



Alumetal Group

3Q 2018 financial results

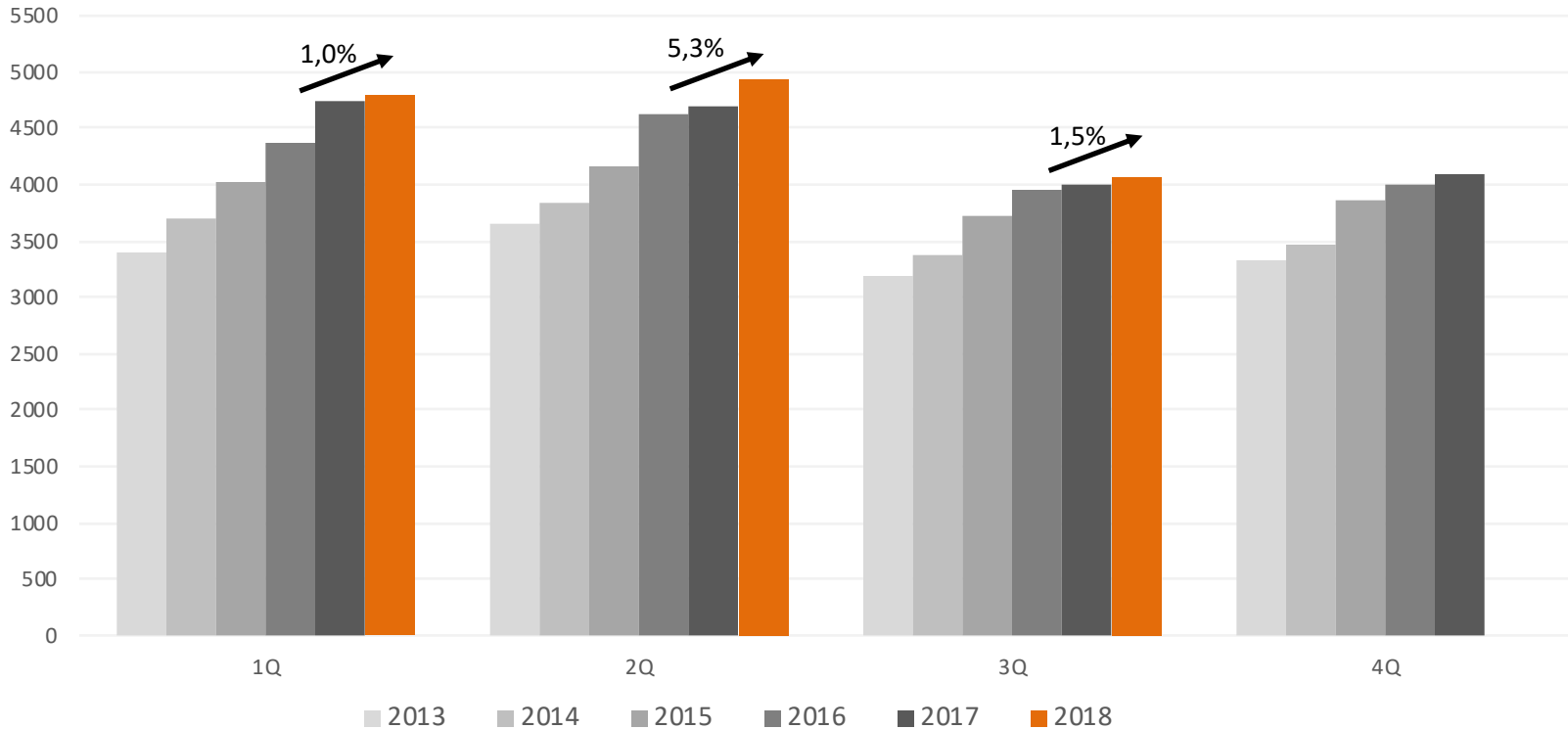
14 November 2018

alumetal

3Q 2018 and LTM at glance

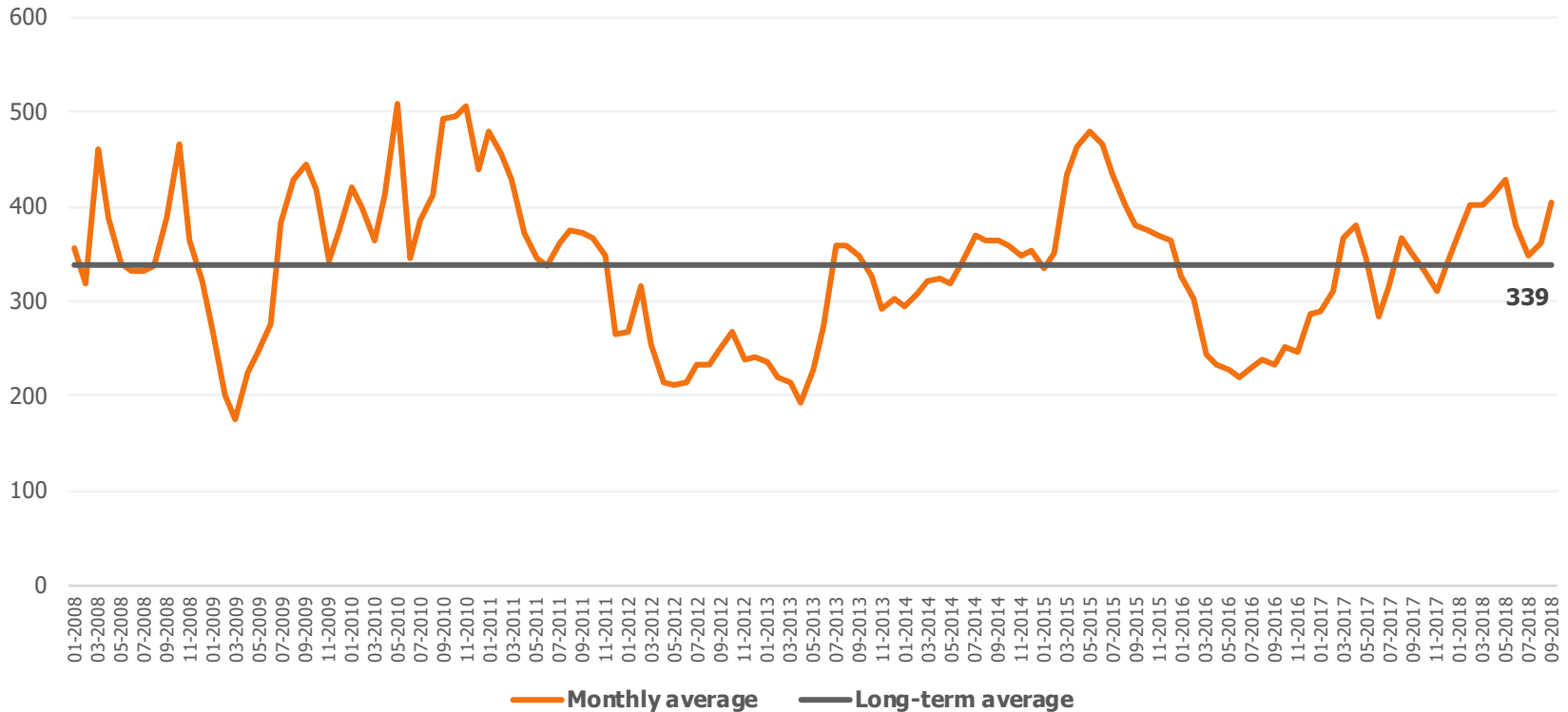
- ⊕ Volume sales – **48,6 k tons** in Q3 2018 and **197,2 k tons** in LTM
- ⊕ EBITDA – **PLN 29,0 mn** in Q3 2018 and **PLN 126,1 mn** in LTM
- ⊕ Normalized net profit – **PLN 21,6 mn** in Q3 2018 and **PLN 92,3 mn** in LTM
- ⊕ Operating cash flow – **PLN 27,4 mn** in Q3 2018 and **PLN 103,2 mn** in LTM
