

# RESULTS FOR THE 3<sup>RD</sup> QUARTER OF 2021

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**DARIUSZ MAŃKO**  
CHAIRMAN OF THE  
BOARD

**RAFAŁ WARPECHOWSKI**  
BOARD MEMBER

**PIOTR WYSOCKI**  
BOARD MEMBER

**TOMASZ GRELA**  
BOARD MEMBER

**RAFAŁ LECHOWICZ**  
CEO ALUPOL PACKAGING

21<sup>ST</sup> OCTOBER 2021

# CONTINUATION OF POSITIVE TRENDS FROM Q2



## MARKET ENVIRONMENT

- + STRONG DEMAND IN ALL SECTORS OF THE GROUP'S ACTIVITY
- + KEEPING A FAVORABLE EUR / PLN EXCHANGE RATE
- RISING PRICES / LIMITED RAW MATERIAL AVAILABILITY



## OPERATIONS INVESTMENTS

- + HIGH VOLUME SALES
- + OPERATING ACTIVITY WITHOUT INTERFERENCE
- COMPLETION OF THE MARKET INTEREST SURVEY IN THE FLEXIBLE PACKAGING SEGMENT



## FINANCES

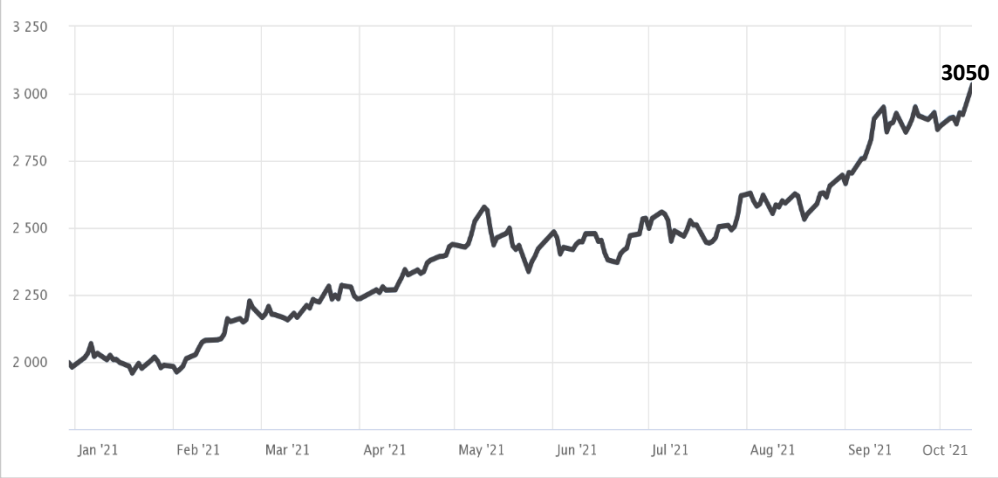
- + PLN 245 million - EBITDA PROFIT / PLN 167 million - NET PROFIT
- + PLN 301 MILLION - PAYMENT OF THE SECOND TRANSFER OF THE DIVIDEND
- + THIRD INCREASE IN THE ANNUAL FORECAST FOR 2021

