



Alumetal Group

2018 financial results

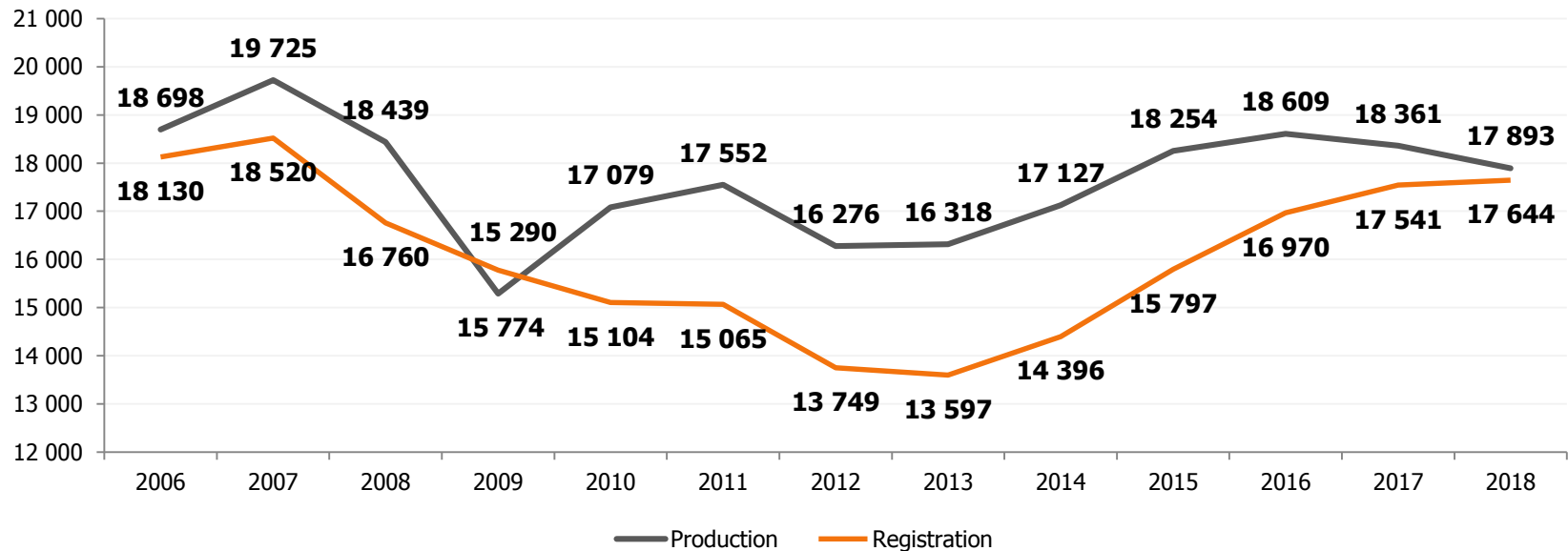
22 March 2019



FY 2018 at glance

- ✦ **197,7 k tons sales volume** (12% increase yoy), the highest sales volume in the Alumetal's Group history
- ✦ **PLN 121,4 mn EBITDA** (25% increase yoy) due to sales volume increase and EBITDA/t improvement – the best result in the Company's history
- ✦ **PLN 90,4 mn normalized consolidated net profit** (34% increase yoy), the second highest result in the history
- ✦ **PLN 114,6 mn net debt** (0,9 x EBITDA'18), very good level of net debt/EBITDA ratio as a result of EBITDA profit despite net working capital increase, capex and dividend payment
- ✦ **PLN 96,0 mn operating cash flow**, solid cash flow due to financial results and moderate growth of net working capital

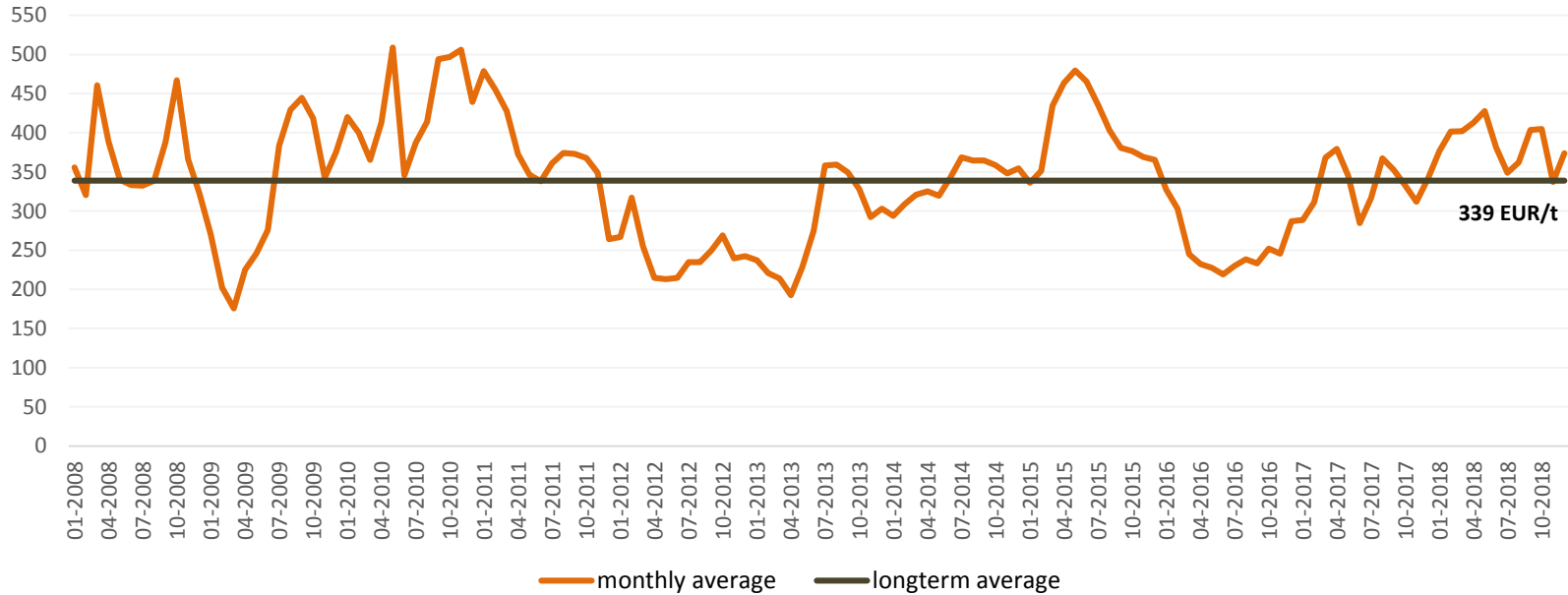
Motor vehicle production and sales in the EU in thou. units



