



Alumetal Group

1Q 2022 financial results

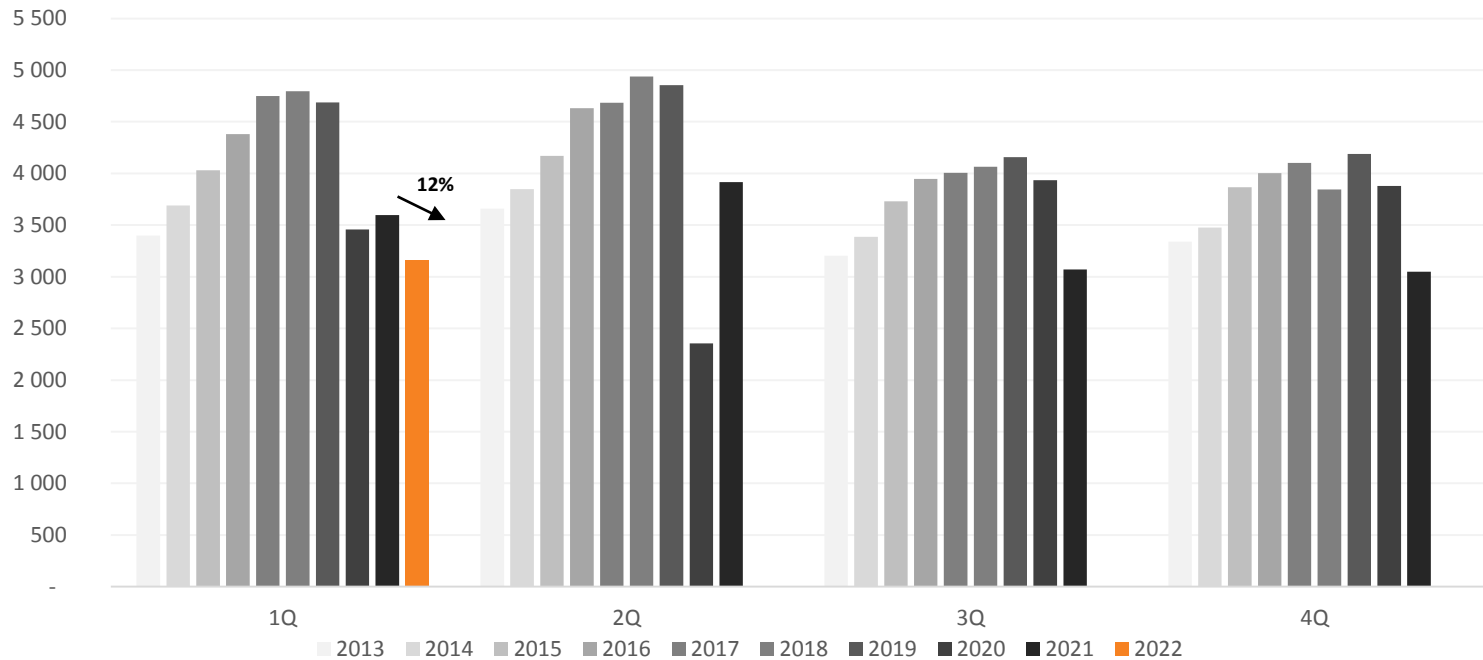
12 May 2022



1Q 2022 and LTM at glance

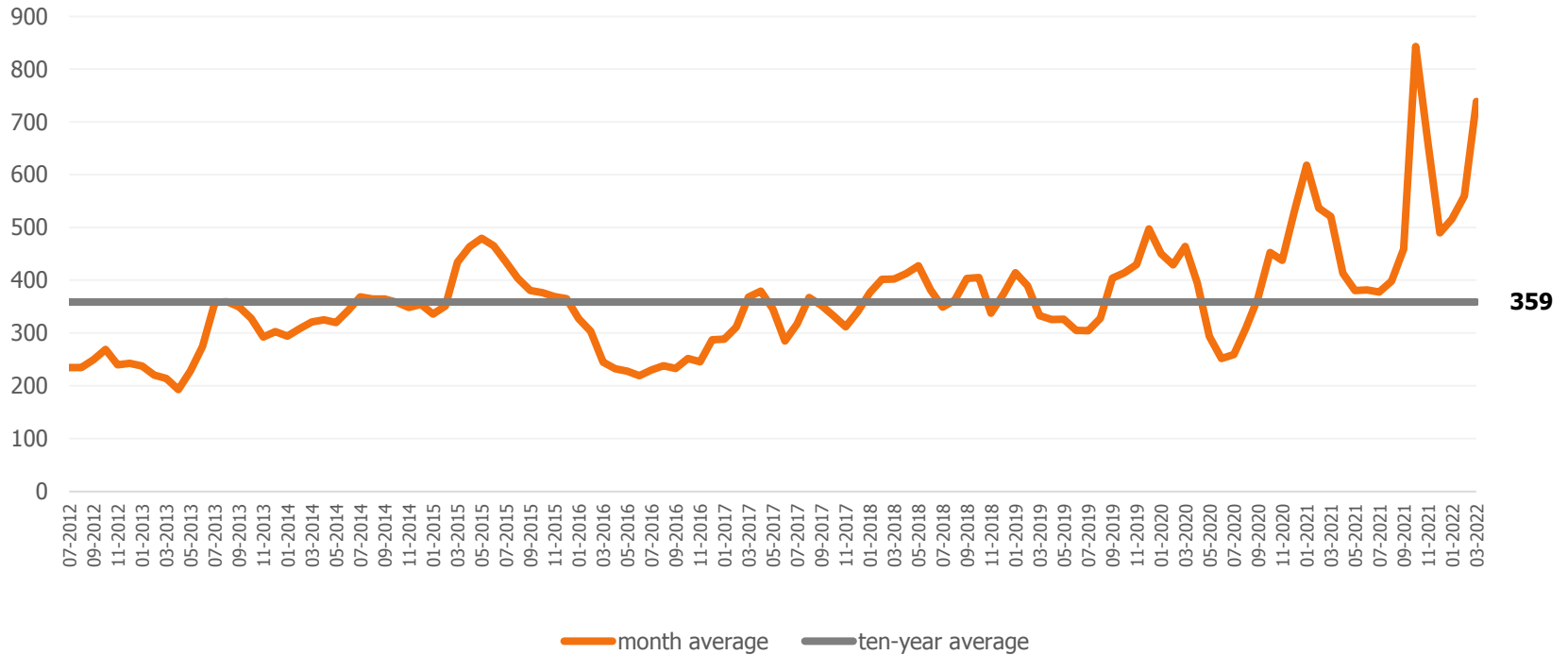
- ⊕ Volume sales – **66,0 k tons** in 1Q 2022 and **233,6 k tons** in LTM
- ⊕ EBITDA – **PLN 68,3 mn** in 1Q 2022 and **PLN 217,7 mn** in LTM
- ⊕ Normalized net profit – **PLN 52,5 mn** in 1Q 2022 and **PLN 151,3 mn** in LTM
- ⊕ Operating cash flow – **minus PLN 42,5 mn** in 1Q 2022 and **minus PLN 10,5 mn** in LTM
- ⊕ Net debt – **PLN 220,9 mn** (1,0x EBITDA)

