



Alumetal Group

3Q 2017 financial results

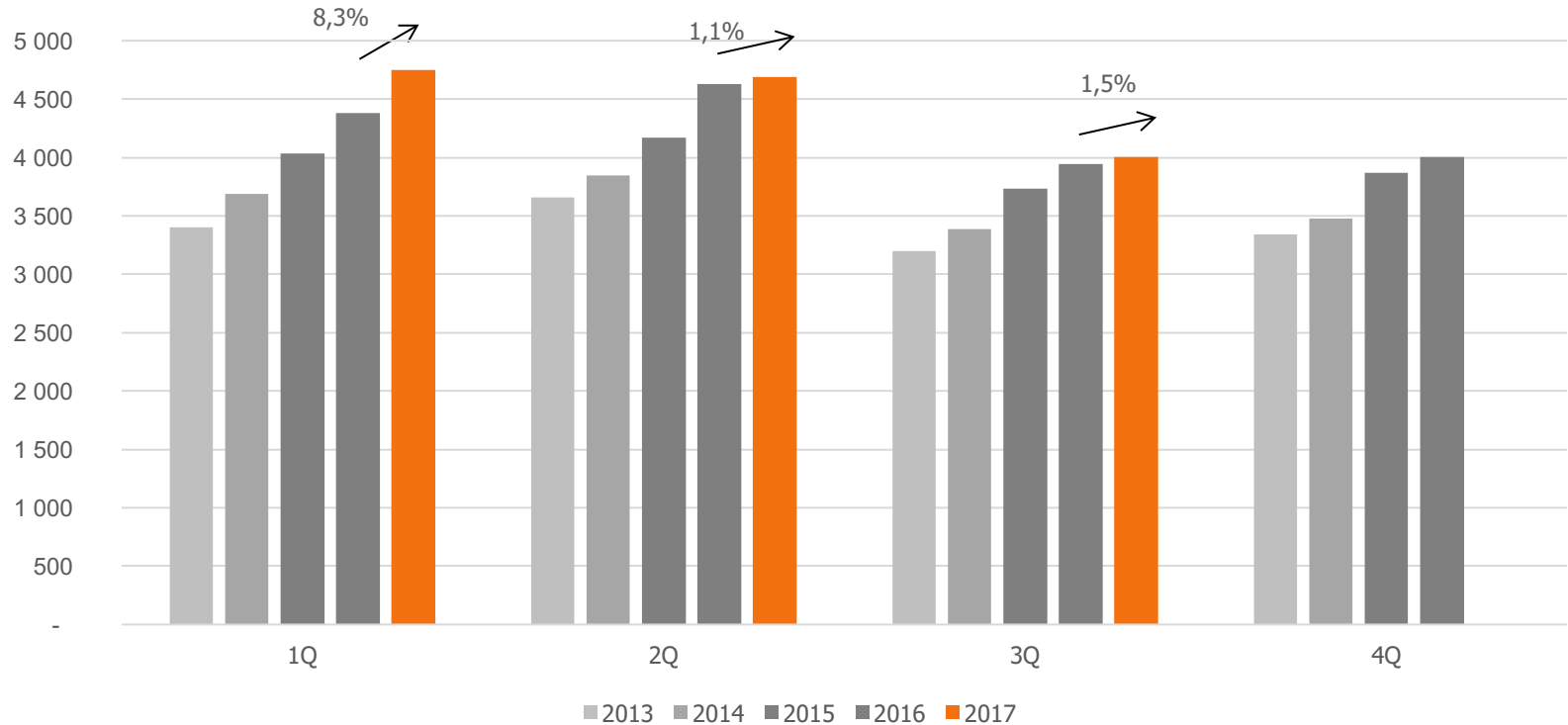
17th November 2017



3Q 2017 and LTM at glance

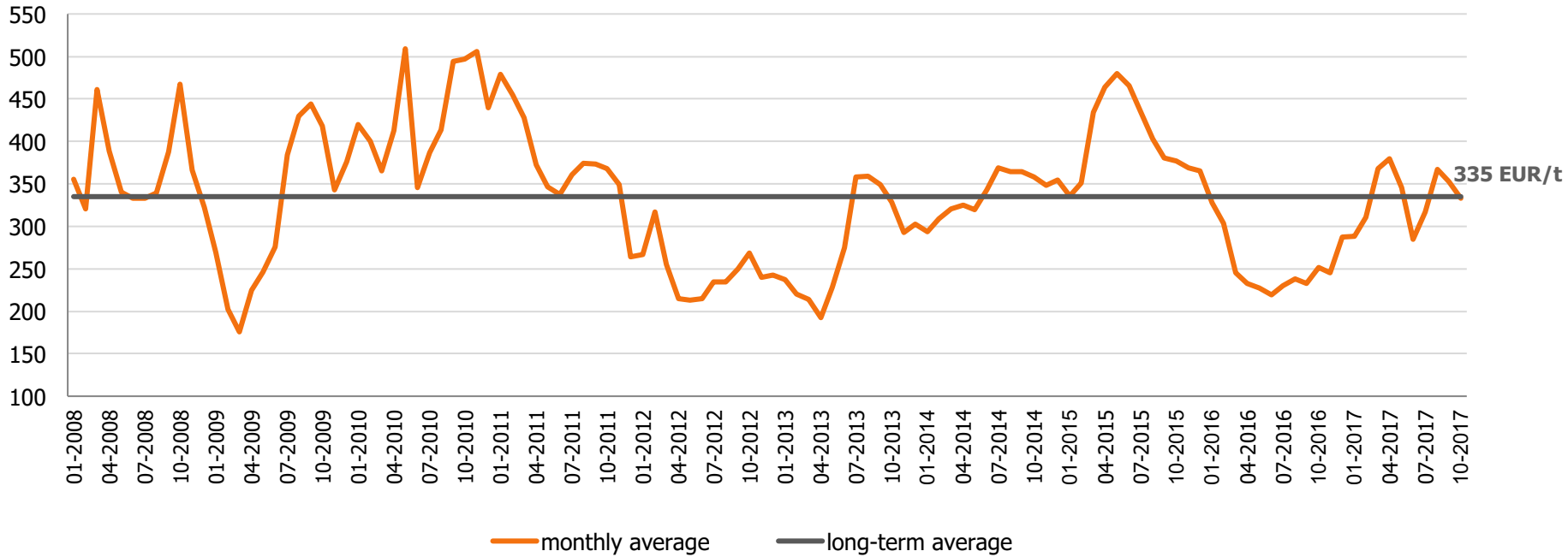
- ⊕ Volume sales – **42k tons** in 3Q 2017 and **171k ton** in LTM
- ⊕ EBITDA – **PLN 24 mn** in 3Q 2017 and **PLN 95 mn** in LTM
- ⊕ Normalized net profit – **PLN 17 mn** in 3Q 2017 and **PLN 67 mn** in LTM
- ⊕ Operating cash flow – **PLN 19 mn** in 3Q 2017 and **PLN 33 mn** in LTM
