



# **Alumetal Group**

## **2019 financial results**

*24 March 2020*

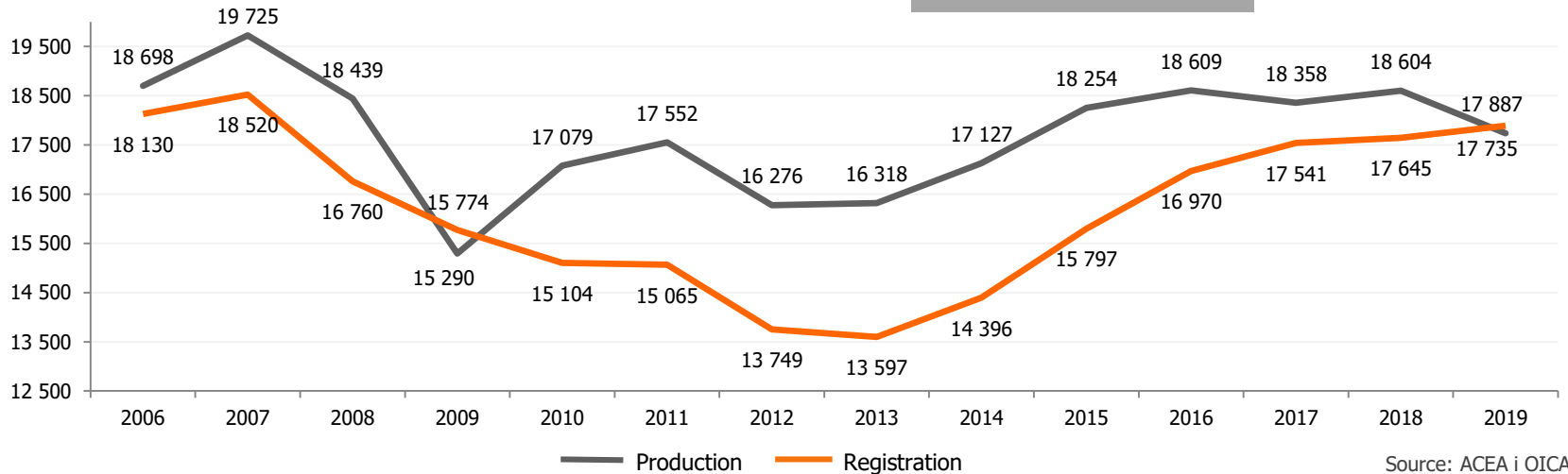
**alumetal**

## FY 2019 at glance

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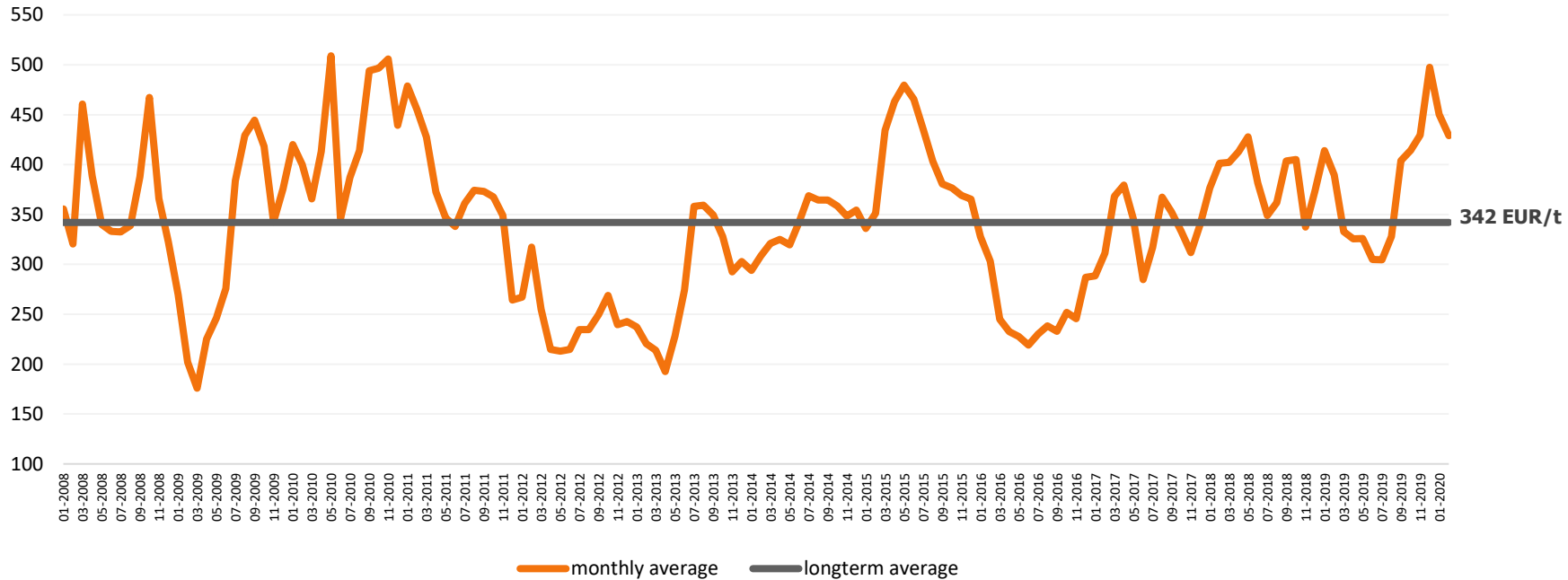
- ✦ **193,1 tons sales volume** (2% decrease yoy), the consequence of the situation in the automotive industry
- ✦ **PLN 95,4 mn EBITDA** (21% decrease yoy), due to decrease in sales volume and decrease in EBITDA per ton
- ✦ **PLN 62,7 mn normalized consolidated net profit** (31% decrease yoy), as a result of EBITDA decrease, calculated excluding the effects of valuation of the tax exemption asset
- ✦ **PLN 179,2 mn operating cash flow** due to reduction of net working capital (decrease in sales volume, average prices and shortening the working capital turnover cycle)
- ✦ **PLN 33,0 mn net debt** (0,3x EBITDA'19), very good level of net debt/EBITDA ratio as a result of decrease in net working capital