Motor vehicle registrations in the EU and UK in thou. units



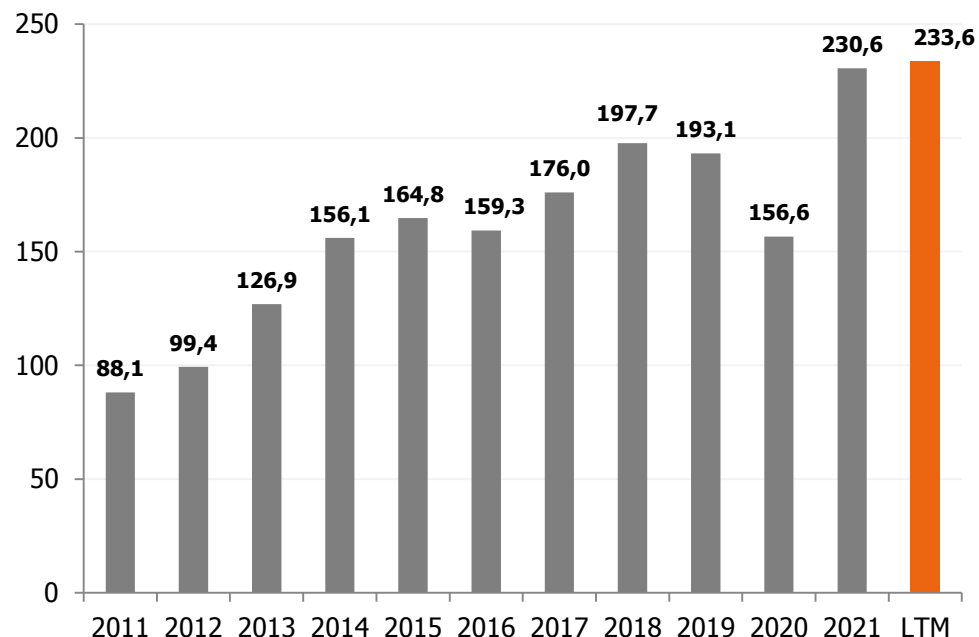
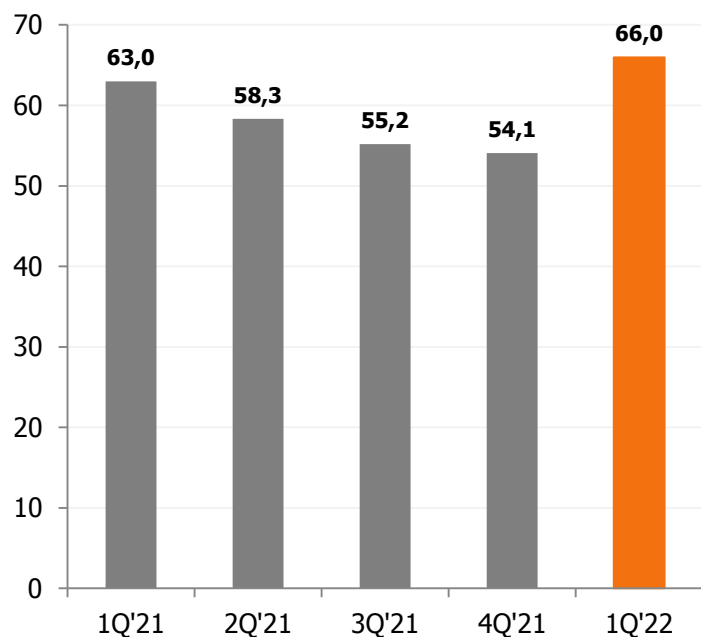
- ✦ In 1Q 2022 registrations of new motor vehicles in the UE and UK decreased by 12% yoy, passenger car (PC) registrations decreased by 11% and commercial vehicle (CV) decreased by 19%
- ✦ In LTM sales volume of motor vehicles in the EU and UK decreased by 3% in comparison to 2021 to 13,2 million units – the lowest level of sales since 2006