- ⊕ Net debt – **PLN 121,0 mln** (1,0x EBITDA)

Motor vehicle registrations in the EU in k units



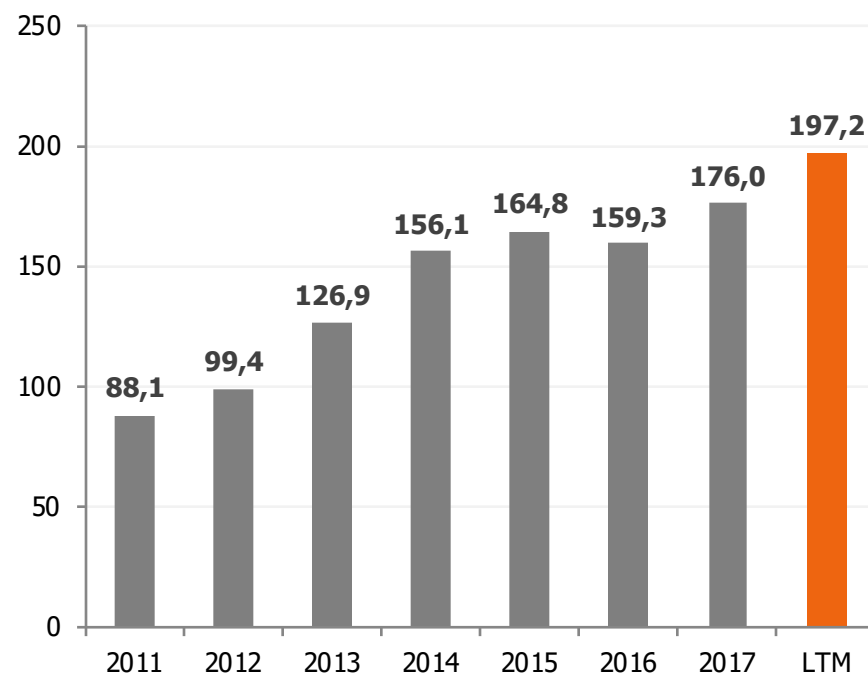
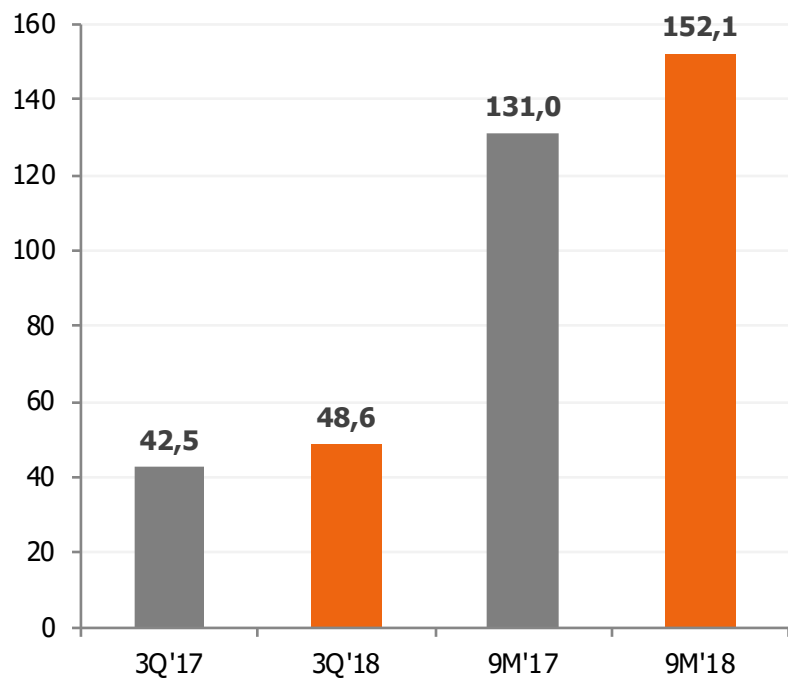
- ⊕ In Q3 2018 motor vehicle registrations in EU increased by 1,5% yoy (PC by 1,6% and CV by 1,0%) and by 2,7% YTD
- ⊕ In Q3 2018 a significant turbulence in the automotive industry in the EU in connection with entering the next stage of WLTP. Uncertainty in the fulfillment of requirements imposed by WLTP may be continued in subsequent periods