- ⊕ Net debt – **PLN 134 mn** (1,4xEBITDA) at the end of September 2017

Motor vehicle registrations in the EU in thou. units



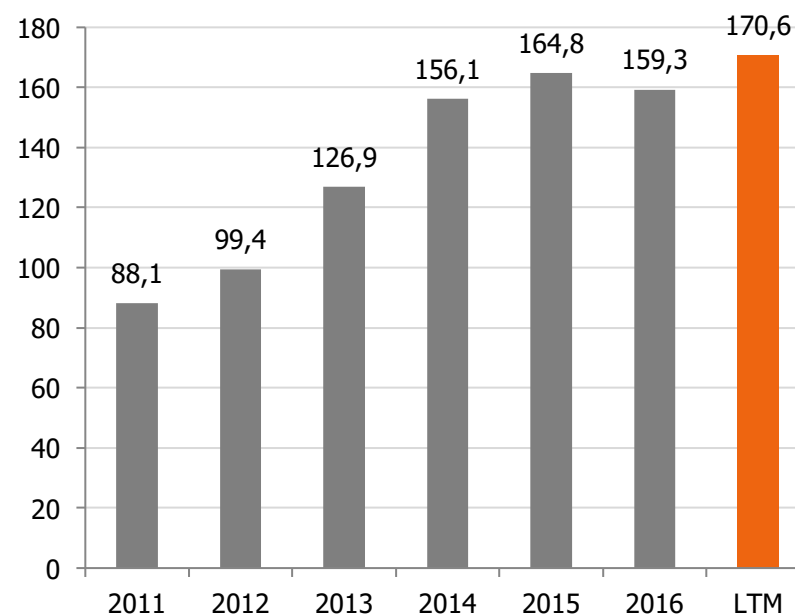
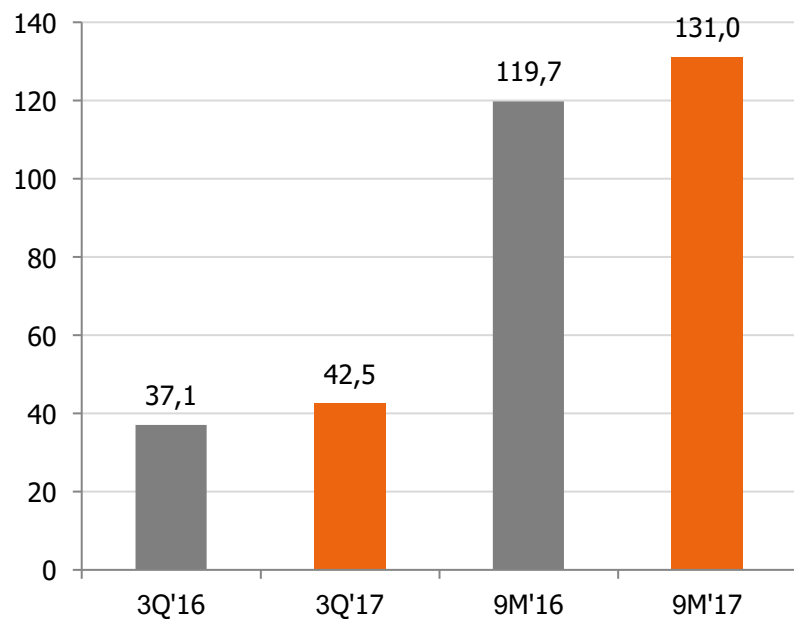
- ✦ Continuation of new vehicle registrations growth in the EU: 1,5% in Q3 2017 and 3,7% YTD
- ✦ Customers are buying more petrol engines cars than diesel. The share of electric vehicle registrations in the EU is nearly at the same level: 0,6% YTD (0,4% in 2015 and 0,4% in 2016)

