RESULTS FOR THE 3RD QUARTER OF 2022

DARIUSZ MAŃKO
CHAIRMAN OF THE BOARD

RAFAŁ WARPECHOWSKI
BOARD MEMBER

PIOTR WYSOCKI
BOARD MEMBER

TOMASZ GRELA
BOARD MEMBER

RAFAŁ LECHOWICZ
CEO ALUPOL PACKAGING

20TH OCT 2022

MARKET CORRECTION IN THE 3rd QUARTER

MARKET ENVIRONMENT

+ DECREASE OF RAW MATERIAL PRICES Q/Q
- DECREASE OF DEMAND, MOSTLY FOR PRODUCTS FOR CONSTRUCTION SECTOR
- INCREASE OF CPI AND INTEREST RATES

OPERATIONS AND INVESTMENTS

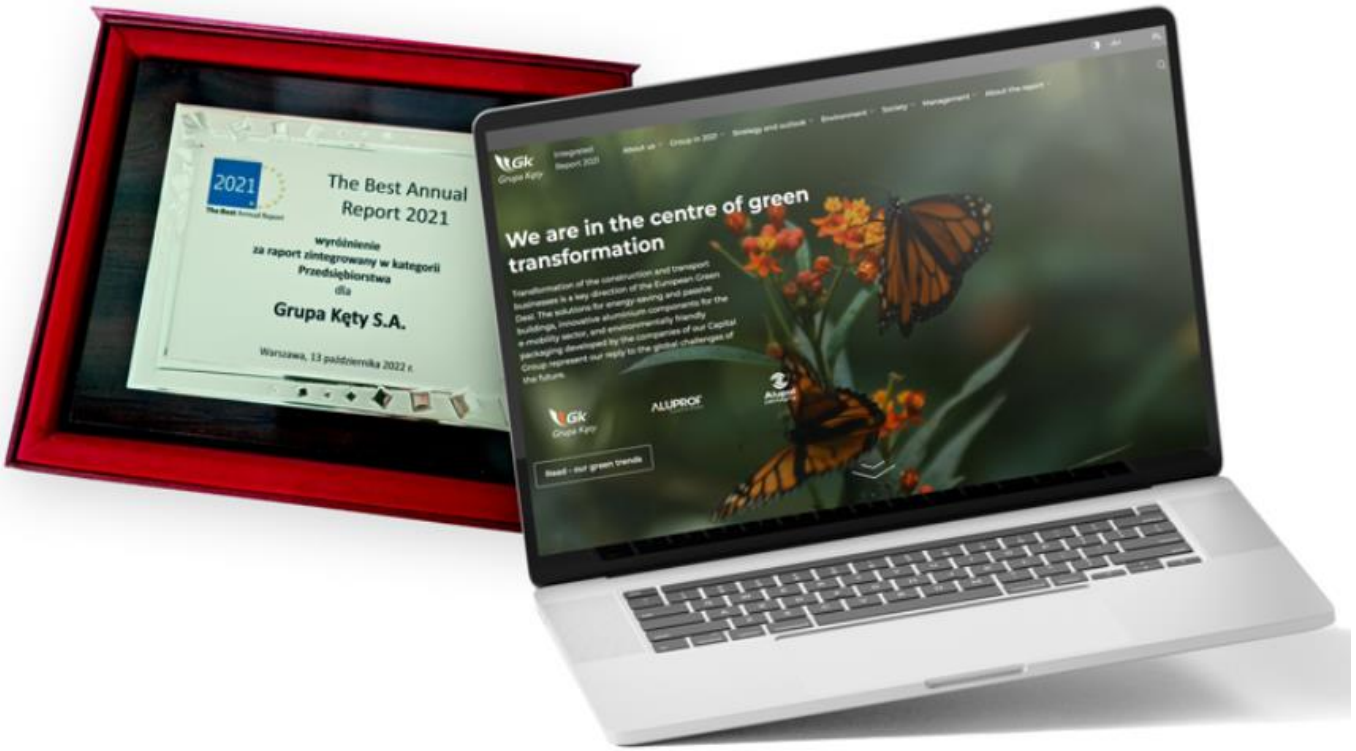
+ ACTION TAKEN TO ADJUST TO MARKET SITUATION
+ CONTINUATION OF KEY DEVELOPMENT PROJECTS
- LOWER LEVEL OF CAPACITY UTILISATION

