Q2 2019 EARNINGS PRESENTATION

DARIUSZ MAŃKO
CHAIRMAN OF THE BOARD

PIOTR WYSOCKI
BOARD MEMBER

RAFAŁ LECHOWICZ
CHAIRMAN OF THE BOARD
ALUPOL PACKAGING S.A.

A FEW WORDS ON Q1

DARIUSZ MAŃKO

CHAIRMAN OF THE BOARD

THE SECOND QUARTER STILL EXCELLENT

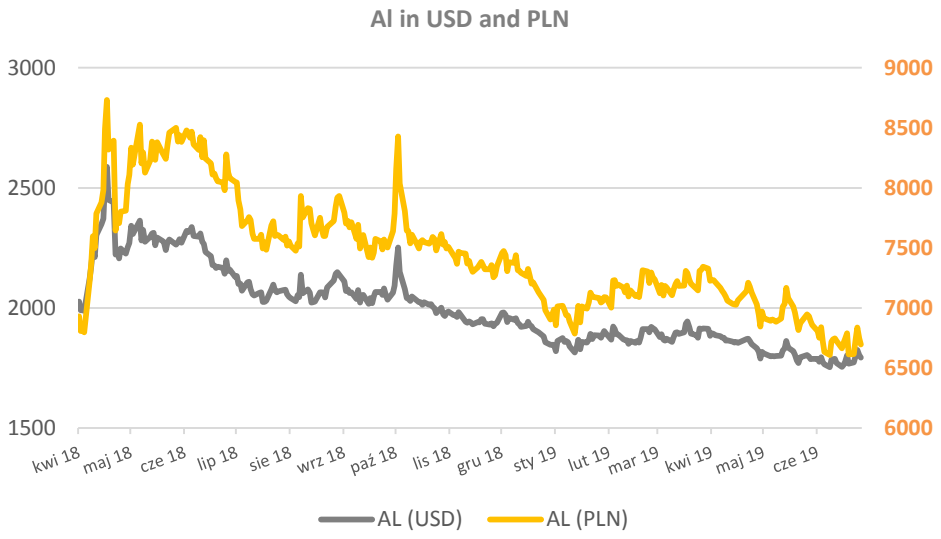
High revenue growth rate (11%).

Operating profit and EBITDA increase by 7% as expected.

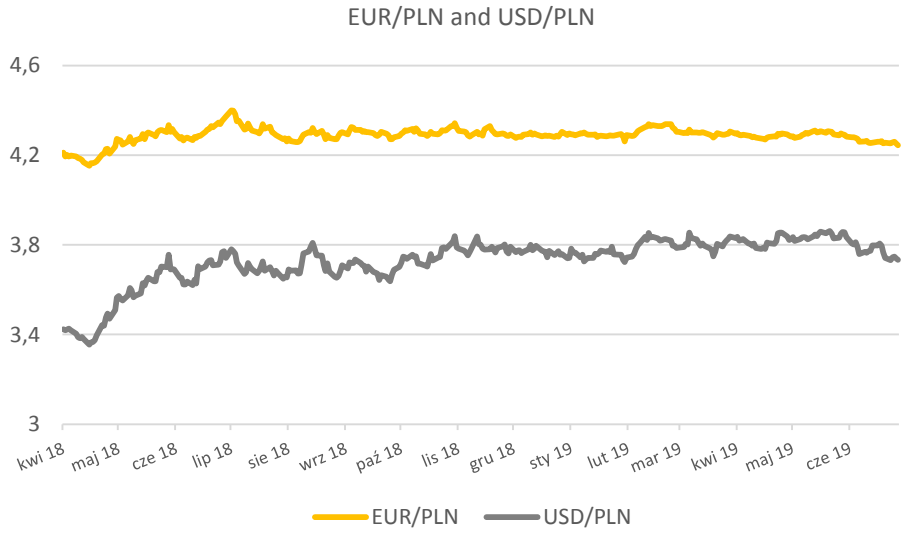
Another excellent quarter in terms of cash flow (over PLN 130 million of operating inflow)

Outlook for the third quarter is stable.

