



# **Grupa Alumetal**

## **3Q 2019 financial results**

*19 November 2019*

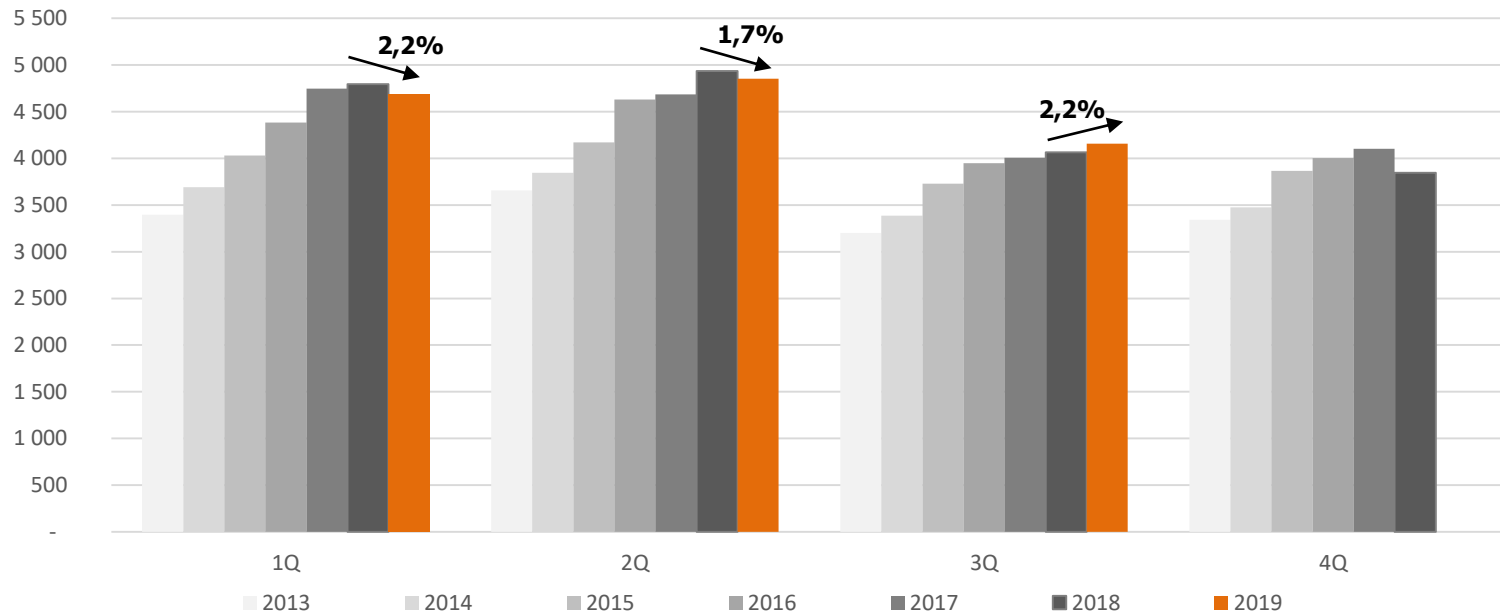


## 3Q 2019 and LTM at glance

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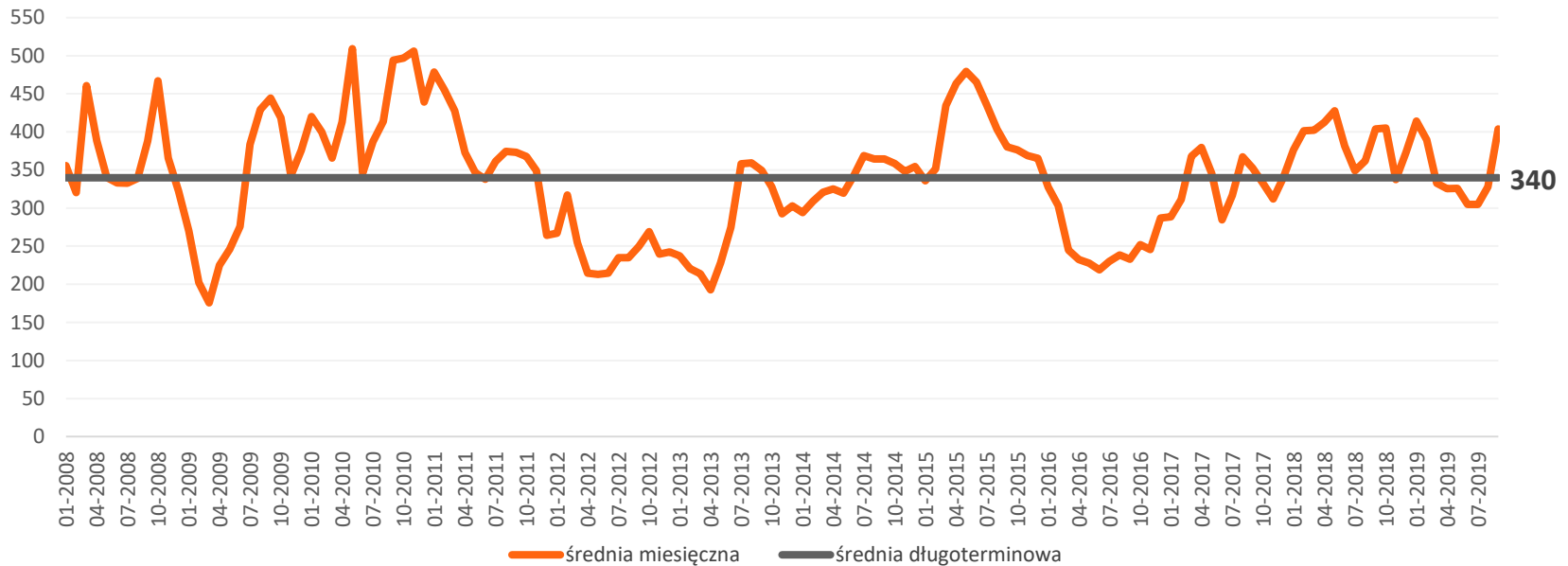
- ⊕ Volume sales – **44,1 k tons** in Q3 2019 and **193,9 k tons** in LTM
- ⊕ EBITDA – **PLN 22,6 mn** in Q3 2019 and **PLN 95,0 mn** in LTM
- ⊕ Normalized net profit – **PLN 13,3 mn** in Q3 2019 and **PLN 63,7 mn** in LTM
- ⊕ Operating cash flow – **PLN 38,9 mn** in Q3 2019 and **PLN 149,1 mn** in LTM
- ⊕ Net debt – **PLN 70,2 mn** (0,7x EBITDA)

