Alumetal Group

2017 financial results

10 April 2018

FY 2017 at glance

- **176 k tons sales volume** (10% increase yoy) as a consequence of growth of sales in Komarom (Hungary)

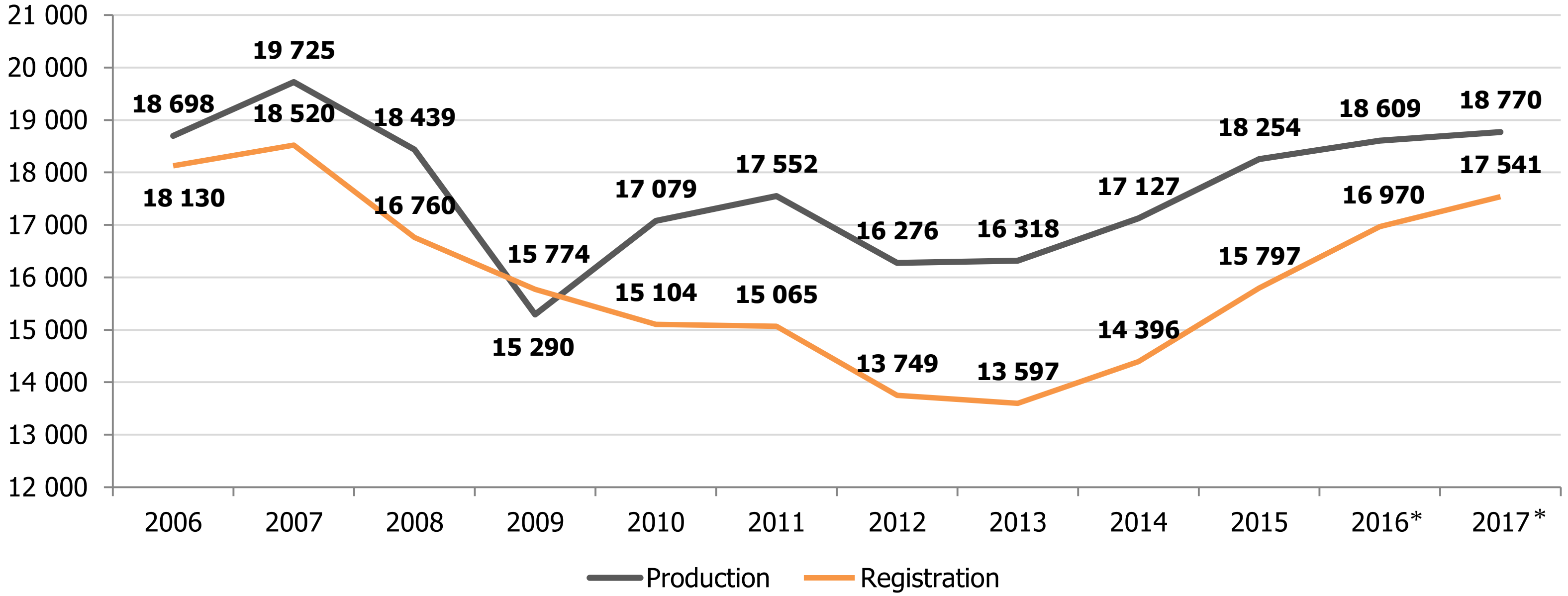
- **PLN 97,0 mn EBITDA** (16% decrease yoy) due to market margin decrease however the third highest ever financial results in Alumetal Group history

- **PLN 70,7 mn net profit** (21% decrease yoy) as a consequence of EBITDA level

- **PLN 131,7 mn net debt** (1,4x EBITDA'17) as a result of realized capex, net working capital increase in Alumetal Group Hungary and dividend payment

- **PLN 40,2 mn operating cash flow** due to increase in net working capital in Hungarian plant