MACRO FACTORS IN THE 2nd QUARTER



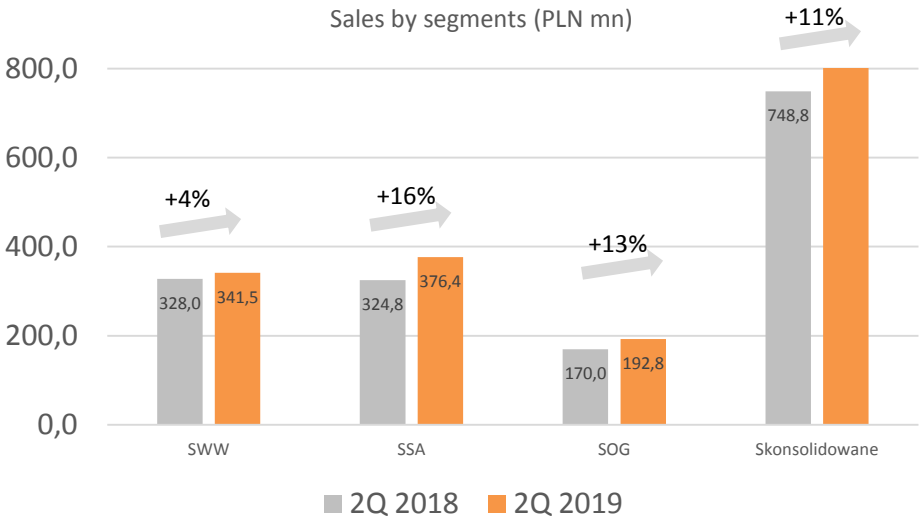
The average aluminum price converted to PLN fell by 14% yoy in the second quarter.



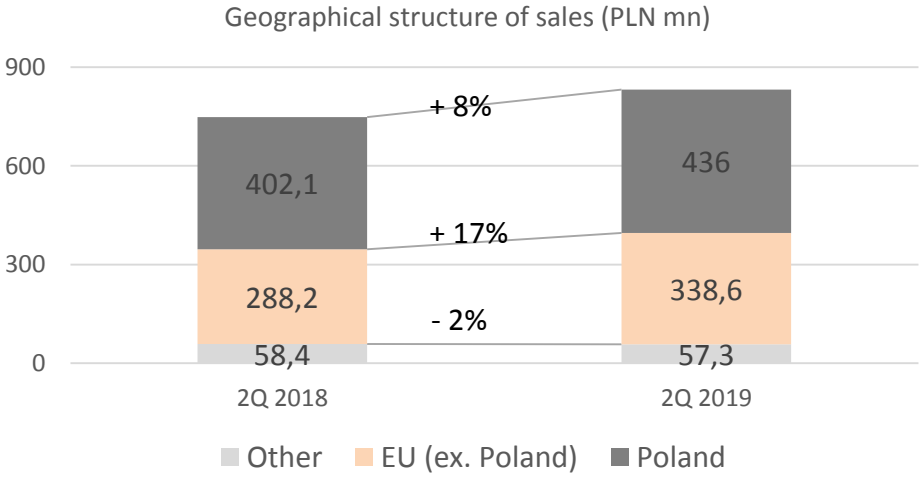
Increase in average USD / PLN exchange rate in the second quarter by approx. 6% y / y.
EUR / PLN exchange rate at a level similar to last year's

Stable demand, but some slowdown symptoms are visible.

HIGH DYNAMICS OF SALES



All segments achieved very good sales results.



The domestic market and EU markets have recorded a high growth.