Metal Bulletin 226 alloy spread in EUR/t



- ⊕ Average benchmark margin in Q3 2018 was at the level of 372 EUR/t which was 10% higher in comparison to long-term average which is 339 EUR/t
- ⊕ Sales prices quoted by Metal Bulletin in recent weeks don't reflect market realities, consequently the level of the benchmark margin seems to be overstated

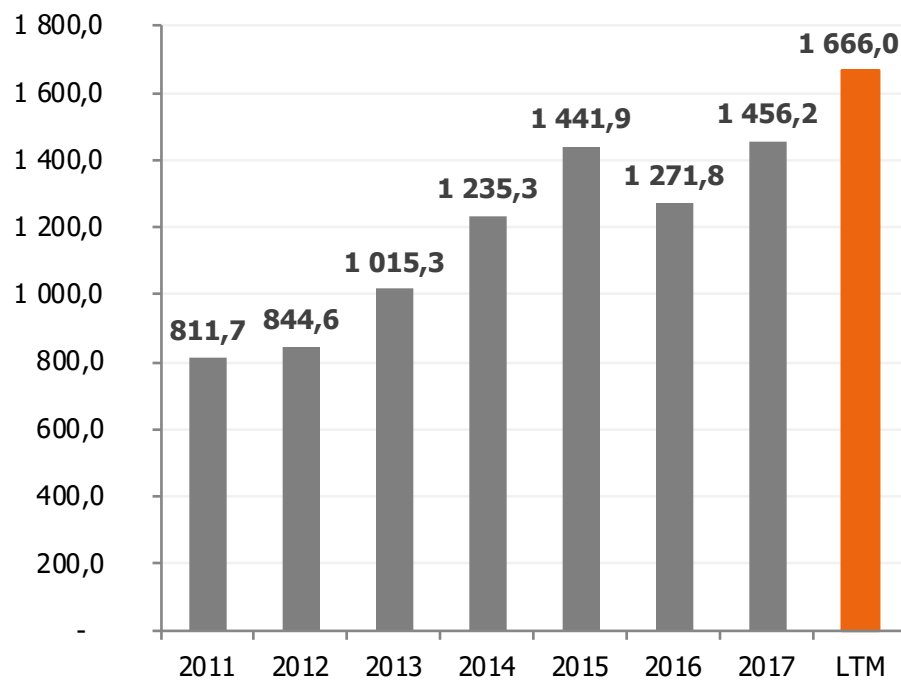
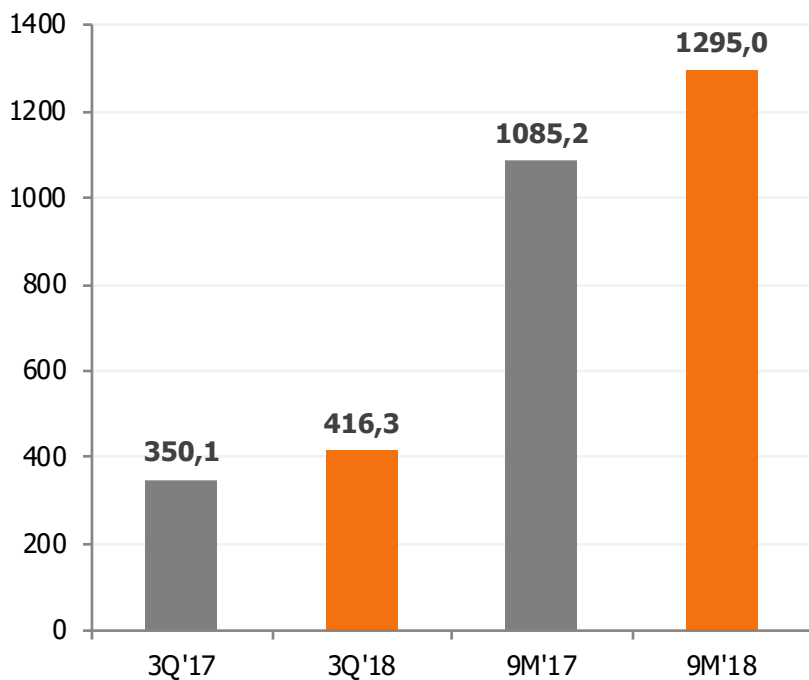
Volume sales in k tons



⊕ In Q3 2018 sales volume increased by 14 % yoy to 48,6k tons

⊕ In LTM sales volume amounted 197,2 k tons, which is 12% increase in comparison to 2017