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

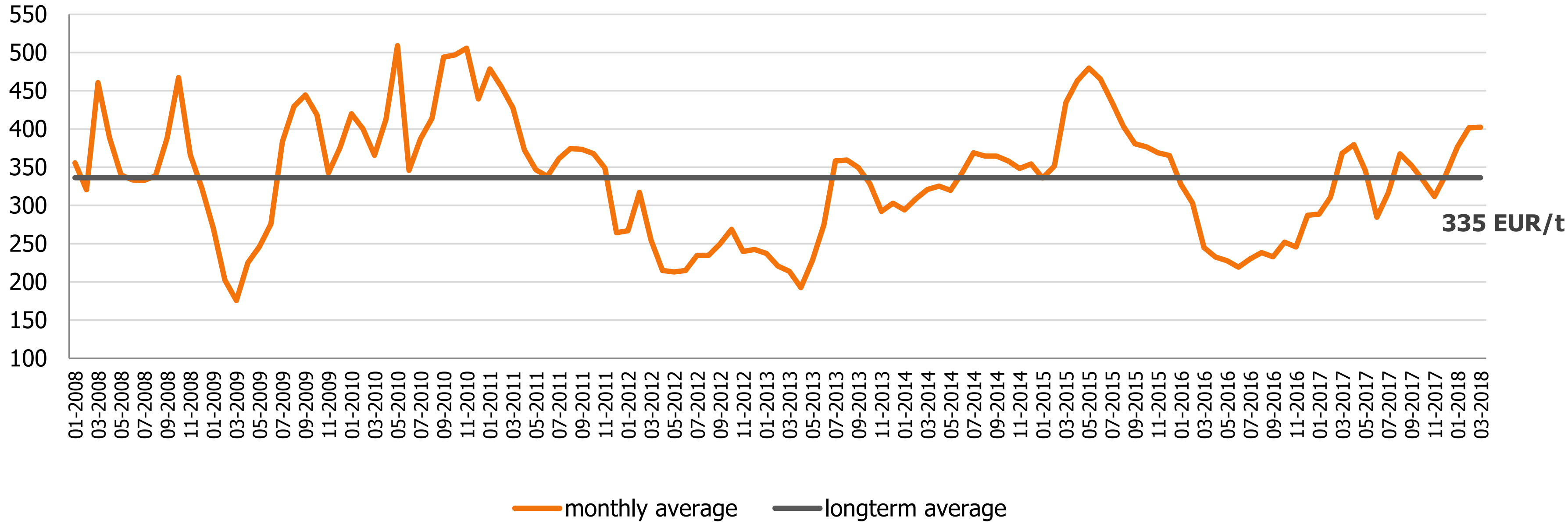


- In 2017 the MV production in the EU increased by 0,9% and the MV sales increased by 3,4% (3,4% in PC and 3,2% in CV)

- In 2017 the CEE5 share in the production of MV in the EU accounted for 20,2% and CEE5 + Germany share amounted to 51,3%. The automotive industry reallocation process to CEE5 is still ongoing (JLR's investment in Slovakia and Daimler's engine plant in Poland)

** Production - source: OICA, given quantities corrected by the lack of the number of CV produced in Germany (200 thou. units in 2016)*

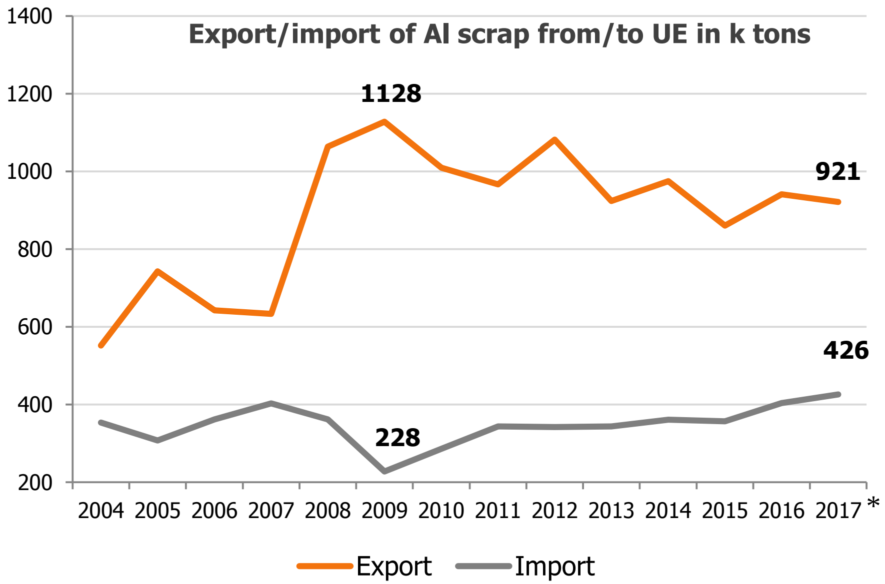
Metal Bulletin 226 alloy spread in EUR per ton

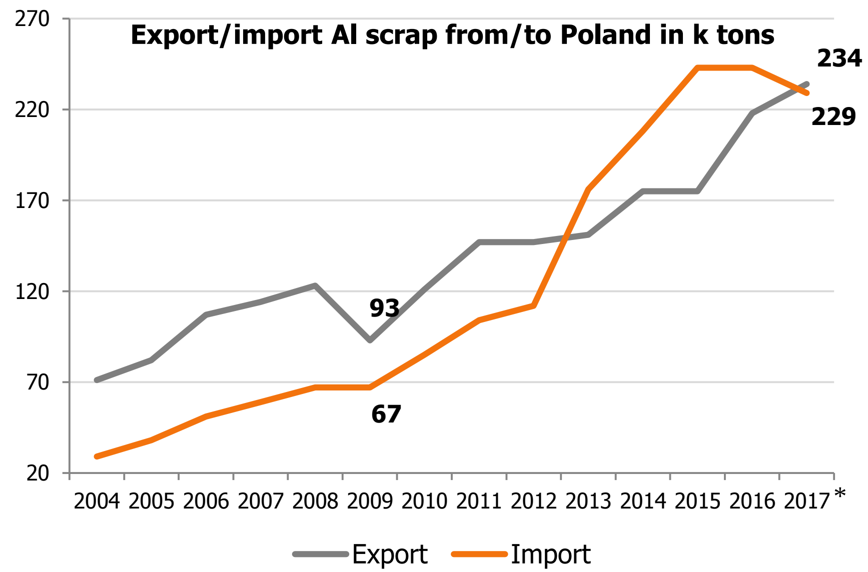


- In 2017 average margin amounted to 333 EUR/t. That was 31,5% higher than in 2016 and 0,5% lower than the ten-year average

- In 2017 the margin was characterized by high volatility (minimum value of 285 EUR/t, maximum value of 379 EUR/t). Large fluctuations in short periods of time did not allow to optimize the sales margin and had a negative impact on the financial results achieved

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





* 2017 data is for the period from Dec 2016 to Nov 2017

- Net export of aluminium scrap from the EU decreased from 537k tons in 2016 to 495k tons in 2017, which is decline by 7,8% (export decreased by 2,1% and import went up by 5,4%). Export to China and India felt down from 64% in 2016 to 59% in 2017

- In 2017 import of aluminium scrap to Poland decreased by 5,8% compared year 2016, while export increased by 7,3%. As a result Poland has become again a net exporter of scrap metal at 5k tons in 2017 year compared to net import in 2016 at the level of 25k tons

