



**Grupa Alumetal**  
**2016 financial results**

*6 April 2017*

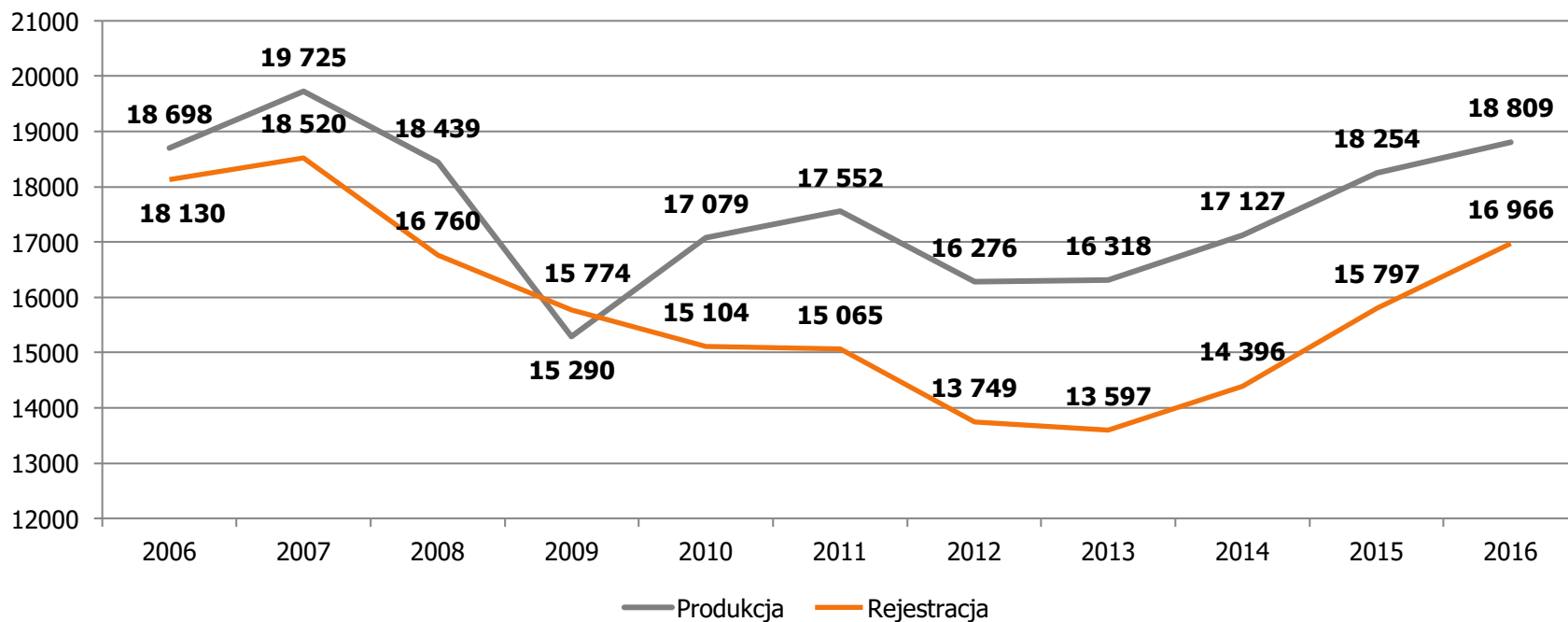
**alumetal**

## FY 2016 at glance

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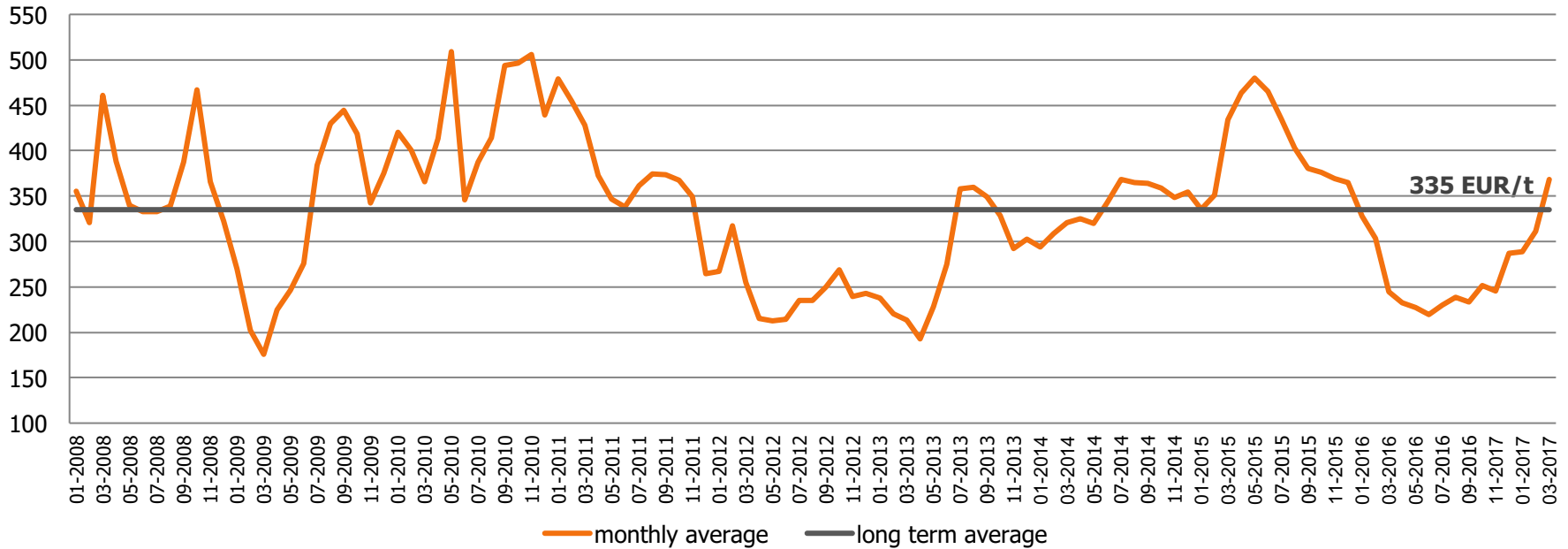
- ✦ **159 k tons sales volume** (3% decrease yoy) as consequence of financial performance optimizing in the context of the market situation
- ✦ **PLN 115,9 mn EBITDA** (9% increase yoy) due to sales structure rationalization, operational optimization undertaken and the high involvement of employees
- ✦ **PLN 89,9 mn net profit** (20% increase yoy) due to EBITDA growth and positive results on financial activity
- ✦ **PLN 94,1 mn net debt** (0,8x EBITDA'16), despite capex increase, net working capital needs in Alumetal Group Hungary Kft. and dividend payment
- ✦ **PLN 85,9 mn operating cash flow** due to high EBITDA level, despite the increase in net working capital in Hungarian plant