Sales revenue in mn PLN

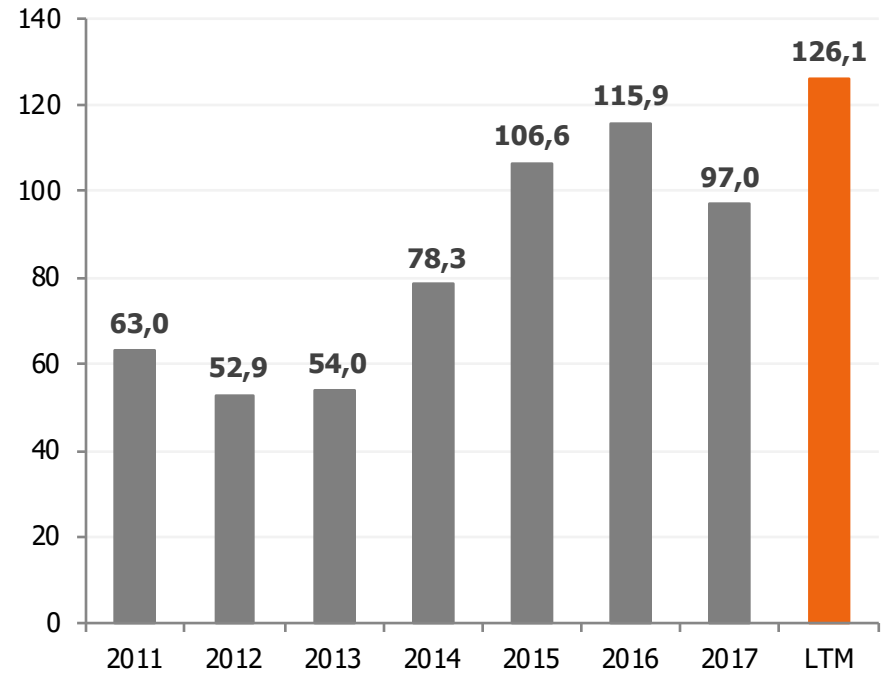
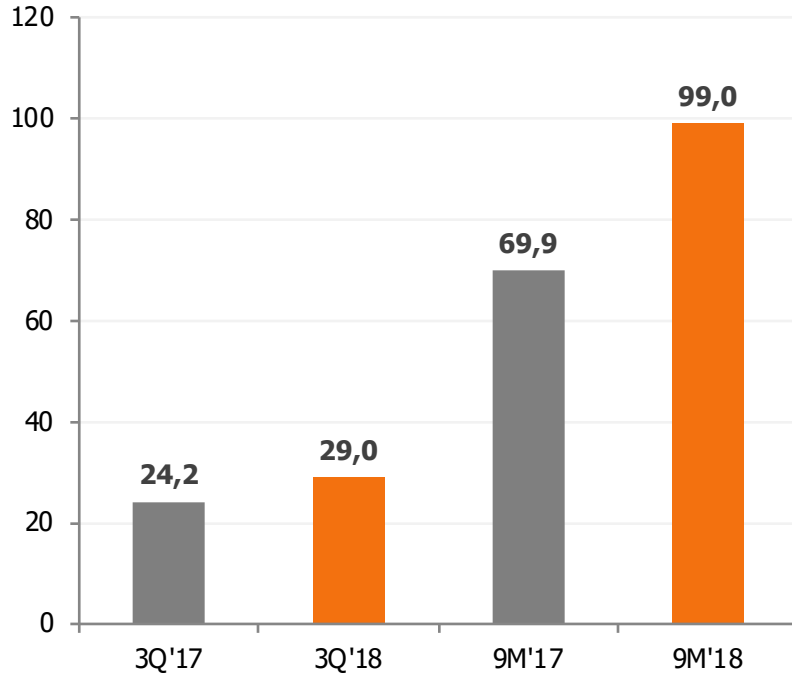


⊕ In Q3 2018 sales revenue increased by 19% yoy to PLN 416,3 mn

⊕ In LTM sales revenue amounted to PLN 1,666 bn, which is 14% increase in comparison to 2017



EBITDA in mn PLN

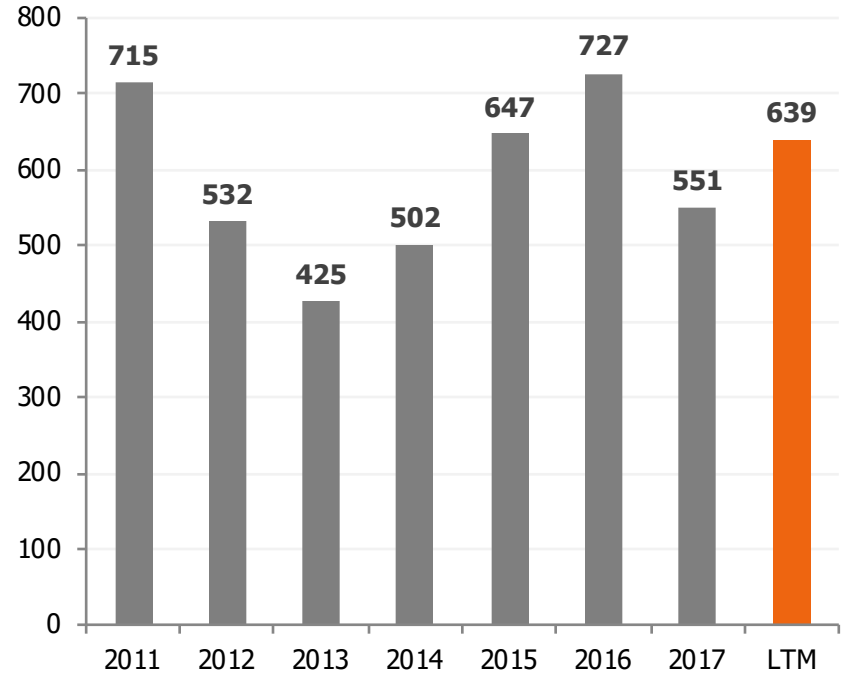
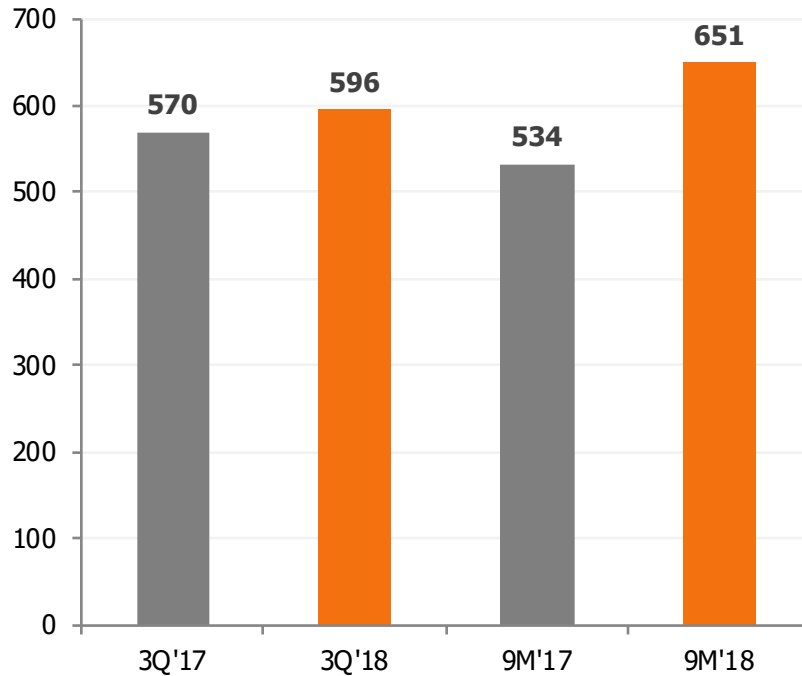


