



Alumetal Group
1Q 2015 financial results

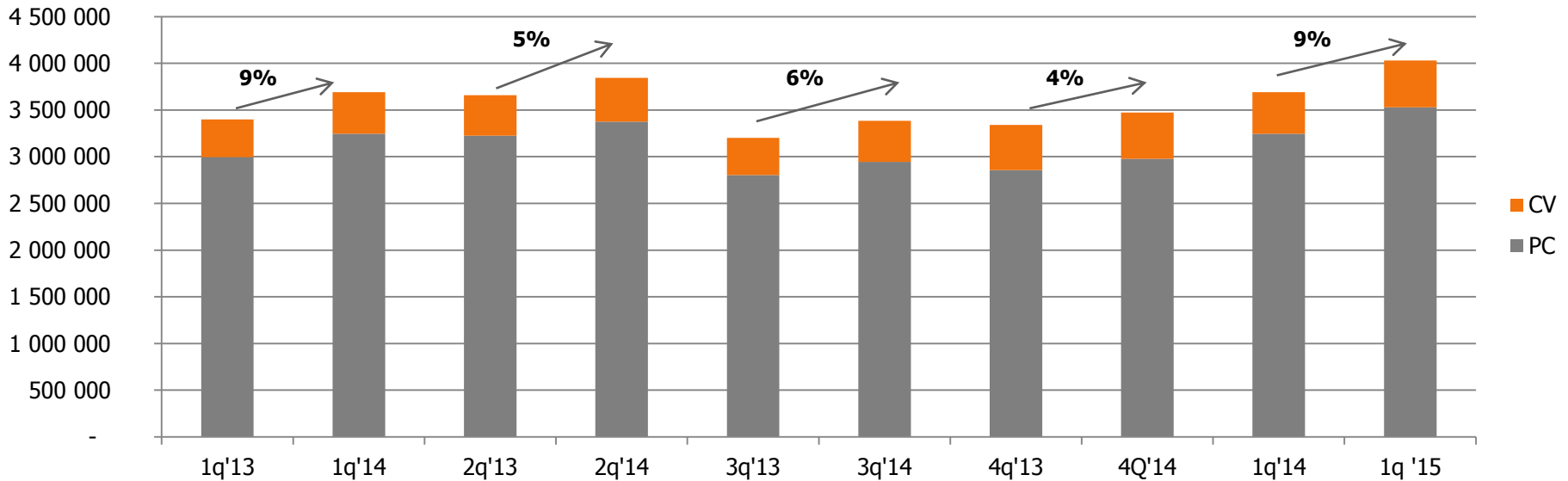
12th May 2015

alumetal

1Q 2015 i LTM at glance

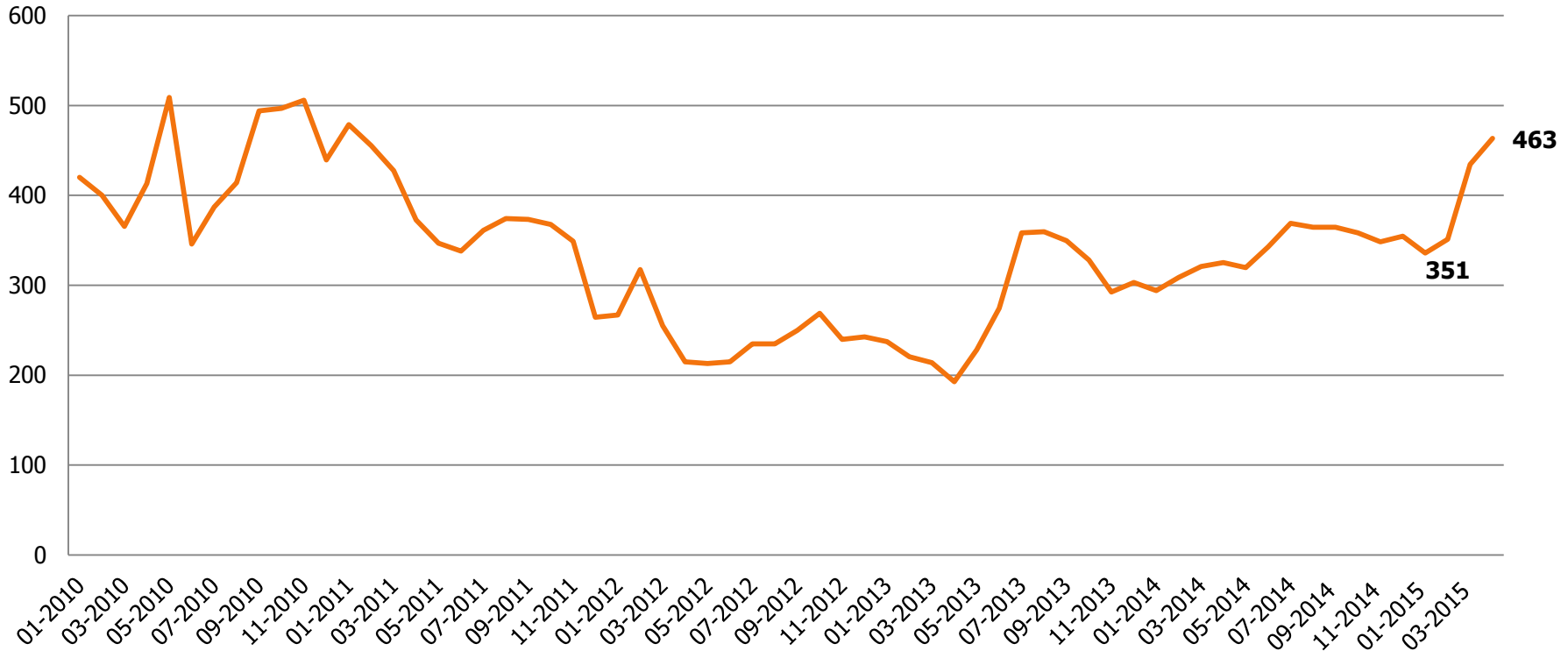
- ⊕ Volume sales – **45k tons** in 1Q 2015 and **162k tons** in LTM
- ⊕ EBITDA – **PLN 19 mn** in 1Q 2015 and **PLN 75 mn** in LTM
- ⊕ Net profit – **PLN 10 mn** in 1Q 2015 i **PLN 52 mn** in LTM
- ⊕ 1Q 2015 financial results below expectations, but **favorable market environment in 2015**
- ⊕ **Relatively low debt** due to good results, low CAPEX and low effective CIT rate

