



# **Alumetal Group**

## **1H 2018 financial results**

*22 August 2018*

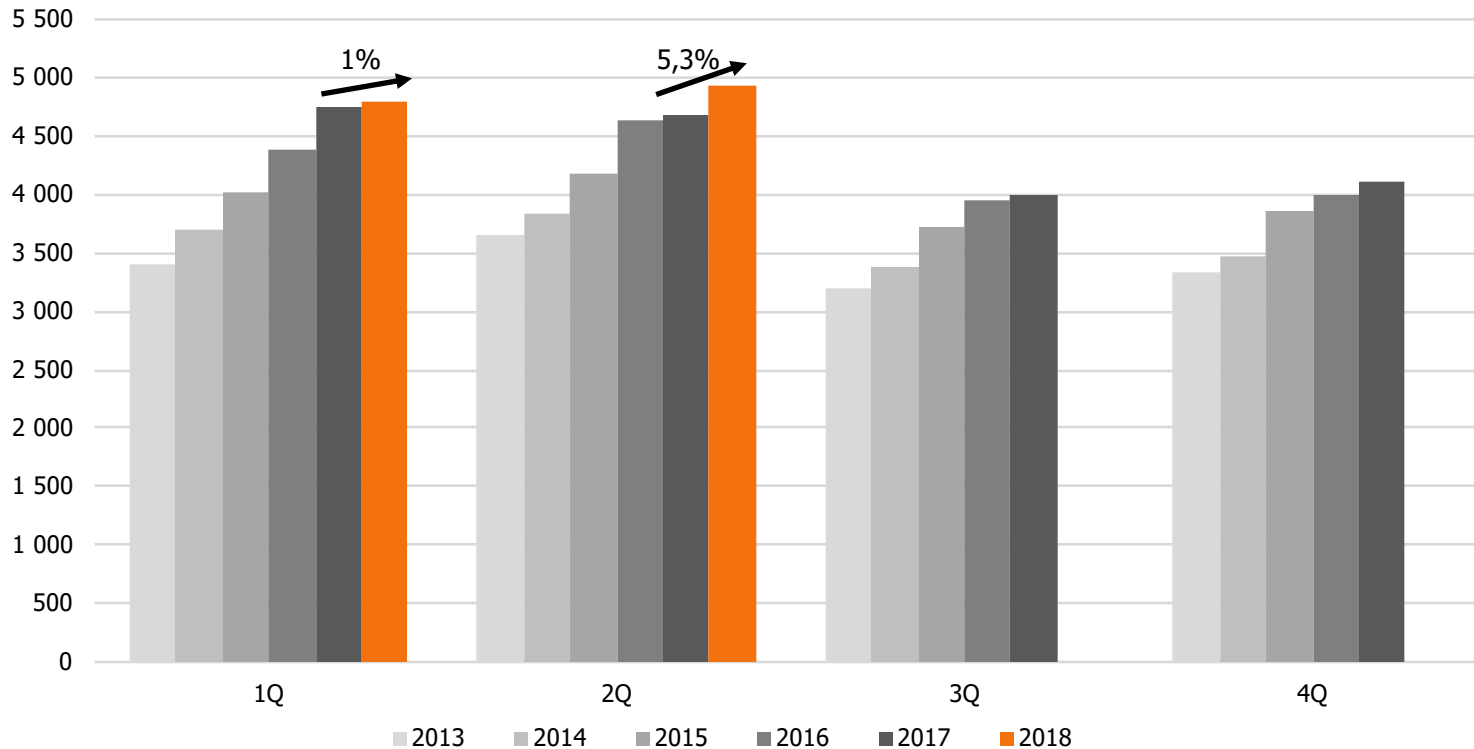


## 1H 2018 and LTM at glance

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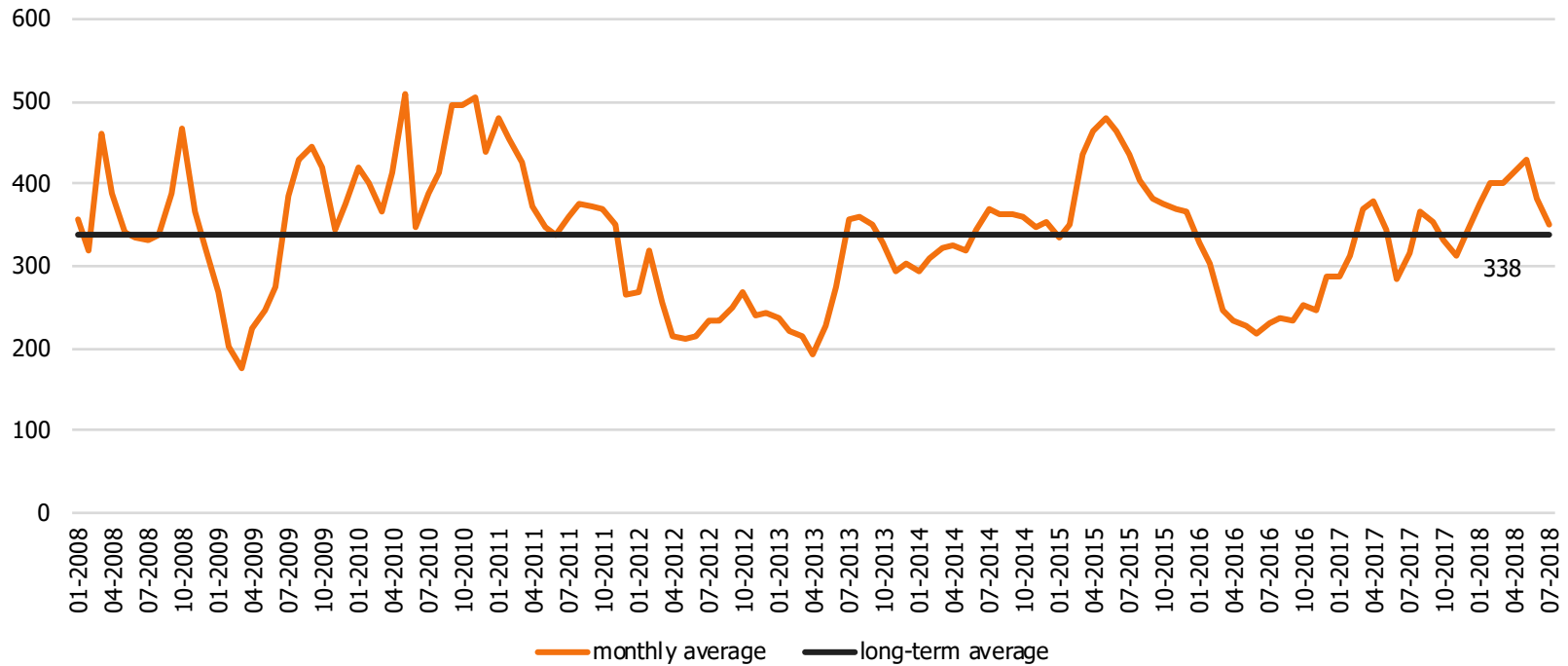
- ⊕ Volume sales – **103,5k tons** in 1H 2018 and **191k tons** in LTM
- ⊕ EBITDA – **PLN 70 mn** in 1H 2018 and **PLN 121,3 mn** in LTM