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



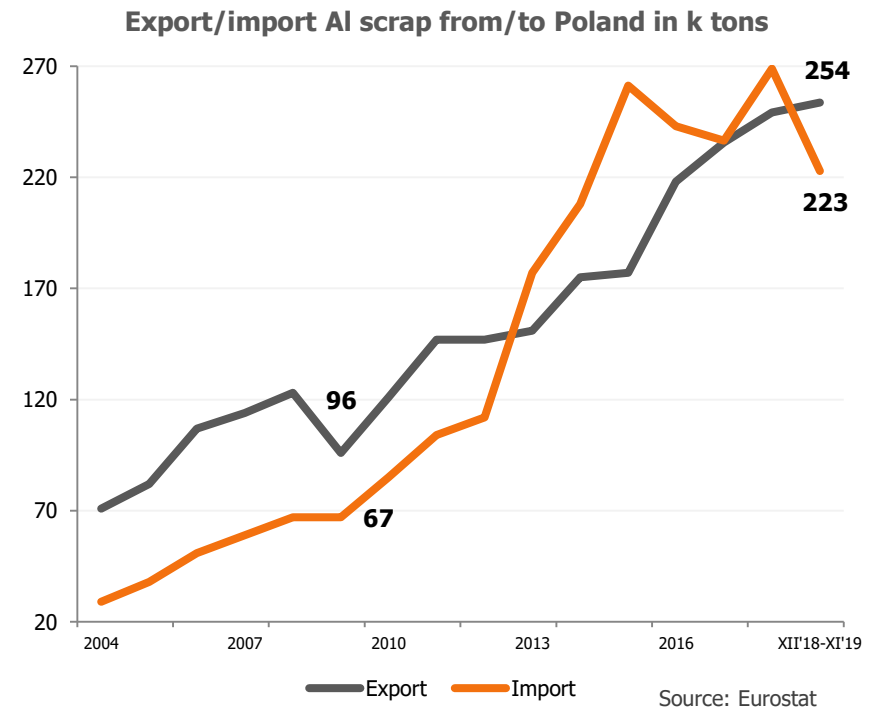
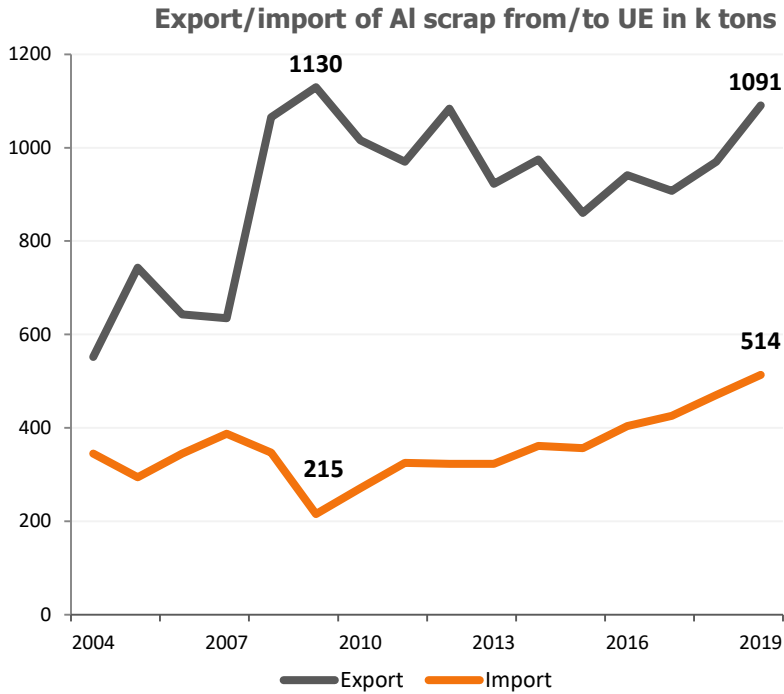
- ⊕ In 2019, car registrations in the EU increased by 1,4% (-2,2% in 1Q, -1,7% in 2Q, +2,2% in 3Q and +8,9% in 4Q), while production decreased by 4,7%. The difference between sales and production is due to a decrease in net exports and changes in inventory levels (WLTP from September 1, 2019 and penalties for OEMs for exceeding CO<sub>2</sub> emissions in 2020)
- ⊕ In the coming years megatrends will affect the automotive industry in Europe (CO<sub>2</sub> emission target for 2020/21 is 95 g/km and was exceeded by about 25 g/km in 2018 – OEM's might pay high fines; another target is 81 g/km in 2025)
  - downsizing (smaller engines) and lightweighting (new aluminium applications)
  - hybridization (additional aluminium components) and electrification (fewer aluminium components)
  - continuation of reallocation of the automotive industry to CEE5 (e.g. new Daimler engine factory in Poland)