Metal Bulletin 226 alloy spread in EUR/t



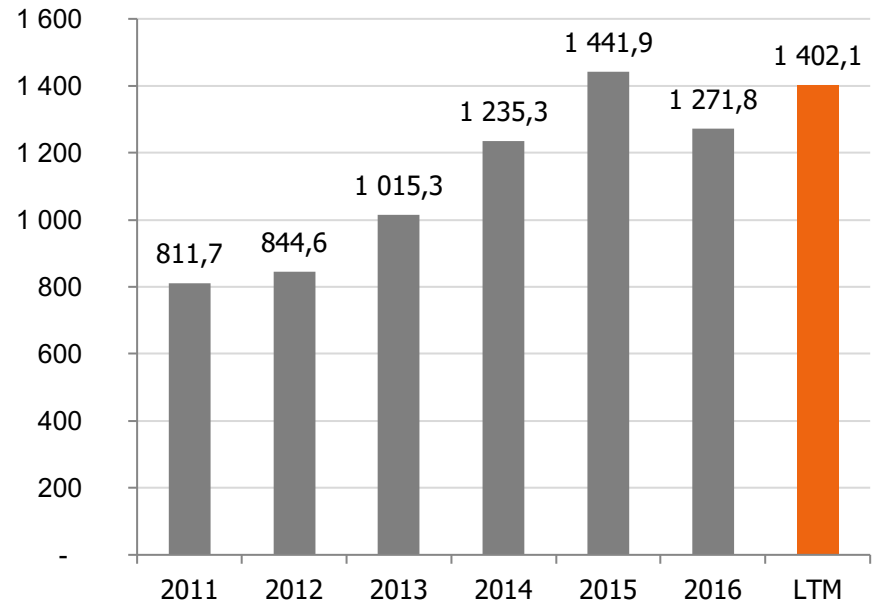
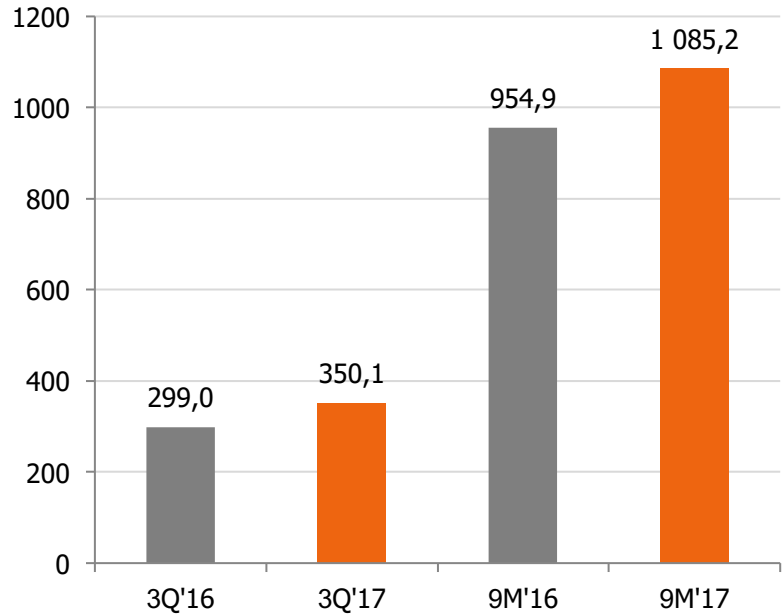
- ⊕ Average benchmark margin was 335 EUR/t YTD and 346 EUR/t in 3Q 2017
- ⊕ Large fluctuations of margin YTD – 288 EUR/t in January, 379 EUR/t in April, 285 EUR/t in June and 352 EUR/t in September

Volume sales in thou. tons



- ✦ In 3Q 2017 sales volume increased by 15% yoy to 42 thou. tons
- ✦ In LTM sales volume amounted to 171 thou. tons which is 7% increase in comparison to 2016

