



Alumetal Group

3Q 2016 financial results

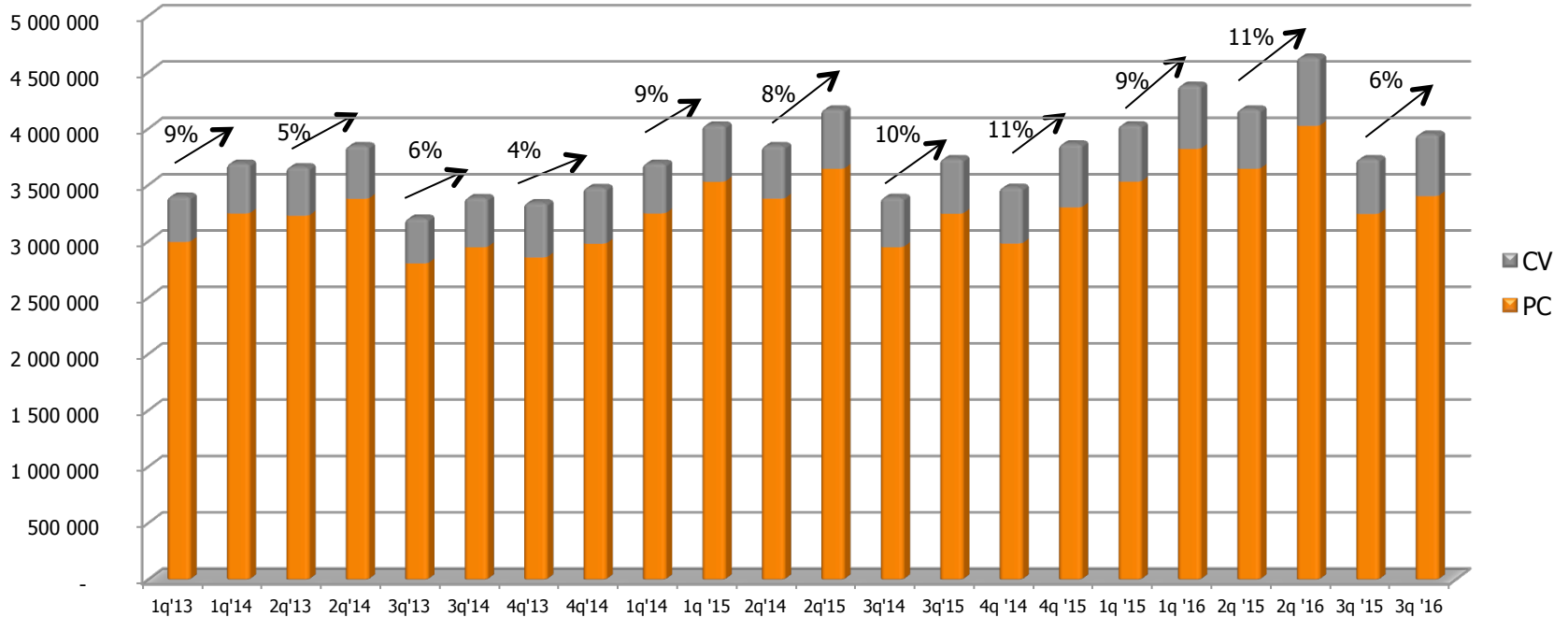
4th November 2016



3Q 2016 and LTM at glance

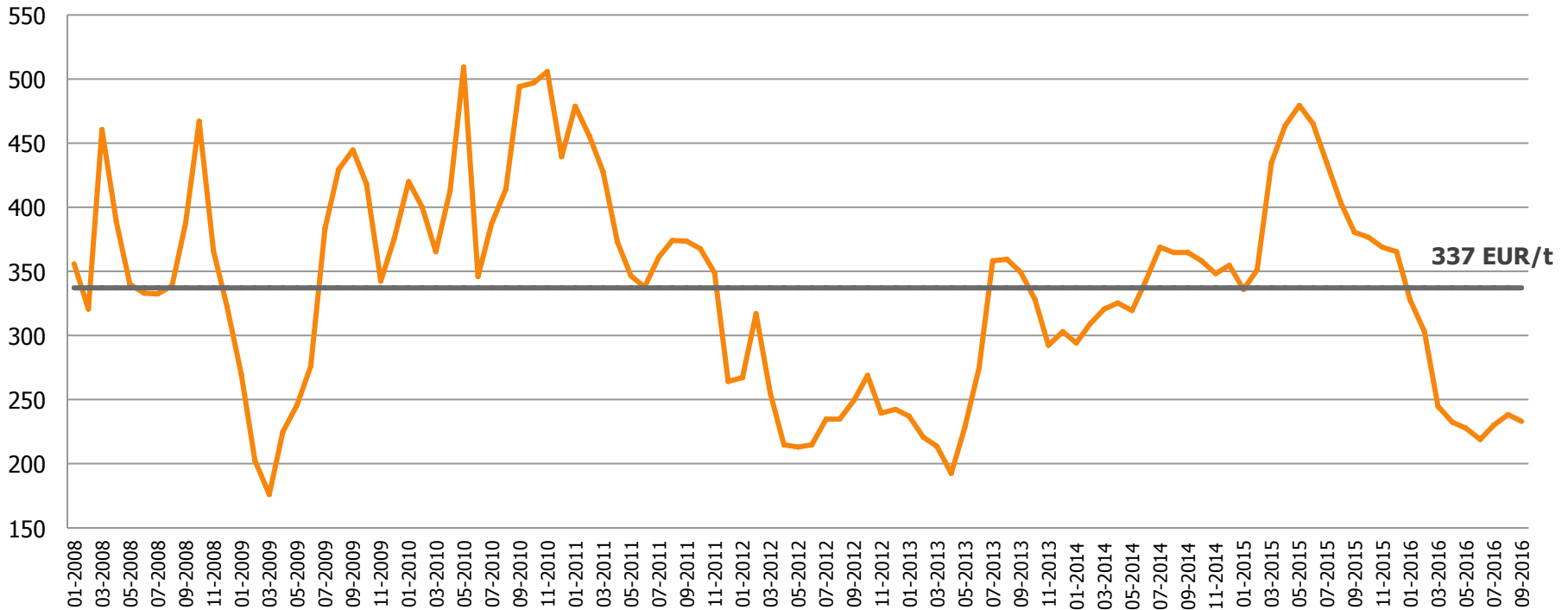
- ⊕ Volume sales – **37k tons** in 3Q 2016 and **160k tons** in LTM
- ⊕ EBITDA – **PLN 24 mn** in 3Q 2016 and **PLN 116 mn** in LTM
- ⊕ Net profit – **PLN 19 mn** in 3Q 2016 and **PLN 92 mn** in LTM
- ⊕ Operational cash flow – **PLN 2 mn** in 3Q 2016 and **PLN 114 mn** in LTM
- ⊕ Net debt – **PLN 102 mn** (0,9xEBITDA)
- ⊕ **Production plant in Hungary** – production started in September 2016 and investment completion by the end of 2016