# Motor vehicle production and sales in the EU in thou. units



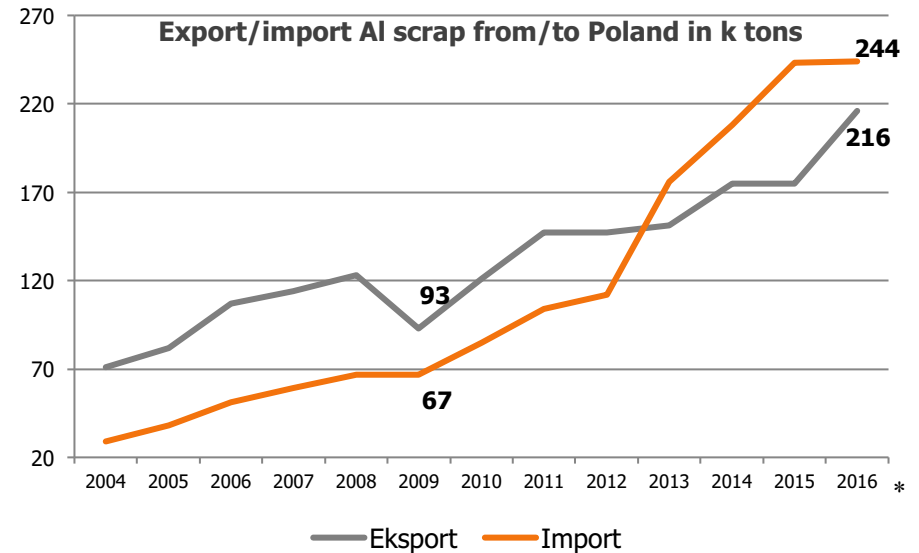
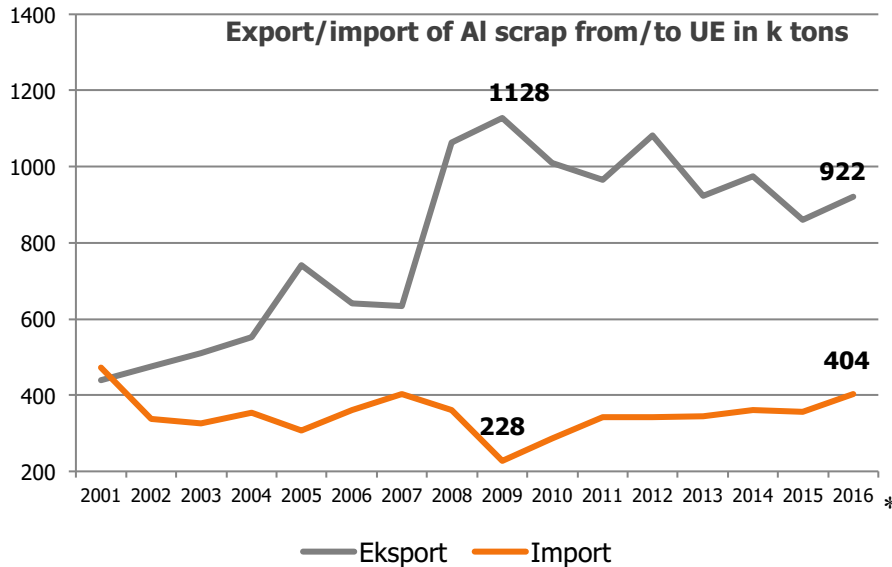
- ✦ In 2016 the MV production in the EU increased by 3,0% and the MV sales increased by 7,4% (6,8% in PC and 11,6% in CV)
- ✦ In 2016 the CEE5 share in the production of MV in the EU accounted for 20,8% and CEE5 + Germany share amounted to 53%. The automotive industry reallocation process to CEE5 is still ongoing

# Metal Bulletin 226 alloy spread in EUR per ton



- ✦ In 2016 average margin amounted to 253 EUR/t. That was 37,4% lower than in 2015 and 24,4% lower than the nine-year average
- ✦ Since mid-2016, the trend has reversed in the 226 alloy margin and it increased gradually to 287 EUR/t in December 2016 and 368 EUR/t in March 2017