# Motor vehicle registrations in the EU in k units



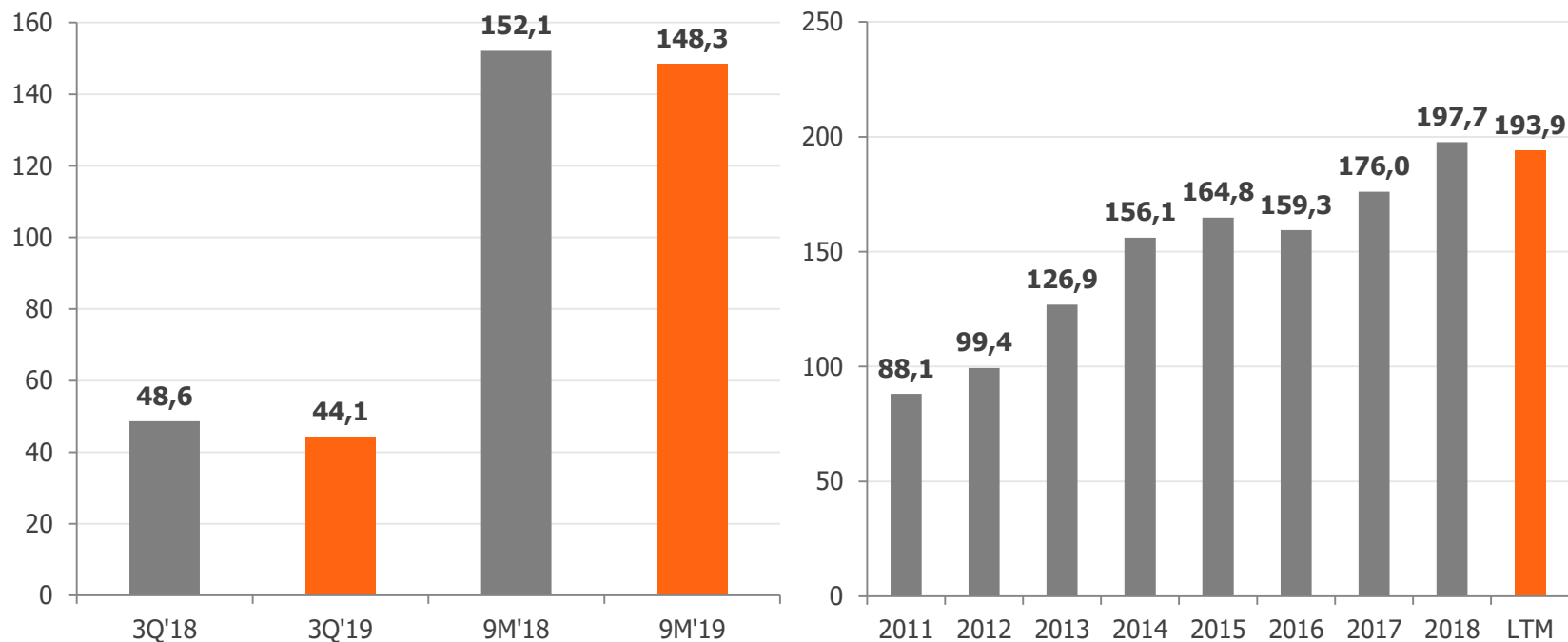
- ✦ In Q3 2019 motor vehicle registrations in the EU increased by 2,2% (first increase after three quarters of decline), including PC increase of 2,4% and CV increase of 1,3%
- ✦ Production of passenger cars in the largest markets (Germany, Italy and the UK) significantly below yoy – total decrease in PC production in these countries is ca. 10% for 9M 2019 compared to a decrease in PC registration in the EU by 1,5% for 9M 2019
- ✦ In LTM, the level of registration in the EU decreased by 0,6%, including a decrease in PC registration by 1,2% and an increase in CV registration by 3,3%