⊕ In Q3 2018 EBITDA increased by 20% yoy to PLN 29,0 mn

⊕ In LTM EBITDA amounted to PLN 126,1 mn, 30% increase in comparison to 2017



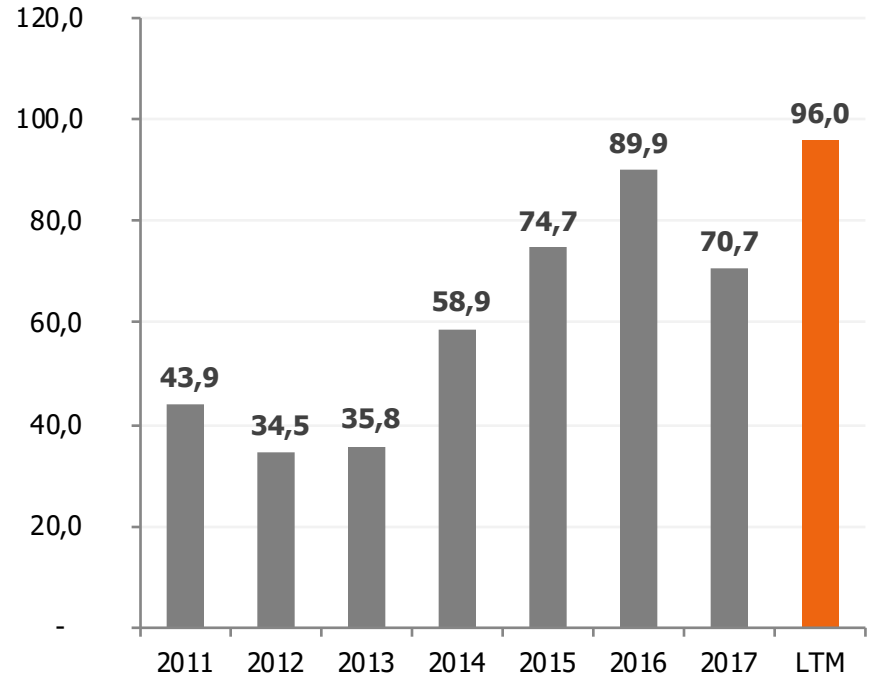
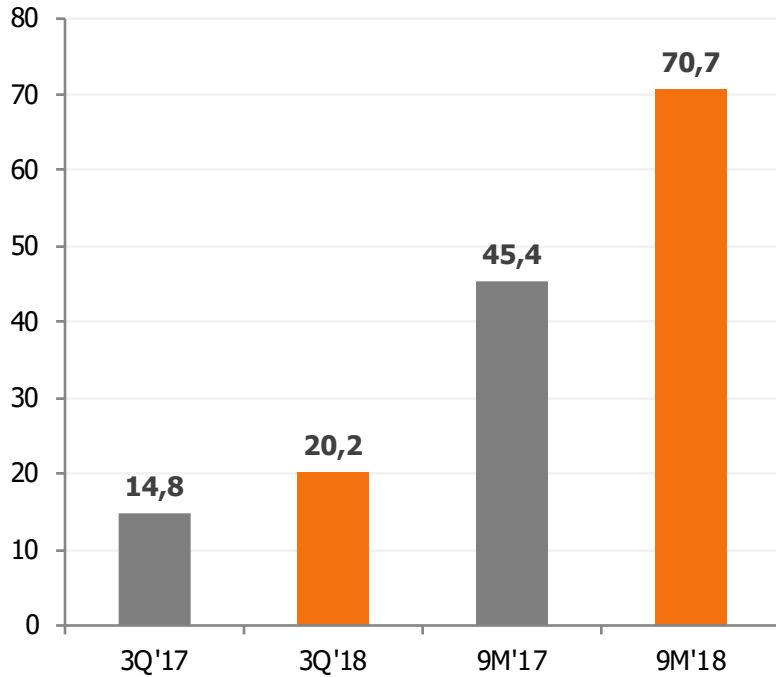
EBITDA per ton in PLN



⊕ In Q3 2018 EBITDA per ton increase by 5% yoy to 596 PLN/t

⊕ In LTM EBITDA per ton amounted to 639 PLN/t, 16% increase in comparison to 2017