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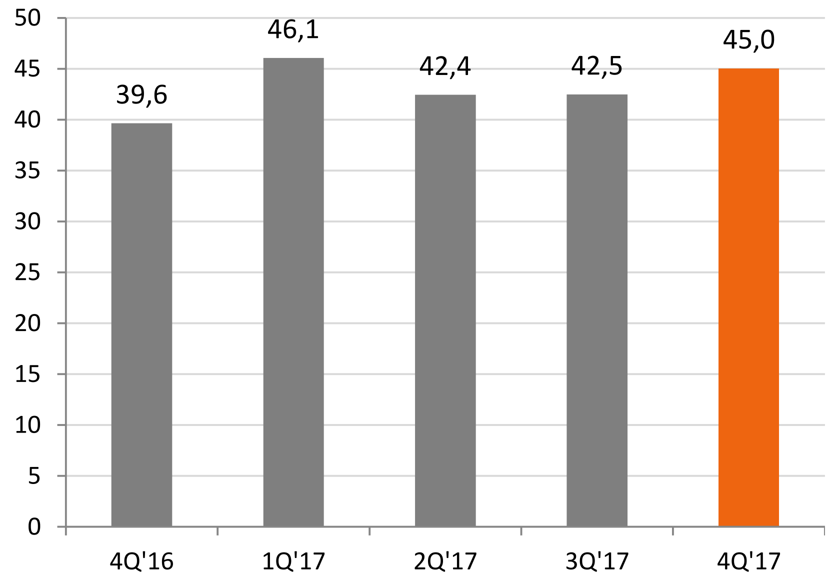
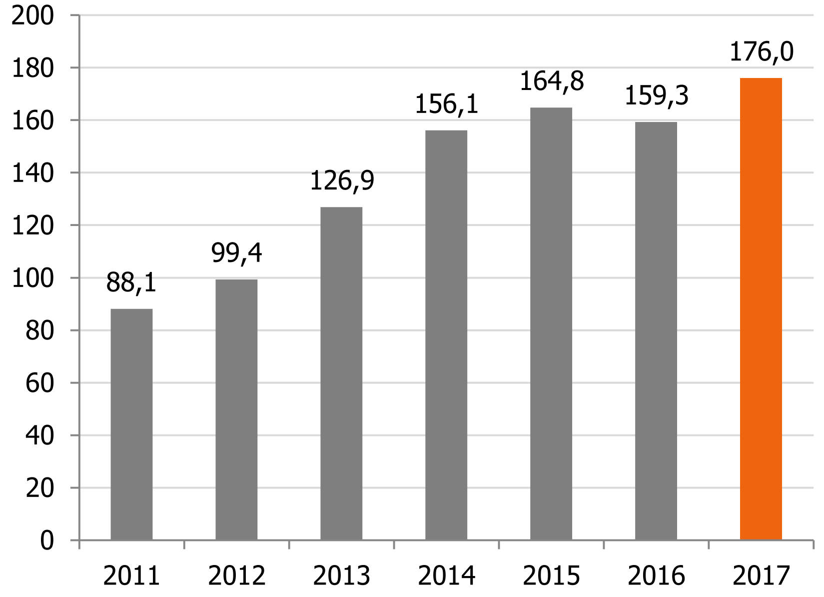
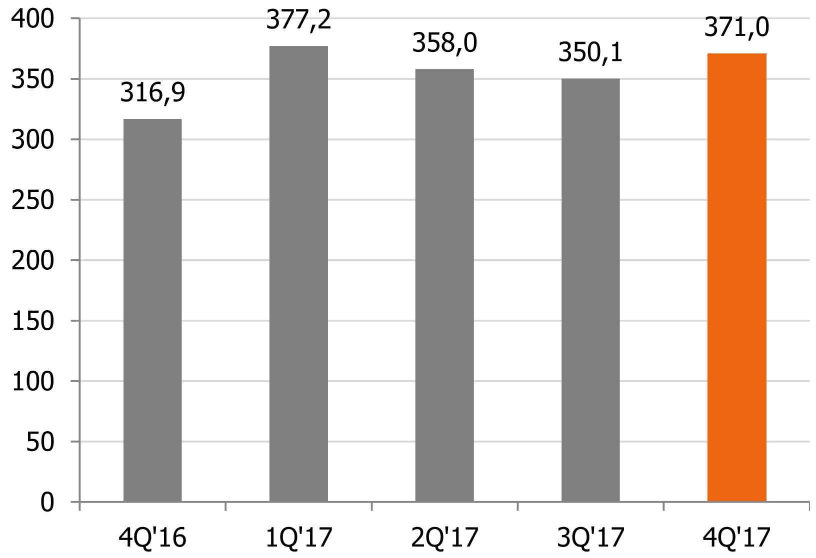
Sales volume in thou. tons

