



# **Alumetal Group**

## **1Q 2020 financial results**

*15 May 2020*

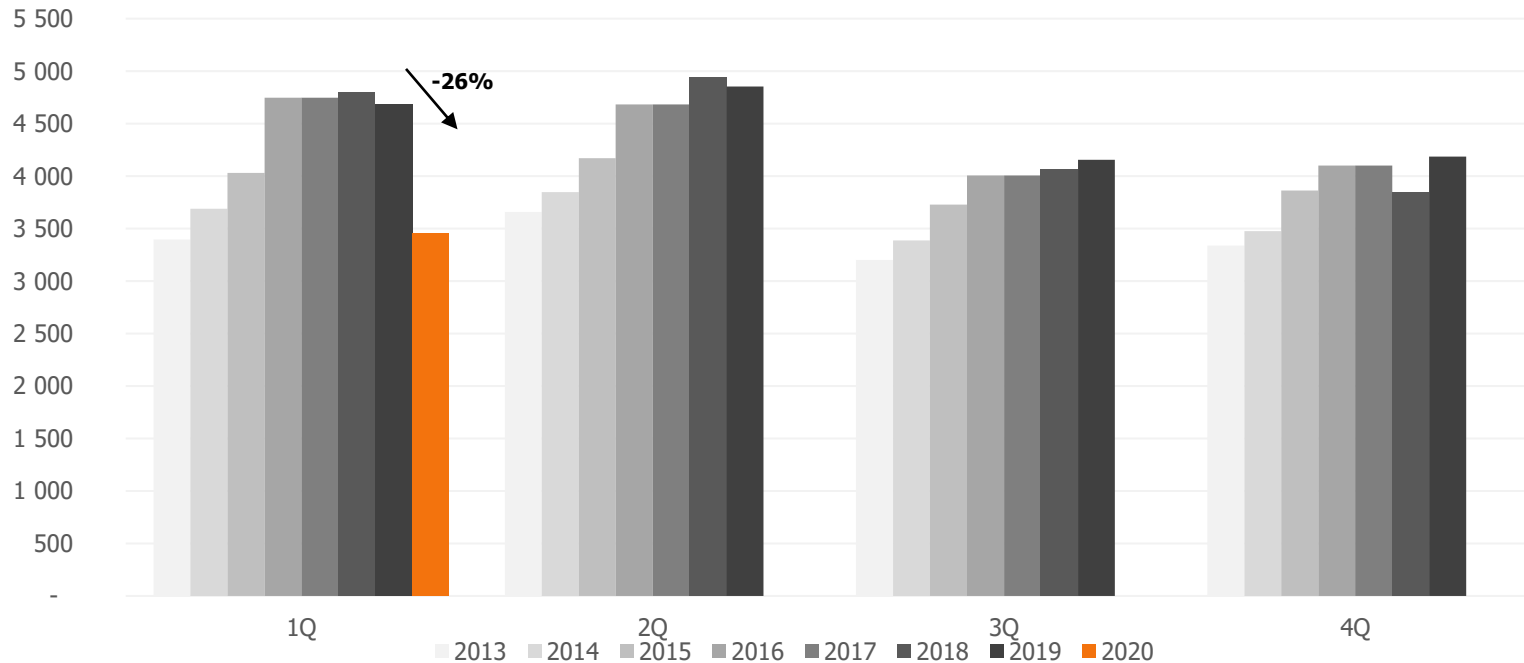


## 1Q 2020 and LTM at glance

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- ⊕ Volume sales – **47,6 k tons** in 1Q 2020 and **186 k tons** in LTM
- ⊕ EBITDA – **PLN 26,1 mn** in 1Q 2020 and **PLN 96,8 mn** in LTM
- ⊕ Normalized net profit – **PLN 15,1 mn** in 1Q 2020 and **PLN 60,8 mn** in LTM
- ⊕ Operating cash flow – **PLN minus 11,2 mn** in 1Q 2020 and **PLN 134,8 mn** in LTM
- ⊕ Net debt – **PLN 65,8 mn** (0,7x EBITDA)
- ⊕ Adaptation measures in the Alumetal Group in relation to COVID-19 disease