Źródło: ACEA i OICA

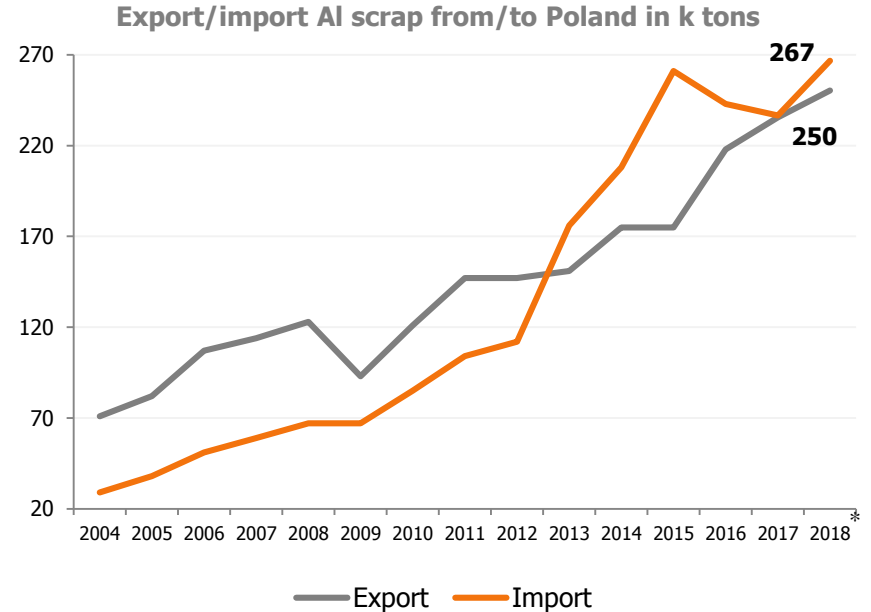
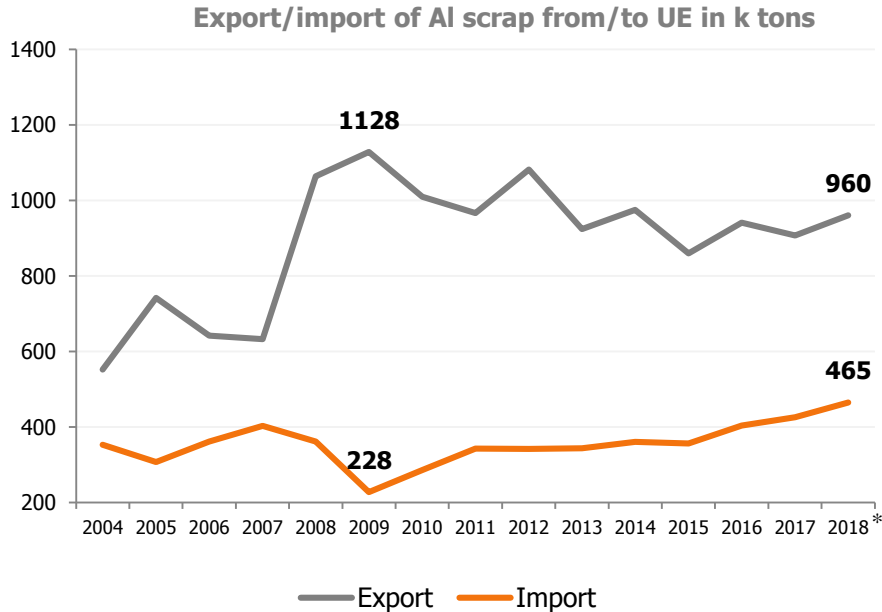
- ⊕ In 2018 the MV production in the EU decreased by 2,5%, while sales increased by 0,6% (0,1% increase in PC and 3,4% increase in CV)
- ⊕ In 2018 the CEE5 share in the production of MV in the EU accounted for 22,4% vs 20,8% in 2017. CEE5 + Germany share in the MV production amounted to 51,0% in 2018 vs. 50,5% in 2017 (Germany decreased to 28,6% in 2018 from 30,7% in 2017)

Metal Bulletin 226 alloy spread in EUR per ton



- ✦ In 2018 average margin amounted to 386 EUR/t. That was 16% higher than in 2017 and 14% higher than the eleven-year average (339 EUR/t)
- ✦ In 2018, similarly to the previous year, considerable margin volatility in short periods (maximum value of 428 EUR/t in May, minimum value of 337 EUR/t in November) - large fluctuations did not facilitate optimization of sales profitability

