

## RESULTS FOR THE 1st QUARTER of 2020

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**RAFAŁ LECHOWICZ**  
CEO ALUPOL PACKAGING

23<sup>rd</sup> APRIL 2020



## MARKET ENVIRONMENT

- LOWER RAW MATERIAL PRICES
- WEAKNESS OF PLN vs MAIN FOREIGN CURRENCIES SINCE THE BEGINNING OF THE YEAR - EUR/PLN APPROX. 7%; USD/PLN APPROX. 10%
- RESTRICTIONS IN SELECTED COUNTRIES / SECTORS OF INDUSTRIES DUE TO CORONAVIRUS PANDEMIC



## OPERATIONS & INVESTMENT

- EARLY ACTIONS TO REDUCE THE IMPACT OF THE CORONAVIRUS PANDEMIC
- EMPLOYEE ENGAGEMENT
- OPERATING ACTIVITIES IN Q1 WITHOUT SIGNIFICANT INTERFERENCE



## FINANCE

- PLN 146 million EBITDA IN Q1
- HIGH FREE CASH FLOW
- SAFE LEVEL OF FINANCIAL RATIOS

## SEGMENT OPERATING ACTIVITIES

(PLN million)	1Q 2020	1Q 2019	change
<b>Sales</b>	<b>245,0</b>	<b>200,4</b>	<b>22%</b>
Domestic	117,6	107,9	9%
Export	127,4	92,5	38%
<b>EBITDA</b>	<b>50,1</b>	<b>36,1</b>	<b>39%</b>
<i>EBITDA margin</i>	<i>20,4%</i>	<i>18,0%</i>	

The segment delivers its products to food producers, one of the strategic area during the pandemic

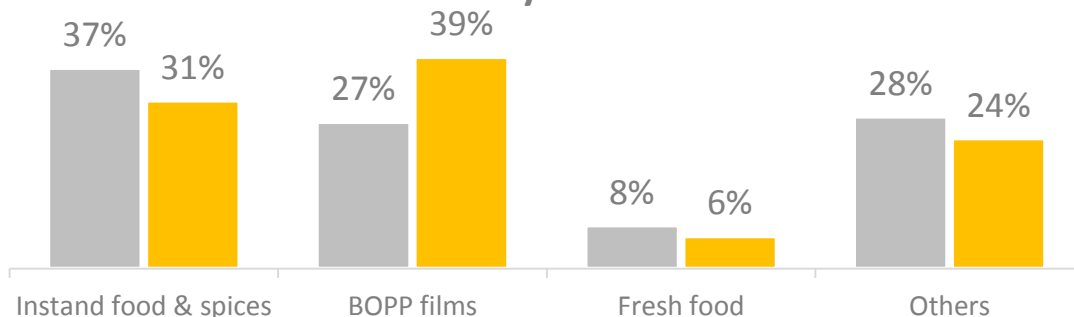
Increase in EBITDA profit mainly due to growing volume sales

Thanks to the actions taken, production and customer service in the first quarter were smooth and the high demand enabled full capacity utilisation

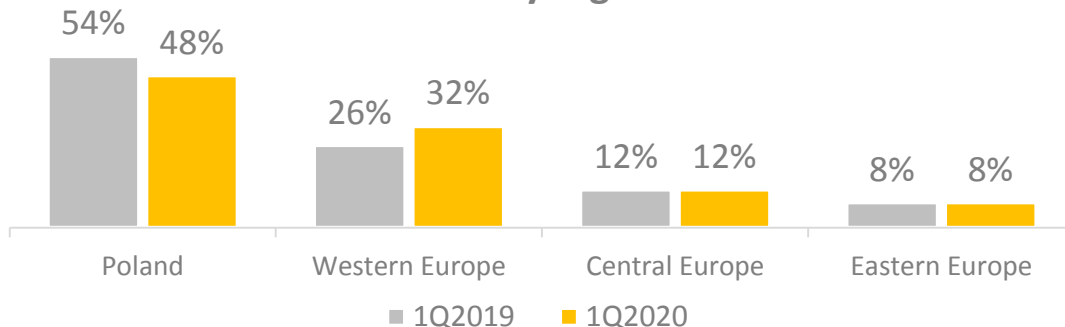
Growing share of BOPP film sales in the product basket - increase in sales after launching 2<sup>nd</sup> production line in Q4 2019

