



# **Alumetal Group**

## **1H 2020 financial results**

*28 August 2020*



## 1H 2020 and LTM at glance

---

- ⊕ Volume sales – **70,2 k tons** in 1H 2020 and **159,2 k tons** in LTM
- ⊕ EBITDA – **PLN 36,7 mn** in 1H 2020 and **PLN 82,2 mn** in LTM
- ⊕ Normalized net profit – **PLN 19,5 mn** in 1H 2020 and **PLN 48,3 mn** in LTM
- ⊕ Operating cash flow – **PLN 22,6 mn** in 1H 2020 and **PLN 103,3 mn** in LTM
- ⊕ Net debt – **PLN 51,9 mn** (0,6x EBITDA)

# Alumetal Group activities during the pandemic

## ⊕ Safety

- anti-pandemic procedures and measures implemented at the beginning of March 2020 and constantly updated

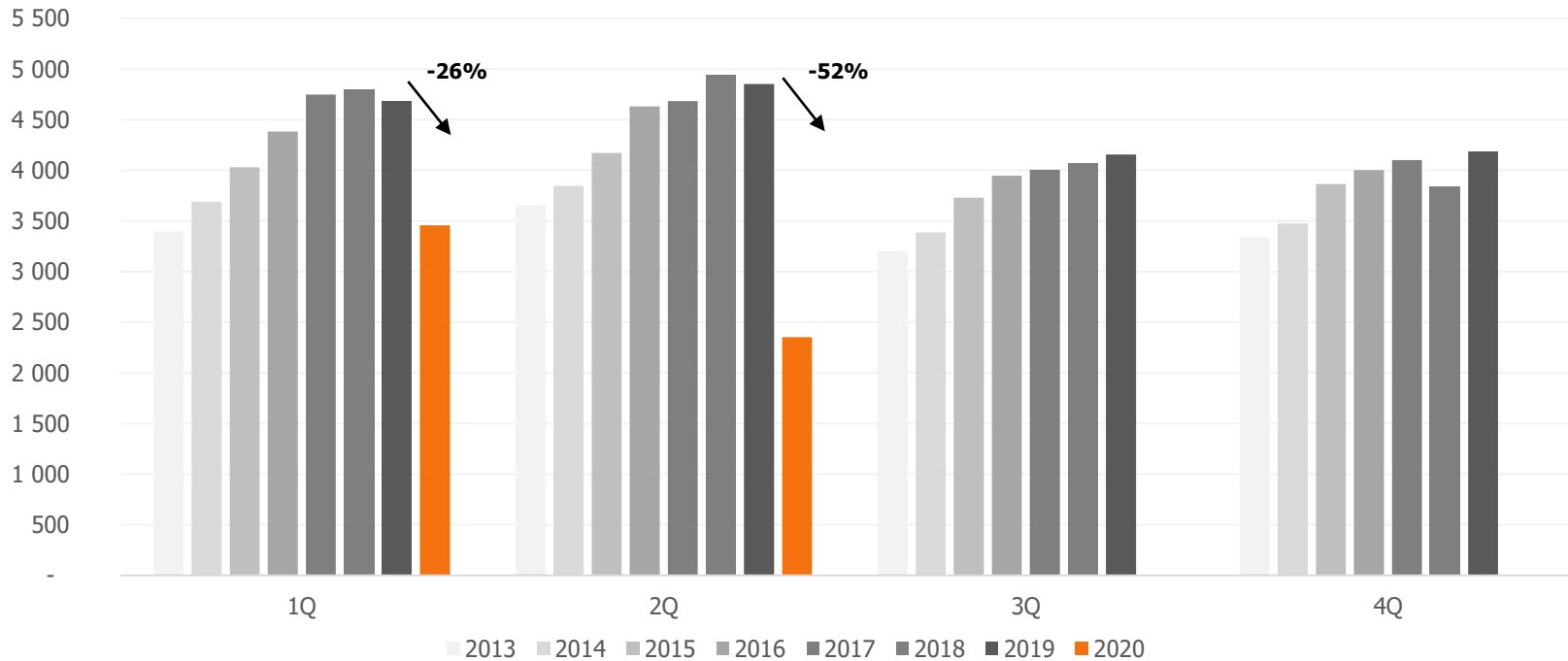
## ⊕ Financial liquidity

- uphold the recommendation of profit distribution for 2019 – allocation of 70% of the normalized consolidated net profit to reserve capital for the payment of dividends in the future or permanent retention of these funds in the Company
- implementation of additional solutions related to circulating capital management
- transfer minor part of planned capex from 2020 to 2021
- very solid balance sheet, low net debt and sound financial liquidity
- renewal of credit agreements with existing banks for the next year