FINANCES

+ PLN 253 million - EBITDA PLN 171 million – NET PROFIT
+ SAFE DEBT LEVEL
+ PAYMENT OF THE FIRST TRANCHE OF THE DIVIDEND - PLN 168 million

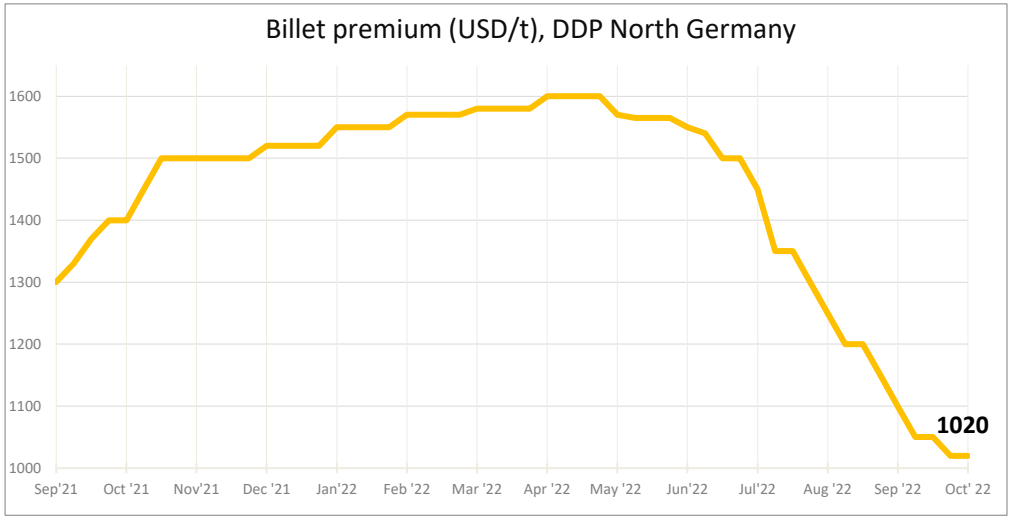
INTEGRATED REPORT

DISTINCTION IN THE BEST ANNUAL REPORT COMPETITION



OPERATING ACTIVITY OF SEGMENTS

EXTRUDED PRODUCTS SEGMENT



(+) A downward trend in aluminum prices on the LME and a reduction in the billets premium.

(+) A lack of negative effect from possible sanctions on russian aluminium

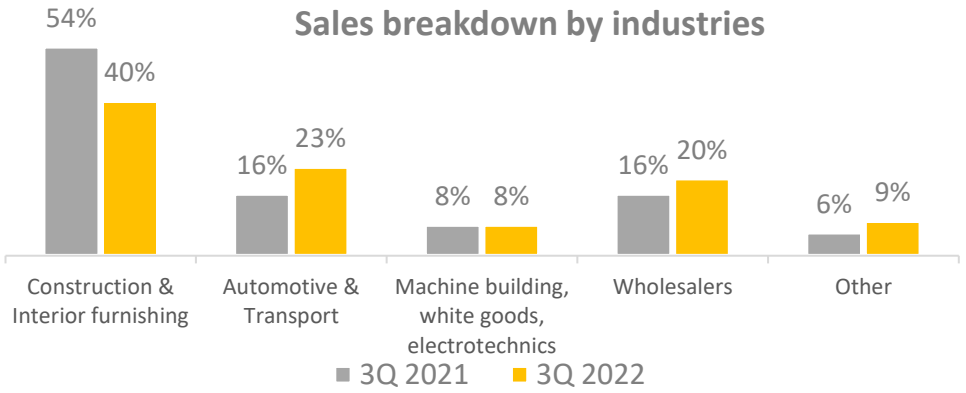
(-) Electricity and gas price increase.