Motor vehicle registrations in the EU in units



- ✦ In 1Q 2015 sales of motor vehicles in the EU increased by 9,2% (increase by 8,7% in PC and 13,2% in CV) up to 4,03 mn units
- ✦ In LTM sales of motor vehicles in the EU increased by 6,1% (increase by 5,7% in PC i 8,5% in CV) up to 14,74 mn units

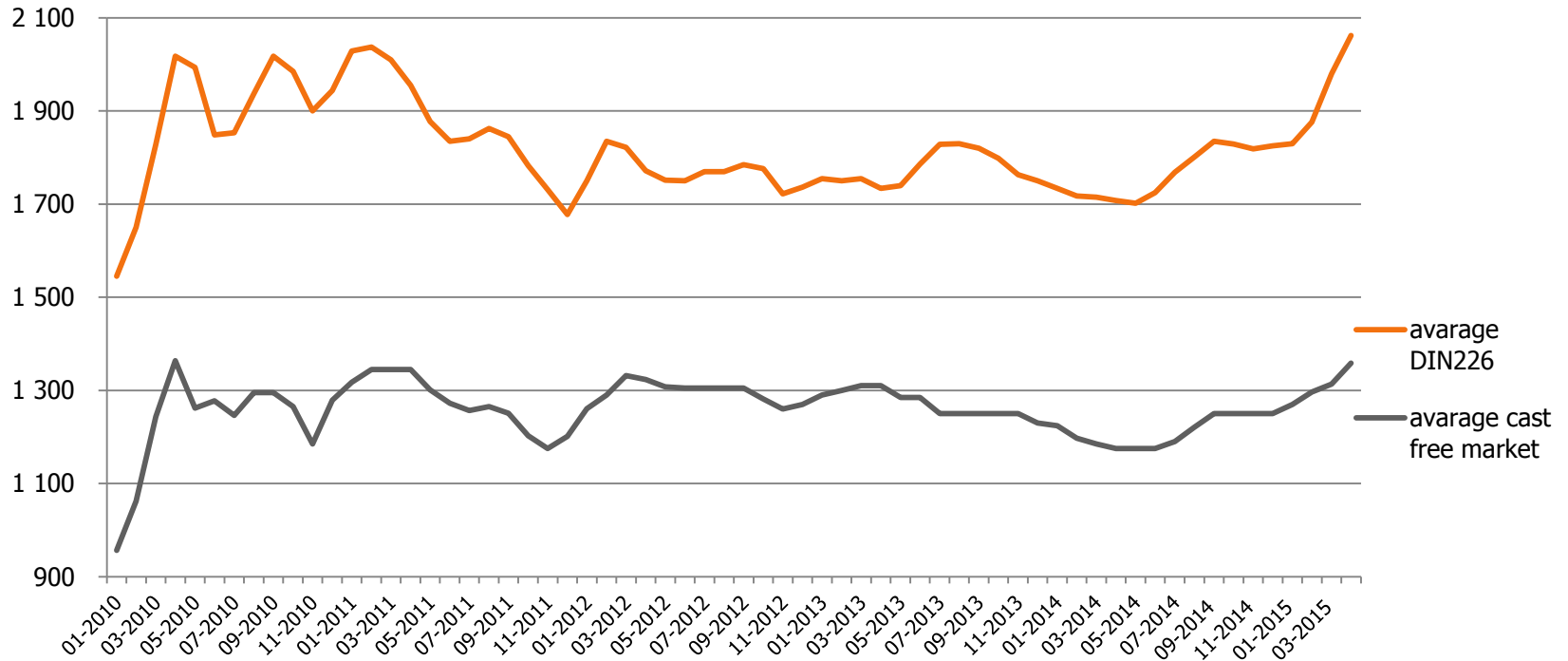
Metal Bulletin 226 alloy spread w EUR/t



⊕ Since mid 2014 to February 2015 spread remained at a stable level – average ca. EUR 350 with deviation +/- EUR 15