Sales revenue in mn PLN

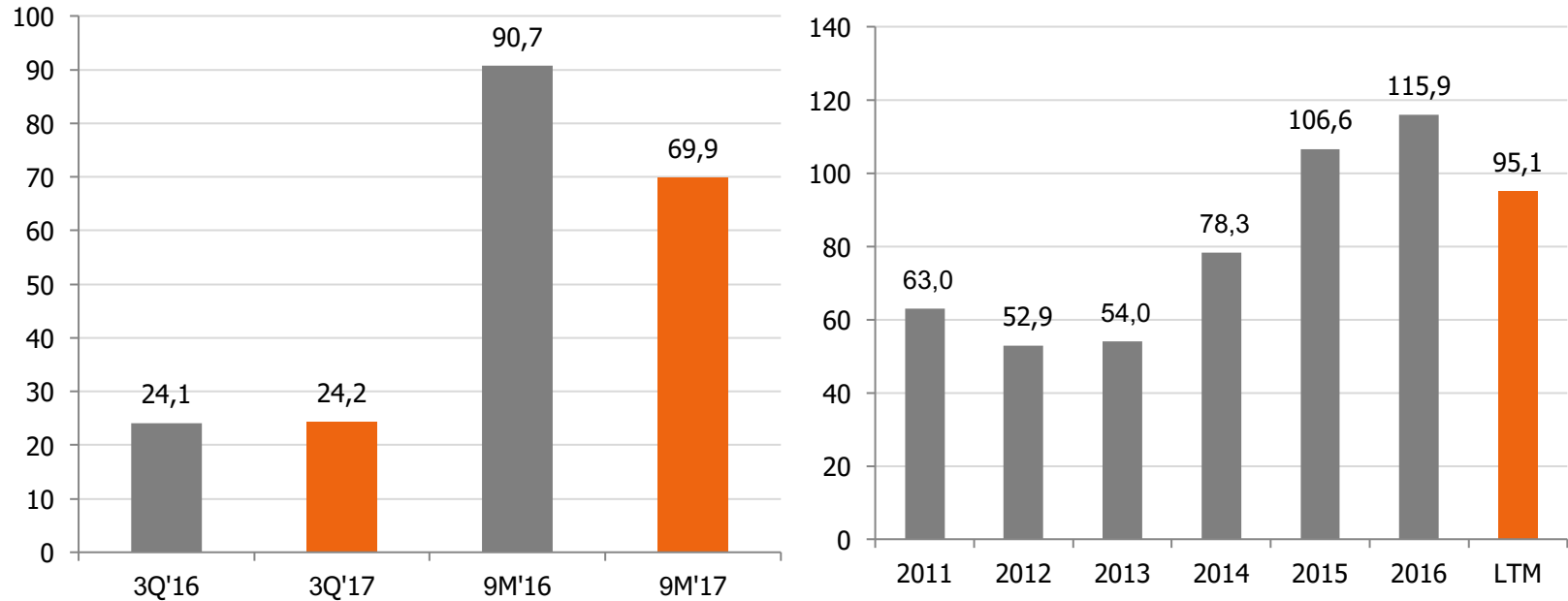


✦ In 3Q 2017 sales revenue increased by 17% yoy to PLN 350 mn

✦ In LTM sales revenue amounted to PLN 1,4 bn which is 10% increase in comparison to 2016

