Q1 2019 EARNINGS PRESENTATION

DARIUSZ MAŃKO
CHAIRMAN OF THE BOARD

ADAM PIELA
BOARD MEMBER

PIOTR WYSOCKI
BOARD MEMBER

TOMASZ GRELA
BOARD MEMBER

RAFAŁ LECHOWICZ
BOARD MEMBER

A FEW WORDS ON Q1

DARIUSZ MAŃKO
CHAIRMAN OF THE BOARD

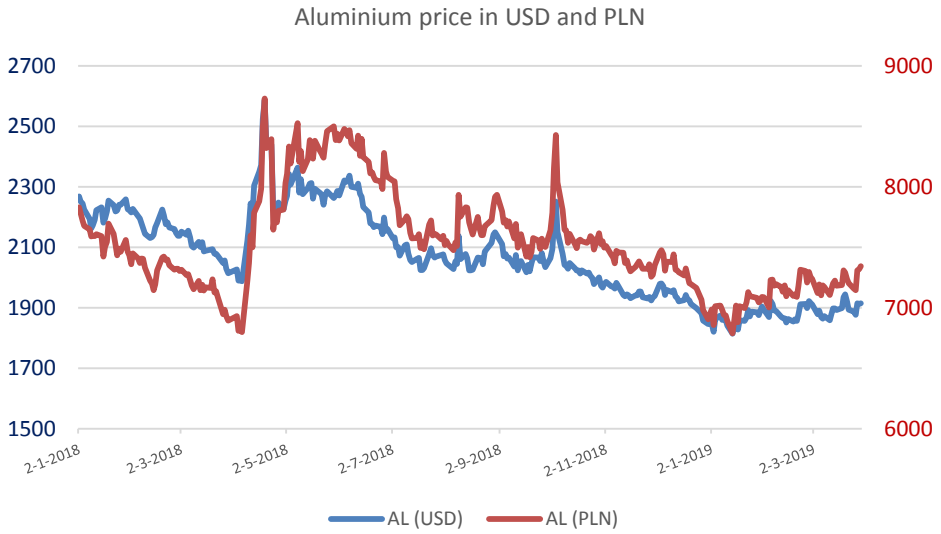
A POSITIVE SURPRISE AT THE BEGINNING OF THE YEAR

High rate of the sales growth (approx. 15%).

The increase in operating profit and EBITDA in line with the assumptions, by 3% and 5%, respectively.

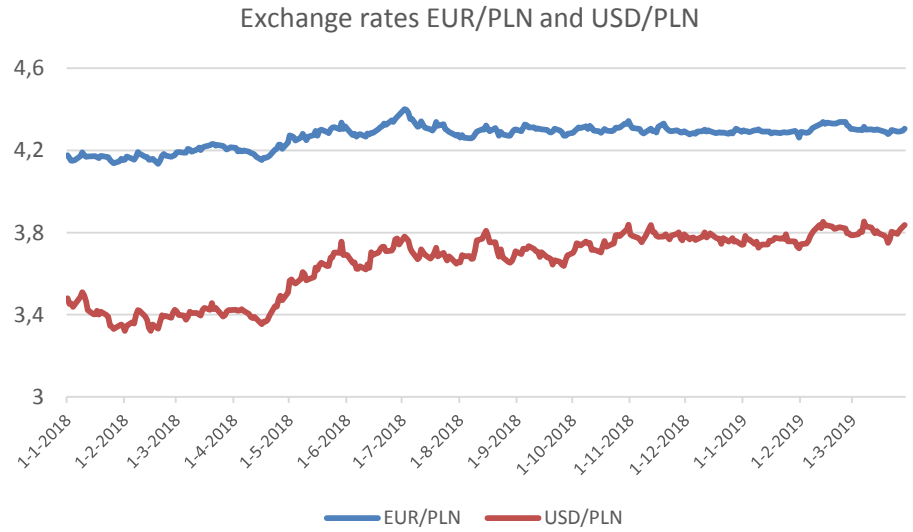
The outlook for the second quarter is still good.