## ⊕ Operating activities

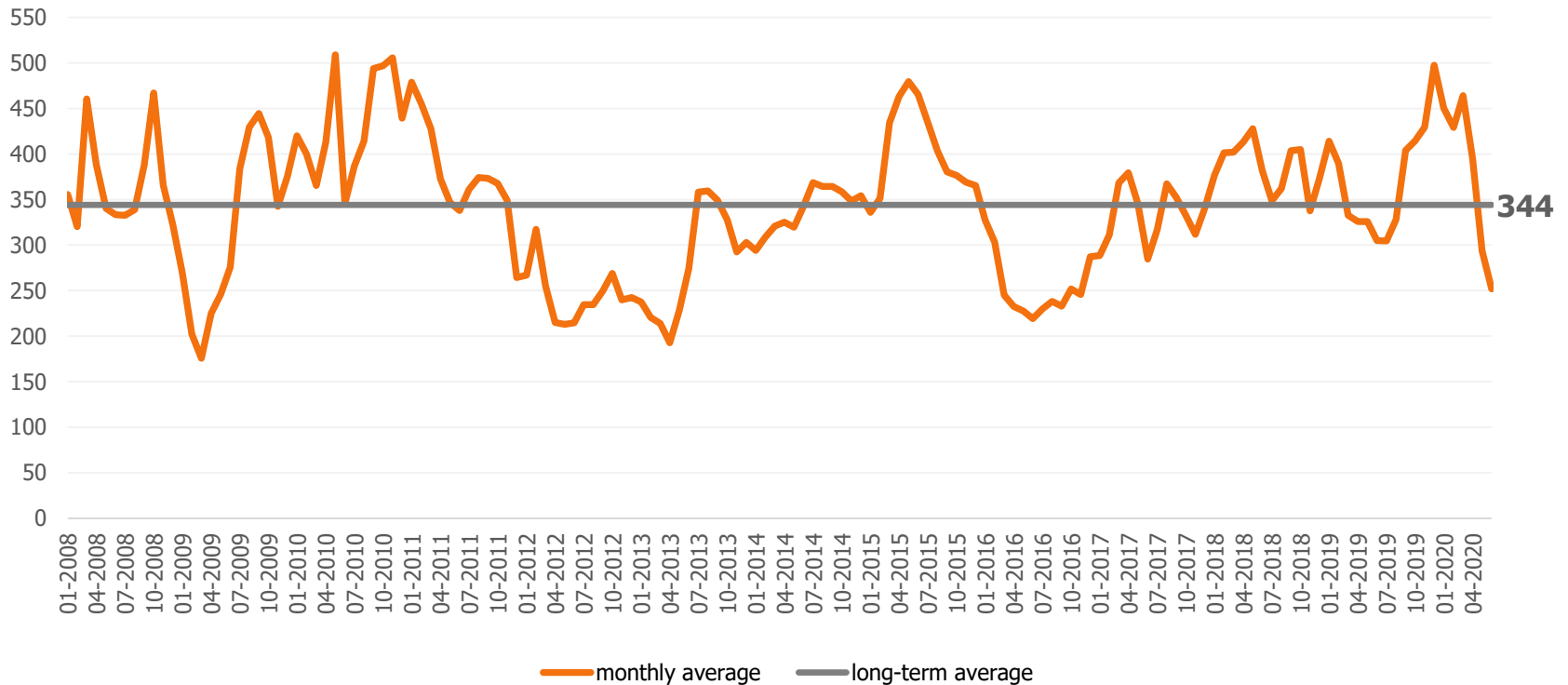
- Alumetal Group didn't use the Polish anti-crisis shield in the 1H 2020 (apart from the reduction of real estate tax by PLN 115 k) but will take advantage of the state support in 2H 2020 (anti-crisis shield 4.0)
- limited production level in our plants and short-term downtime adapted to the key customers production schedules
- the savings plan implemented
  - reduction of operating costs
  - effective renegotiation of most permanent contracts
  - resignation from part of planned in the 2020 budget costs
  - 9% reduction in employment

# Motor vehicle registrations in the EU and UK in thou. units



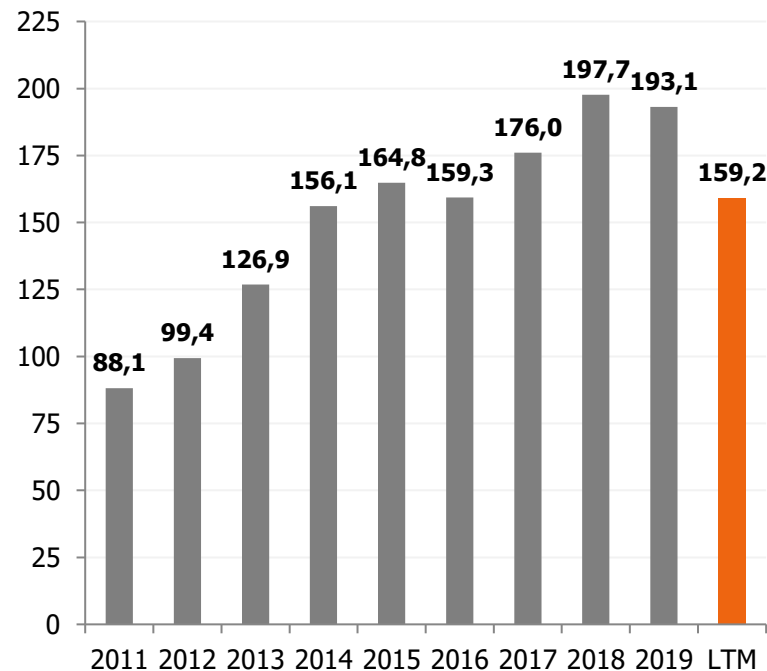
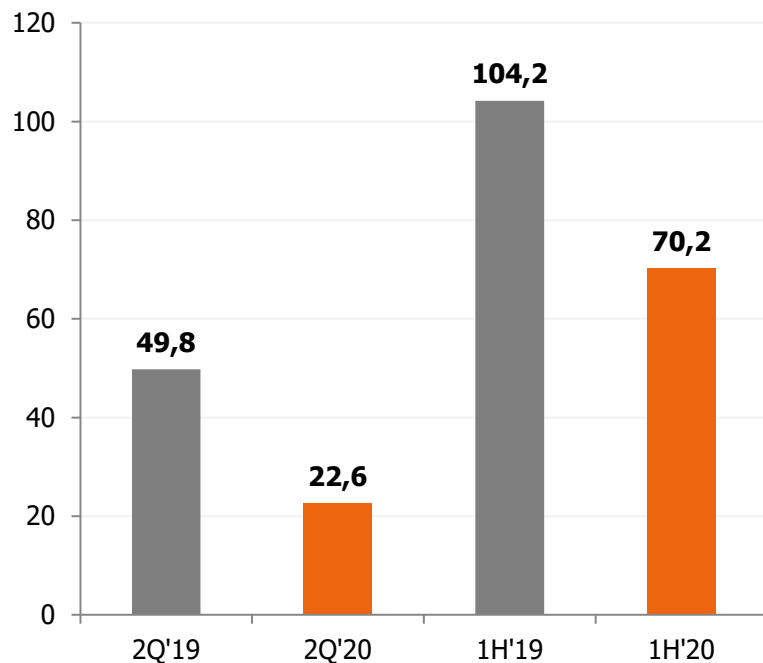
- ✦ In 1H 2020 new motor vehicle registrations in the EU and Great Britain decreased by 39% (passenger cars (PC) registrations decreased by 40% and commercial vehicles (CV) by 36%)
- ✦ In LTM sales volume of motor vehicles in the EU and Great Britain amounted to 13,25 mn units, decrease by 21% in comparison to 2019 (21% decrease in PC and 19% in CV)