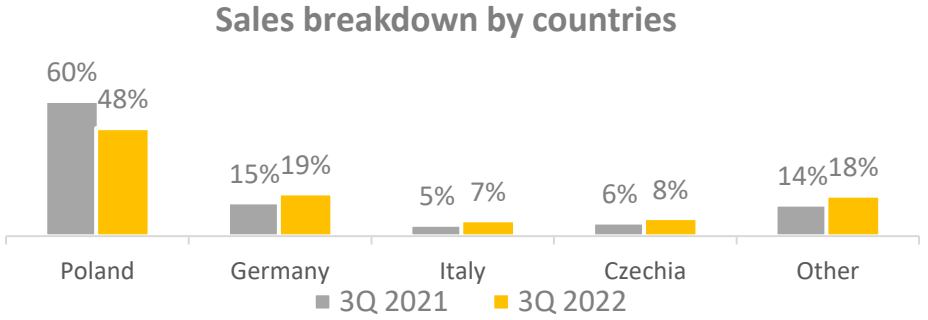
(-) The European market for aluminum profiles remains under strong pressure.

(-) A surge in imports to Europe of cheap aluminum billets and profiles from Turkey.

EXTRUDED PRODUCTS SEGMENT

(PLN million)	3Q 2022	3Q 2021	change	1-3Q 2022	1-3Q 2021	change
Sales	**610,5**	**510,9**	*20%*	**1 978,3**	**1 327,3**	*49%*
Domestic	249,0	270,1	*-8%*	973,2	695,7	*40%*
International	361,5	240,7	*50%*	1 005,0	631,6	*59%*
EBITDA	**74,7**	**91,2**	*-18%*	**281,1**	**212,4**	*32%*
EBITDA margin	*12,2%*	17,9%		*14,2%*	*16,0%*	





22% yoy lower volumes, mainly due to the high level of customers' inventory after Q2 2022.

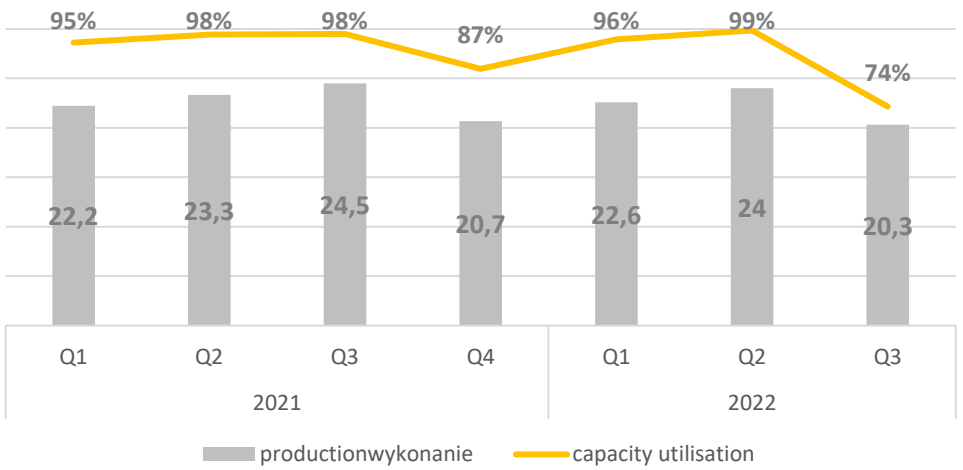
Increase in revenues, thanks to the effective trade policy and higher aluminum prices in PLN (increase by approx. 12% y / y, including the ingot premium).

Lower EBITDA mainly due to lower sales volumes.

Weakening demand in the construction sector with the improvement of the situation in the automotive industry - reconstruction of the market after easing blockages in the supply chain.

