



ELVALHALCOR

HELLENIC COPPER AND ALUMINIUM INDUSTRY S.A.

Press Release

Financial Results FY 2018

Continuation of the increase of volumes and profitability

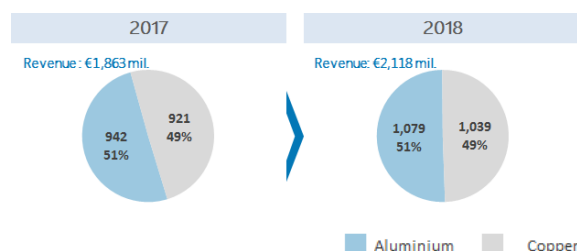
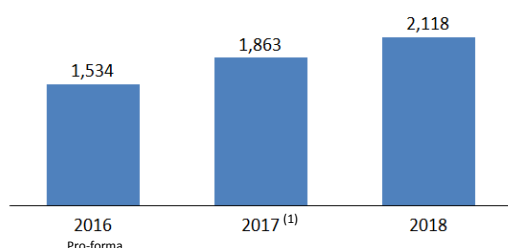
- Increase in Revenue by 13.7% in 2018 versus the comparable of 2017
- Increase in a-EBITDA to EUR 142.1 million in 2018 vs. EUR 129.4 million in the comparable 2017
- Volume increase by 7.0% for the aluminium segment and 8.8% for the copper segment
- Capex amounted to EUR 92 million for 2018

Overview

Consolidated revenue of ElvalHalcOR increased by 13.7% in 2018, amounting to EUR 2,117.8 million versus EUR 1,863.3 million¹ for 2017. This is due to a sales volume increase, as both segments continued to grow and secondarily to the improvement of the product mix.

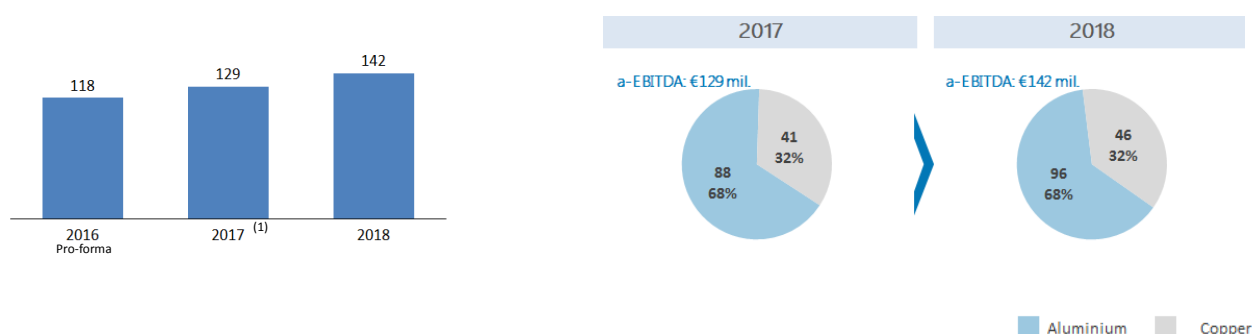
The shift to industrial products of high added value and improved margin, as a result of the continuous investments, positively affected profitability and the adjusted-EBITDA. It is noted that the sales increase was higher than the increase in market demand.

Revenue in millions of Euro



¹ The consolidated results 2017 include figures of the ElvalHalcOR group since the Acquisition Date. The comparative consolidated results were prepared pro-forma and present the financial figures as if the merger happened at the beginning of each year.

a-EBITDA in millions of Euro



The results were affected by the reduction in metal profit which amounted to EUR 23.0 million for 2018, versus EUR 33.1 million for prior year comparable 2017. Thus, while earnings before tax, interest, depreciation and amortization (EBITDA) amounted to EUR 165.2 million (comparable 2017: EUR 160.5), the consolidated adjusted earnings before tax, interest, depreciation and amortization (a-EBITDA), which isolates the effect of metal price fluctuations and thus more accurately reflects the operational profitability of ElvalHalcor, increased by 9.8% to EUR 142.1 million, (2017: EUR 129.4 million). The consolidated profit before income tax amounted to EUR 75.9 million.

Consolidated net finance costs decreased by 12.5% for 2018 as a result of interest rates reductions which was achieved through renegotiation of the loans of the parent Company as well as the subsidiaries, but also through the assumption of a new credit line from European Investment Bank (EIB), in the context of the investment program of the Company. Profit after tax amounted to EUR 64.3 million for 2018, versus EUR 61.3 for the comparable prior year of 2017.