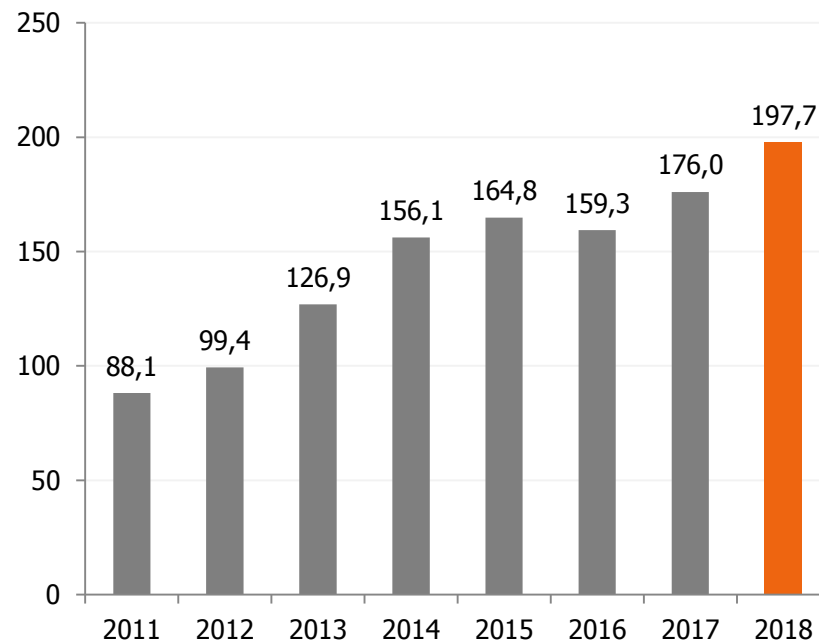
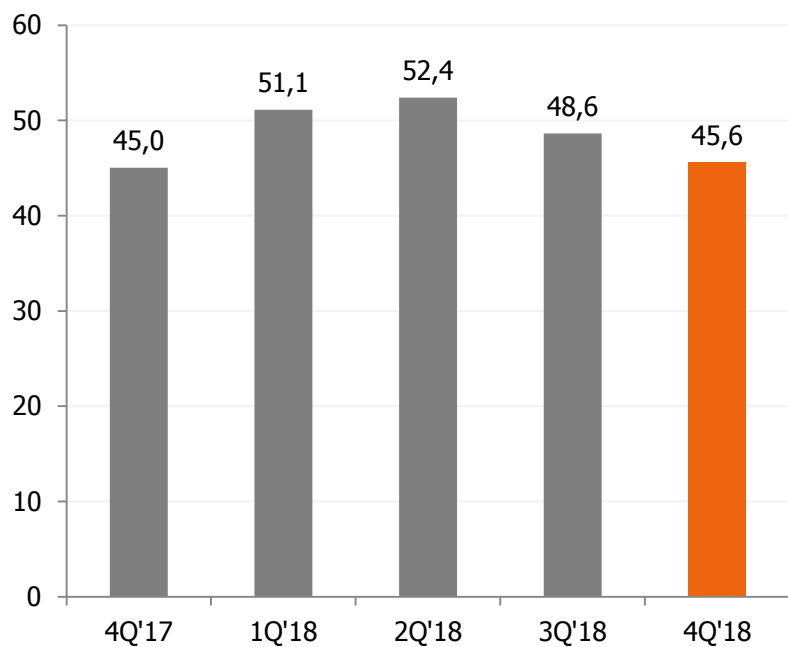
Export/import of aluminium scrap from/to the EU and Poland



* 2018 data is from Dec 2017 till Nov 2018

- ⊕ Net export of aluminium scrap from the EU increased from 481k tons in 2017 to 495k tons in 2018, which is 2,9% growth (export grew by 5,8% and import went up by 9,1%). Export to China and India decreased from 58% in 2017 to 54% in 2018
- ⊕ In 2018 import of aluminium scrap to Poland increased by 12,8% while export went up by 6,3%. Net import amounted to 17k tons in 2018 in comparison 1k tons in 2017

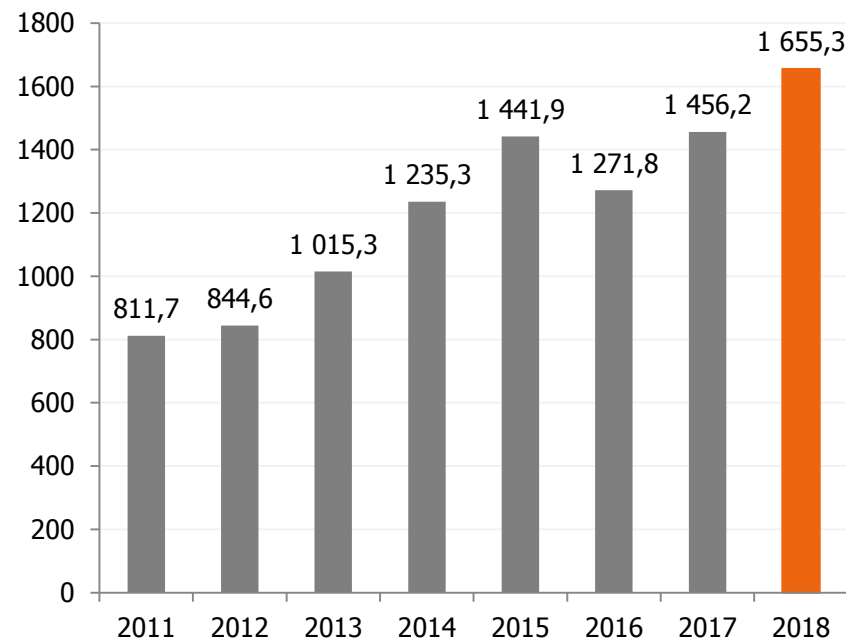
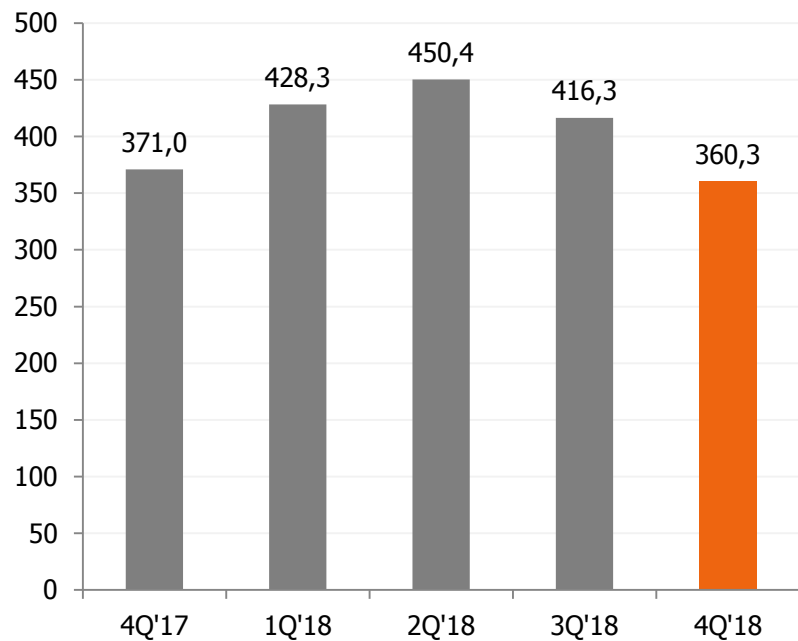
Sales volume in thou. tons