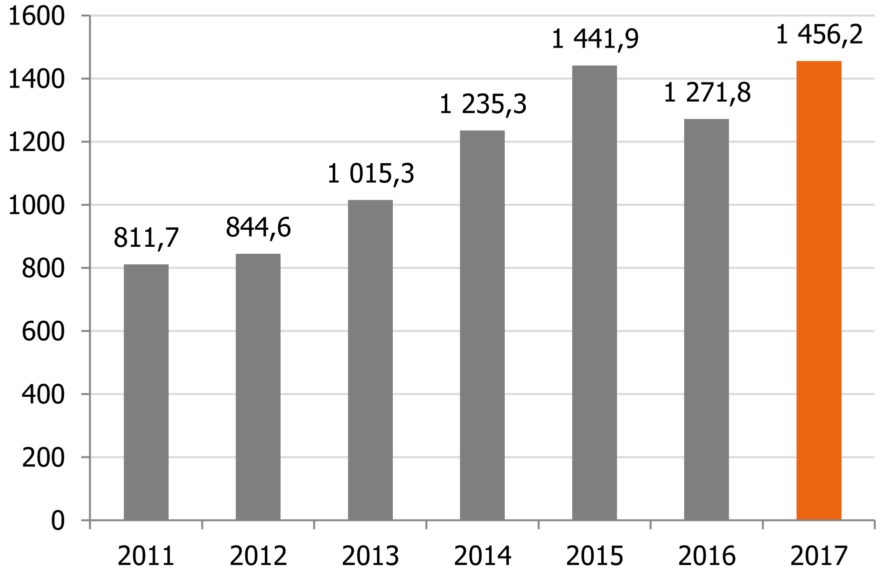




- In 4Q 2017 sales volume increased by 14% yoy to 45k tons
- In 2017 sales volume increased by 10% yoy to 176k tons

Sales revenue in mn PLN





- In 4Q 2017 sales revenue increased by 17% yoy to PLN 371 mn
- In 2017 sales revenue increased by 14% yoy to PLN 1 456 mn

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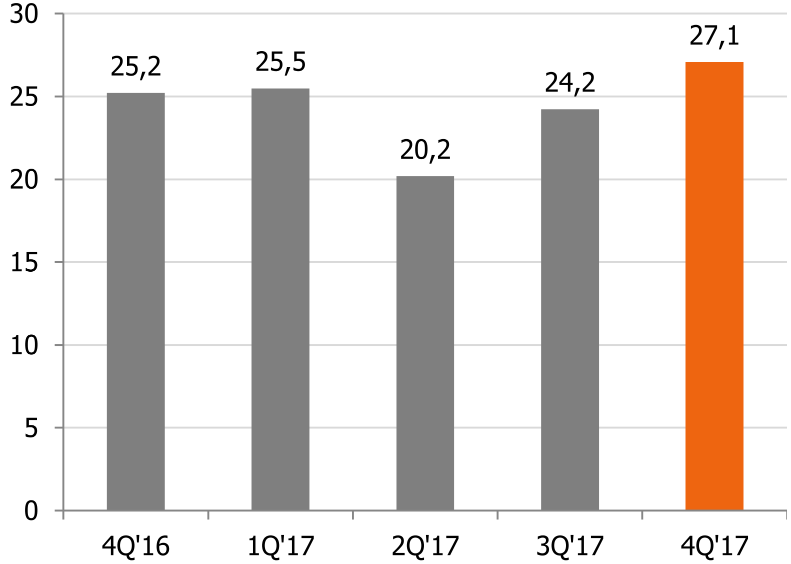
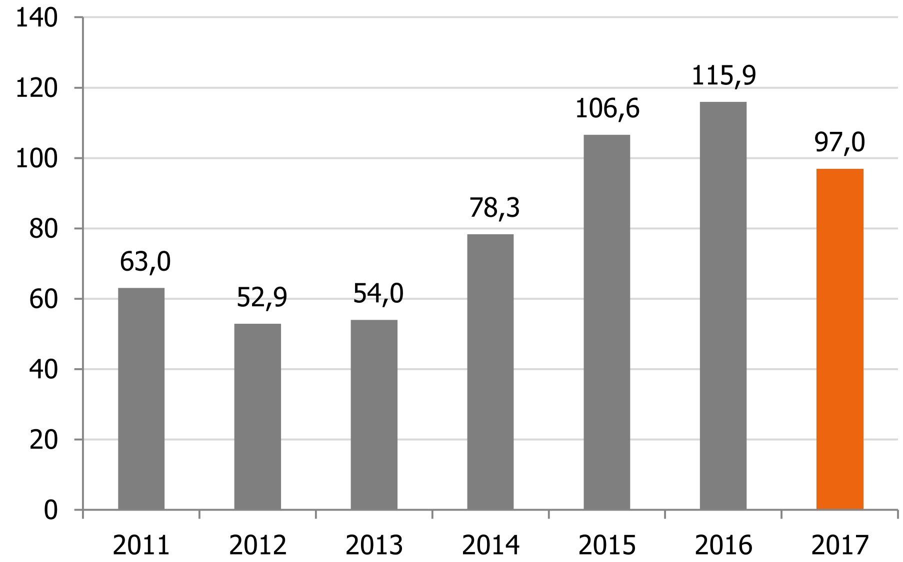
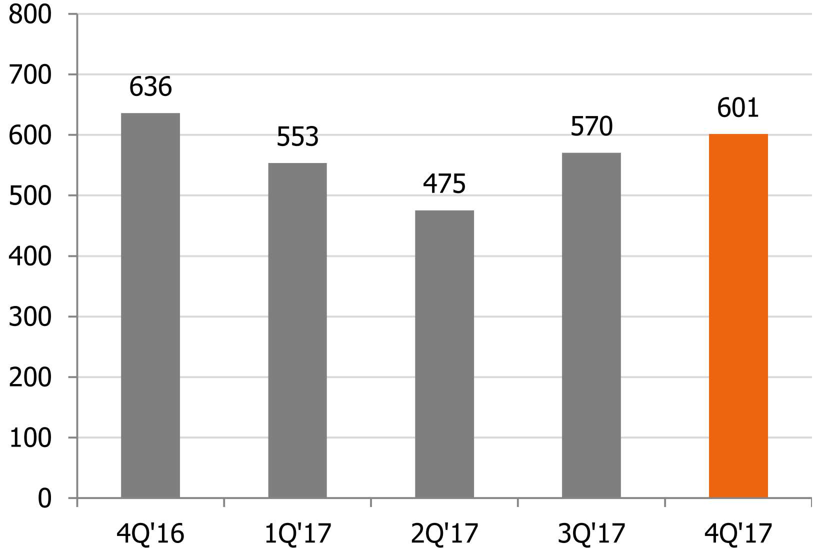
EBITDA in mn PLN