Foreign sales exceed domestic revenues - effective trade policy on European markets.

EXTRUDED PRODUCTS SEGMENT



Lower level of capacity utilisation as a result of a decrease in demand with a higher nominal capacity by approx. 3 thousand tonnes per quarter.
(annual production capacity - 105 thousand tonnes)

Limited production at the Alupol LLC plant in Ukraine.

(PLN million)	B2022	1-3 Q 2022	% of the budget
Production tools	31	22	73%
New production facility (Kęty)	135	47	35%
Other	128	40	31%
Total investments	**293**	**109**	**37%**

Implementation of the investment plan:

- Continuation of the key investment - 2000 T and 4000 T presses,
- Production tools: a level that reflects the current demand,
- Other: projects improving technological processes, continuation since 2021.

EXTRUDED PRODUCTS SEGMENT

The FISKER project

Components for the American brand(set of 21 profiles).Preparations for pre-series production(November 2022) / investment implementation (tools,Automation, robotization).

EPD declaration

The extruded product segment received the Environmental Product Declaration for aluminum profiles from billets from its own foundry. The carbon footprint of the profiles is only 3.3 kg CO2e / kg compared to 9.0 kg CO2e / kg (European Aluminum Association average).

Instytut Techniki Budowlanej

Thermal Physics, Acoustics and Environment Department

CERTIFICATE № 348/2022

of TYPE III ENVIRONMENTAL DECLARATION

Product:

Aluminium ingots and aluminium profiles from the 6xxx series

Manufacturer:

Grupa Kęty S.A.

ul. Tadeusza Kościuszki 111, 32-650 Kęty, Poland

confirms the correctness of the data included in the development of Type III Environmental Declaration and accordance with the requirements of the standard

EN 15804+A2

Sustainability of construction works.
Environmental product declarations.
Core rules for the product category of construction products.

This certificate, issued for the first time on 30th June 2022 is valid for 5 years or until amendment of mentioned Environmental Declaration

Warsaw, June 2022

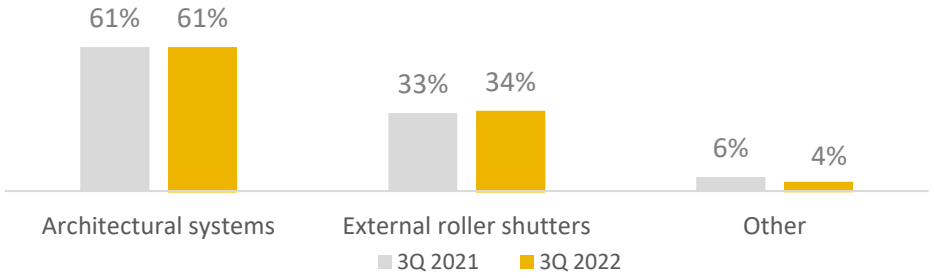
ALUMINUM 2022 Fair, 27 - 29 IX. Düssedldorf

The largest trade fair for the aluminum industry in Europe.20,400 visitors from over 100 countries.730 exhibitors from 50 countries. The stand of the extruded products segment was visited by over 500 people from 275 companies.