⊕ In 4Q 2018 sales volume increased by 1% yoy to 45,6k tons

⊕ In 2018 sales volume increased by 12% yoy to 197,7k tons

Sales revenue in mn PLN

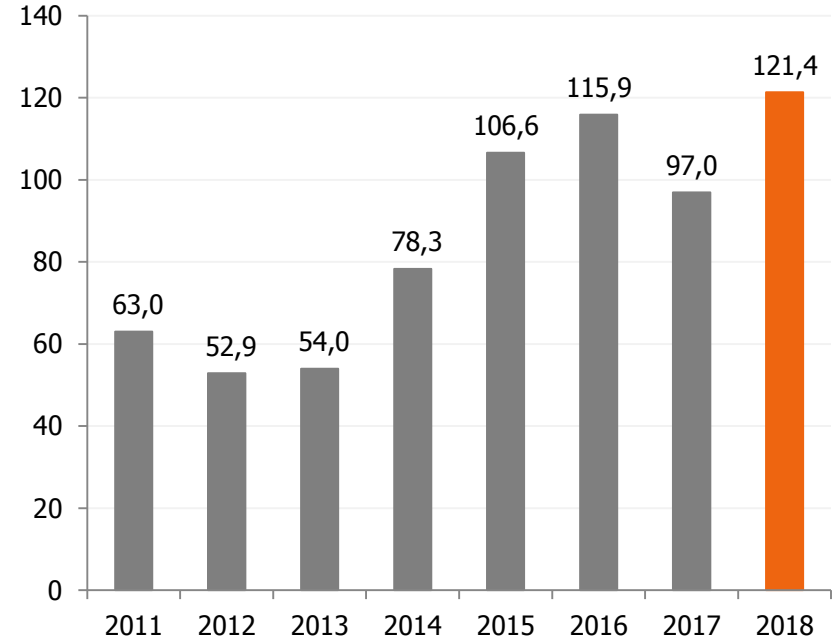
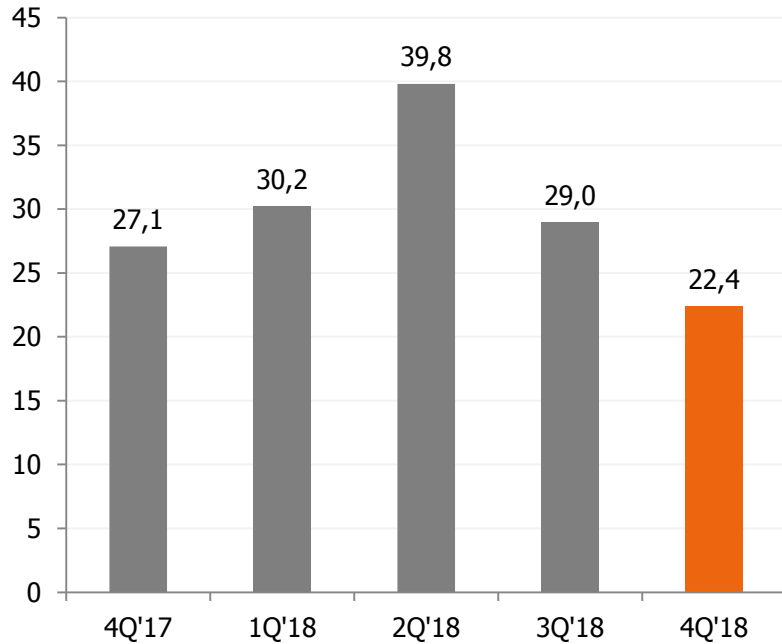