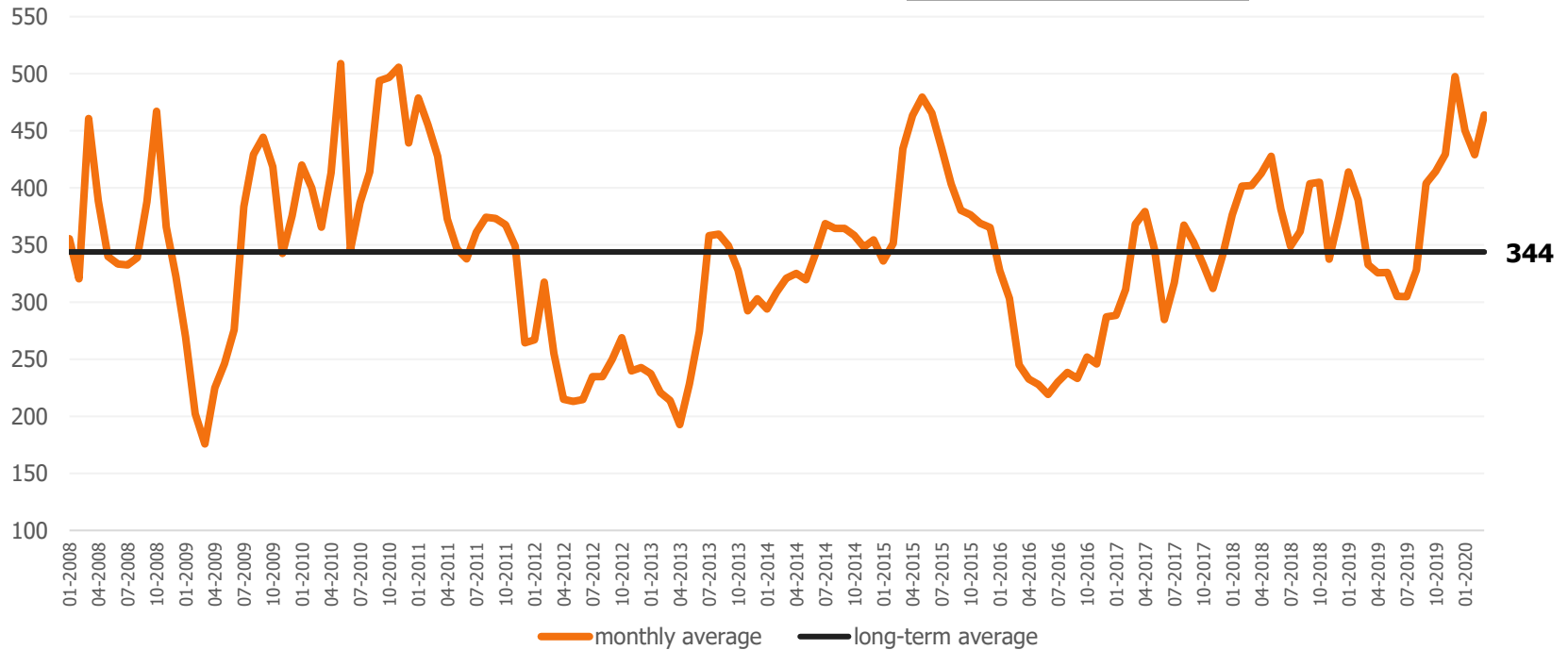
# Motor vehicle registrations in the EU and GB in k units



- ✦ In 1Q 2020 the number of new motor vehicle registrations in the EU and Great Britain fell by 26,3% yoy, including the number of passenger car (PC) registrations decreased by 26,5% and the number of commercial vehicle (CV) registrations dropped by 24,9%
- ✦ In LTM sales volume of motor vehicles in the EU and Great Britain decreased by 6,9% yoy to the level of 16,65 mn units (7,0% decrease in PC and 6,4% in CV)

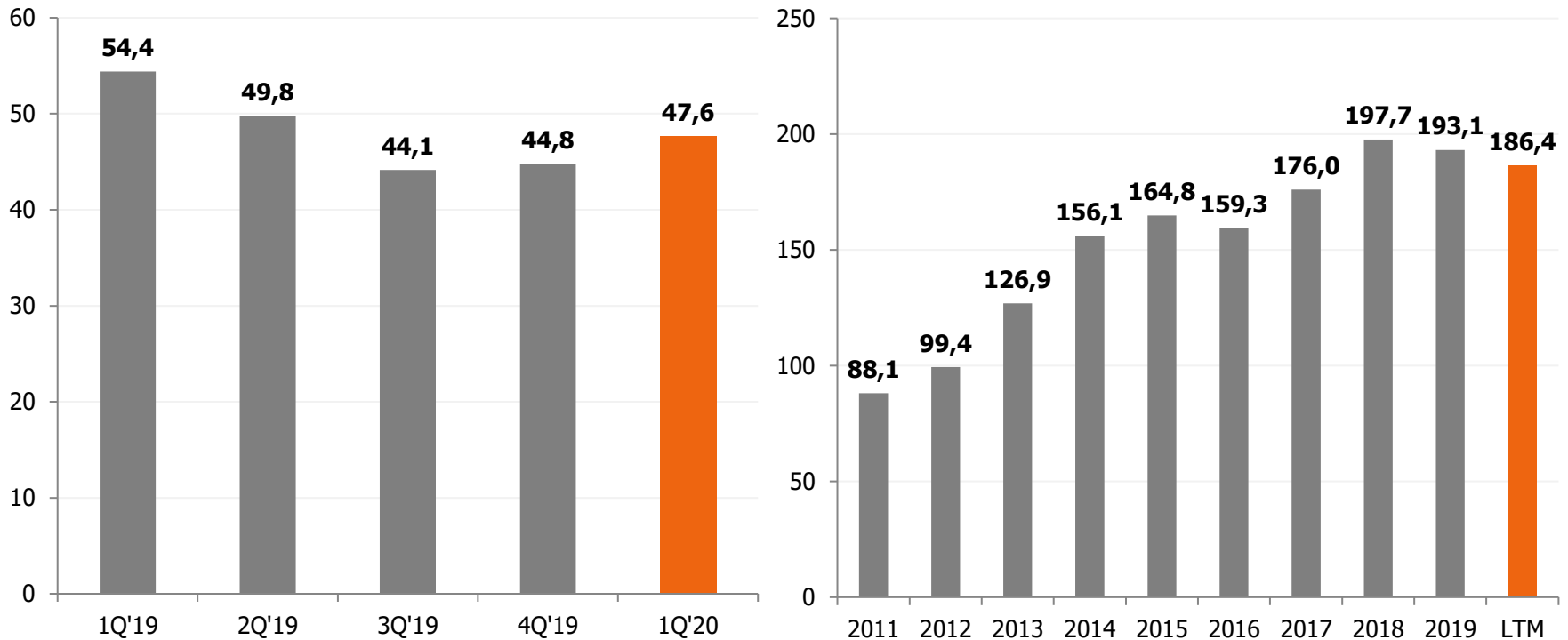


# Metal Bulletin 226 alloy spread in EUR/t



- ✦ In 1Q 2020 average margin amounted to 448 EUR/t and was 20% higher than the average margin in 2019 and 30% higher than the long-term average
- ✦ Average margin in April 2020 was 12% lower and in the first half of May 2020 (after the restart of the automotive industry in Europe) 31% lower (margin at the level of 309 EUR/t) compared to the average in 1Q 2020

