



Alumetal Group

1H 2019 financial results

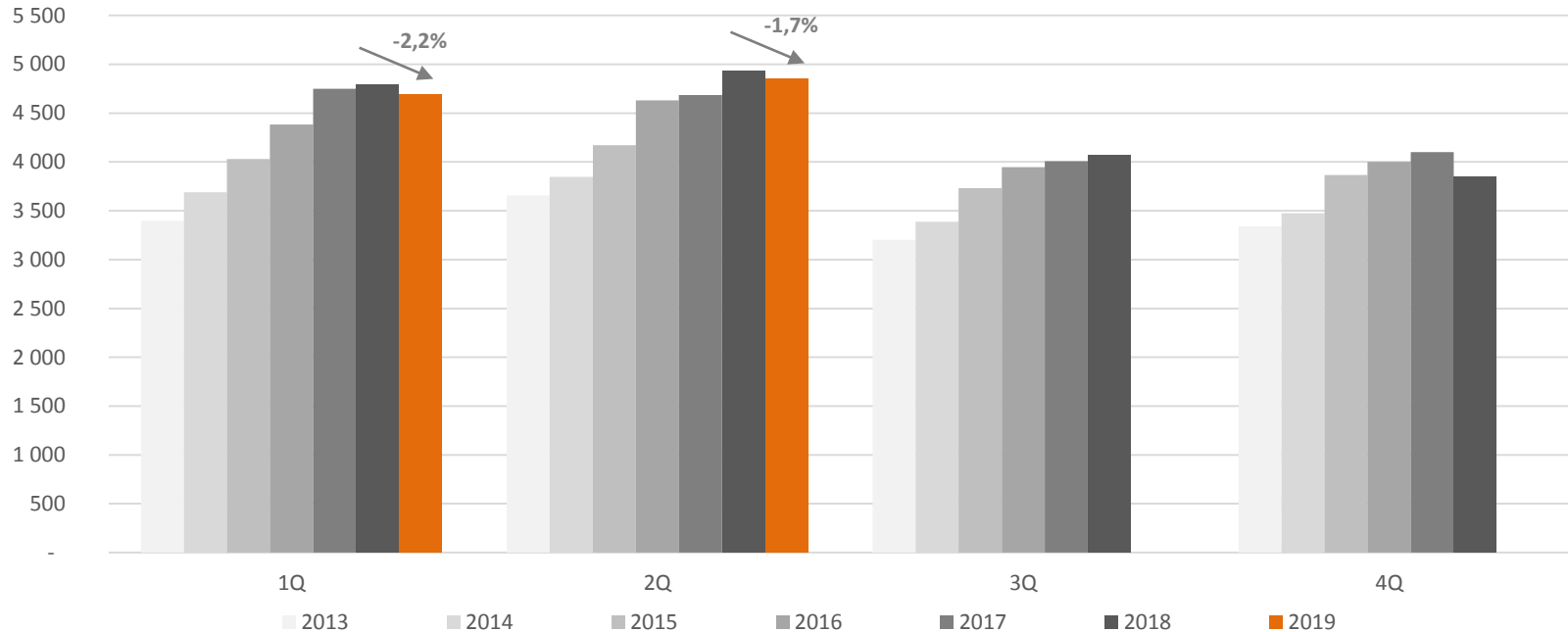
20 August 2019



1H 2019 and LTM at glance

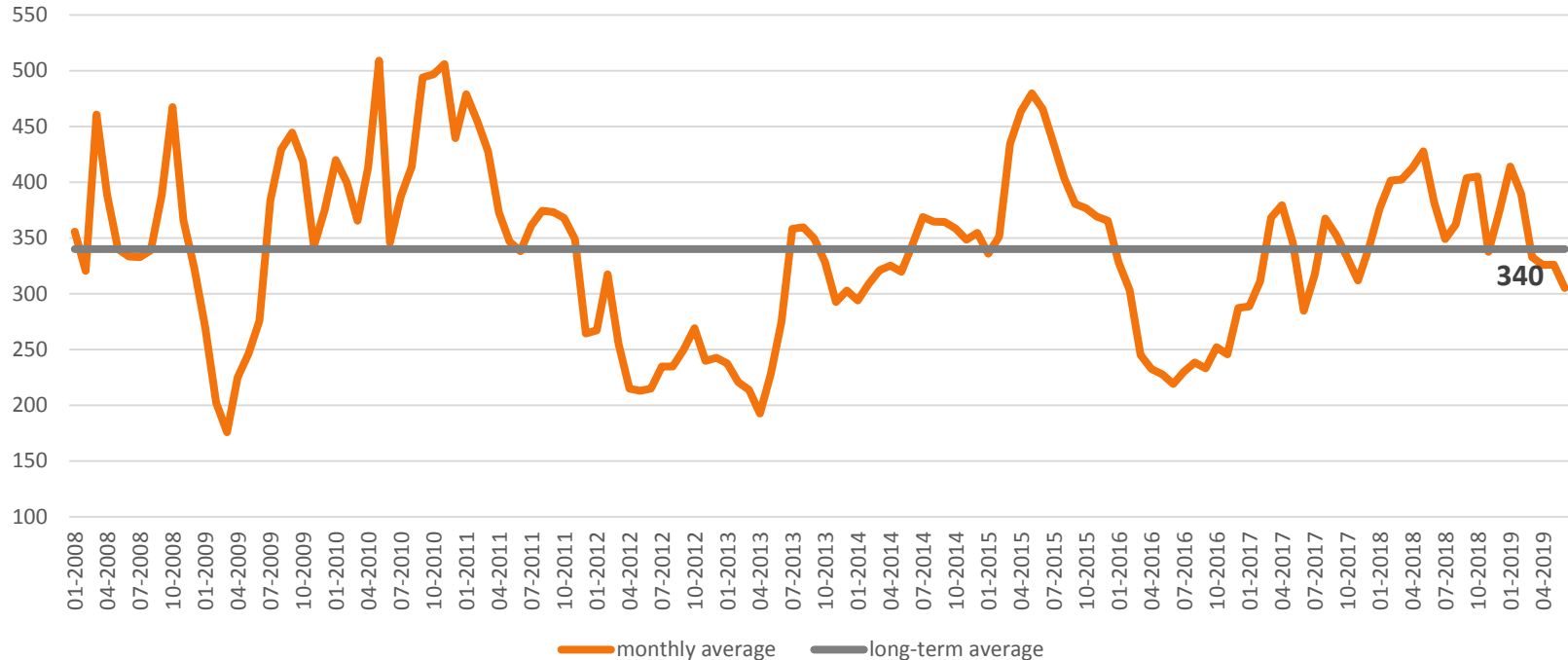
- ⊕ Volume sales – **104,2 k tons** in 1H 2019 and **198,4 k tons** in LTM
- ⊕ EBITDA – **PLN 50,0 mn** in 1H 2019 and **PLN 101,3 mn** in LTM
- ⊕ Normalized net profit – **PLN 33,9 mn** in 1H 2019 and **PLN 72,0 mn** in LTM
- ⊕ Operating cash flow – **PLN 98,0 mn** in 1H 2019 and **PLN 137,2 mn** in LTM