# Metal Bulletin 226 alloy spread in EUR/t



- ✦ Significant decrease in the benchmark margin in 2Q 2020 (from 464 EUR/t in March 2020 to 252 EUR/t in June 2020). In June 2020 the margin was 27% below the long-term average
- ✦ In 1H 2020 the average margin amounted to 381 EUR/t and was 2% higher than the average margin in 2019 and 11% higher than the long-term average

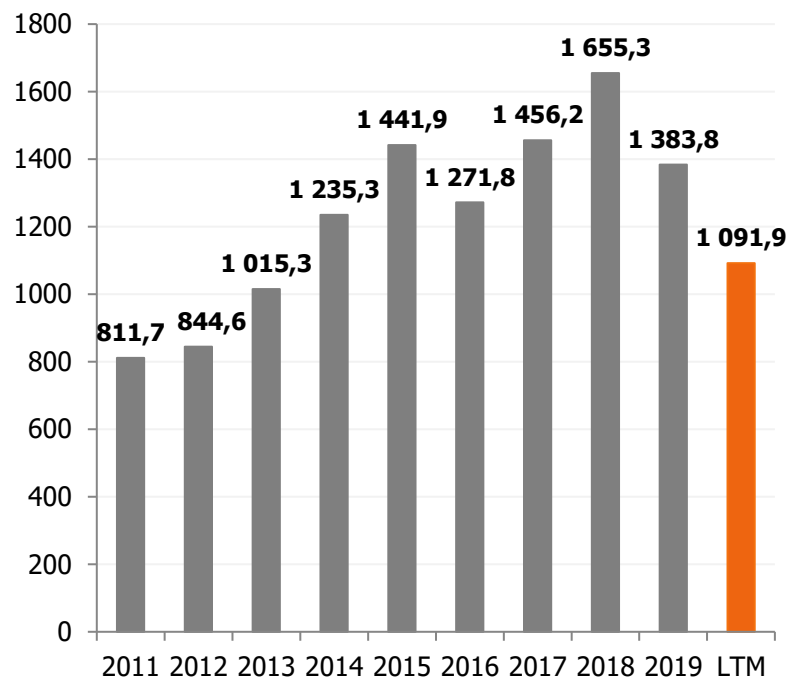
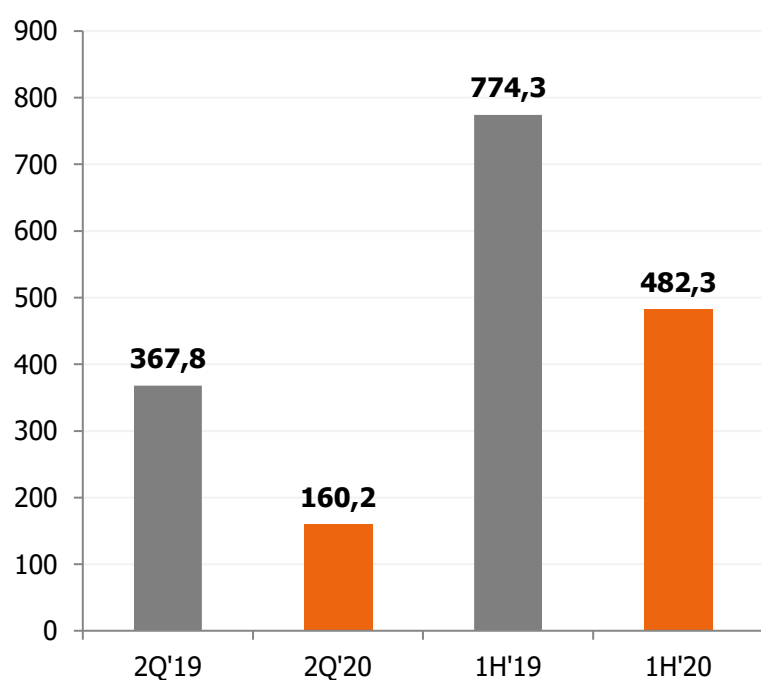
## Volume sales in thou. tons