The highest sales growth achieved on Western European markets

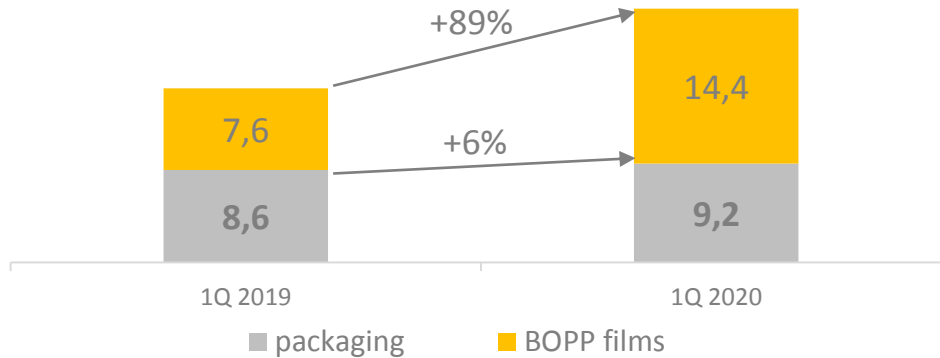
Sales by sectors



Sales by regions



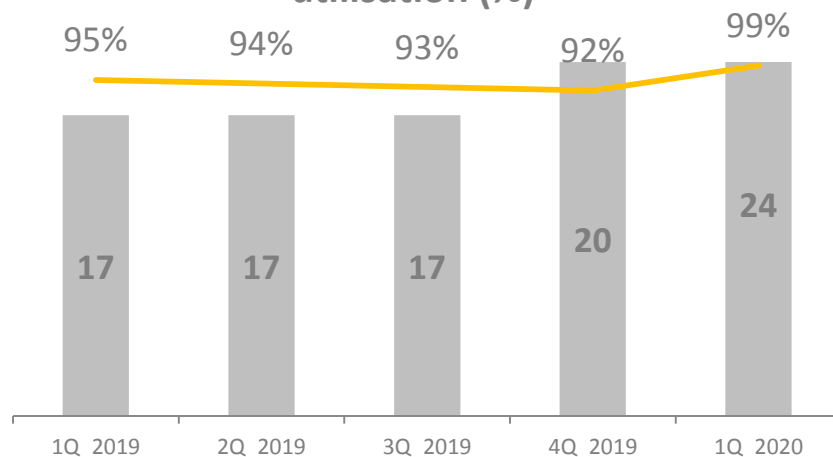
Sales volume (`000 tons)



## High operational efficiency and effective commercial activities:

- approx. 90% increase in BOPP film sales - effective coverage of the second production line launched in Q4 2019
- an increase in sales of packaging due to increased purchases of food products in fear of shortages in supply during a pandemic

Production capacity\* (`000 tons) & capacity utilisation (%)



**Full utilization of production capacity, including both BOPP film production lines -** the increase in production capacity takes into account the commissioning of the second BOPP film production line in Q4 2019

CAPEX (PLN million)	2020 F	Q1 2020	Execution (%)
Druk flekso (Kęty)	14	5	38%
Wydmuch folii PE (Tychy)	10	7	65%
Pozostałe	8	1	12%
Razem	32	13	40%



Implementation of key replacement investments as planned:

- replacement of a fully depreciated PE film blowing line
- replacement of the old rotogravure printing line with a flexographic printing line in line with current market trends

# EXTRUDED PRODUCTS SEGMENT

(PLN million)	1Q 2020	1Q 2019	change
<b>Sales</b>	<b>318,4</b>	<b>326,5</b>	<b>-2%</b>
Domestic	162,8	185,0	-12%
Foreign markets	155,6	141,4	10%
<b>EBITDA</b>	<b>37,3</b>	<b>29,7</b>	<b>26%</b>
<i>EBITDA margin</i>	<i>11,7%</i>	<i>9,7%</i>	