- ⊕ Net debt – **PLN 98,2 mn** (1,0x EBITDA)

Motor vehicle registrations in the EU in k units



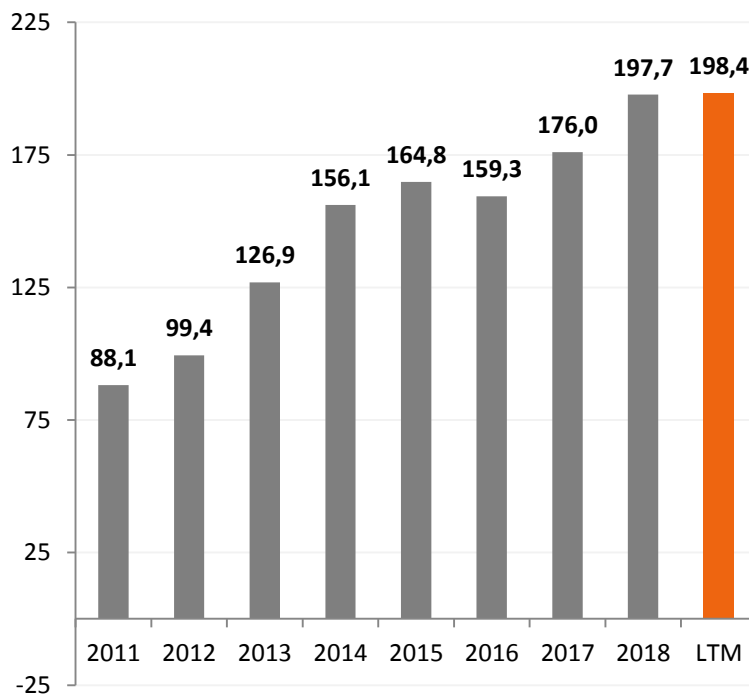
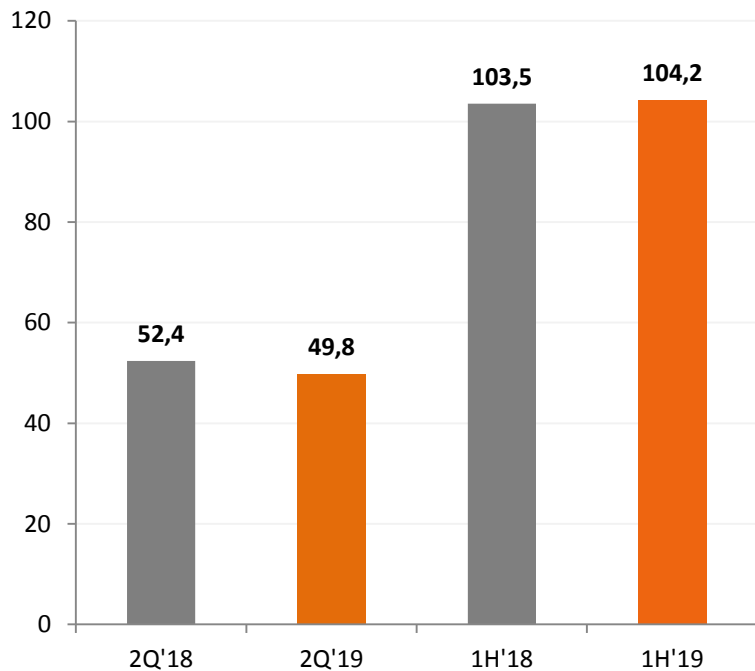
- ✦ In 1H 2019 motor vehicle registration in EU decreased by 1,9% of which passenger cars (PC) decreased by 3,3% and commercial vehicles (CV) increased by 5,1%
- ✦ In LTM sales volume of motor vehicles in EU decreased by 1,1% to the level of 17,5 mn units (decrease of 0,9% in PC and increase of 1,3% in CV)