# Metal Bulletin 226 alloy spread in EUR per ton



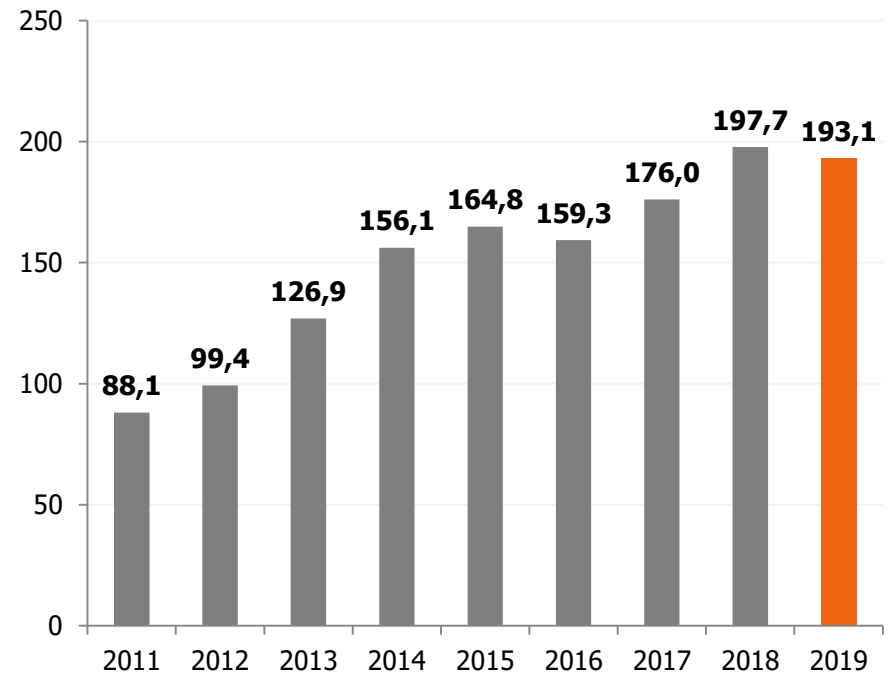
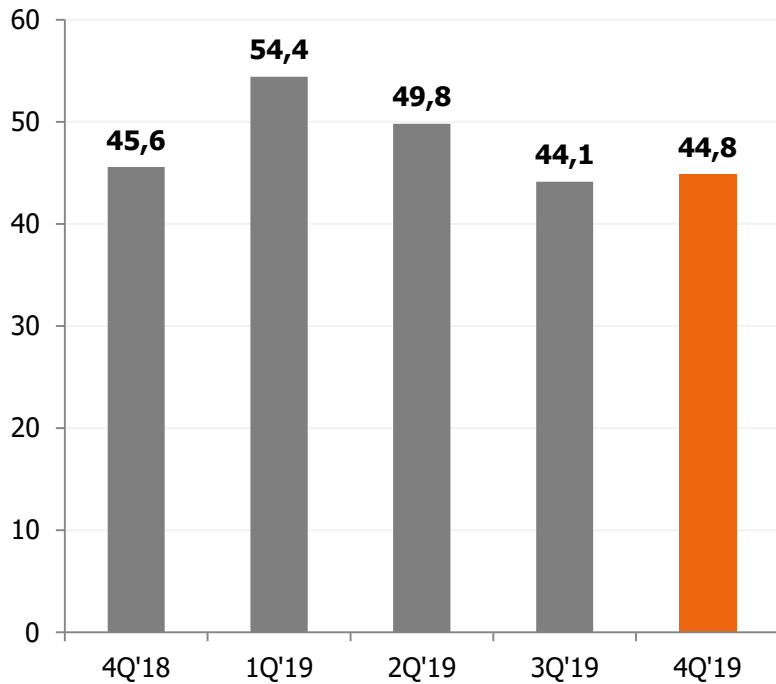
- ✦ In 2019 average margin amounted to 373 EUR/t and was 3% lower than 2018 and 9% higher than the 11-year average (EUR 342/t)
- ✦ High margin variability in 2019. In the Management Board's opinion, margin in 4Q 2019 didn't reflect the market situation with respect to scrap prices (despite increases in scrap prices, this parameter remained unchanged in MB). The situation normalized in 1Q 2020

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



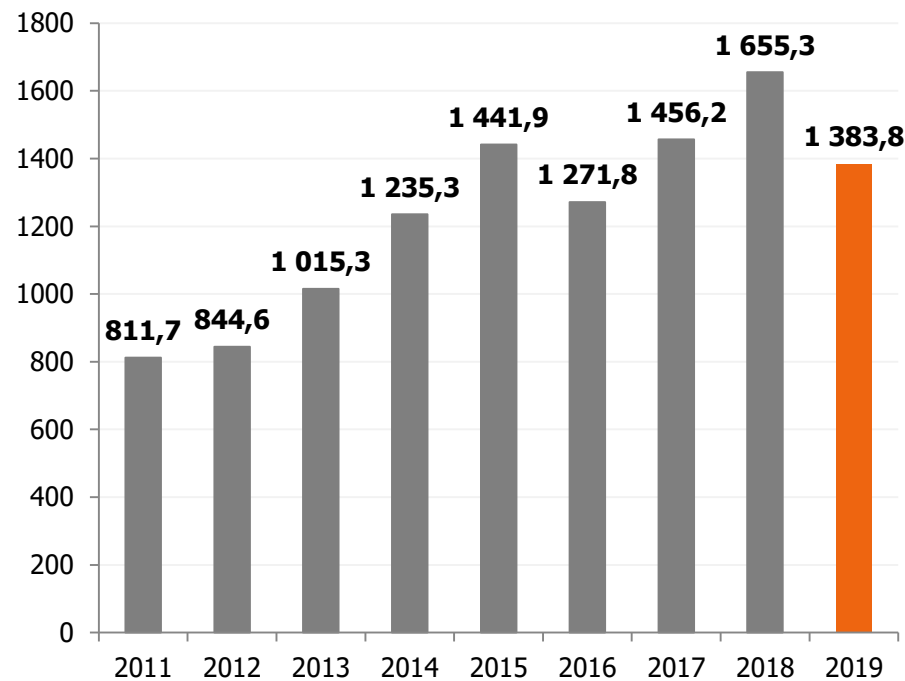
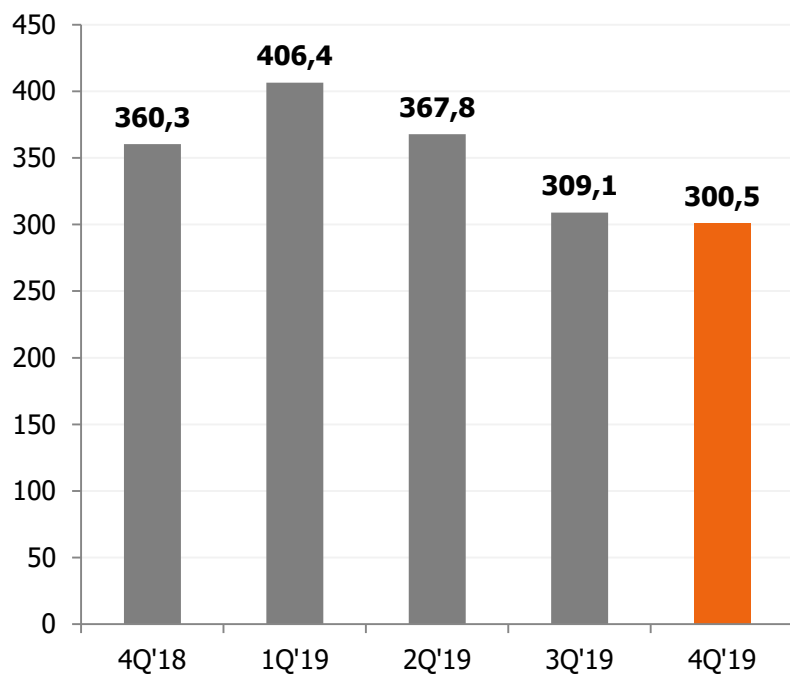
- ✦ Net export of aluminium scrap from the EU increased from 500k tons in 2018 to 577k tons in 2019, which is 15% growth. The share of exports to China and India has again increased to over 600k tons
- ✦ In 2019, there was a significant decreased in the import of aluminium scrap to Poland, as a result Poland again became a net exporter of scrap metal at the level of 31k tons