Motor vehicle registrations in the EU in units



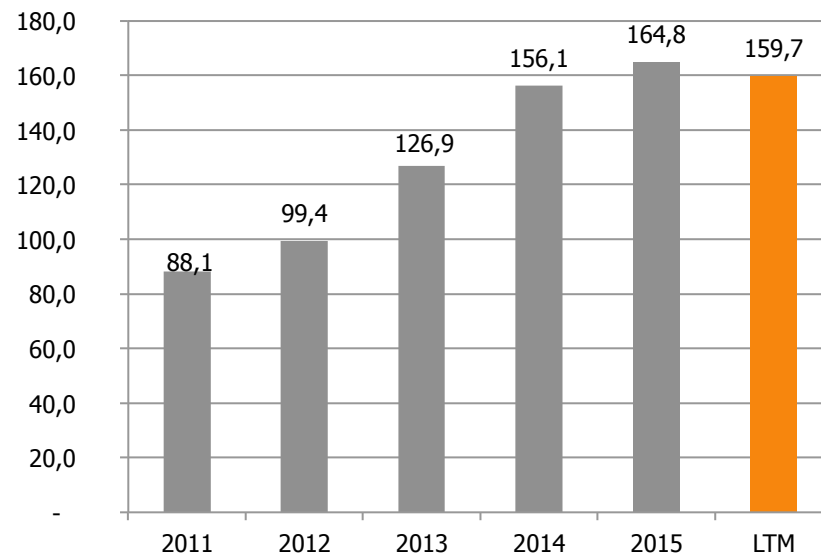
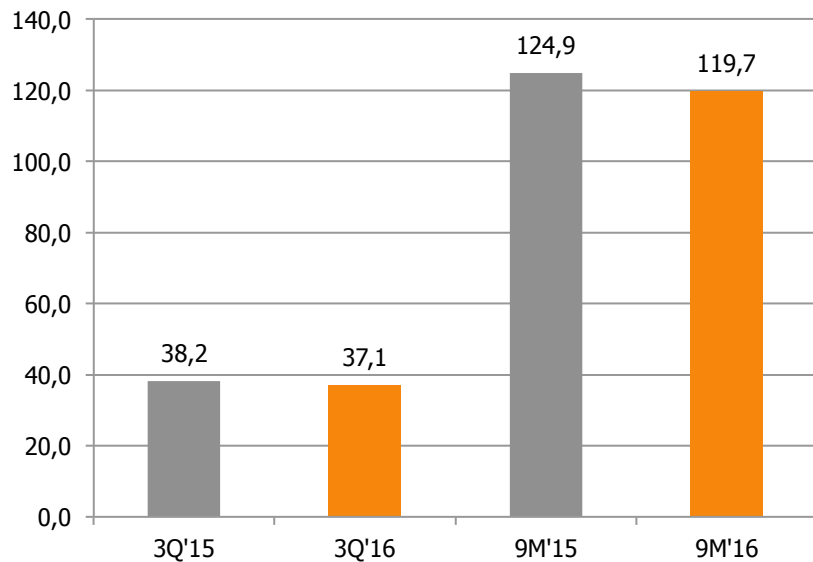
- ✦ In 3Q 2016 motor vehicles registrations in the UE increased by 5,8% yoy, of which passenger cars (PC) sales increased by 4,9% and commercial vehicles (CV) sales went up by 12,2%
- ✦ In 9 months 2016 vehicles registration increased by 8,6% yoy (8,0% increase in PC and 13,2% increase in CV)