⊕ In 4Q 2018 sales revenue decreased by 3% yoy to PLN 360 mn

⊕ In 2018 sales revenue increased by 14% yoy to PLN 1 655 mn



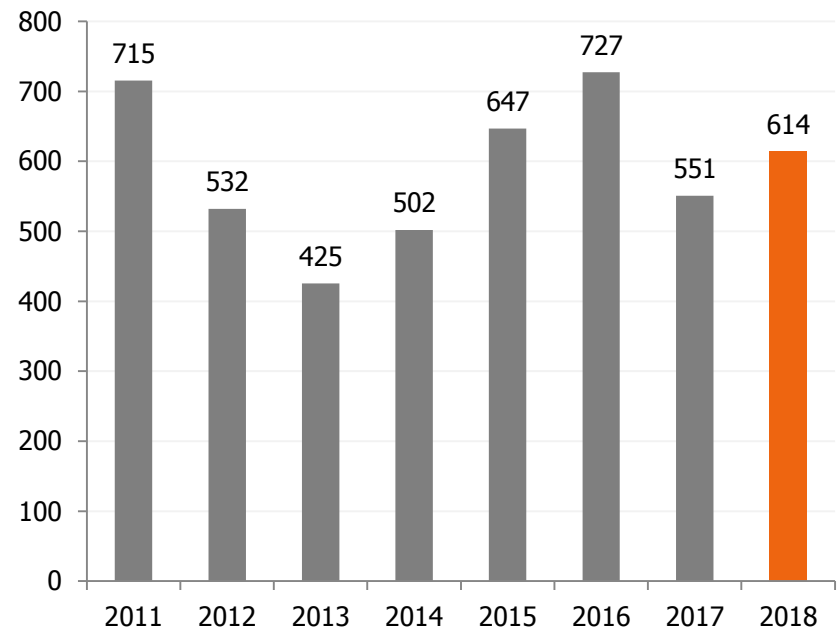
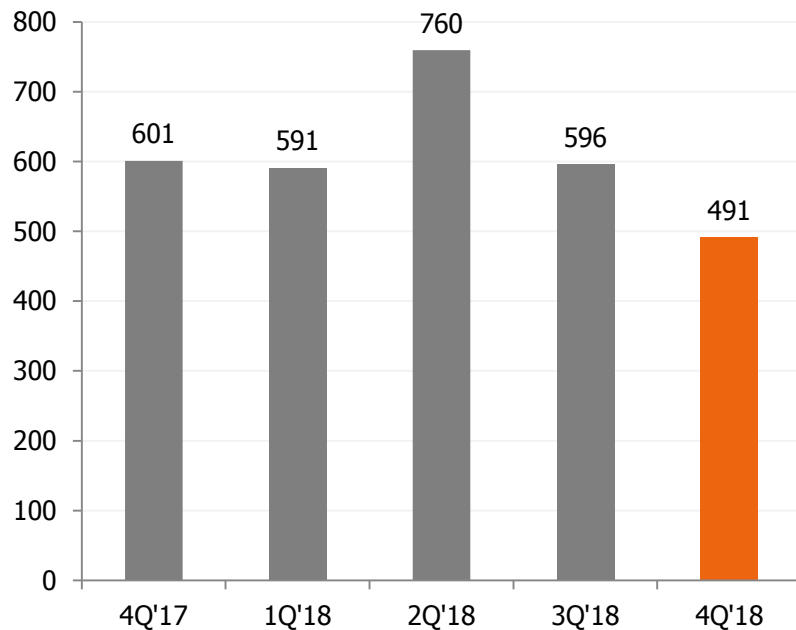
EBITDA in mn PLN



⊕ In 4Q 2018 EBITDA decreased by 17% yoy to PLN 22,4 mn

⊕ In 2018 EBITDA increased by 25% yoy to PLN 121,4 mn

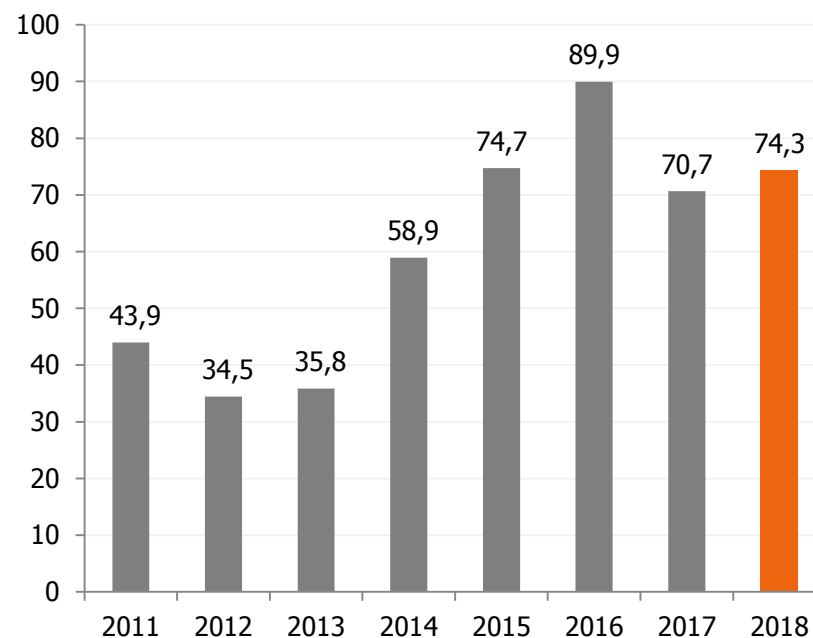
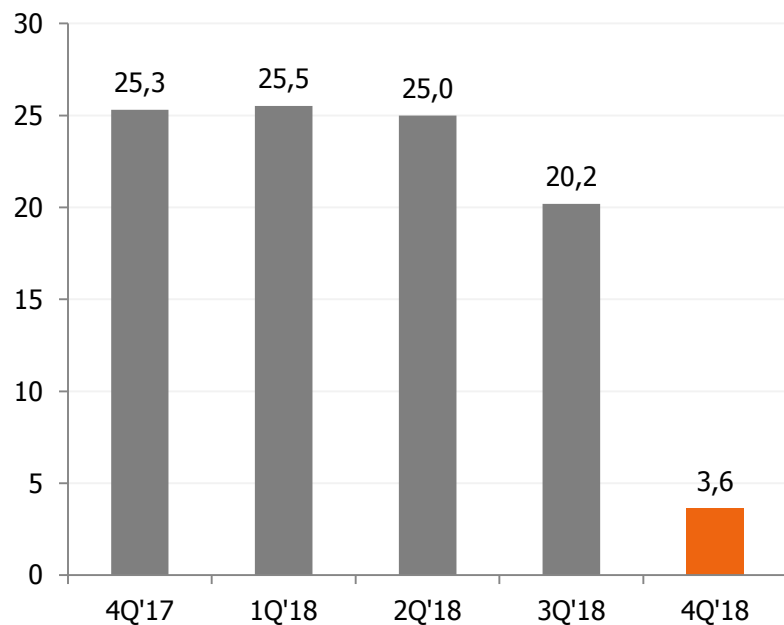
EBITDA per ton in PLN