## Sales volume in thou. tons



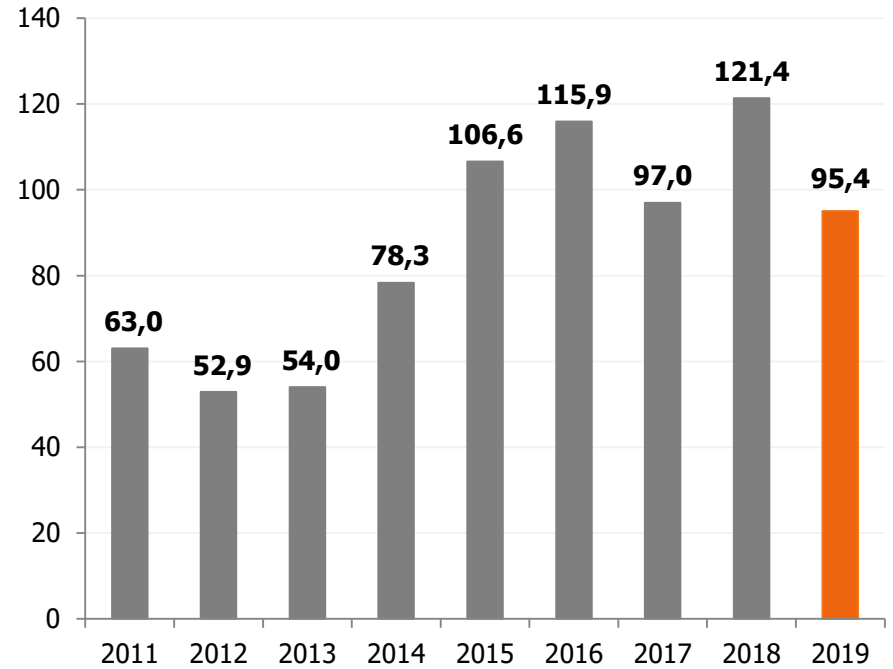
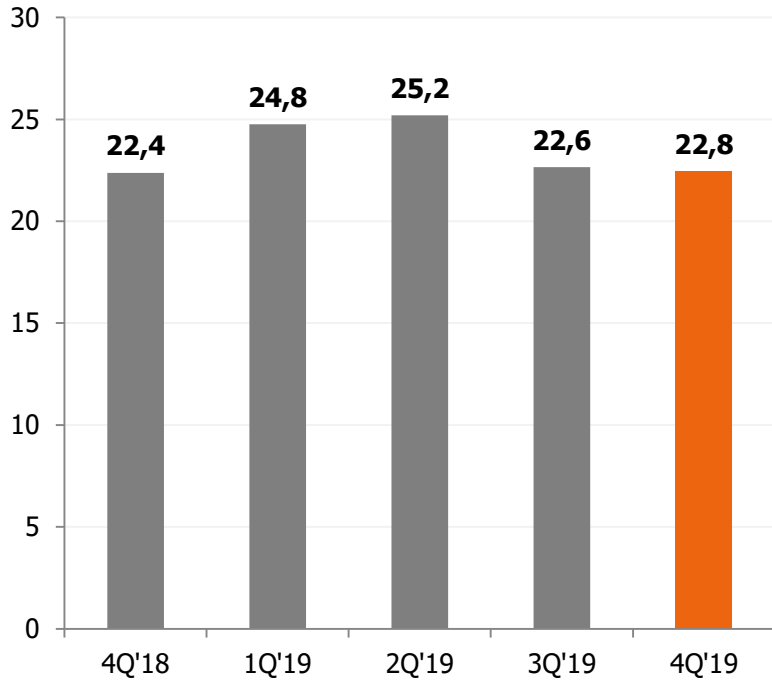
- ⊕ In 4Q 2019 sales volume decreased by 2% yoy to 44,8k tons
- ⊕ In 2019 sales volume decreased by 2% yoy to 193,1k tons

# Sales revenue in mn PLN



- ⊕ In 4Q 2019 sales revenue decreased by 17% yoy to PLN 300,5 mn
- ⊕ In 2019 sales revenue decreased by 16% yoy to PLN 1 383,8 mn