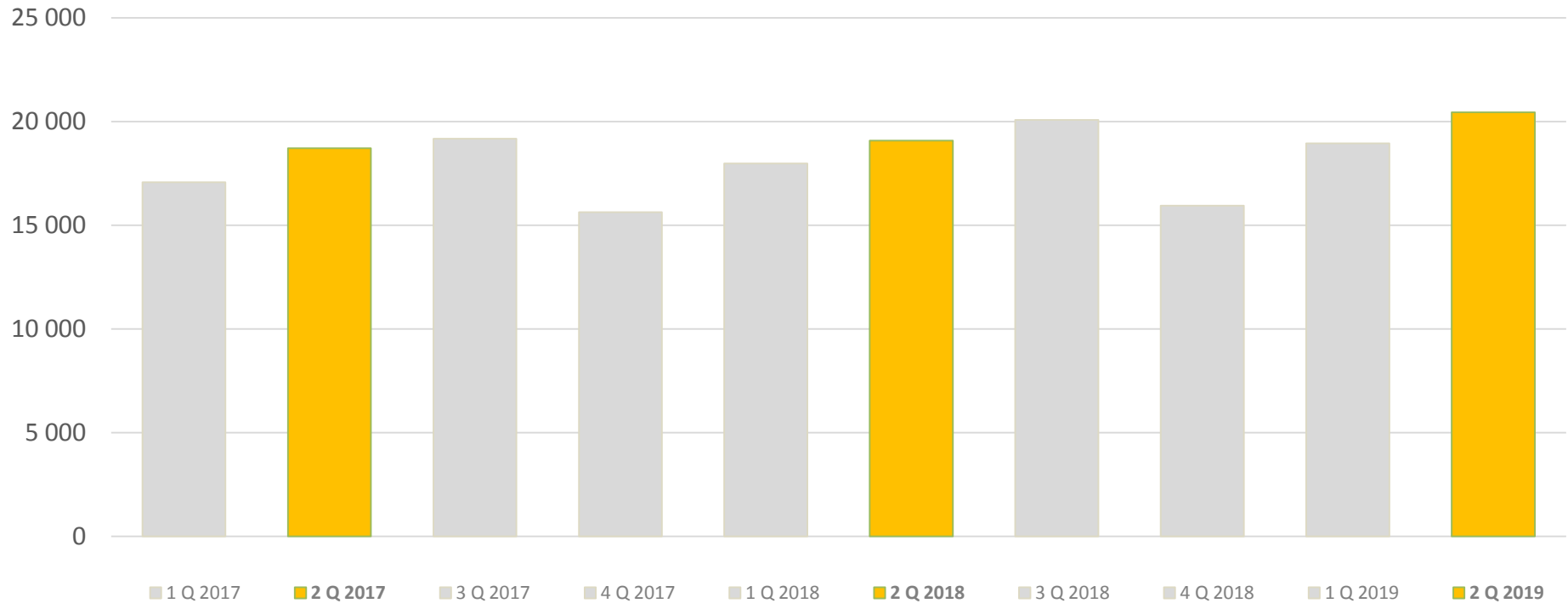
Lower sales only on other markets (mainly US)

EXTRUDED PRODUCT SEGMENT

PIOTR WYSOCKI
BOARD MEMBER

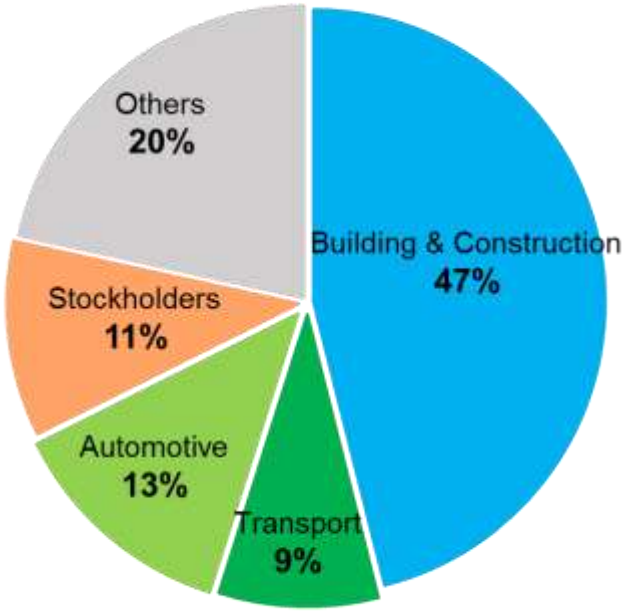
EXTRUDED PRODUCT SEGMENT– record sales in the 2nd quarter