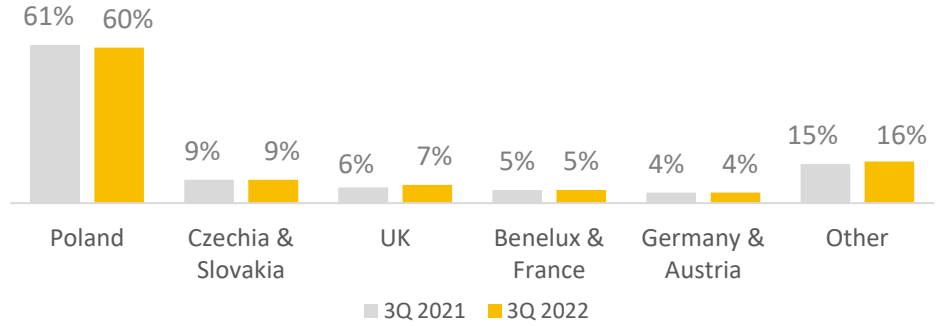
ALUMINUM SYSTEMS SEGMENT

(PLN million)	3Q 2022	3Q 2021	change	1-3Q 2022	1-3Q 2021	change
Sales	**594,4**	**548,2**	*8%*	**1 870,5**	**1 451,3**	*29%*
Domestic	357,2	332,0	*8%*	1 137,4	875,4	*30%*
International	237,2	216,2	*10%*	733,1	575,9	*27%*
EBITDA	**78,8**	**107,4**	*-27%*	**306,9**	**272,2**	*13%*
EBITDA margin	13,3%	19,6%		16,4%	18,8%	

Sales breakdown by products



Sales breakdown by markets



The increase in revenues reflects the price increases introduced from 2021, with volumes lower by 16%.

Lowering EBITDA as a result of lower sales volumes with higher raw material costs.

Higher share of export sales -increases in key foreign markets:

Czechia and Slovakia +3.1 PLN million,
Great Britain +4.8 million PLN,
Benelux and France PLN 3.3 million,
Austria and Germany PLN 1.2 million.

ALUMINUM SYSTEMS SEGMENT

DOMESTIC SALE

(+) Stable situation on the market of industrial and warehouse facilities, public utilities, aparthotels and high-standard apartment buildings.

(+) Positive sentiment among customers producing for export.

(-) Slowdown in the construction industry (high inflation and interest rates, drop in the number of loans granted, high energy prices, no NRP inflows).

(-) High costs of building materials and employment - suspending or postponing investment commencement dates, lower number of tenders in the bidding phase by General Contractors.

(-) Replacing aluminum structures with PVC.

Projects acquired in Q3 2022

The Form, Warszawa, PL

PSE, Radom, PL

Granaria, kw. VI, Gdańsk. , PL

Pierwsza Dzielnica, Katowice, PL

Bohema, Warszawa , PL

Inkubator Przedsiębiorczości, Wrocław , PL

ALUMINUM SYSTEMS SEGMENT

FOREIGN SALE

(+) Increased commercial and marketing activity on the Balkan markets - acquiring new projects

(+) First orders for fire protection glass Glassprof (for the Croatian, Lithuanian and Czech markets)

(+) Increased activity of customers from the MENA region and the Far East

(+) Fulfillment of the first order in New Zealand

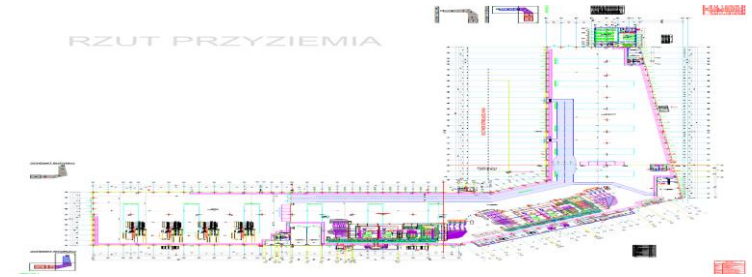
(-) Lowering credit limits for customers by insurers

(-) Price pressure from competitors

Projects acquired in Q3 2022

ALUMINUM SYSTEMS SEGMENT

(PLN million)	B2022	1-3 Q 2022	% of the budget
Total investments	162	88	54%



Implementation of the main tasks of the investment plan :

New plant in Złotów
The second stage of bidding for the construction of the hall has been completed. Negotiations with bidders scheduled by the end of October 2022.

Construction of the vertical paint shop no.3
Assembly of components and equipment of the paint shop.

Fire glass production
Obtaining the NTA (National Technical Assessment) classification for MB 78 EI and MB 60E EI. Classification reports are issued for Aluprof's customers for Glassprof panes.

ALUMINUM SYSTEMS SEGMENT

COMPETITION "OBJECT OF THE YEAR IN ALUPROF SYSTEMS" SOLVED!