MACRO FACTORS IN THE 1st QUARTER



Demand remains at a high level.

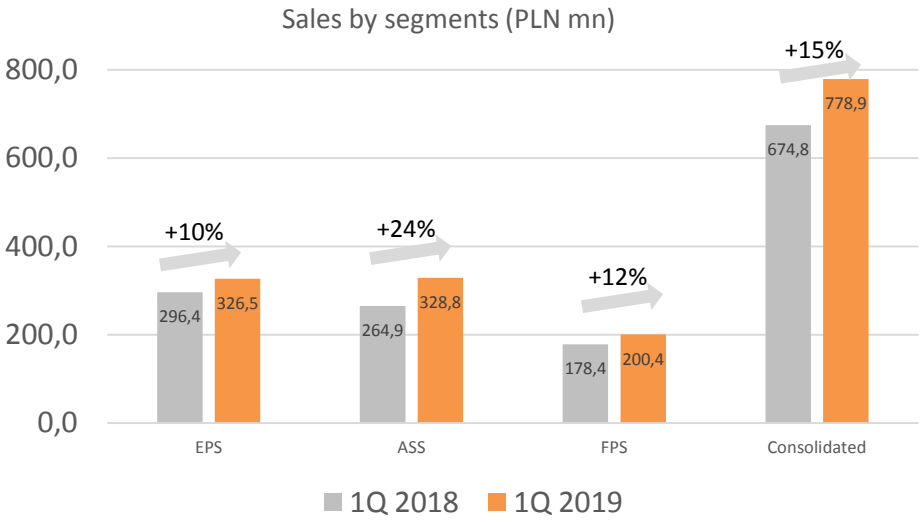
The average price of aluminum converted to PLN decreased in the first quarter by 3% y/y.



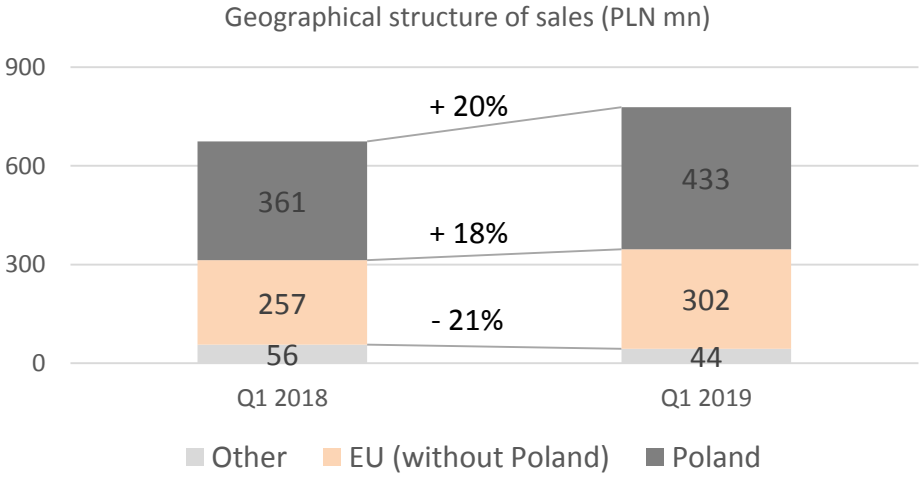
An increase in the average EUR / PLN exchange rate in the first quarter by approx. 3% y / y.

The level of orders does not confirm the downturn signaled by officially published indicators.