✦ In 4Q 2018 EBITDA per ton decreased by 18% yoy to 491 PLN/t

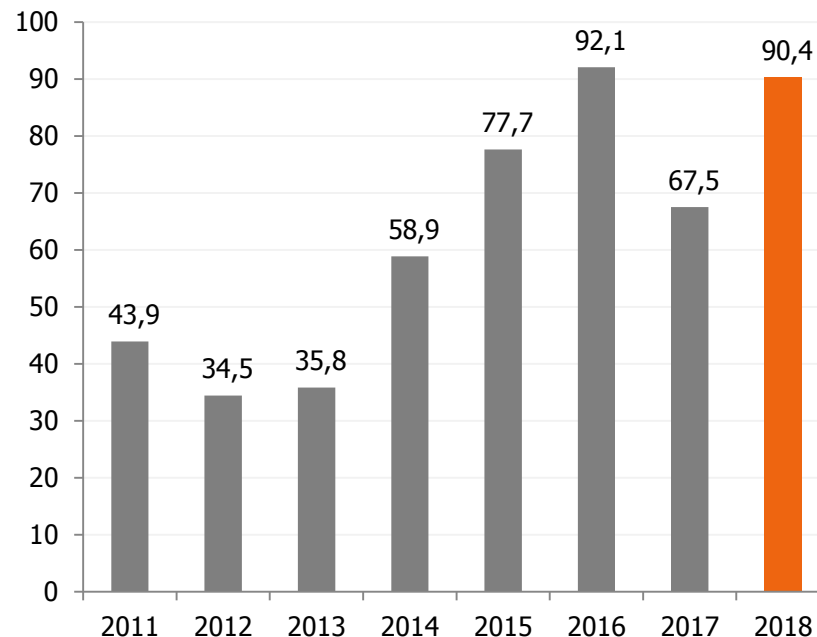
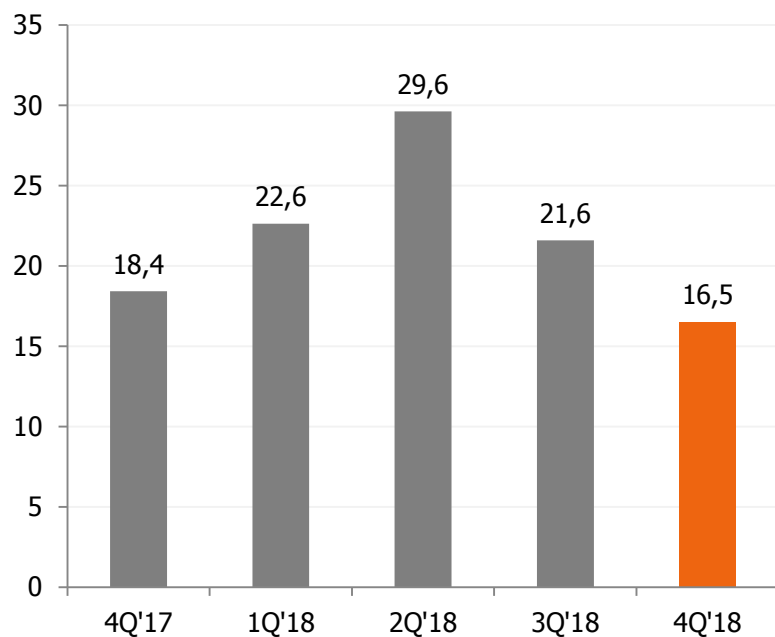
✦ In 2018 EBITDA per ton increased by 11% yoy to 614 PLN/t

Net profit in mn PLN



- ⊕ In 4Q 2018 net profit decreased by 86% yoy to PLN 3,6 mn (write-down the CIT exemption asset in Alumetal Group Hungary Kft. in the amount of PLN 12,5 mn)
- ⊕ In 2018 net profit increased by 5% yoy to PLN 74,3 mn