Metal Bulletin 226 alloy spread in EUR/t



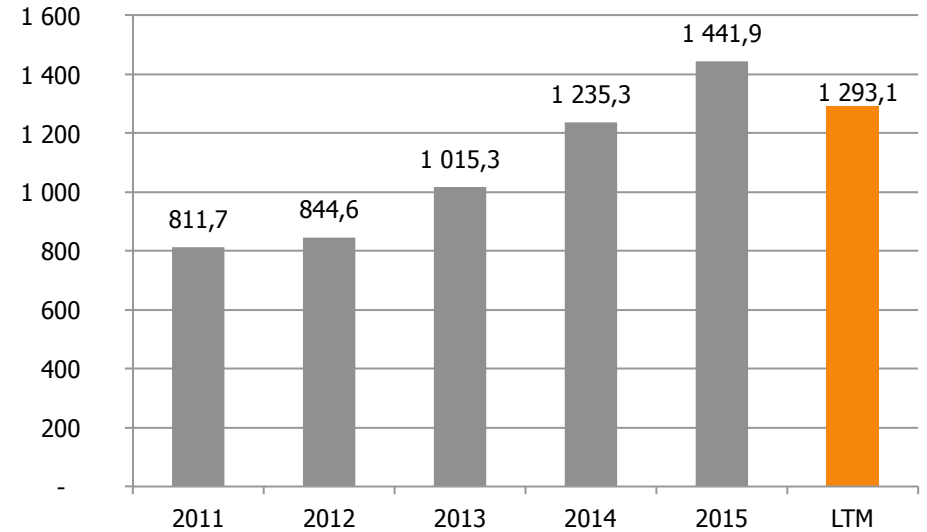
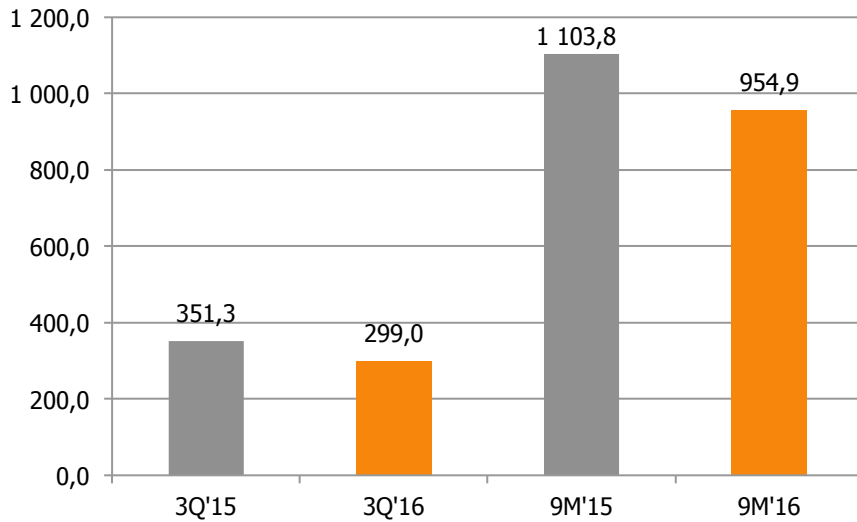
- ✦ Benchmark margin in January-September 2016 was on average level of 251 EUR/t vs 417 EUR/t in the same period in 2015 which is 40% decrease
- ✦ Average level of the benchmark margin in period January 2008 – September 2016 amounted to 337 EUR/t

Volume sales in thou. tons



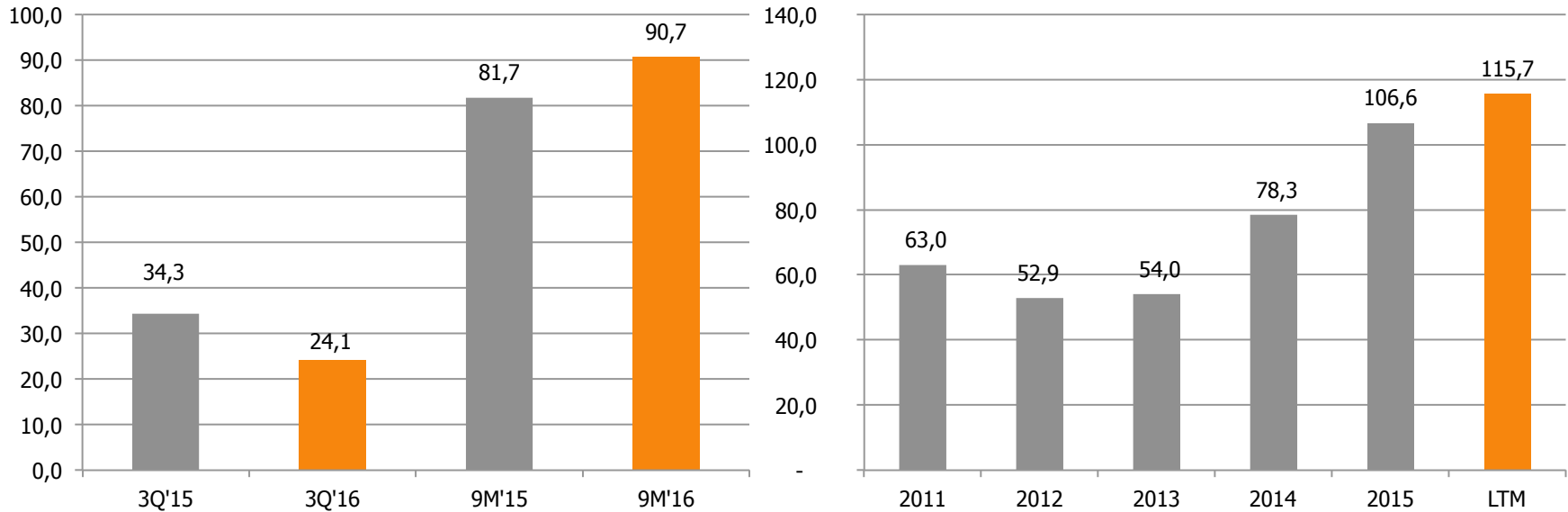
- ✦ In 3Q 2016 sales volume decreased by 3% yoy down to 37 thou. tons
- ✦ In LTM sales volume amounted to 160 thou. tons, 3% decrease in comparison to 2015

Sales revenue in mn PLN



- ⊕ In 3Q 2016 sales revenue decreased by 15% yoy to PLN 299 mn
- ⊕ In LTM sales revenue amounted to PLN 1,29 bn which is 10% decrease in comparison to 2015