# OPERATING ACTIVITIES OF THE SEGMENTS

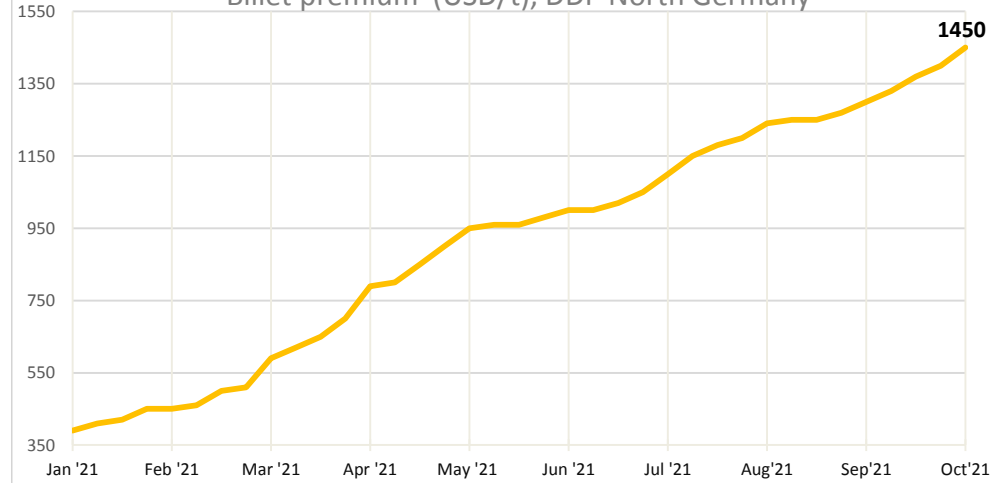
# EXTRUDED PRODUCTS SEGMENT

## Raw materials situation

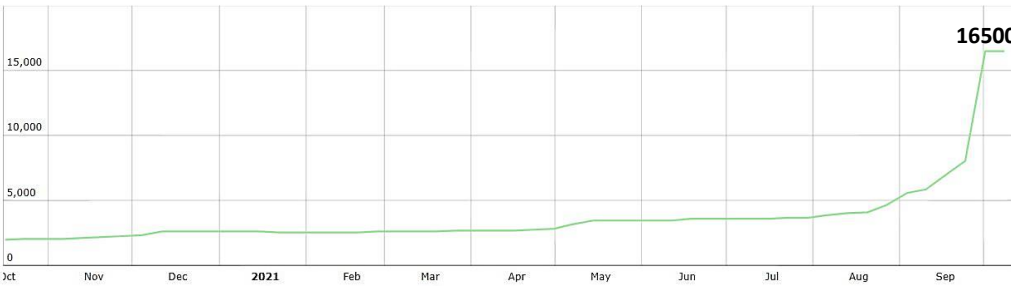
LME 3mth (USD) from 12/10/20 to 11/10/21



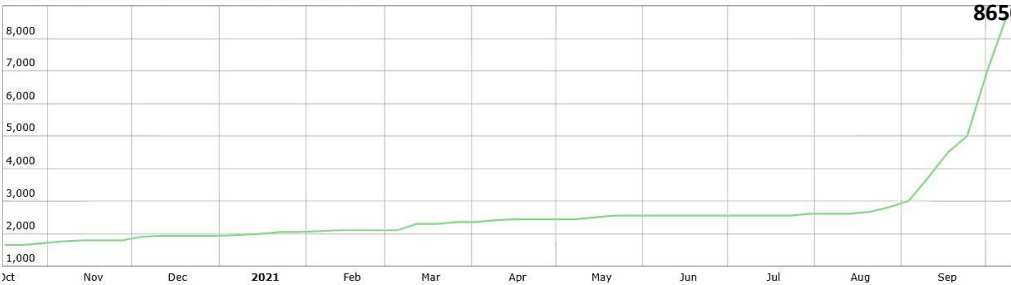
Billet premium (USD/t), DDP North Germany



Magnesium 99.9%, in-whs Rotterdam, \$/tonne [HI]



Silicon grade 4-4-1 99% Si min, in-whs Rotterdam, €/tonne [HI]



LME price of aluminum at a historically high level. The billet premium surpassed \$ 1,400 / ton in September.

A sharp increase in the prices of alloying additives, i.e. magnesium and silicon.

# EXTRUDED PRODUCTS SEGMENT

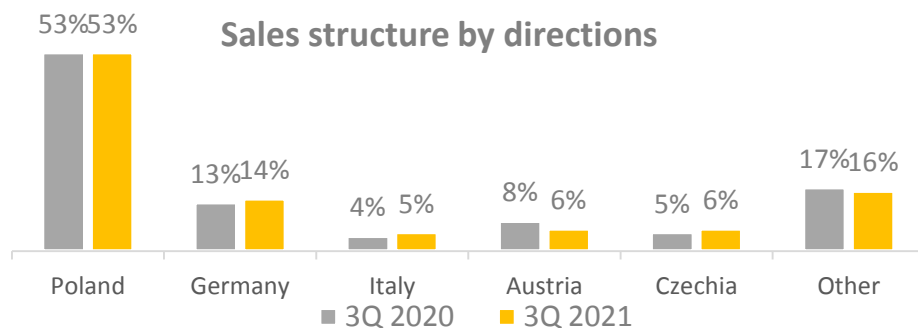
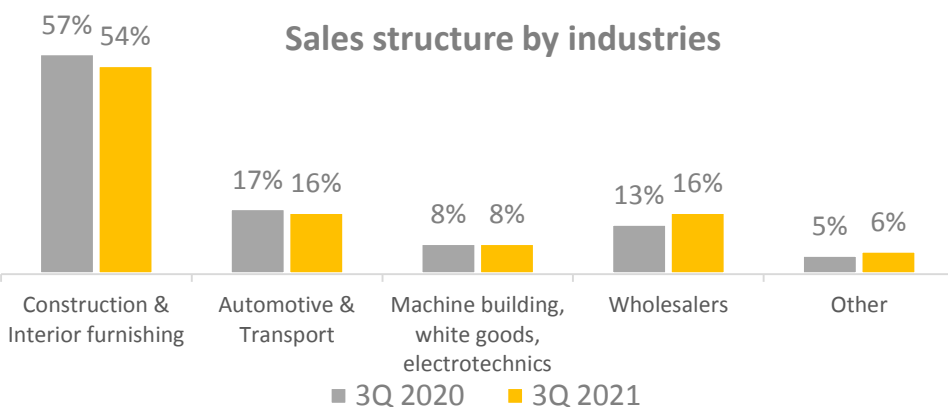
(PLN million)	3Q 2021	3Q 2020	change	1-3 Q 2021	1-3 Q 2020	change
<b>Sales</b>	<b>510,9</b>	<b>327,8</b>	<b>+56%</b>	<b>1 327,3</b>	<b>970,1</b>	<b>+37%</b>
domestic	270,1	174,2	+55%	695,7	500,2	+39%
foreign	240,7	153,5	+57%	631,6	469,9	+34%
<b>EBITDA</b>	<b>91,2</b>	<b>51,4</b>	<b>+78%</b>	<b>212,4</b>	<b>132,1</b>	<b>61%</b>
<i>EBITDA margin</i>	<i>17,8%</i>	<i>15,6%</i>		<i>16,0%</i>	<i>13,5%</i>	

Quantity sales increase in the quarter by 15%. High sales dynamics supported by over 50% increase in the average price of aluminum.