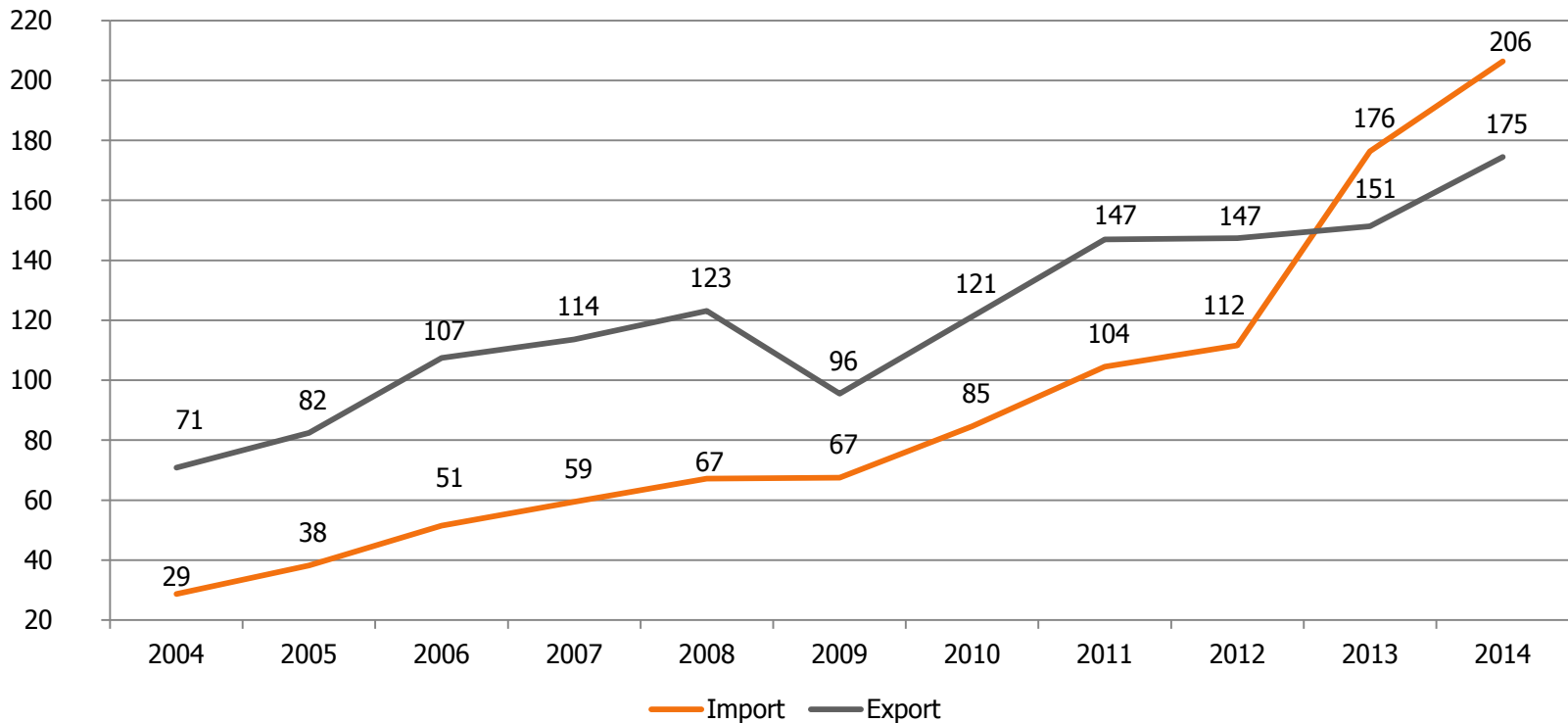
⊕ In March 2015 spread increased by EUR 83 and in April 2015 by further EUR 29

Alloy 226 and scrap prices in EUR/t according to Metal Bulletin



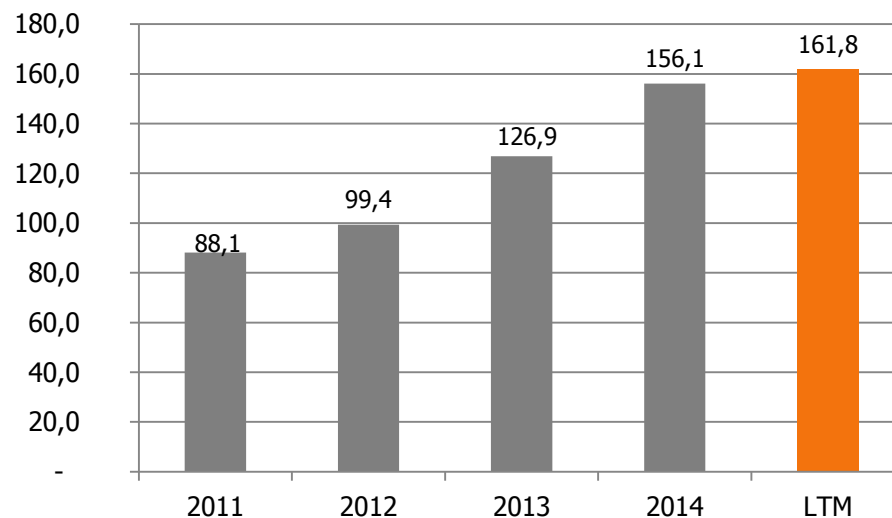
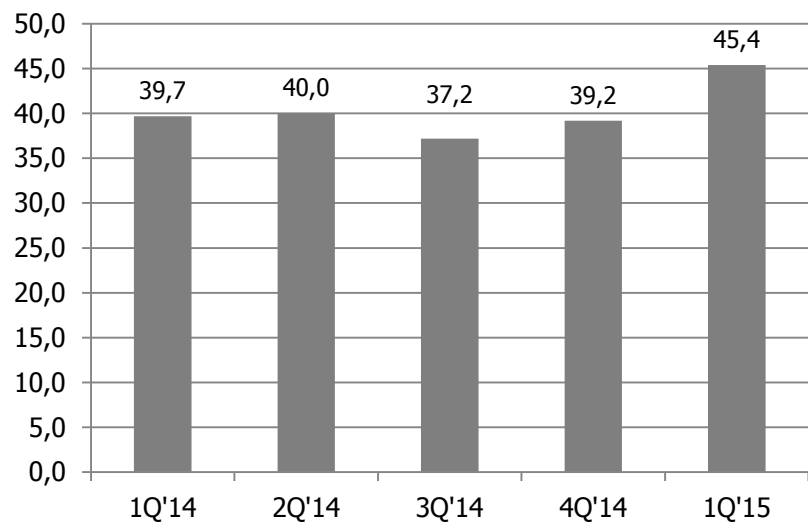
- ✦ In mid 1Q 2015 a significant increase of alloy 226 price as a consequence of a significant increase in demand from the automotive industry (increase by EUR 5 in January, EUR 46 in February and EUR 104 in March)
- ✦ Throughout 1Q 2015 scrap prices were increasing (growth by 20 EUR in January, EUR 26 in February and EUR 18 in March)