✦ In 1H 2020 sales volume decreased by 33% yoy to 70,2 k tons

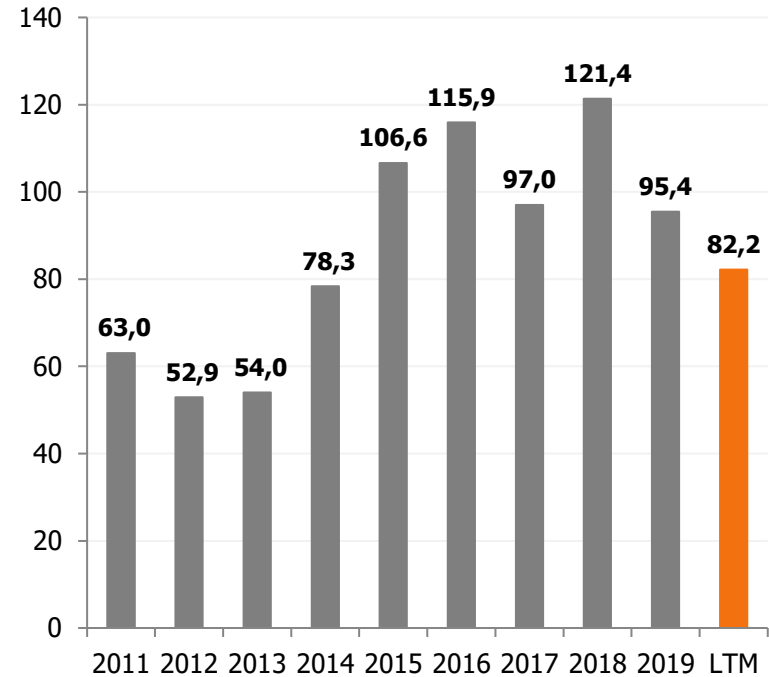
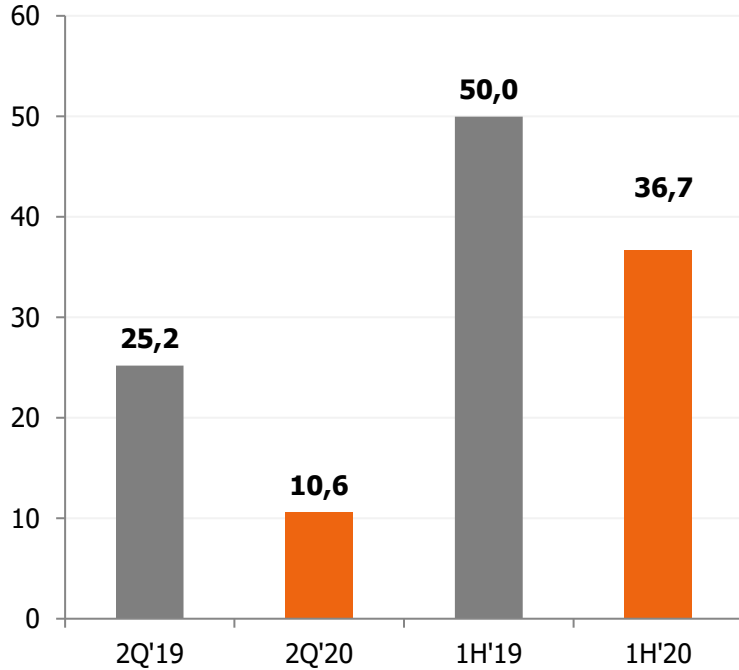
✦ In LTM sales volume amounted to 159,2 k tons, decrease by 18% in comparison to 2019

## Sales revenue in mn PLN



- ✦ In 1H 2020 sales revenue decreased by 38% yoy to PLN 482,3 mn
- ✦ In LTM sales revenue amounted to PLN 1,09 bn, decrease by 21% in comparison to 2019

# EBITDA in mn PLN



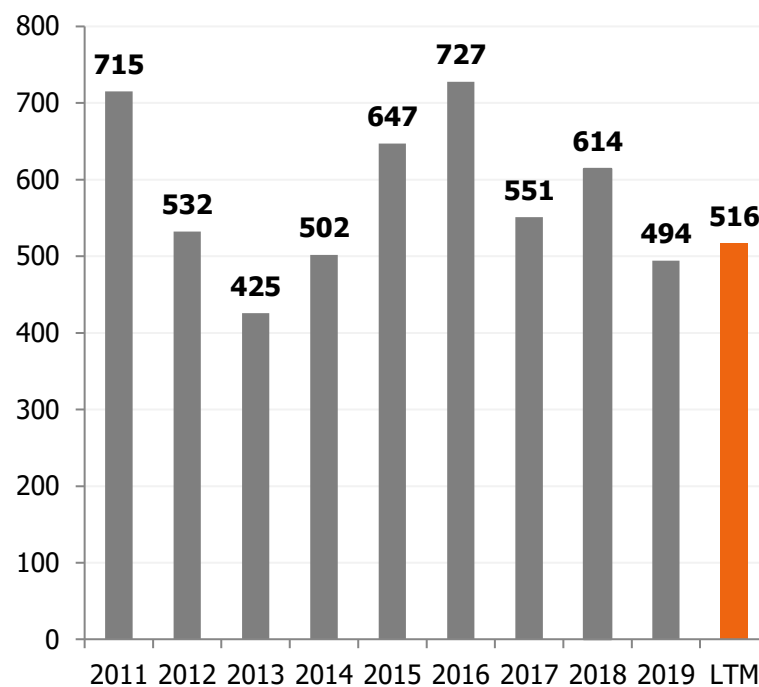
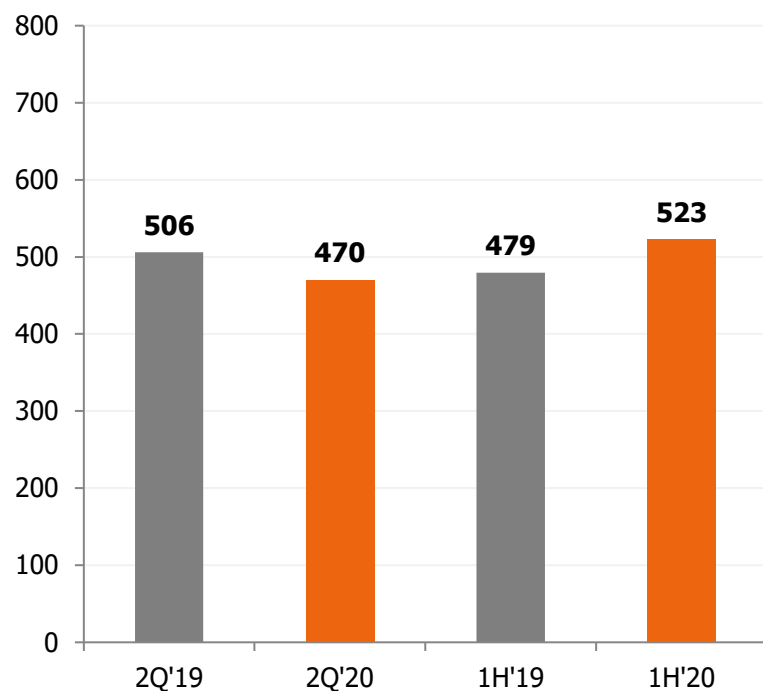
✦ In 1H 2020 EBITDA decreased by 27% yoy to PLN 36,7 mn