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)

SEGMENTS' OPERATING ACTIVITIES

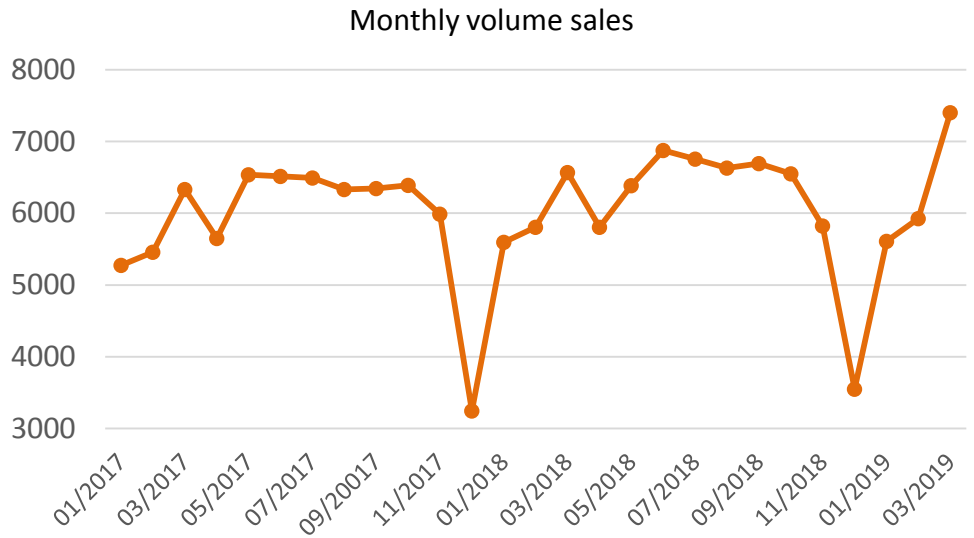
PIOTR WYSOCKI	TOMASZ GRELA	RAFAŁ LECHOWICZ
BOARD MEMBER	BOARD MEMBER	BOARD MEMBER

EXTRUDED PRODUCT SEGMENT

PIOTR WYSOCKI
BOARD MEMBER

EXTRUDED PRODUCT SEGMENT– record sales, but the market is difficult

	Q1_2019	Q1_2018	change
Total sales	326,5	296,4	10%
Domestic	185,0	165,4	12%
Export	141,4	130,9	8%



Volume sales increase by 6% and value by 10%. Record sales volume in March - 7.4 thousand tons.

An increase in revenues was achieved despite the decline in aluminum prices on global markets (13% drop in USD and approx. 3% in PLN)

Three of the five largest european markets recorded growth (German, Czech and British). The Italian and Hungarian markets recorded declines of around 10-20%

The largest sales dynamics in the automotive, construction and electrotechnical industries. Decrease in sales to the wholesale and machinery industries.

In the second quarter, the forecasted increase in sales revenues on 5 - 10% despite the expected downturn on European markets.

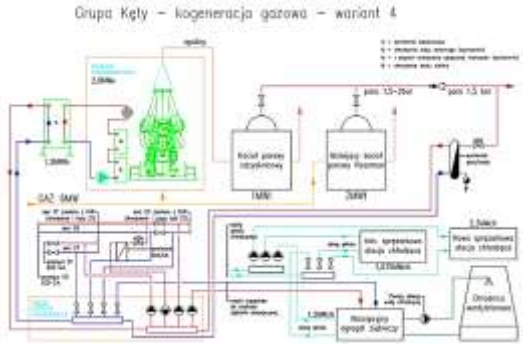
EXTRUDED PRODUCT SEGMENT– projects in the automotive industry

Maintaining a high level of production of thresholds for Mercedes G Series - 14 750 pcs. / Q1 2019.

Production of automotive frame parts for Land Rover Defender 2019 - prototyping phase.

EXTRUDED PRODUCT SEGMENT– investment projects

Pozycja (dane w mln zł)	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	2,2	0,0
Anodizing line – the second unit	45,1	13,5	0,2	29,5
Cogeneration	8,4	2,5	0,0	5,9
New production capacity in the area of components	7,5	7,5	0,9	0,0
Total main projects	**106,0**	**33,0**	**3,3**	**35,4**



Press for hard alloys - launched, the first ingot was pressed.

Extension of the anodizing plant - positive environmental decision, signed contract for the assembly of devices.