The final gala of the fourth edition of the competition was preceded by an international conference in the series "Future Builders".

The jury, composed of outstanding architects, distinguished 10 most interesting facilities from Poland and 3 facilities on foreign markets.
The first three places in the country were taken by:

I. Kuryłowicz & Associates - Faculty of Applied Linguistics and Modern Languages, University of Warsaw,
II. Medusa Group - Hotel Nobu Warsaw,
III. JEMS Architekci- Browary Warszawskie Complex.

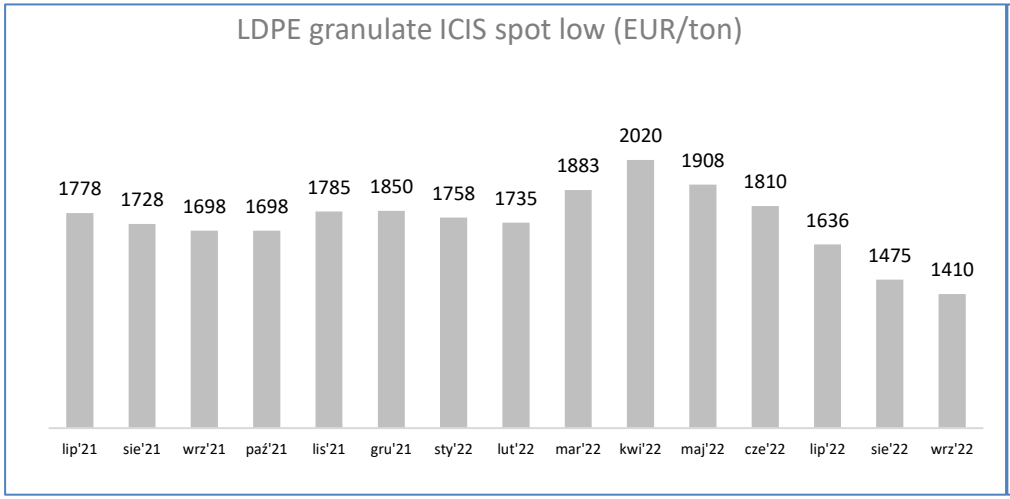
The winner in the foreign facility category was: Sara Kulturhus, designed by White Arkitekter.
Internet users award: Press Glass headquarters

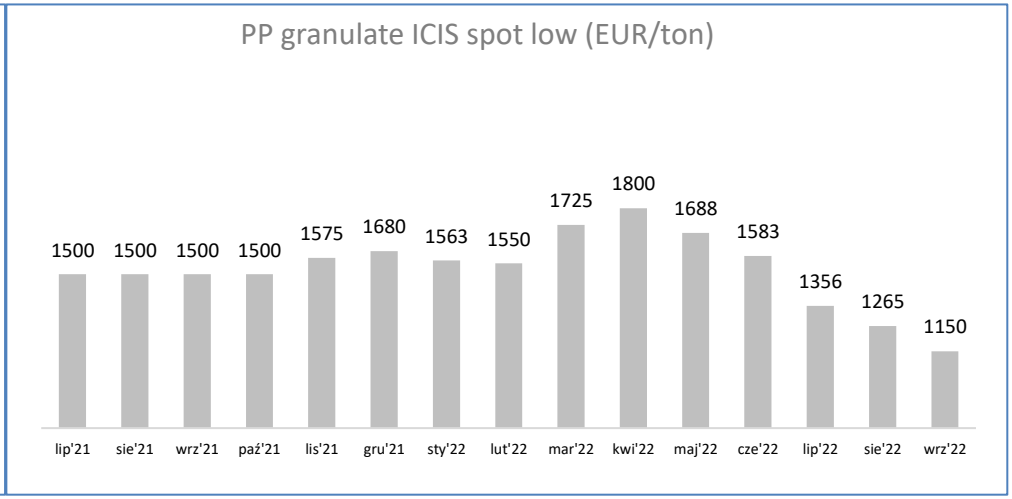
ANOTHER SHOWROOM ON THE MAP OF ALUPROF – PRAGUE

The opening of the showroom in Prague is the next stage in the development of the Aluprof brand on international markets. On the area of 180 m², you can see various arrangements using products that were designed for energy-efficient and passive buildings, such as windows and doors in the MB-86N and MB-104 Passive systems.