# Metal Bulletin 226 alloy spread in EUR/t



- ⊕ Average benchmark margin in Q3 2019 was 346 EUR/t and 348 EUR/t in 9M 2019, in both cases the average was close to the long-term average of 340 EUR/t
- ⊕ High volatility in 2019 – in January the margin was 414 EUR/t, in the following months it systematically decreased to 305 EUR/t in June and July and then increased to 404 EUR/t in September

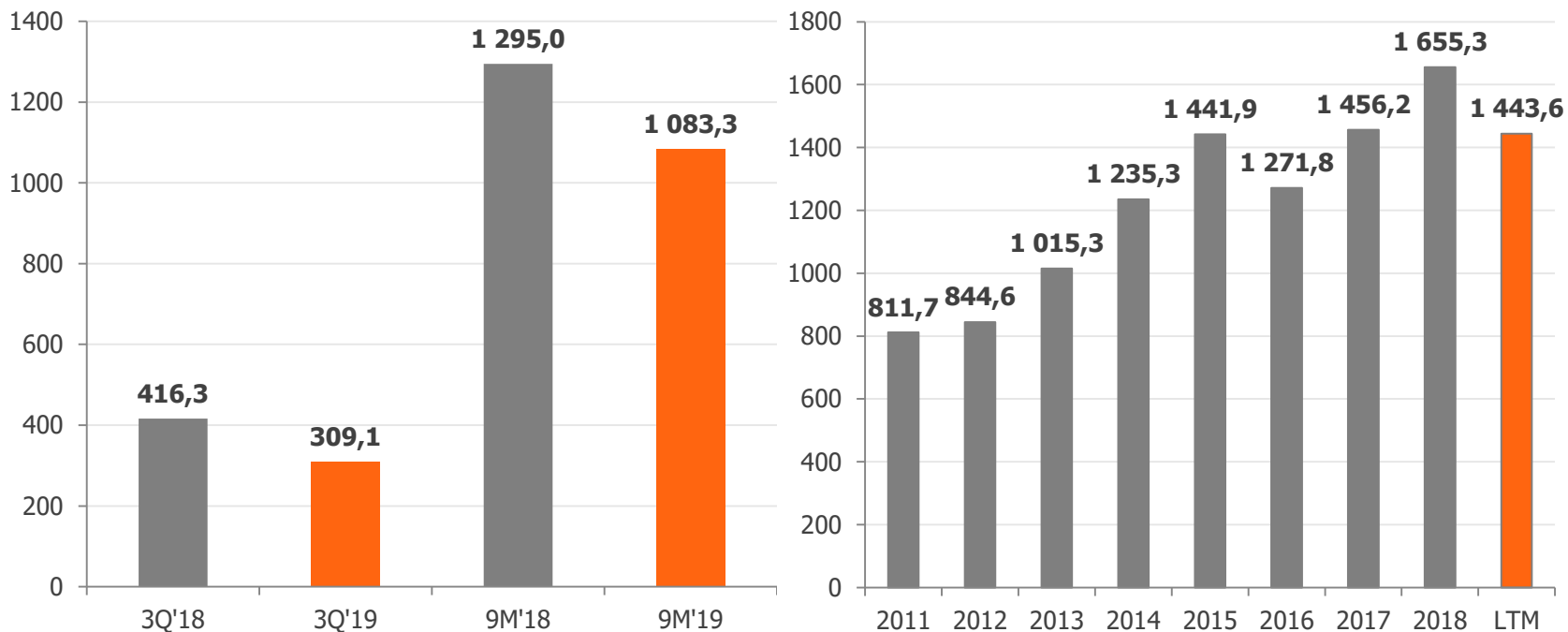
## Volume sales in k tons



⊕ In Q3 2019 sales volume decreased by 9% yoy to 44,1 k tons

⊕ In LTM sales volume amounted 193,9 k tons, which is 2% decrease in comparison to 2018