Total capital expenditure in the period amounted to EUR 92 million, largely attributable to the EUR 150 million investment program in the aluminium rolling division as well as the capacity increase of the investment program in the copper tubes division, each within the adjoining facilities of the parent Company ElvalHalcor in Oinofyta. Out of which, the EUR 9.8 million were dedicated to the subsidiary Sofia Med, and the doubling of the production capacity at foundry level for copper alloys, and the installation of a line of film tinting, which will provide access to special products and markets.

Amounts in thousands EUR	Consolidated		Comparative Consolidated For the 12 months period	
	2018	2017 ⁽¹⁾	2018	2017 ⁽¹⁾
				Pro-forma
Sales	2,117,789	1,150,369	2,117,789	1,863,320
Gross profit	166,948	103,565	166,948	156,871
EBITDA	165,166	113,206	165,166	160,521
a-EBITDA	142,149	89,319	142,149	129,437
EBIT	107,051	69,616	107,051	101,967
Net finance cost	(32,156)	(17,649)	(32,156)	(36,750)
Profit before tax	75,849	50,673	75,849	63,923
Profit after tax	64,303	33,264	64,303	61,330
Profit after tax & non-controlling interests	63,646	33,548	-	-
Earnings per share (€)	0.1806	0.1188	-	-

Per segment analysis

For the 12 months Until 31.12	Sales		EBITDA		a-EBITDA		EBIT		EBT	
Amounts in thous. Euro	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Aluminium	1,078,955	941,506	117,751	110,327	95,767	86,951	76,953	67,245	61,962	53,844
Copper	1,038,834	921,814	47,415	50,194	46,382	42,486	30,098	34,722	13,887	10,079
Total	2,117,789	1,863,320	165,166	160,521	142,149	129,437	107,051	101,967	75,849	63,923

Aluminium

Driven by the strong demand in the markets in America and, secondarily in Europe, in 2018 the sale of the Aluminium segment increased its volumes by 7.0% and its revenue by 14.6%, with the sales reaching to EUR 1,080 million as a result of the positive evolution in the demand of aluminium products in general and foil in particular.

Profit before income tax amounted to EUR 62.0 million versus EUR 53.8 million in 2017, while a-EBITDA amounted to EUR 95.8 million in 2018 versus EUR 87.0 million for the respective prior year.

Finally, within the year the investment program of the installation of the four-stand aluminium hot finishing mill tandem proceeded as scheduled with the aim to double the production capacity of the hot rolling of the aluminium segment, providing increase of 20% in the production capacity of final products, and improving the costs and quality. Apart from the cashing of the line with EIB, the Company signed an agreement with Commerzbank for financing, securing the funding for the investment program of the segment with better terms.

Copper

For the copper segment this year was marked by changes in the competition landscape with the announcement of a merger between competitors. In this context, the sales of the copper segment marked significant increase, by 8.8% in terms of volumes versus 2017 and 12.7% in terms of value, with the sales reaching to EUR 1,038.9 million.

Profit before income tax amounted to EUR 13.9 million profit versus EUR 10.1 million in 2017, while the adjusted EBITDA rose to EUR 46.4 million in 2018 versus EUR 42.5 million for the year of 2017.

At the end of the year the investment program of the copper tubes plant was completed for the production capacity increase of 5,000 tons approximately. In addition, the process for the refinancing of the loans of the subsidiary Sofia Med was completed. Finally, in the beginning of 2019, the proceedings of the transformation of the branch in Pogoni-Ioannina, manufacturing plant of all types of coin blanks and rings into a newly founded company limited by shares (“Société anonyme”).

Outlook

The demand for product of both segments, is expected to be affected positively for the current year. In this context, the aluminium segment maximizes the existing capacity by offering innovative product solutions for modern applications in a demanding and continuously increasing clientele. The segment focuses in the developing market of the packaging materials for food and beverages, the transportation industry, as well as the promotion of high technology alloys for the heat converters. Furthermore, it aims at further penetration in the market of multi-layering tubes, as well as the production of thick aluminium sheets (mostly for big projects of the shipbuilding industry). In parallel, it will focus to the completion of the investment program, which will spur the capabilities of the segment and the Company in general.

In the copper segment, the Company will benefit directly from the additional capacity which was installed in the copper tubes plant as well as in special extruded products (hot dip tinning line for strips) and the already installed capacity which is being used with advancing rates. In parallel, the Company will continue to focus in new markets and products with high added value and prospects.