Metal Bulletin 226 alloy spread in EUR/t



- ✦ In 1H 2019 average margin amounted to 349 EUR/t and was 10% lower than the average margin in 2018 and 3% higher than the long-term average
- ✦ In 1H 2019 benchmark margin systematically was decreasing, from 414 EUR/t in January to 205 EUR/t in June (margin from June was 10% below the long-term average)

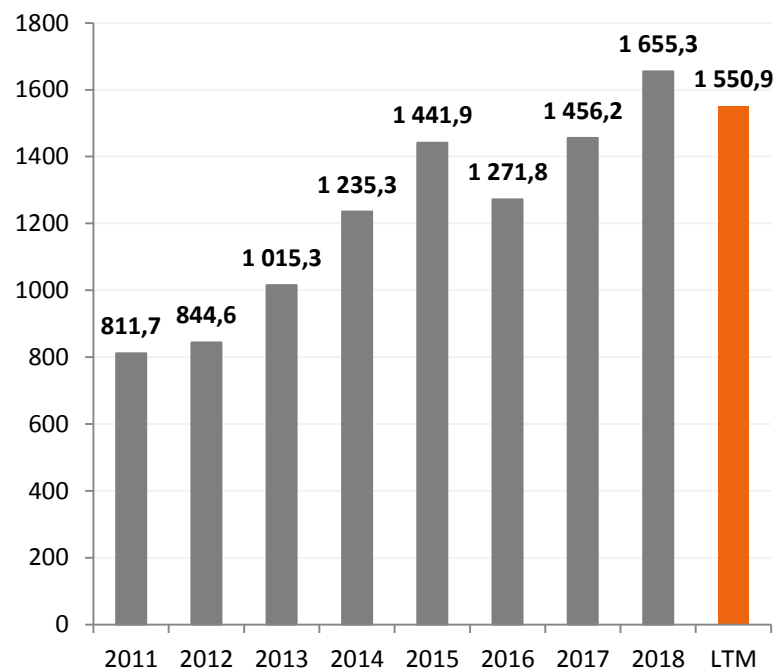
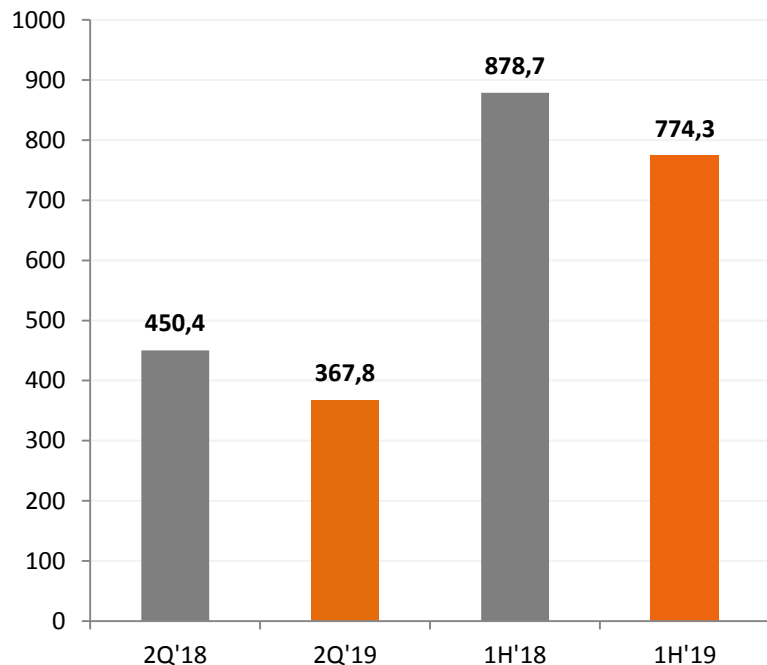
Volume sales in thou. tons