Export/import of aluminium scrap from/to Poland to/from EU



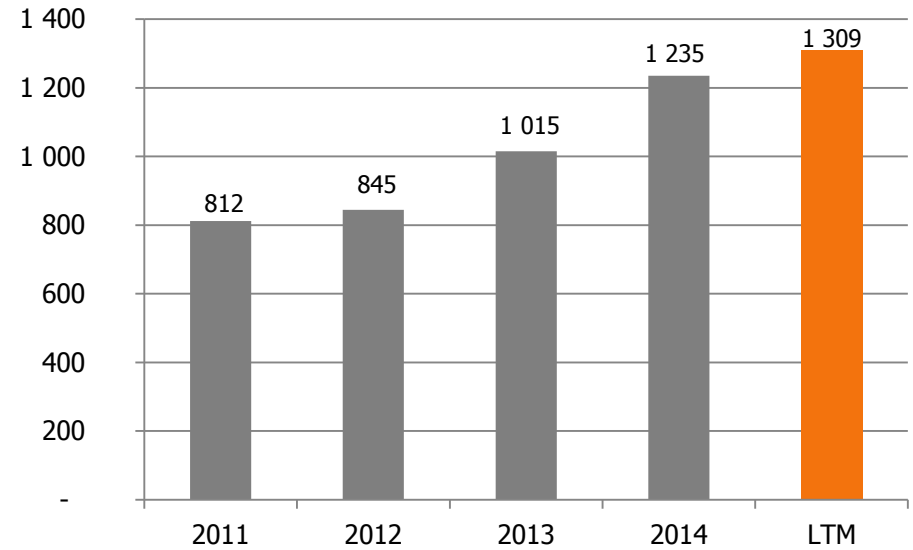
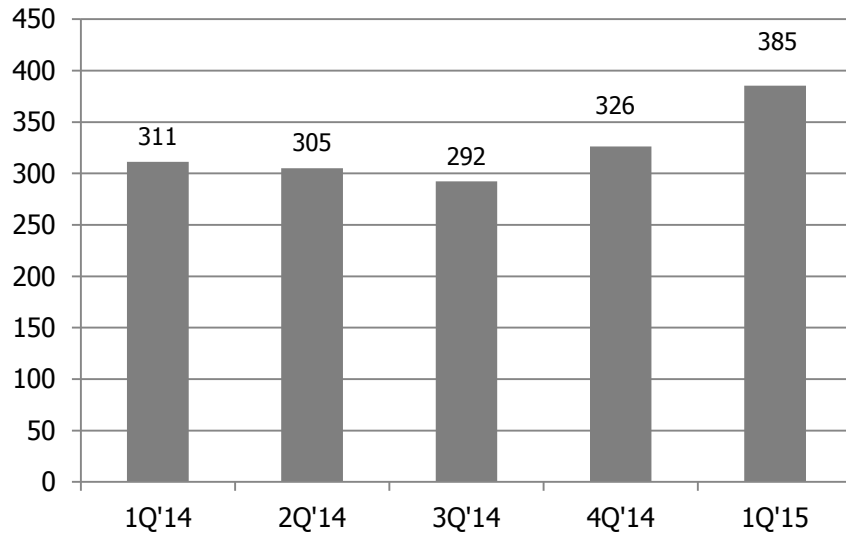
- ✦ Import aluminium scrap increased by 17% up to 206k tons and export by 15% up to 175k tons
- ✦ Poland from a net exporter at the level of 36k tons in 2012 became a net importer at the level of 32k tons in 2014

Volume sales in thou. tons



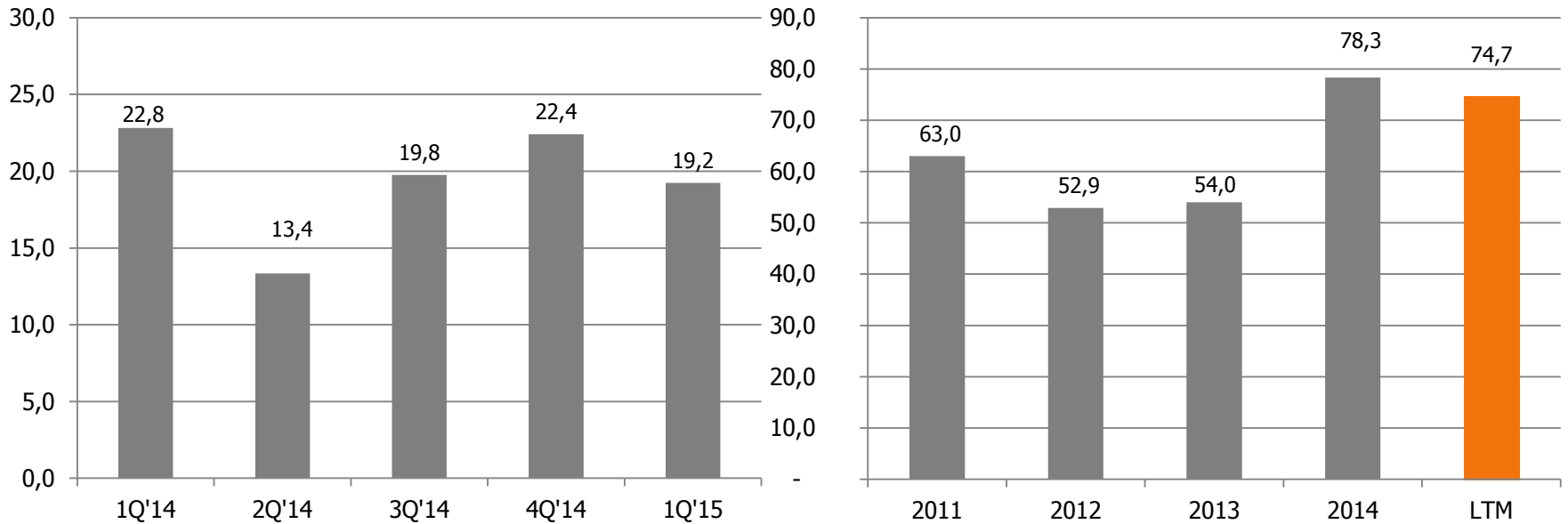
- ✦ In 1Q 2015 volume sales increased by 14% yoy up to 45 k tons
- ✦ In LTM volume sales increased by 4% up to 162 k tons in comparison to 2014