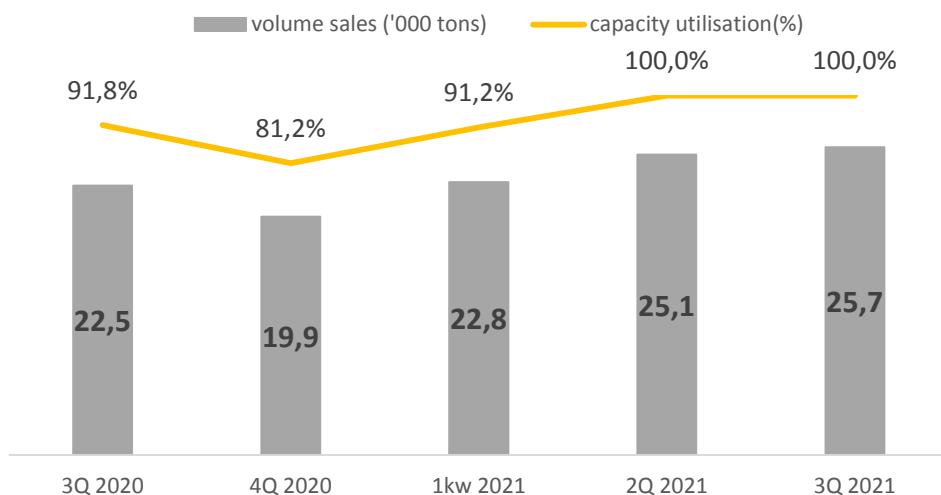
High margin thanks to the optimization of the order portfolio and production efficiency.

Historic record of the number of products sold in Q3 2021 despite the global decline in tonnage in the automotive industry (car production suspension).

A high share of export sales - increases in key foreign markets.



# EXTRUDED PRODUCTS SEGMENT



**Maximum utilisation of production capacity.**

High quantitative sales forecast for Q4 2021.

CAPEX (PLN million)	2021 Forecast	1 - 3 Q Expences	% of forecast
Production tools	30,7	19,0	62%
Other	79,6	28,2	35%
<b>Total</b>	<b>110,3</b>	<b>47,2</b>	<b>43 %</b>

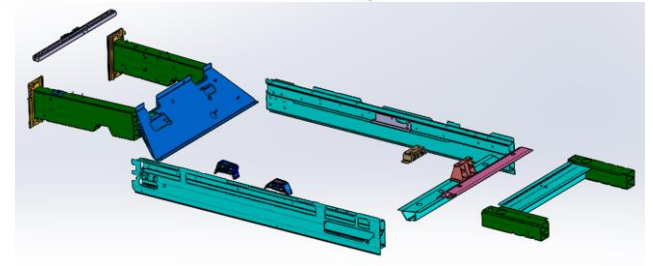
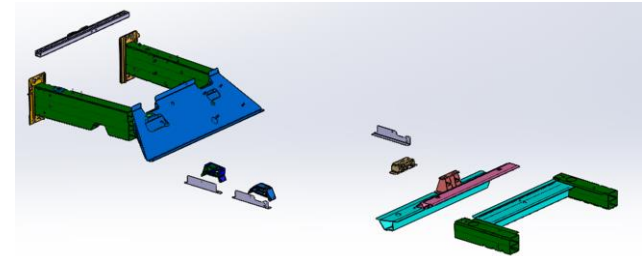
## Implementation of the investment plan:

- Production tools: adapted to the current market situation.
- Material investments in line with the budget.
- Other: projects improving technological processes.

# EXTRUDED PRODUCTS SEGMENT

Development of e-mobility: AK EMMI has started deliveries of components for electric cars for the American brand FISKER:

- Number of aluminum profiles: 2000 tons / year.
- Project duration: 2023-2029.



## Polish Aluminum Association

The association was registered in July this year. and will represent the interests of companies operating in the Polish aluminum industry, as well as promote the use of aluminum in all possible applications.

### FOUNDING MEMBERS OF THE POLISH ALUMINUM ASSOCIATION



# ALUMINUM SYSTEMS SEGMENT

## DOMESTIC SALE

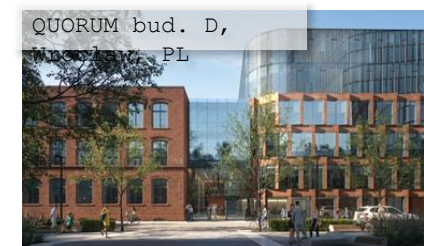
**(+)** the largest increases in sales in the segment of single-family houses, apartment buildings and small and medium-sized buildings (orders up to € 5.5 million)

**(+)** positive attitude to external financing (loan growth by over 50% y / y) and high inflation as a factor driving the industry,

**(-)** the deepening unstable situation in terms of prices, delivery times and availability of building materials is the most important market barrier,

**(-)** the emergence of pessimistic attitudes among some consumers due to negative information on the prices of energy carriers,

## Objects acquired in 3Q





# ALUMINUM SYSTEMS SEGMENT

## FOREIGN SALE

(+) Dynamic development of Aluprof's presence in the large buildings market - Great Britain, Belgium, the Netherlands, Ukraine, the Czech Republic, Romania, the Balkans, Slovakia, etc.