# Volume sales in thou. tons

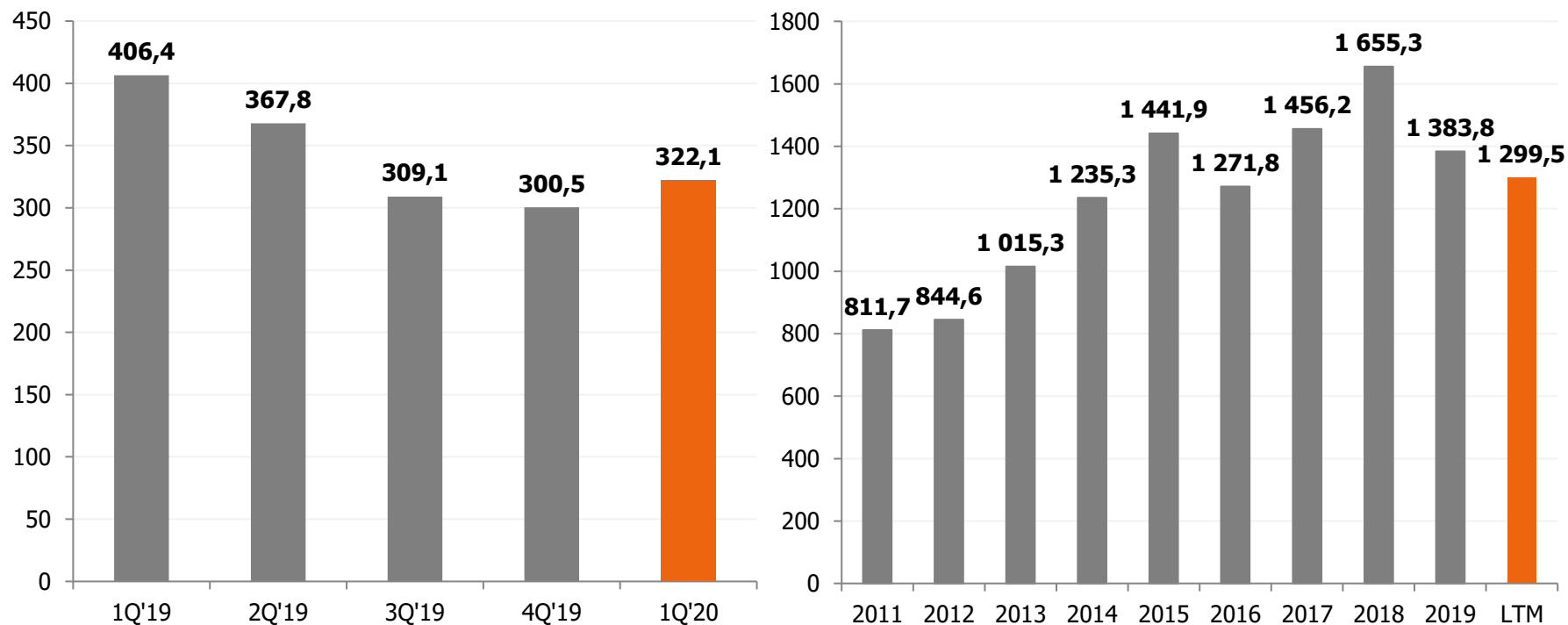


⊕ In 1Q 2020 sales volume decreased by 12% yoy to 47,6 k tons

⊕ In LTM sales volume amounted to 186,4 k tons, decrease by 4% in comparison to 2019



