



# ELVALHALCOR

HELLENIC COPPER AND ALUMINIUM INDUSTRY S.A.

## Press Release

### Trading Update Q1'20 Financial Results

Athens, 21 May 2020

- **Uninterrupted operation of production facilities despite the COVID-19 pandemic**
- **Sales volumes and sales revenue slightly down, by 3.7% and 3.9% versus Q1 2019, respectively**
- **a-EBITDA of EUR 32.7 million for Q1 2020 (Q1 2019: EUR 37.6 million)**
- **Net financial result improved by 10.0% year-on-year**

While the prospects for 2020 in the beginning of the year were positive, with demand and industrial output in most sectors recovering compared to the fourth quarter of 2019, the impact of the current COVID-19 pandemic has had an adverse impact on global economic conditions. ElvalHalcor and its subsidiaries responded swiftly to the pandemic, prioritising the health and safety of its employees, suppliers and customers and social distancing measures were successfully implemented without disrupting production activity. However, the imposition of restrictions in movement and production in major export destination countries negatively affected exports in March, with a 3.7% reduction in sales volumes for the quarter.

ElvalHalcor's consolidated revenue for Q1 2020 decreased by 3.9% year-on-year to EUR 530.3 million versus EUR 551.9 million for the respective prior year period, a decline primarily attributable to the drop in sales volumes and average metal prices during the period.

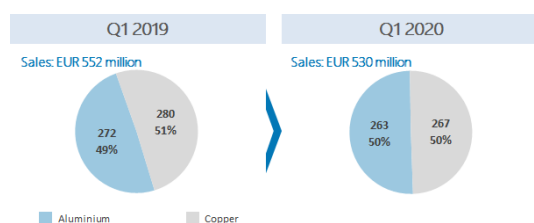
Conversion prices remained at broadly satisfactory levels, with the exception of certain markets, and especially the US, where prices remained at the depressed levels recorded in the fourth quarter of 2019, and for some product categories for which the respective comparative period was considerably better.

ElvalHalcor's adjusted consolidated earnings before taxes, interest, depreciation and amortization (a-EBITDA), which better represents the operational profitability and cash flows of the Company, amounted to EUR 32.7 million, versus EUR 37.6 million for the prior year respective period as a result of the decline in the sales volumes and prices.

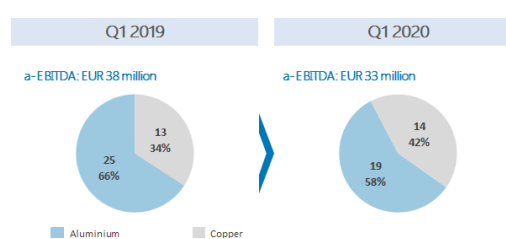
As a consequence of the pandemic, metal prices declined significantly during the period, resulting in an accounting metal loss of EUR 11.8 million for the first quarter of 2020, versus a profit of EUR 0.7 million for the first quarter of 2019. This decline in metal prices negatively affected gross profit which amounted to EUR 24.7 million for the first three months of 2020, versus EUR 40.4 million for the first quarter of 2019. Consolidated earnings before taxes, interest, depreciation and amortization (EBITDA) amounted to EUR 20.0 million (Q1 2019: EUR 38.3 million).

Consolidated net financial result saw a significant improvement of 10.0% for the first quarter of 2020, as a result of continued reduction in interest margins. Depreciation amounted to EUR 15.0 million, versus EUR 13.8 million in Q1 2019. The tax charge for the year turns positive to EUR 1.2 million due to the reduction of the deferred tax liability, versus a tax charge of EUR 1 million for the comparable period of prior year, leading to profits after taxes of EUR 0.8 million, versus EUR 16.5 million for the first quarter of 2019.

## Turnover in EUR million



## a-EBITDA in EUR million



Amounts in thousands EUR	Q1'20	Q1'19
Revenue	530,300	551,871
Gross profit	24,715	40,421
EBITDA	20,061	38,300
a-EBITDA	32,742	37,614
EBIT	5,046	24,453
Net financial result	(5,917)	(6,573)
Profit before tax	(418)	17,513
Profit after tax	786	16,513
Profit after tax & non- controlling interests	937	16,085
Earnings per share	0.0025	0.0429

## Segment analysis

For the 3 months until 31.03	Sales		EBITDA		a-EBITDA		EBIT		EBT	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019
€'000										
<b>Aluminium</b>	263,582	271,812	18,212	23,266	18,583	25,242	8,388	13,822	6,011	10,987
<b>Copper</b>	266,718	280,059	1,849	15,034	14,159	12,372	(3,341)	10,632	(6,429)	6,525
<b>Total</b>	530,300	551,871	20,061	38,300	32,742	37,614	5,046	24,453	(418)	17,513