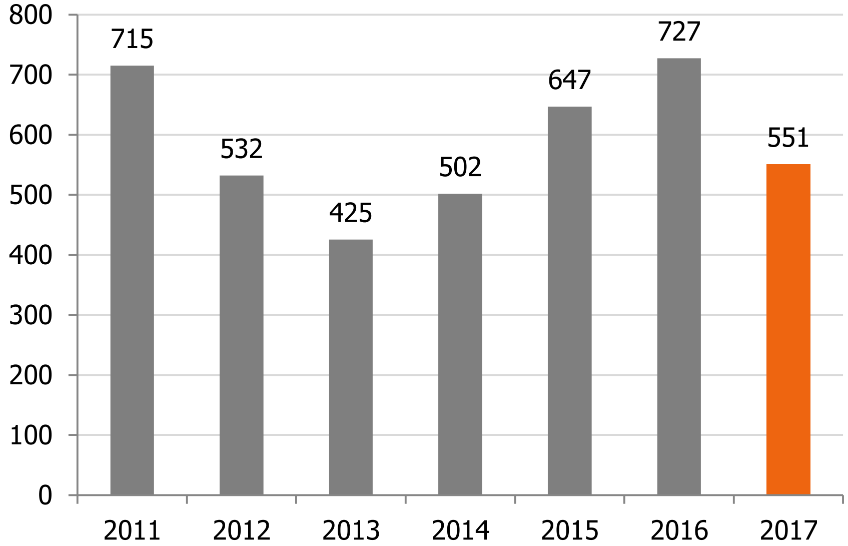




- In 4Q 2017 EBITDA increased by 7% yoy to PLN 27,1 mn
- In 2017 EBITDA decreased by 16% yoy to PLN 97,0 mn

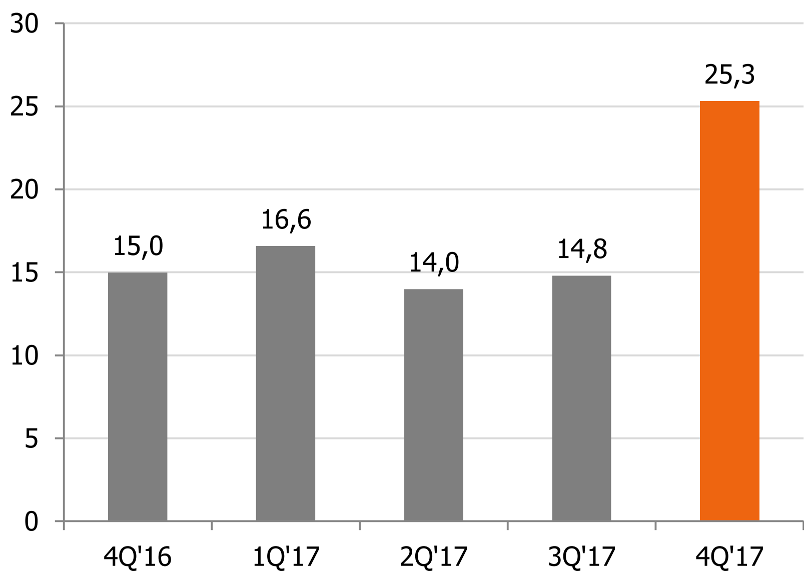
EBITDA per ton in PLN

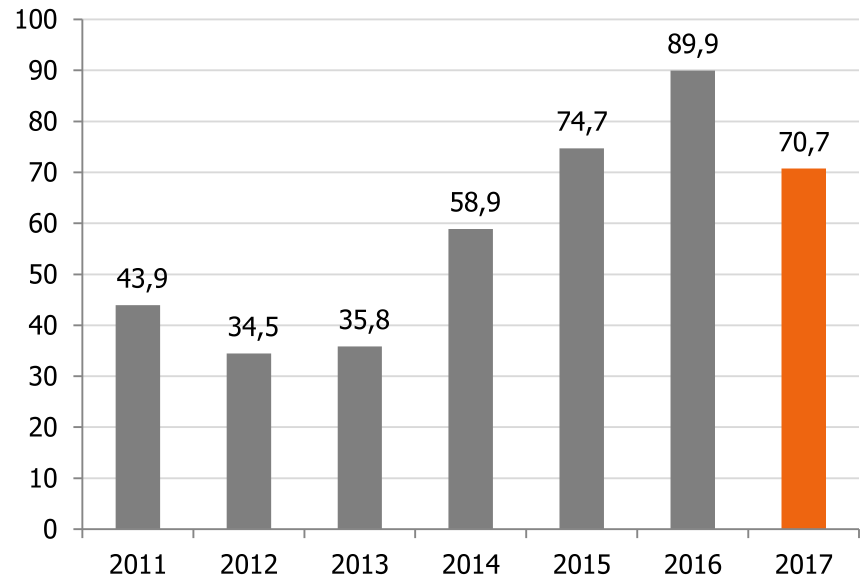




- In 4Q 2017 EBITDA per ton decreased by 5% yoy to 601 PLN/t
- In 2017 EBITDA per ton decreased by 24% yoy to 551 PLN/t