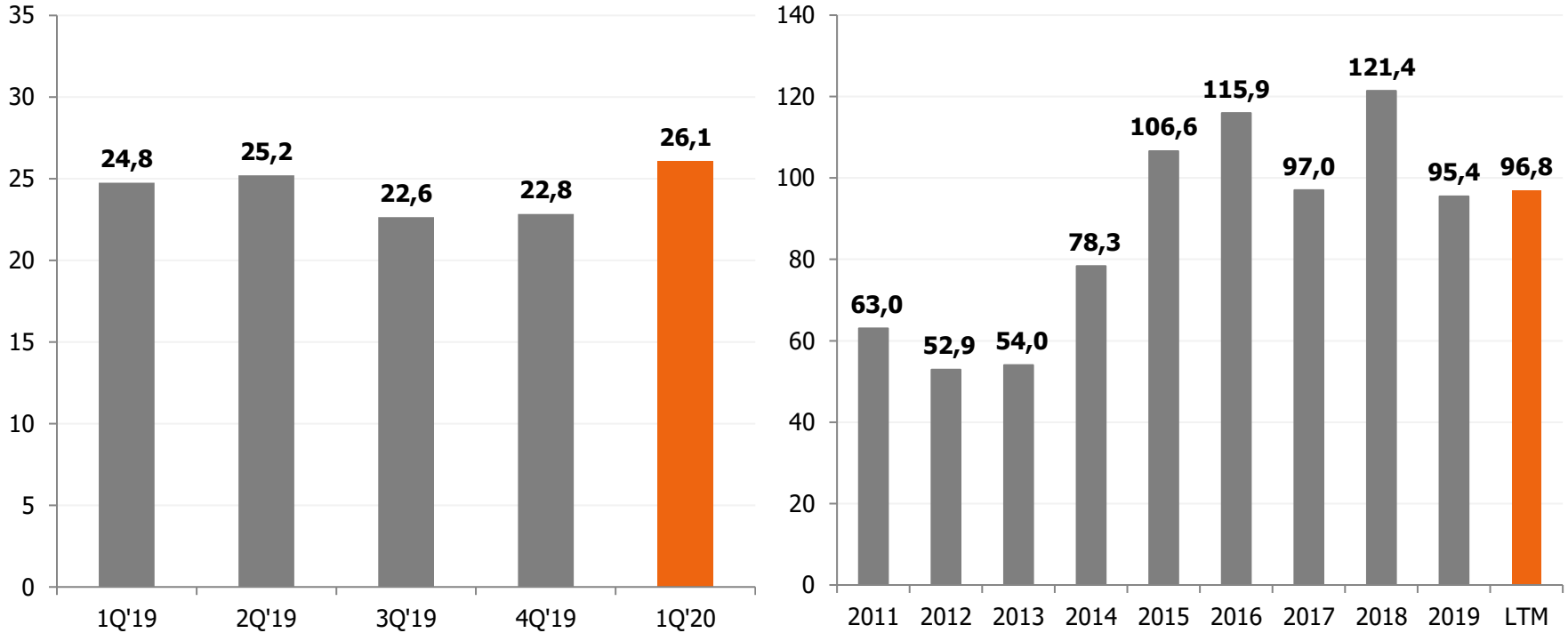
## Sales revenue in mn PLN



✦ In 1Q 2020 sales revenue decreased by 21% yoy to PLN 322,1 mn

✦ In LTM sales revenue amounted to PLN 1,30 bn, decrease by 6% in comparison to 2019