Metal Bulletin 226 alloy spread in EUR/t



- ✦ In 1Q 2022 average margin was 605 EUR/t and it was 19% higher than the average margin in 2021 and 70% higher than the 10-year average
- ✦ In March 2022 margin was 739 EUR/t, one of the highest benchmark margin levels in the last 10 years

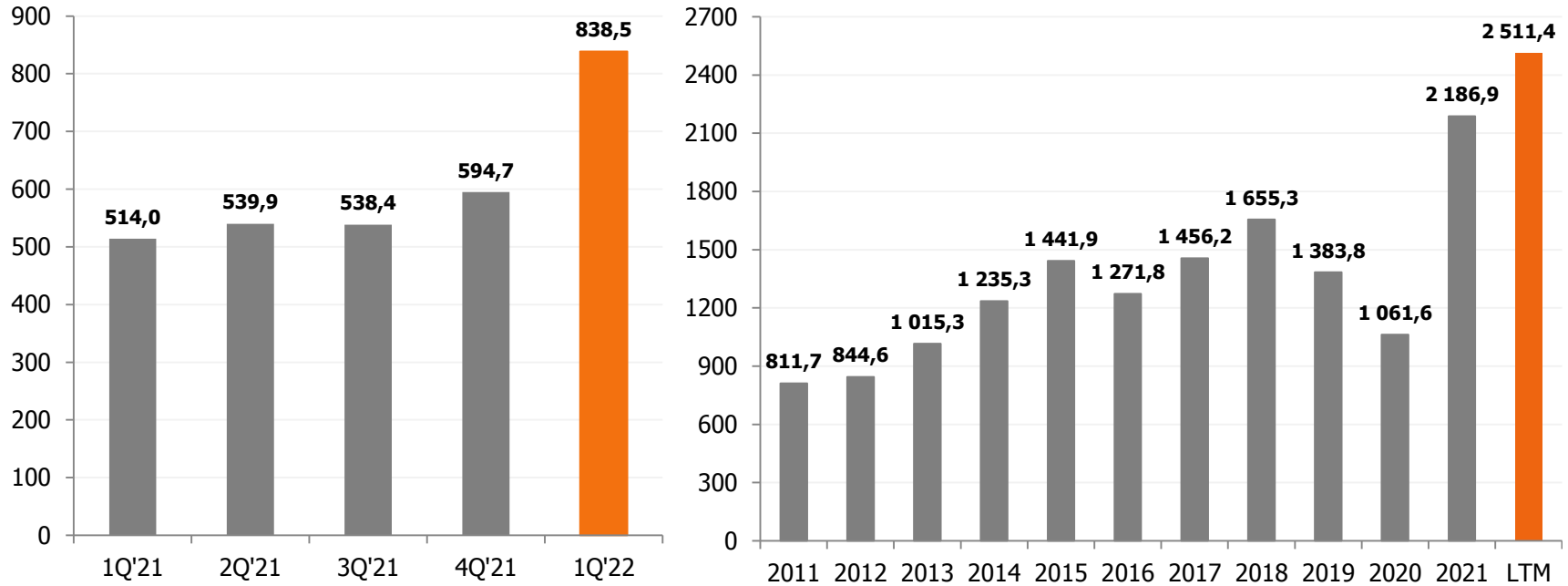
Volume sales in thou. tons



✦ In 1Q 2022 sales volume increased by 5% yoy to 66,0 k tons

✦ In LTM sales volume amounted to 233,6 k tons, increase by 1% in comparison to 2021