**Lower sales value due to decreasing aluminum prices:**

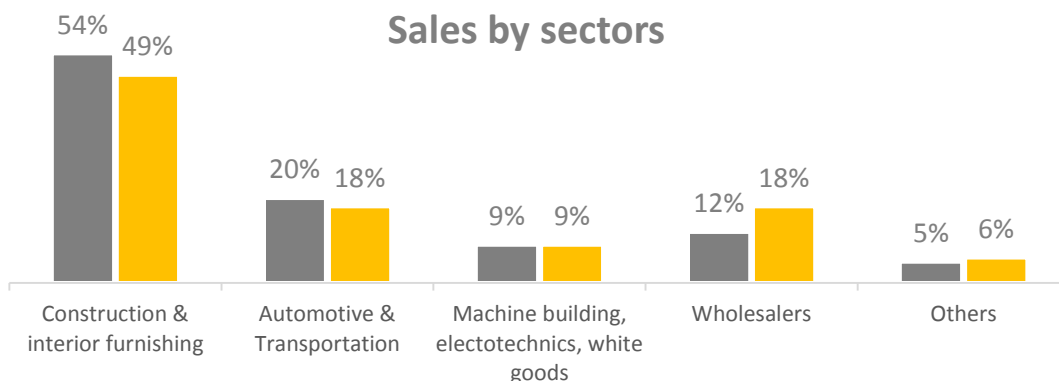
1713 \$ / t in Q1 2020 compared to 1880 \$ / t in Q1 2019

**Higher EBITDA mainly due to higher sales volumes**

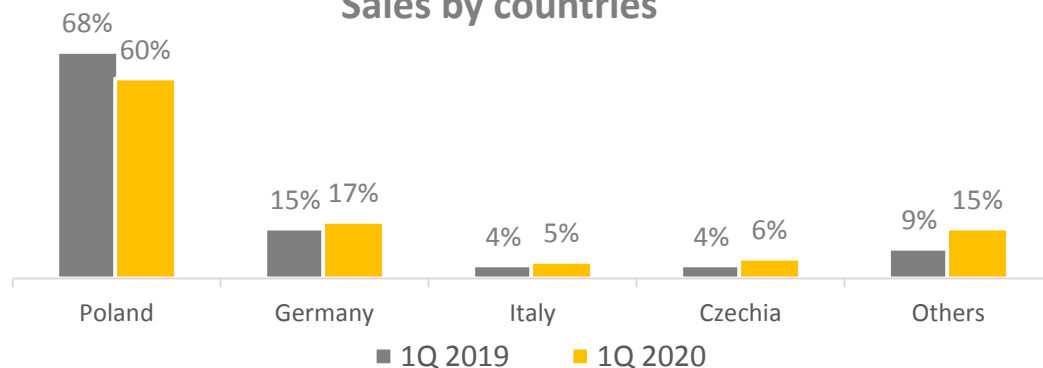
**Good results in key sectors - maintaining sales share to the construction and automotive industries (most affected by the epidemic - stops in automotive companies since mid-March).**