✦ In LTM EBITDA amounted to PLN 82,2 mn, decrease by 14% in comparison to 2019





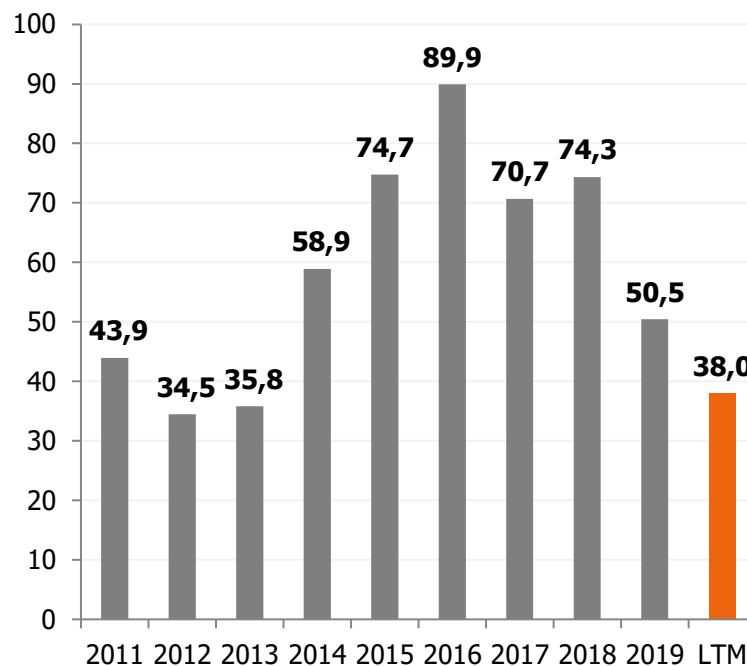
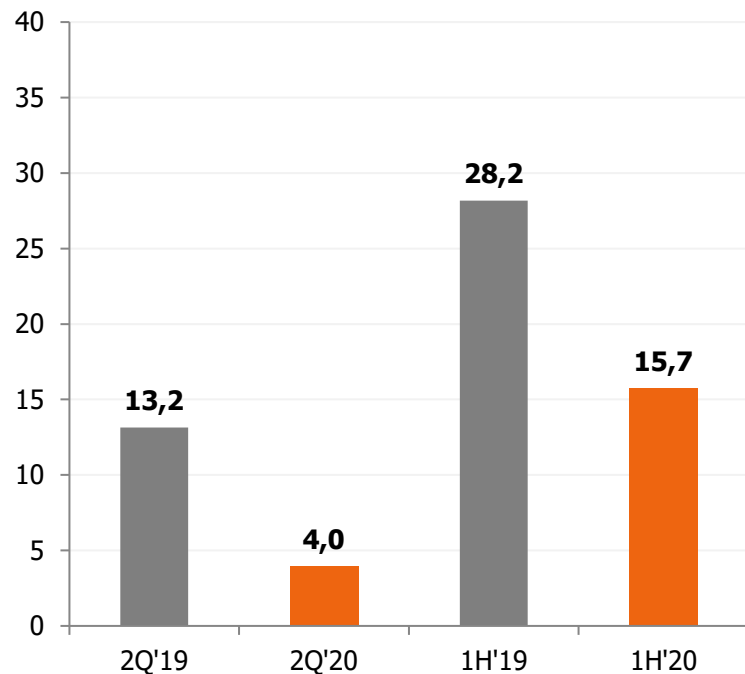
## EBITDA per ton in PLN