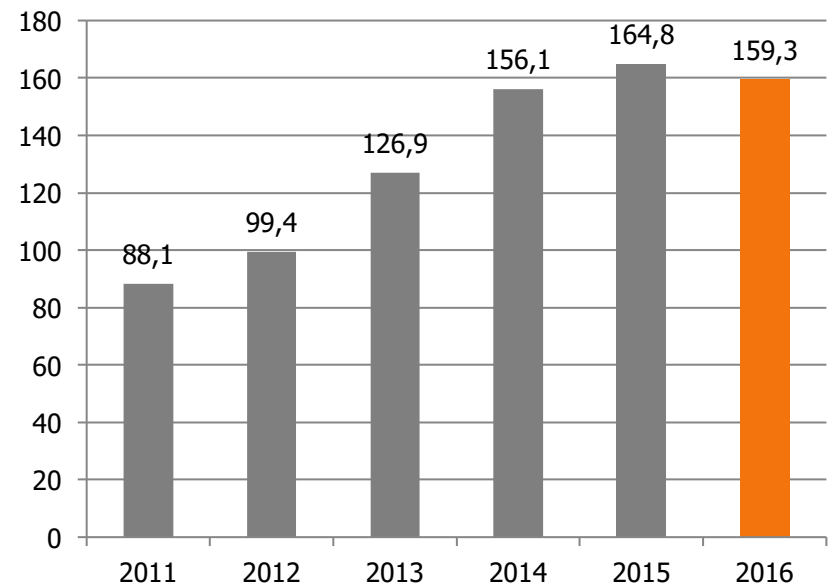
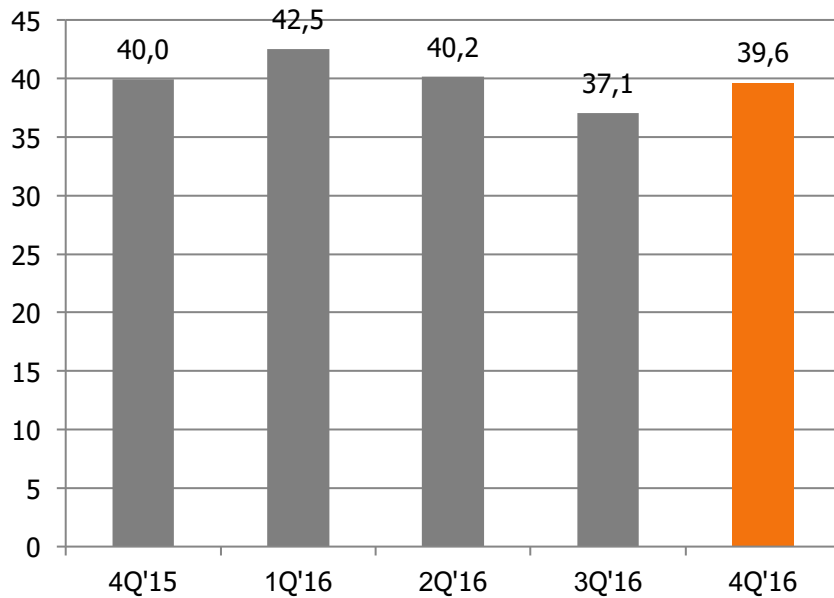
# Export/import of aluminium scrap from/to the EU and Poland



\* 2016 data is for the period from Dec 2015 to Nov 2016

- ⊕ Net export of aluminium scrap from the EU increased from 503k tons in 2015 to 518k tons in 2016, which is 3% growth (export grew by 7% and import went up by 13%). Export to China and India is responsible for 64% of the total EU export in comparison to 66% in 2015
- ⊕ Net import of aluminium scrap to Poland decreased from 68k tons in 2015 to 28k tons in 2016, which is fall of 59% (export increased by 23% whereas import was at the same level)

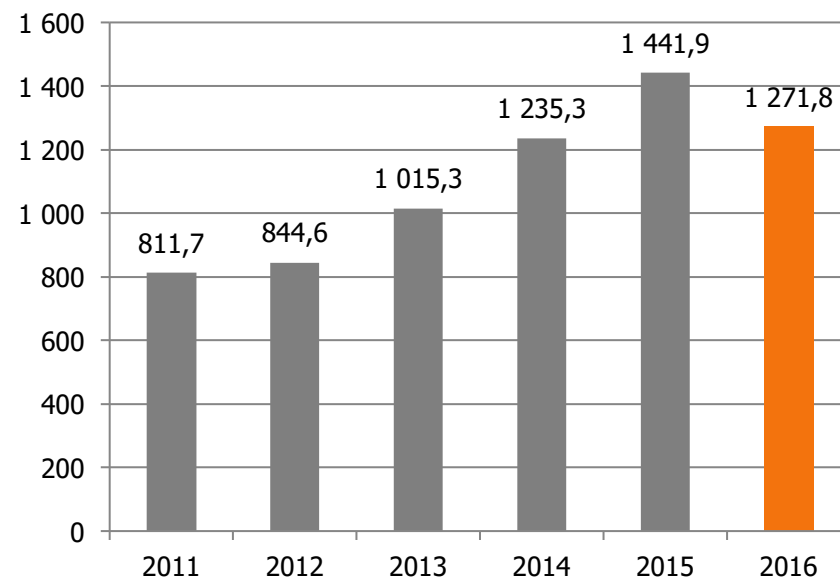
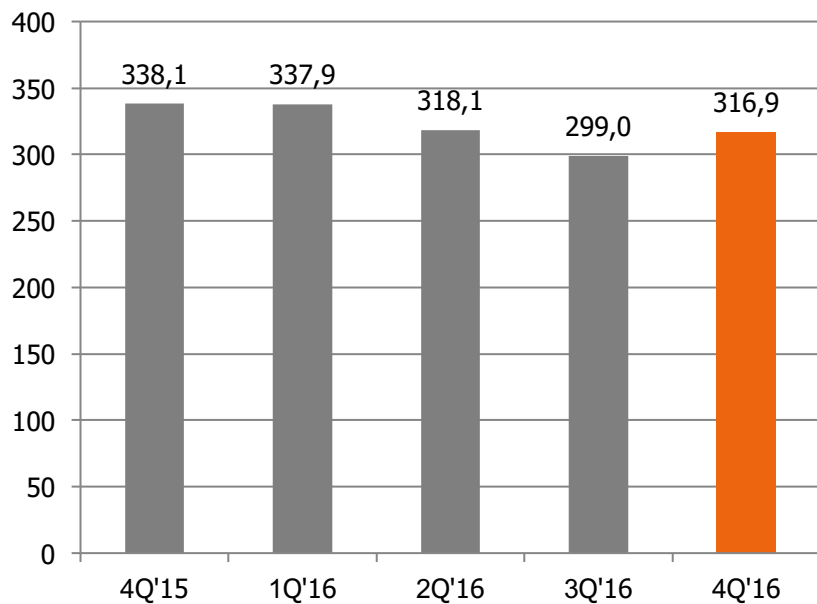
## Sales volume in thou. tons