# EBITDA in mn PLN

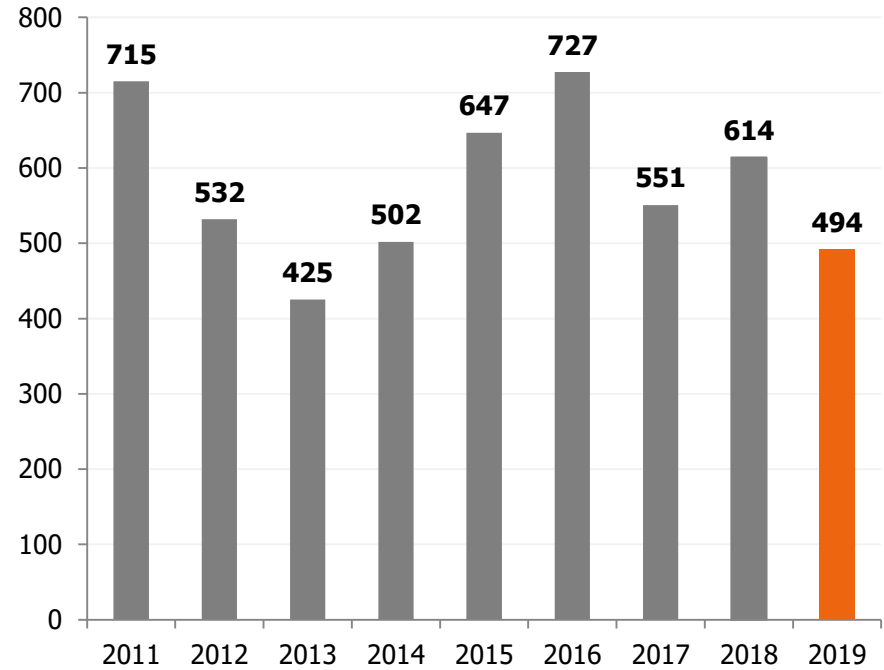
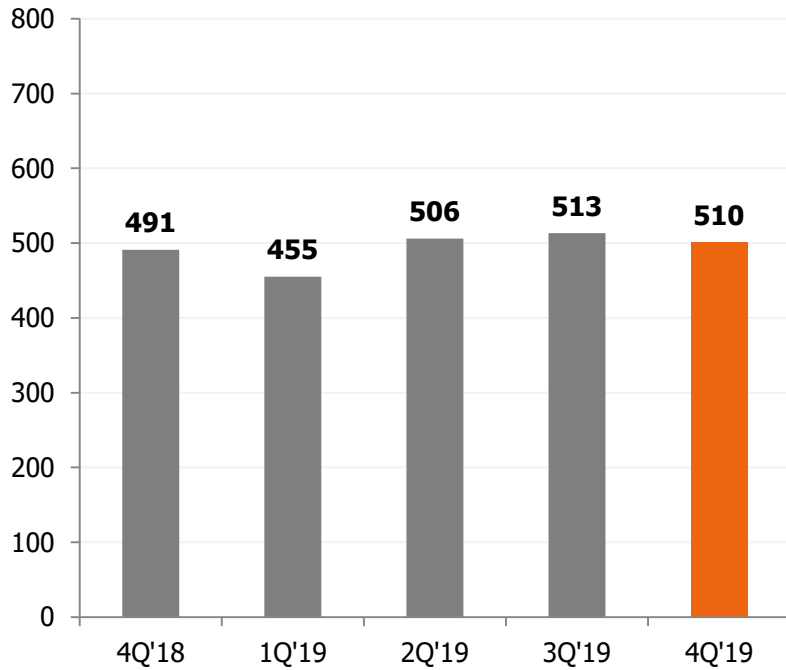


✦ In 4Q 2019 EBITDA increased by 2% yoy to PLN 22,8 mn

✦ In 2019 EBITDA decreased by 21% yoy to PLN 95,4 mn



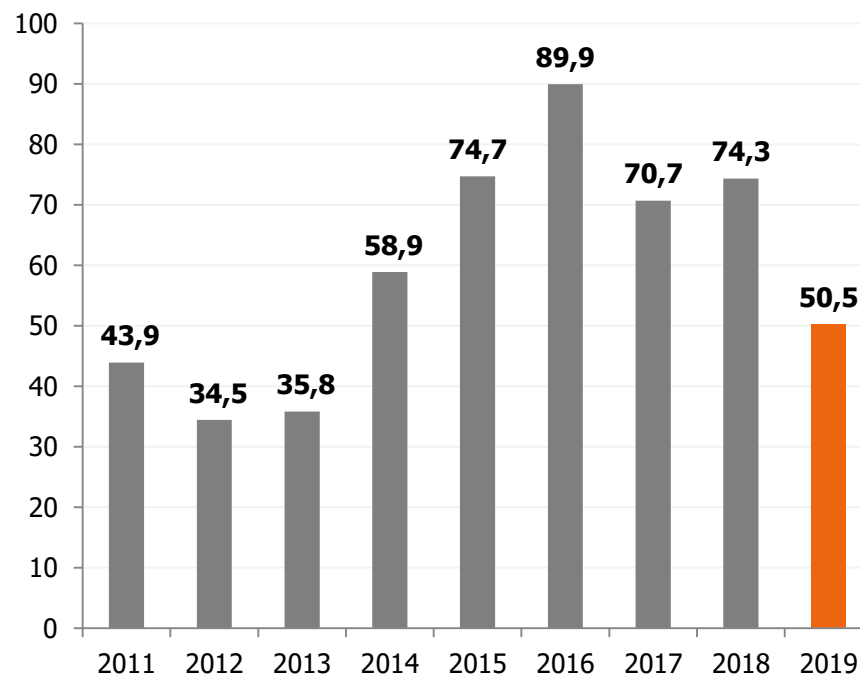
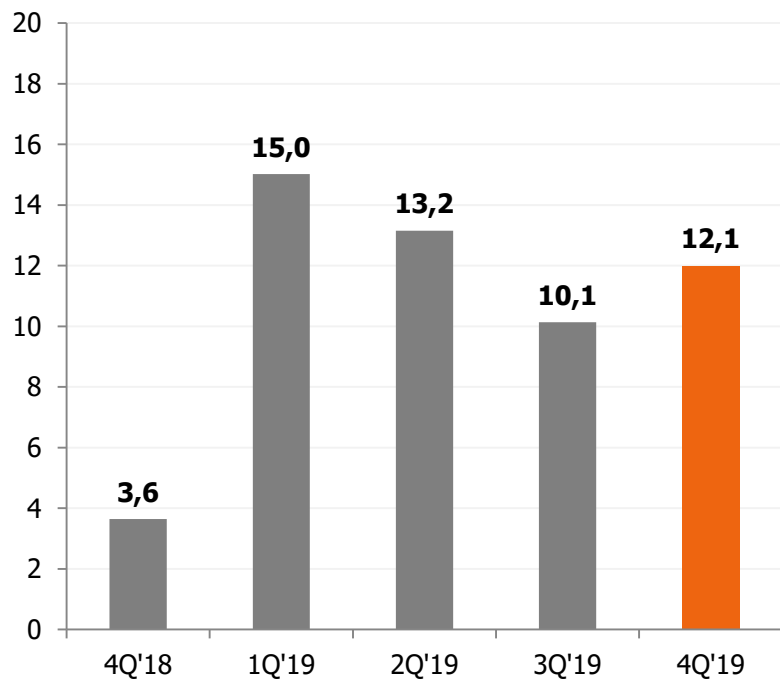
# EBITDA per ton in PLN