- ⊕ Normalized net profit – **PLN 52,2 mn** in 1H 2018 and **PLN 88 mn** in LTM
- ⊕ Operating cash flow – **PLN 56,8 mn** in 1H 2018 and **PLN 94,5 mn** in LTM
- ⊕ Net debt – **PLN 98,9 mn** (0,8x EBITDA)

# Motor vehicle registrations in the EU in thou. units



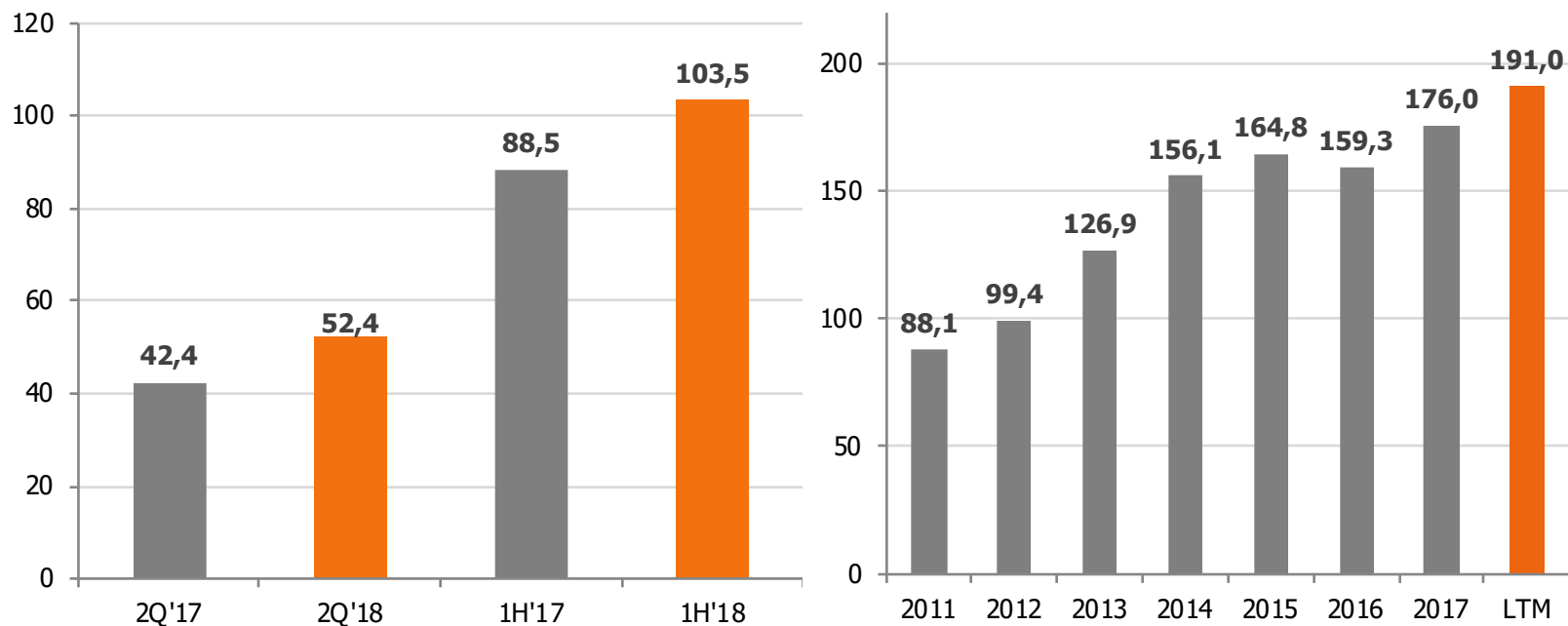
✦ 3,1% growth of new vehicle registrations in UE in 1H 2018 (increase by 1% in 1Q'18 and by 5,3% in 2Q'18)

