

11 November 2025

Dowlais Group plc

Trading update

Strong operational execution with full year performance expected towards top end of prior guidance

Dowlais Group plc (“Dowlais” or the “Group”), the specialist engineering group focused on the Automotive sector, provides a trading update for the nine-month period to 30 September 2025 (“the period”).

The Group performed in line with management’s expectations in the period, continuing to deliver operational improvements notwithstanding the continued volatile market environment. Adjusted revenue¹ for the period was £3.7 billion, representing a 1.1% year-on-year growth at constant currency², against a 0.2% increase in light vehicle production outside China and a 3.8% increase in global light vehicle production (“GLVP”)³. Translational foreign exchange headwinds of £84 million contributed to a year-on-year reported adjusted revenue decline of 1.2%. In Automotive, good recovery from ePowertrain⁴ and growth in our China JV was partially offset by a decline in Driveline⁵. Powder Metallurgy adjusted revenues declined 1.1%, mainly due to weaker volumes in Powder.

The Group’s adjusted operating margin in the period improved by 120bps year-on-year to 6.6%, reflecting the impact of commercial recoveries, global footprint restructuring initiatives and other ongoing performance improvement actions which more than offset some operational inefficiencies in two of our plants in North America. The impact of tariffs on operating profit in the period was £22 million, largely in the Automotive segment. The Group expects to offset the direct impact of tariffs through commercial recoveries and other performance initiatives.

Business Unit Performance

Automotive

Automotive’s adjusted revenue for the period increased by 1.6% year-on-year to approximately £3.0 billion.

Performance in the Driveline product line improved in the three months ended 30 September 2025 (the “third quarter”), with revenue up 2.5% in the quarter, bringing the revenue decline in the period to 2.4%, compared to a 0.2% increase in light vehicle production outside China⁶. The strong performance in the third quarter reflects both an improved market backdrop and the benefit of new platform launches, in line with prior communication.

Revenue from the ePowertrain product line in the period grew 10.4% year-on-year, benefiting from a lower comparison base in 2024 and the full-year production of an All-Wheel Drive (AWD) platform in the U.S., which was impacted by prior-year planned downtime and staggered ramp-up linked to the model changeover. The ePowertrain product line delivered an improved performance in the third quarter, as it benefitted from one-time commercial recoveries related to prior years volume shortfalls in e-drive platforms.

In the Group’s China joint venture, revenue in the period increased 1.5% year-on-year, compared to an 11.7% increase of local light vehicle production. The underperformance continued to be driven by adverse customer mix as the majority of the growth in local light vehicle production was driven by those OEMs to which the Group’s China JV has limited exposure.

Automotive's adjusted operating margin in the period was 7.2%, an increase of 160bps year-on-year, driven by commercial recoveries, ongoing performance initiatives and restructuring benefits more than offsetting some operational inefficiencies in North America due to customer schedule volatility and supplier related disruptions, including quality and delivery issues. The impact of tariffs on operating profit in the period was £22m.

Powder Metallurgy

Powder Metallurgy's adjusted revenue in the period declined by 1.1% year-on-year, as growth from Acceleration Platforms product line was not enough to offset revenue decline in both the Sinter and Powder product lines.

Powder Metallurgy's adjusted operating margin in the period was 8.2%, a decline of 50bps year-on-year, mainly as a result of lower volume.

Outlook

Macroeconomic uncertainty related to U.S. tariffs, including those targeting the automotive sector, has eased since March, with industry forecasts revised upwards in recent months. S&P is now projecting a 0.3% decline in light vehicle production excluding China, and a 2% growth globally.

In line with prior communication, we do not expect our full year performance to be materially affected by the direct financial impact of these current tariffs. Based on our strong historical track record, we expect to fully recover these additional costs from customers through commercial actions and other performance initiatives, however there may be a timing lag, and recovery could extend into 2026.

Based on these assumptions and current customer schedules, our full-year performance is now expected to be towards the top end of our guidance range for 2025 of flat to a mid-single digit adjusted revenue decline and an adjusted operating margin of between 6.5% and 7.0% in constant currency. The Group's adjusted free cash flow is now expected to be slightly ahead of the prior year.

Liam Butterworth, CEO of Dowlais, said:

“We delivered a quarter of solid execution in a volatile environment, with performance supported by our diversified portfolio, strong cost discipline, and continued execution of our global restructuring programme. We also remain confident in our ability to fully recover the cost of current tariffs through commercial initiatives over time.

Looking ahead, while industry conditions remain mixed, we now expect full-year performance to be towards the top end of our guidance range. At the same time, our proposed combination with American Axle continues to progress well, with only two regulatory approvals outstanding, and represents a transformational opportunity to accelerate our strategy and create a more resilient and competitive global business with significant scale.”