⊕ In 4Q 2019 EBITDA per ton increased by 4% yoy to 510 PLN/t

⊕ In 2019 EBITDA per ton decreased by 20% yoy to 494 PLN/t

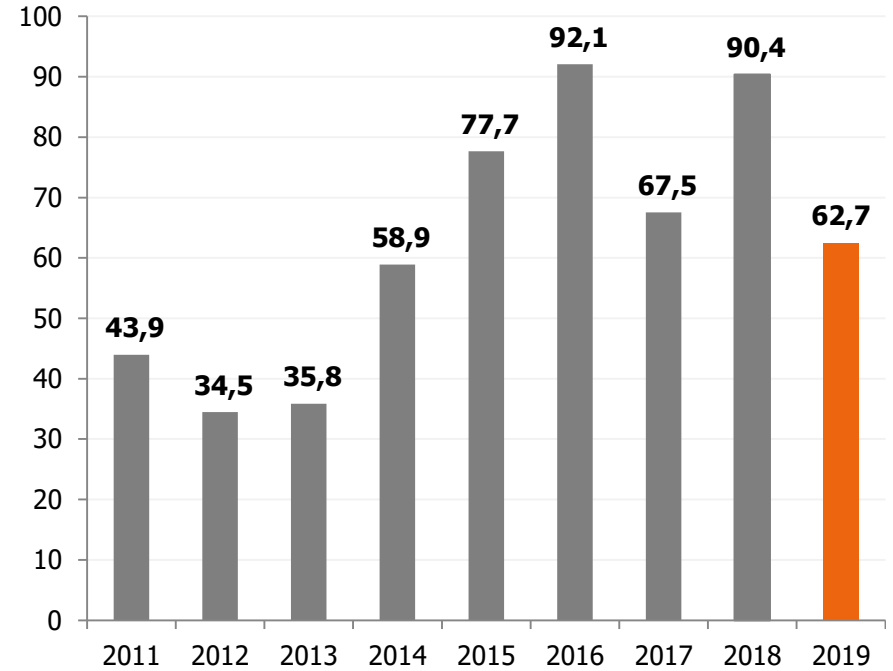
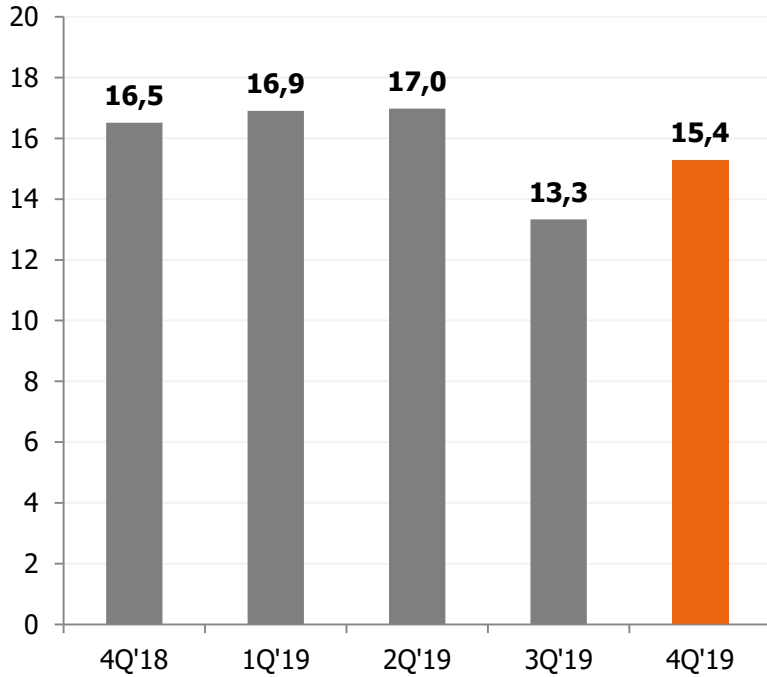
## Net profit in mn PLN



⊕ In 4Q 2019 net profit increased by 233% yoy to PLN 12,1 mn

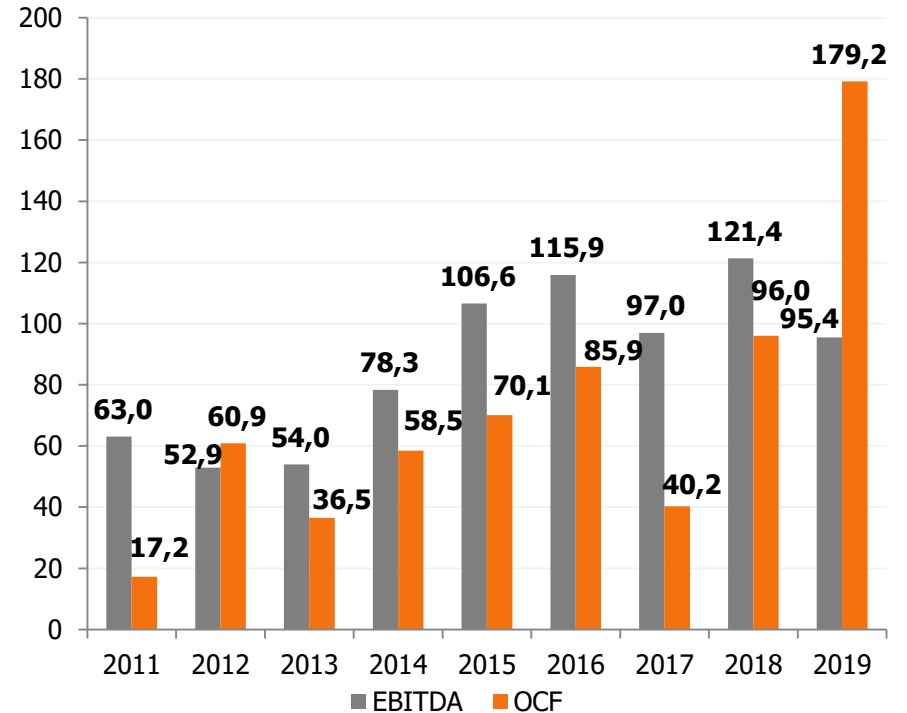
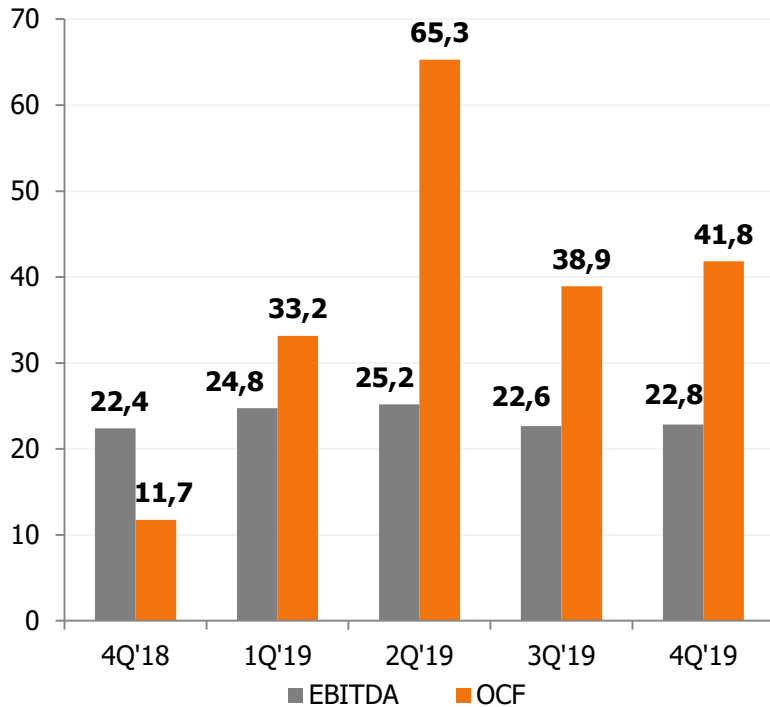
⊕ In 2019 net profit decreased by 32% yoy to PLN 50,5 mn