Sales revenue in mn PLN



- ⊕ In 1Q 2015 sales revenue increased by 24% yoy up to PLN 385 mn
- ⊕ In LTM sales revenue increased by 6% up PLN 1.309 mn in comparison to 2014

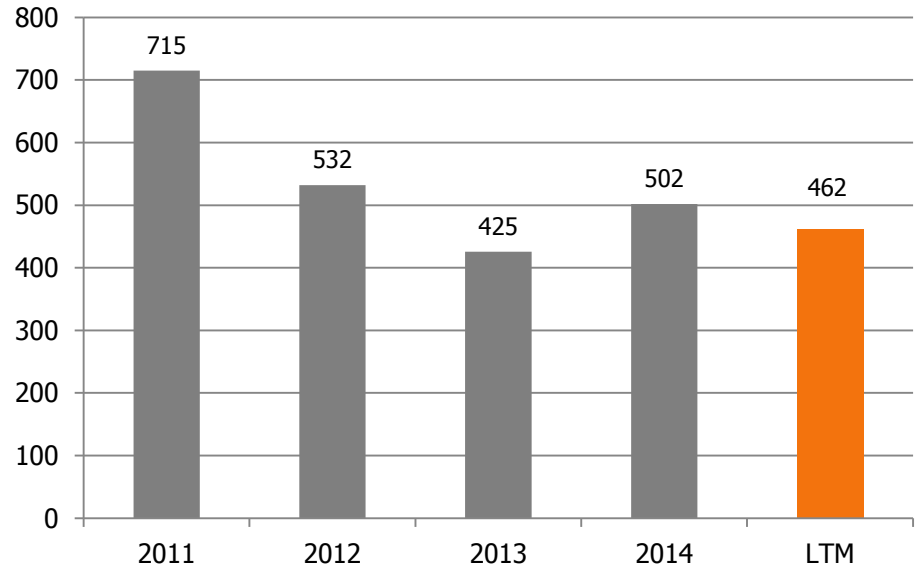
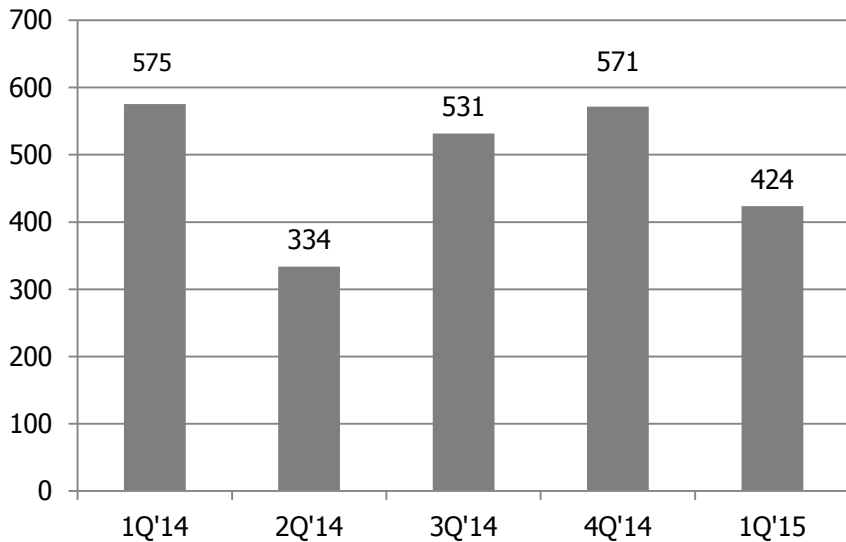
EBITDA in mn PLN