Sales revenue in mn PLN

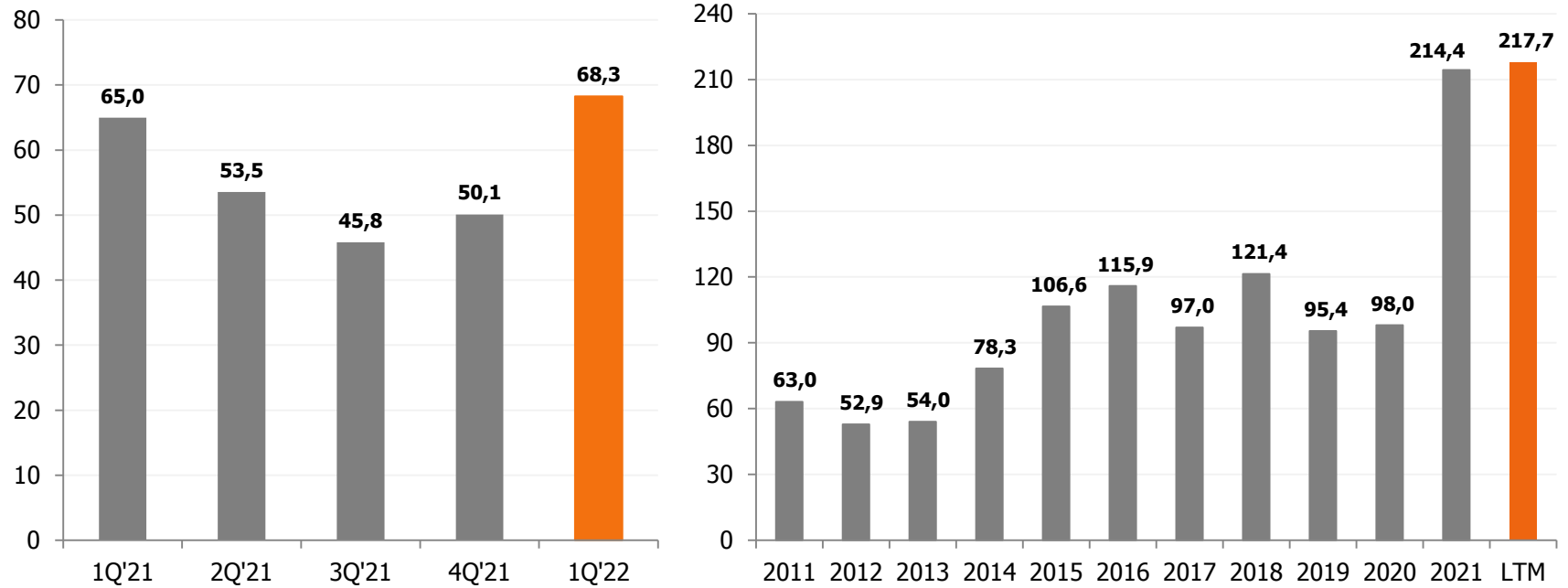


✦ In 1Q 2022 sales revenue increased by 63% yoy to PLN 839 mn

✦ In LTM sales revenue amounted to PLN 2,51 bn, increase by 15% in comparison to 2021



EBITDA in mn PLN

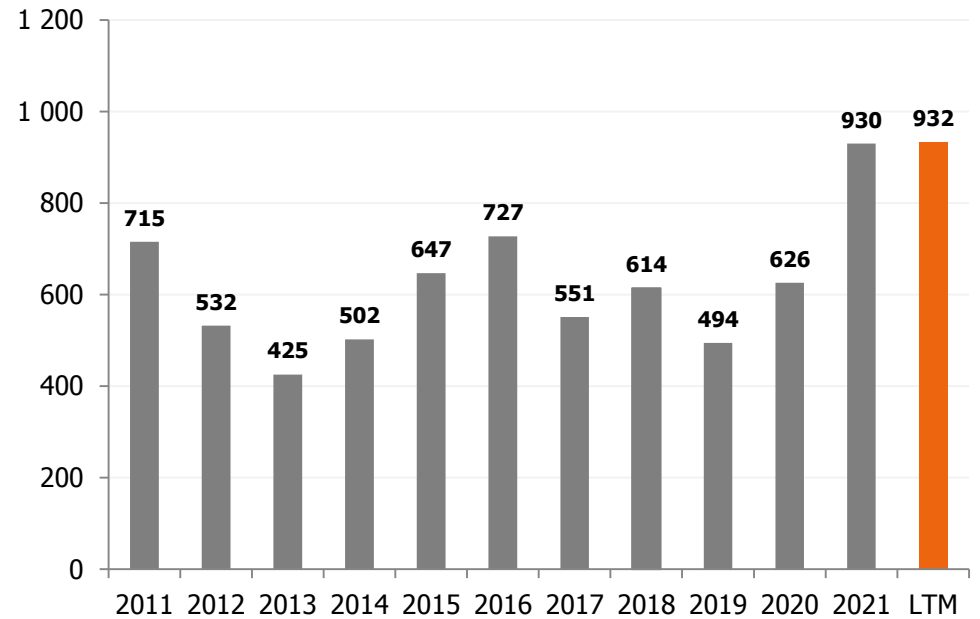
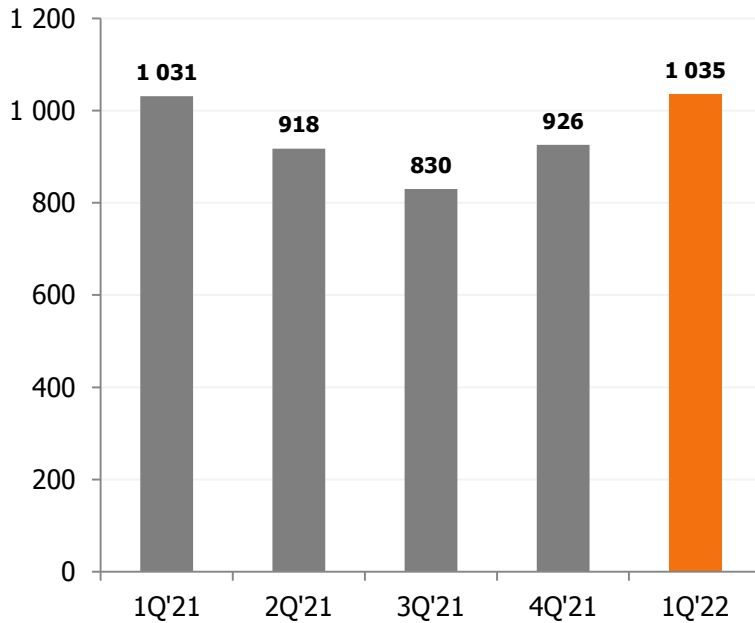