(+) Slovakia - acquiring the largest project in Slovakia, Apollo II and starting cooperation with the largest developer in the Czechia (HB Reavis) and the largest producer in Slovakia (Ingsteel)

(+) Development in Arab and Asian markets - new projects and clients: China, Vietnam, Algeria, Kuwait, Saudi Arabia, Mongolia, etc.

(-) Significant increases in the cost of raw materials and limited availability of raw materials, resulting in the need for multiple price changes by system suppliers, create uncertainty in the market.

## Objects acquired in 3Q



# ALUMINUM SYSTEMS SEGMENT

(PLN million)	3Q 2021	3Q 2020	change	1-3 Q 2021	1-3 Q 2020	change
<b>Sales</b>	<b>548,1</b>	<b>439,3</b>	25%	<b>1 451,2</b>	<b>1 158,0</b>	25%
domestic	332,1	269,1	23%	875,7	713,0	23%
foreign	216,0	170,2	27%	575,5	445,0	29%
<b>EBITDA</b>	<b>107,4</b>	<b>89,4</b>	20%	<b>272,2</b>	<b>225,0</b>	21%
<i>EBITDA margin</i>	19,6%	20,4%		18,8%	19,4%	

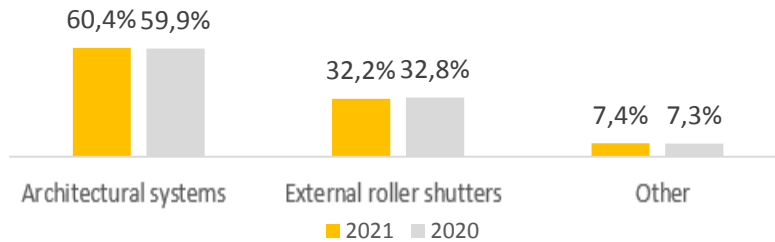
Increase in sales resulting from higher volumes and systematically growing prices of raw materials resulting in product price increases.

Increase in EBITDA thanks to higher volumes and product price increases partially offsetting the sharp increase in raw material prices.

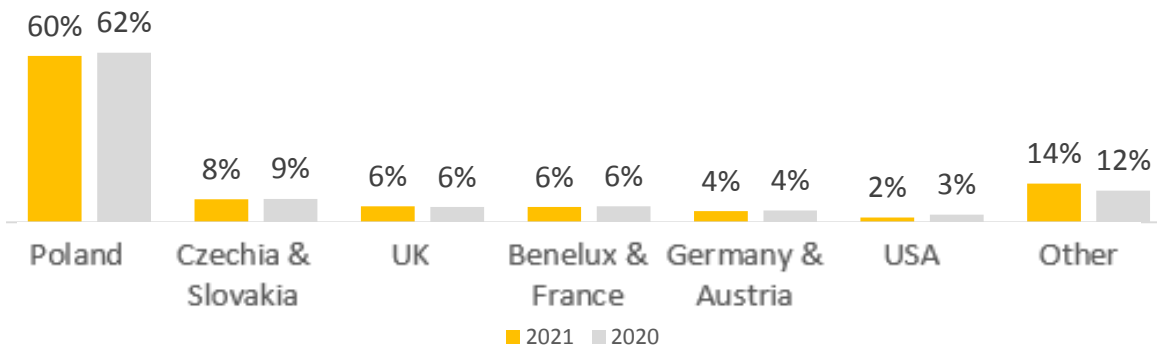
Stable product structure.

Systematic development of foreign sales, including sales to new markets.

Sales breakdown by products



Sales breakdown by markets



# ALUMINUM SYSTEMS SEGMENT

CAPEX (PLN million)	2021 Forecast	1 - 3 Q Expences	% of forecast
TOTAL	163,4	68,7	42%