⊕ In 1Q 2015 EBITDA decreased by 16% yoy down to PLN 19 mn

⊕ In LTM EBITDA decreased by 5% down to PLN 75 mln in comparison to 2014

EBITDA per ton in PLN



⊕ In 1Q 2015 EBITDA per ton decreased by 26% yoy down to PLN 424 PLN per ton

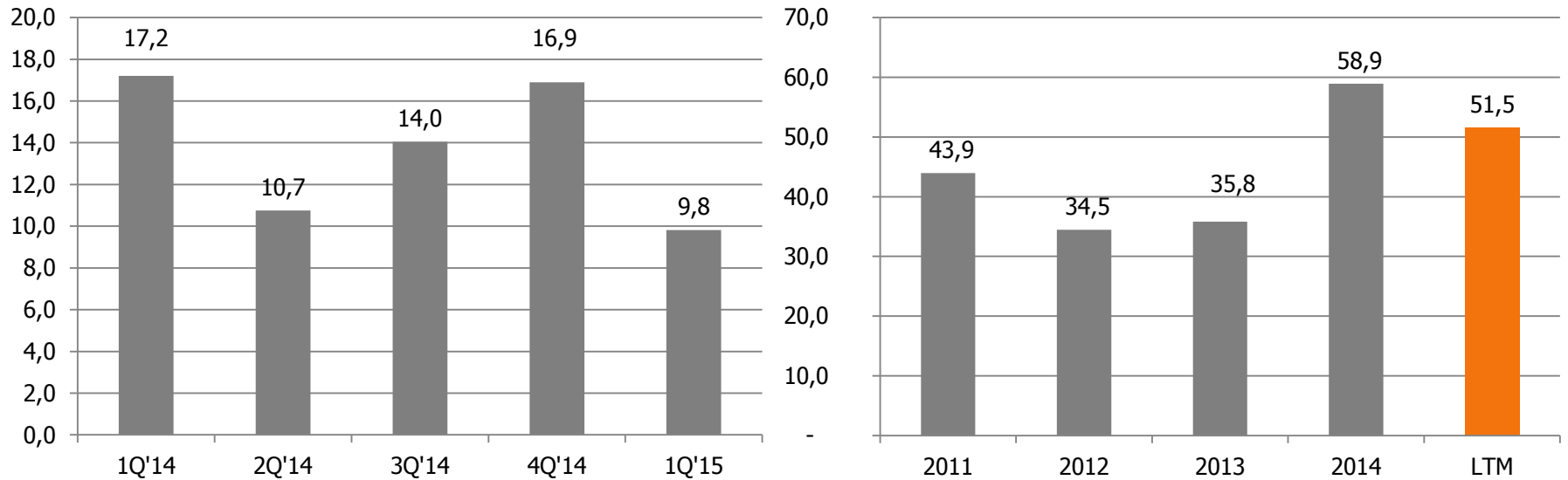
⊕ In LTM EBITDA per ton decreased by 8% down to PLN 462 PLN in comparison to 2014



Analysis of EBITDA per ton changes

	1 Q 2014	1 Q 2015	Impact in PLN per ton	Comments
Volume	39 690	45 386		<i>Volume increase by 14%</i>
Gross profit on sales Gross profit on sales per ton	26 895 678	24 477 539	-138	<i>Decrease in profit in Casting Alloys segment – volume growth, but greater impact of margin decrease Increase in profit in Master Alloys segment – growth of volumen and maring Increase in profit in Other segment – growth of volume and margin</i>
SG&A SG&A per ton	9 150 231	10 678 235	-5	<i>Sales cost decrease by 2 PLN/t SG&A costs increased by 7 PLN/t, wherein: a) provision for managerial option program – general costs increased by 27 PLN/t; b) decrease of the other general costs by 20 PLN/t</i>
Other operating activities Other operating activities per ton	265 7	559 12	6	<i>Better balance on other operating activities</i>
Amortization amortization per ton	4 816 121	4 873 107	-14	<i>A similar level of amortization in absolute values, but lower per ton</i>
EBITDA EBITDA per ton	22 827 575	19 231 424	-151	

Net profit in mn PLN



⊕ In 1Q 2015 net profit decreased by 43% yoy down to PLN 10 mn

⊕ In LTM net profit decreased by 13% down to PLN 52 mn in comparison to 2014



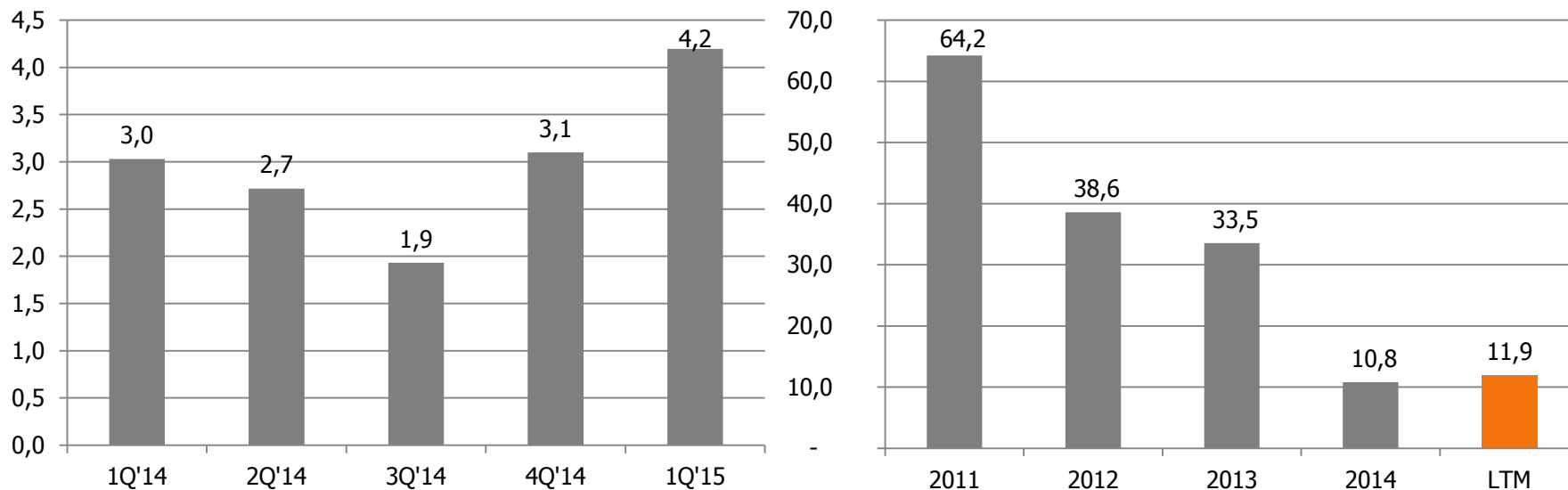
Financial activity analysis

- ⊕ The negative impact of the balance sheet monetary items valuation (trade balances, net debt, hedging) in the amount of PLN 4,7 mn, adjusted at the level CIT to the amount of PLN 3,8 mn due to significant changes in EUR/PLN and USD/PLN exchange rates