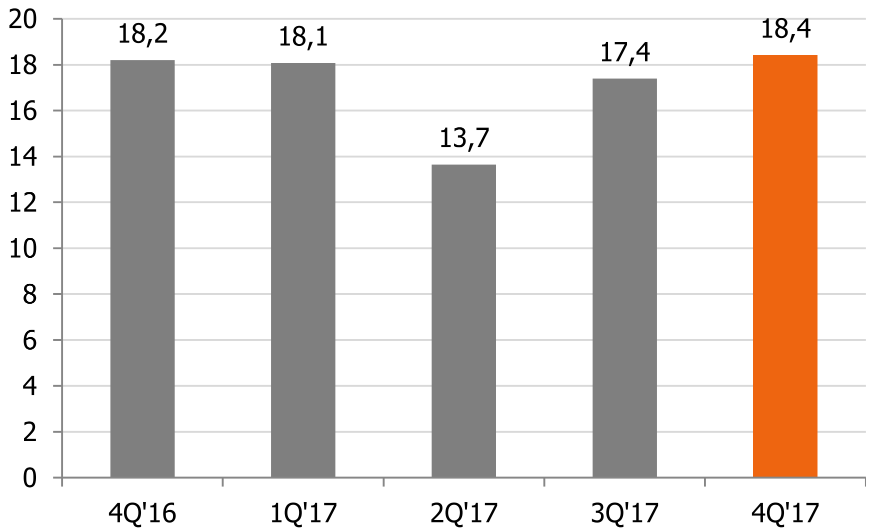
Net profit in mn PLN

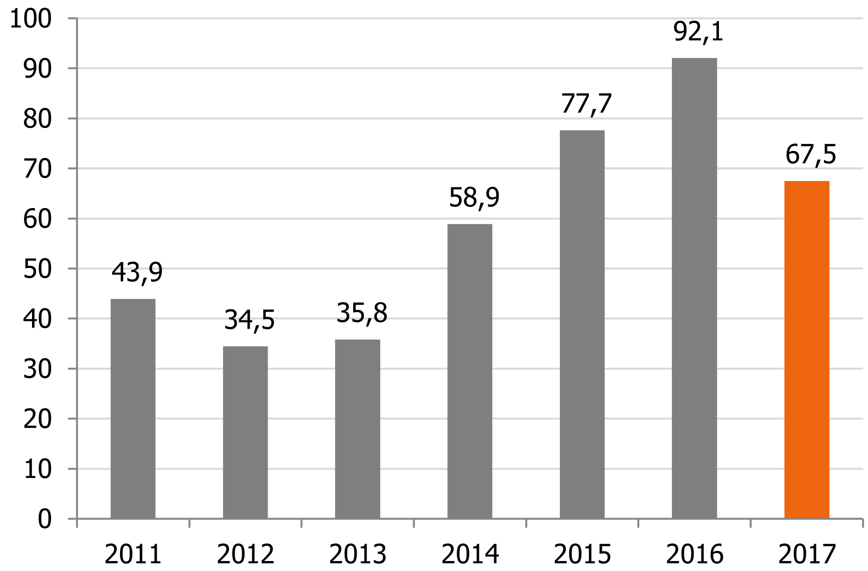




- In 4Q 2017 net profit increased by 69% yoy to PLN 25,3 mn
- In 2017 net profit decreased by 21% yoy to PLN 70,7 mn

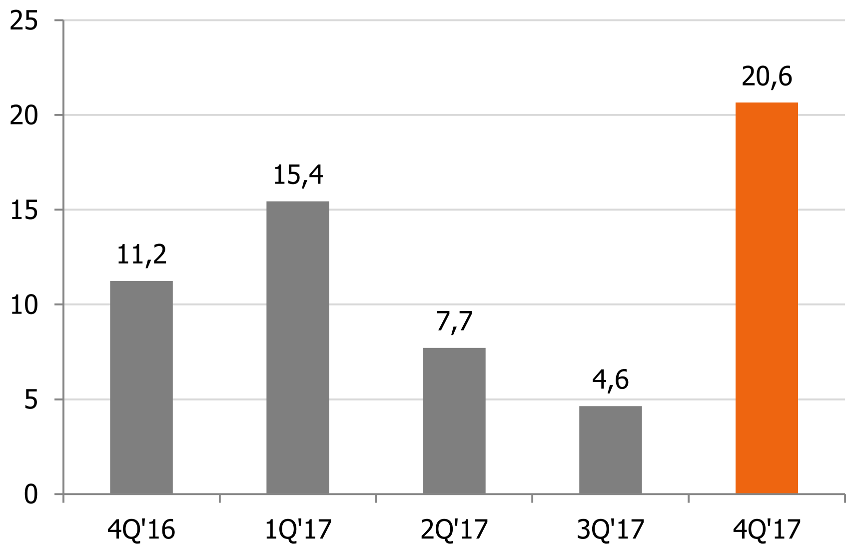
Normalized net profit in mn PLN

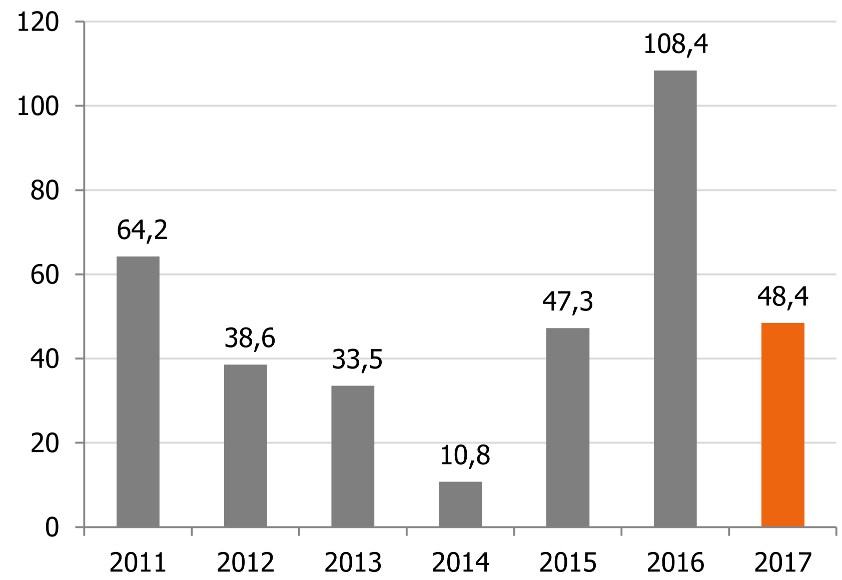




- In 4Q 2017 normalized net profit increased by 1% yoy to PLN 18,4 mn
- In 2017 normalized net profit decreased by 27% yoy to PLN 67,5 mn

