



Europe Greece

Basic Resources - Nonferrous Metals

Company Description

ElvalHalcor Hellenic Copper and Aluminium industry S.A. (ElvalHalcor), is a leading global manufacturer of aluminium and copper products.

The Company was formed in December 2017 via the merger of Elval, a leading European aluminum rolling company, and Halcor, the largest copper tubes producer in Europe.

ElvalHalcor capitalises on natural synergies in innovation and technology, research and development (R&D), procurement, marketing, infrastructure and environment to produce value-added, high-quality solutions for its customers around the world.

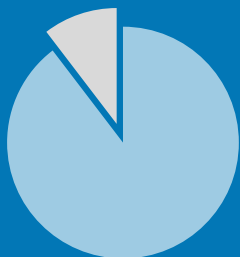
Share Data

Price (€)	€ 1.790 (18/11/2020)
# of shares	375,241,586
Capitalization (mil.€)	€ 672
% change since 31/12/2019	+2.87%
52 wks high (€)	€ 1.84
52 wks low (€)	€ 0.92
REUTERS	ELHA:AT
BLOOMBERG	ELHA:GA

Shareholders Structure

Free Float
8.56%

VIOHALCO
91.44%



IR RELEASE 9M'20

Results 9M

	Consolidated			
	(M €)	2020	2019	Δ (%)
Turnover		1,500.4	1,600.0	-6%
Gross Profit		99.8	122.1	-18%
a-EBITDA		101.0	123.5	-18%
EBITDA		90.9	118.9	-24%
EBIT		45.8	76.9	-41%
EBT		30.3	60.2	-50%
Profit after tax		25.0	43.0	-42%
Profit after tax & non-controlling interests		24.0	42.5	
Margin				
Gross Profit		6.7%	7.6%	
a-EBITDA		6.7%	7.7%	
EBITDA		6.1%	7.4%	

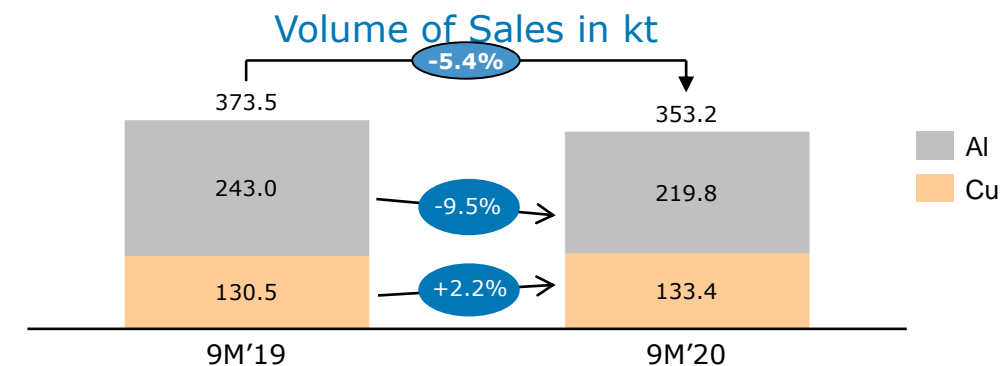
9M '20 Results

ElvalHalcor responded swiftly to the new conditions shaped by the Covid-19 pandemic, prioritising the health and safety of its employees, suppliers, and customers by implementing measures that allowed for the safe continuation of operations with the minimum repercussions and spending over EUR 3 million for the nine months of 2020 on the implementation of measures against the pandemic. Nevertheless, the introduction of restrictions on movement and production in major export destinations, and the inevitable subsequent recession across many countries, affected demand and exports negatively during the first months of the year. It should be underlined that ElvalHalcor's prompt shifting of aluminium production towards sectors unaffected by the crisis, and the dynamic of the copper segment, significantly offset the recession's effects. During the summer months, the markets' gradual opening affected shipments positively for the third quarter, curbing the downtrend and diminishing the decline in volumes to 5.4% for the 9M 2020.

Respectively, ElvalHalcor's consolidated revenue decreased by 6.2% for 9M 2020 to EUR 1,500.4 million, compared to EUR 1,599.8 million in the respective prior year period, a reduction attributed mainly to a decline in both volumes and average metal prices during the period. It is noteworthy that for September sales were higher than the previous year in most product categories, a positive indicator for the future.

The decline in sales volumes, the pressure on conversion prices in some markets, and the additional expenses associated with facing off the pandemic resulted in adjusted consolidated earnings before taxes, interest, depreciation and amortization and metal price lag (a-EBITDA), a more accurate reflection of operational profitability, of EUR 101.0 million versus 123.5 million for the respective prior year period.