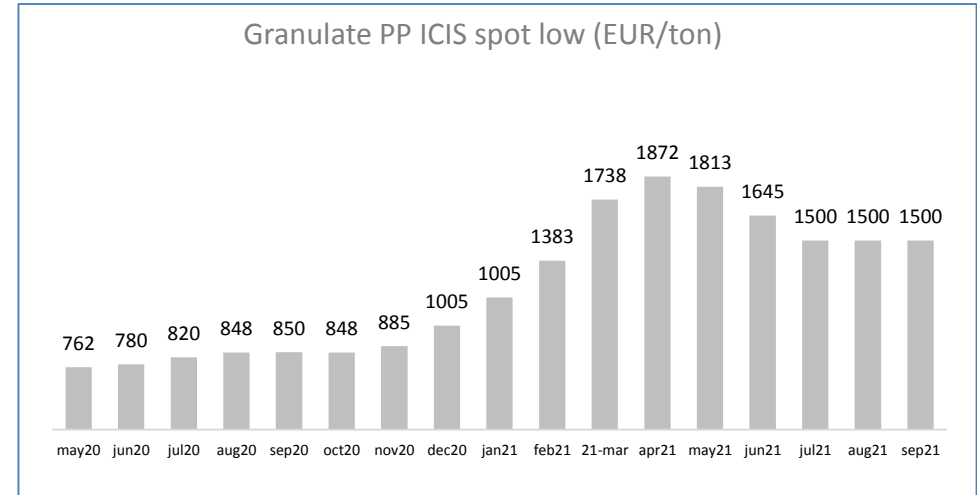
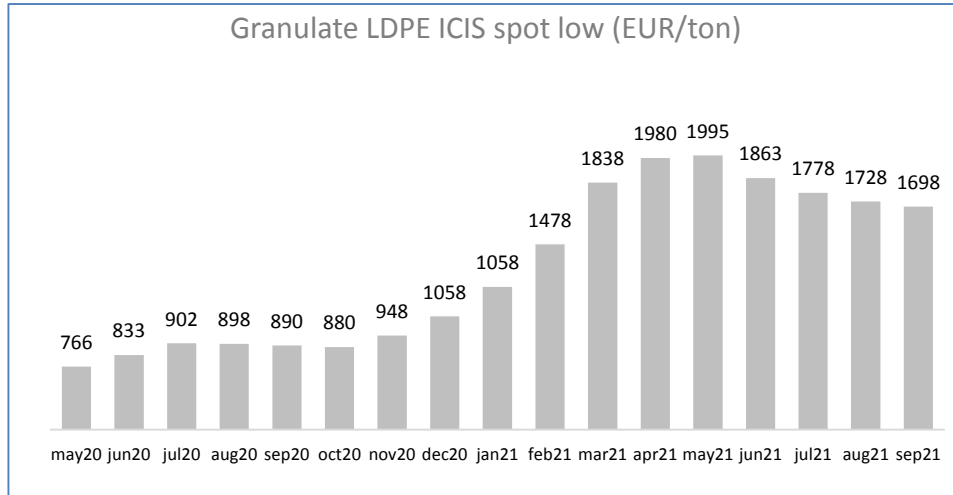
## Implementation of the investment plan

projects increasing added value - selection of equipment suppliers, administrative proceedings to obtain environmental approvals (transfer of approx. PLN 10 million in payments to the next quarter)

- production hall in Opole (13,000 m<sup>2</sup>) - Investment process completed - application for an occupancy permit, planned obtaining a permit by the end of December 2021
- the hall in Międzyrzecz (20,000 m<sup>2</sup>), equipment assembly has begun. Planned obtaining an occupancy permit - January 2022.
- accumulation of a significant part of payments in Q4

# FLEXIBLE PACKAGING SEGMENT

## Market situation



- (+) Increasing demand for BOPP films in Europe
- (+) Stabilization of prices of polypropylene and polyethylene granules after a period of dynamic increases
- (-) Falling demand for multi-material aluminum foil packaging in Europe
- (-) The prolonged check-in process in sea transport, limits the availability of raw materials
- (-) Increases in the prices of papers due to the dynamic increase in the prices of cellulose on the market
- (-) Continued limited availability of aluminum foil, EVOH and components for the production of BOPP foil on the market despite their record prices

(PLN million)	3Q 2021	3Q 2020	change	1-3 Q 2021	1-3 Q 2020	change
<b>Sales</b>	<b>299,0</b>	<b>230,9</b>	+30%	<b>888,6</b>	<b>729,4</b>	+22%
Incl. BOPP	144,7	86,9	+66%	427,2	293,1	+46%
domestic	137,5	113,0	+22%	407,6	339,1	+20%
International	161,5	117,9	+37%	481,0	390,3	+23%
<b>EBITDA</b>	<b>57,8</b>	<b>63,6</b>	-9%	<b>236,2</b>	<b>185,1</b>	+28%
Incl. BOPP	22,1	21,4	+3%	107,3	64,3	+67%
EBITDA margin	19,3%	27,5%	-8,2p.p.	26,5%	25,3%	+1,2p.p.
Incl.	15,3%	24,6%	-9,3p.p.	25,1%	21,9%	+3,2p.p.

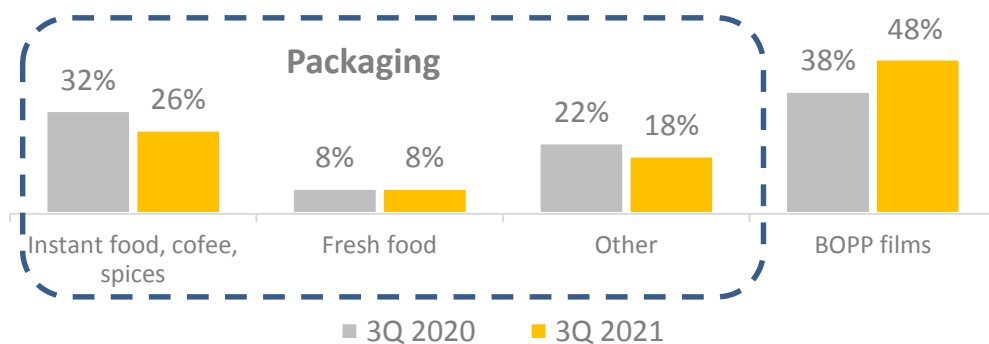
Increase in sales mainly due to higher volumes and higher prices of petrochemicals and aluminum