**Increase in export sales, despite suspension of operations in some companies from mid-March.**

**Sales by sectors**

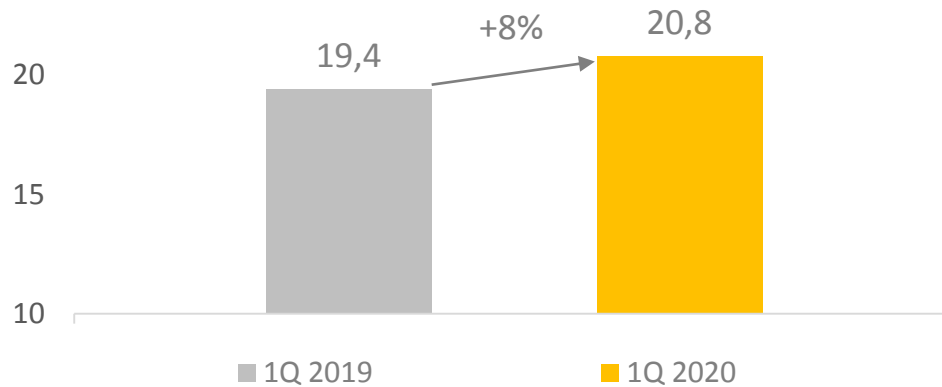


**Sales by countries**

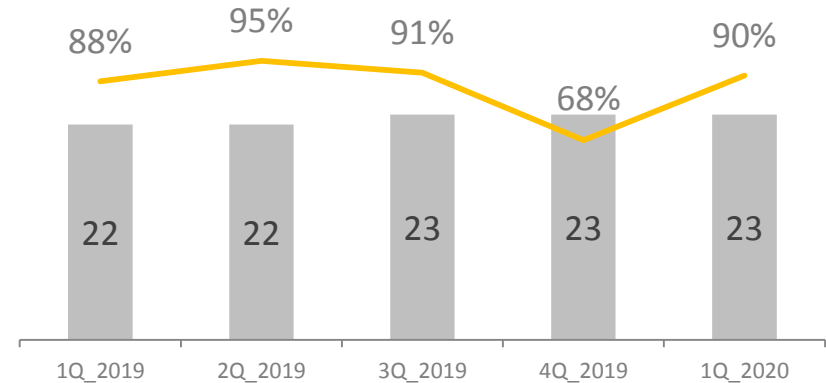


# EXTRUDED PRODUCTS SEGMENT

Volume sales (`000 tons)



Production capacity\* (`000 tons) & capacity utilisation (%)



- Sales volume increase by 8% y / y. - approx. 1.5 thousand tone
- High capacity utilization

## YASKAWA GP12 - 3 robot in EPS

- use for the production of boot blinds
- reduction of machining time - 50%
- reduction of machining costs - 40%.





## **Investments: total expenses in the first quarter - PLN 21 milion**

- Investment optimization - focus on the necessary from a production perspective
- Limitation of equipment repairs to the most urgent.

## **Activities of foreign companies during a pandemic:**

- AK EMMI, Slovenia: periodic reduction of production from 19/03/2020 to 14/04/2020.
- Alupol LLC, Ukraine: production unchanged, home office to the extent possible.
- Grupa Kęty Italia, Aluminum Kęty Deutschland, Aluminum Kęty CSE: home office to the extent possible from the second half of March.

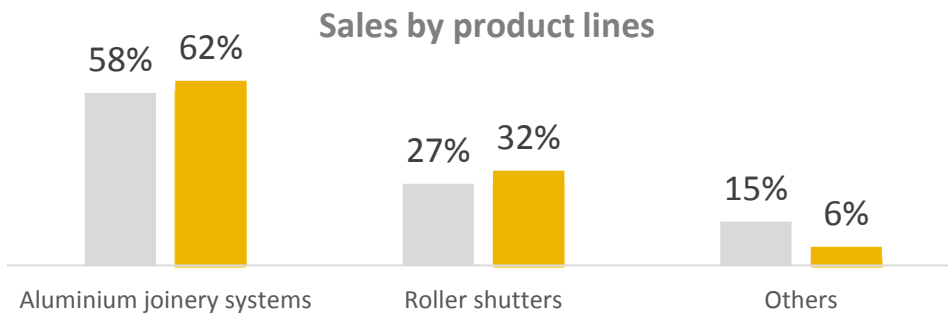
The participation / role of foreign companies is crucial in terms of contacts / customer service during market difficulties.

# ALUMINIUM SYSTEMS SEGMENT

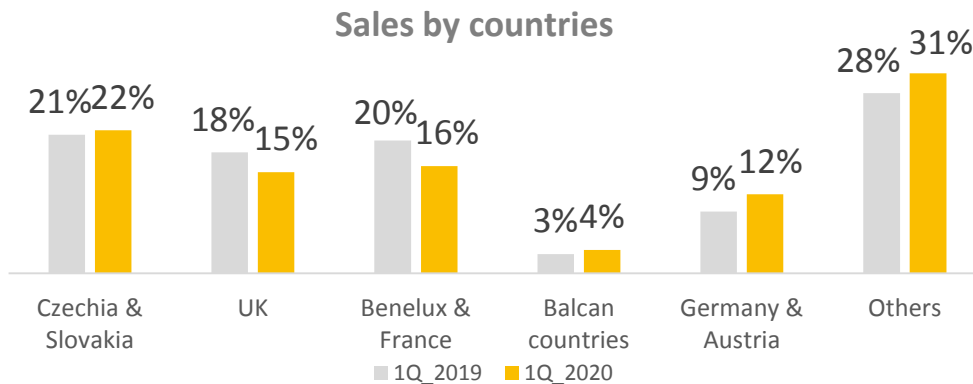
(PLN million)	1Q 2020	1Q 2019	change
<b>Sales</b>	<b>335,1</b>	<b>328,8</b>	<b>2%</b>
Domestic	214,0	216,7	-1%
Foreign markets	121,1	112,1	8%
<b>EBITDA</b>	<b>61,1</b>	<b>45,8</b>	<b>34%</b>
<i>EBITDA margin</i>	<i>18,2%</i>	<i>13,9%</i>	