Net profit in mn PLN

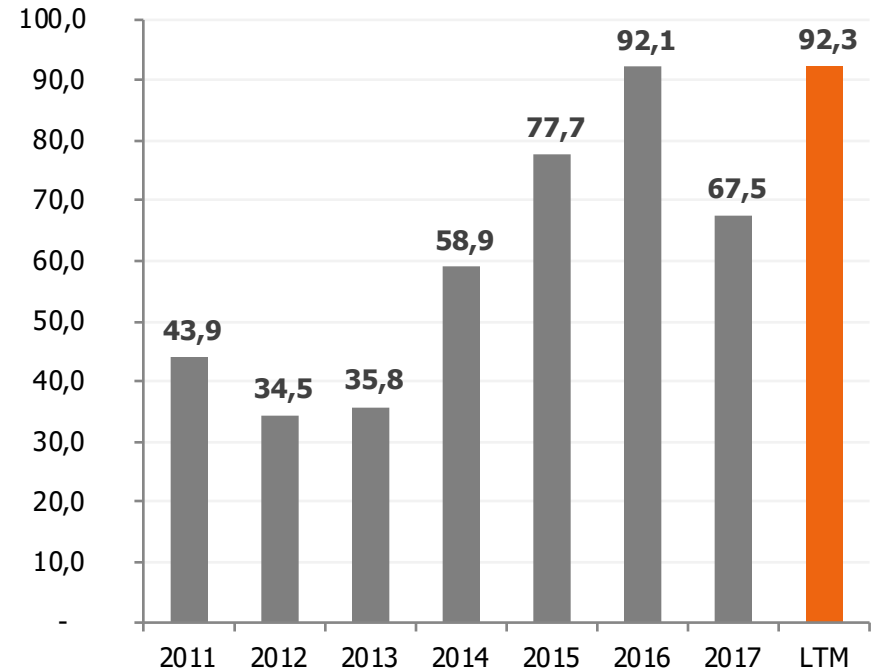
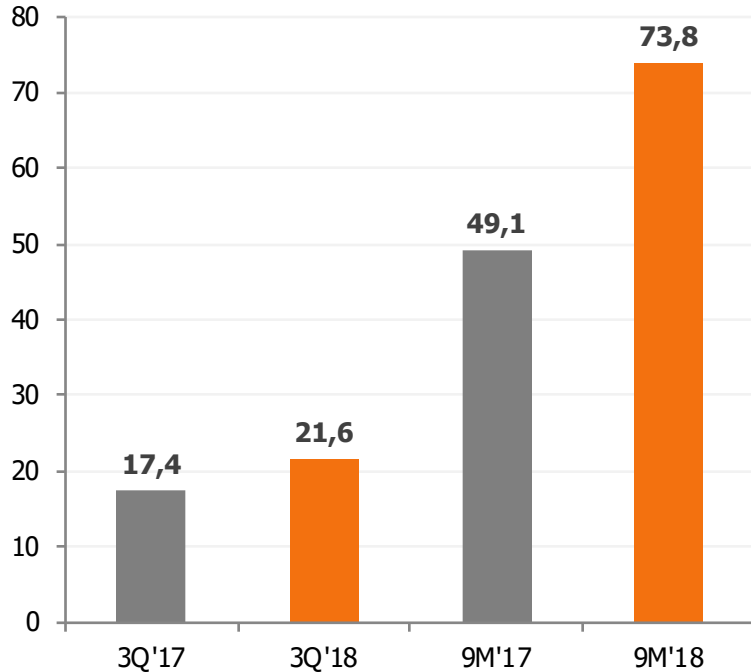


⊕ In Q3 2018 net profit increased by 36% yoy to PLN 20,2 mn

⊕ In LTM net profit amounted to PLN 96,0 mn, 36% increase in comparison to 2017



Normalized net profit in mn PLN

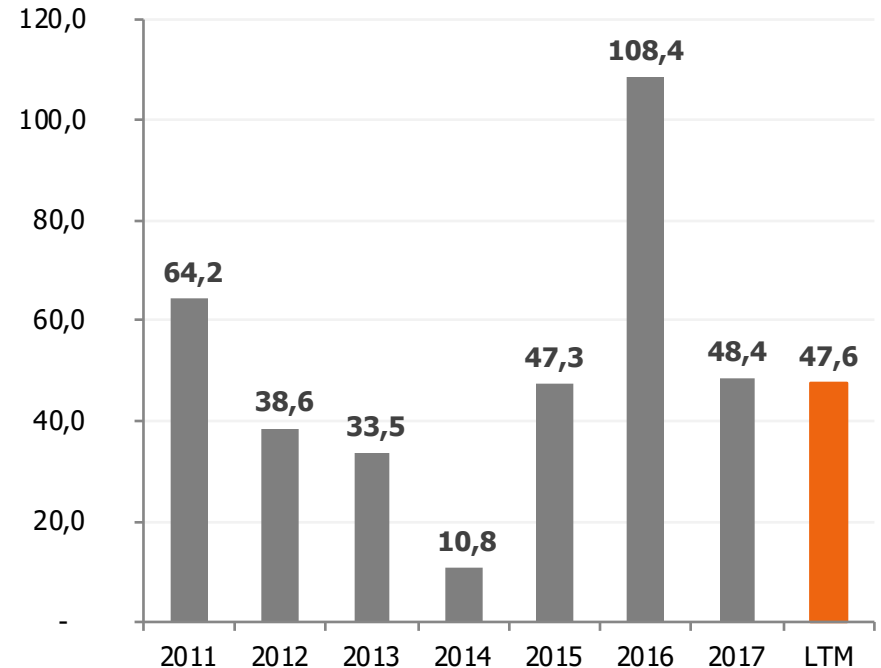
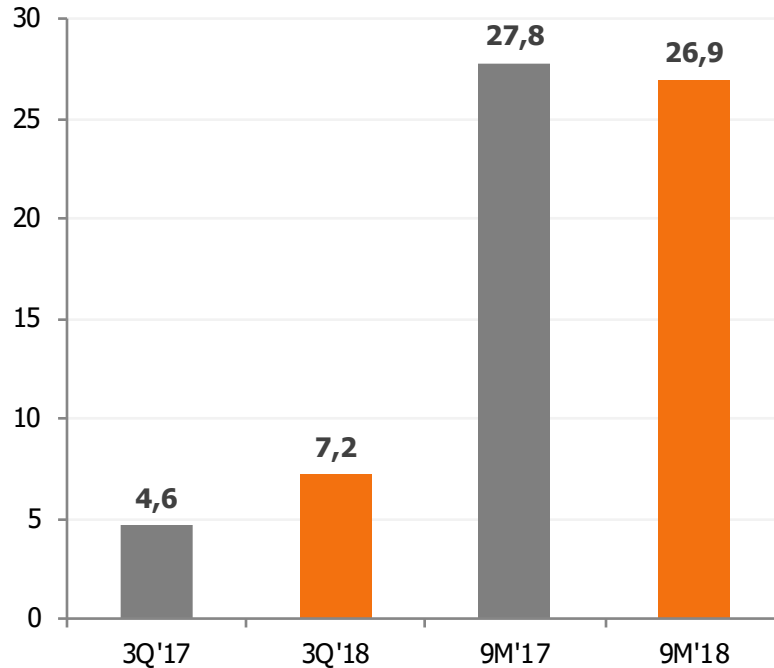