✦ In 1H 2019 sales volume increased by 0,7% yoy to 104,2 k tons

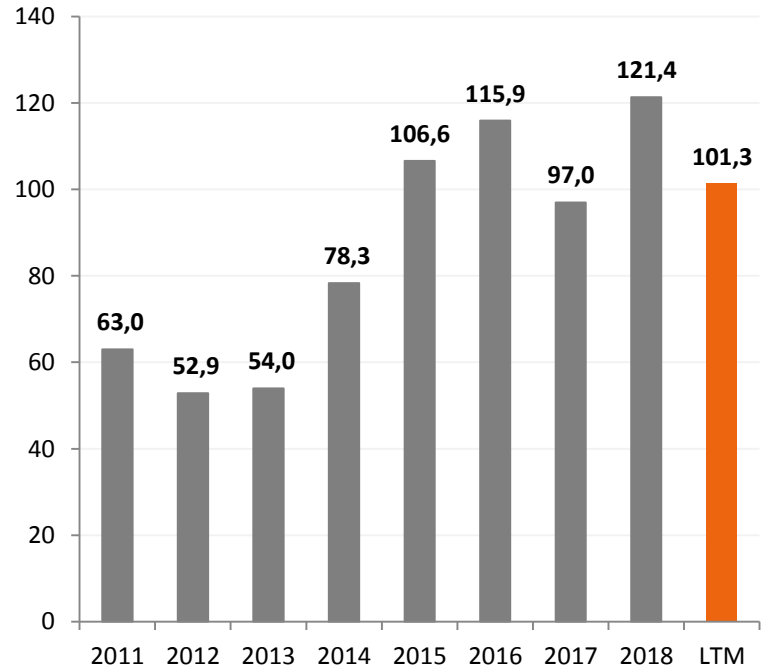
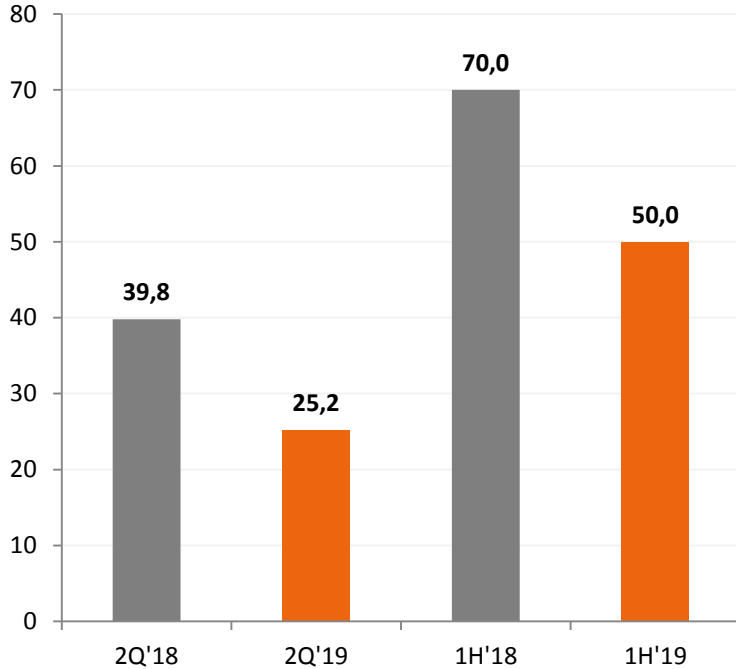
✦ In LTM sales volume amounted to 198,4 k tons which is a level similar to 2018

Sales revenue in mn PLN



- ✦ In 1H 2019 sales revenue decreased by 12% yoy to PLN 744 mn
- ✦ In LTM sales revenue amounted to PLN 1,55 bn which is 6% decrease in comparison to 2018

EBITDA in mn PLN

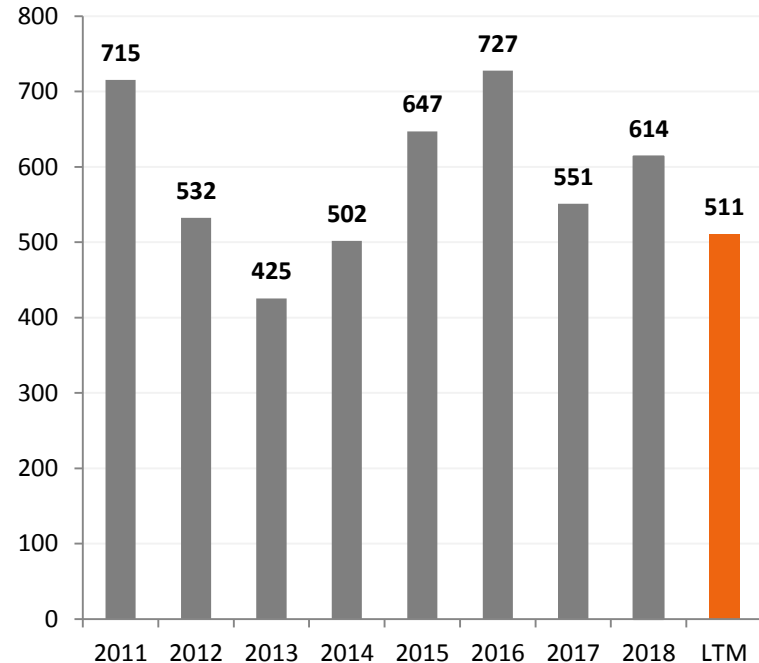
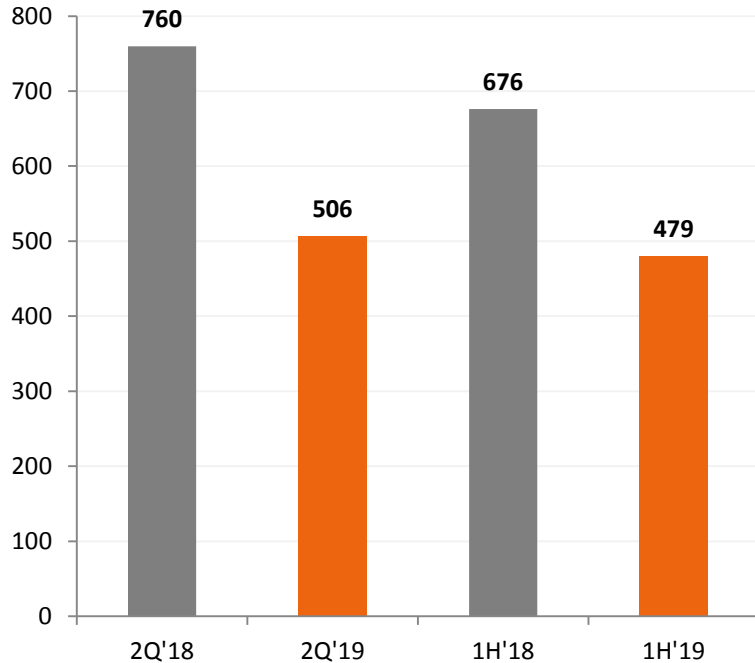