EBITDA w mln PLN

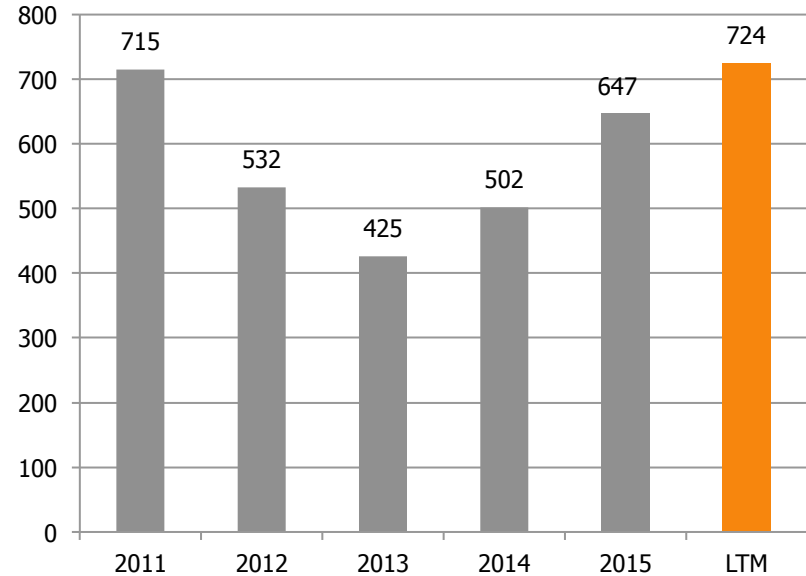
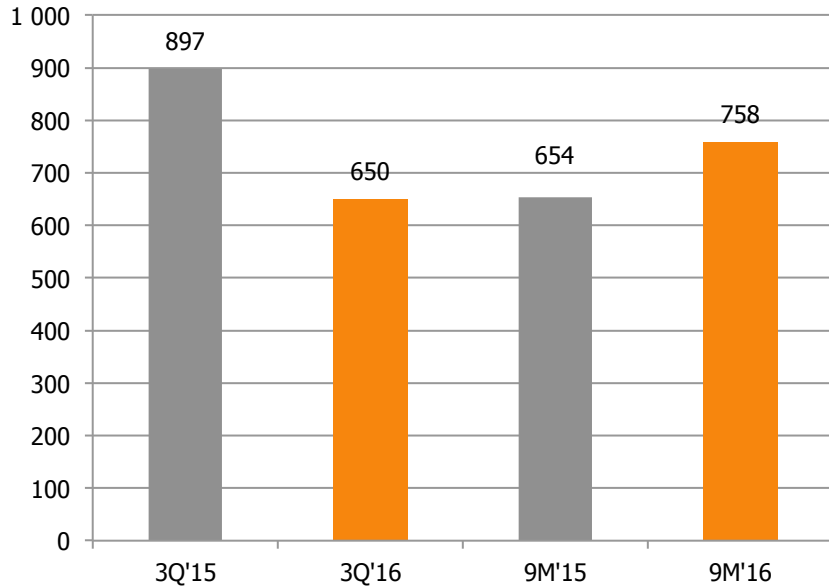


⊕ In 3Q 2016 EBITDA decreased by 30% yoy to PLN 24 mn

⊕ In LTM EBITDA amounted to PLN 116 mn, 8% increase in comparison to 2015



EBITDA per ton in PLN

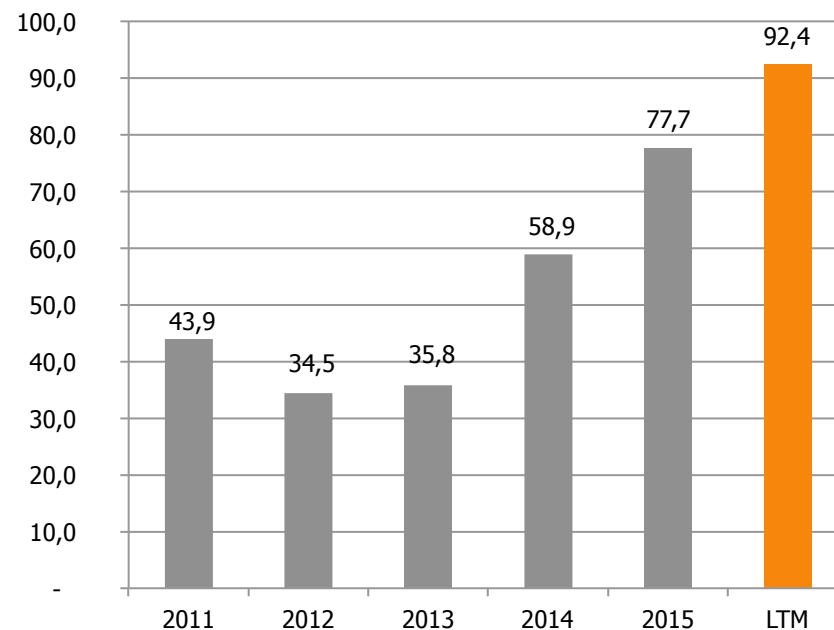
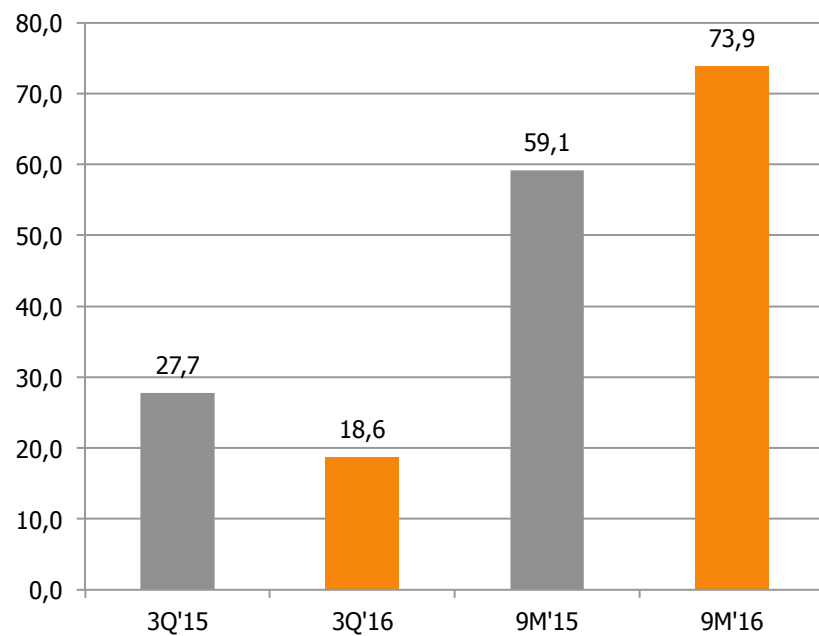