# Metal Bulletin 226 alloy spread in EUR/t



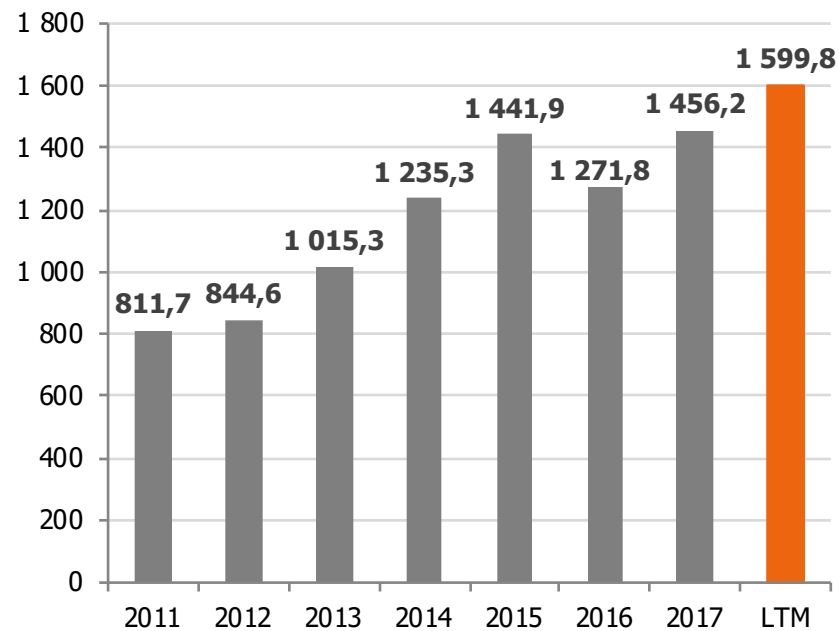
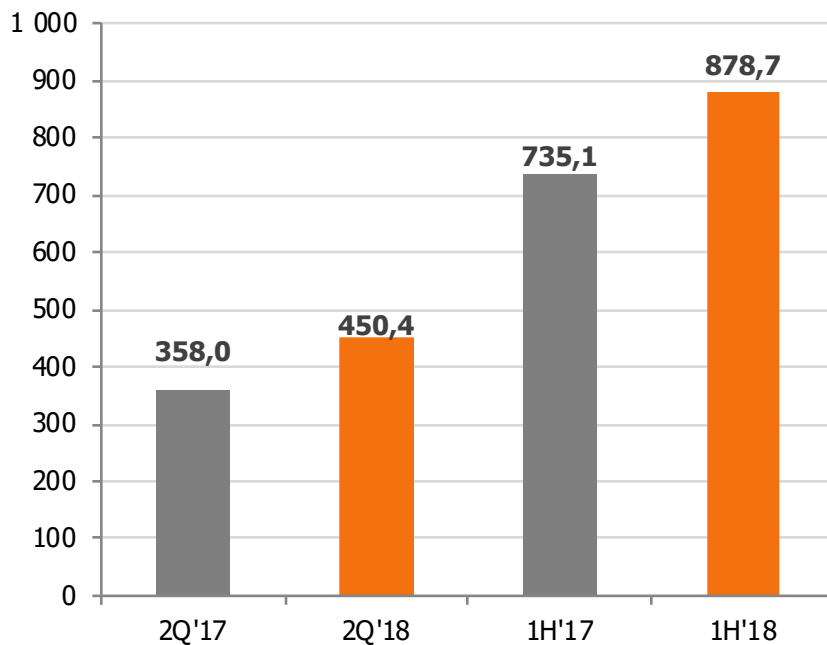
- ⊕ Average benchmark margin in 1H 2018 was at 400 EUR/t which was 18% higher in comparison to long-term average on the level of 338 EUR/t
- ⊕ Significant fluctuations of margin in 1H 2018 (increase from 376 EUR/t in January to 428 EUR/t in May and decrease to 381 EUR/t in June)

## Volume sales in thou. tons



- ✦ In 1H 2018 sales volume increased by 17% yoy to 103,5 thou. tons
- ✦ In LTM sales volume amounted to 191 thou. tons which is 9% increase in comparison to 2017