Capex in mn PLN

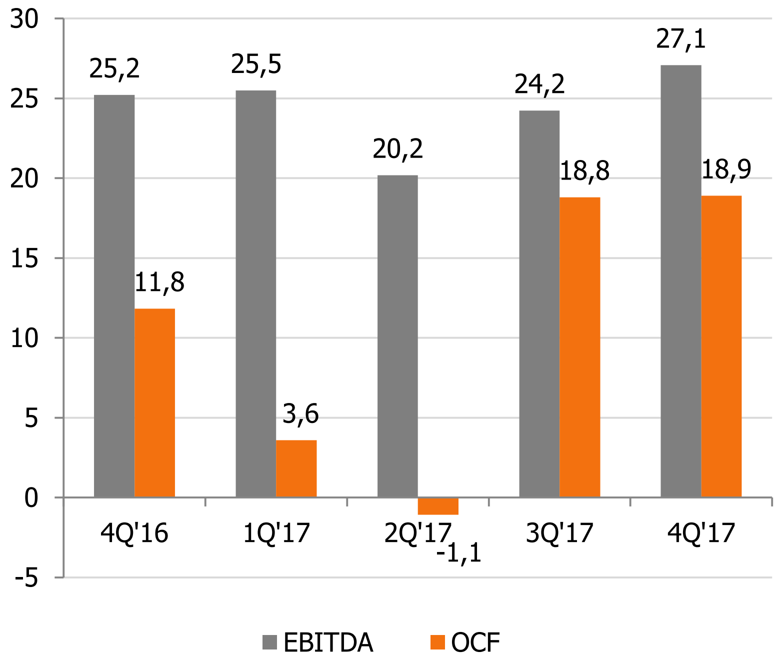


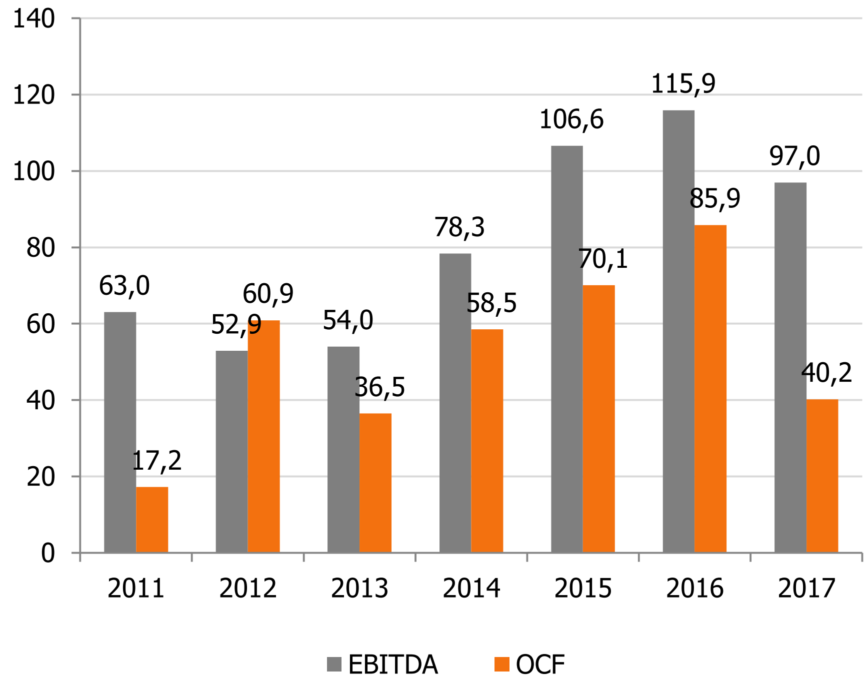


In 2017 capex decreased by 55% yoy to PLN 48,4 mn of which:

- PLN 8,3 mn maintenance capex
- PLN 2,3 mn metal management
- PLN 37,8 mn product mix/capacity increase (Hungary + MA expansion)