⊕ In 3Q 2016 EBITDA per ton decreased by 28% yoy to 650 PLN/t

⊕ In LTM EBITDA per ton amounted to 724 PLN/t, 12% increase in comparison to 2015



Net profit in mn PLN

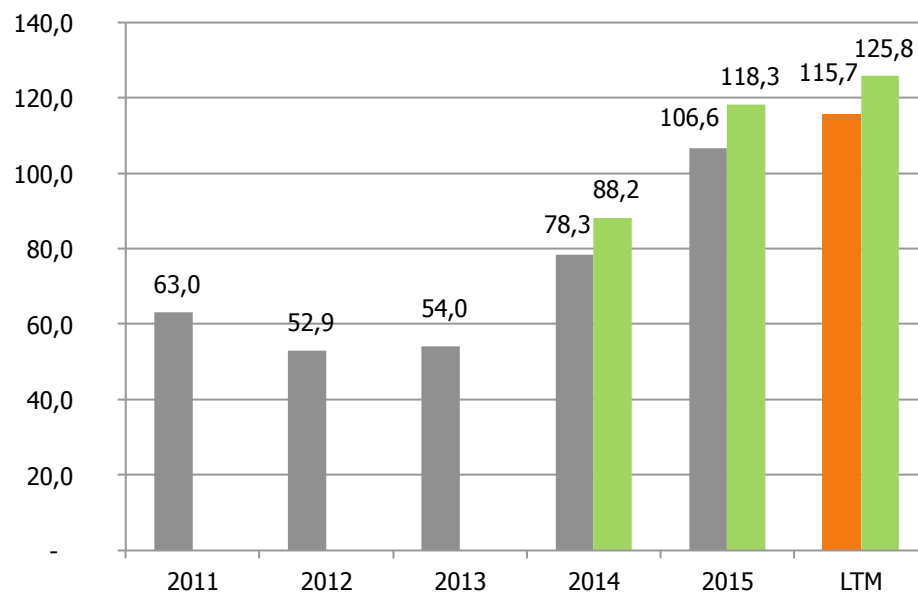
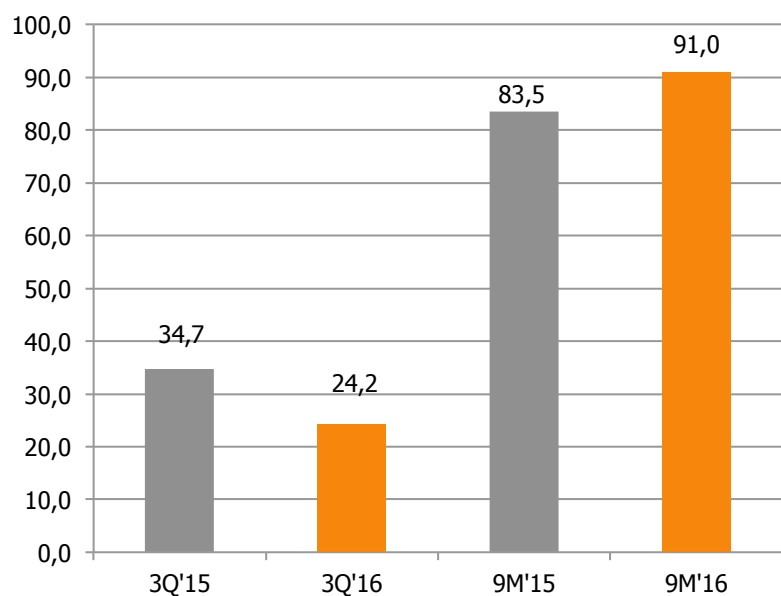


- ✦ In 3Q 2016 net profit decreased by 33% yoy to PLN 19 mn
- ✦ In LTM net profit amounted to PLN 92 mn, 19% increase in comparison 2015

The impact of one-off events on financial results (thou. PLN)

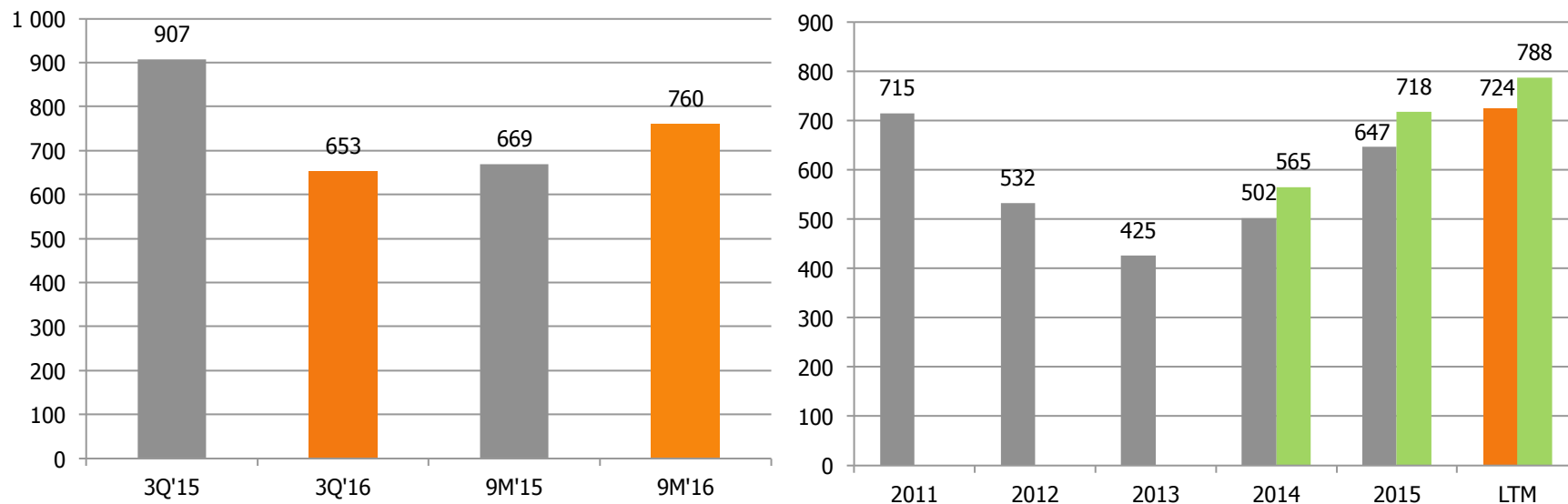
	1Q'15	2Q'15	3Q'15	9M 2015	1Q'16	2Q'16	3Q'16	9M 2016
Valuation of management option scheme with annual bonus for achieving higher than budgeted results	-1 205	- 265	- 381	-1 851	-394	-130	-131	-655
Net impairment write-down of receivables from entities undergoing corporate recovery proceedings				-		366		366
Impact on EBITDA	-1 205	-265	-381	-1 851	-394	236	-131	-289
Income tax				-		-70		-70
Impact on net profit	-1 205	-265	-381	-1 851	-394	167	-131	-359