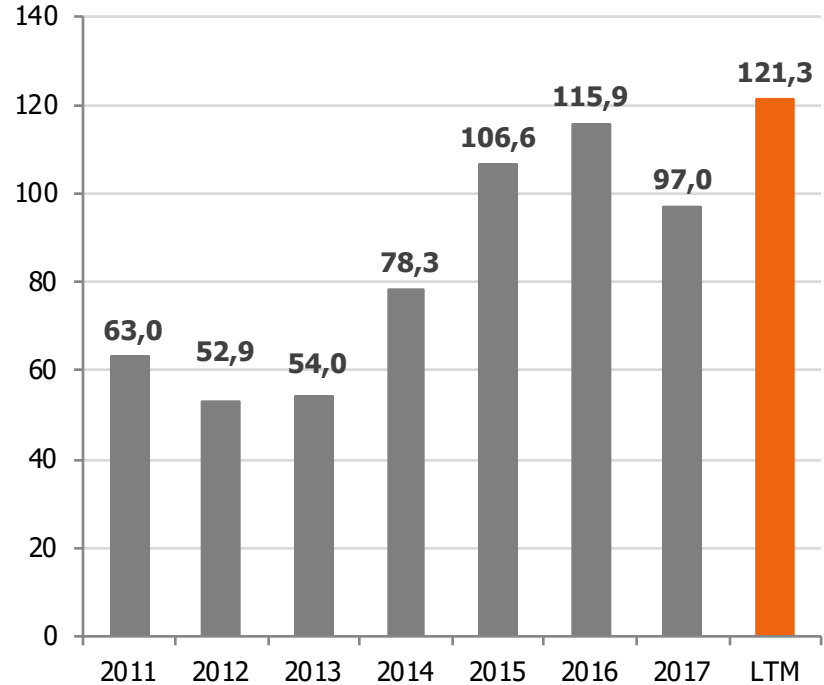
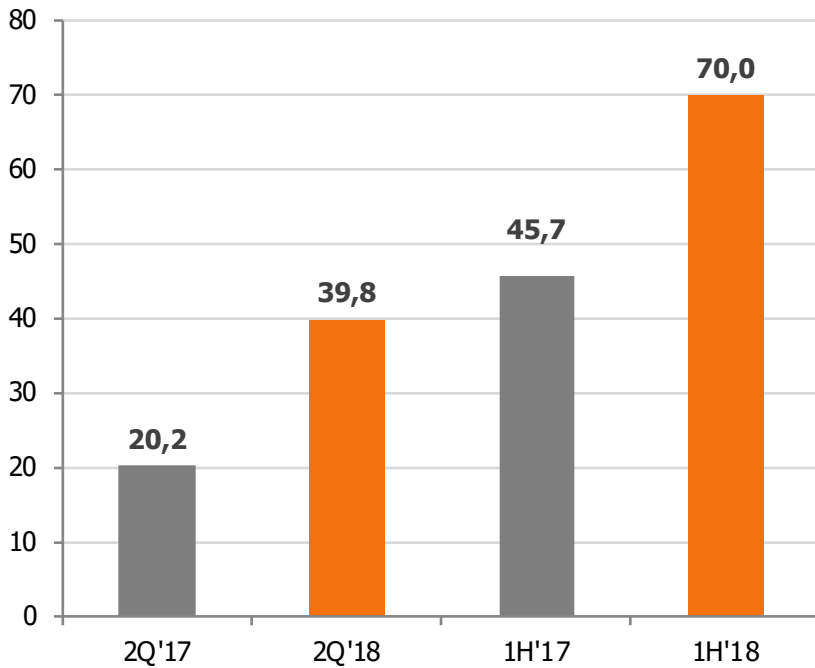
# Sales revenue in mn PLN



- ⊕ In 1H 2018 sales revenue increased by 20% yoy to PLN 878,7 mn
- ⊕ In LTM sales revenue amounted to PLN 1,6 bn which is 10% increase in comparison to 2017