Increase in revenues in all areas of activity despite of the completion of two big contract in 2019 (Mennica, Posejdon)

Increase in EBITDA mainly due to higher volumes and operational efficiency



Steady growth of sales in each product lines



Maintaining the continuity of supplies and customer service - reorganization of the functioning model in all markets

## DOMESTIC SALES

- High interest in aluminum systems for new investments (mainly: office buildings, hospitals, hotels, apartment buildings)
- At the end of the first quarter, some investments (mainly hotels) were suspended (several months horizon)
- At the same time, the Segment acquired interesting contract, the implementation of which will be carried out in 2020 and 2021



KIW II - Katowice



Global Office Park - Katowice



VASINT - Gdynia



SKYSAWA - Warszawa



IBIE - Kraków



Nowy Rynek D - Poznań



## FOREIGN SALES

### High sales dynamics in Europe:

- sales increases on stable Czech, Slovak, German and Austrian markets
- dynamic development of object sales in Lithuania, Ukraine and Scandinavia
- temporary restrictions in Great Britain, Benelux - mainly contractors' decisions to postpone project implementation dates

### United States market:

- continuation of implementation of 5 projects
- flexible solutions allowing to carry out part of the required technical tests in Europe and start the prefabrication of products (from Q2 2020)



## **Investments: total expenses in the first quarter - PLN 13 million:**

- postponing the construction of a new production hall in Opole
- tasks carried out in the first quarter mainly concerned the purchase of machinery, equipment and means of transport as well as modernization of warehouse infrastructure.

## **Operation of foreign companies during a pandemic:**

- United Kingdom, Belgium, Romania - lower sales due to administrative restrictions
- Czechia, Germany, Ukraine, Hungary, the Netherlands - sales comparable or higher than the value achieved in the same period of the previous year - activities carried out without major disruptions.



# ALUMINIUM SYSTEMS SEGMENT



**TOP BUILDER 2020**  
for MB-SE80 MLT system  
and SKB STYROTERM system



**CONSUMER LEADER  
OF QUALITY 2020**  
in the category:  
Profiles and aluminum  
systems

## COMMUNICATION WITH THE MARKET:

- A cycle of production training webinars - Alueducator on line
- A series of webinars and support for architects - online catalogs
- Production training, zone for manufacturers - Alu Digital
- Video conferencing with the market (internal Employees / external Customers)

# CONSOLIDATED FINANCIAL RESULTS

# CONSOLIDATED P&L

<i>PLN million</i>	1Q 2020	1Q 2019	<i>change</i>
<b>Revenues</b>	<b>829,0</b>	<b>778,9</b>	<b>+6%</b>
<b>EBITDA</b>	<b>145,6</b>	<b>110,1</b>	<b>+32%</b>
<i>EBITDA margin</i>	<i>17,5%</i>	<i>14,1%</i>	
<b>EBIT</b>	<b>108,4</b>	<b>76,6</b>	<b>+41%</b>
<i>EBIT margin</i>	<i>13,0%</i>	<i>9,8%</i>	
<b>Result on financial operations</b>	<b>-5,8</b>	<b>-4,8</b>	
<b>Profit before tax</b>	<b>102,6</b>	<b>71,8</b>	<b>+43%</b>
<i>Corporate tax</i>	<i>-19,3</i>	<i>-13,6</i>	
<b>Consolidated net profit</b>	<b>83,3</b>	<b>57,9</b>	<b>+44%</b>

Revenue increase resulting from higher sales volumes

EBITDA improvement y/y in all segments:

