



## MYTILINEOS FLASH NOTE - FINANCIAL RESULTS FIRST HALF 2022

### MAINTAINING STRONG PACE OF GROWTH IN THE MIDST OF AN UNPRECEDENTED ENERGY CRISIS

Athens, Greece – July 28, 2022 –MYTILINEOS SA (RIC: MYTr.AT, Bloomberg: MYTIL.GA, ADR: MYTHY US) announces its H1 2022 financial results.

- **Net Profit after minorities came in at €166 million, a 116% increase** vs. €77 million in H1 2021. Thus, **Earnings per Share** stood at €1.221, an increase of 116% compared to the corresponding period of the previous year.
- **Turnover increased by 117% to €2,154 million**, compared to €994 million in H1 2021.
- **Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)** reached **€293 million, 88% higher** against €156 million in H1 2021.
- **Net Debt came in at €945 million**, with **leverage ratio** (Net Debt/EBITDA\*) falling below **2.0x** at a time of significant growth capital spending (CAPEX exceeded €280 million in H1 2022 alone), laying a solid foundation of long-term growth for the company, while at the same time providing significant support to the Greek economy.

Commenting on the Financial Results, Company's Chairman and Chief Executive Officer, Evangelos Mytilineos said:

"Today, across Europe, governments, businesses and households are facing an unprecedented energy crisis, the broader consequences of the prolonged Ukrainian conflict as well as the ongoing global pandemic, combined with the strongest inflationary pressures recorded since the 1970s, the side effects of which are visible in all aspects of economic activity.

MYTILINEOS, having realised the above-mentioned challenges, has responded on time by taking appropriate and targeted measures, focusing in particular on the energy cost as well as the security of supply. Thus, managing not only to remain unaffected but also to record new historically high performance, while accelerating, at the same time, the implementation of the largest investment programme in its history.

The H1 2022 financial performance, reconfirms MYTILINEOS' ability to respond promptly and successfully even under the most adverse economic conditions.

\*Last twelve months EBITDA

Despite current uncertain environment, the result of prevailing geopolitical tensions, MYTILINEOS' financial performance is expected to strengthen significantly in the coming quarters, with new investments, such as the new 826MW CCGT plant, the increase of the Aluminium production capacity as well as significant RES investments gradually entering the completion stage, while MYTILINEOS further enhances its international presence in energy and metals.

At the same time, key agreements for the sale of Solar PV parks as part of the RSD global portfolio, are expected to be concluded soon, driving profitability to much higher levels, when compared with previous years.

Finally, strong cash flow generation facilitates further turnover increase, along with the funding requirements relating to ongoing investments, while maintaining key leverage metrics strictly-controlled".

## 1. KEY FINANCIAL FIGURES

amounts in m. €	H1 2022	H1 2021	Δ %	H2 2021	Δ %
Turnover	2,154	994	117%	1,670	29%
EBITDA	293	156	88%	203	44%
EATam	166	77	116%	85	97%
EPS*	1.221	0.566	116%	0.627	95%
<b>Margins (%)</b>			<b>Δ(bps)</b>		<b>Δ(bps)</b>
EBITDA	13.6%	15.6%	-203	12.2%	145
EATam	7.7%	7.8%	-4	5.1%	268

\*Calculated on a weighted average number of ordinary shares

Compared to H1 2021 figures, on a consolidated basis:

**Turnover** more-than-doubled to **€2,154 million** compared to €994 million in the first half of 2021, posting an increase of 117%. **EBITDA** increased by 88% to **€293 million**, compared to €156 million in the corresponding period of 2021, benefited greatly from Metallurgy as well as Power & Gas BUs' historically high performance.

More specifically, with regards to the performance of the above-mentioned BUs, which are the having the largest contribution in MYTILINEOS financial results, Metallurgy is benefiting greatly by both higher aluminium prices and historically high premiums while maintaining very competitive production cost structure. Equally important, Power & Gas BU, is taking full advantage of the fact that MYTILINEOS operates, by-far, the most efficient thermal fleet in the country, during a period of elevated natural gas and electricity prices, becoming increasingly important in the coming quarters, as global activity intensifies.

**Net profit** after taxes and minority interests, rose to **€166 million**, an increase of 116% compared to €77 million in H1 2021, while today's (half-year 2022) results have already exceeded full 2021 financial year's performance of €162 million.

Obviously, H1 2022 financial results are coming above Management's expectations, as expressed in the Annual General Meeting of 2021. At the same time, current trends are paving the way for even higher performance for the full year 2022, always considering current uncertain environment as well as ongoing investments soon to be completed across all Business Units.