Adjusted EBITDA in mn PLN



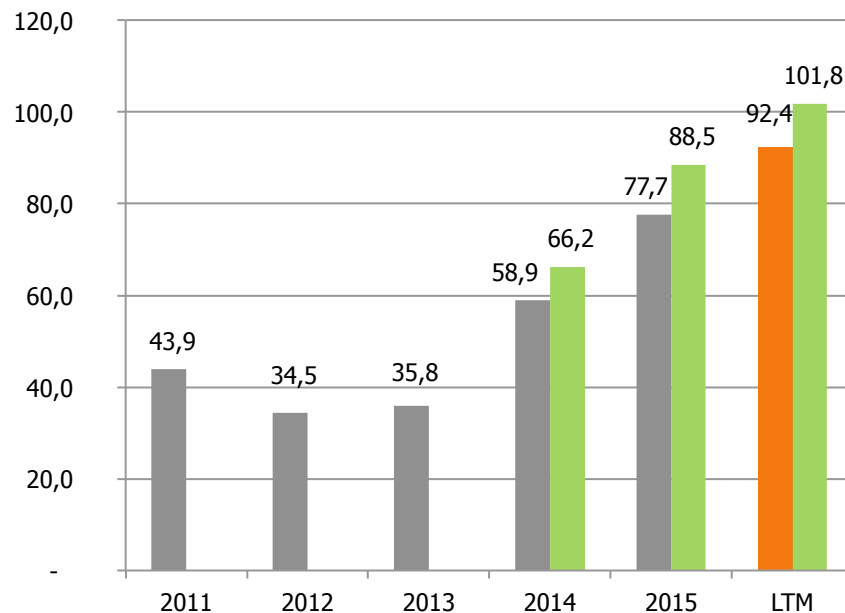
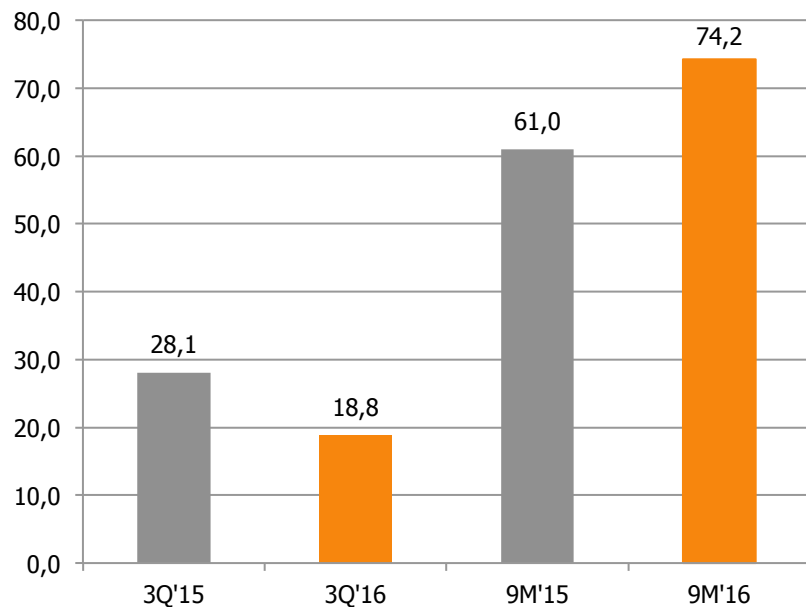
- ✦ In 3Q 2016 adjusted EBITDA decreased by 30% yoy to PLN 24 mn
- ✦ In LTM adjusted EBITDA amounted to 126 PLN mn, 6% increase in comparison to 2015