✦ In 1Q 2022 EBITDA increased by 5% yoy to PLN 68,3 mn

✦ In LTM EBITDA amounted to PLN 217,7 mn, increase by 2% in comparison to 2021

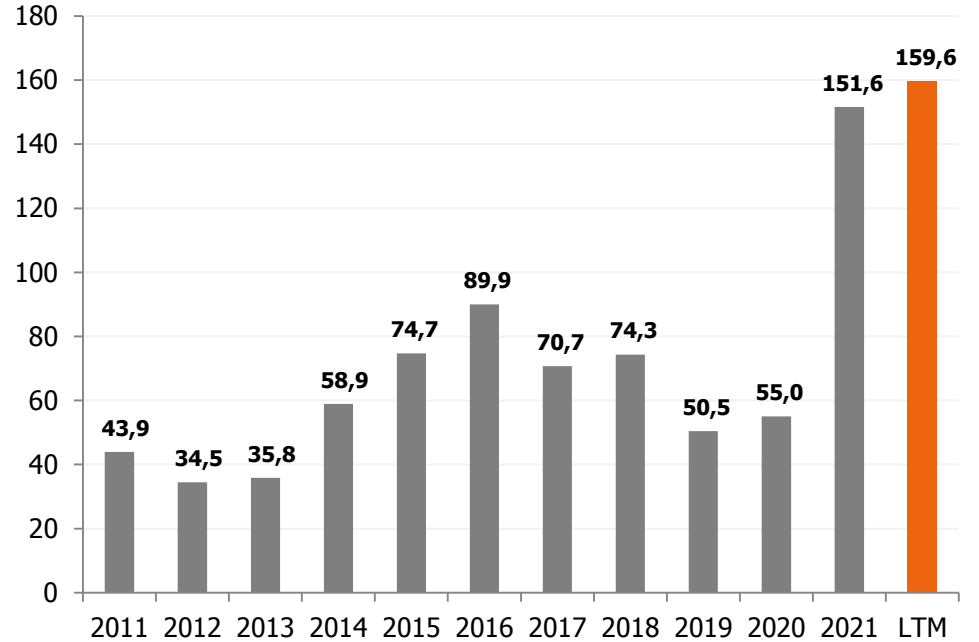
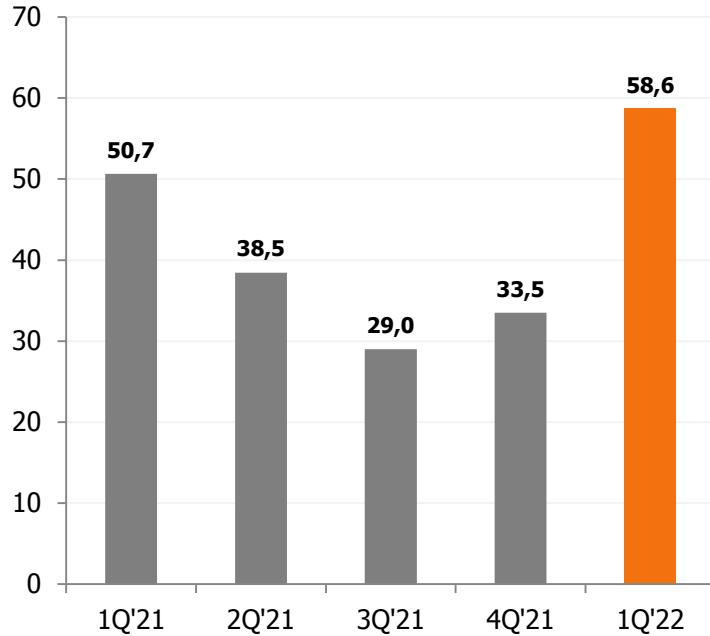


EBITDA per ton in PLN



- ✦ In 1Q 2022 EBITDA per ton increased by 0,3% yoy to 1 035 PLN/t
- ✦ In LTM EBITDA per ton amounted to 932 PLN/t, increase by 0,2% in comparison to 2021