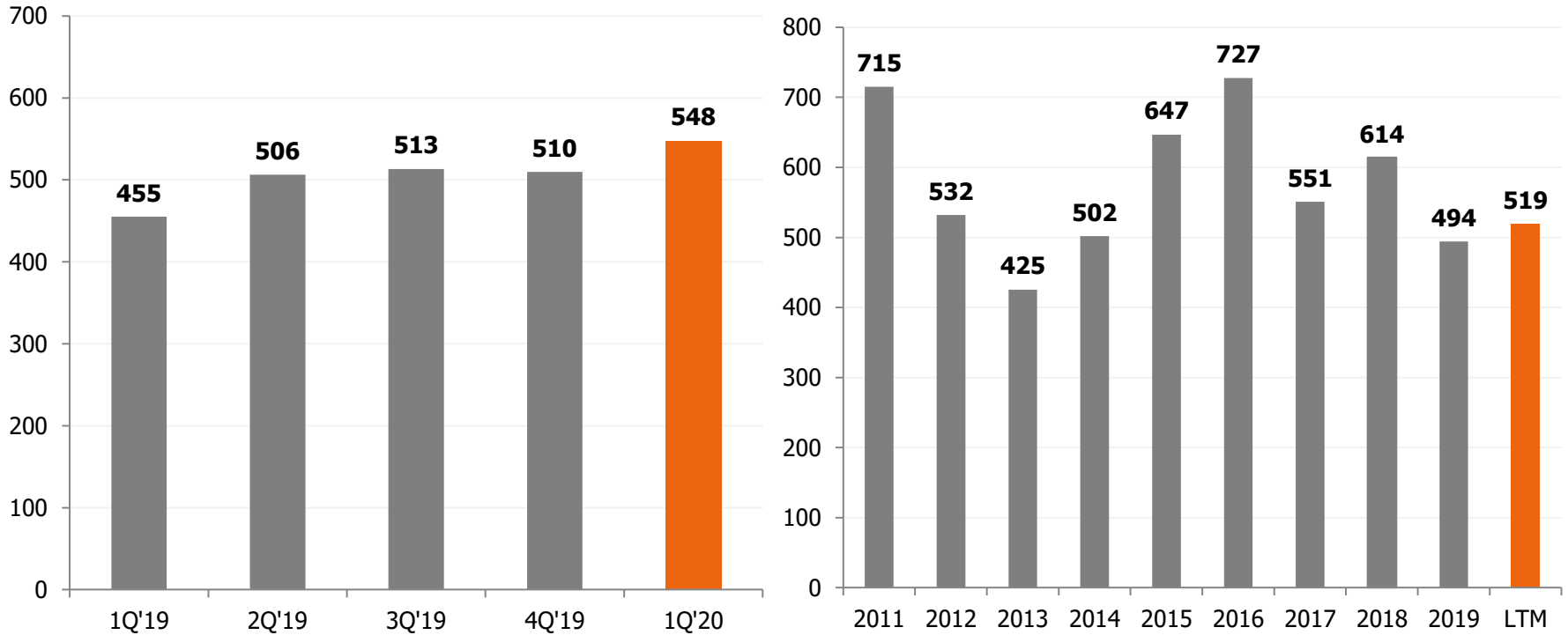
# EBITDA in mn PLN



✦ In 1Q 2020 EBITDA increased by 5% yoy to PLN 26,1 mn

✦ In LTM EBITDA amounted to PLN 96,8 mn, increase by 1% in comparison to 2019

# EBITDA per ton in PLN



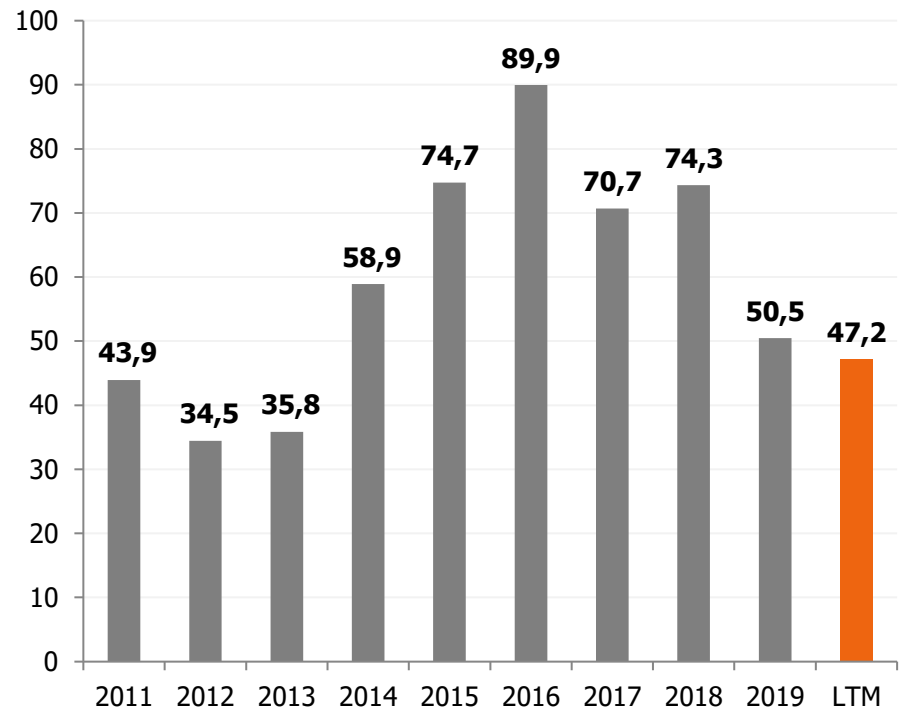
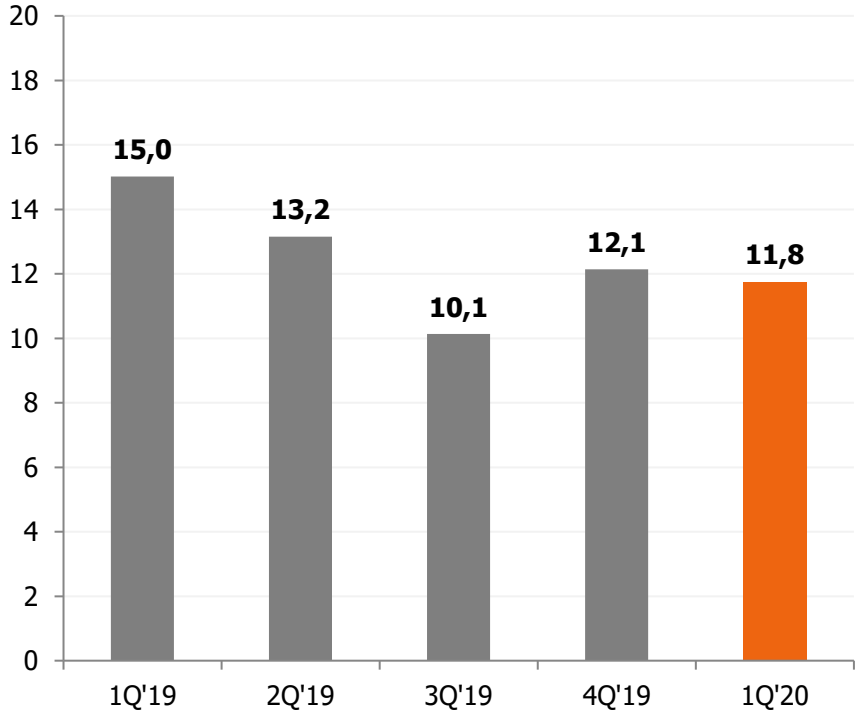
⊕ In 1Q 2020 EBITDA per ton increased by 20% yoy to 548 PLN/t

⊕ In LTM EBITDA per ton amounted to 519 PLN/t, increase by 5% in comparison to 2019





# Net profit in mn PLN

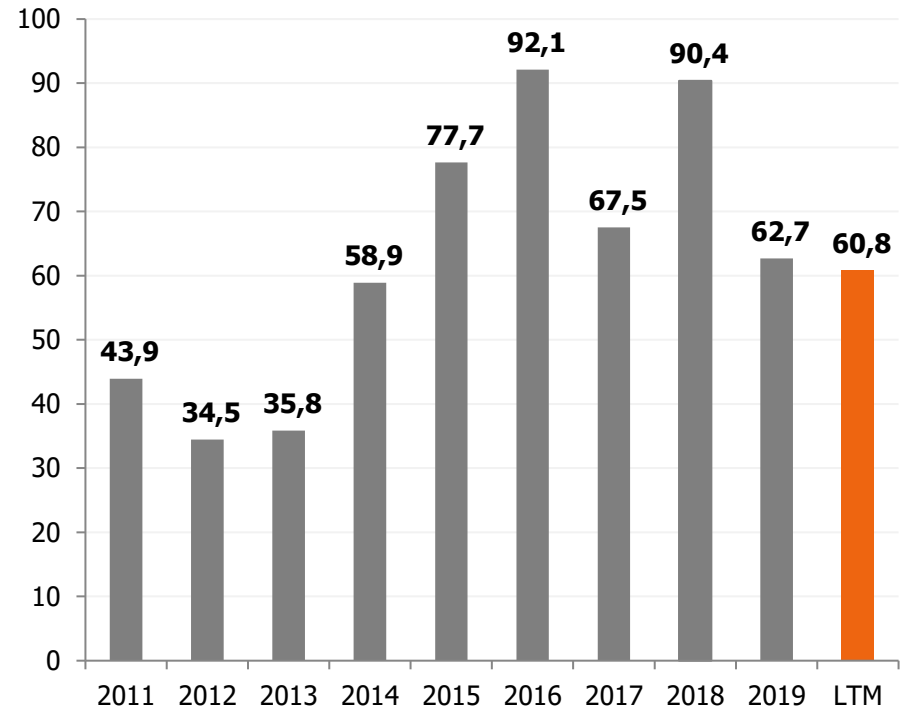
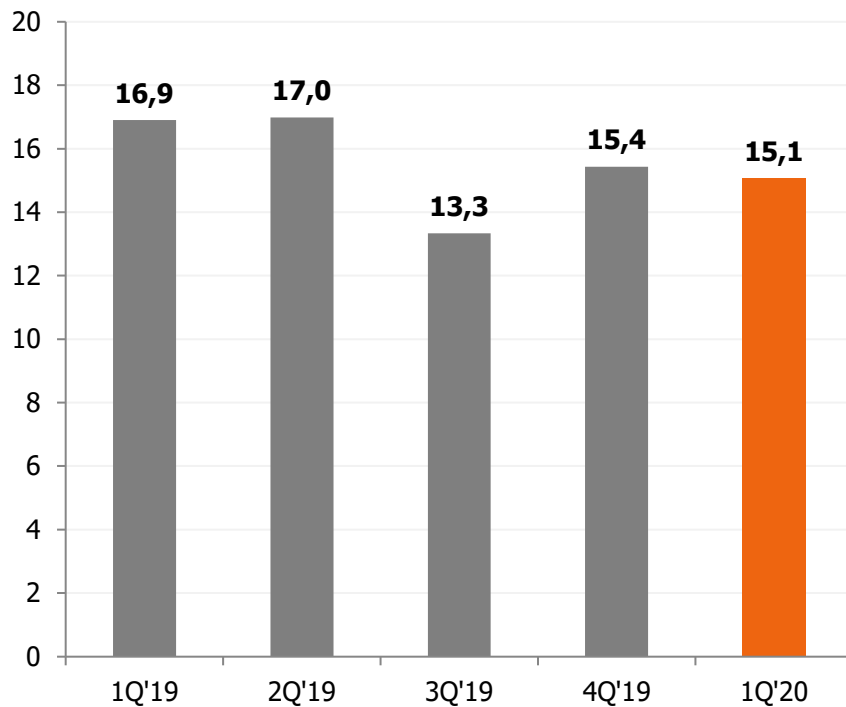