	Q2_2019	Q2_2018	chg	1-2Q_2019	1-2Q_2018	chg
Sales	341,5	327,9	4%	667,9	624,3	7%
Domestic	185,4	182,9	1%	370,4	348,3	6%
Export	156,1	145,1	8%	297,5	276,0	8%

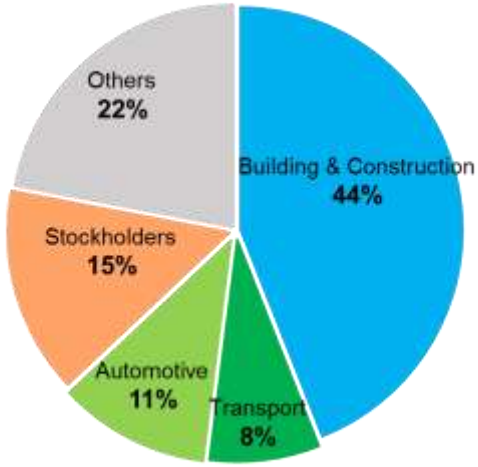


EXTRUDED PRODUCT SEGMENT– development of business activity in industries with higher margins

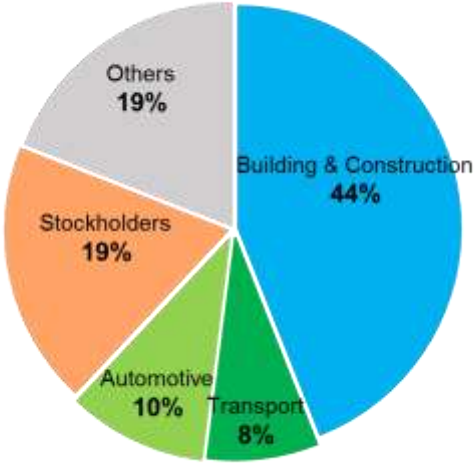
2Q 2019



2Q 2018



2Q 2017



EXTRUDED PRODUCT SEGMENT– importand projects

New contracts on the doorsteps for a special, luxury edition of the Mercedes G series.

EXTRUDED PRODUCT SEGMENT– increasing production efficiency projects

Optimization of the extrusion parameters

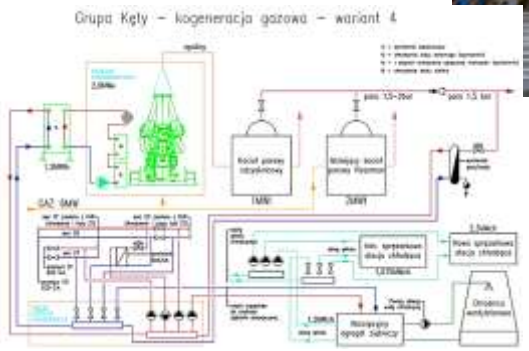
robotic nests on the production plant of aluminium components

Robotization of selected processes and activities

implementation of a cooperating robot YASKAWA HC10.