⊕ In 1H 2019 EBITDA decreased by 29% yoy to PLN 50,0 mn

⊕ In LTM EBITDA amounted to PLN 101,3 mn which is 17% decrease in comparison to 2018

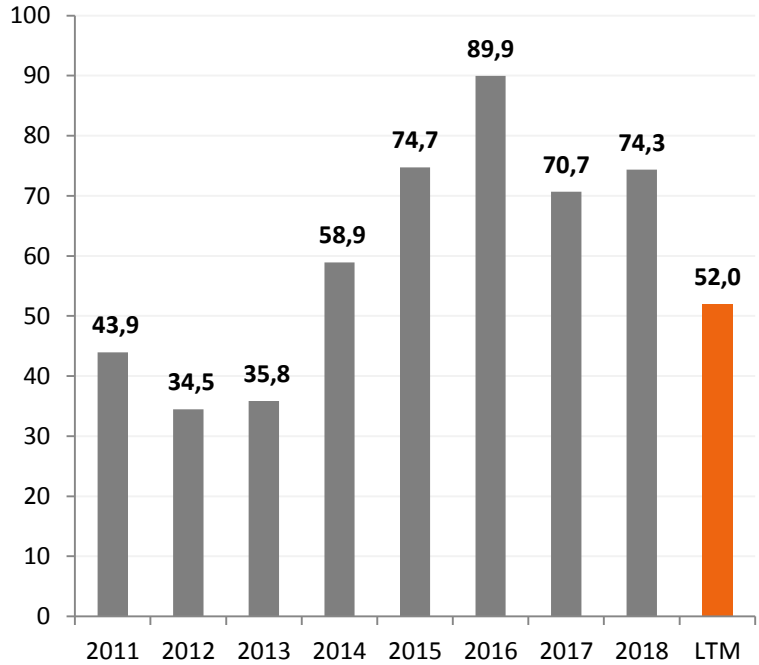
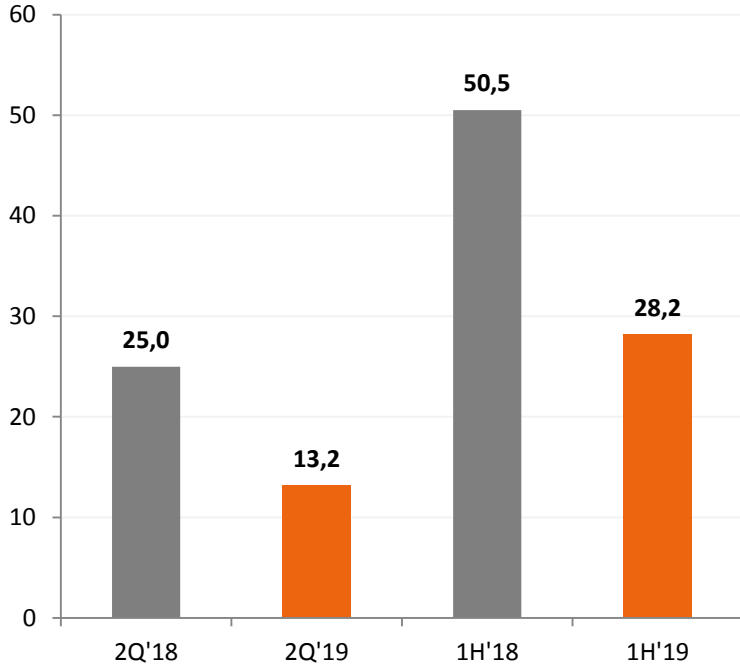