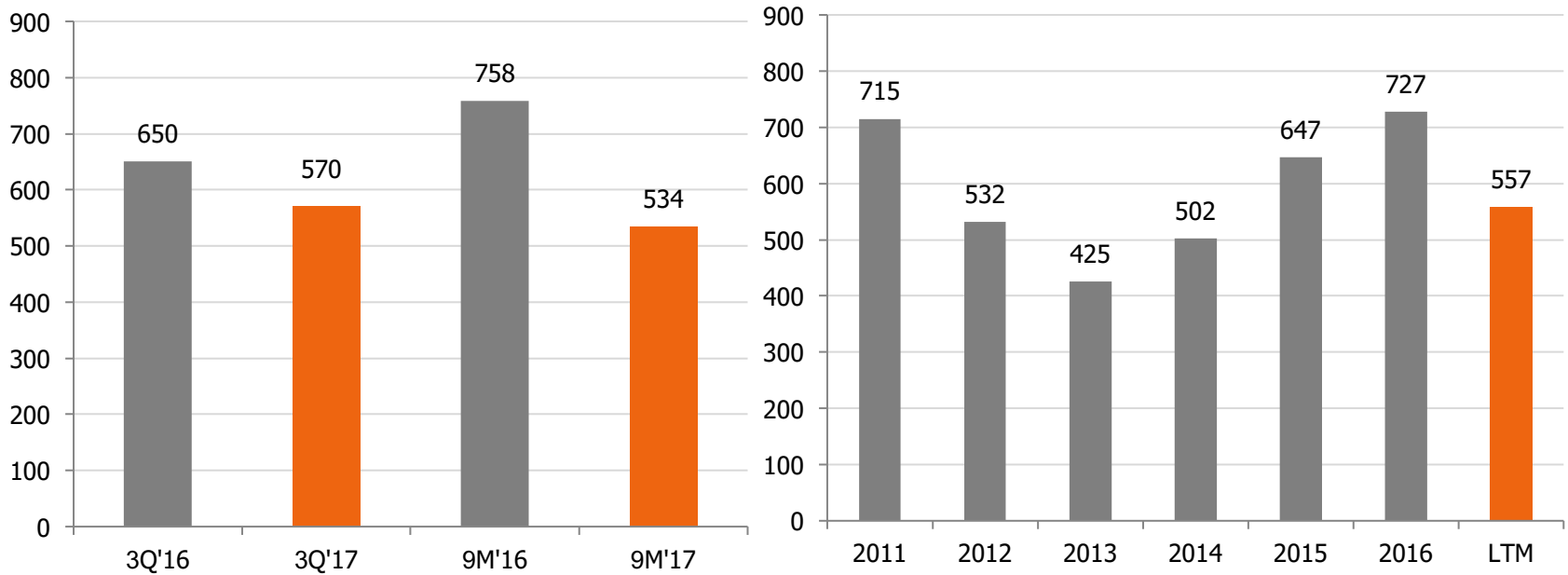


EBITDA in mn PLN



- ✦ In 3Q 2017 EBITDA increased by 1% yoy to PLN 24 mn
- ✦ In LTM EBITDA amounted to PLN 95 mn, 18% decrease in comparison to 2016

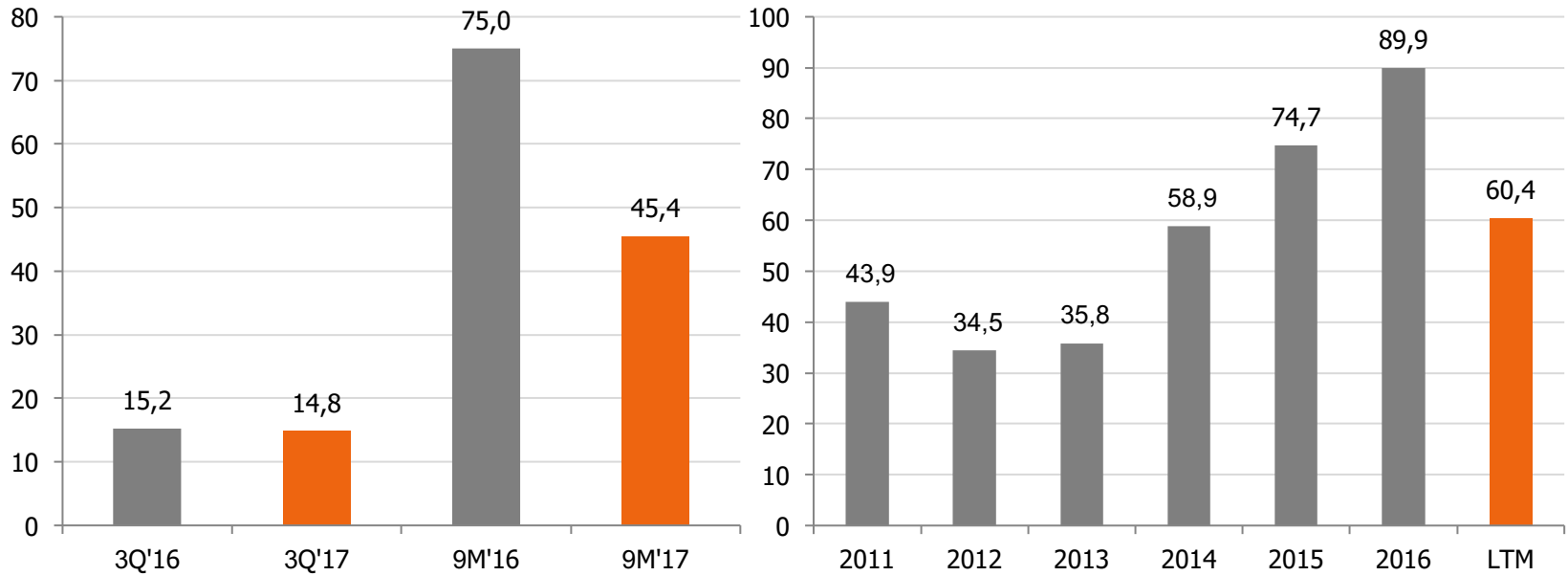
EBITDA per ton in PLN



✦ In 3Q 2017 EBITDA per ton decreased by 12% yoy to 570 PLN/t

✦ In LTM EBITDA per ton amounted to 557 PLN/t, 23% decrease in comparison to 2016