## 2. BUSINESS UNITS OPERATIONAL UPDATES

### 2.1. Power & Gas Business Unit

amounts in m. €	H1 2022	H1 2021	Δ %	H2 2021	Δ%
Revenues	1,293	387	234%	874	48%
EBITDA	125	48	159%	99	26%
<b>Margins (%)</b>			<b>Δ(bps)</b>		<b>Δ(bps)</b>
EBITDA	9.6%	12.5%	-281	11.3%	-168

#### Greek Market Data – H1 2022

Production per Unit type [GWh]	H1 2022	H1 2021	H1 2022 % of mix	H1 2022 % of mix
Lignite	2,467	2,773	10%	11%
Natural Gas	9,197	9,034	36%	37%
Hydros	2,159	2,794	8%	11%
RES <sup>1</sup>	8,994	7,751	35%	32%
Net Imports	2,780	2,188	11%	9%
Other	10	8	0%	0%
<b>Total</b>	<b>25,609</b>	<b>24,548</b>	<b>100.0%</b>	100.0%

<sup>1</sup>Renewable Energy Sources

MYTILINEOS Generation (GWhs)	H1 2022	H1 2021	Δ%
Thermal Plants	2,430	2,134	14%
RES	262	256	2%
<b>Total</b>	<b>2,692</b>	<b>2,391</b>	13%

Power & Gas Business Unit reported **turnover** of **€1,293 million**, representing 60.0% of the Company's total turnover, posting a 234% increase on a year-on-year basis. **EBITDA** stood at **€125 million**, posting a 159% increase, from €48 million in the first half of 2021.

BU's **record high performance** is owed to both the **high efficiency of the Company's plants** as well as its ability, due to the size of its portfolio, to secure natural gas at very competitive prices, through a wide and **diverse network** (both LNG and pipeline gas), securing its operations with sufficient NG quantities, during a **high energy prices environment**.

Domestic electricity demand remained in an upward trend during H1 2022, posting a 4.4% increase, compared with the same period of the previous year, benefiting from the strong rebound during Q1 2022, triggered by the restart of the economic activity during the post-Covid era. During Q2 2022 demand has recorded a slight decline.

Natural gas remains the base load fuel of Greek market's energy mix, while the participation of RES continues to grow, contributing in H1 2022 c.35% of the total electricity demand.

Natural gas price soared to unprecedented levels, driven by the escalation of geopolitical tensions, while concerns about European natural gas adequacy, retained gas price in record-high levels throughout H1 2022. The latter, combined with elevated CO<sub>2</sub> prices, which are trading at record-high levels, have led the average daily price of the power exchange (DAM), at 237€/MWh in H1 2022, a staggering increase of 284% compared to H1 2021.

In this current environment of energy uncertainty, MYTILINEOS having completed key major investments, fully exploits its competitive advantages, benefiting significantly from both the superior efficiency and availability of its plants, as well as from its ability to source natural gas at very competitive prices, owing to the broad network of suppliers and to its large-scale portfolio (23% of total natural gas imports in Greek market). Total thermal production came in at c.2.4 TWh, a 14% increase compared to H1 2021, while including RES, total production reached c.2.7 TWh, representing 10.5% of total demand.

Regarding **supply**, Protergia retains the leading position among the independent electricity suppliers, with its market share reaching 8.2% at the end of H1 2022. Furthermore, Protergia's customer base continues to expand, currently representing 345.000 electricity and natural gas customers. MYTILINEOS, due to its significant experience and expertise in the commodity markets, realized the challenges in a timely manner by adapting its commercial policy accordingly, in an effort to safeguard both the interests of its customers as well as its own profitability.

The **new, highly efficient H-Class, CCGT power plant** is currently in the late stage of commissioning, expected to start commercial operation right after. This is of significant importance, since the new power **plant will be the most efficient natural gas user in the Greek market and therefore the lowest cost thermal producer in the country**. That will further enhance MYTILINEOS' thermal fleet competitiveness – the most efficient in the Greek market- contributing significantly to the domestic energy needs coverage, particularly during a period of natural gas shortage.

MYTILINEOS focusing on its **RES** growth objective, is continuously enhancing its portfolio, which currently stands at 211MW, while completing the construction of the new 43.2MW wind park, which is expected to come online in Q4 2022. Furthermore, the Company is proceeding with the construction of 135 MW Solar PV (acquired in 2021 from EGNATIA), utilizing funds from the Recovery and Resilience Facility (RRF), expected to commence operations during H1 2023. At the same time, the company is accelerating maturity of the rest of its Greek portfolio (c.0.64GW Wind & c.1.35GW Solar).

With the commercial operation of the new CCGT plant, the Company's CCGTs capacity will be doubled, while accounting for the CHP and RES plants, the total capacity of power producing portfolio will exceed the 2.3 GW.