FLEXIBLE PACKAGING SEGMENT

Market situation





(+) Fall in prices of polypropylene and polyethylene granules.

(-) Falling demand for polypropylene films (BOPP) in EU countries.

(-) Very poor availability of EVOH granules necessary for the production of barrier films.

(-) Persistently very poor availability of aluminum foil on the market.

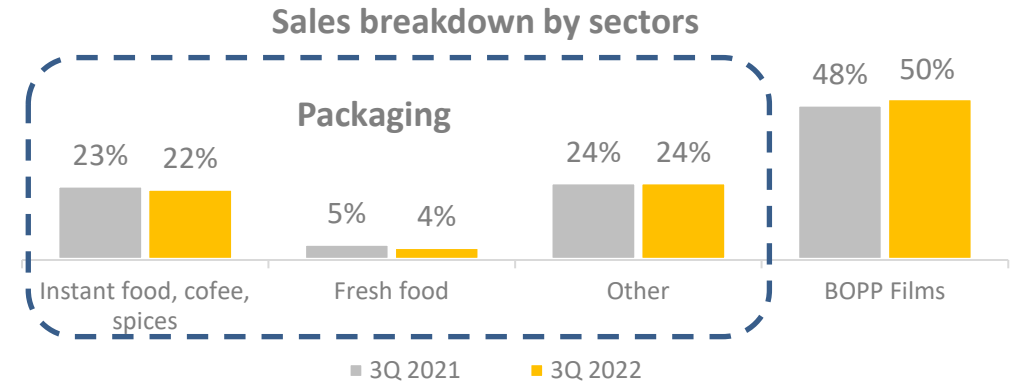
(-) Dynamic increases in the prices of paper due to the increase in the prices of cellulose and energy.

FLEXIBLE PACKAGING SEGMENT

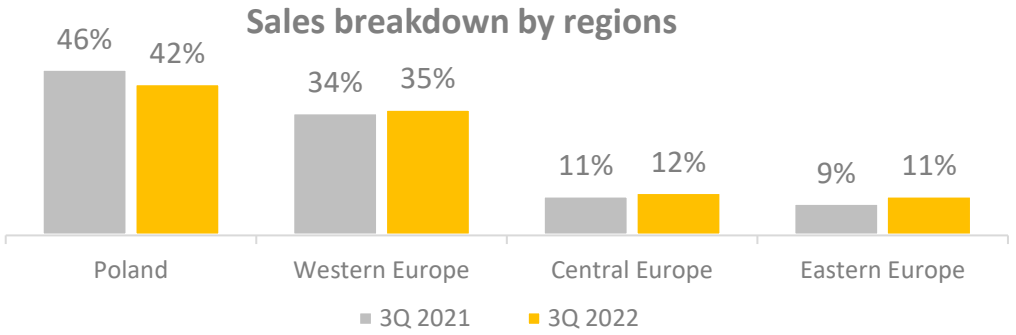
(PLN million)	3Q 2022	3Q 2021	change	1-3Q 2022	1-3Q 2021	change
Sales	**393**	**299**	*+32%*	**1196**	**889**	*+35%*
Domestic	166	137	*+21%*	515	408	*+26%*
International	227	162	*+40%*	681	481	*+42%*
EBITDA	**88**	**58**	*+53%*	**288**	**236**	*+22%*
EBITDA margin	22,4%	19,3%	+3,1p.p.	24,1%	26,6%	-2,5p.p.

Increase in sales as a result of higher volumes (+ 4% y / y) and higher prices.