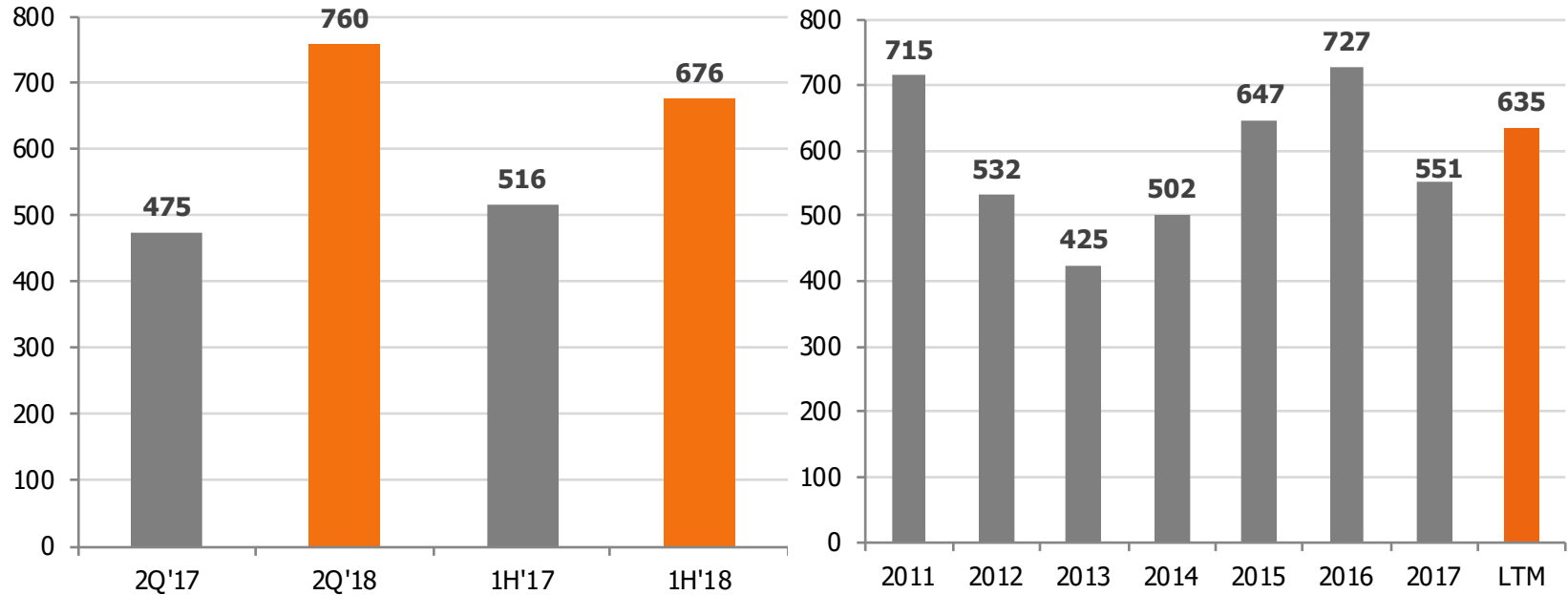


# EBITDA in mn PLN



- ⊕ In 1H 2018 EBITDA increased by 53% yoy to PLN 70 mn
- ⊕ In LTM EBITDA amounted to PLN 121,3 mn, 25% increase in comparison to 2017

# EBITDA per ton in PLN



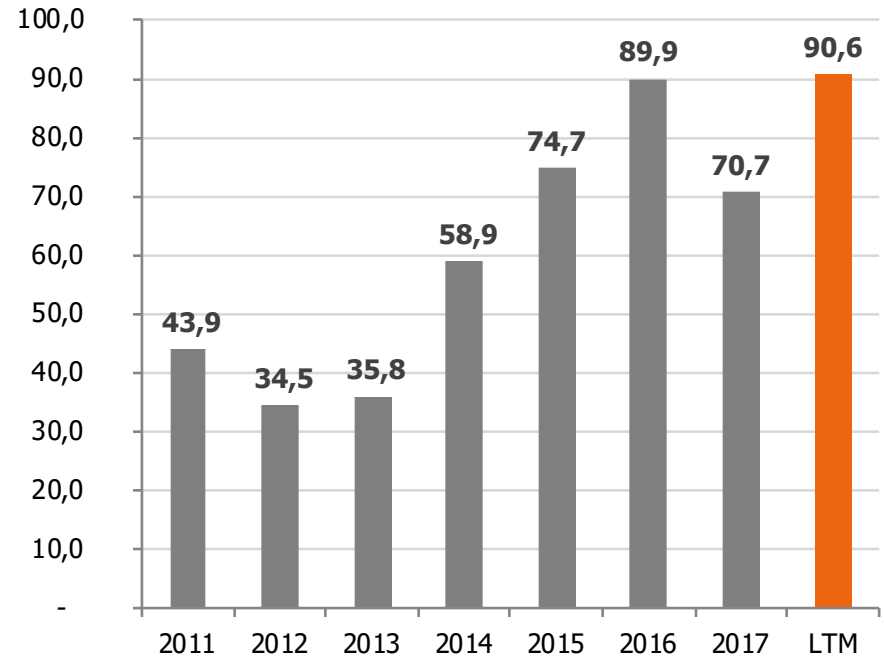
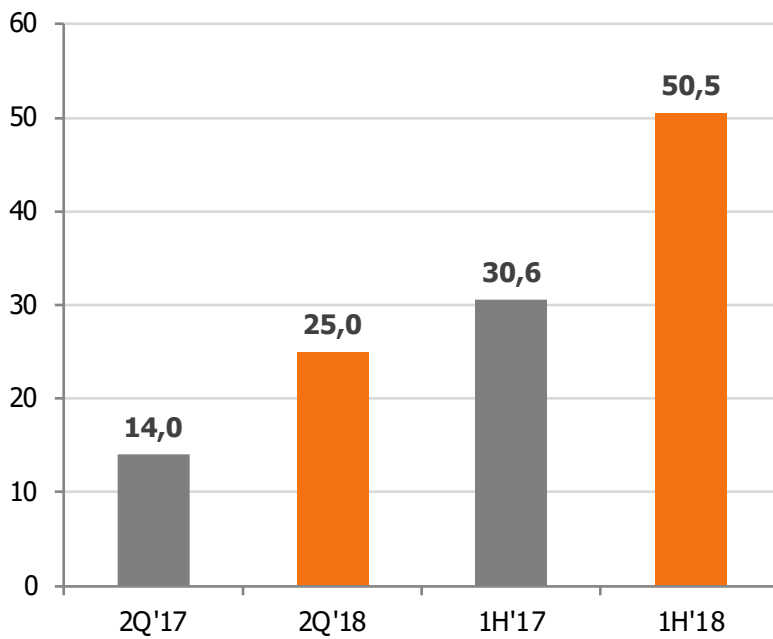
⊕ In 1H 2018 EBITDA per ton increase by 31% yoy to 676 PLN/t

⊕ In LTM EBITDA per ton amounted to 635 PLN/t, 15% increase in comparison to 2017