✦ In 1H 2020 EBITDA per ton increased by 9% yoy to 523 PLN/t

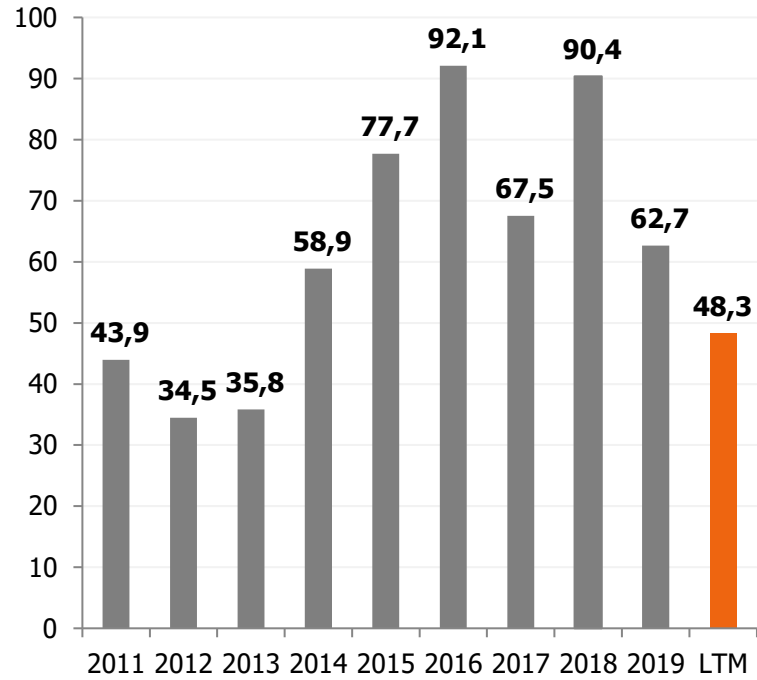
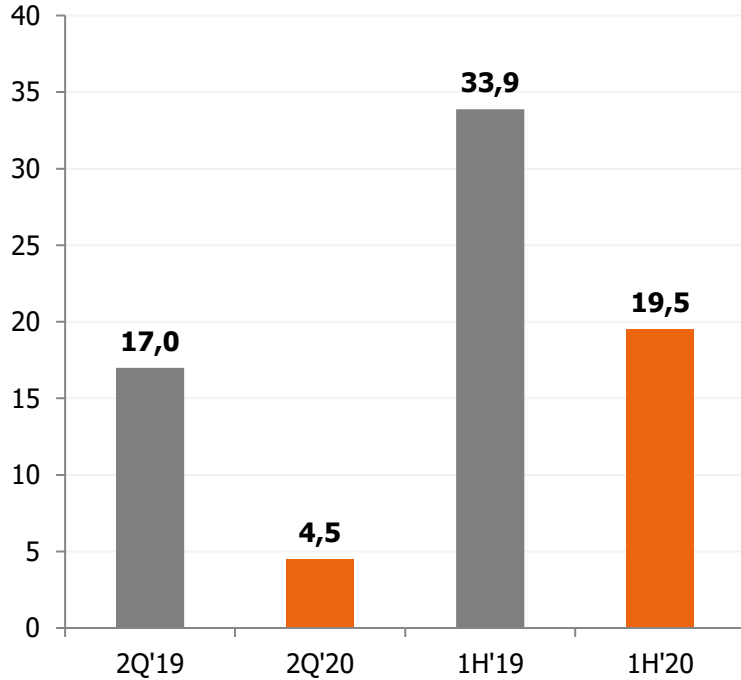
✦ In LTM EBITDA per ton amounted to 516 PLN/t, increase by 5% in comparison to 2019

## Net profit in mn PLN



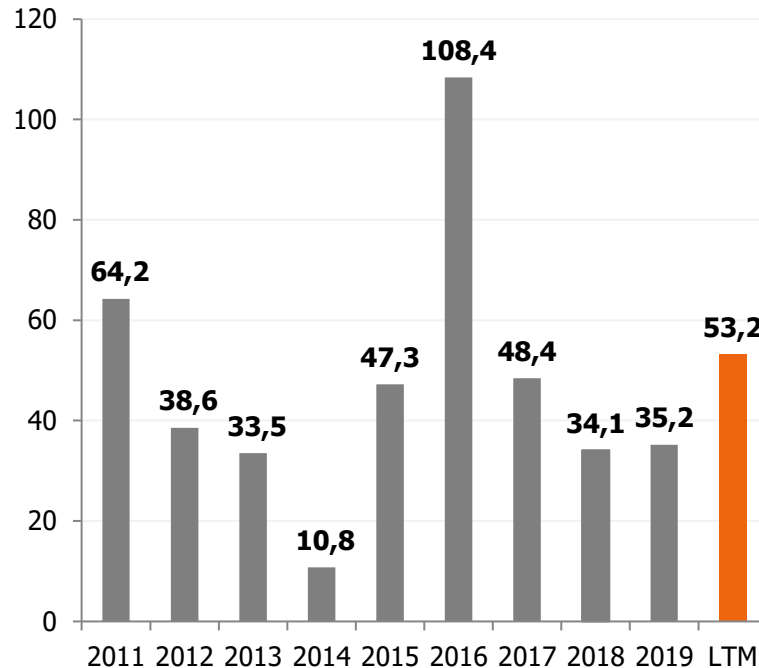
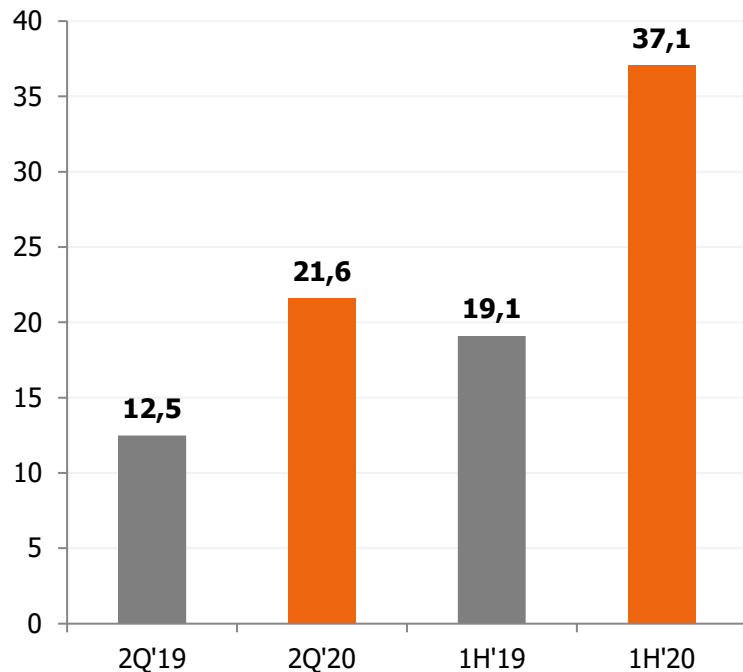
- ⊕ In 1H 2020 net profit decreased by 44% yoy to PLN 15,7 mn
- ⊕ In LTM net profit amounted to PLN 38,0 mn, decrease by 25% in comparison to 2019