EXTRUDED PRODUCT SEGMENT – investment projects

Position (PLN mn)	The total amount of the project	The amount planned for 2019	Implementation for 2019 after 1Q	The amount planned after 2019
Counter-rotating press for hard alloys + ingot scaleer	45,0	9,5	6,8	0,0
Anodizing line – the second unit	45,1	13,5	1,8	29,5
Cogeneration	8,4	2,5	0,0	5,9
New production capacity in the area of components	7,5	7,5	1,9	0,0
Main projects total	**106,0**	**33,0**	**10,5**	**35,4**



Press for hard alloys – fully operational

Extension of the anodizing plant - construction works in progress

Cogeneration – project in progress, design work on the installation of a 2 MW unit.

ALUMINUM SYSTEMS SEGMENT

ALUPROF

DARIUSZ MAŃKO
CHAIRMAN OF THE BOARD

ALUMINIUM SYSTEMS SEGMENT– very good quarter

	Q2_2019	Q2_2018	chg	1-2Q_2019	1-2Q_2018	chg
Sales	376,4	324,8	16%	705,2	589,7	20%
Domestic	231,9	204,1	14%	448,6	364,3	23%
Export	144,5	120,7	20%	256,6	225,4	14%

High sales dynamics on export markets (the largest increases on the following markets: the Netherlands, Belgium, the Czech Republic)

Good prospects for the market of a big buildings in Poland

New products - anti-hurricane roller blind,

In the third quarter, the revenue is forecast to increase by 10% compared to the same period last year

ALUMINIUM SYSTEMS SEGMENT– US market

Completion of the second phase of testing of the standard systems for the US and Canada market

New projects in the USA:

- **B4 Pacific Park**
- **1808 Pacific Park B15**

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CSA A440S1-17

TEST REPORT SUMMARY

Rendered to:
Aluprof S.A.
43-300 Bielsko-Biała
ul. Warszawska 153

PRODUCT TYPE: Dual Action Window
SERIES/ MODEL: "MB70"

Title	Summary of Results
Primary Product Designator	Class AW-PG60. Size tested 1524 x 2515 mm (~60 x 99 in) - Type DAW

ALUMINIUM SYSTEMS SEGMENT– investment projects

Position (PLN mn)	The total amount of the project	The amount planned for 2019	Implementation for 2019 after 2Q	The amount planned after 2019
R&D Centre	35,5	8,4	4,9	0
Vertical powder coating line + hall	17,4	8,9	6,5	0
Opole production hall	28,0	8,7	0	19,2
Main projects total	80,9	26,0	11,4	19,2

Construction of a vertical paint shop hall completed
The process of obtaining an occupancy permit is underway
The paint shop is being installed, along with all the associated infrastructure

ALUMINIUM SYSTEMS SEGMENT– investment projects

Completed investment in the construction of the R&D center in Ogrodzona

ALUMINIUM SYSTEMS SEGMENT – investment projects

On 03-05.07, acceptance tests were carried out along with training of laboratory employees. - tests completed successfully

Fire resistance test stand

Chamber for leakage tests

ALUMINIUM SYSTEMS SEGMENT– selected projects acquired in Q2

Poland

Poznań - WCZD

Warszawa – Browary Warszawskie bud. G-H

Katowice – Grundmanna I i II

Kraków – Unity Centre AB

ALUMINIUM SYSTEMS SEGMENT– selected projects acquired in Q2

Export markets

Korolenkovskaya (UA)

Serena kenya (NL)

Budynki rządowe (SEN)

Kuopio Gate (FIN)

ALUMINIUM SYSTEMS SEGMENT– selected projects acquired in Q2

Export markets

Lindehove (NL)

Uniwersytet Göttingen (DE)

The Denizen (UK)

Opatovska (CZ)

FLEXIBLE PACKAGING SEGMENT

RAFAŁ LECHOWICZ
CHAIRMAN OF THE BOARD
ALUPOL PACKAGING S.A.

