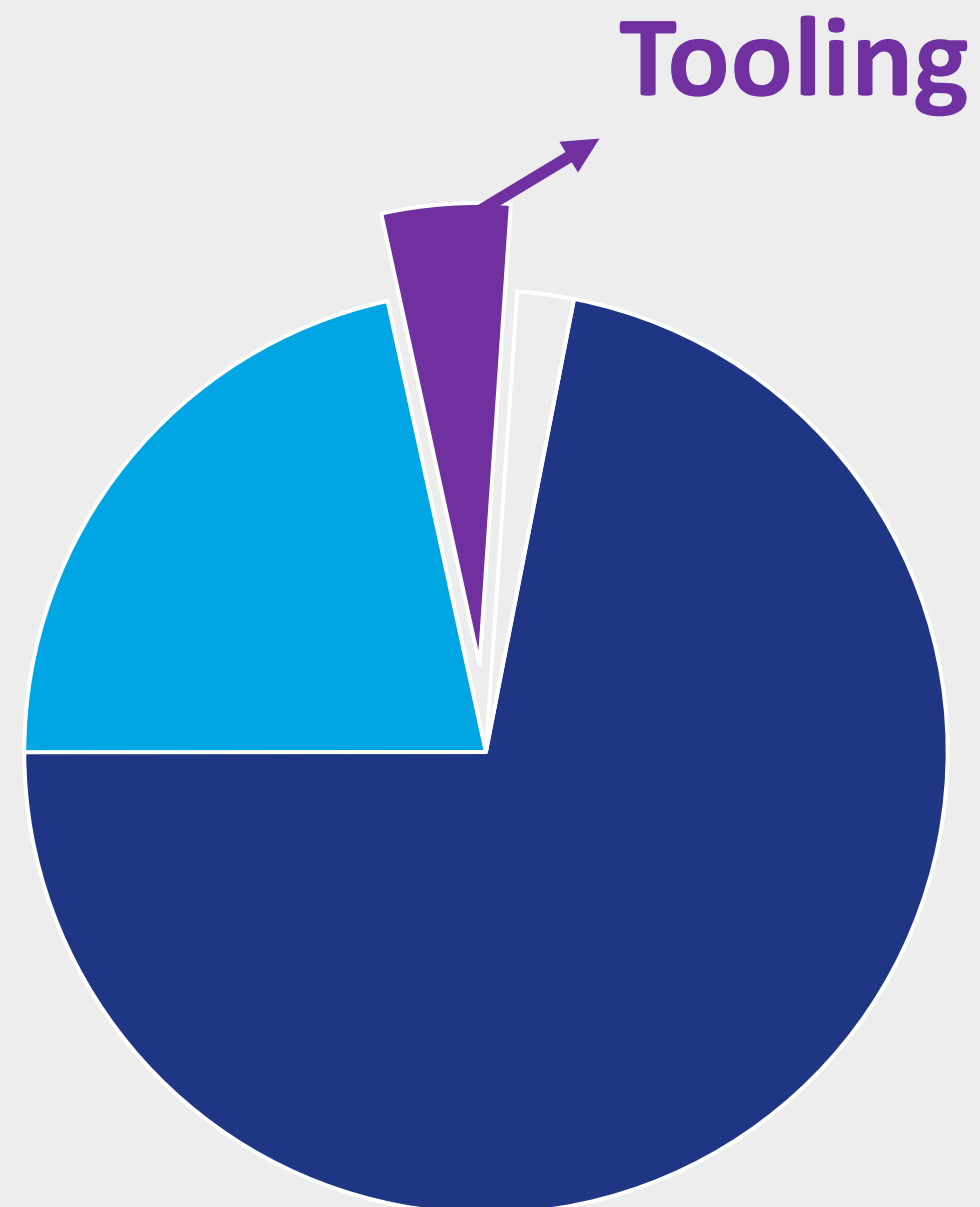
Business segment Tool shop

Tooling accounted for around 8% of MLM revenues in 2023.