⊕ In 1Q 2020 net profit decreased by 22% yoy to PLN 11,8 mn

⊕ In LTM net profit amounted to PLN 47,2 mn, decrease by 6% in comparison to 2019



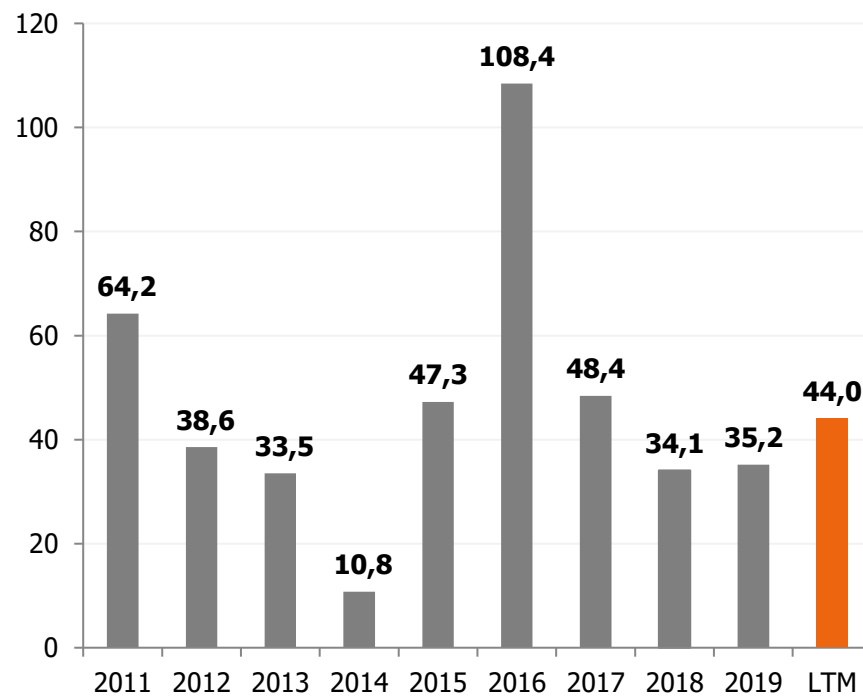
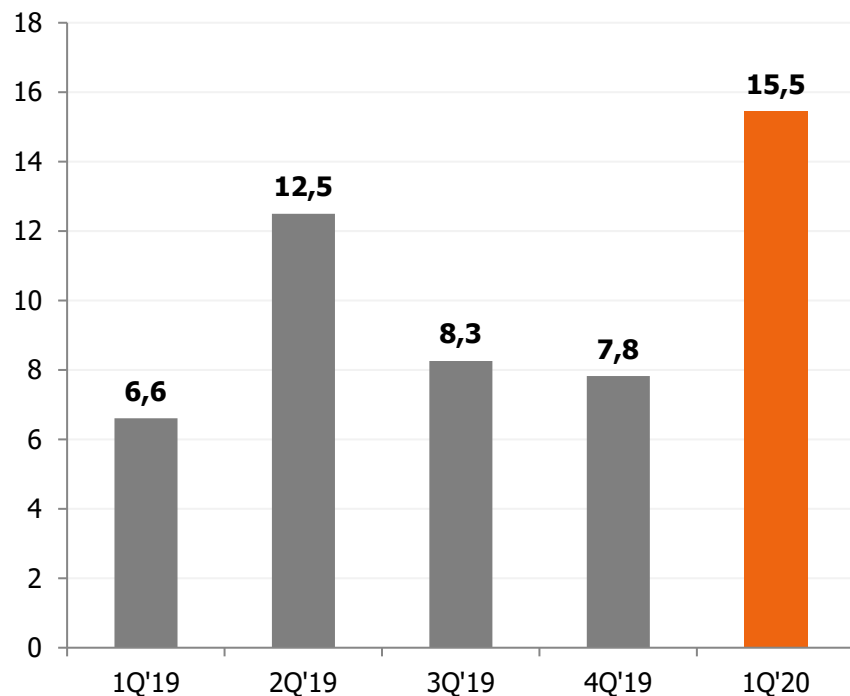
## Normalized net profit in mn PLN