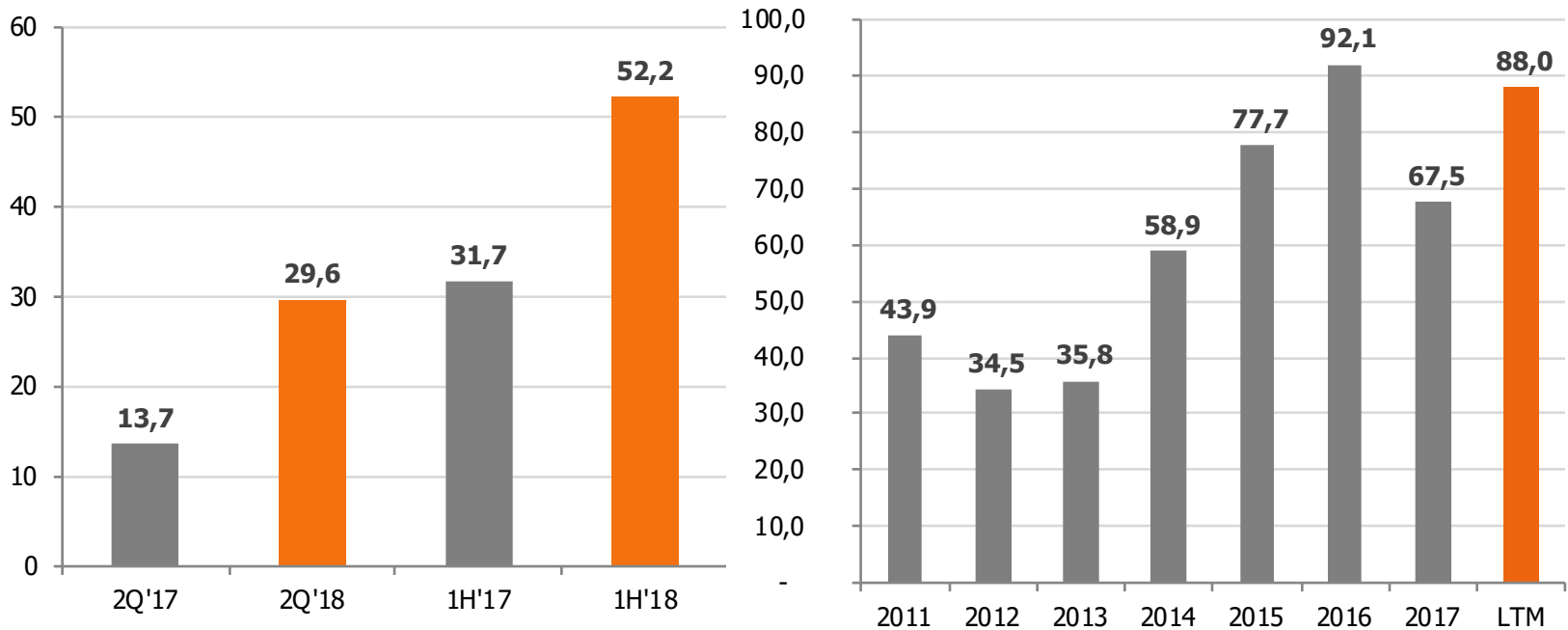


# Net profit in mn PLN



- ⊕ In 1H 2018 net profit increased by 65% yoy to PLN 50,5 mn
- ⊕ In LTM net profit amounted to PLN 90,6 mn, 28% increase in comparison to 2017

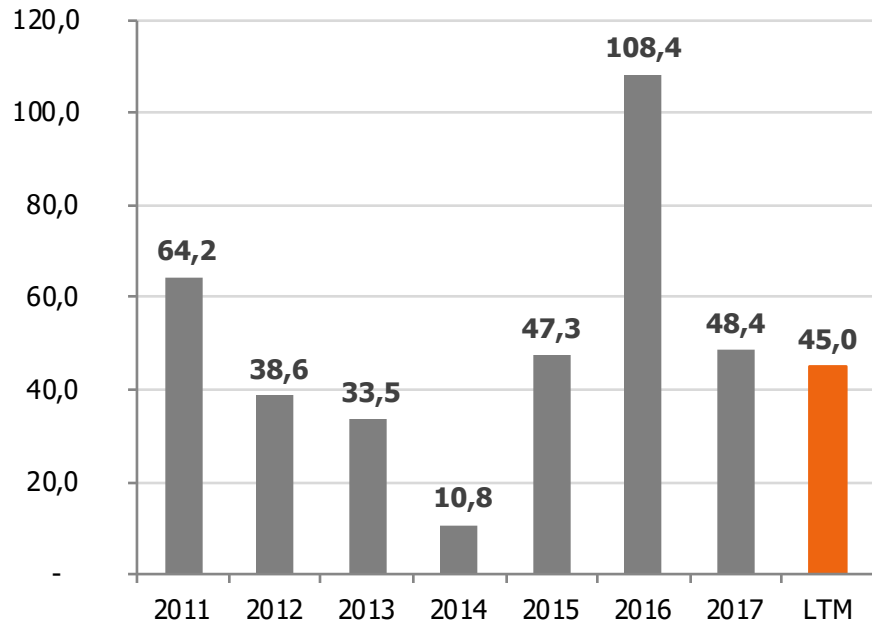
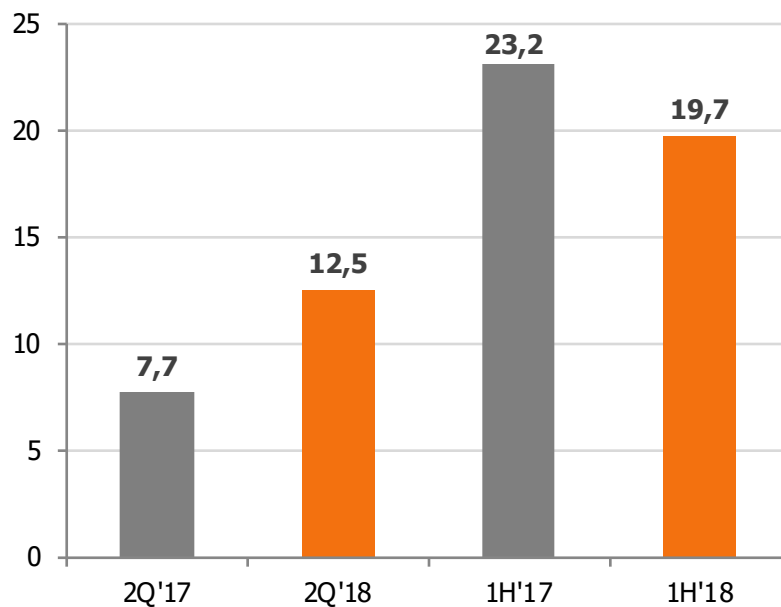
# Normalized net profit in mn PLN