PLN 7.6 million - EPS

PLN 15.3 million - ASS

PLN 14.0 million - FPS

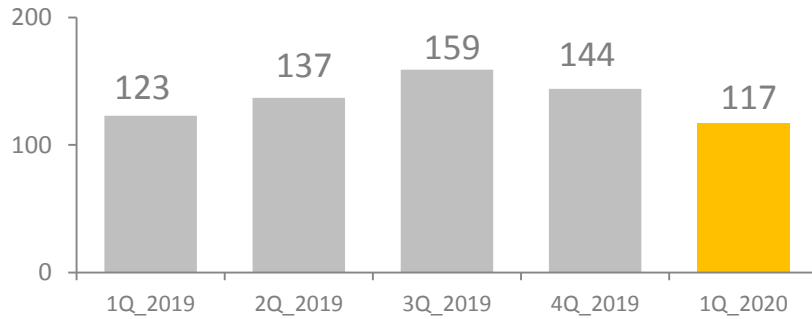
Net financial costs: mainly interest on debt

Net profit higher by PLN 25.4 million y/y

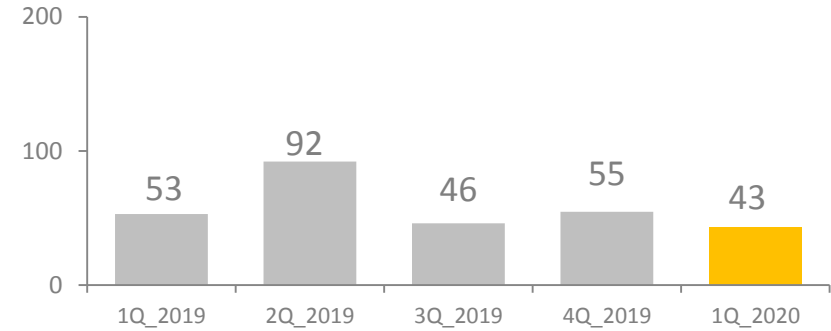


# CASH FLOW IN THE 1<sup>ST</sup> QUARTER

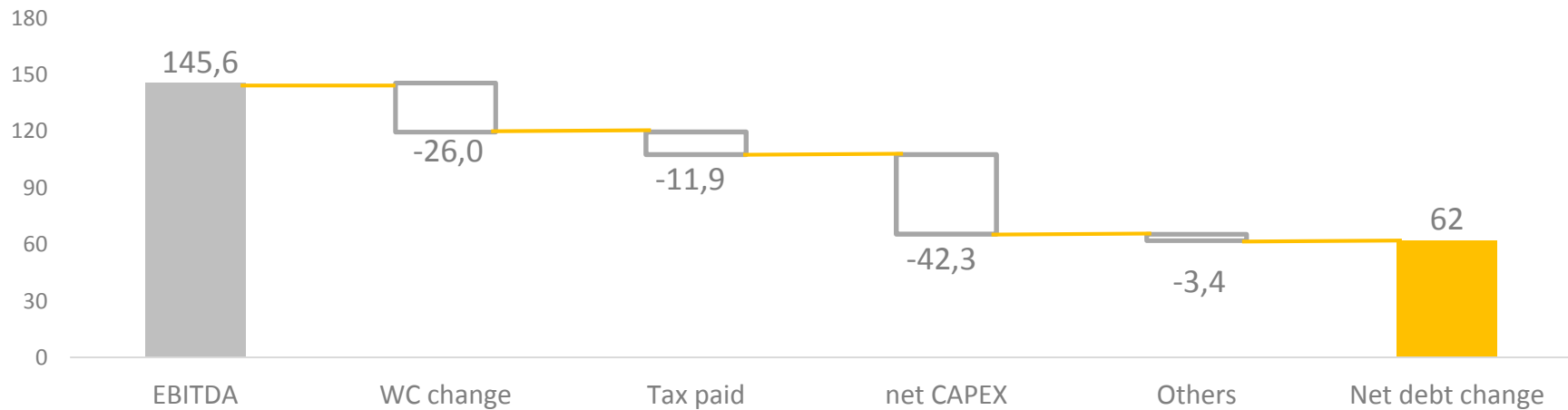
Operating cash flow (PLN million)



CAPEX (PLN million)