⊕ In 1Q 2020 normalized net profit decreased by 11% yoy to PLN 15,1 mn

⊕ In LTM normalized net profit amounted to PLN 60,8 mn, decrease by 3% in comparison to 2019

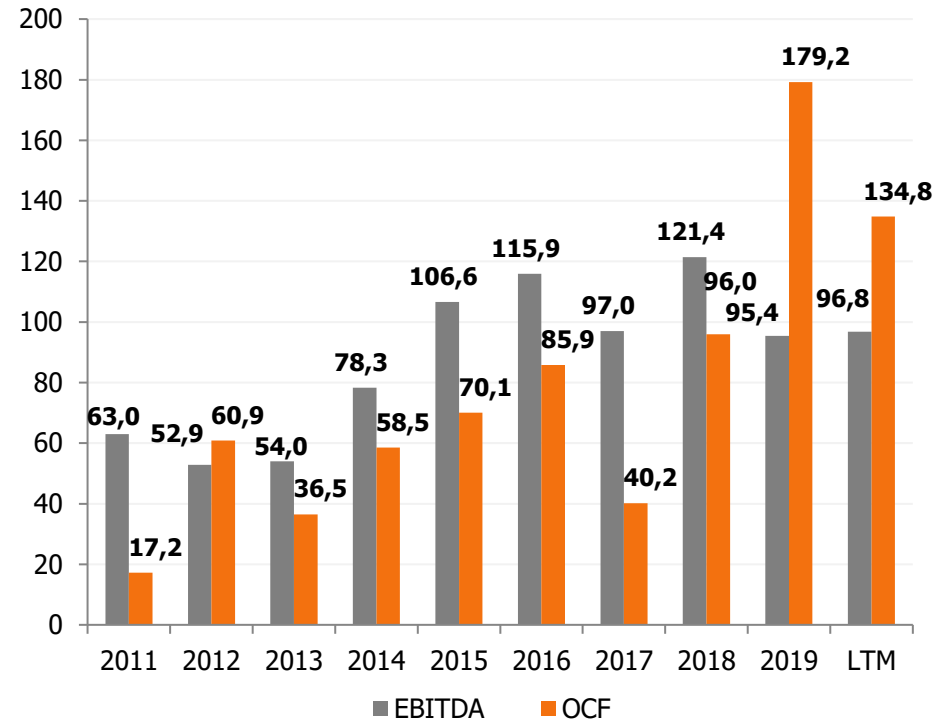
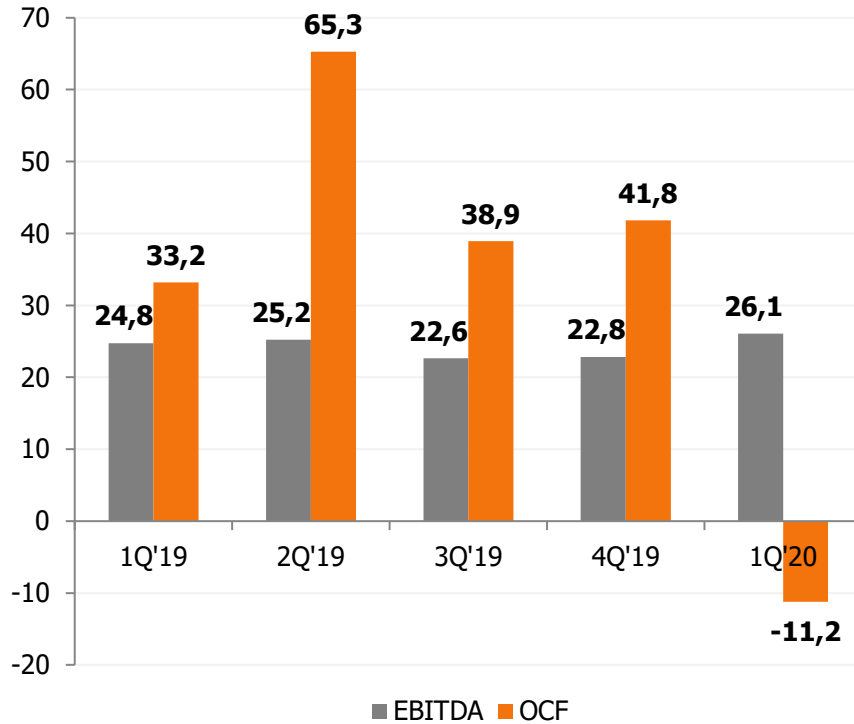
# Capex in mn PLN



- ⊕ In 1Q 2020 capex amounted to PLN 15,5 mn
  - PLN 0,1 mn maintenance capex
  - PLN 15,4 mn product mix/modernization and capacity increase
- ⊕ In LTM capex amounted to PLN 44,0 mn, increase by 25% in comparison to 2019