⊕ In 4Q 2016 sales volume decreased by 1% yoy to 39,6k tons

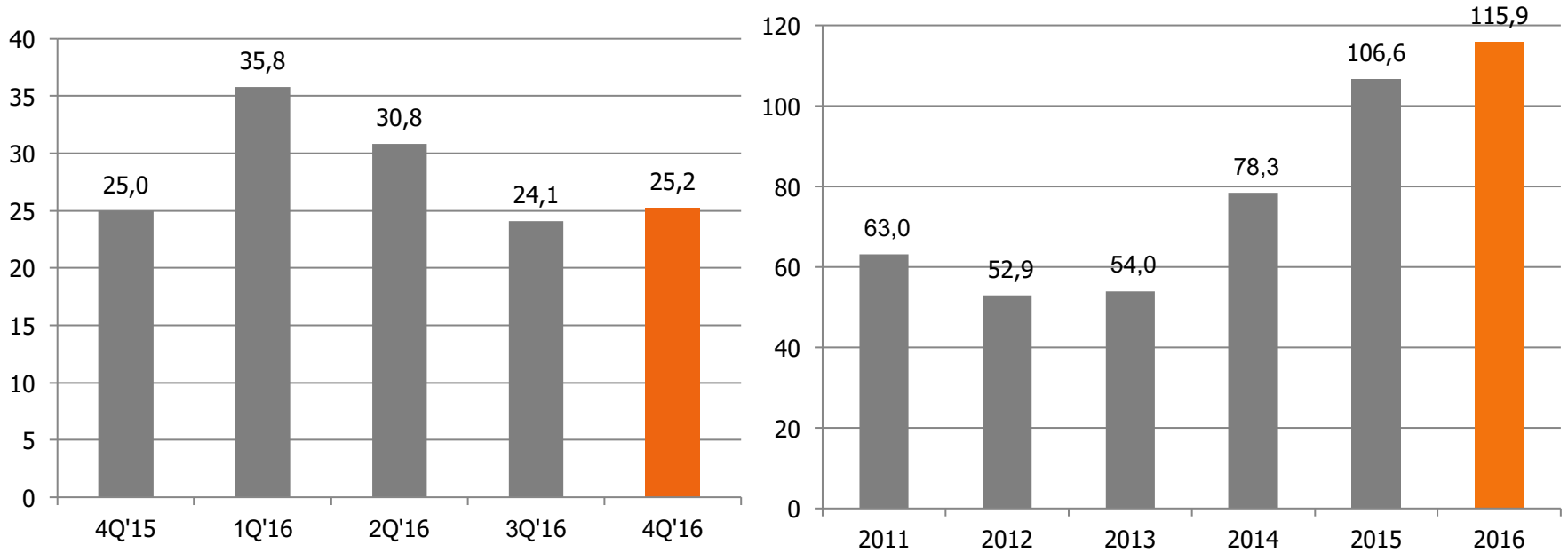
⊕ In 2016 sales volume decreased by 3% yoy to 159k tons

## Sales revenue in mn PLN



- ⊕ In 4Q 2016 sales revenue decreased by 6% yoy to PLN 317 mn
- ⊕ In 2016 sales revenue decreased by 12,9% yoy to PLN 1 272 mn

# EBITDA in mn PLN

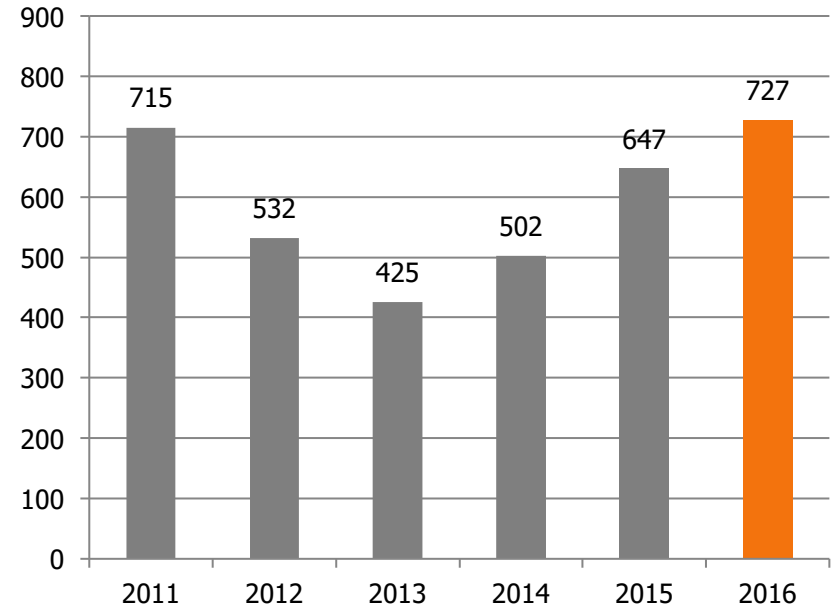
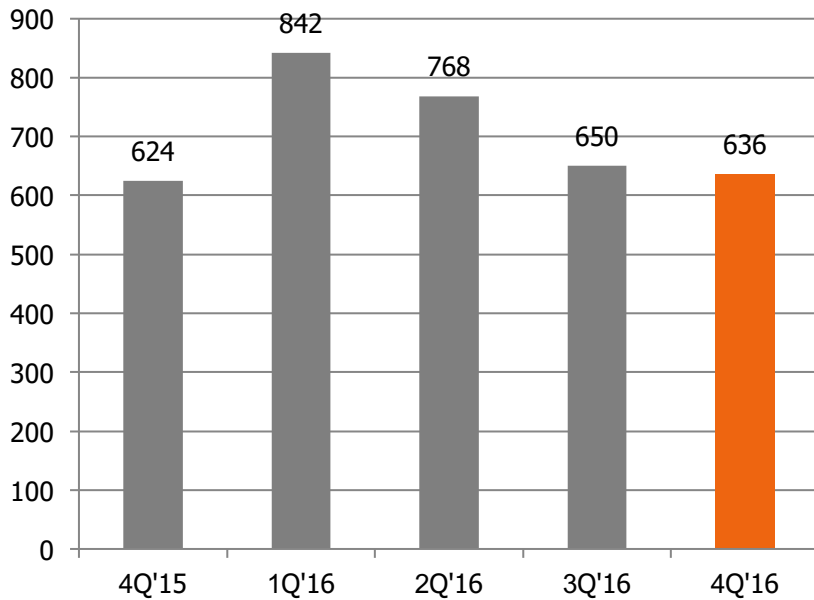