# Sales revenue in mn PLN

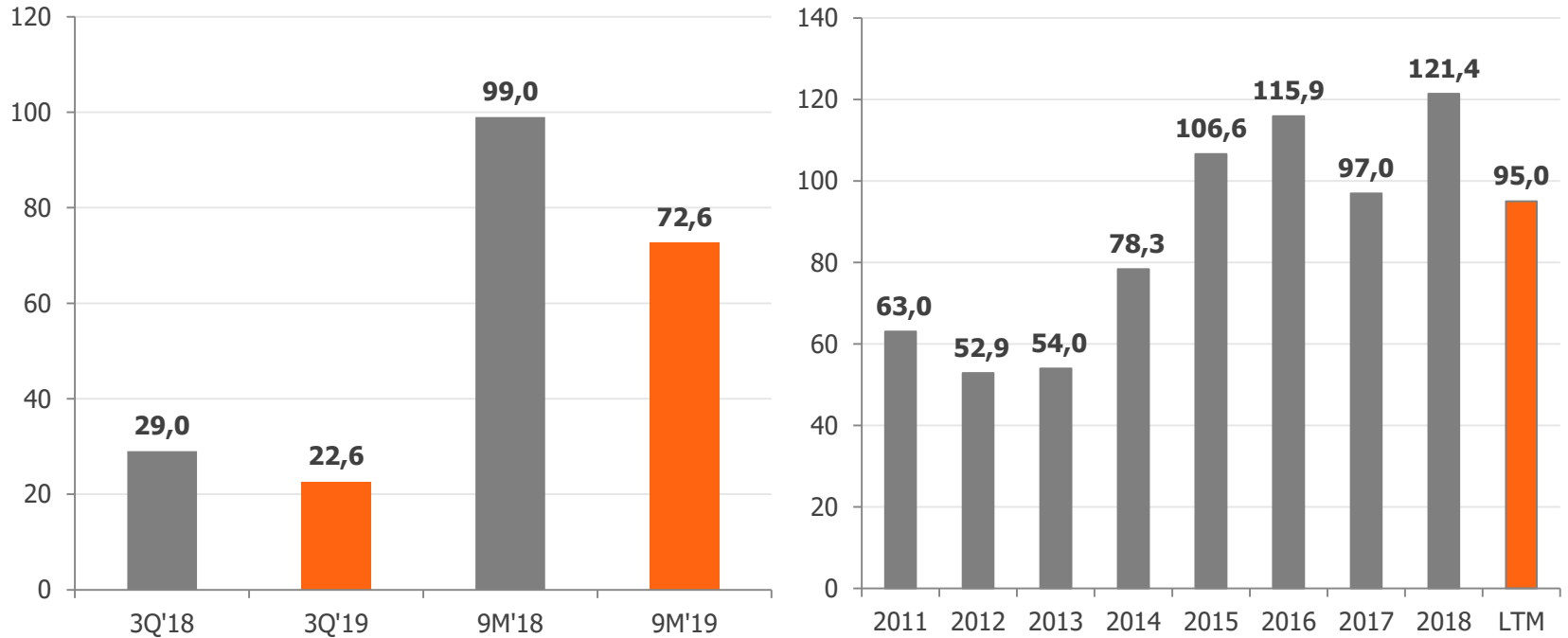


⊕ In Q3 2019 sales revenue decreased by 26% yoy to PLN 309,1 mn

⊕ In LTM sales revenue amounted to PLN 1,45 bn, which is 13% decrease in comparison to 2018