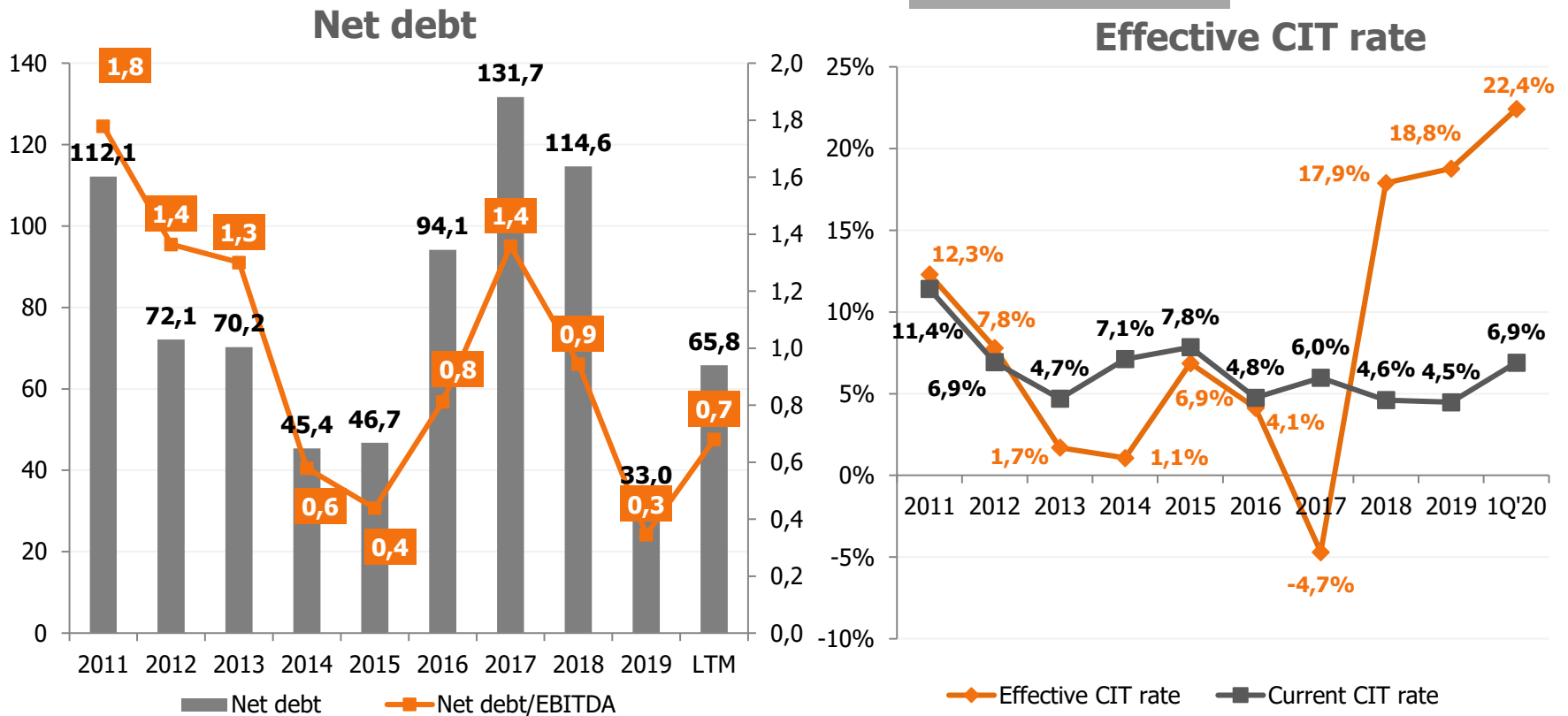
# EBITDA vs OCF in mn PLN



⊕ In 1Q 2020 OCF amounted to PLN -11,2 mn vs PLN 26,1 mn of EBITDA

⊕ In LTM OCF amounted to PLN 134,8 mn in comparison to PLN 96,8 mn of EBITDA

# Net debt and effective CIT rate



✦ At the end of 1Q 2020 net debt amounted to PLN 65,8 mn and Net debt/EBITDA ratio increased from the level of 0,3x at the end of 2019 to 0,7x at the end of March 2020

✦ Effective CIT rate in 1Q 2020 amounted to 22,4% and current CIT rate amounted to 6,9%

## Kęty plant modernization

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- ⊕ The advancement of construction works contracting is at 98% and the level of advancement of works exceeds 90%
- ⊕ Over 95% of machines and equipment delivered to the plant and the level of advancement of assembly exceeds 60%
- ⊕ Due to the COVID-19, some of the assembly works carried out by foreign companies are slowed down
- ⊕ In 1Q 2020 capex amounted to PLN 14,3 mn and from the beginning of the project PLN 37 mn
- ⊕ Despite the slowdown due to the pandemic, the project is still on time (the schedule included a time reserve)

# Alumetal Group activities during the pandemic

## ⊕ Safety

- implementation of anti-pandemic procedures and measures (hygiene and protective measures, rotation of teams, reduction of external and internal personal contacts, remote working) – the aim is the safety of employees and continuity of operational processes

## ⊕ Community

- making donation to WOŚP intervention fund in the amount of PLN 250 k

## ⊕ Financial liquidity

- 23 March 2020 recommendation of the Management Board and 15 April 2020 positive opinion of the Supervisory Board on the distribution of profit for 2019 – no dividend proposed, allocation of 70% of the normalized consolidated net profit to reserve capital for the payment of dividends in the future or permanent retention of these funds in the Company
- transfer part of planned capex from 2020 to 2021
- very solid balance sheet, relatively low net debt and sound financial liquidity

## ⊕ Operating activities

- downtime in the automotive industry will result in a sales decrease in 2Q 2020 by about 50% yoy and even deeper decrease in profits
- limited production level in all our plants and short-term downtime adapted to the key customers production schedules
- the lack of longer and complete downtime doesn't allow to use public funds to cover part of the operational costs
- reduction of operating costs – renegotiation of permanent contracts, reduction of planned in the budget costs and staff reduction



# Summary

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- ⊕ In 1Q 2020 an unprecedented fall in sales volume of motor vehicles in the EU and Great Britain
- ⊕ In Q1 2020 sales volumes at a relatively good level, despite the first negative effects of COVID-19 in March 2020
- ⊕ In 1Q 2020 EBIDTA higher yoy and normalized net profit lower yoy
- ⊕ Modernization of the plant in Kęty on time and revised budget
- ⊕ In March and April 2020, automotive production in Europe stopped. In May 2020, production gradually resumed but at a low level. We expect deep decline in motor vehicle production and sales in 2Q 2020 and a slow improvement in the following quarters
- ⊕ Alumetal Group has a solid balance sheet and low operating cost base