⊕ In 4Q 2016 EBITDA increased by 1% yoy to PLN 25,2 mn

⊕ In 2016 EBITDA increased by 9% yoy to PLN 116 mn



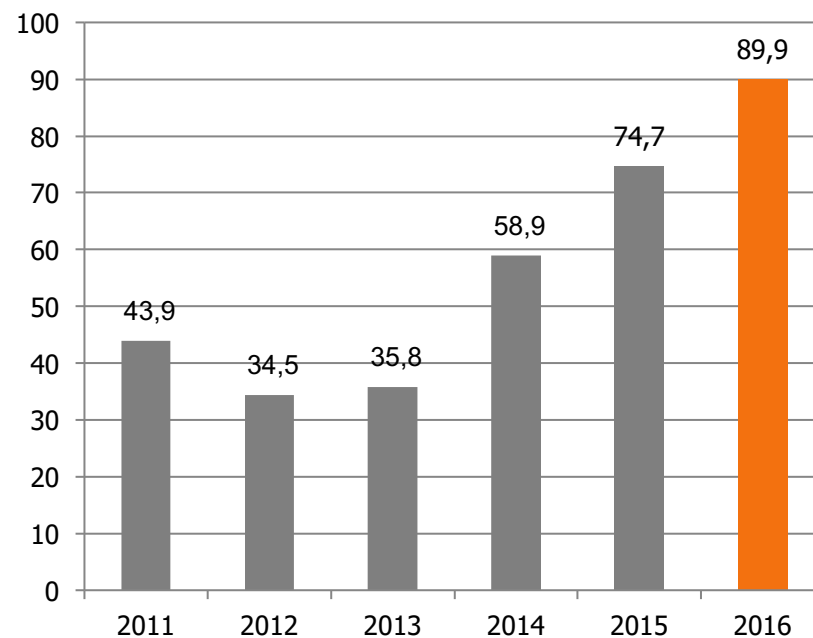
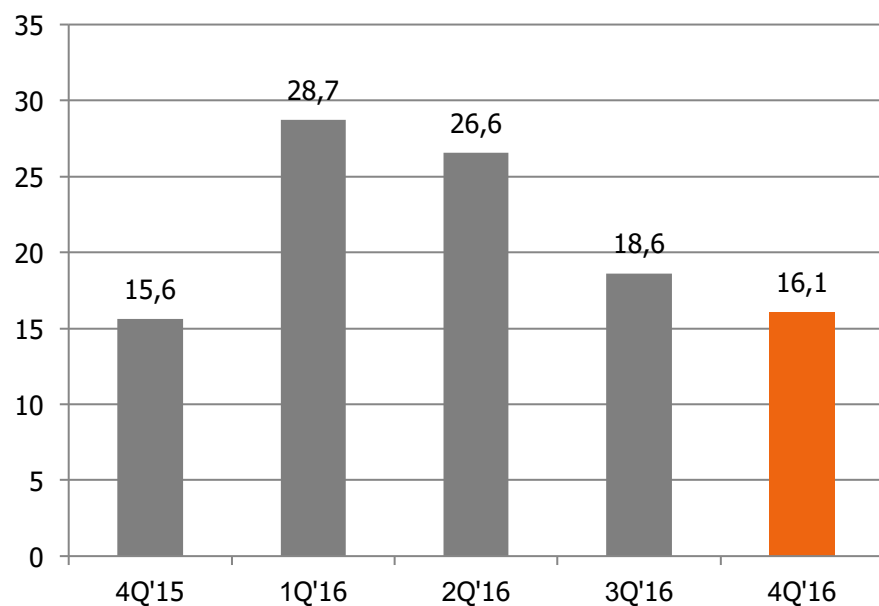
# EBITDA per ton in PLN



⊕ In 4Q 2016 EBITDA per ton increased by 2% yoy to 636 PLN/t

⊕ In 2016 EBITDA per ton increased by 12% yoy to 727 PLN/t

## Net profit in mn PLN



⊕ In 4Q 2016 net profit increased by 3% yoy to PLN 16 mn

⊕ In 2016 net profit increased by 20% yoy to PLN 90 mn

## Valuation of assets in the form of CIT exemption

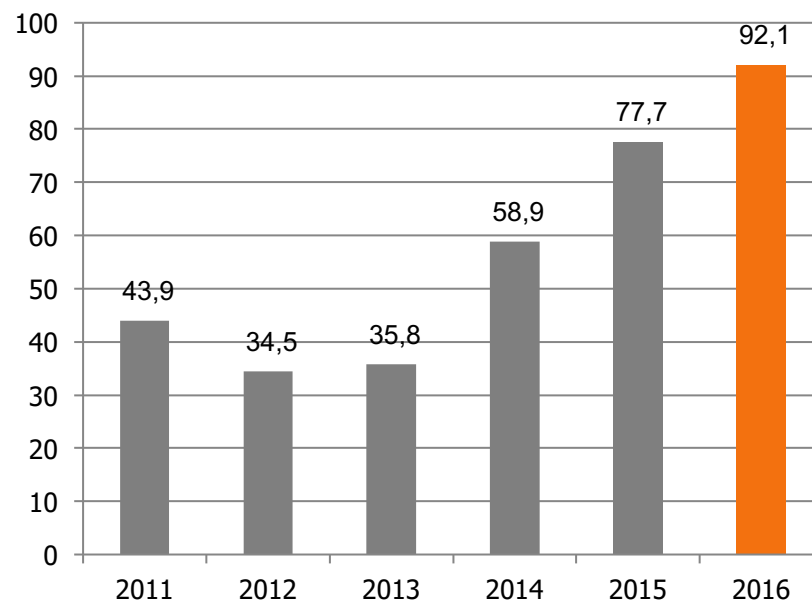
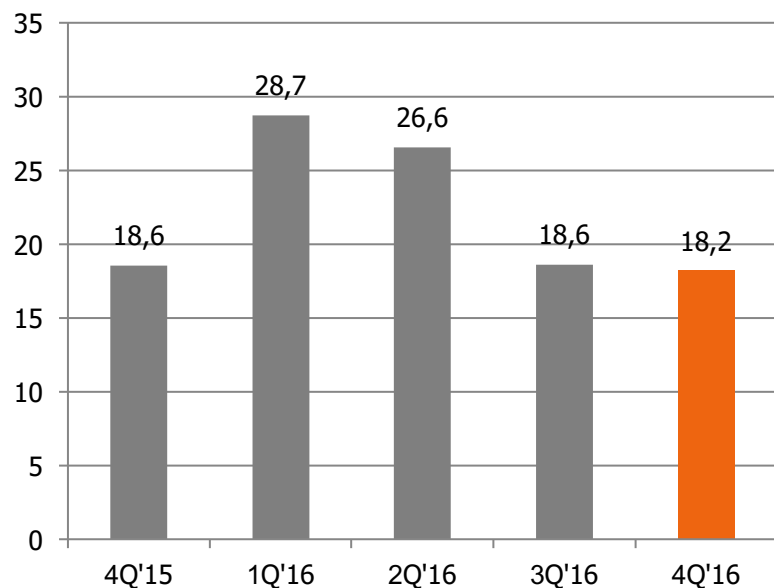
- ⊕ The Management Board decided to make the valuation of asset in the form of CIT exemption in Poland and Hungary (as recommended by the Polish SEC), thus removing the auditor's objection from the opinion for 2016
- ⊕ Asset valuation increased equity in 2014 and has a slight negative impact on net profit in 2015 and 2016. In subsequent years, the impact on net profit can be positive (in case of incurring CIT exemption capex) and negative (in case of useage of CIT exemption)
- ⊕ Asset valuation does not affect the execution level of the last tranche of the managerial option program
- ⊕ The Alumetal Group also intends to report a normalized profit (profit adjustment reported for the impact of asset valuation) and to change the dividend policy (dividend payments at 50% of the normalized profit from the distribution of profit from 2017)