Enquiries

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Notes

1. All “adjusted” financial measures in this trading update are defined in the Alternative Performance Measures section of Dowlais full year 2024 results announcement, published on 05 March 2025
2. All year-on-year changes are stated at constant currency unless stated otherwise
3. Global Light Vehicle Production based on the October 2025 forecast from S&P Global
4. The ePowertrain product group supplies All Wheel Drive (AWD) systems, ePowertrain components and eDrive systems
5. The Driveline product group supplies Sideshafts and Propshafts
6. Based on October 2025 Forecast (excluding China market) by S&P Global

Profit Forecasts

The following statements contained within this announcement constitute profit forecasts (the “**Profit Forecasts**”) for the purposes of Rule 28 of the City Code on Takeovers and Mergers. The Takeover Panel has granted Dowlais a dispensation from the requirement to include reports from reporting accountants and Dowlais’ financial advisers in relation to the Profit Forecasts. Other than the Profit Forecasts, nothing in this announcement is intended, or is to be construed, as a profit forecast for any period:

- i. *“Based on these assumptions and current customer schedules, our full-year performance is now expected to be towards the top end of our guidance range for 2025 of flat to a mid-single digit adjusted revenue decline and an adjusted operating margin of between 6.5% and 7.0% in constant currency”*
- ii. *“The Group’s adjusted free cash flow is now expected to be slightly ahead of the prior year”*

The Board confirms that, as at the date of this announcement, the Profit Forecasts are valid and have been properly compiled on the basis of the assumptions set out below and that the basis of the accounting used is consistent with Dowlais’ accounting policies, which are in accordance with IFRS.

The Dowlais Forecasts are based upon Dowlais' current internal financial forecasts for the 12-month period ending 31 December 2025, prepared in accordance with Dowlais' normal forecasting procedures and processes. These procedures take into consideration multiple factors including historical financial performance, anticipated changes in Dowlais' operations, sales forecasts and forecasts of customer demand for light vehicles and management judgment. In particular, the Profit Forecasts are based upon the most recent global light vehicle production forecasts published by S&P Global in October 2025 and Dowlais' current order book. The basis of accounting used for the Profit Forecasts is consistent with the accounting policies of Dowlais which are in accordance with IFRS. The Profit Forecasts have been prepared on the basis referred to above and subject to the principal assumptions set out below. The Profit Forecasts are inherently uncertain and there can be no guarantee that any of the principal assumptions will occur and/or, if they do, their effect on Dowlais' results of operations, financial condition, or financial performance, may be material. The Profit Forecasts should therefore be read in this context and construed accordingly. The principal assumptions assumed in the Dowlais Profit Forecasts are: (a) there will be no material change to macroeconomic, political, inflationary, regulatory or legal conditions in the markets or regions in which Dowlais operates, including changes in import or export tariffs; (b) there will be no material change in current interest rates, economic growth, inflation expectations or foreign exchange rates compared with Dowlais' estimates; (c) there will be no material change in accounting standards; (d) there will be no material change in market conditions in relation to customer demand or the competitive environment; (e) there will be no material litigation or regulatory investigations, or material unexpected developments in any existing litigation or regulatory investigations, in relation to any of Dowlais' operations, products or services; (f) there will be no business disruptions that materially affect Dowlais, its customers, operations, supply chain or labour supply, including natural disasters, acts of terrorism, cyber-attack and/or technological issues; (g) there will be no material acquisitions, disposals, distribution partnerships, joint ventures or other commercial agreements, other than those already assumed within the forecast; (h) there will be no material change in the existing operational strategy of Dowlais; (i) there will be no material changes in Dowlais' accounting policies and/or the application thereof; (j) there are no material strategic investments or capital expenditure in addition to those already planned; and (k) there will be no material change in the management of Dowlais.

Profit Estimates

The following statements contained within this announcement constitute profit estimates for the Group and the commentary on revenue and margin for both Automotive and Powder Metallurgy constitute profit estimates in respect of those divisions (together the **"Q3 Profit Estimates"**) for the purposes of Rule 28 of the City Code on Takeovers and Mergers:

- i. *"Adjusted revenue¹ for the period was £3.7 billion"*
- ii. *"The Group's adjusted operating margin in the period improved by 120bps year-on-year to 6.6%"*

The Takeover Panel has granted Dowlais a dispensation from the requirement to include reports from reporting accountants and Dowlais' financial advisers in relation to the Q3 Profit Estimates. Other than the Q3 Profit Estimates, nothing in this announcement is intended, or is to be construed, as a profit estimate for any period.

The Board confirms that, as at the date of this announcement, the Q3 Profit Estimates are valid and have been properly compiled on the basis of the assumptions set out below and that the basis of the accounting used is consistent with Dowlais' accounting policies, which are in accordance with IFRS.

The Q3 Profit Estimates are based on the unaudited condensed interim financial statements of Dowlais for the three months ended 30 September 2025. The basis of accounting used is consistent with the accounting policies of Dowlais which are in accordance with IFRS and are those that Dowlais expects to apply in preparing its Annual Report and Financial Statements for the financial year ending 31 December 2025. Given that the period to which the Q3 Profit Estimates relate has been completed, there are no other principal assumptions underpinning the Q3 Profit Estimates.

Forward-Looking Statements

This trading update includes certain forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond Dowlais' control and all of which are based on Dowlais' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of terminology such as "believe", "expects", "may", "will", "would", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "goal", "continues", "assumes", "positioned", "anticipates" or "targets" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include matters that are not historical facts, statements regarding the intentions, beliefs or current expectations concerning, among other things, the future results of operations, financial condition, prospects, growth, strategies, and dividend policy and industry of Dowlais. These forward-looking statements and other statements contained in this trading update regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved, and actual events or results may differ materially as a result of risks and uncertainties facing Dowlais. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. Forward-looking statements contained in this trading update speak only to the date of this trading update. Dowlais and its directors expressly disclaim any obligation or undertaking to update these forward-looking statements to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law.