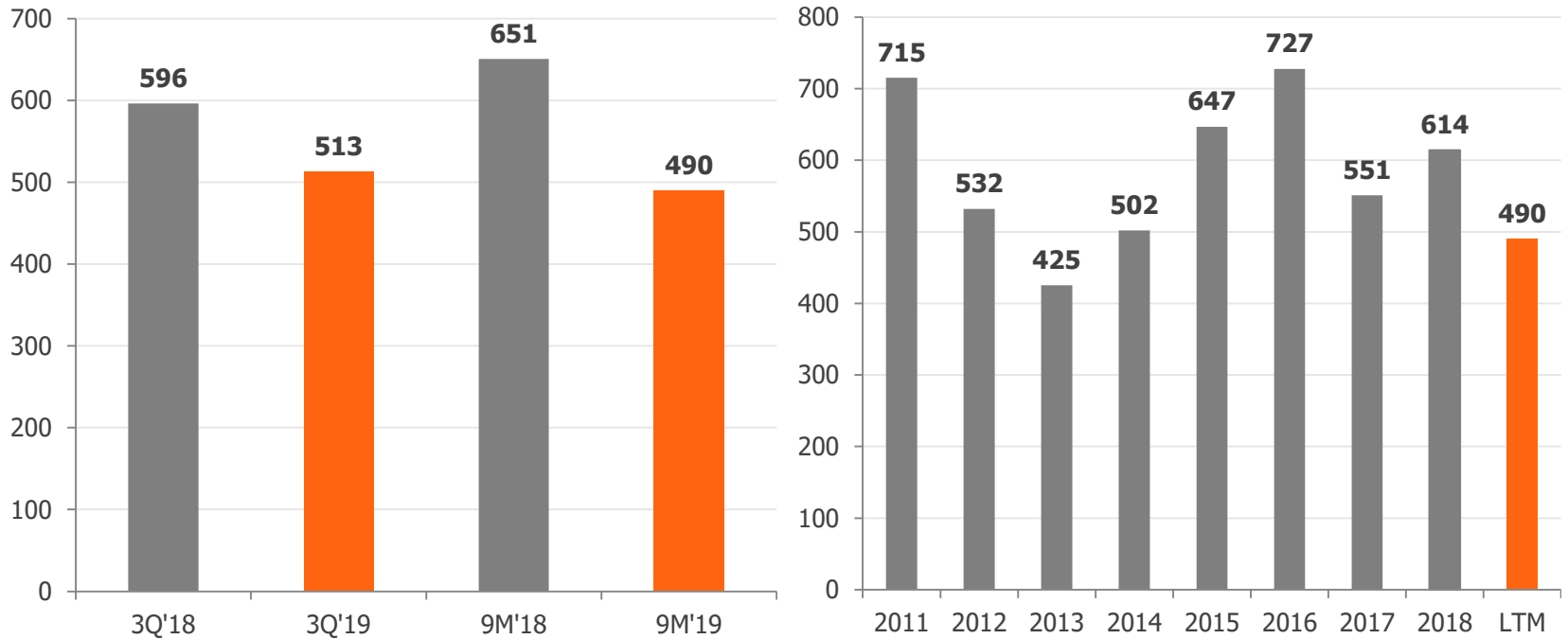
# EBITDA in mn PLN



⊕ In Q3 2019 EBITDA decreased by 22% yoy to PLN 22,6 mn

⊕ In LTM EBITDA amounted to PLN 95,0 mn, 22% decrease in comparison to 2018

# EBITDA per ton in PLN

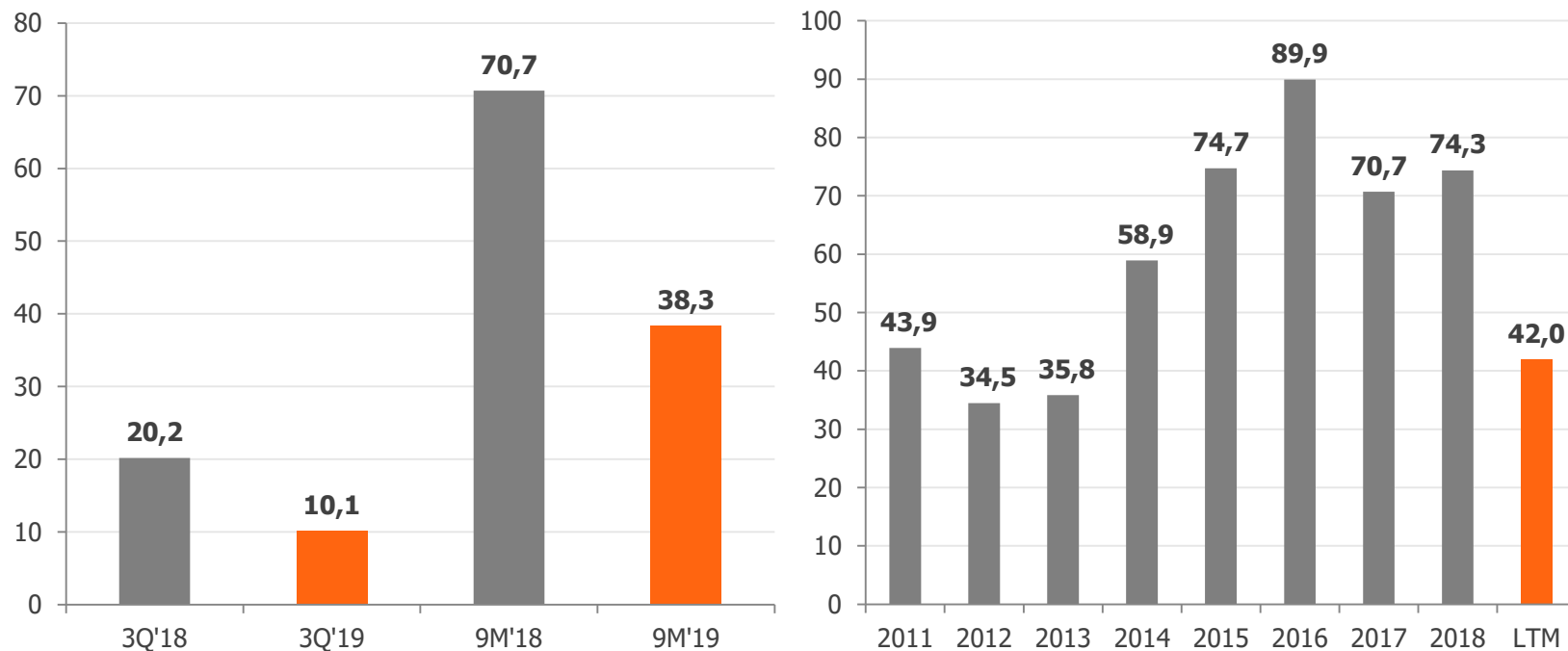


⊕ In Q3 2019 EBITDA per ton decrease by 14% yoy to 513 PLN/t

⊕ In LTM EBITDA per ton amounted to 490 PLN/t, 20% decrease in comparison to 2018