⊕ In Q3 2018 normalized net profit increased by 24% yoy to PLN 21,6 mn

⊕ In LTM normalized net profit amounted to PLN 92,3 mn, 37% increase in comparison to 2017



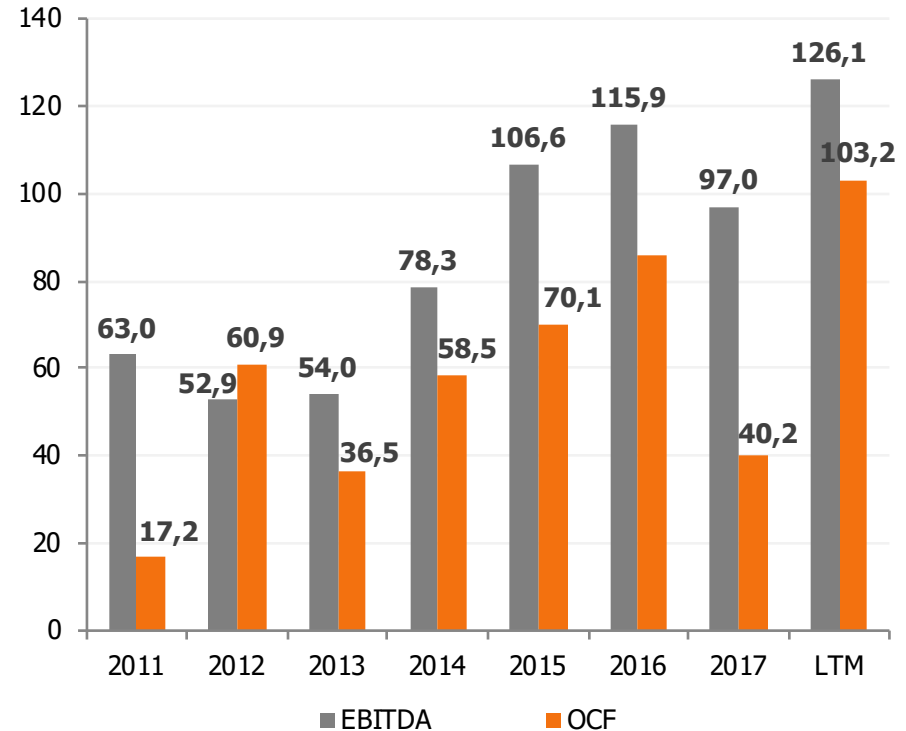
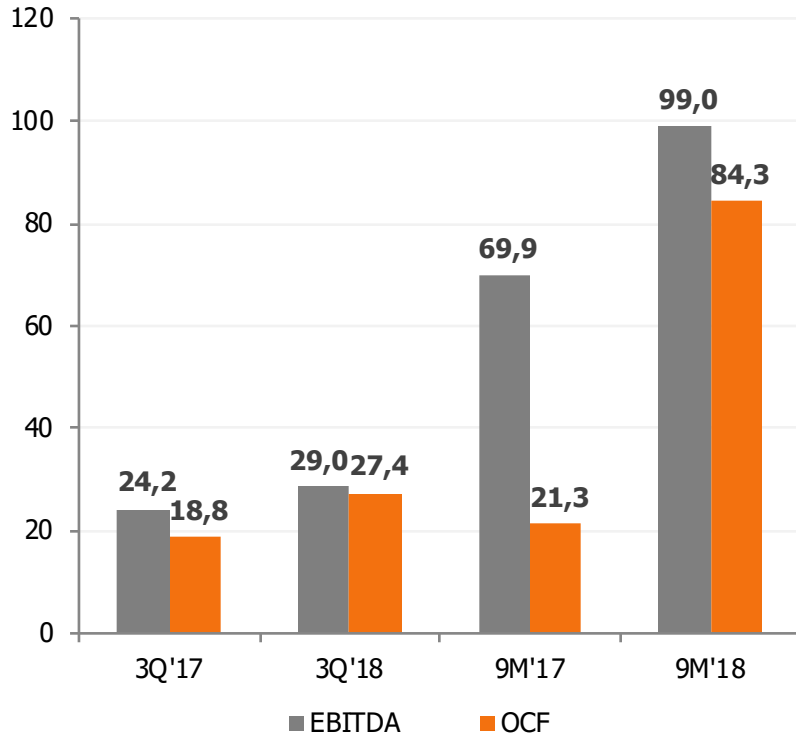
Capex in mn PLN



- ⊕ YTD capex amounted to PLN 26,9 mn
 - PLN 4,3 mn maintenance capex
 - PLN 22,6 mn product mix/production capacity increase