As mentioned above, the competitiveness of the electricity – natural gas portfolio enables MYTILINEOS to achieve dynamic penetration in neighboring markets.

## 2.2. Metallurgy Business Unit

amounts in m. €	H1 2022	H1 2021	Δ %	H2 2021	Δ%
Revenues	458	305	50%	363	26%
EBITDA	137	77	79%	83	66%
<b>Margins (%)</b>			<b>Δ(bps)</b>		<b>Δ(bps)</b>
EBITDA	30.0%	25.2%	483	22.8%	722

Total Production Volumes (ktons)	H1 2022	H1 2021	Δ%
<b>Alumina</b>	<b>423.5</b>	<b>427.4</b>	<b>-1%</b>
Primary Aluminium	92.5	90.4	2%
Recycled Aluminium	27.8	25.3	10%
<b>Total Aluminum Production</b>	<b>120.3</b>	<b>115.7</b>	<b>4%</b>

Aluminium & Alumina Prices (\$/t)	H1 2022	H1 2021	Δ%
3M LME	3,081	2,256	37%
Alumina Price Index	396	288	38%

Metallurgy Business Unit in the first half of 2022 recorded a **Turnover** of **€458 million**, representing 21.3% of total turnover, compared to €305 million in the first half of 2021. **EBITDA** came in at **€137 million**, compared to €77 million in the corresponding period of 2021, an increase of 79%. The above increase, among others, is due to prevailing high aluminium

premium in Europe, the Company's ability to maintain strict cost control as well as to secure higher levels of LME prices for the quarters to come.

Aluminium (3M LME) average price for the H1 2022, came in at 3,081\$/t, up from 2,256\$/t in the first half of 2021, marking a 37% increase. During the Q1 2022, aluminium prices recorded new all-time highs, reaching at the level of 4,000\$/t, as the geopolitical tension in Ukraine has triggered a sharp increase in the cost of energy, while raised concerns for the availability of the metal. In the Q2 2022, aluminium prices showed a correction, reaching the 2,500\$/t levels, mainly attributed to the concerns of a slowdown in global economic activity, expectations for upcoming rate hikes (primarily from FED) and the consequent strengthening of the US dollar. Aluminium premiums, nevertheless, remained at very high levels during the second quarter as well.

Currently, surging power costs and recent lower LME prices have squeezed smelters' margins while turning a significant number of European and US producers being loss making (c.20% of ex-China world production is estimated to be currently unprofitable on current LME prices and Premia) while at the same time the partial substitution of the primary aluminium by recycled aluminium was favored. If energy prices were to be maintained at current high levels and assuming spot LME price, that would eventually lead to additional production curtailments of marginal producers, until supply-demand dynamics will eventually trigger an increase of the LME price.

Aluminium billet premiums stood at 1,475\$/t, marking a 120% increase in the first half of 2022, up from 670\$/t the corresponding period of 2021, due to reduced European production, as a result of the increased energy cost. Specifically, European producers are facing an unprecedented crisis in electricity costs, forcing them to curtail or even halt completely production. Today, more than 1 million tons of total European Aluminium output has been cut off, while another c0.8MT being at risk.

**MYTILINEOS, has taken prompt actions in order to mitigate cost inflation, especially regarding the energy cost, which has been secured at pro-energy-crisis levels, while benefiting from high LME prices, as well as the strengthening of USD against Euro and its flexibility of using alternative fuel for alumina production, has secured steadily higher levels of profitability ahead.**

Alumina Price Index (API) following the trend of Aluminium prices, recorded a 38% increase in H1 2022, at 396\$/t, having peaked at 500\$/t levels in March 2022 mainly due to the significantly higher energy costs in the production process as well as due to a production reduction in China and Ukraine, at a lesser extent (Rusal's Nikolaev refinery).

## 2.3. Renewables & Storage Development Business Unit

amounts in m. €	H1 2022	H1 2021	Δ %	H2 2021	Δ %
Revenues	229	118	95%	247	-8%
EBITDA	21	7	184%	14	52%
<b>Margins (%)</b>			<b>Δ(bps)</b>		<b>Δ(bps)</b>
EBITDA	9.1%	6.3%	287	5.8%	335

Renewables & Storage Development (RSD) Business Unit, in H1 2022 recorded a **turnover** of **€229 million** (representing 10.7% of total turnover), an increase of 95% over the corresponding period of 2021, while **EBITDA** rose to **€21 million**, vs €7 million in H1 2021, posting a strong growth of 184%.

BOT's (Build, Operate & Transfer) effectiveness, was the main contributor towards the results in H1 2022, as well as a key growth driver for increased profitability in the coming quarters. Particularly, during H1 2022, the BU concluded a transaction for the sale of two projects with total capacity of 100MW in the United Kingdom, while secured power sale agreements for projects with 110MW & 588MWp capacity in the UK and Chile respectively.