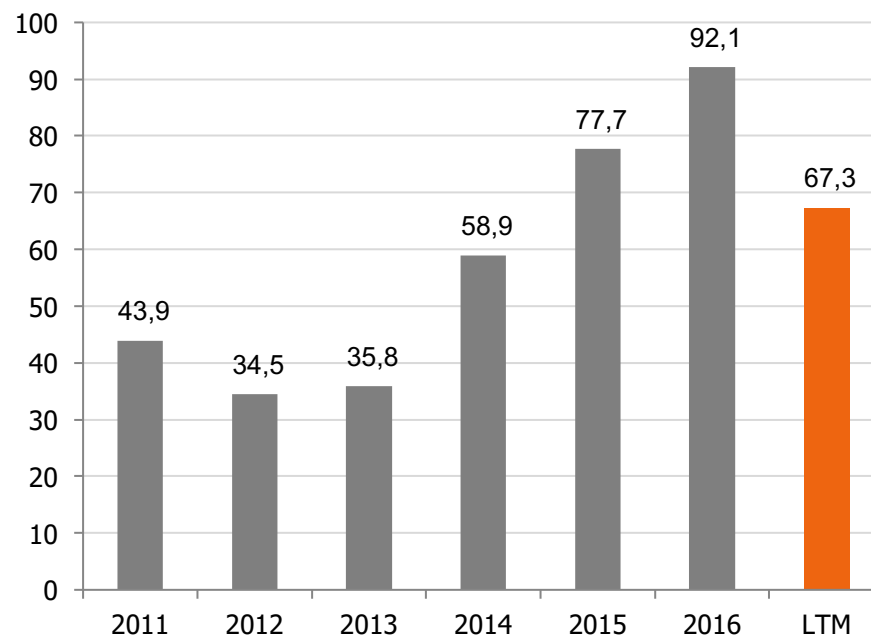
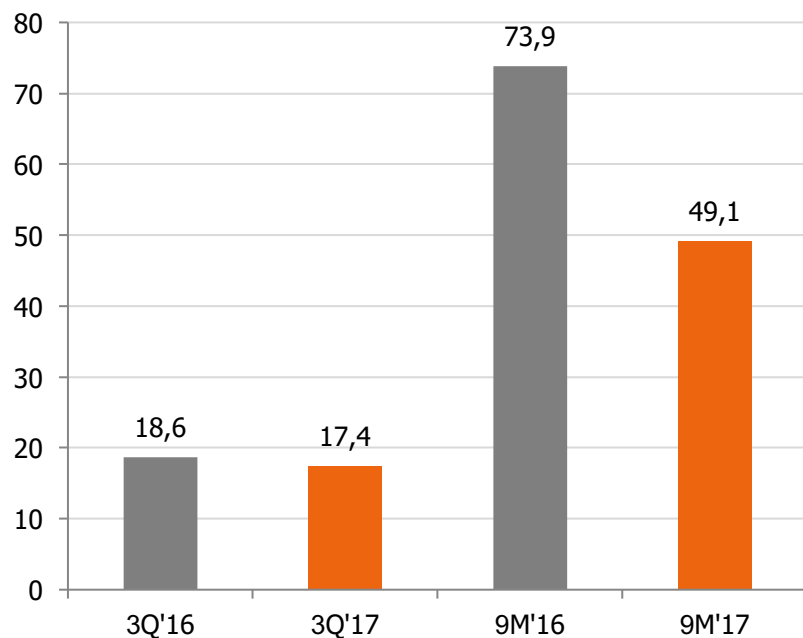
Net profit in mn PLN



✦ In 3Q 2017 net profit decreased by 2% yoy to PLN 15 mn

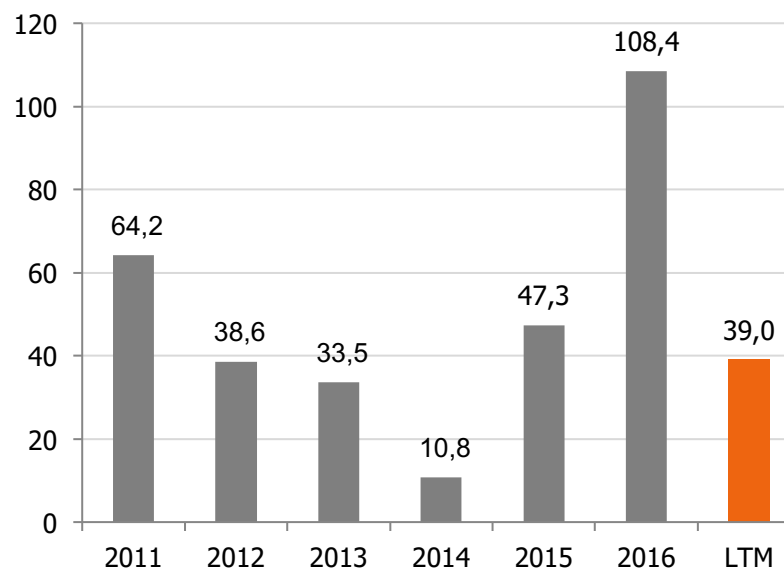
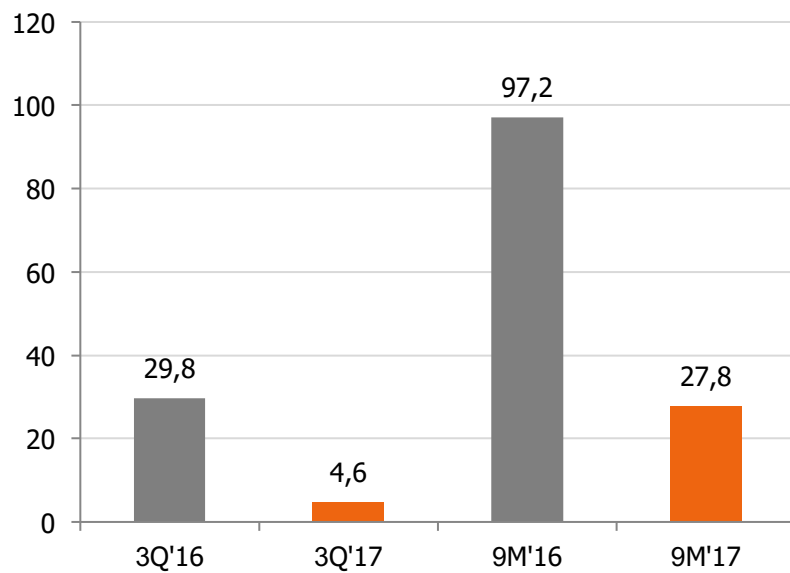
✦ In LTM net profit amounted to PLN 60 mn, 33% decrease in comparison to 2016