FLEXIBLE PACKAGING SEGMENT – best quarter and half year in history

PLN mn	2Q 2018	2Q 2019	chg	1H 2018	1H 2019	chg
Revenues	169,9	192,8	+ 13%	348,4	393,2	+ 13%
- packaging segment	119,9	133,3	+ 11%	249,9	279,8	+ 12%
- BOPP film	50,0	59,5	+ 19%	98,5	113,4	+ 15%
EBIT	22,7	29,8	+ 31%	45,9	58,8	+ 28%
- packaging segment	18,4	24,3	+ 32%	37,5	48,7	+ 30%
- BOPP film	4,3	5,5	+ 29%	8,4	10,1	+ 21%
EBITDA	29,8	36,8	+ 24%	60,0	72,9	+ 21%
- packaging segment	24,3	30,1	+ 24%	49,2	60,3	+ 22%
- BOPP film	5,5	6,7	+ 23%	10,8	12,6	+ 17%
EBITDA margin	17,5%	19,1%	+ 1,6 p.p.	17,2%	18,5%	+ 1,3 p.p.
- packaging segment	20,3%	22,6%	+ 2,3 p.p.	19,7%	21,6%	+ 1,9 p.p.
- BOPP film	10,9%	11,3%	+ 0,4 p.p.	11,0%	11,1%	+ 0,1 p.p.
Net profit	14,1	23,0	+ 63%	30,6	46,3	+ 51%

FLEXIBLE PACKAGING SEGMENT – increases in leading sectors

+ 7%

INSTANT FOOD (33% of total sales)

+ 20%

FRESH FOOD (14% of total sales)

+ 1%

CONFECTIONERY AND BREAKFAST CEREALS (7% of total sales)

+ 19%

BOPP FILMS (31% of total sales)

* OTHER – FAT PRODUCTS, DIARY PRODUCTS, HOUSEHOLD CHEMICALS, PET FOOD, PHARMACEUTICALS, FILMS FOR FURTHER CONVERSION (15% of total sales)

FLEXIBLE PACKAGING SEGMENT – sales changes on specific markets

PLN mn	2Q 2018	2Q 2019	yoy	1H 2018	1H 2019	yoy
Revenues	169,9	192,8	+ 13%	348,4	393,2	+ 13%
Domestic	88,9	97,6	+ 10%	189,2	205,5	+ 9%
Export	81,0	95,2	+ 17%	159,2	187,7	+ 18%
share of export sales	47,7%	49,4%		45,7%	47,7%	

+ 10%

POLAND (51% of total sales)

+ 40%

WESTERN EUROPE (30% of total sales)

+ 7%

CENTRAL EUROPE (12% of total sales)

- 23%

EAST EUROPE (7% of total sales)

FLEXIBLE PACKAGING SEGMENT– investment projects

PLN mn	Budget 2019	Implementation after 1H'19	% of the budget
BOPP line – second unit	**79,6**	**62,2**	**78%**
Other	**4,7**	**3,9**	**83%**
Total	**84,3**	**66,1**	**78%**

BOPP production line „the old one"

BOPP production line „the new one"

CONSOLIDATED RESULTS

DARIUSZ MAŃKO
CHAIRMAN OF THE BOARD

OPERATING PROFIT – VERY GOOD QUARTER

PLN mn	2Q 2019	2Q 2018	chg	1-2Q 19	1-2Q 18	chg
Revenues	**831,8**	**748,8**	**+11%**	**1610,7**	**1 423,6**	**+13%**
Operating profit	**101,3**	**94,5**	**+7%**	**178,0**	**169,0**	**+5%**
margin	12,2%	12,6%		11,1%	11,9%	
EBITDA	**135,5**	**126,5**	**+7%**	**245,6**	**231,5**	**+6%**
margin	16,3%	17,0%		15,2%	16,3%	
Result on financial activity	-7,0	-5,0		-11,9	-10,2	
interests	-3,8	-3,8		-8,3	-6,6	
fx gains/loses	-2,1	-0,4		-1,9	-2,5	
other	-1,1	-0,7		-1,7	-1,1	
Profit before tax	94,3	89,5	+5%	166,1	158,8	+5%
Corpotare tax	-18,7	-17,8		-32,3	-33,8	
Consolidated net profit	**75,5**	**71,7**	**+5%**	**133,5**	**125,0**	**+7%**

Improved margins compared to the first quarter of 2019.