BOT's total capacity reaches 6.2 GW, in various stages of development, out of which 123MW are in operation, 665MW under construction, while the projects considered in mature stage of development are currently exceeding 2.5 GW. **Within H2 2022, substantial agreements are expected to be concluded for the sale of Solar PV parks, with total capacity that could exceed the 450MW**, driving RSD in new levels of profitability, significantly higher than previous years.

Current energy circumstances, as they have been shaped in the global energy markets, following the consequences of the Ukrainian conflict as well as higher demand for green projects, in the context of the REPowerEU strategy, offer new growth opportunities to RSD BU, regarding both the development of new projects as well as the enhancement of the RES project's valuations, particularly those in mature stage of development.

Regarding third-party EPC projects, operations in countries like Spain, UK, Greece, Uzbekistan and Chile continues unobstructed, with the contracted backlog currently standing at €290 million, while another €161 million are in final negotiation phase.

## 2.4. Sustainable Engineering Solutions Business Unit

amounts in m. €	H1 2022	H1 2021	Δ %	H2 2021	Δ %
Revenues	173	185	-6%	186	-7%
EBITDA	17	25	-33%	9	88%
<b>Margins (%)</b>			<b>Δ(bps)</b>		<b>Δ(bps)</b>
EBITDA	9.6%	13.4%	-383	4.7%	490

Sustainable Engineering Solutions (SES) H1 2022 **turnover** stood at **€173 million**, representing 8% of the Company's total turnover, while the **EBITDA** came in at **€17 million** compared to €25 million in the corresponding quarter of the previous year. SES BU's expected weaker H1 2022 performance, is mainly attributed to the increased construction costs as well as the timing of execution of existing contracts. Following the significant agreements signed during H1 2022 as well as the progress in the signed projects, SES BU's performance is expected to improve in the coming quarters.

SES, having market's recognition as a top Turn-Key project contractor with a strong track record of energy projects' execution, concluded during H1 2022, two significant agreements. In particular, signed an Engineering, Procurement & Construction (EPC) contract for the development of three open-cycle gas turbine (OCGTs) power plant projects in the UK, while as part of a consortium, undertook the development of a 560MW CCGT plant in Poland, which is the Company's first project in this market.

In the environmental solutions field, great prospects are realized, especially for waste treatment projects, such as the "Protos Recovery Facility", a UK based project under construction. SES is actively engaging in conversations for undertaking similar projects, with some of them being in mature stage, expected to boost SES's backlog in the coming months.

At the end of H1 2022, the signed backlog came in at €1.2 bn, while accounting for the projects in an advanced stage of development, total pipeline reaches € 2.6 bn, 41% of which refers to Greek projects, an activity which is expected to record significant growth, both in construction and concession sectors.

The European Recovery Fund promotes projects contributing to sustainable development as well as infrastructure projects. SES, has the necessary know-how for higher standard projects, will take full advantage of the significant opportunities arising from the Fund.



## Prospects for the rest of the year

At the end of the first half of 2022, the economic environment remains quite volatile and full of uncertainties, however MYTILINEOS has already set the foundations for achieving historically high financial performance in 2022:

- It has secured increased profitability for the Metallurgy BU, utilizing hedging strategies for both the fluctuations of the price of the metal as well as for preserving a competitive production cost, particularly regarding the energy costs. At the same time, the BU is benefiting from elevated premiums stemming from the limited availability of the metal in the European region and the strengthening of the USD against the Euro.
- It has taken a series of actions for safeguarding the security of supply across all the production activities. Furthermore, it has access to competitive and flexible natural gas sources through direct contracts with global producers and suppliers, while specifically for the LNG supply, MYTILINEOS maintains its competitive advantage, due to its long-term experience and broad network of suppliers.
- It is benefiting from the high rate of efficiency of its power plants, which has proved the most significant parameter regarding the profitability of the plants in an environment of persistently high energy prices.
- The gradual completion of significant investments and especially addition of the new 826MW high efficiency CCGT plant, which will become a catalyst for securing a market share c.20% level in the electricity sector.
- It has planned the sale of mature projects with total capacity >450MW from its international RES portfolio within the RSD BU.

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**MYTILINEOS:**

MYTILINEOS S.A. is a leading Greek industry active in Metallurgy, Power & Gas, Renewables & Storage and Sustainable Engineering Solutions. Established in Greece in 1990, the company is listed on the Athens Exchange, has a consolidated turnover of €2.7 billion and employs directly or indirectly more than 4,820 people in Greece and abroad.

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