Normalized net profit in mn PLN



- ⊕ In 3Q 2017 normalized net profit decreased by 7% yoy to PLN 17 mn
- ⊕ In LTM normalized net profit amounted to PLN 67 mn, 27% decrease in comparison to 2016

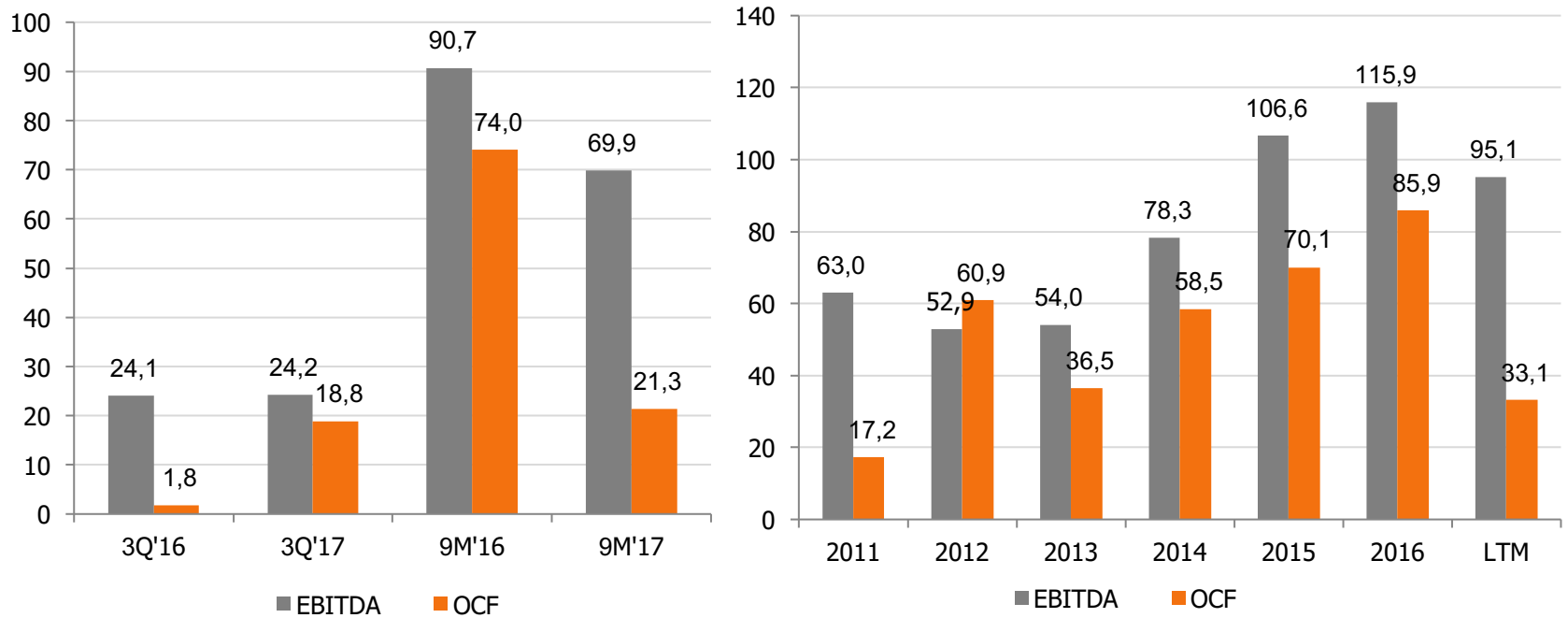
Capex in mn PLN



- ⊕ YTD capex amounted to PLN 28 mn
 - PLN 6,2 mn maintenance capex
 - PLN 2,3 mn metal management
 - PLN 19,3 mn product mix/production capacity increase