## Aluminium

During Q1 2020, the aluminium rolling segment marked a drop in volumes by 4.6%, with turnover amounting to EUR 264 million, declining by 3.0%. The segment was affected negatively by market conditions in the US, compared to the respective prior year quarter of 2019, high competition in the foil sector that put pressure on prices, and the continuing weakness of some segments like the automotive industry and transportation, which led to the need of shifting the product as well as the market mix. At the same time, as the segment continues to operate at full capacity, and until the operation of the new mill, the change of the mix negatively affected productivity and total capacity. Profit before tax for the segment amounted to EUR 6 million versus EUR 11.0 million, for the respective prior year period, due the reduction of sales volumes, while a-EBITDA amounted to EUR 18.6 million for the first quarter of 2020 versus EUR 25.2 million for the respective prior year period.

In regards to the investment programme of the new hot rolling mill, a small delay in the commencement of the operation has occurred, exclusively due to restrictions in movements and the ability of the necessary personnel of the supplier to travel. In anticipation of the operation shortly and the increase of the hot rolling capacity, the second phase was announced with the target of increasing utilization of said capacity. The amount invested on the acquisition of fixed assets reached EUR 35 million, out of which EUR 32 million for the production facilities of the aluminum rolling facilities of the parent company in Oinofyta.

## Copper

During Q1 2020, the copper segment marked a decline in sales volumes by 2.3%, in spite of inclusion of the enameled wires sales volumes, which represent a 2.2% of the mix, and the positive evolution of copper bus bars sales. A small decline was marked in the sales of copper tubes and rolling products of copper and alloys, when compared to the very good course of sales in the comparative prior year period and due to weakness in sectors such as the automotive industry, and as a result the consolidated revenue amounted to EUR 267 million, marking a decline of 4.8%. Profit before tax amounted to a loss of EUR 6.4 million versus profit of EUR 6.5 million in the respective Q1 2019, due to the negative effect of the drop of the copper prices in the international markets, while a-EBITDA amounted to EUR 14.2 million in the first quarter of 2020 versus EUR 12.4 million in the respective prior year period, as conversion prices, and production cost of the copper tube plant of the parent company in particular, were at good levels.

In regards to the investments, for the first quarter of 2020, EUR 4 million were invested for the completion of the investment programmes, including new investments in subsidiary Sofia Med. Finally, we underline that utilization of the newly installed production capacity in the copper tubes division remained at satisfactory levels as the segment gained market shares in challenging conditions.

## Prospects for 2020

For the remainder of 2020 ElvalHalcor follows up developments closely and is ready to address any temporary fluctuations in demand. As the Company faces successfully so far the situation stemming from the COVID-19 pandemic, its strategic advantages, such as the customer-centric philosophy, the investments, the production capacity and high flexibility provide the ability to exploit any future opportunity. In parallel, the Company stays focused in its long term growth strategy of increasing exports both in Europe as well as outside Europe, and increasing capacity and market shares in products with compelling prospects in the context of a cyclical and sustainable economy.

## Consolidated Condensed Statement of Financial Position

	31/3/2020	31/12/2019
	€ '000	€ '000
<b>ASSETS</b>		
Fixed assets	1,037,160	1,012,320
Inventories	486,907	469,952
Trade receivables	279,652	215,700
Other current assets	4,302	2,526
Cash and cash equivalents	45,051	48,688
Assets held for sale	4,495	4,495
<b>TOTAL ASSETS</b>	<b>1,857,567</b>	<b>1,753,680</b>
<b>EQUITY &amp; LIABILITIES</b>		
Share Capital	146,344	146,344
Other Company's shareholders equity	593,632	600,844
<b>Company's shareholders equity</b>	<b>739,976</b>	<b>747,188</b>
Minority rights	13,596	14,084
<b>Total Equity</b>	<b>753,572</b>	<b>761,272</b>
Long term borrowings liabilities	400,148	452,186
Provisions / Other long term liabilities	92,576	95,499
Short term borrowings liabilities	311,280	162,393
Other short term liabilities	299,991	282,330
<b>Total Liabilities</b>	<b>1,103,995</b>	<b>992,408</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,857,567</b>	<b>1,753,680</b>

## Condensed Consolidated of Statement of Cash Flows

	31/3/2020	31/3/2019
	€ '000	€ '000
Net cash flows from Operating activities	(57,400)	(18,257)
Net cash flows from Investing activities	(39,137)	(20,903)
Net cash flows from Financing activities	92,901	31,495
<b>Net (reduction)/ increase in cash and cash equivalents</b>	<b>(3,636)</b>	<b>(7,665)</b>