# Normalized net profit in mn PLN



- ✦ In 1H 2020 normalized net profit decreased by 42% yoy to PLN 19,5 mn
- ✦ In LTM normalized net profit amounted to PLN 48,3 mn, decrease by 23% in comparison to 2019

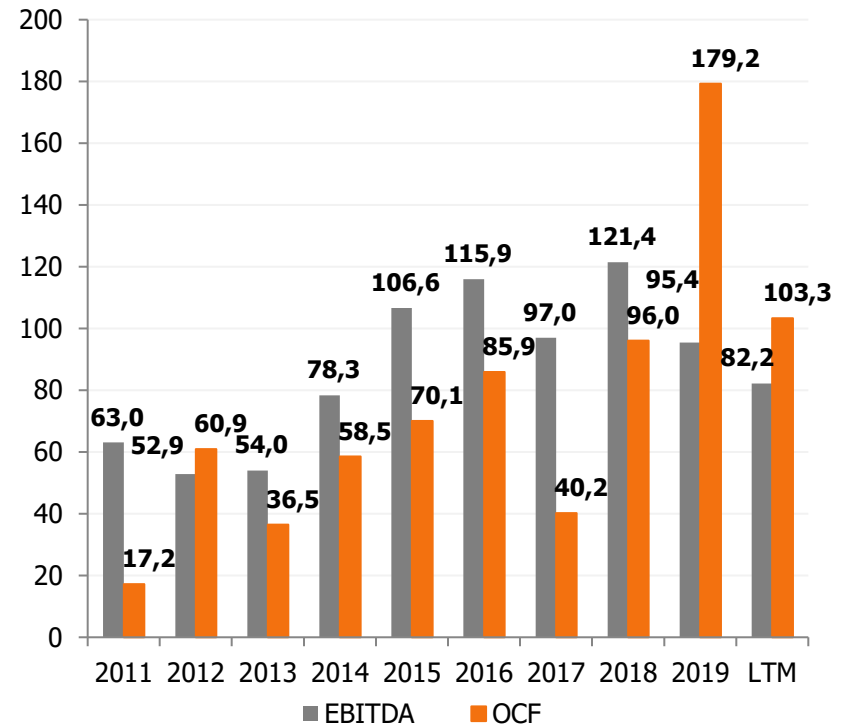
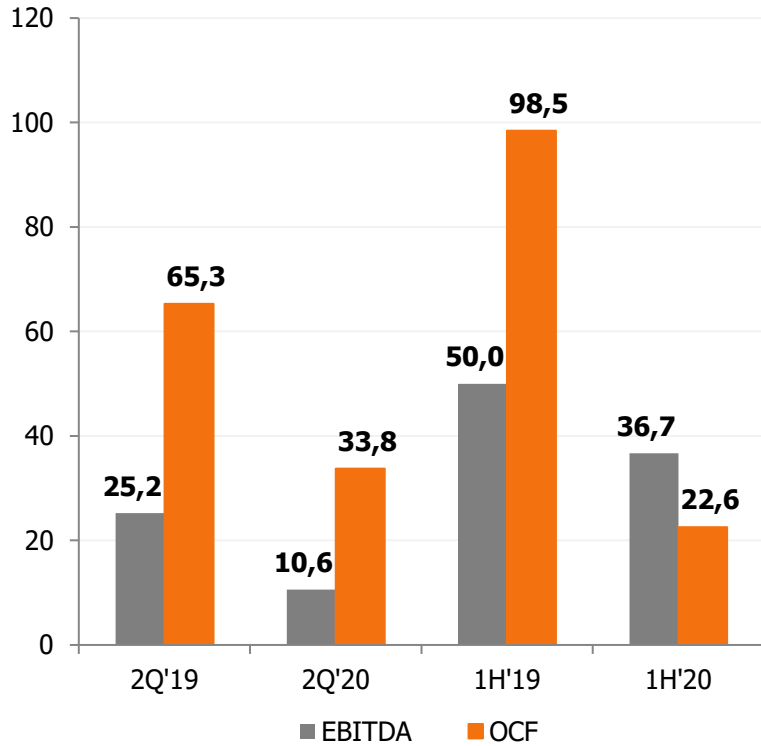
# Capex in mn PLN



- ⊕ In 1H 2020 capex amounted to PLN 37,1 mn
  - PLN 4,6 mn maintenance capex
  - PLN 32,5 mn development capex