Normalization of the EBITDA margin in Q3 2021 after record levels related to the pandemic and restrictions in access to raw materials

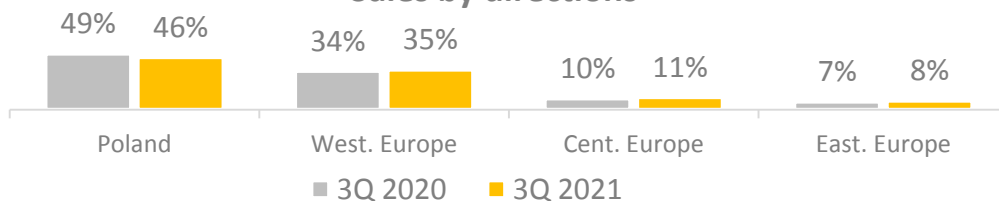
High share of BOPP film sales value in Q3 2021 in the product basket (48%), due to the sharp increase in raw material prices y / y, which developed into higher finished product prices

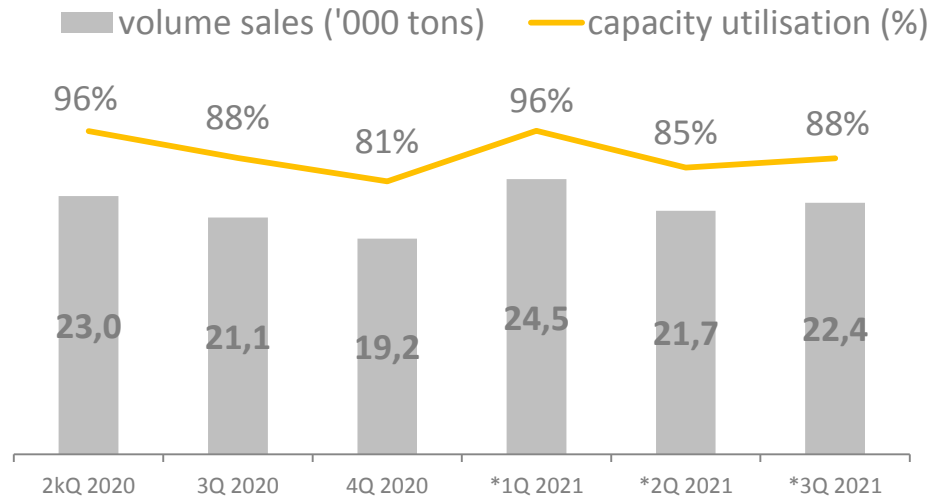
Increase in the share of exports in Q3 2021 in the total value of sales to 54%. Significant increases in sales to: Germany, the Netherlands, Italy, Belarus and Switzerland.

Sales by market segments



Sales by directions





\* Due to the completion of the validation process on 2 BOPP lines, the production capacity of the FPS in 2021 increased by 6 thousand tons compared to last year.

Increased capacity utilization despite the turmoil on the raw materials market.

Implementation of the investment plan in accordance with the schedule.

The expenses related mainly to investments supporting the Segment's production potential

CAPEX (PLN million)	2021 Forecast	1 - 3 Q Expenses	% of forecast
<b>TOTAL</b>	<b>21,6</b>	<b>13,0</b>	<b>60%</b>

# CONSOLIDATED FINANCIAL RESULTS

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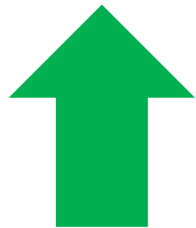
<i>(PLN million)</i>	<b>3 Q 2021</b>	<b>3 Q 2020</b>	<i>change</i>	<b>1-3 Q 2021</b>	<b>1-3 Q 2020</b>	<i>change</i>
<b>Revenues</b>	<b>1 239,7</b>	<b>920,0</b>	<i>+35%</i>	<b>3 381,0</b>	<b>2 636,8</b>	<i>+28%</i>
<b>EBITDA</b>	<b>245,2</b>	<b>198,0</b>	<i>+24%</i>	<b>696,8</b>	<b>530,9</b>	<i>+31%</i>
<i>EBITDA margin</i>	<i>19,7%</i>	<i>21,5%</i>		<i>20,6%</i>	<i>20,1%</i>	
<b>EBIT</b>	<b>207,1</b>	<b>161,6</b>	<i>+28%</i>	<b>583,4</b>	<b>421,5</b>	<i>+31%</i>
<i>EBIT margin</i>	<i>16,7%</i>	<i>17,5%</i>		<i>17,2%</i>	<i>15,9%</i>	
<b>Result on financial operations</b>	<b>-2,5</b>	<b>-2,3</b>		<b>-6,7</b>	<b>-16,3</b>	
<b>Profit before tax</b>	<b>204,6</b>	<b>159,3</b>	<i>+28%</i>	<b>576,7</b>	<b>405,2</b>	<i>+42%</i>
Corporate tax	-37,1	-30,4		-109,9	-71,8	
<b>Net profit</b>	<b>167,2</b>	<b>129,0</b>	<i>+30%</i>	<b>466,3</b>	<b>333,2</b>	<i>+40%</i>