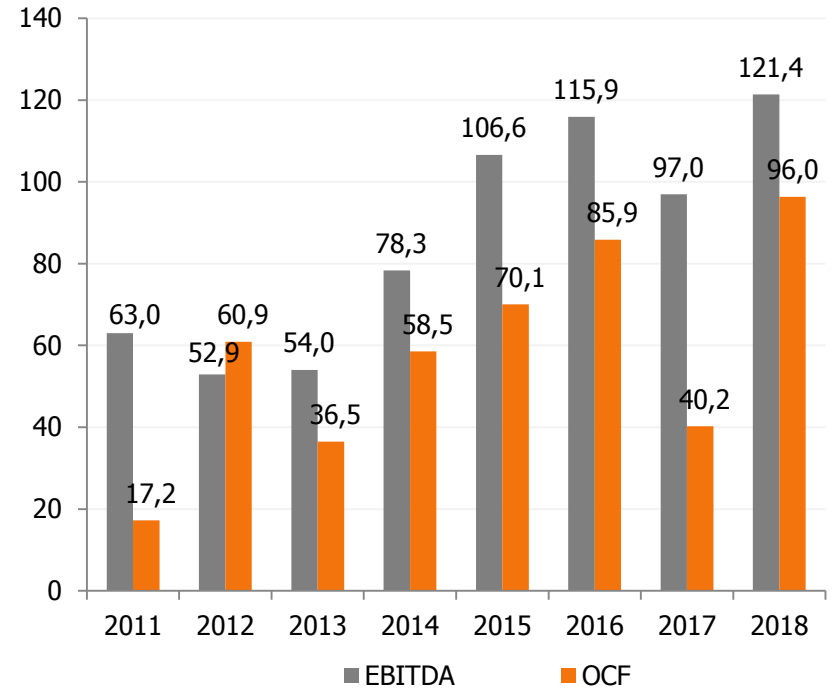
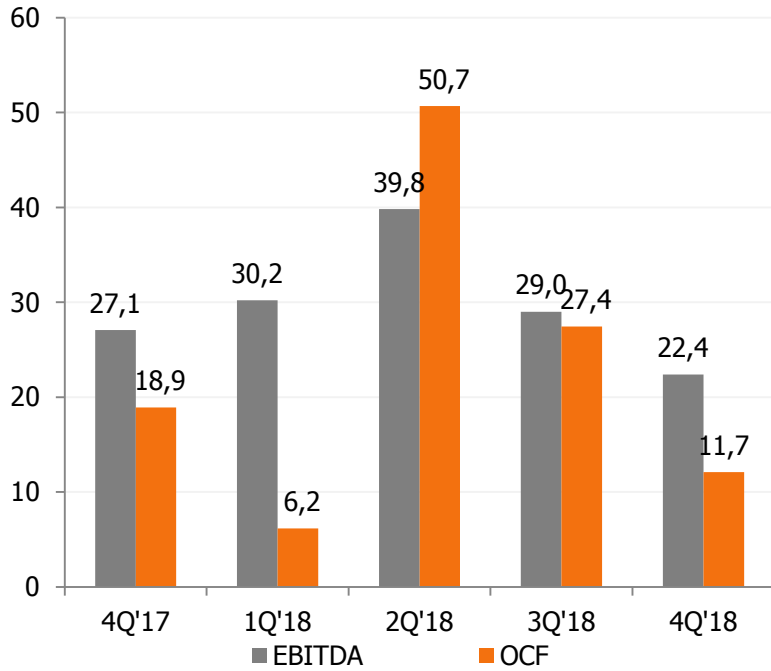
Normalized net profit in mn PLN



⊕ In 4Q 2018 normalized net profit decreased by 10% yoy to PLN 16,5 mn

⊕ In 2018 normalized net profit increased by 34% yoy to PLN 90,4 mn

EBITDA vs OCF in mn PLN

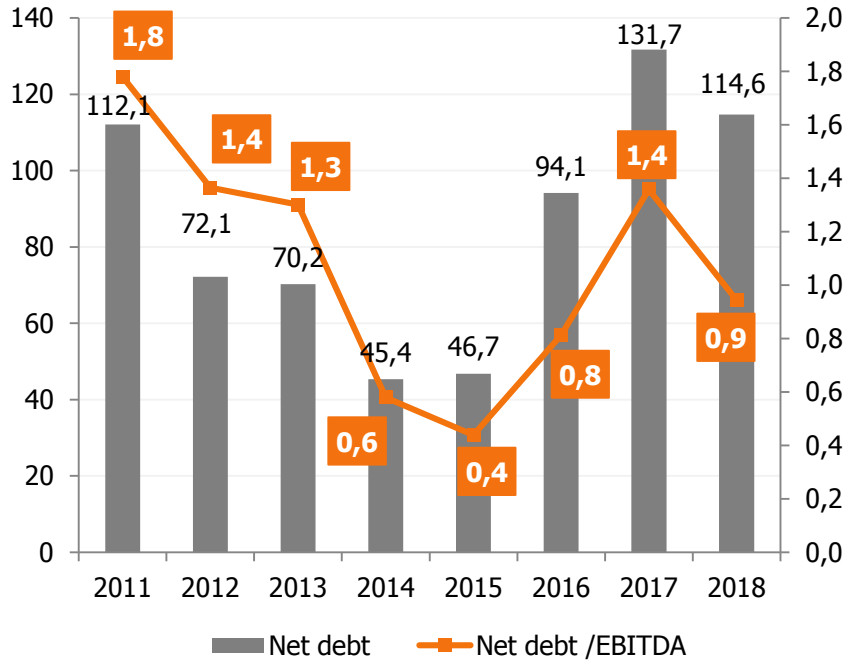


⊕ In 4Q 2018 OCF amounted to PLN 11,7 mn vs PLN 22,4 mn of EBITDA

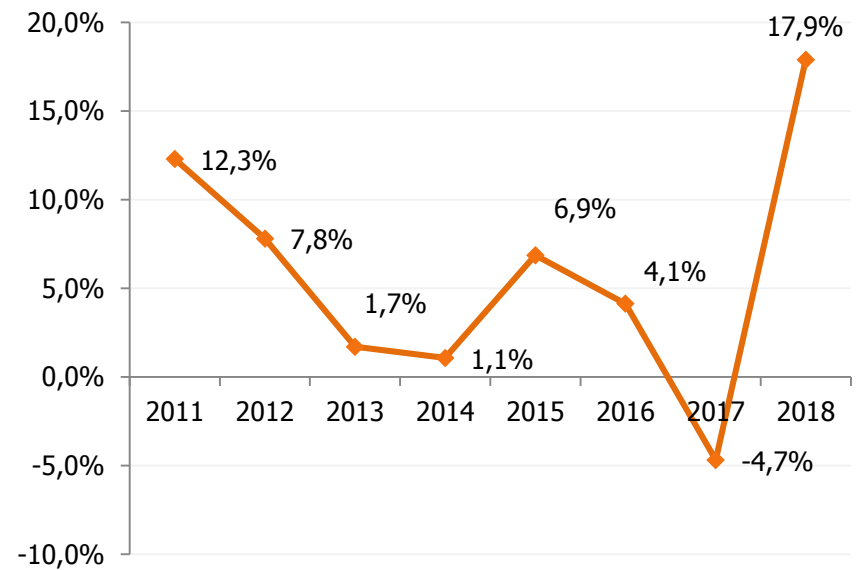
⊕ In 2018 OCF amounted to PLN 96,0 mn vs PLN 121,4 mn of EBITDA