✦ In 1H 2018 normalized net profit increased by 65% yoy to PLN 52,2 mn

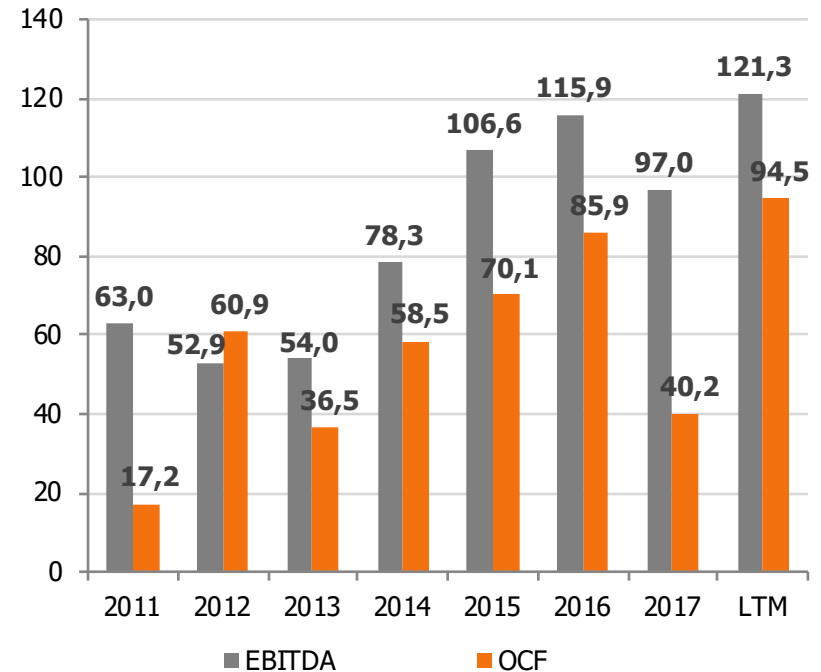
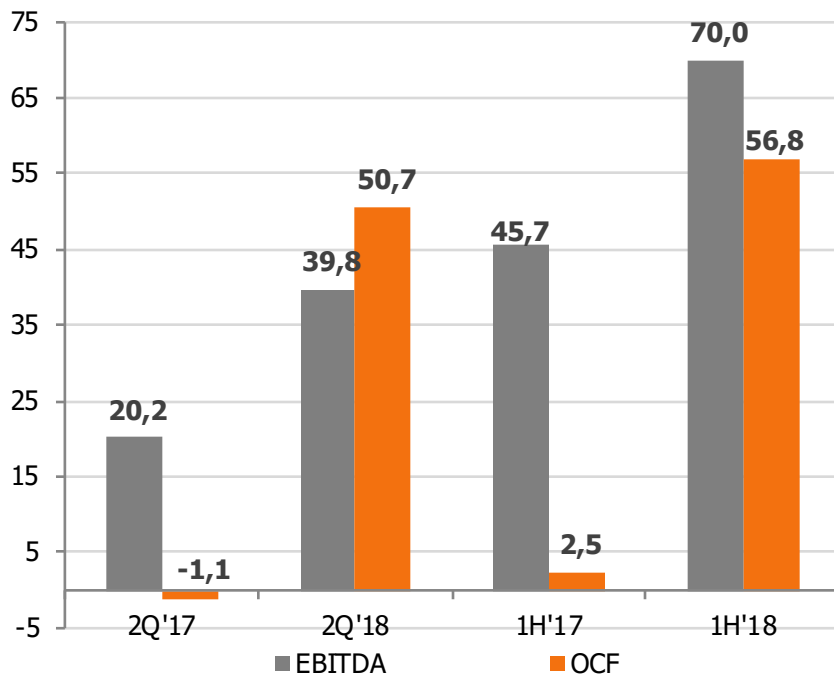
✦ In LTM normalized net profit amounted to PLN 88 mn, 30% increase in comparison to 2017