EBITDA per ton in PLN



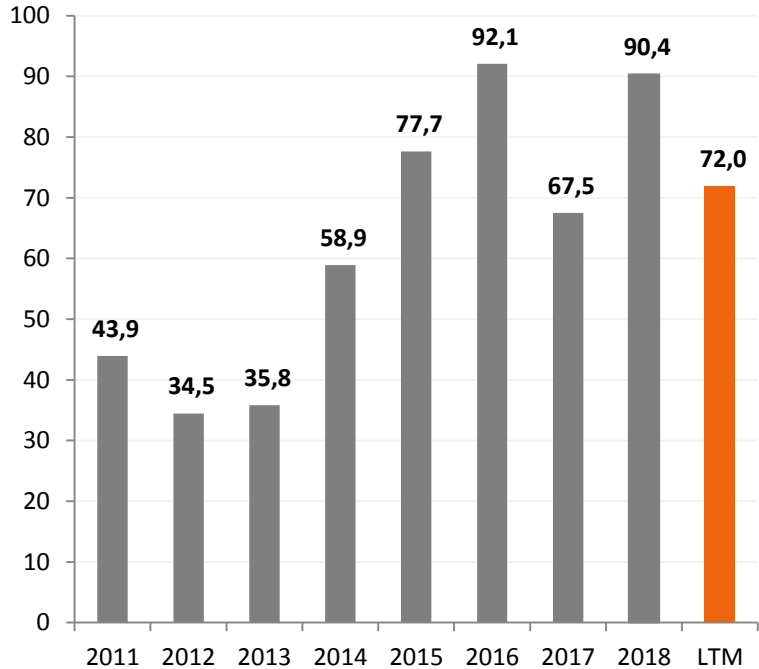
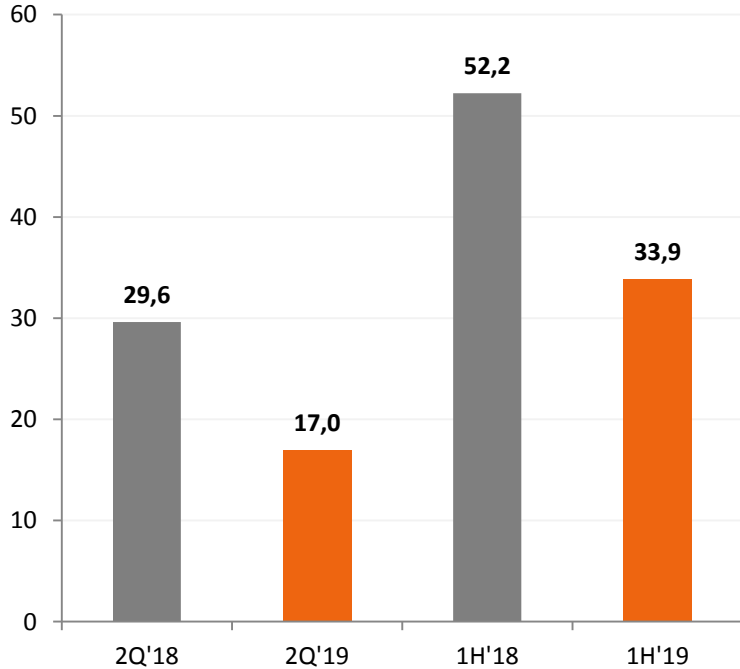
- ✦ In 1H 2019 EBITDA per ton decreased by 29% yoy to 479 PLN/t
- ✦ In LTM EBITDA per ton amounted to 511 PLN/t which is 17% decrease in comparison to 2018

Net profit in mn PLN



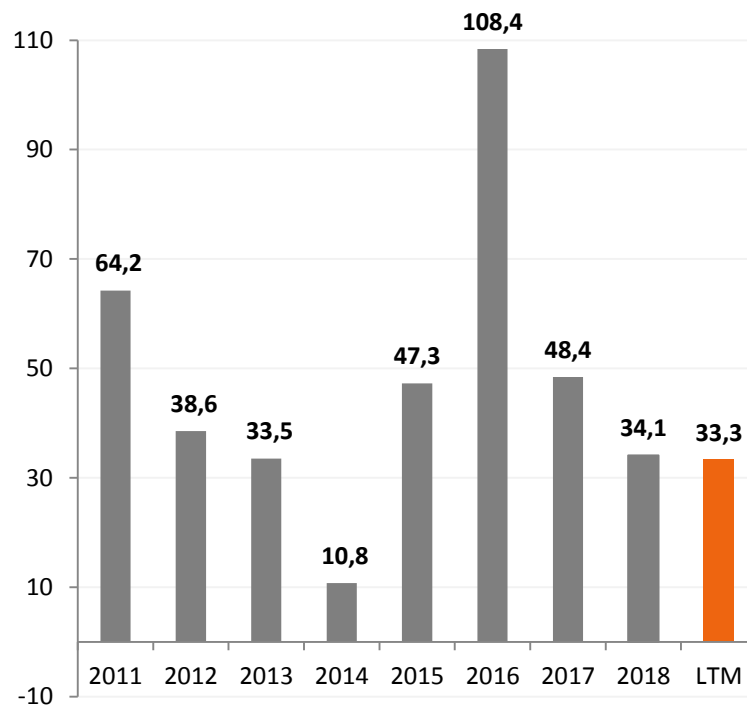
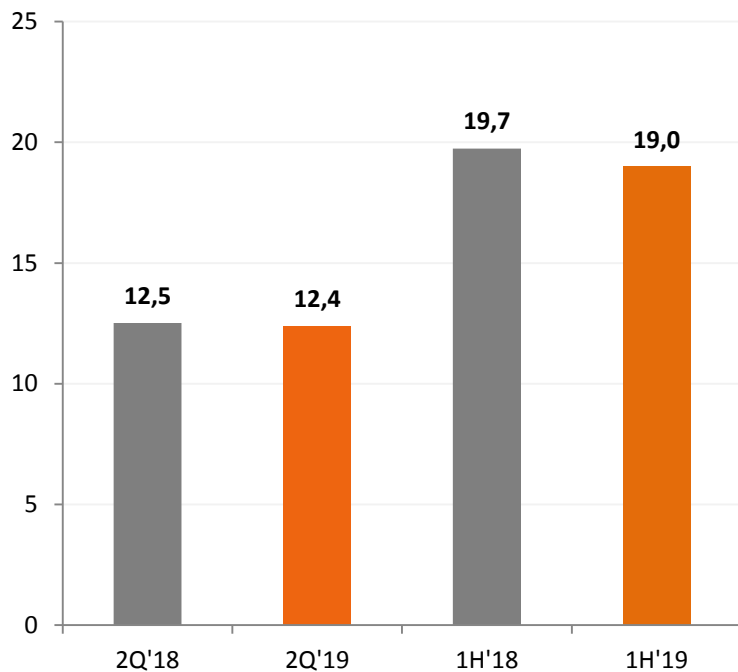
- ⊕ In 1H 2019 net profit decreased by 44% yoy to PLN 28,2 mn
- ⊕ In LTM net profit amounted to PLN 52,0 mn which is 30% decrease in comparison to 2018