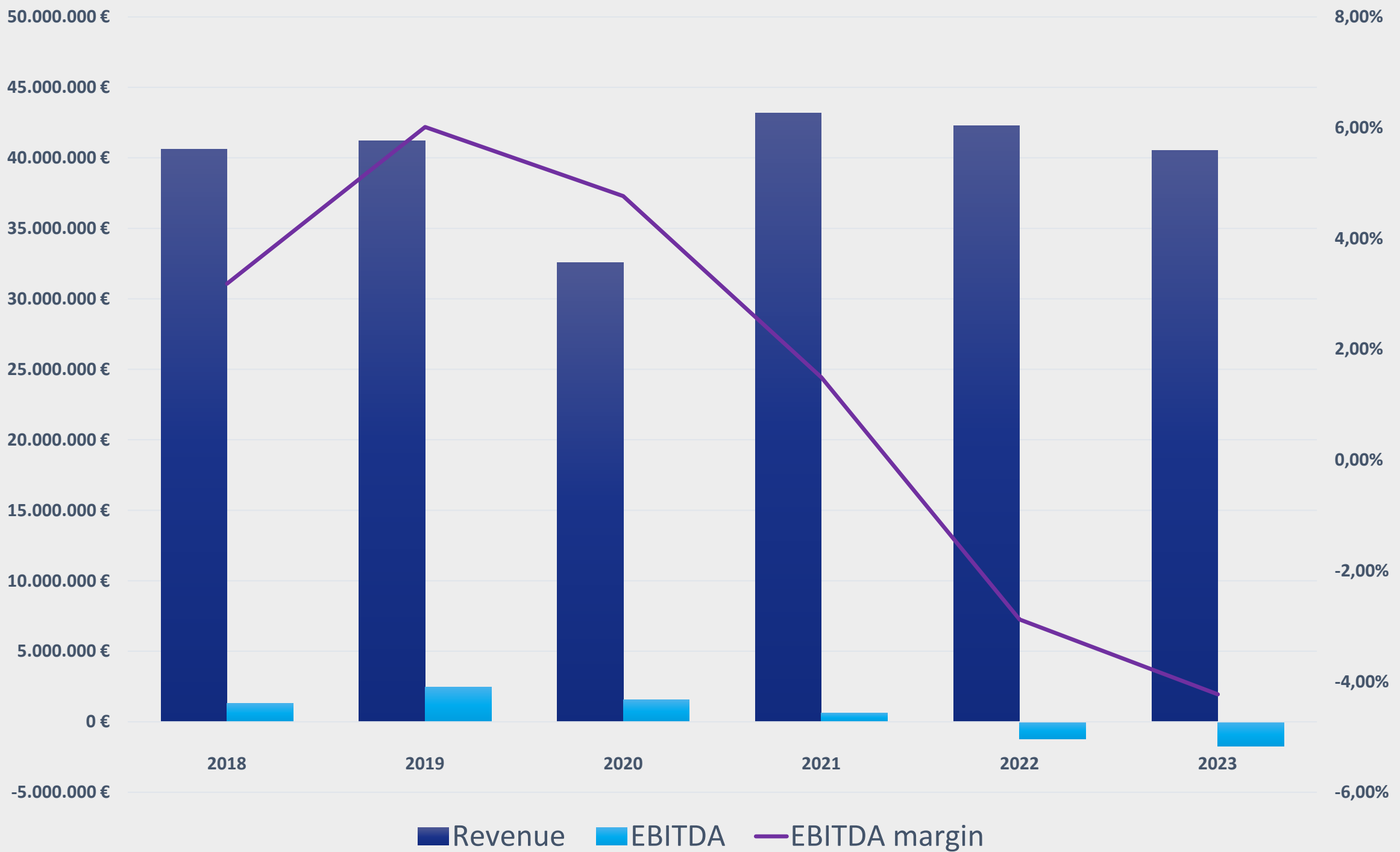
- Tools are manufactured independently, based on client's requirements by utilization of CAD / CAM technique, however mostly sold through MLM Alutec.