# Capex in mn PLN



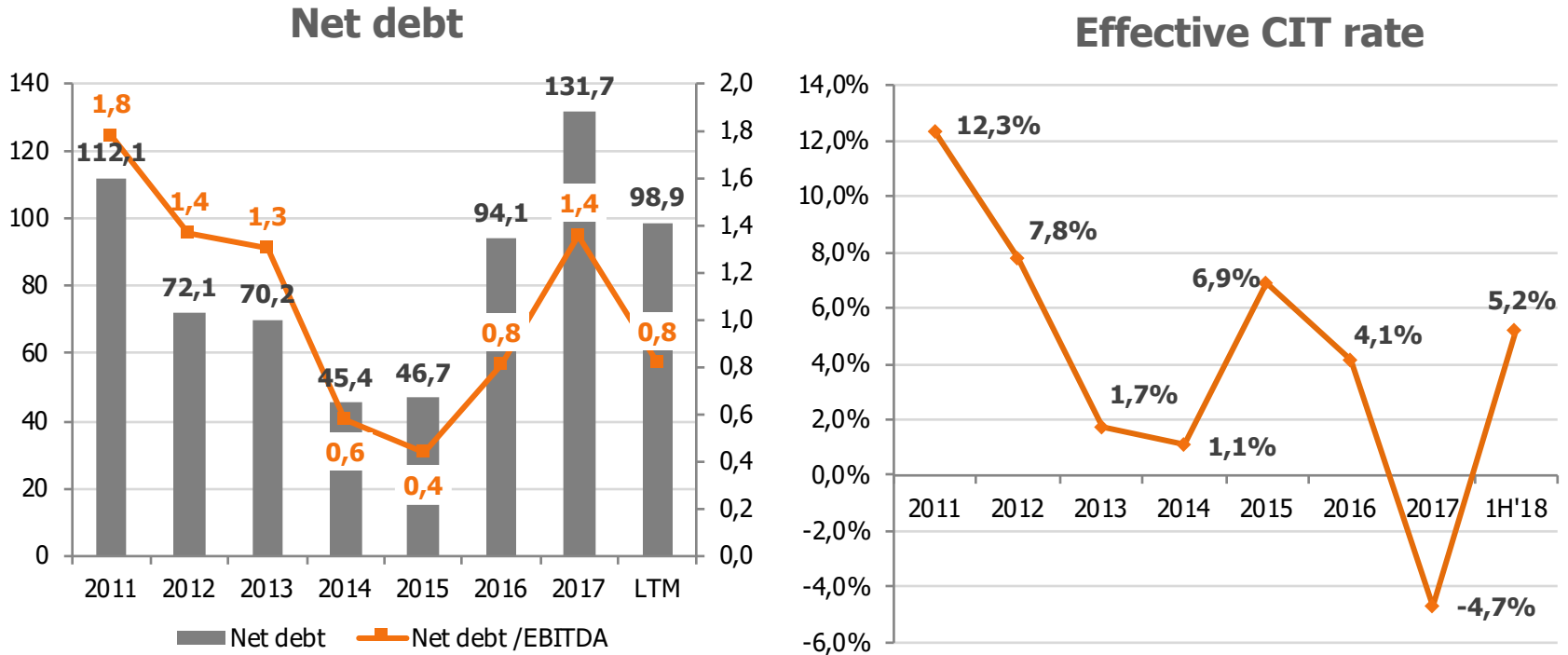
- ⊕ In 1H 2018 capex amounted to PLN 19,7 mn PLN
  - PLN 3,1 mn maintenance capex
  - PLN 16,6 mn product mix/production capacity increase
- ⊕ In LTM capex amounted PLN 45 mn which is 7% lower than in 2017

# EBITDA vs OCF in mn PLN



- ✦ In 1H 2018 OCF amounted to PLN 56,8 mn in comparison to EBITDA at PLN 70 mn
- ✦ In LTM OCF amounted to PLN 94,5 mn in comparison to EBITDA at PLN 121,3 mn

# Net debt and effective CIT rate



- At the end of June 2018 net debt amounted to PLN 98,9 mn and Net debt/EBITDA ratio decreased from 1,4x at the end of 2017 to 0,8x at the end of June 2018
- Effective CIT rate in 1H 2018 amounted to 5,2%



## Master alloys expansion project

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- ⊕ In 1H 2018 capex amounted to PLN 11,6 mn. Cumulative capex from the beginning of the investment until the end of June 2018 amounted to PLN 46,1 mn
- ⊕ In June 2018 the production of metallic-based master alloys was launched and the sale of these products began. Equipment and machines for the production of salt-based master alloys (grain refiners) are in the start-up phase. The development of sales of wire products is expected in the longer-term perspective (several quarters)
- ⊕ Currently, finishing works of the warehouse and land development are underway, which will be completed in September 2018
- ⊕ The project is on time and modified budget (PLN 63,2 mn)

# Alumetal Group Strategy for the years 2018 – 2022

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- ⊕ Increase sales volume to the level above 250 thou. tons in 2022
- ⊕ Modernization of production plant in Kęty
- ⊕ Focus on operational activities to improve production efficiency and its technological and cost effectiveness
- ⊕ Further intensification of commercial activities, including diversification of the product mix
- ⊕ EBITDA growth at 10% p.a.
- ⊕ Modification of the dividend policy – increase of payout from 50% to a minimum of 70% of the normalized consolidated net profit



# Summary

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- ⊕ In 1H 2018 sales volume increase and excellent financial results, according to the Management Board expectations
- ⊕ Continuing growth in sales of motor vehicles in the European Union at the level of 2017, continuation of slow changes taking place in the automotive industry in Europe
- ⊕ Adpting a dividend of PLN 2.92 per share (payment on 29 August 2018)
- ⊕ Commissioning of the expanded master alloy plant in Gorzyce
- ⊕ Decision on modernization of the plant in Kęty
- ⊕ Adoption of Alumetal Group Strategy for 2018 – 2022