- Increase in revenues mainly due to higher sales volumes and higher raw material prices
- EBITDA: improvement of profit in segments related to aluminum processing :
  - EPS + 40 mln PLN
  - ASS + 18 mln PLN
  - FPG - 6 mln PLN
- Net financial expenses - mainly interest on loans
- The achieved results for the third quarter and favorable prospects are the reason for a increase in the annual forecast



# UPDATE OF THE ANNUAL FORECAST FOR 2021

PLN 4 550 MLN



+ 6,3 %

SALES

PLN 863 MLN



+ 11,6 %

EBITDA

PLN 566 MLN



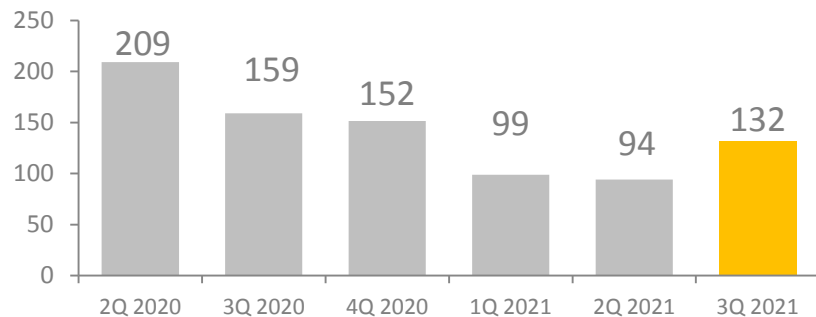
+ 15,5 %

NET PROFIT

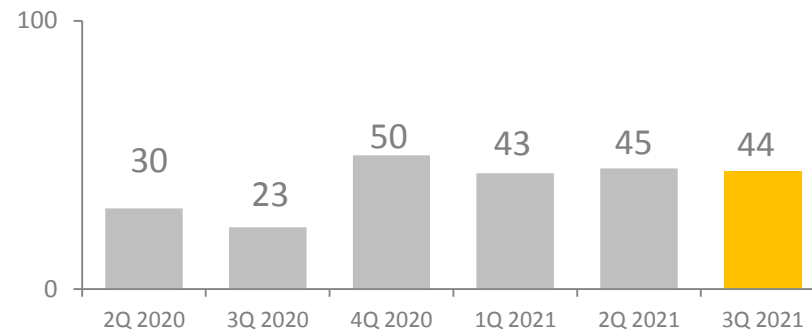
The changes presented above relate to the deviations from the performance forecast for 2021 published on July 30th this year.

# THIRD QUARTER CASH FLOWS

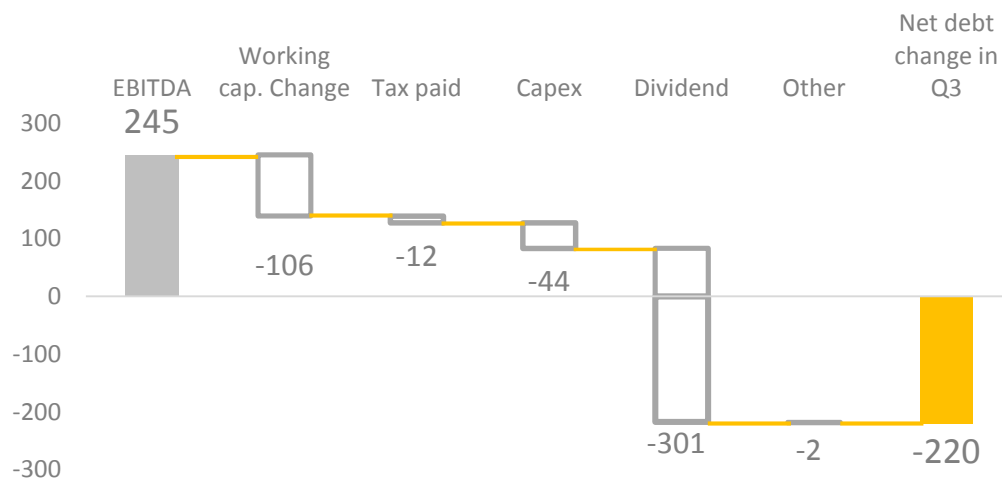
Operating cashflow (PLN million)



CAPEX (PLN million)



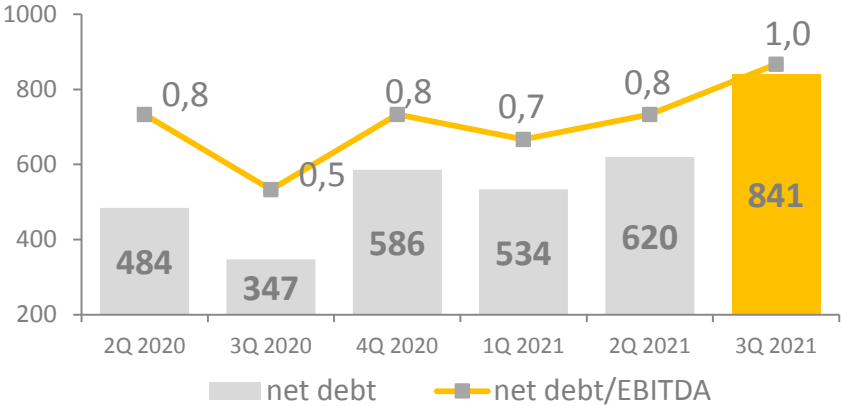
Cashflow in 3Q (PLN million)