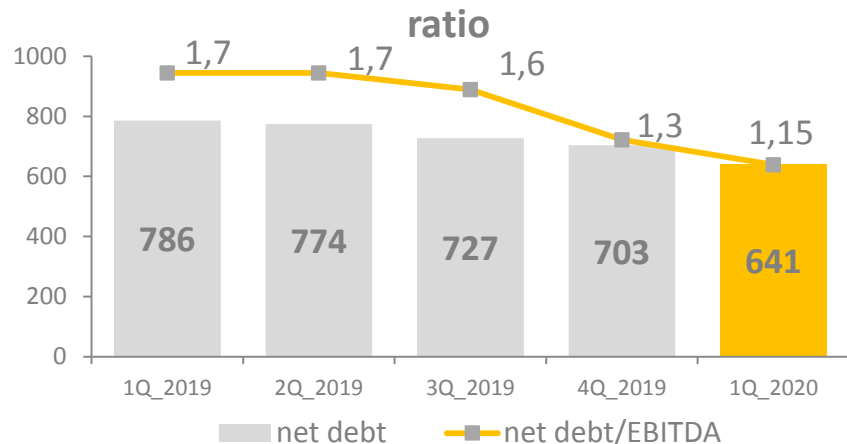


Cash flow in 1Q (PLN million)

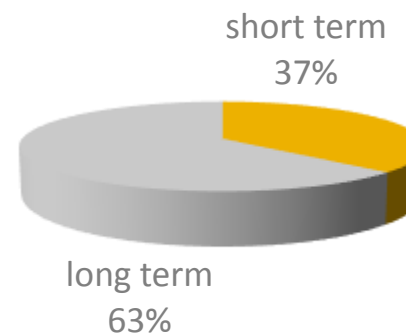


# SAFE LEVEL OF FINANCIAL INDICATORS

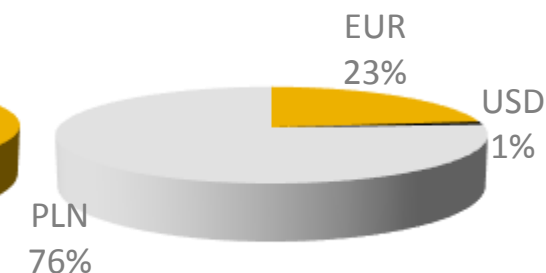
## Net debt (PLN million) and net debt/EBITDA ratio



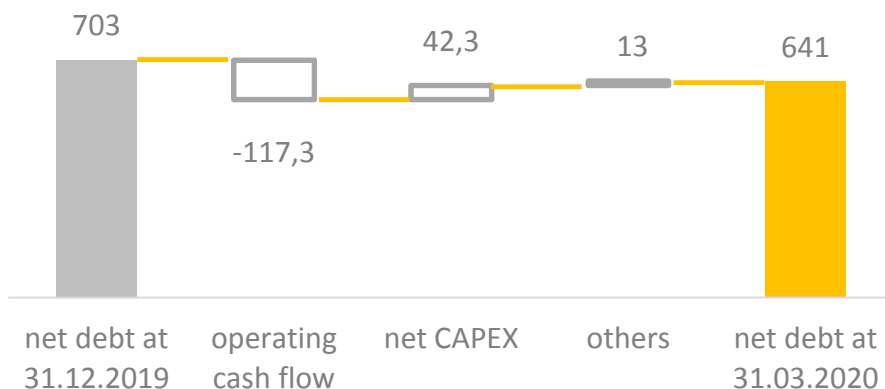
## Maturity structure



## Currency structure



## Net debt change (PLN milion)



**Net debt reduction in Q1 2020 due to high operating cash flow**

**41% - net financial leverage as at 31 March 2020 (a safe buffer level in the event of market deterioration)**



## MARKET ENVIRONMENT

- STABILIZATION OF RAW MATERIAL PRICES
- POSSIBLE REDUCTION OF DEMAND / SALES VOLUME BY SEVERAL OR OVER A DOZEN PERCENT - MAINLY IN EPS AND ASS



## OPERATIONS & INVESTMENT

- FOCUS ON PRODUCTION OPTIMIZATION AND EMPLOYEE SAFETY
- POSTPONING OF PART OF INVESTMENT TASKS



## FINANCE

- SUSTAINABLE FORECAST 2020 (ON THE ASSUMPTION OF A GRADUAL IMPROVEMENT OF BUSINESS IN THE SECOND HALF)
- DEVELOPING A MANAGEMENT RECOMMENDATION FOR 2019 PROFIT DISTRIBUTION (PLANNING DATE OF AGSM – 4th JUN 2020)

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