## Impact of asset valuation on balance sheet and P&L in k PLN

	2014 without valuation	2014 with valuation	2015	2016
Equity	324 793	368 216	-	-
Valuation of assets in the form of CIT exemption	-	43 422	40 502	38 360
<b>Reported net profit</b>			<b>74 733</b>	<b>89 944</b>
Adjustment of impact of asset valuation on net profit			2 921	2 142
<b>Normalized net profit</b>			<b>77 654</b>	<b>92 086</b>

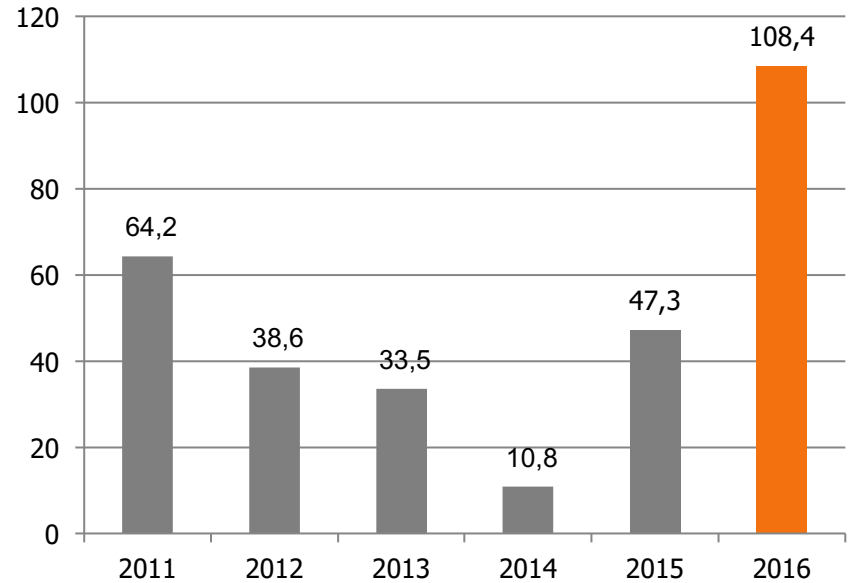
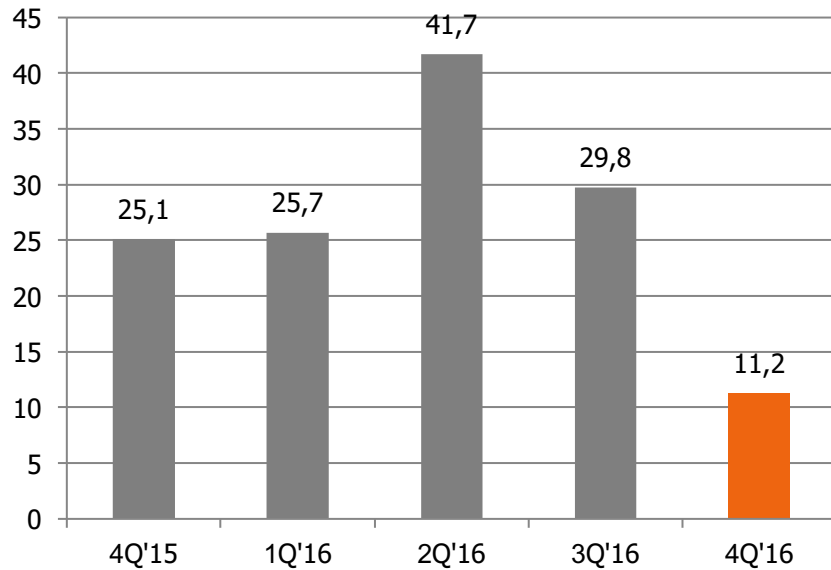
Factors affecting the asset valuation	2015	2016
Utilization of CIT exemption for a given year	-13 371	-16 942
Increase in CIT exemption for eligible capex in a given year	10 450	14 800
<b>Total impact of net profit</b>	<b>-2 921</b>	<b>-2 142</b>

## Normalized net profit in mn PLN



- ✦ In 4Q 2016 normalized net profit decreased by 2% yoy to PLN 18 mn
- ✦ In 2016 normalized net profit increased by 19% yoy to PLN 92 mn