Net profit in mn PLN

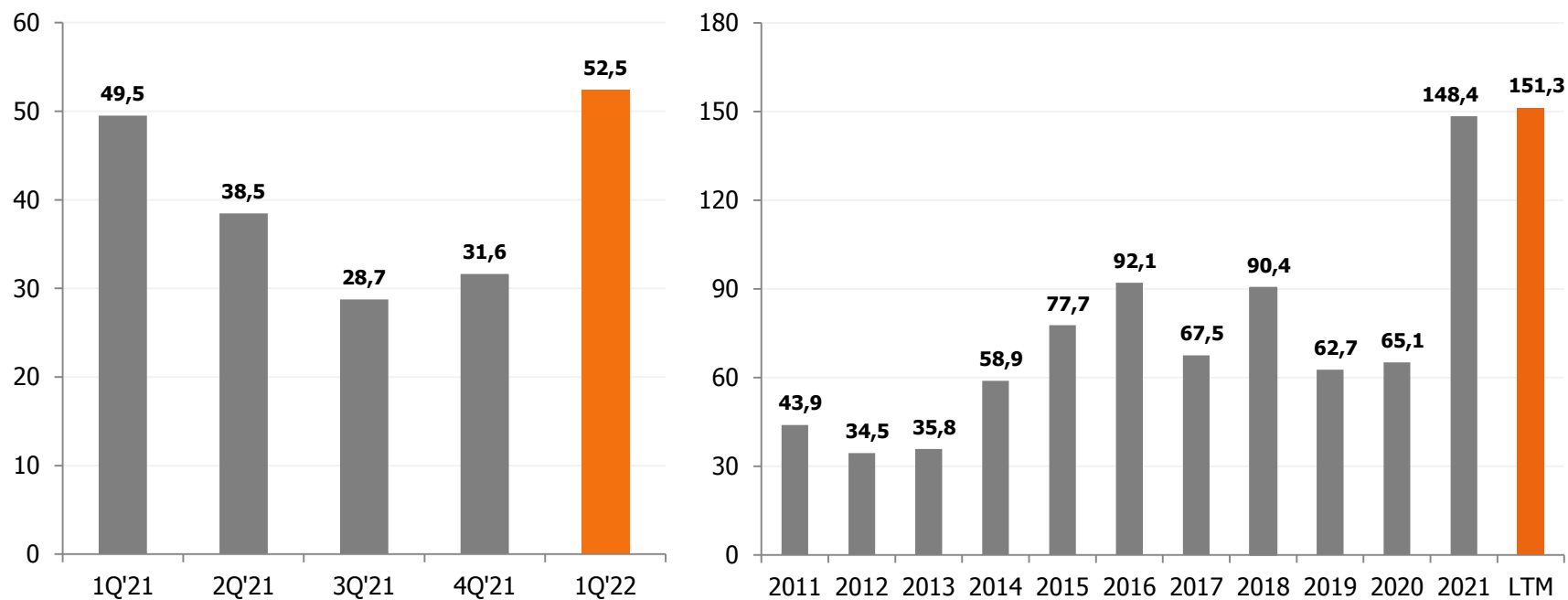


✦ In 1Q 2022 net profit increased by 16% yoy to PLN 58,6 mn

✦ In LTM net profit amounted to PLN 159,6 mn, increase by 5% in comparison to 2021

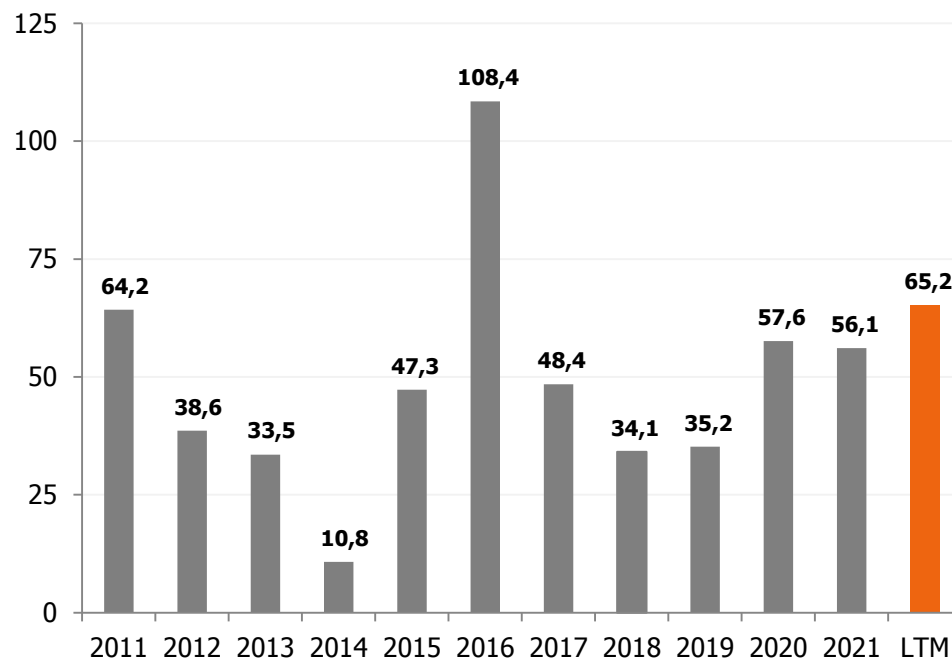
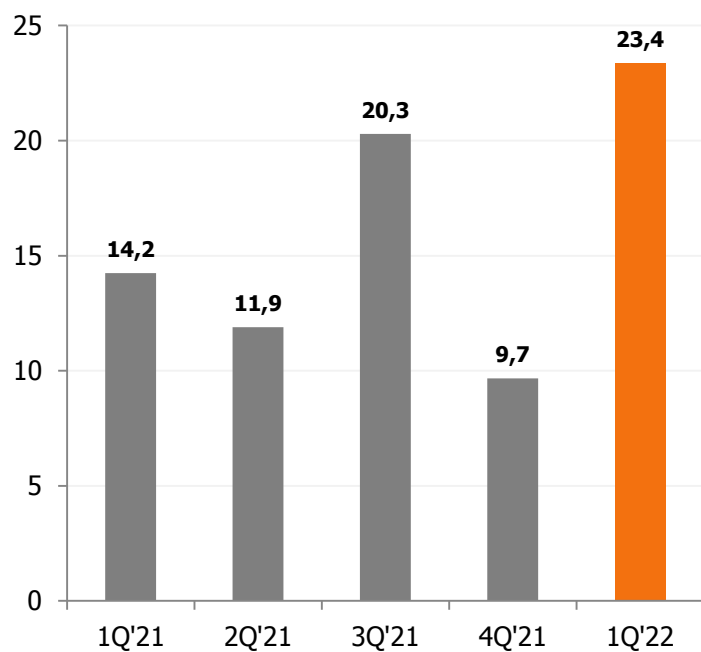