Net debt and effective CIT rate

Net debt

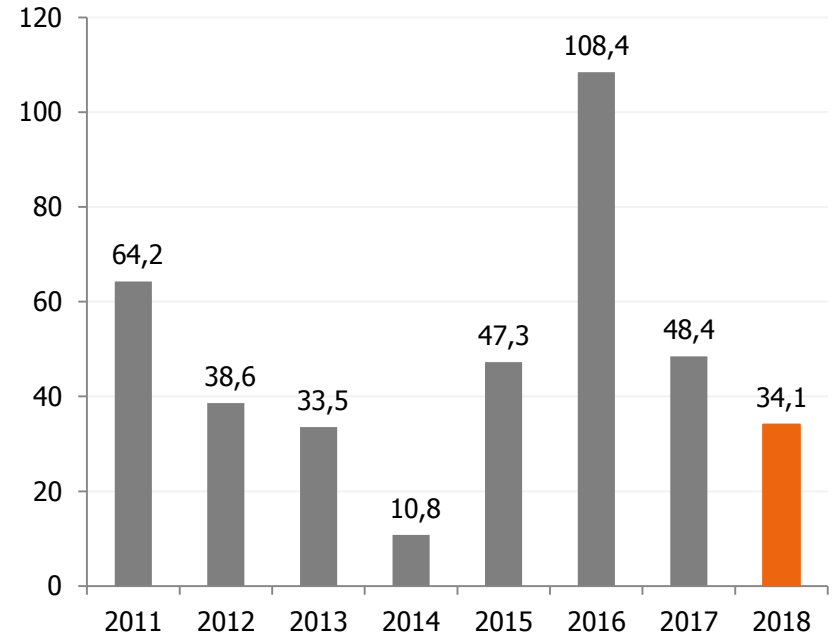
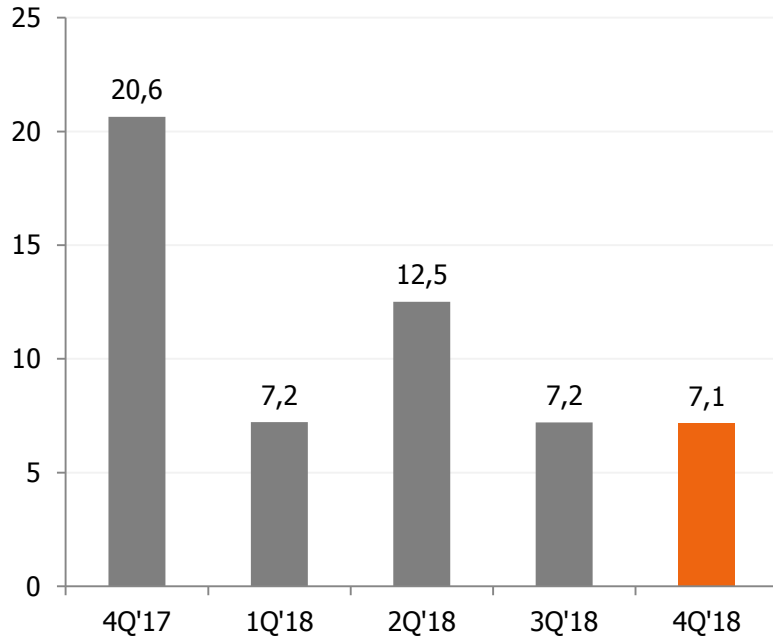


Effective CIT rate



- ⊕ At the end of 2018 net debt amounted to PLN 114,6 mn and Net debt/EBITDA ratio decreased from the level of 1,4x at the end of 2017 to 0,9x at the end of 2018
- ⊕ Effective CIT rate was 17,9% in 2018 against -4,7% in 2017 (without revaluation of CIT asset in Alumetal Group Hungary the effective tax rate would amount to -2.1% in 2018)

Capex in mn PLN



⊕ In 2018 capex decreased by 30% yoy to PLN 34,1 mn of which:

- PLN 4,9 mn maintenance capex
- PLN 29,2 mn product mix/capacity increase

Kęty plant modernization

- ⊕ July 2018 – decision on modernization of the Kęty plant with planned capex at the level of PLN 55,6 mn and deadline in 2020
- ⊕ The purpose of modernization is to significantly improve the production and cost efficiency of the plant
- ⊕ September 2018 – starting work on the concept of modernization – assumptions and scope of construction works and selection of machines and equipment
- ⊕ In 2018 capex amounted to PLN 233,6k
- ⊕ 1Q 2019 – ending the ordering process of the main equipment
- ⊕ The realization of the investment should not disturb the ongoing production processes and affect the planned volume of deliveries to customers

Management Board proposal of the net profit distribution

- ⊕ PLN 90,4 mn PLN of normalized consolidated net profit

- ⊕ Management Board profit distribution proposal:
 - PLN 63,2 mn dividend for shareholders
 - PLN 26,6 mn for supplementary capital
 - PLN 0,57 mn for employees' social fund

- ⊕ PLN 4,08 dividend per share (PLN 2,92 year ago) – dividend yield at 9,0 % (share price from 20 March 2019)

- ⊕ Planned dividend record date on 7 June 2019 and planned dividend payment date on 27 June 2019

FY 2018 summary

- ✦ In 2018 achieving the highest in the history sales volume and EBITDA despite high volatility of market margins and lower than expected demand in 4Q 2019
- ✦ 2018 financial results allow to exercise the first tranche of the management option as EBITDA and normalized consolidated net profit parameters we achieved, the third parameter – market price performance was not achieved
- ✦ Realization of the modified dividend policy and payment of 70% of the normalized consolidated net profit which means PLN 4,08 dividend per share
- ✦ Significant improvement of operating results of the Hungarian plant. Completion of the expansion in master alloys in Gorzyce plant. Beginning of Kęty plant modernization
- ✦ In 2019, the Management Board will strive to maintain good financial results despite slowdown in the automotive industry