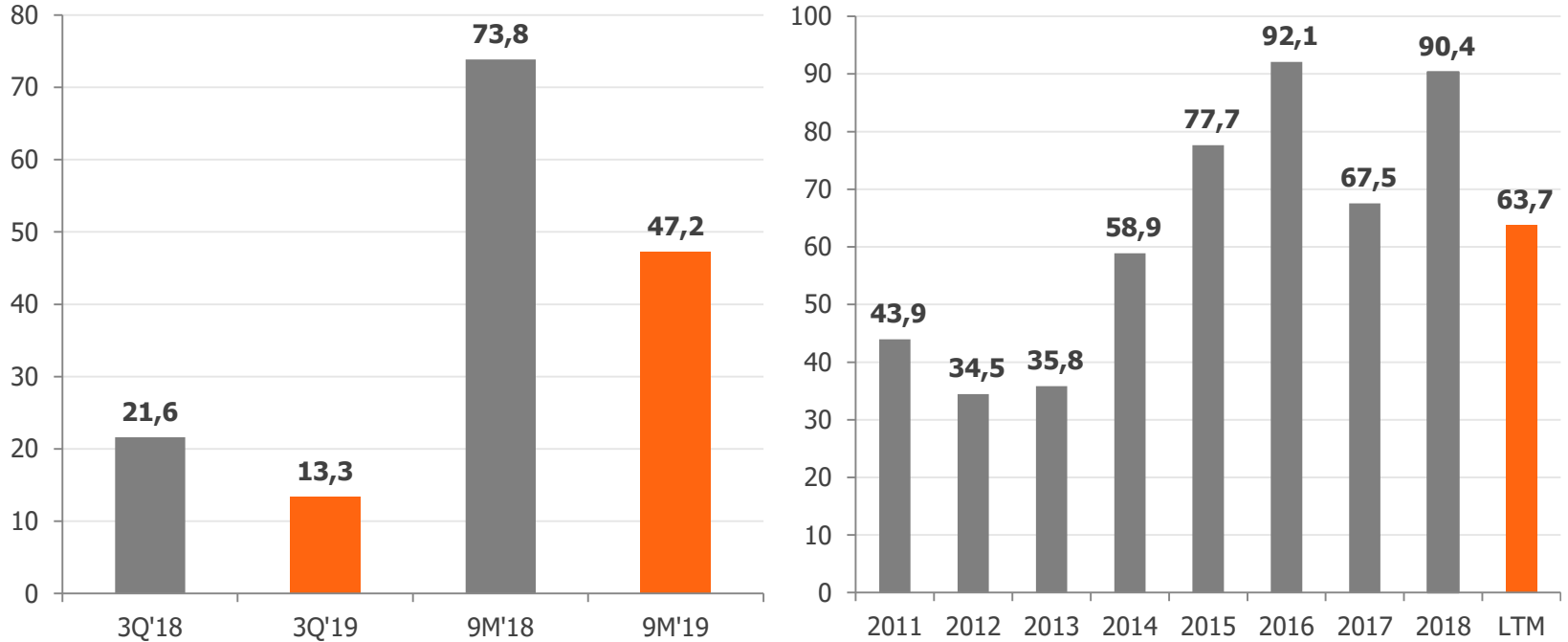
## Net profit in mn PLN



⊕ In Q3 2019 net profit decreased by 50% yoy to PLN 10,1 mn

⊕ In LTM net profit amounted to PLN 42,0 mn, 44% decrease in comparison to 2018

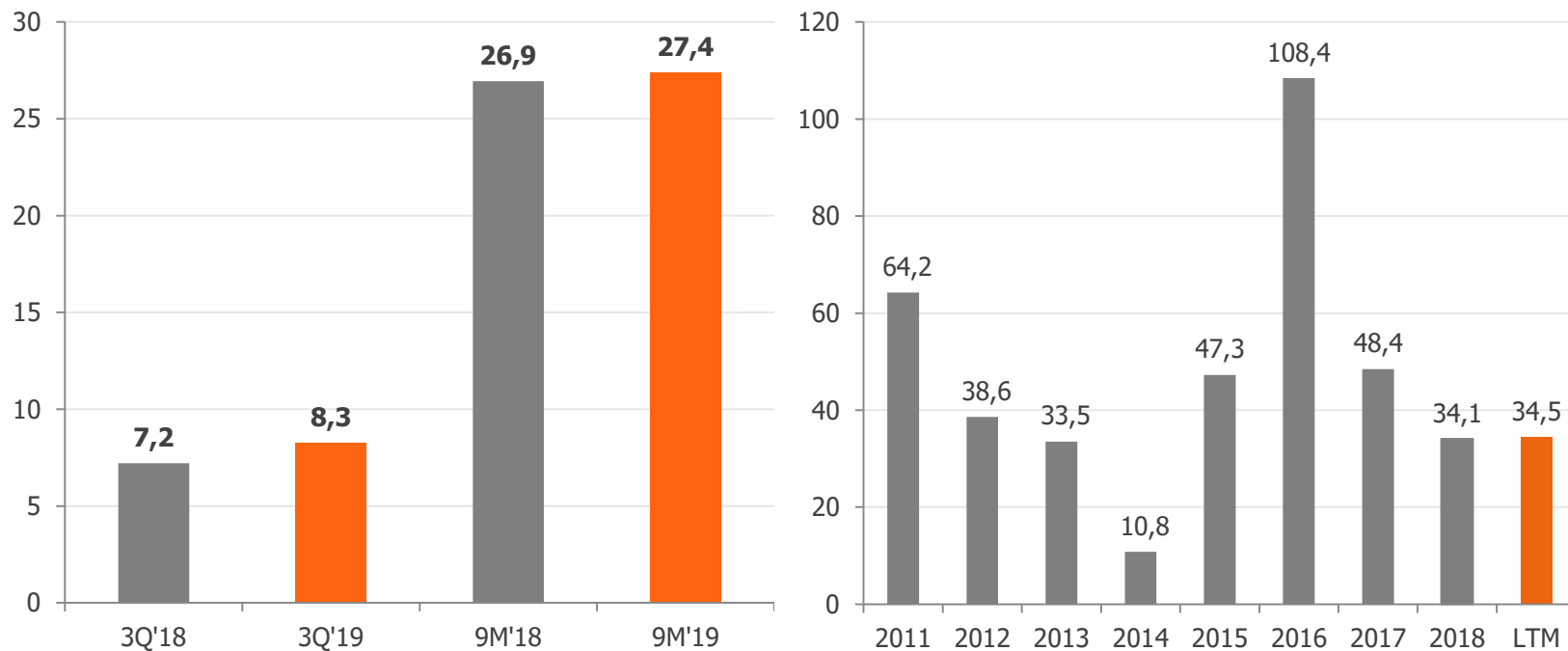
# Normalized net profit in mn PLN



⊕ In Q3 2019 normalized net profit decreased by 38% yoy to PLN 13,3 mn