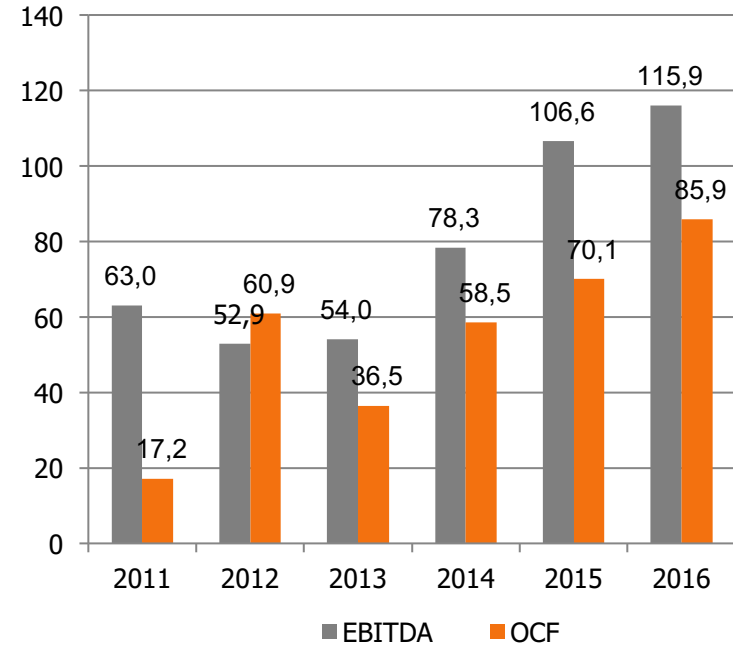
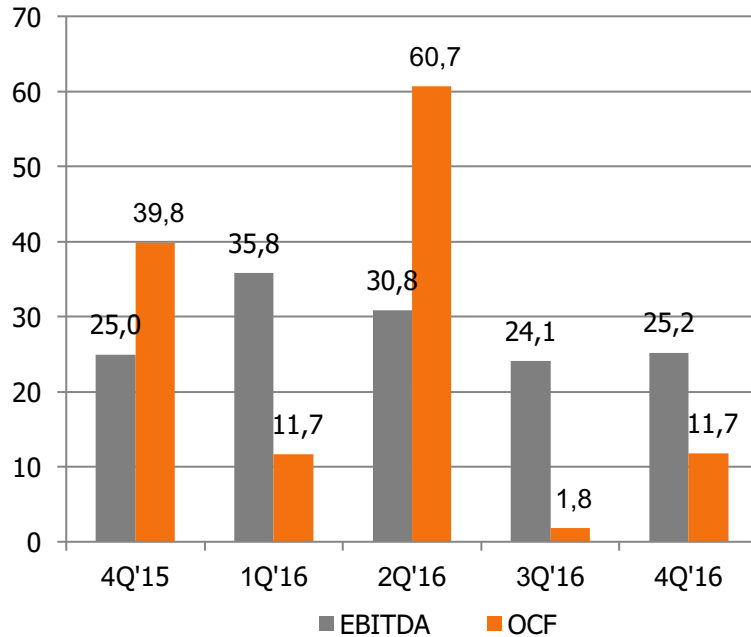
# Capex in mn PLN



- ⊕ In 2016 capex increased by 129% yoy to PLN 108,4 mn of which:
- PLN 6,2 mn maintenance capex
  - PLN 3,1 mn metal management
  - PLN 99,1 mn product mix (liquid metal)/ capacity increase (Hungary) \*

\*including funds paid to collateral manager (construction trustee service)

# EBITDA vs OCF in mn PLN



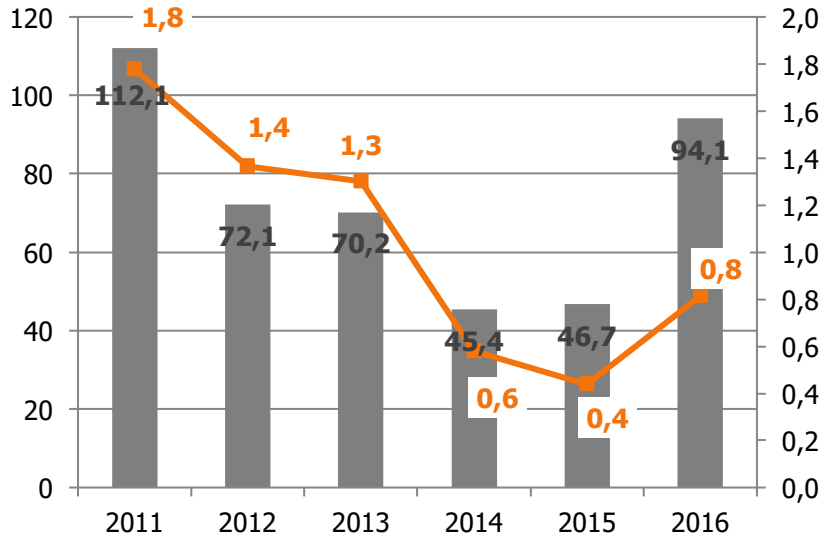
✦ In 4Q 2016 OCF amounted to PLN 12 mn vs PLN 25 mn of EBITDA

✦ In 2016 OCF amounted to PLN 86 mn vs PLN 116 mn of EBITDA

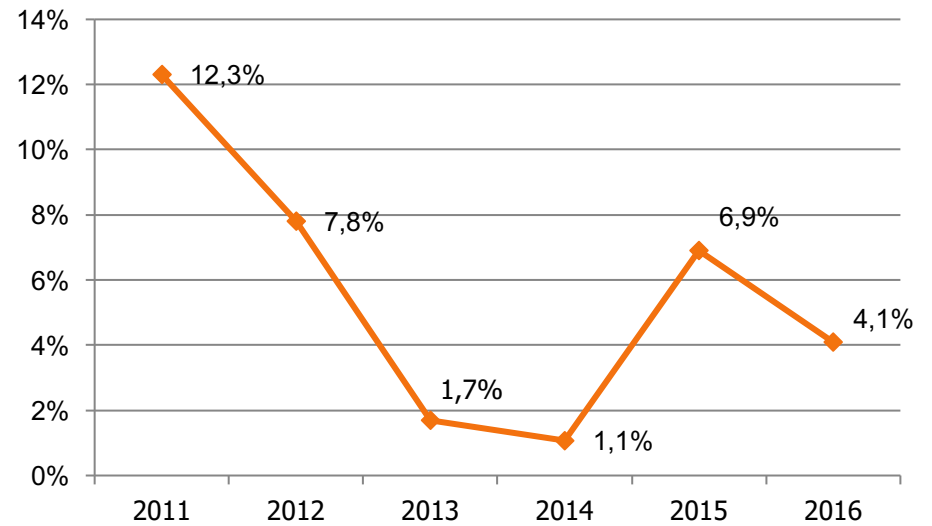


# Net debt and effective CIT rate

## Net debt



## Effective CIT rate



- ⊕ At the end of 2016 net debt amounted to PLN 94 mn and Net debt/EBIDTA ratio increased from the level of 0,4 at the end of 2015 to 0,8 at the end of 2016
- ⊕ Effective CIT ratio was 4,1% in 2016 against 6,9% in 2015