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

ALUMINUM SYSTEMS SEGMENT

TOMASZ GRELA
BOARD MEMBER

ALUMINIUM SYSTEMS SEGMENT– successful quarter, good prospects

	Q1 2019	Q1 2018	change
Sales	**328 771**	**264 851**	**24%**
Domestic	216 698	160 216	35%
Export	112 073	104 635	7%
EBITDA	45 774	38 849	18%
Net profit	28 349	22 025	29%

Very good situation on the domestic market.

On major European export markets (Czechia, Hungary, Great Britain, Belgium, Slovakia, Romania) approx. 20 - 30% sales increases (the Dutch market up by 70%), with the exception of the German market with a 15% decrease.

In the second quarter, the forecasted revenue increase by 10-15%

ALUMINIUM SYSTEMS SEGMENT– development of fire protection systems

First sale of fire protection products to Africa – Senegal

B15 laboratory tests in Belfast for products designed for ships

Assembly of the test furnace in Segment's Research Center - planned completion with acceptance tests in June 2019

ALUMINIUM SYSTEMS SEGMENT– US market

Completion of the first phase of standard systems testing for the US and Canada

Closing of the 125 Greenwich facility

The new project B15

US Greenwitch 125- project closing

US B15 –new projct

ALUMINIUM SYSTEMS SEGMENT– selected objects acquired in Q1

Poland

Kraków - SELVITA

Warszawa - Cavatina

Warszawa -Art Norblin

Warszawa -DSV

ALUMINIUM SYSTEMS SEGMENT– selected objects acquired in Q1

Central and Western Europe

Zalmhaven - The Netherlands, Rotterdam

Tax office building, Germany

Embassy Gardens, UK

Babak, Czechia

ALUMINIUM SYSTEMS SEGMENT– selected objects acquired in Q1

Eastern Europe

Perła 38, Ukraine

Kandinsky, Ukraine, Odessa

Nikolskiy, Ukraine, Kharkov

Litgrid, Lithuania, Vilnus

FLEXIBLE PACKAGING SEGMENT

RAFAŁ LECHOWICZ
BOARD MEMBER

FLEXIBLE PACKAGING SEGMENT - best quarter in the history of the Segment

PLN mn	1Q 2018	1Q 2019	change y/y
Sales	178,4	200,4	+ 12%
Domestic	100,3	107,9	+ 8%
Export	78,1	92,5	+ 18%
EBIT	23,2	29,0	+ 25%
EBITDA	30,3	36,1	+ 19%
EBITDA margin FPS	17,0%	18,0%	
EBITDA margin - PACKAGING (73% of total sales of FPS)	19,2%	20,5%	
EBITDA margin - FILMS (27% of total sales of FPS)	11%	11,1%	
Net profit	16,6	23,4	+ 41%

FLEXIBLE PACKAGING SEGMENT– increases in leading sectors

+ 12%

INSTANT FOOD (41% of total sales)

21%

FRESH FOOD (6% of total sales)

+ 3%

CONFECTIONERY AND BREAKFAST CEREALS (7% of total sales)

+ 11%

BOPP FILMS (27% of total sales)

*** OTHER – FAT PRODUCTS, DIARY PRODUCTS, HOUSEHOLD CHEMICALS, PET FOOD, PHARMACEUTICALS, FILMS FOR FURTHER CONVERSION** (19% of total sales)

FLEXIBLE PACKAGING SEGMENT– increases on all markets

+ 8%

POLAND (54% of total sales)

+ 16%

WESTERN EUROPE (27% of total sales)

+ 20%

CENTRAL EUROPE (10% of total sales)

+ 23%

EASTERN EUROPE (9% of total sales)

FLEXIBLE PACKAGING SEGMENT– investment projects

PLN mn	2019 forecast	after 1Q'19
BOPP line – second unit	79,6	7,5
Other	4,7	0,4
Total	**84,3**	**7,9**