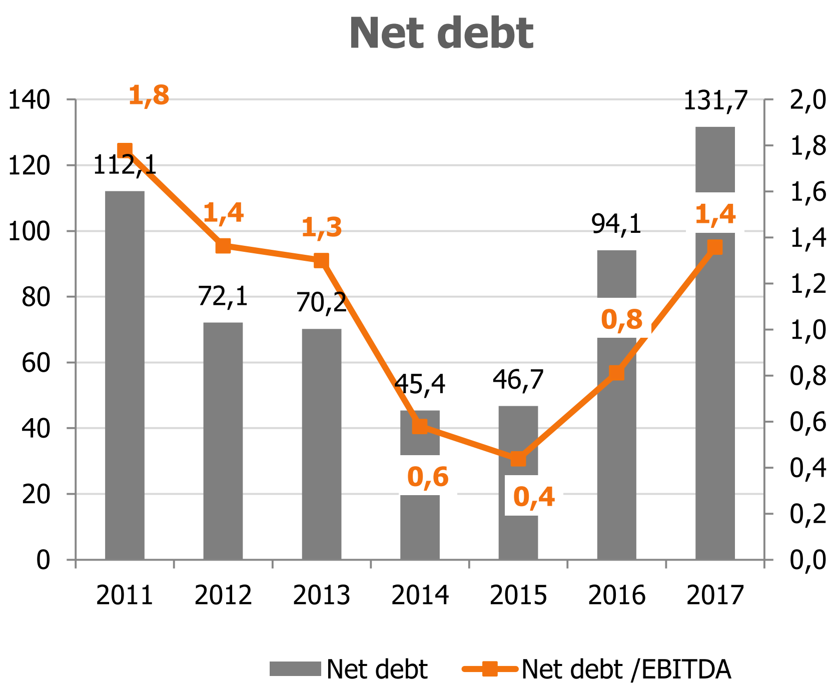
EBITDA vs OCF in mn PLN

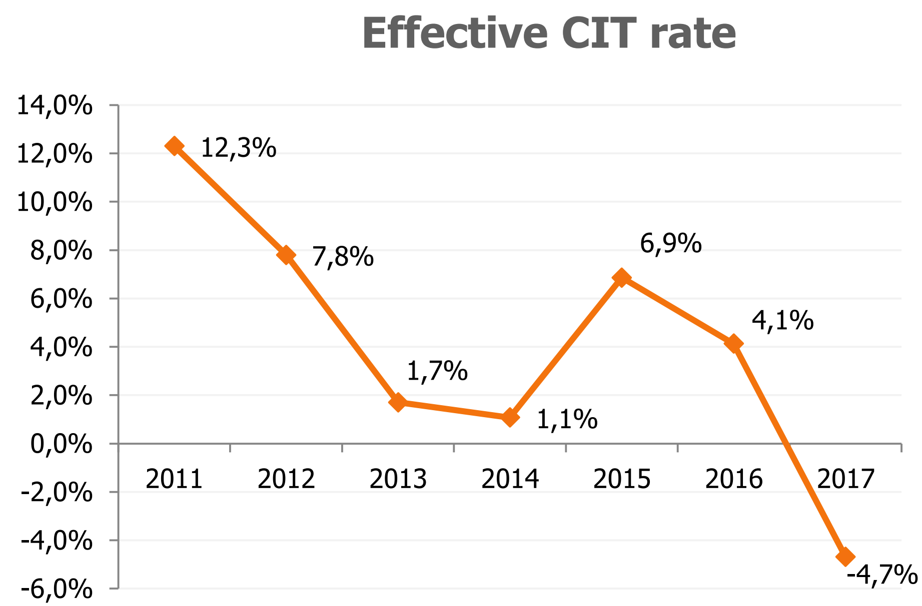




- In 4Q 2017 OCF amounted to PLN 18,9 mn PLN vs PLN 27,1 mn of EBITDA
- In 2017 OCF amounted to PLN 40,2 mn vs PLN 97,0 mn of EBITDA

Net debt and effective CIT rate





- At the end of 2017 net debt amounted to PLN 131,7 mn and Net debt/EBITDA ratio increased from the level of 0,8x at the end of 2016 to 1,4x at the end of 2017
- Effective CIT ratio was -4,7% in 2017 against 4,1% in 2016

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Hungarian project status

- In 2017 Alumetal Group Hungary Kft. received PLN 7,5 mn cash grant. From the beginning of the project PLN 20,1 mn in total (last payment 20 March 2018 in the amount of PLN 1,6 mn)

- In 2017 capex amounted to PLN 12,6 mn. Cumulative capex from the beginning of the investment till the end of 2017 amounted to PLN 133 mn

- At the end of December 2017 employment level was at 131 employees. The recruitment process is ongoing

- Currently the operational and technological efficiency of the entire plant is optimized

- In January 2018 an annex to the cash grant agreement was signed with the Hungarian Ministry of Foreign Affairs accepting changes (deadline for completion of the investment, the level of employment and the collateral of the contract)

Master alloys expansion project update

- Formal issues concerning the obtaining of relevant permits in final stage
- 65% advancement of the construction and 35% advancement of the equipment assembling
- In 2017 capex amounted to PLN 20,6 mn. Cumulative capex from the beginning of the investment till the end of 2017 amounted to PLN 29,0 mn
- The project is on schedule (production begins in 1H 2018) and within the revised budget (increase by 8% to PLN 63,2 mn due to wider scope of investment, construction’s materials and services prices increase)

Management Board proposal of the net profit distribution

- PLN 67,5 mn of consolidated normalized net profit

- Management Board profit distribution proposal:
  - PLN 45,2 mn dividend for shareholders
  - PLN 21,875 mn for supplementary capital
  - PLN 0,425 mn for employees' social fund

- PLN 2,92 dividend per share (PLN 2,92 year ago) – dividend yield at 5,4%

- Planned dividend record date on 7 June 2018 and planned dividend payment date 29 August 2018

* dated on 6 April 2018

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FY 2017 summary

- Good financial results with high market volatility in terms of margins. The third highest ever EBIDTA and net profit
- Strong balance sheet, solid operating cash flow and lower investment expenses allow to one-time pay of dividend of 67% of the consolidated normalized net profit
- The Hungarian project continues the process of operational and technological optimization of the entire plant. Master alloys expansion project according to plan
- In 2018 the good situation in the automotive industry and the level of margins above the long-term average are assumed
- In 2018 the Management Board will endeavor to improve financial results by using production capacities in order to realize the first tranche of the managerial options program for 2018-2020