## Hungarian project status

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- ✦ In 2016 Alumetal Group Hungary Kft. Received PLN 11,1 mn cash grant
- ✦ At the end of September 2016 production was started. In Q4 2016 volume sales at the level of 3,8k tons
- ✦ In 2016 capex amounted to PLN 89,9 mn. Cumulative capex from the beginning of the investment until the end of 2016 amounted to PLN 120,4 mn
- ✦ At the end of December 2016 employment level was at 106 employees. The recruitment process is ongoing
- ✦ The operational efficiency of the first production line (full capacity utilization and maximization of metallurgical yields) and metal management equipment is currently optimized as well as the technological efficiency of the second line is ongoing

# Master alloys expansion project and SKTB

## Master alloys expansion

- ⊕ Formal issues concerning the obtaining of relevant permits in progress
- ⊕ 70% advancement of the construction part design and 40% advancement of the technology part design
- ⊕ In Q1 2017 next machines and equipment were contracted
- ⊕ The project is on schedule (production begin in 1H 2018) and within the budget (PLN 58,5 mn capex)

## SKTB Aluminium

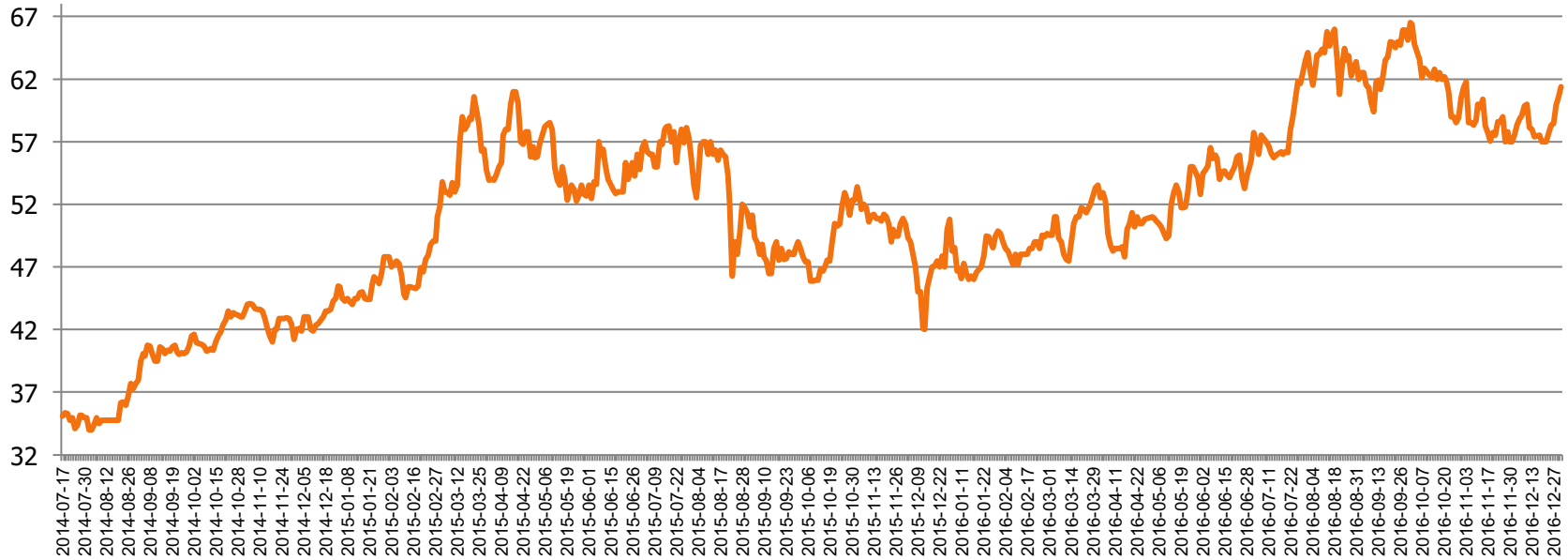
- ⊕ Put option exercised. On 6 December 2016 Alumetal received the full amount for the resale of 15% SKTB shares

# Management Board proposal of the net profit distribution

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- ⊕ PLN 89,9 mn of consolidated net profit
  
- ⊕ Management Board profit distribution proposal:
  - PLN 44,9 mn dividend for shareholders
  - PLN 44,4 mn for supplementary capital
  - PLN 0,575 mn for employees' social fund
  
- ⊕ PLN 2,92 dividend per share (PLN 2,55 year ago) – dividend yield at 4,8%
  
- ⊕ Planned dividend record date on 24 May 2017 and planned dividend payment date on 7 June 2017

# Share price on the Warsaw Stock Exchange



- ✦ At the end of 2016 share price was higher by 75% compared to IPO price
- ✦ In 2016 the average Alumetal share price adjusted by dividend payment increased by 8,6% while average WIG index decreased by 9,9%



## FY 2016 summary

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- ✦ Improved financial results - the highest levels of EBITDA and net profit in the Group's history, despite pressure on benchmark margin
- ✦ Strong balance sheet and solid OCF will allow to implement the development strategy and to continue the dividend policy
- ✦ The investment phase ending and beginning of production in Hungarian project. Start of the investment phase in master alloys expansion project
- ✦ In 2017 we expect sustained upward trend in the automotive industry and gradual improvement of benchmark margins
- ✦ In 2017 the management will aim to improve financial results using additional production capacity. The management intends to get approval for the implementation of the new managerial option program for 2017 - 2019