- ⊕ In LTM capex amounted to PLN 53,2 mn, increase by 51% in comparison to 2019

# EBITDA vs OCF in mn PLN

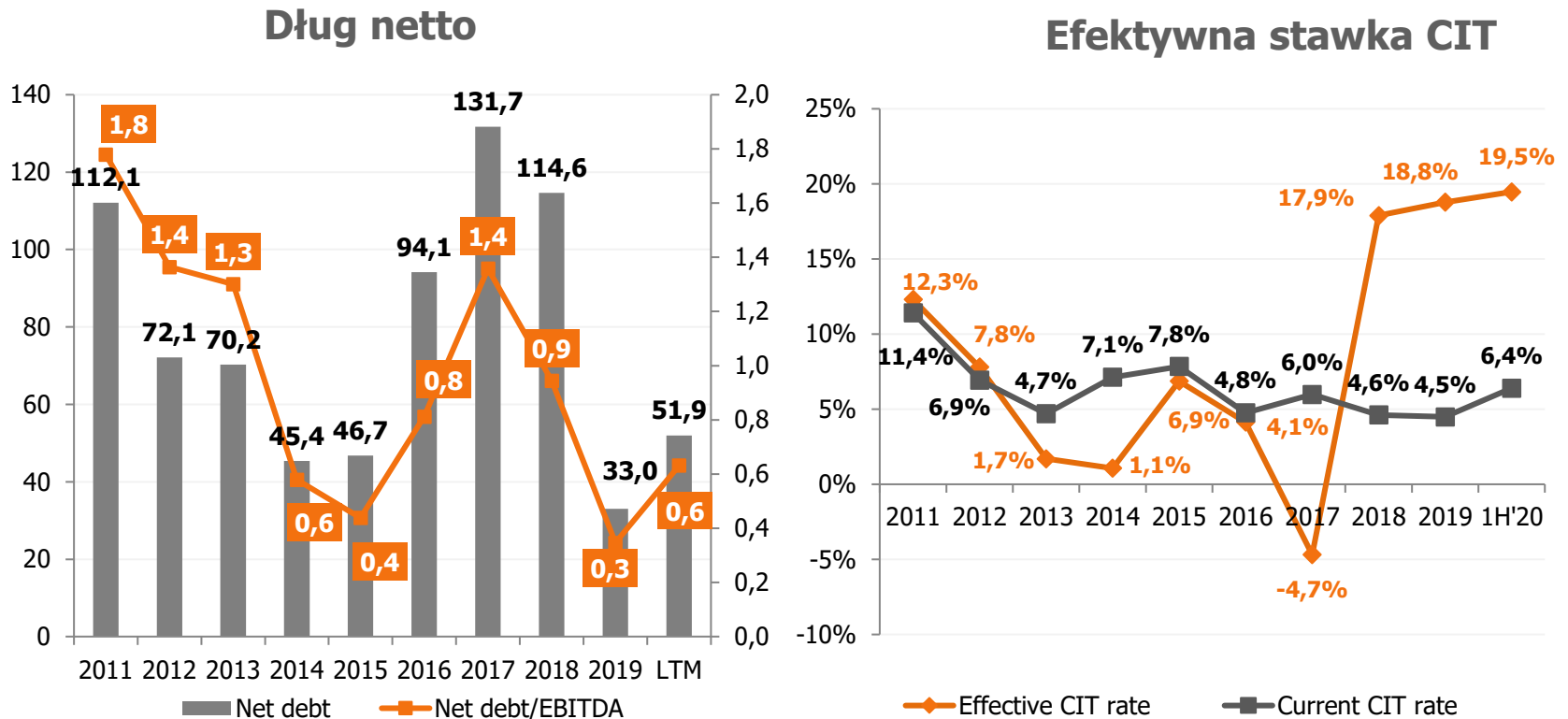


⊕ In 1H 2020 OCF amounted to PLN 22,6 mn vs PLN 36,7 mn of EBITDA

⊕ In LTM OCF amounted to PLN 103,3 mn vs PLN 82,2 mn of EBITDA



# Net debt and effective CIT rate



- At the end of 1H 2020 net debt amounted to PLN 51,9 mn and Net debt/EBITDA ratio increased from the level of 0,3x at the end of 2019 to 0,6x at the end of June 2020
- Effective CIT rate in 1H 2020 amounted to 19,5% and current CIT rate amounted to 6,4%

# Kęty plant modernization

---

- ⊕ The advancement of construction works exceeds 98%
- ⊕ All the machines and equipment delivered to the plant and the level of advancement of assembly exceeds 90%
- ⊕ Due to the COVID-19 some of the assembly works carried out by foreign companies has been moved to 3Q 2020
- ⊕ In 1H 2020 capex amounted to PLN 23,3 mn and from the beginning of the project PLN 48,6 mn
- ⊕ The project is on time despite the pandemic

# Alumetal Group activities during the pandemic

## ⊕ Safety

- anti-pandemic procedures and measures implemented at the beginning of March 2020 and constantly updated

## ⊕ Financial liquidity

- uphold the recommendation of profit distribution for 2019 – allocation of 70% of the normalized consolidated net profit to reserve capital for the payment of dividends in the future or permanent retention of these funds in the Company
- implementation of additional solutions related to circulating capital management
- transfer minor part of planned capex from 2020 to 2021
- very solid balance sheet, low net debt and sound financial liquidity
- renewal of credit agreements with existing banks for the next year

## ⊕ Operating activities

- Alumetal Group didn't use the Polish anti-crisis shield in the 1H 2020 (apart from the reduction of real estate tax by PLN 115 k) but will take advantage of the state support in 2H 2020 (anti-crisis shield 4.0)
- limited production level in our plants and short-term downtime adapted to the key customers production schedules
- the savings plan implemented
  - reduction of operating costs
  - effective renegotiation of most permanent contracts
  - resignation from part of planned in the 2020 budget costs
  - 9% reduction in employment



# Summary

---

- ⊕ In 2Q 2020, unprecedented collapse in registrations of motor vehicles in the EU and Great Britain. In consequence significant decline in the benchmark margin
- ⊕ Despite an unfavorable market situation and a drastic decrease in sales volume, in 1H 2020 Alumetal Group achieved positive financial results (EBIDTA per ton increased yoy)
- ⊕ The Management Board of Alumetal Group assumes that the demand for aluminium alloys will recover noticeably in 2H 2020
- ⊕ Modernization of the plant in Kęty has been carried out according to the schedule and the assumed capex
- ⊕ Very good financial standing of Alumetal Group (strong balance sheet, solid OCF)