# Normalized net profit in mn PLN



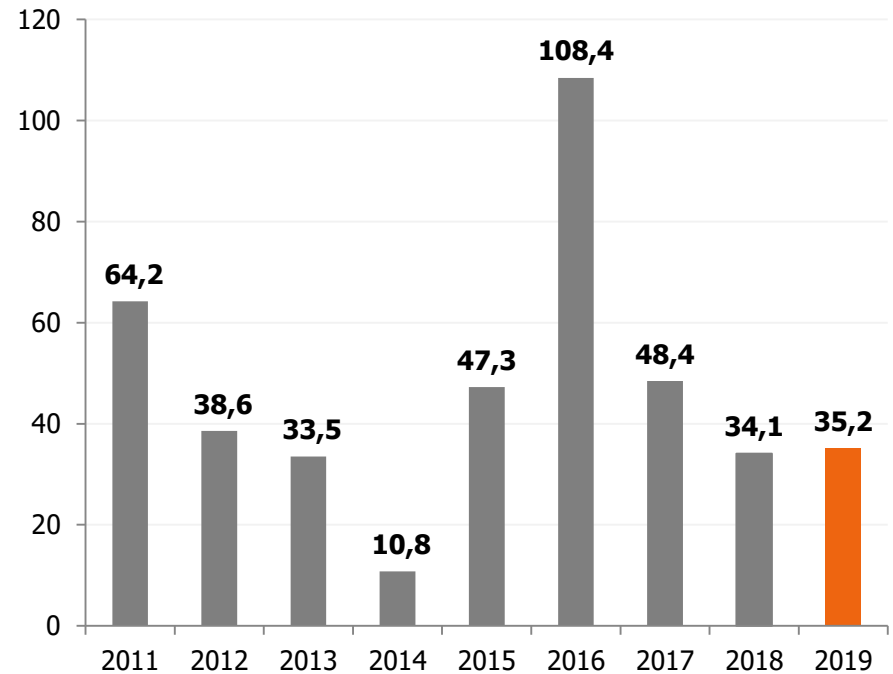
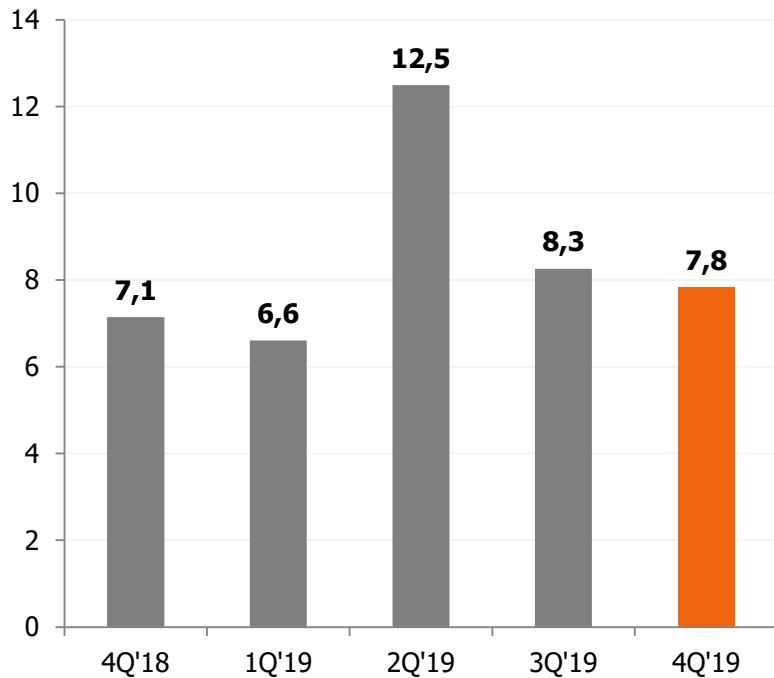
- ⊕ In 4Q 2019 normalized net profit decreased by 7% yoy to PLN 15,4 mn
- ⊕ In 2019 normalized net profit decreased by 31% yoy to PLN 62,7 mn