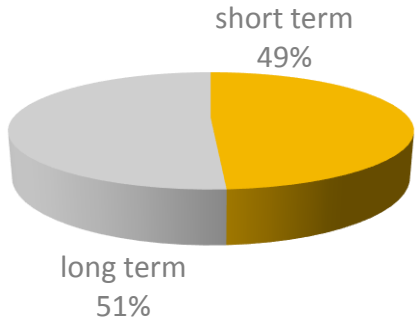
- Increase in net working capital-the amount of PLN 106 million in 3Q due to the growing level of sales and higher prices of raw materials on global markets
- Payment of the 2nd tranche of the dividend in the amount of PLN 301 million

# SECURE LEVEL OF FINANCIAL RATIOS

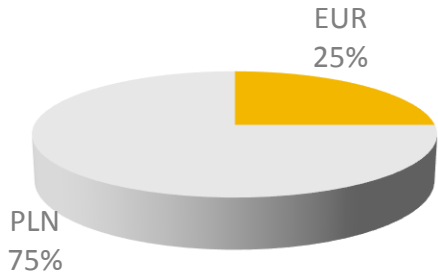
Net debt (PLN million) & Net debt/EBITDA ratio



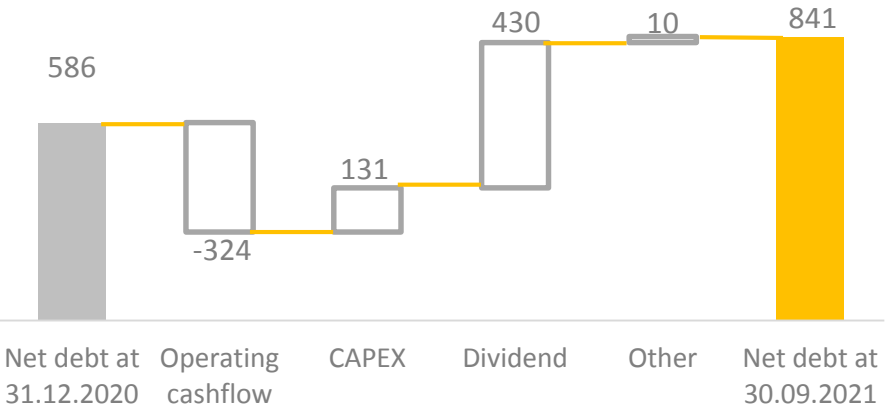
Maturity structure



Currency structure



Change in net debt (PLN million)



- **Stable financial structure**
- **Safe level of financial indicators:**
  - 34% - net financial leverage (net debt / (equity + net debt))
  - 1.0 - net debt / EBITDA

**including PLN 430 million payment of dividends in Q2 and Q3 2021**

\* Net debt = short-term and long-term liabilities due to loans + short-term and long-term liabilities due to rights to use assets - cash and cash equivalents



## MARKET ENVIRONMENT

- STABLE DEMAND, ESTIMATED SALES approx. + 30% y / y
- HIGH RAW MATERIAL PRICES, PRESSURE ON MARGINS



## OPERATIONS AND INVESTMENTS

- ENSURING FULL AVAILABILITY OF PRODUCTION CAPACITY AND WORK SAFETY
- IMPLEMENTATION OF THE INVESTMENT PLAN



## FINANCES

- SUCCESSIVE RENEWAL OF FINANCING FOR THE NEXT YEAR
- BUDGET PROCESS 2022

## ADDITIONAL INFORMATION

## ADDITIONAL INFORMATION

<b>Volume sales</b> ('000 thousand tonnes)	<b>3Q 2020</b>	<b>4Q 2020</b>	<b>1Q 2021</b>	<b>2Q 2021</b>	<b>3Q 2021</b>
Extruded Products Segment	22,5	19,9	22,8	25,1	25,7
Flexible Packaging Segment	21,1	19,2	24,5	21,7	22,4

<b>Segment EBITDA</b> (PLN million)	<b>3Q 2020</b>	<b>4Q 2020</b>	<b>1Q 2021</b>	<b>2Q 2021</b>	<b>3Q 2021</b>
Extruded Products Segment	51,4	40,0	52,4	68,7	91,2
Aluminum Systems Segment	89,4	58,3	73,5	91,3	107,4
Flexible Packaging Segment, incl	63,5	43,8	77,0	101,4	57,8
Packaging	41,6	32,3	46,2	47,1	35,7
BOPP films	21,9	11,5	30,8	54,3	22,1

<b>Current annual forecast</b> (PLN million)	<b>2021F</b>	<b>2020</b>	<i>change</i>	<b>1-3Q 2021</b>	<b>% of forecast</b>
Sales revenue	4 550	3 533	+29%	3 381	74%
EBITDA	863	672	+28%	697	81%
EBIT	711	526	+35%	583	82%
Net profit	566	430	+32%	466	82%
CAPEX	284	146		132	46%

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