Normalized net profit in mn PLN



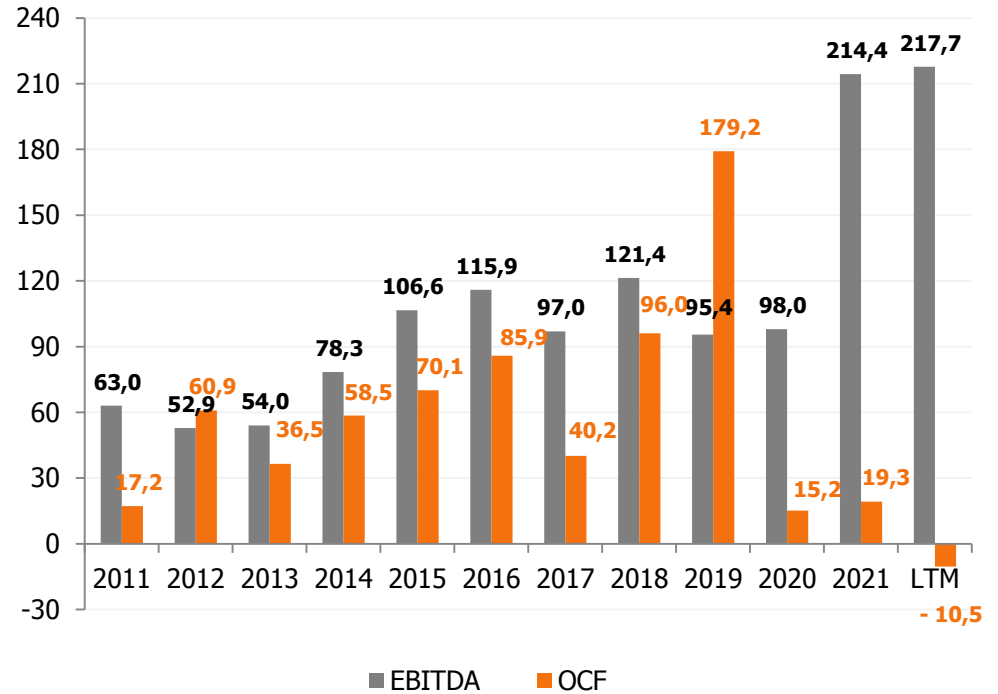
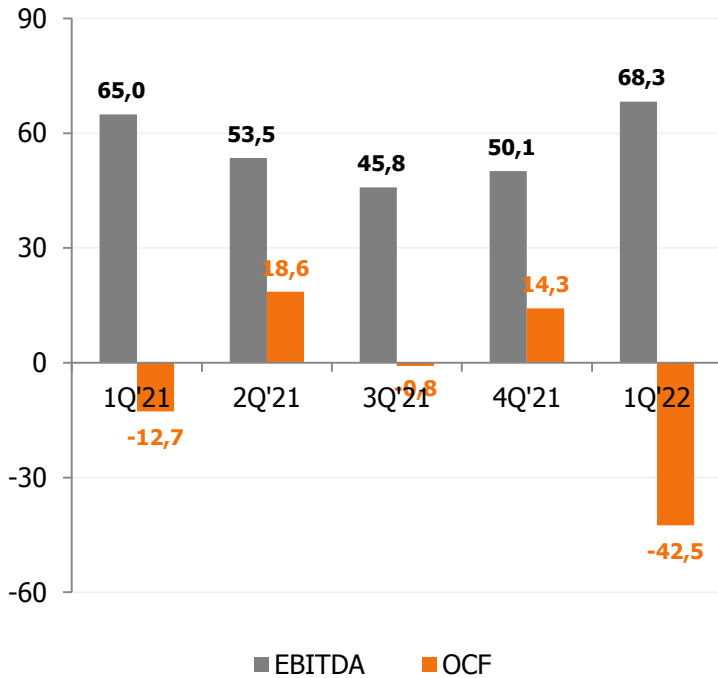
- ✦ In 1Q 2022 normalized net profit increased by 6% yoy to PLN 52,5 mn
- ✦ In LTM normalized net profit amounted to PLN 151,3 mn, increase by 2% in comparison to 2021

Capex in mn PLN



- ⊕ In 1Q 2022 capex amounted to PLN 23,4 mn
 - PLN 2,6 mn maintenance capex
 - PLN 20,8 mn development capex
- ⊕ In LTM capex amounted to PLN 65,2 mn, increase by 16% in comparison to 2021