- Tools manufactured include HPDC molds, trimming tools, chill castings, CNC fixtures, forging tools and control fixtures



Revenue and profit dynamics 2018 – 2023*



- 2022 and 2023 plan anticipated strong increase in sales, however due to the Ukrainian war, supply chains of automotive producers were affected, resulting in a decline
- Margins are under pressure, coinciding with the start of covid pandemics at the beginning of 2020
- Lower call-offs, higher raw material and energy prices, as well as sale prices that didn't follow cost dynamics are the main reasons for 2022 and 2023 plunge
- All the above contributed to lower capacity utilization, at the same time due to liquidity issues, activities for improving efficiency and better control of production processes were halted

Source: Public data and company information
 * 2023 data unaudited





Upsides 2023 - 2024

- MLM in 2022 engaged in negotiations with buyers to increase Alutec prices, which should also reflect energy costs, not just raw material prices
- Some price increases were successfully negotiated with buyers start and mid 2023, while the majority of benefits were reaped in late 2023
- Long term electricity leases were negotiated, also 30% of gas quantities for the period 2022 – 2024 were agreed on, thus ensuring a more cost-stable environment
- Some automation and an increase of efficiency efforts in previous years helped to release capacity, enabling the company to support higher business volumes in the future



Overall equipment utilization

calculated on 7 days x 24 hours basis (2023 data)

HPDC (High-pressure die casting)

65-80%

Machining

50- 70%

MLM Balance sheet (EUR)	31.12.2022*	31.12.2023**
<i>LONG-TERM ASSETS</i>	<i>18.222.743</i>	<i>16.795.440</i>
Intangible assets and long-term deferred assets	678.296	616.637
Tangible assets	17.475.314	16.049.225
Investment property	53.649	114.095
<i>SHORT-TERM ASSETS</i>	<i>10.934.484</i>	<i>8.651.505</i>
Inventories	7.762.126	6.056.832
Short-term receivables	2.932.058	2.570.766
Cash	240.300	23.907
<i>Short-term deferred assets</i>	<i>311.306</i>	<i>10.935</i>
ASSETS	29.468.532	25.457.880
<i>EQUITY</i>	<i>5.389.306</i>	<i>916.067</i>
Provisions	949.736	1.007.351
<i>LONG-TERM LIABILITIES</i>	<i>9.101.966</i>	<i>8.451.894</i>
Long-term financial liabilities	8.902.432	8.361.197
Long-term business liabilities	199.533	90.697
<i>SHORT-TERM LIABILITIES</i>	<i>13.550.145</i>	<i>14.615.266</i>
Short-term financial liabilities	1.589.887	6.656.618
Short-term business liabilities	11.960.259	7.958.647
<i>Short-term deferred liabilities</i>	<i>477.379</i>	<i>467.302</i>
LIABILITIES	29.468.532	25.457.880

* Latest annual report data

** Unaudited

MLM Profit/Loss statement (EUR)	2022*	2023**
A. NET REVENUES	40.825.167	40.526.038
B. CHANGE IN INVENTORIES	1.907.841	-882.237
C. CAPITALIZED OWN PRODUCTS AND SERVICES	0	317.938
Č. OTHER REVENUES	1.458.918	506.038
D. GROSS OPERATING PROFIT	44.191.926	40.467.777
E. COST OF GOODS SOLD	35.186.811	30.726.503
F. LABOUR COSTS	10.103.598	11.325.027
G. AMORTIZATION & DEPRECIATION	2.211.554	1.934.027
H. WRITE OFFS	171.645	10.053
I. OTHER COSTS	119.198	120.667
J. OPERATING PROFIT (EBIT)	-3.600.881	-3.648.499
N. INTEREST INCOME	288	25.000
P. INTEREST PAID	244.734	806.107
R. PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS	-3.845.327	-4.429.606
S. EXTRAORDINARY INCOME	93.343	102.242
Š. EXTRAORDINARY COSTS	227.176	58.743
T. TOTAL PROFIT/LOSS	-3.979.160	-4.386.107
U. CORPORATE INCOME TAX	0	0
Z. NET PROFIT/LOSS FOR THE YEAR	-3.979.159	-4.386.107
EBITDA	-1.217.681	-1.704.419
ebitda as % of revenues	-3,0%	-4,2%
number of employees	343	321

* Latest annual report data

** Unaudited

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