- ⊕ Reversal of valuation from 1Q 2015 will positively affect net result in 2Q 2015, but the scale of the reversal will depend on the exchange rates in 2Q 2015

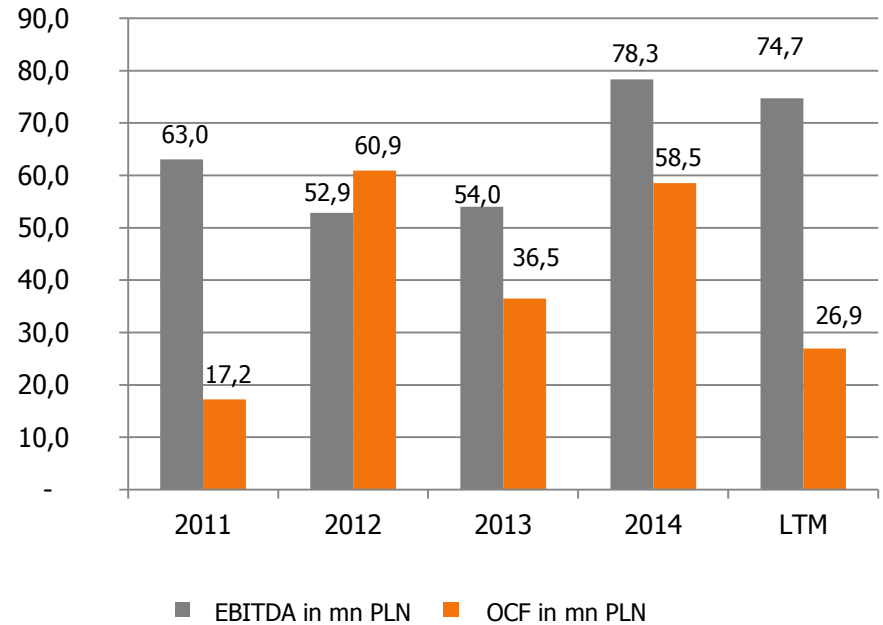
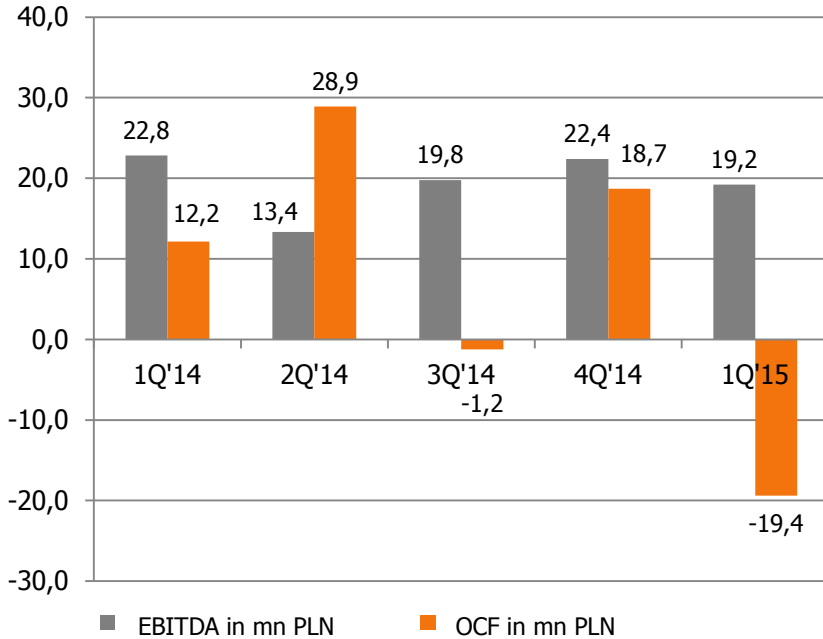
- ⊕ The reasons for the high negative valuation
 - a significant decrease in the EUR/PLN exchange rate from 4,31 at the end of 2014 to 4,09 at the end of March 2015 - the vast majority of receivables denominated in EUR, EUR receivables in the balance sheet clearly prevail over liabilities in EUR
 - a significant growth in the USD/PLN exchange rate from 3,55 at the end of 2014 to 3,81 at the end of March 2015 - liabilities in USD prevail over receivables in the balance sheet in USD
 - the discrepancy between the business (cash flow) currency position of Alumetal Group managed in the perspective of 3 months and the currency position in the accounting approach - part of purchase contracts concluded in EUR but with the supply in the next quarter are not included in the valuation

CAPEX w mn PLN



- ⊕ In 1Q 2015 CAPEX amounted to PLN 4,2 mn
 - PLN 0,9 mn maintenance capex
 - PLN 2,2 mn metal management
 - PLN 1,1 mn product mix/production capacity increase (project in Hungary)
- ⊕ In LTM CAPEX increased by 10% to PLN 12 mn in comparison to 2014