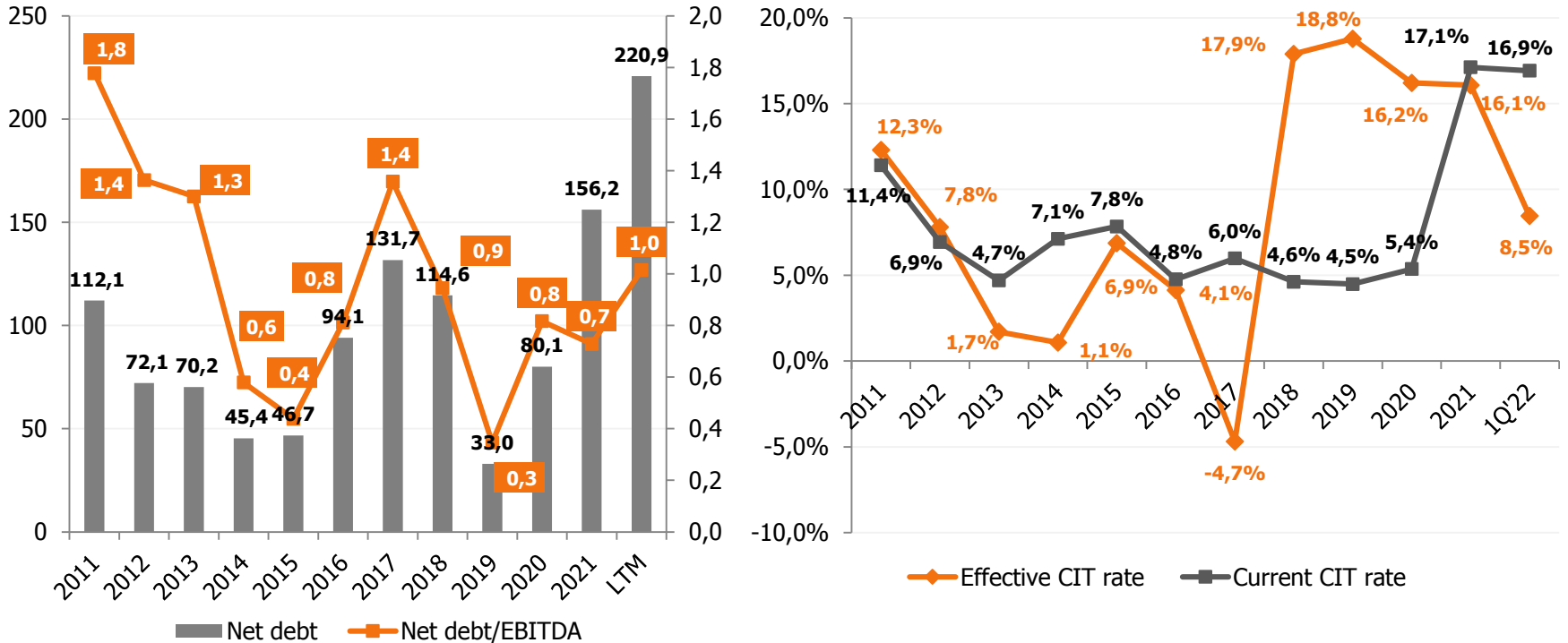
EBITDA vs OCF in mn PLN



- ✦ In 1Q 2022 OCF amounted to minus PLN 42,5 mn vs PLN 68,3 mn of EBITDA
- ✦ In LTM OCF amounted to PLN 10,5 mn vs PLN 217,7 mn of EBITDA



Net debt and CIT rates



✦ At the end of 1Q 2022 net debt amounted to PLN 220,9 mn and Net debt/EBITDA ratio at the end of March 2022 was 1,0x EBITDA

✦ Effective CIT rate in 1Q 2022 amounted to 8,5% and current CIT rate amounted to 16,9%



Investment Hydro Aluminium AS in ALUMETAL S.A.

- ✦ In October 2021, the Management Board learned about talks between the largest shareholder and the Investor
- ✦ In November and December 2021, the first part of due diligence and Management Board presentation took place. In Q1 2022 the second phase of due diligence took place
- ✦ In April 2022 final negotiations were held and binding offer was accepted
- ✦ On April 29, 2022 investment agreements were signed with two members of the Supervisory Board and all members of the Management Board obliging them to sell 38,7% of the shares in a tender offer announced by Hydro Aluminium AS
- ✦ Hydro Aluminium AS has announced a tender offer for 100% shares Alumetal S.A. but the Investor intends to buy not less than 66% of shares and also reserves the right to purchase a smaller number of shares
- ✦ The offered price is PLN 68,40 per share (the right to PLN 6,80 dividend was cut off prior to the announcement of the tender offer), the subscription period will begin on 13 June and end on 12 July, the planned transaction date is 15 July and the transaction settlement date is 19 July 2022
- ✦ Management Board will present its position to the tender offer no later than June 8, 2022



Summary

- ⊕ Alumetal Group continues to gain market share despite the difficult market environment – in Q1 2022, sales of new motor vehicles in the EU and UK decreased by 12%, while the Group's sales volume increased by 5%
- ⊕ High prices of metal scrap and casting alloys caused a significant increase in working capital, but Alumetal Group has no difficulties in financing the increased net working assets due to its strong balance sheet and very good financial results
- ⊕ We maintain our sales target of at least 250 k in 2022, although the situation in the automotive market in Europe is deteriorating
- ⊕ We continue our investment projects
 - the project of automatic sorting of scrap metal in Nowa Sól is on schedule (in April 2022 we started assembly of equipment)
 - on 28 February 2022, the business plan to expand the production capacity of master alloys in Gorzyce was approved (increase in production capacity by approximately 7 k tons per year)
- ⊕ The dividend of PLN 6,80 per share will be paid on 27 July 2022
- ⊕ The interest of Norsk Hydro is the appreciation of the development of Alumetal Group over the years, modern production assets as well as the competences of the management and employees. It is an important step in the Investor's development strategy in the area of recycling