As a result of the pandemic, metal prices dropped significantly during the first months of the year, resulting in accounting losses from metal of EUR 8.7 million for 9M 2020 versus losses of EUR 4.6 million for the respective prior year period. This affected gross profit, which amounted to EUR 99.8 million for the first nine months of 2020 versus EUR 122.1 million for the first nine months of 2019, as well as consolidated earnings before taxes, interest, depreciation, and amortization (EBITDA), which amounted to EUR 90.9 million versus EUR 118.9 million for the respective prior year period of 2019. Finally, the decline in sales volumes and metal prices affected the consolidated earnings after taxes and non-controlling interests, which amounted to EUR 24.1 million or EUR 0.0642 per share versus EUR 42.5 million or EUR 0.1131 per share for the respective prior year period.



Results per Segment 9M'20

ALUMINIUM

During 9M 2020, the aluminium segment experienced a decline in sales volume by 9.5% versus the respective period of 2019, due to lack of demand as an effect of the pandemic, with sales amounting to EUR 722 million, a drop by 11.1%. The segment was negatively affected by the conditions in the US market, compared to the respective six months of 2019, the intense competition in foil which put pressure on prices, as well as the continued weakness of some sectors, such as the automotive and transportation industries, which lead to a change in the product mix and the destination markets. Earnings before taxes amounted to EUR 19.7 million versus EUR 49.1 million, for the respective prior year period, due to the reduced volumes, while the a-EBITDA amounted to a profit of EUR 61.7 million for 9M 2020, compared to EUR 86 million for 9M 2019.

In regards to the investment programme for the new four-stand hot rolling mill, its installation was completed with a small delay, due to the restrictions of movement and the inability of the required supplier's personnel to travel, and will be fully productive within the last quarter of the year. This important investment gives the Company the ability, with additional investments, to more than double the production capacity of final products, marking a new era for the aluminium rolling division and paving the way for new, more demanding markets. The amount dedicated to investments on PPE for 9M 2020 amounted to EUR 65.7 million; out of which EUR 59.8 million were dedicated to the production facilities of the aluminium rolling segment of the parent company in Oinofyta. Last but not least, the second phase of the investment programme was announced with the aim to maximise the utilization of the capacity of the new hot rolling mill.

ElvalHalcor participates in the anti-dumping investigation carried out by the US authorities as a producer of common alloy aluminium sheet in Greece, cooperating with the audit authorities is in the process of providing information for the auditors. In the case of Greece, the US Department of Commerce assigned a preliminary dumping margin of 2.72% to imports from ElvalHalcor as well as for all other exporters of CAAS from Greece. ElvalHalcor and its US counsel are reviewing the basis for the US Department of Commerce's preliminary determination and will bring any errors or oversights to the attention of the US Department of Commerce in accordance with the US Department of Commerce's instructions.

COPPER

During 9M 2020, the copper segment marked an increase of volumes sold by 2.2%, including the uplift from the integration of the sales of enameled wires, which represent about 2.1% of the product mix, as well as the positive evolution of sales of copper bus bars and rolled copper and alloy products, despite the strong weakness of specific sectors, such as the automotive industry. There was a small decline in sales of copper tubes and a higher drop for extruded copper alloy products. The rebound of the prices of copper during the third quarter had as a result the segment sales to reach EUR 778 million, partly offsetting the decline of H1 2020, to a minor decline of 1.3% for the nine months of 2020 versus prior year respective period. Earnings before taxes amounted to a profit of EUR 10.7 million, versus a profit of EUR 11.1 million for the respective period of 2019, while the a-EBITDA improved by EUR 39.2 million in 9M 2020 versus EUR 37.5 million for the respective prior year period representing the resilience of the copper products segment in terms of volumes and profitability amidst the pandemic.

It is worth mentioning that the segment continues to gain shares in crucial markets, especially during a period with a lack of growth, such as these of copper and copper alloys rolling as well as copper tubes. Important factors of this success are the fact that the segment has developed a broad spectrum of products directed to many markets within and outside of Europe, as well as the fact that the segment has dynamically capitalized on opportunities presented.

In regards to the investments, for 9M 2020, approximately EUR 16 million were spent, out of which EUR 10 million were directed to the subsidiary Sofia Med and mainly for the installation of a cold rolling mill with the rest directed to the parent company and the rest of the subsidiaries.

ALUMINIUM	For the 9 months ending on 30.09	
(€'000)	2020	2019
Revenue	722,474	811,554
EBITDA	56,346	85,600
a-EBITDA	61,747	86,014
EBIT	27,813	57,302
Profit before Taxes	19,680	49,048

COPPER	For the 9 months ending on 30.09	
(€'000)	2020	2019
Revenue	777,956	788,258
EBITDA	34,538	33,318
a-EBITDA	39,203	37,525
EBIT	17,940	19,556
Profit before Taxes	10,660	11,138