EBITDA vs OCF in mn PLN



- ⊕ In 1Q 2015 negative operating cash flow at level of PLN 19 mn in comparison to PLN 19 mn EBITDA
- ⊕ In LTM operating cash flow amounted to PLN 27 mn whereas EBITDA was at PLN 75 mn



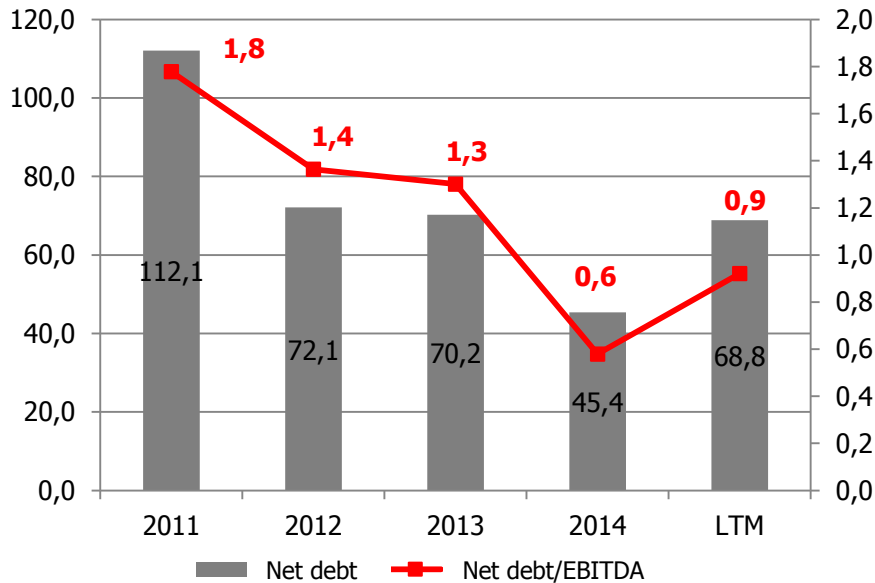
Operating cash flow analysis

- ⊕ Difference between EBITDA and OCF amounted to PLN 38,6 mn
- ⊕ The average monthly increase in sales revenue at PLN 20 mn or 18% in 1Q 2015 vs. 4Q 2014 (16% volume growth and 2% average prices increase)
- ⊕ Working capital turnover ratio at 54 days in 1Q 2015 – unchanged compared to 4Q 2014
- ⊕ Additional net working capital financing at the level of PLN 36 mn* due to higher sales revenue (54 days / 30 days x PLN 20 mn)

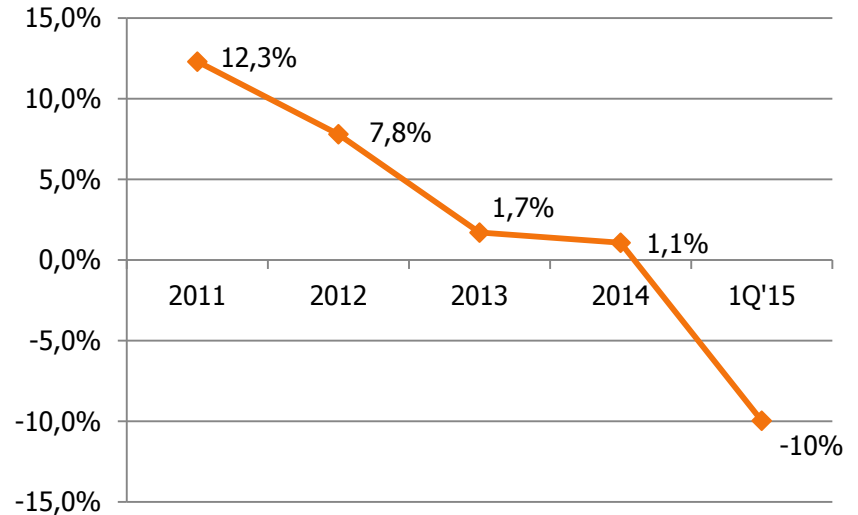
** in the cash flow statement, this difference amounts to ca. PLN 31 mn because it includes balance sheet valuation of settlements in the amount of 4.7 mn PLN, which is non-cash*

Net debt and effective CIT rate

Net debt



Effective CIT rate



- ⊕ At the end of 1Q 2015 net debt amounted to PLN 69 mn and net debt/EBITDA ratio increased from 0,6x at the end of 2014 to 0,9x at the end of March 2015
- ⊕ Effective CIT rate was negative due to „non-tax” balance sheet valuations w 1Q 2015, from which the deferred tax asset in the amount of PLN 0,9 mn was created



Status of project in Hungary

- ⊕ Cash grant - incentive agreement negotiations with the Hungarian government (current status of the cash grant – binding offer of the Hungarian government was accepted by Alumetal Hungary Kft.), CIT allowance is secured
- ⊕ IPPC application was submitted in March, the IPPC permit expected in May, validation of the IPPC permit no later than the first half of June
- ⊕ Design work in the final phase, contracts for the delivery and assembly of key machines and equipment have been signed
- ⊕ Application for a construction permit in preparation, will be filed in late May or early June
- ⊕ The project is on time and budget

Summary

- ⊕ 1Q 2015 financial results below the Management Board expectations due to significant volatility on the market (significant changes of alloys and scrap prices, volatility of aluminum quotations on the LME and high volatility of exchange rates)
- ⊕ Favorable market environment in 2015 – high increase in demand for alloys from the automotive industry, a significant increase in benchmark margins
- ⊕ Despite weaker 1Q 2015 financial results the Management Board counts to achieve the financial objectives required to launch the second tranche of managerial option (increase of EBITDA and net earnings per share by 12.5%)
- ⊕ Implementation of announced dividend policy
- ⊕ Project in Hungary according to plan