# EBITDA vs OCF in mn PLN



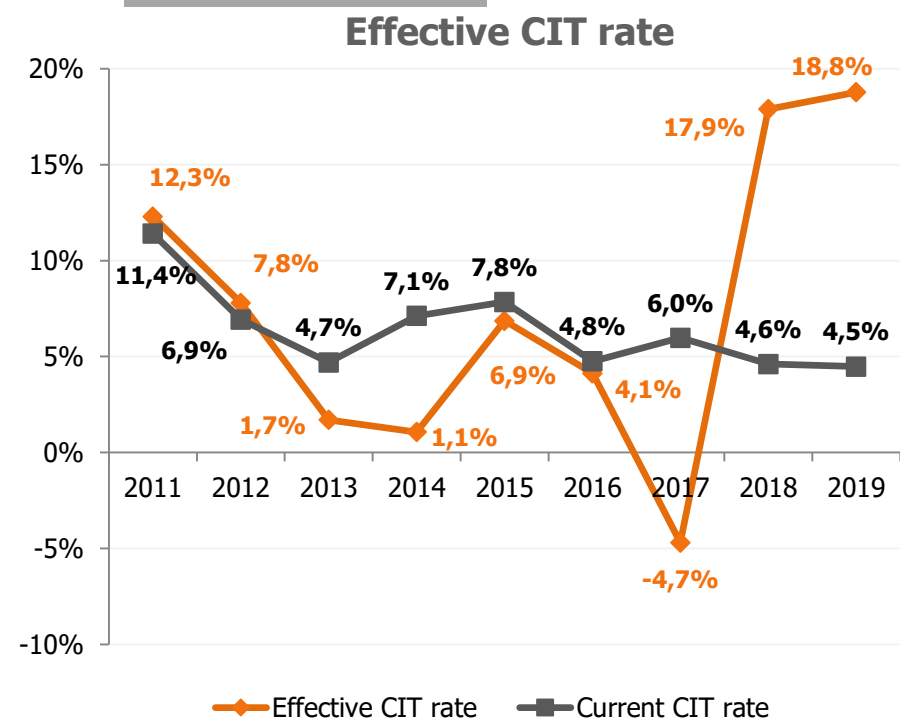
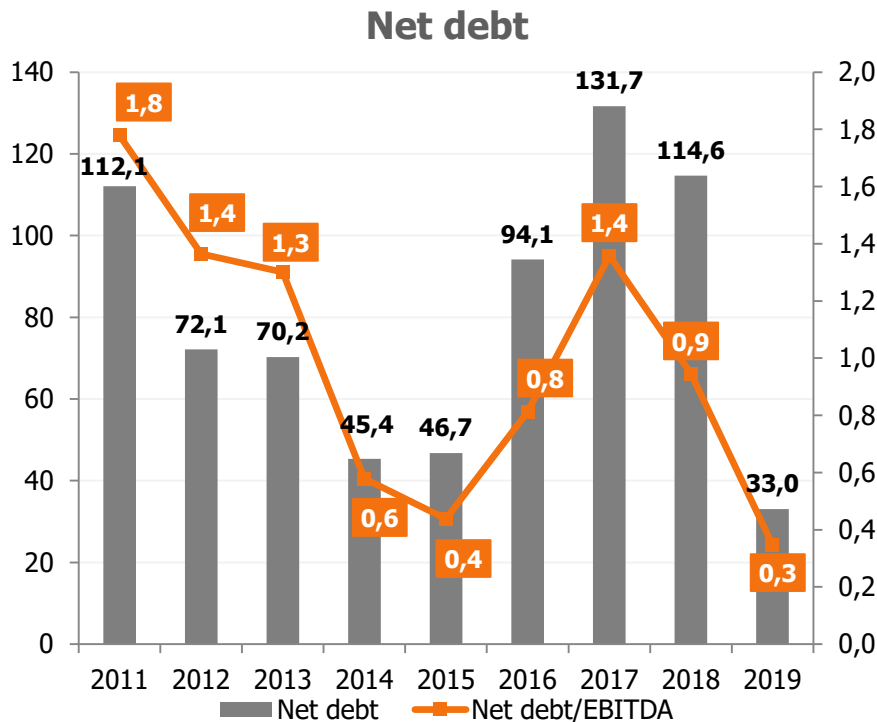
- ✦ In 4Q 2019 OCF amounted to PLN 41,8 mn vs PLN 22,8 mn of EBITDA
- ✦ In 2019 OCF amounted to PLN 179,2 mn vs PLN 95,4 mn of EBITDA

# Capex in mn PLN



- ⊕ In 2019 capex increased by 3% yoy to PLN 35,2 mn of which:
- PLN 5,4 mn maintenance capex
  - PLN 29,8 mn product mix/upgrade & capacity increase

# Net debt and effective CIT rate



- At the end of 2019 net debt amounted to PLN 33,0 mn and Net debt/EBITDA ratio decreased from the level of 0,9x at the end of 2018 to 0,3x at the end of 2019
- In 2019, effective CIT rate (ratio of CIT from P&L to gross profit) was 18,8% and current CIT rate (ratio of CIT payment to gross profit) was 4,5%

## Kęty plant modernization

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- ⊕ In 2019, capex amounted to PLN 22,4 mn and since the beginning of the project PLN 22,7 mn. The updated capex of the project is PLN 67,8 mn
- ⊕ In 2019, most of the construction works were done and the assembly of machines and equipment began
- ⊕ The project is highly advanced, start the modernized part of the plant in 2020
- ⊕ The modernization increases Alumetal Group's production capacity and improves (cash) production costs per unit by increasing energy efficiency and improving productivity per employee
- ⊕ Modernization works have not affected production output of the plant

# Management Board proposal of the net profit distribution

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- ⊕ PLN 62,7 mn PLN of normalized consolidated net profit
  
- ⊕ Management Board profit distribution proposal
  - PLN 43,8 mn for reserve capital for the payment dividend for shareholders
  - PLN 18,5 mn for supplementary capital
  - PLN 0,395 mn for employees' social fund
  
- ⊕ The Management Board recommends withholding the dividend for 2019 and allocate 70% of the normalized net profit to reserve capital for dividend payment in 2H 2020 or in the following years
  
- ⊕ The Management Board recommends that these funds be retained by the Company in the event of the future negative effects of the COVID-19 pandemic on the Alumetal Group



## FY 2019 summary

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- ⊕ In 2019 Alumetal Group noted good financial results against the background of the downturn in the European automotive industry
- ⊕ Managerial option parameters in the second year of the ongoing program were not achieved
- ⊕ Suspension of dividend policy in 2020 due to the COVID-19 pandemic
- ⊕ Modernization of the plant in Kęty on time and budget. In 4Q 2019, the first shipments of master alloys in rod form (AlTiB) from expanded plant in Gorzyce
- ⊕ In 2020 the Management Board intends to make optimal commercial and operational decisions in order to enhance the Company's market position despite the difficult situation in the automotive industry