Normalized net profit in mn PLN



- ✦ In 1H 2019 normalized net profit decreased by 35% yoy to PLN 33,9 mn
- ✦ In LTM normalized net profit amounted to PLN 72 mn which is 20% decrease in comparison to 2018

Capex in mn PLN

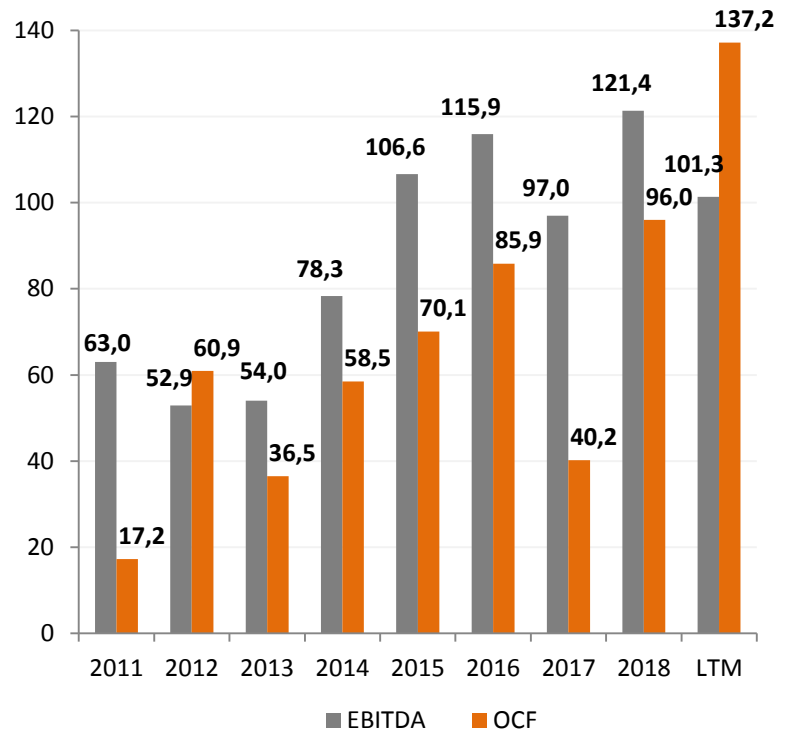
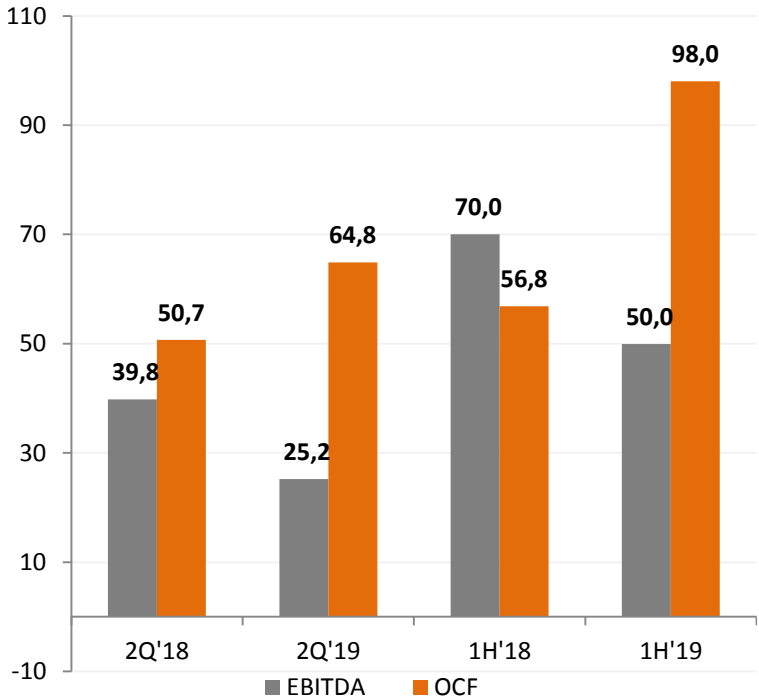


⊕ In 1H 2019 capex amounted to PLN 19,0 mn:

- PLN 3,0 mn maintenance capex
- PLN 16,0 mn product mix/capacity increase

⊕ In LTM capex amounted to PLN 33,3 mn which is 2% decrease in comparison to 2018