Interest costs and tax rate comparable to the same quarter of 2018.

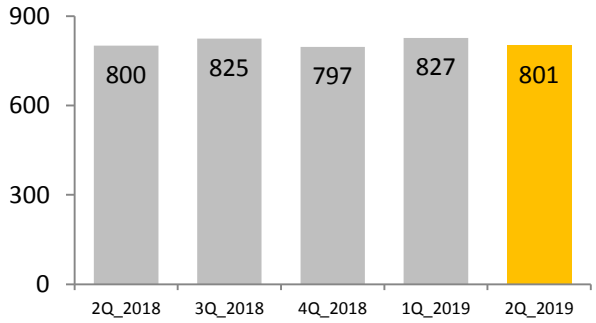
COST INCREASEMENT UNDER CONTROL

PLN mn	Q2 2019	Q2 2018	chg	1-2Q 2019	1-2Q 2018	chg
Sales revenues	**831,8**	**748,8**	**+11%**	**1610,7**	**1 423,6**	**+13%**
change in inventories	-12,8	1,9		-21,6	15,4	
cost of products used for own purposes	4,1	3,1		6,6	5,7	
Total operating costs, including:	**725,6**	**659,4**	**+10%**	**1 423,8**	**1 279,1**	**+11%**
Depreciation	34,2	32,0	+7%	67,6	62,5	+8%
Raw materials, cost of goods sold	482,0	438,0	+10%	945,8	851,3	+11%
Energy (including: electricity, natural gas)	22,4	16,6	+35%	46,5	35,3	+32%
External services	61,0	57,9	+5%	116,7	105,4	+11%
Taxes and fees	4,4	3,8	+15%	7,8	7,6	+4%
Employee benefits	112,7	103,8	+9%	225,0	204,6	+10%
Other operating costs	8,9	7,3	+22%	14,5	12,6	+15%

Raw material costs (Q2'19/Q2'18) - an increase of volume sales (+6% in EPS and +9% in FPS)
Energy costs (Q2'19/Q2'18) - an increase of volume sales (+6% in EPS and +9% in FPS) and higher unit prices of electricity and gas
External services (Q2'19/Q2'18) – in line with sales growth
Employee benefits (Q2'19/Q2'18) – increase in the number of employees by 3% (based on average level in a given period)

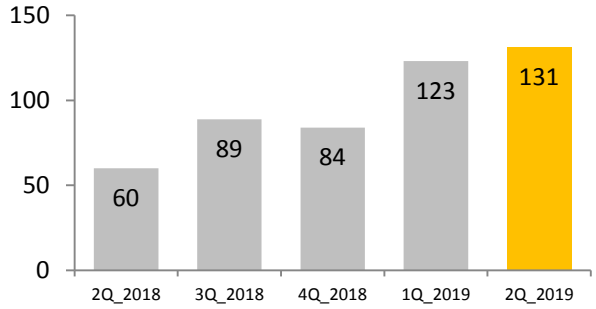
RECORD RESULT IN FLOWS FROM OPERATING ACTIVITIES IN THE SECOND QUARTER

Working capital (PLN mn)



PLN mn	2Q_2018	3Q_2018	4Q_2018	1Q_2019	2Q_2019
Working Capital	**800**	**825**	**797**	**827**	**801**
Inventories	497	514	509	486	467
Receivables	583	588	532	623	614
Liabilities	280	277	244	282	280
Turnover ratio (in days)	96	91	95	96	87

Operating cash flow (PLN mn)