⊕ In LTM normalized net profit amounted to PLN 63,7 mn, 29% decrease in comparison to 2018

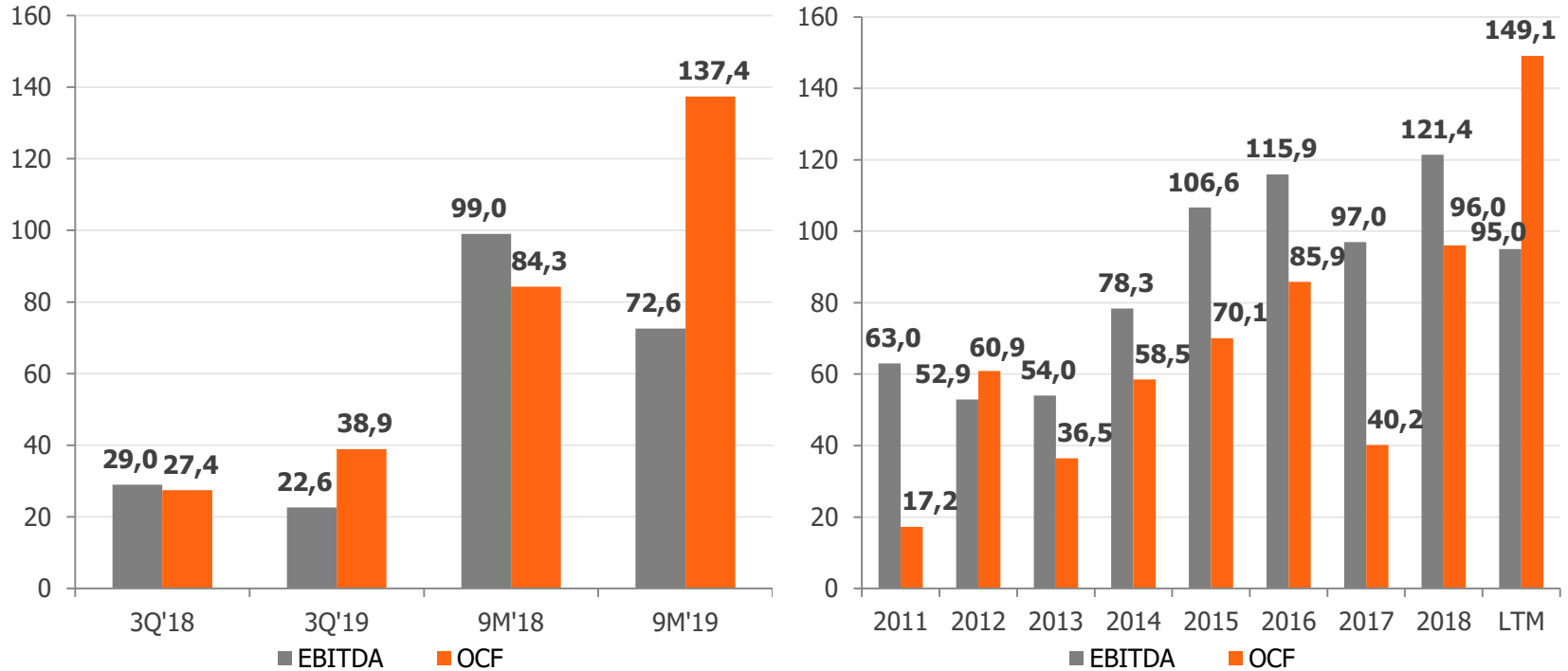
# Capex in mn PLN



- ⊕ 9M 2019 capex amounted to PLN 27,4 mn
  - PLN 3,8 mn maintenance capex
  - PLN 23,6 mn product mix/production capacity increase