- ⊕ In LTM capex amounted to PLN 47,6 mn which is 2% lower than in 2017

EBITDA vs OCF in mn PLN

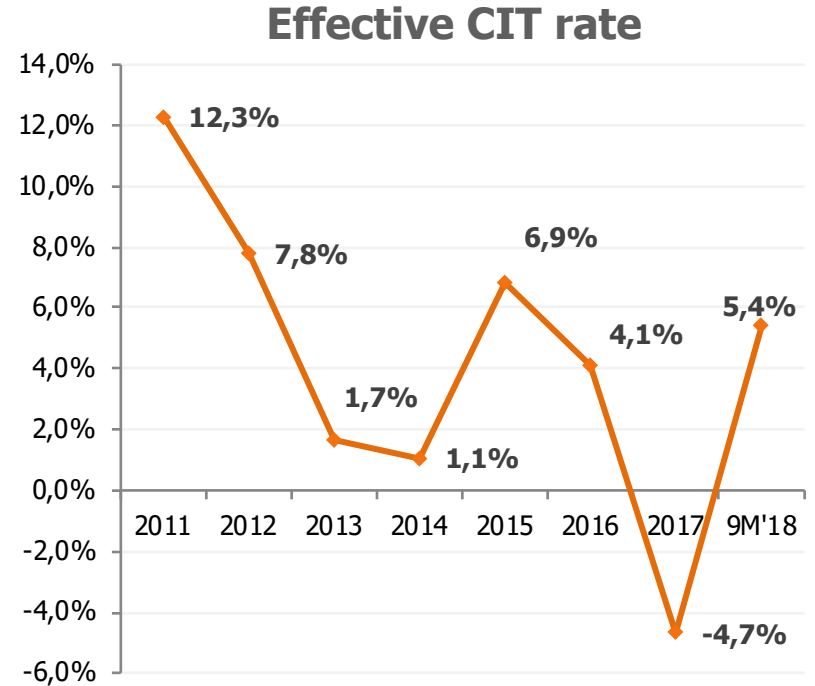
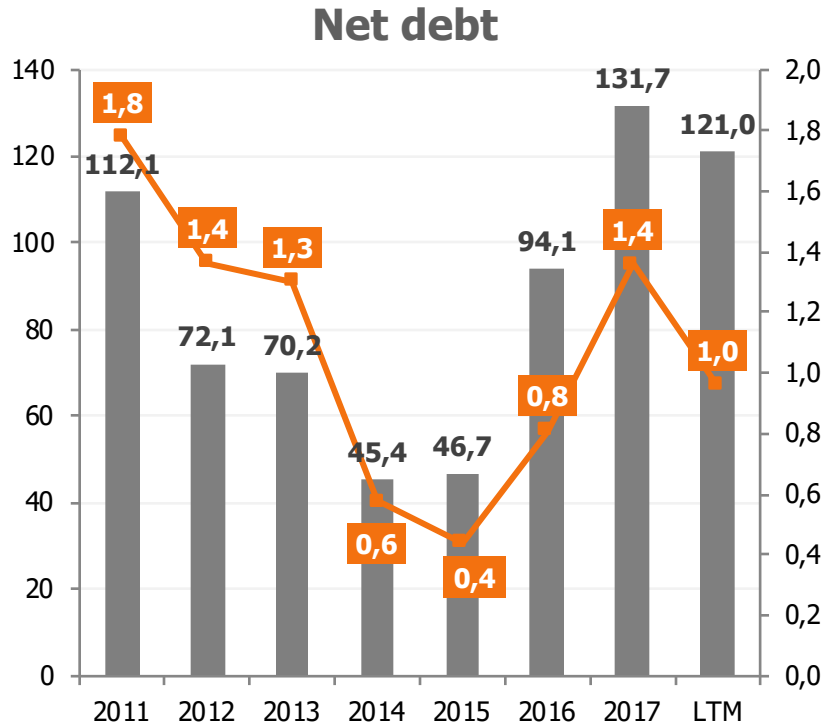


⊕ In Q3 2018 OCF amounted to PLN 27,4 mn in comparison to EBITDA at PLN 29,0 mn

⊕ In LTM OCF amounted to PLN 103,2 mn in comparison to EBITDA at PLN 126,1 mn



Net debt and effective CIT rate



⊕ At the end of Q3 2018 net debt amounted to PLN 121,0 mn and Net debt/EBITDA ratio decreased from 1,4x at the end of 2017 to 1,0x at the end of Q3 2018

⊕ Effective CIT rate in YTD amounted to 5,4%

Master alloys expansion project

- ✦ Production and sales of salt-based master alloys in the form of waffels started, production of grain refiners in the rod form is in the testing phase
- ✦ Laboratory fully modernized and equipped with appropriate control and measurement devices
- ✦ Finishing works of the warehouse and land development was completed in September 2018
- ✦ On 25 October 2018 the decision to use the completed facilities was received
- ✦ Capex in Q3 2018 amounted to PLN 4,0 mn and cumulatively from the beginning of the investment PLN 50,1 mn. In Q4 2018 capex will amount to ca. PLN 9 mn which means that total investment expenditure should amount to ca. PLN 59 mn (instead of PLN 63.2 mn planned)

Summary

- ⊕ In Q3 2018 sales volume and market share increased, continuation of good financial results, in line with the Management Board's expectations
- ⊕ In August and September 2018 significant turbulence in the EU automotive industry due to the entry into force of subsequent restrictions from 1 September 2018 – exhaust emissions measuring of motor vehicles (www.wltpfacts.eu)
- ⊕ On 29 August 2018 the payment of dividend on the amount of PLN 45,2 mn or PLN 2,92 per share
- ⊕ Commencement of production tests and sales of master alloys from new production lines in the expanded plant in Gorzyce
- ⊕ Continuation of conceptual work related to the modernization of the plant in Kęty