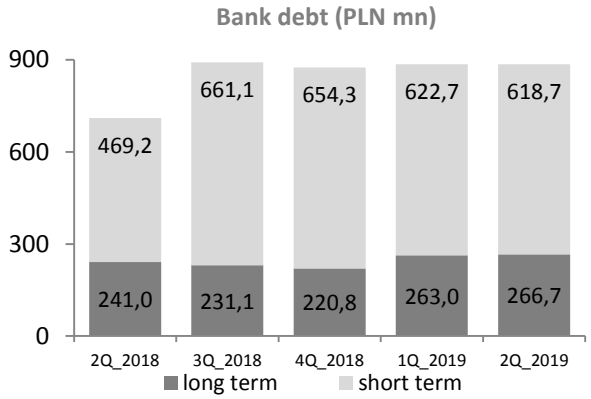
Maintaining a stable level of working capital despite a significant increase in sales revenues

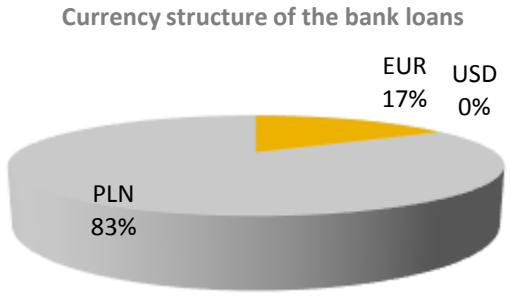
Acceleration of working capital turnover yoy

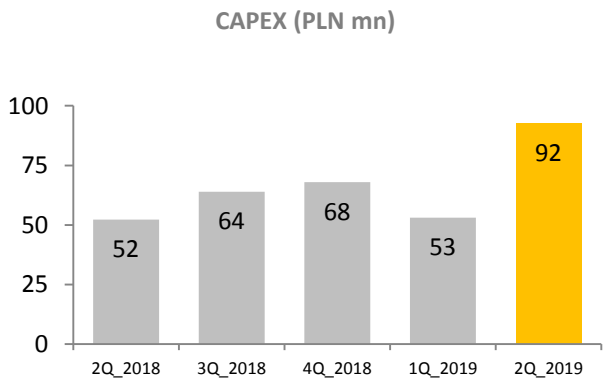
Time structure of repayments without significant changes.

Very good quarter in terms of cash flow from operating activities.

STABLE FINANCING







The increase in debt compared to last year resulting from the need to finance the investment program and working.

Net debt at the level of PLN 684 million - according to estimates, at the end of the third quarter net debt will increase by maximum PLN 40 million (assuming aluminum prices at 1750 USD/t)

Debt ratios at optimal levels - net debt/equity (0.5) and net debt/EBITDA (1.4).

Major investments carried out as planned.

SUMMARY

Very good financial results.

Stable outlook for the next quarter.

The Management Board maintains its annual forecasts.

INFORMACJE DODATKOWE

VOLUME SALES (thousands of tons)	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Extruded Products Segment	19,8	20,6	16,8	19,4	20,9
Flexible Packaging Segment	14,6	14,9	14,7	16,2	16,0

EBITDA per Segment (PLN mn)	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Extruded Products Segment	50,2	48,7	25,0	29,7	41,7
Aluminium Systems Segment	52,7	58,9	41,1	45,8	62,4
Flexible Packaging Segment	29,8	34,1	24,7	36,1	36,8

Current forecast for 2019 (PLN mn)	2019	2018	chg	1-2Q 2019	% of the forecast
Revenues	3 216,0	2 993,5	+7%	1 610,7	50,1%
EBIT	344,0	337,7	+2%	178,0	51,7%
EBITDA	488,2	463,5	+5%	245,6	50,3%
Net profit	261,0	268,2	-3%	133,5	51,1%
CAPEX	284,0	231,0		145,4	51,2%

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IR CONTACT
MICHAŁ MALINA
Phone: +48 33 8195 478
Mobile: +48 600 083 001
Email: mmalina@grupakety.com
WWW.GRUPAKETY.COM