- ⊕ In LTM capex amounted to PLN 34,5 mn, 1% increase in comparison to 2018

# EBITDA vs OCF in mn PLN

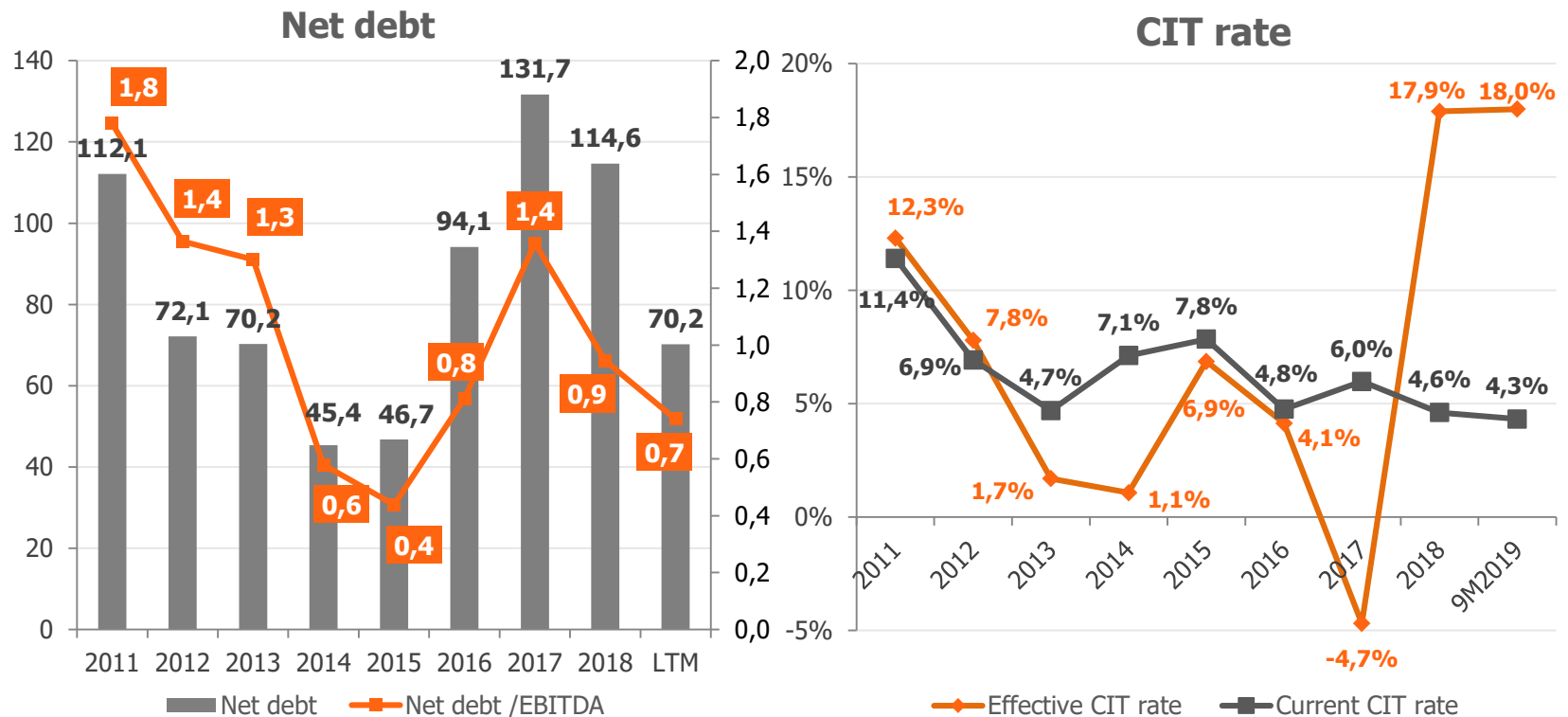


⊕ In Q3 2019 OCF amounted to PLN 38,9 mn in comparison to EBITDA at PLN 22,6 mn

⊕ In LTM OCF amounted to PLN 149,1 mn in comparison to EBITDA at PLN 95,0 mn



# Net debt and CIT rate



- At the end of Q3 2019 net debt amounted to PLN 70,2 mn and Net debt/EBITDA ratio decreased from 0,9x at the end of 2018 to 0,7x at the end of Q3 2019
- In 9M 2019, the effective CIT rate (CIT in P&L to gross profit) was 18,0% and the current CIT rate (relation CIT due to Inland Revenue to gross profit) was 4,3%

## Modernization of the plant in Kęty

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- ⊕ July 2019 – environmental decision obtained, in October 2019 an application for the IPPC change was submitted
- ⊕ High level of advancement of negotiations and contracting of the construction scope, the level of execution of construction works at the level of ca. 30%
- ⊕ Cumulative capex related to the project amounts to PLN 16,5 mn
- ⊕ November 2019 – Resolution of the Supervisory Board approving the modified scope of the investment project with the updated level of capex (from PLN 55,6 mn to PLN 67,8 mn)
- ⊕ Meaningful improvement of technological and operational processes, which will significantly increase productivity and reduce unit cash production cost
- ⊕ Increase of annual production capacity of Alumetal Group by 20k tons to 270k tons per year

# Summary

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- ⊕ In Q3 2019, the EU car registrations increased after three quarters of decline. Dynamics of passenger cars production in the EU significantly below the level of the registrations
- ⊕ Above the average uncertainty in the European automotive industry and high volatility of market margins have a significant impact on the financial results of Alumetal Group in 2019
- ⊕ Financial situation of Alumetal Group very good (strong balance sheet, very high OCF)
- ⊕ The modernization of the plant in Kęty is proceeding according to the schedule and modified budget