Architect visualization

Current status

CONSOLIDATED RESULTS

ADAM PIELA
BOARD MEMBER

OPERATING PROFIT – level exceeding the assumptions for the first quarter

PLN mn	1Q 2019	1Q 2018	change
Revenues	**778,9**	**674,8**	**+15%**
Operating profit	**76,6**	**74,5**	**+3%**
margin	9,8%	11,0%	
EBITDA	**110,1**	**105,1**	**+5%**
margin	14,1%	15,6%	
Result on financial activity	-4,8	-5,2	
interests	-4,4	-2,8	
fx gains/loses	+0,2	-2,1	
other	-0,6	-0,3	
Profit before tax	71,8	69,3	+4%
Corpotare tax	-13,6	-16,0	
Consolidated net profit	**57,9**	**53,3**	**+9%**

Lower consolidated operating margin resulting from a temporary decline in profitability of the Extruded Products Segment.

Increase in interest costs balanced by lower exchange rate differences.

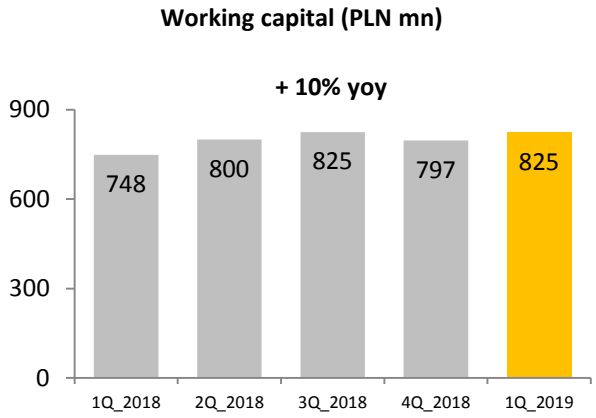
Lower tax rate resulting from the creation of approx. PLN 1.3 million of tax asset.

COST INCREASEMENT UNDER CONTROL

PLN mn	Q1 2019	Q1 2018	change
Sales revenues	**778,9**	**674,8**	**+15%**
change in inventories	-8,8	13,5	
cost of products used for own purposes	2,5	2,6	
Total operating costs, including:	**698,3**	**619,8**	**+13%**
Depreciation	33,5	30,6	+9%
Raw materials, cost of goods sold	463,8	413,3	+12%
Energy (including: electricity, natural gas)	24,0	18,7	+29%
External services	55,7	47,5	+13%
Taxes and fees	3,4	3,7	-8%
Employee benefits	112,3	100,8	+11%
Other operating costs	5,6	5,3	+6%

Raw material costs (Q1'19/Q1'18) - an increase of volume sales (+6% in EPS and +7% in FPS)
Energy costs (Q1'19/Q1'18) - an increase of volume sales (+6% in EPS and +7% in FPS) and higher unit prices of electricity and gas
External services (Q1'19/Q1'18) – in line with sales growth
Employee benefits (Q1'19/Q1'18) – increase in the number of employees by 4% (based on average level in a given period)

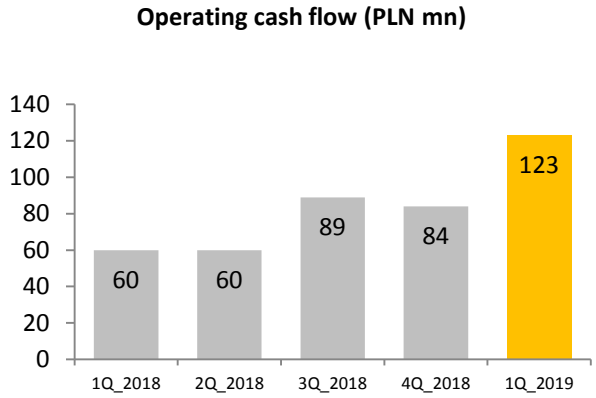
OVER PLN 123 MILLION CASH FROM OPERATING ACTIVITY IN THE 1ST QUARTER



PLN mn	1Q_2018	2Q_2018	3Q_2018	4Q_2018	1Q_2019
Working Capital	**748**	**800**	**825**	**797**	**827**
Inventories	476	497	514	509	486
Receivables	531	583	588	532	623
Liabilities	258	280	277	244	282
Turnover ratio (in days)	100	96	91	95	96