Adjusted EBITDA per ton in PLN



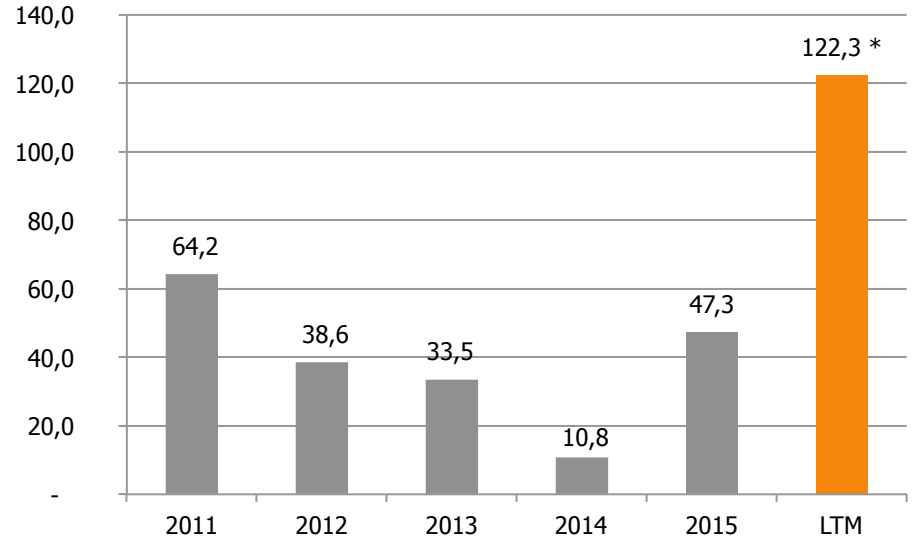
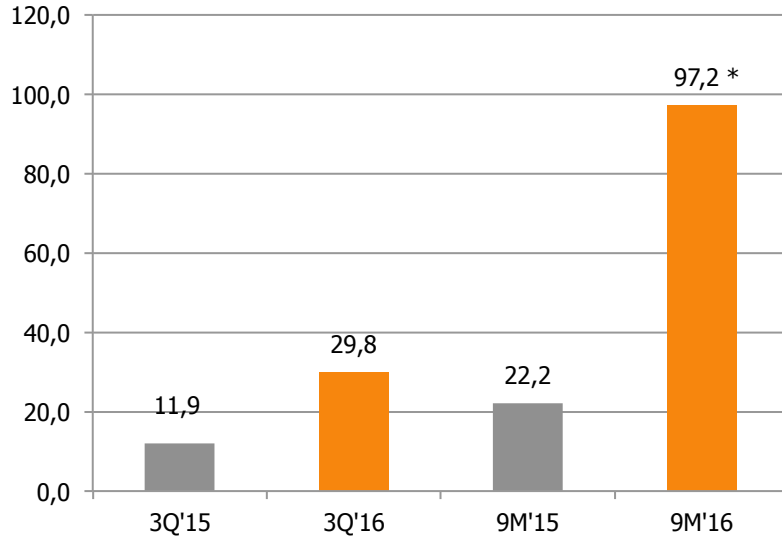
- ⊕ In 3Q 2016 adjusted EBITDA per ton decreased by 28% yoy to 653 PLN/t
- ⊕ In LTM adjusted EBITDA per ton amounted to 788 PLN/t, 10% increase in comparison to 2015

Adjusted net profit in mn PLN



- ⊕ In 3Q 2016 adjusted net profit decreased by 33% yoy to PLN 19 mn
- ⊕ In LTM adjusted net profit amounted to PLN 102 mn, 15% increase in comparison to 2015

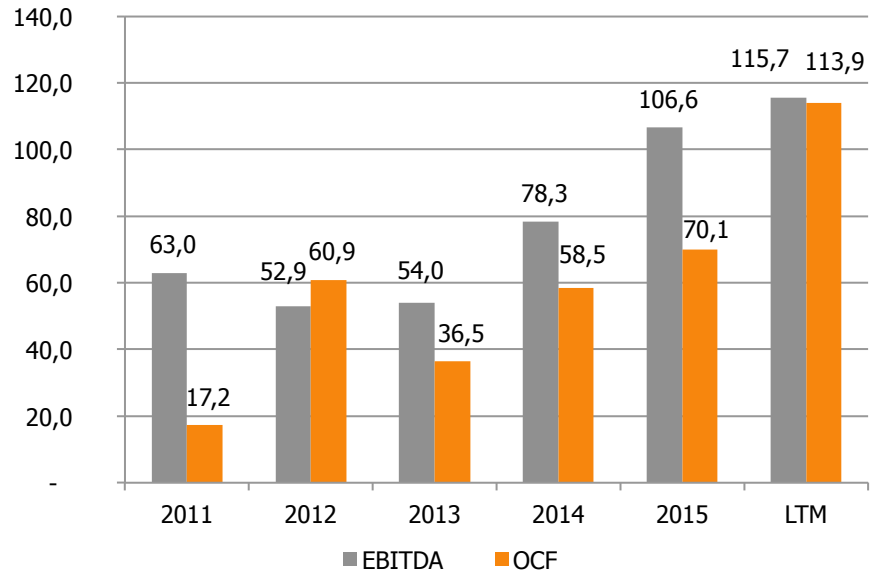
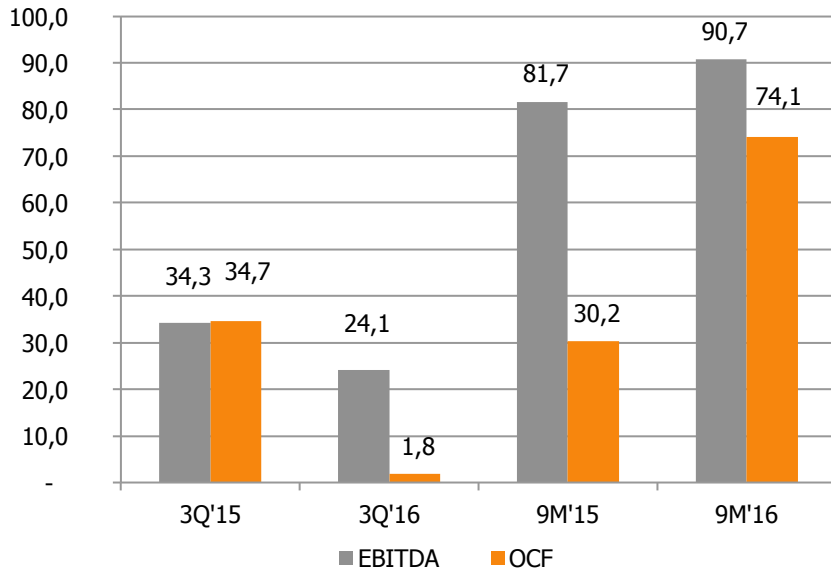
Capex in mn PLN



- ⊕ In 9M 2016 capex increased by 338% to PLN 97,2 mn
 - PLN 5,2 mn maintenance capex
 - PLN 2,5 mn metal management
 - PLN 89,5 mn product mix/production capacity increase (Hungary)
- ⊕ In LTM capex amounted to PLN 122 mn, increase by 159% in comparison to 2015