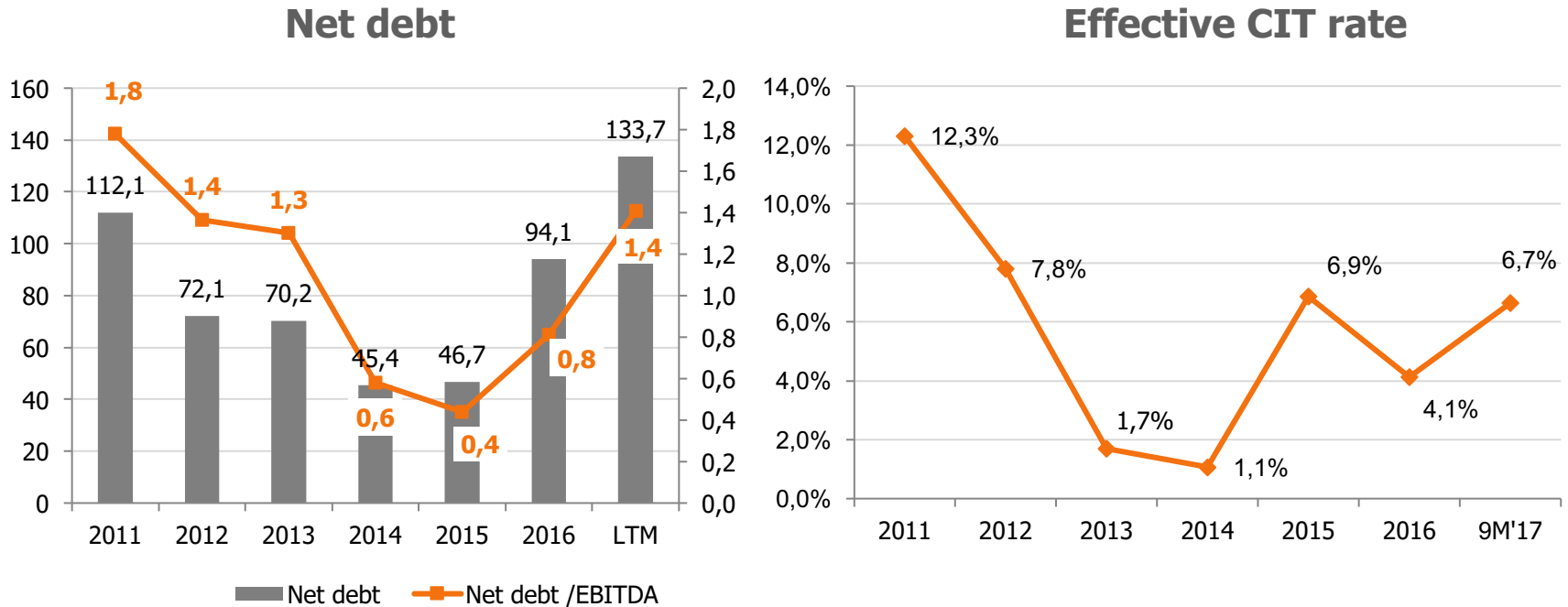
- ⊕ In LTM capex amounted to PLN 39 mn which is 64% lower than in 2016

EBITDA vs OCF in mn PLN



- ✦ In 3Q 2017 OCF amounted to PLN 19 mn in comparison to EBIDTA at PLN 24 mn
- ✦ In LTM OCF amounted to PLN 33 mn in comparison to EBIDTA at PLN 95 mn

Net debt and effective CIT rate



- ⊕ At the end of September net debt amounted to PLN 134 mn and Net debt/EBITDA ratio increased from 0,8x at the end of 2016 to 1,4x at the end of September 2017
- ⊕ YTD effective CIT rate amounted to 6,7%

Master alloys expansion project

- ⊕ Continuation of construction works commenced in 2Q 2017 and start of assembly of some machines and equipment
- ⊕ Completion of tender for other construction works – planned start of works in the second half of November 2017
- ⊕ YTD capex amounted to PLN 9,7 mn (PLN 2,7 mn in 3Q 2017), cumulative capex amounted to PLN 18,1 mn
- ⊕ The project is on time (production beginning in 1H 2018) and with the risk of small budget overrun (construction work cost increase)

Summary

- ⊕ In 3Q 2017 higher sales volume, financial results higher than the Management Board expectations thanks to good business decisions

- ⊕ Continuation of the growth of sales of motor vehicles in the European Union in 3Q 2017, but the growth rate in last two quarters lower than in the last 4 years. Continuation of evolutionary changes in the automotive industry in Europe

- ⊕ Project in Hungary – increase of production capacity utilization of both production lines

- ⊕ Master alloys expansion project on time and risk of small budget overrun

- ⊕ On 7th November 2017 resolution was taken regarding new managerial option program for period 2018-2020
 - PLN 117,4 mn EBITDA and PLN 86,2 mn normalized net profit and AML price performance 5% better than WIG in 2018
 - PLN 129,1 mn EBITDA and PLN 94,9 mn normalized net profit and AML price performance 5% better than WIG in 2019
 - PLN 145,2 mn EBITDA and PLN 106,7 mn normalized net profit and AML price performance 5% better than WIG in 2020