The main factor affecting the level of working capital was the significant increase in sales revenues achieved by the Group

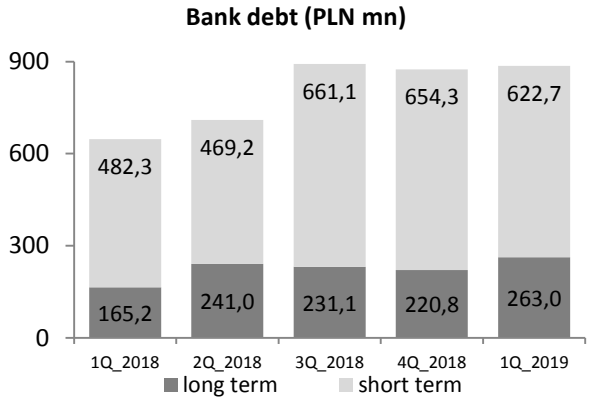
Acceleration of turnover of working capital in relation y/y

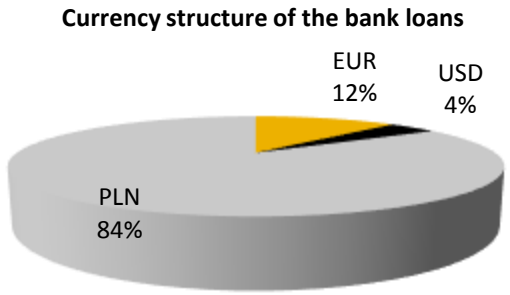


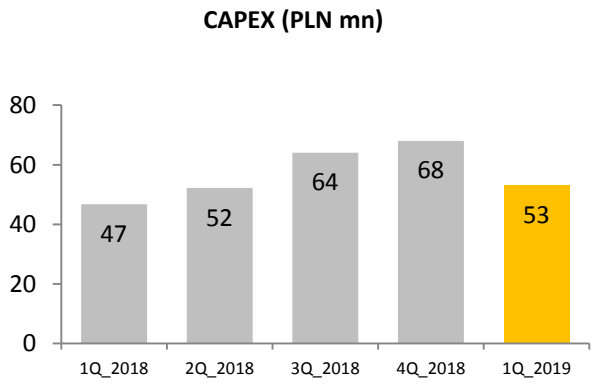
Time structure of receivables without significant changes.

Very good quarter in terms of cash flows from operating activity.

STABLE FINANCING







The increase in debt compared to last year resulting from the need to finance the investment program and working capital as well as the payment of dividends.

Net debt at the level of PLN 727 million - according to estimates, at the end of the second quarter net debt will remain at current level (assuming aluminum prices at 1900 USD/t)

Debt ratios at optimal levels - net debt/equity (0.5) and net debt/EBITDA (1.6).

Major investments carried out as planned.

SUMMARY

Very good financial results.

Stable outlook for the next quarter.

The Management maintains the forecast of results published at the beginning of the year.

SUPPLEMENTARY INFORMATION

VOLUME SALES (thousands of tons)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Extruded Products Segment	18,3	19,8	20,6	16,8	19,4
Flexible Packaging Segment	15,2	14,6	14,9	14,7	16,2

EBITDA per Segment (PLN mn)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Extruded Products Segment	38,8	50,2	48,7	25,0	29,7
Aluminium Systems Segment	38,8	52,7	58,9	41,1	45,8
Flexible Packaging Segment	30,3	29,8	34,1	24,7	36,1

Current forecast for 2018 (PLN mn)	2019	2018	change
Revenues	3 216,0	2 993,5	+7%
EBIT	344,0	337,7	+2%
EBITDA	488,2	463,5	+5%
Net profit	261,0	268,2	-3%
CAPEX	284,0	231,0	

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