*including fee paid to collateral manager (construction trustee service)

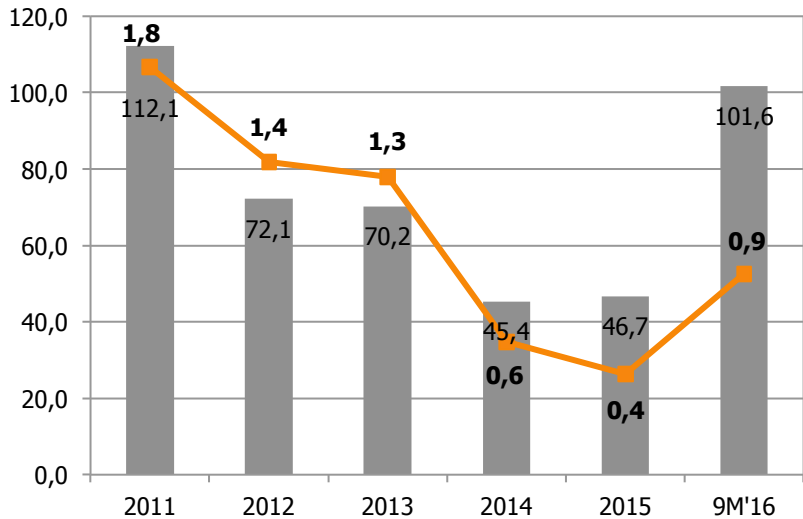
EBITDA vs OCF in mn PLN



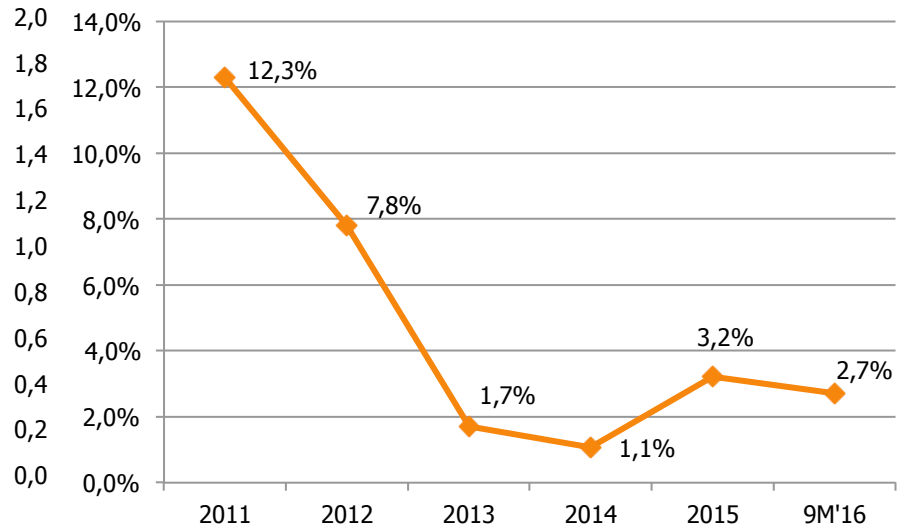
- ✦ In 3Q 2016 OCF amounted to PLN 2 mn in comparison to EBIDTA at PLN 24 mn
- ✦ In LTM OCF amounted to PLN 114 mn in comparison to EBIDTA at PLN 116 mn

Net debt and effective CIT rate

Net debt



Effective CIT rate



- ⊕ At the end of September 2016 net debt amounted to PLN 102 mn and Net debt/EBITDA ratio increased from 0,4 by the end of 2015 to 0,9 at the end of September 2016
- ⊕ Effective CIT rate in 9M 2016 amounted to 2,7%

Status of project in Hungary

- ⊕ Cash grant
 - 20th September 2016 payment of the first installment in amount equal to PLN 2,76 mn
 - second application for reimbursement submitted and accepted, expected payment in amount equal to PLN 8,2 mn by the end of 2016
 - third application for reimbursement submitted, expected payment in amount equal to PLN 2,2 mln in 1Q 2017

- ⊕ 18 July 2016 deliveries of scrap materials started

- ⊕ In 3Q 2016 construction works completed and usage permit obtained

- ⊕ The project near to completion in accordance with the schedule and approx. 3,6% capex overrun (capex at PLN 88,2 mn in 9M'16 period and PLN 118,6 mn from the start of the investment)

- ⊕ 22 September 2016 production on the first production first line started, production start on the second production line is planned as scheduled in 4Q 2016

- ⊕ Yearly production capacity of Alumetal Group increase from 165k tons in 2016 to 225k tons in 2017

Expansion of Master Alloys and SKTB

Master Alloys

- ⊕ 27 September 2016 obtained permission from Tarnobrzeg Special Economic Zone for realisation of „ Expansion of master alloys plant in Gorzyce” investment
- ⊕ Key machinery and equipment selected, first contracts concluded
- ⊕ Capex not higher than PLN 58,5 mn
- ⊕ Investment deadline in 2Q 2018
- ⊕ Project on schedule and within the budget

SKTB Aluminium

- ⊕ Put option will be excersised – sale of a 15% SKTB shares to the majority shareholder on the purchase price

Summary

- ⊕ In 3Q 2016 good financial results continued, despite the high margins pressure, financial results still in line with the Management Board expectations
- ⊕ Continuous favorable market environment in the scope of secondary aluminium alloys demand – high sale dynamics of the motor vehicles in UE
- ⊕ Management believes in achievement of the financial goals required to launch the third tranche of the managerial option scheme (increase of EBITDA and net profit per share in 2016 by at least 10%) - YTD financial results provide a good base for goal realisation in 2016
- ⊕ Investment in Hungary in the end phase with slight capex overrun. Production on the first production line started in September, production start on the second production line and investment completion scheduled in 4Q 2016