EBITDA vs OCF in mn PLN

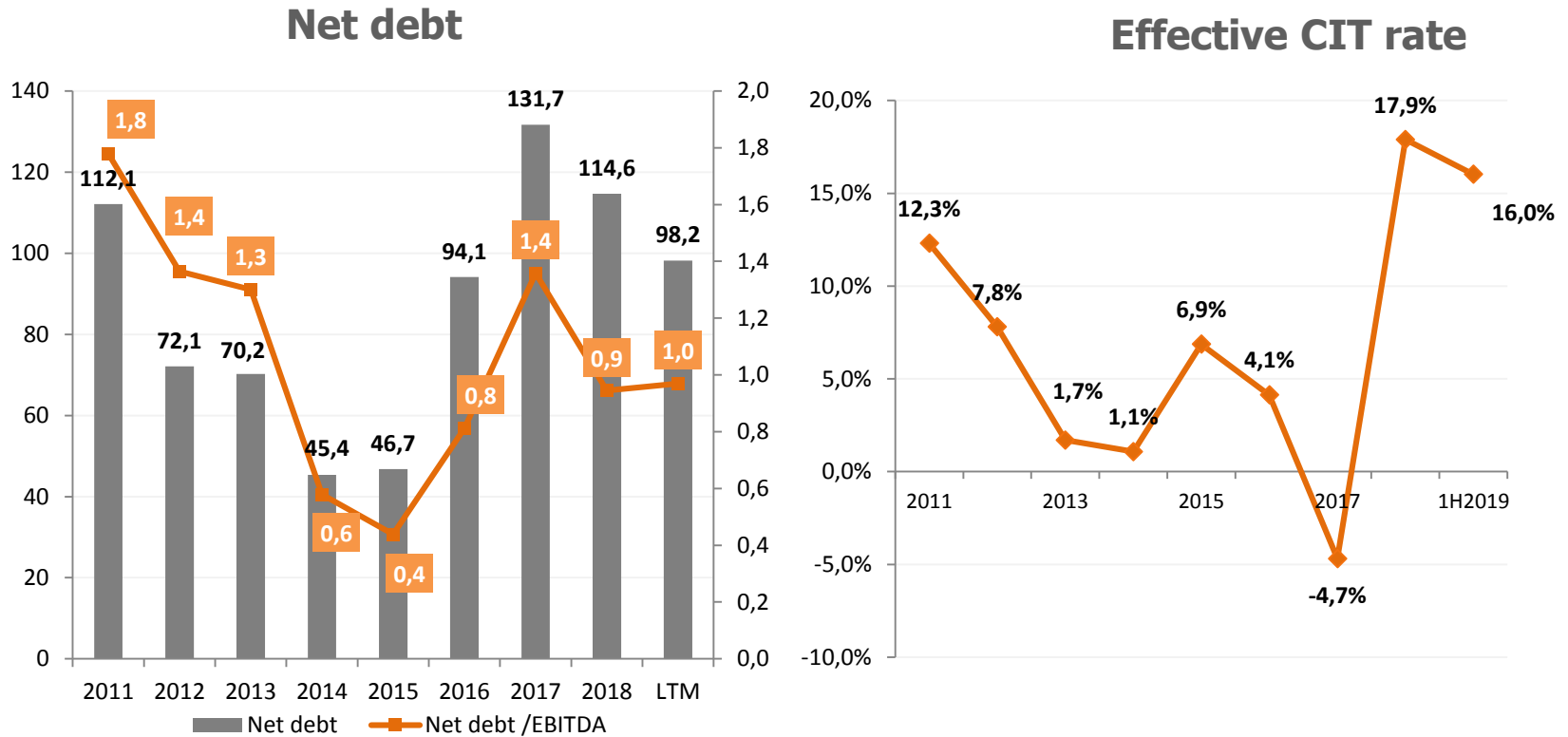


✦ In 1H 2019 OCF amounted to PLN 98,0 mn vs PLN 50,0 mn of EBITDA

✦ In LTM OCF amounted to PLN 137,2 mn vs PLN 101,3 mn of EBITDA



Net debt and effective CIT rate



✦ At the end of 1H 2019 net debt amounted to PLN 98,2 mn and Net debt/EBITDA ratio increased from the level of 0,9x at the end of 2018 to 1,0x at the end of June 2019

✦ Effective CIT rate in 1H 2019 was 16,0%



Kęty plant modernization

- ⊕ May 2019 – permit for demolition work was obtained
- ⊕ June 2019 – the contracting process for machinery and equipment necessary to complete the investment was completed
- ⊕ July 2019 – building permit was obtained and workshop drawings documentation were completed
- ⊕ August 2019 – selection of the best offers for construction works
- ⊕ Project has been proceeding according to the schedule

Summary

- ⊕ Third consecutive quarter of decrease in vehicle registrations in the EU. Significant passenger cars production drop in 1H 2019, especially in countries with large production volume (Germany, Great Britain and Italy)
- ⊕ Alumetal Group slightly increased sales volume, despite a significant drop in demand from the automotive industry in the EU, thus increasing its market share
- ⊕ The situation in the automotive industry puts strong pressure on market margins
- ⊕ 1H 2019 financial results and the situation in the automotive industry make it impossible to achieve the goals included in the managerial option for 2019
- ⊕ Financial standing of the Alumetal Group is very good (strong balance sheet, sound OCF)
- ⊕ Kęty plant modernization has been proceeding according to the plan