EBITDA increase by 53% y / y despite the increase in the unit price of production.

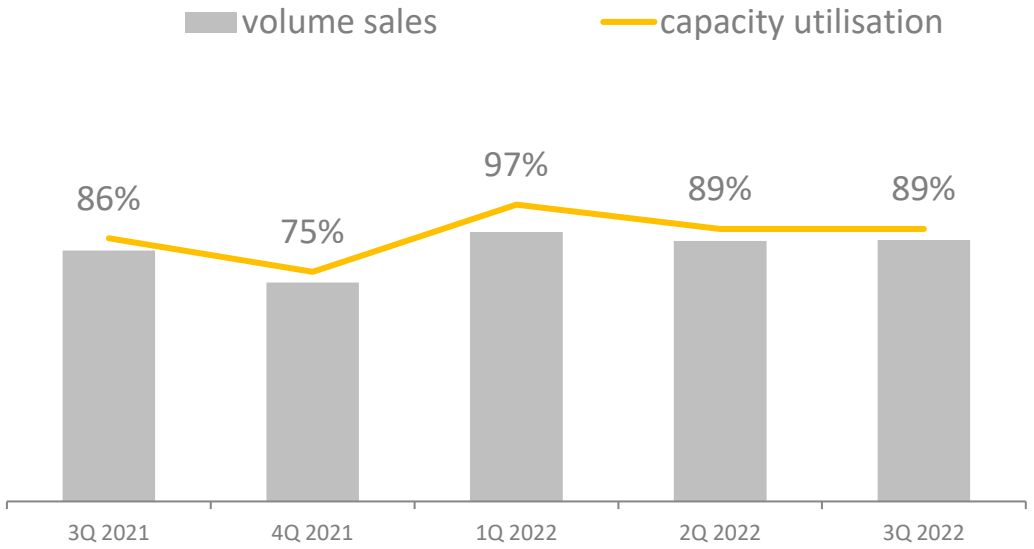


Maintaining high share of BOPP film sales in the product basket (50%), despite falling raw material prices and the resulting lower prices of the finished product.



High share of exports in total sales value (58%). Significant increases in sales to: Ukraine, the Netherlands, Germany and Switzerland.

FLEXIBLE PACKAGING SEGMENT



High level of production capacity utilization despite the turmoil on the raw materials market and weakening demand.

(PLN million)	B2022	1-3 Q 2022	% of the budget
Total investments	**16**	**9**	**56%**

Implementation of the investment plan in accordance with the schedule.

The outlays were mainly related to investments supporting the production potential.

CONSOLIDATED FINANCIAL RESULTS

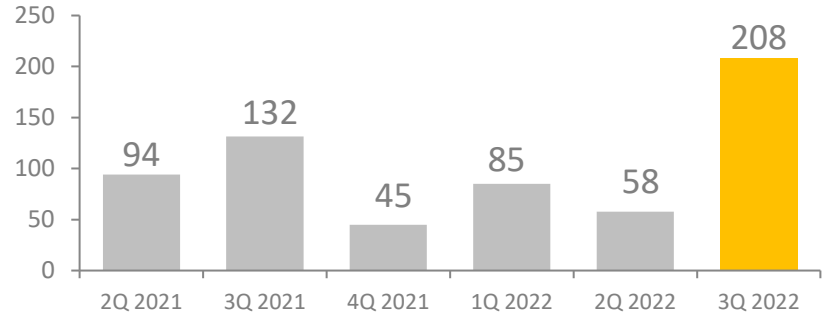
CONSOLIDATED FINANCIAL RESULTS

PLN million	3Q 2022	3Q 2021	*change*	1-3Q 2022	1-3Q 2021	*zmiana*
Revenues	**1 507,7**	**1 239,7**	*+22%*	**4 656,3**	**3 381,0**	*+38%*
EBITDA	**253,0**	**245,2**	*+3%*	**871,2**	**696,8**	*+25%*
EBITDA margin	*16,7%*	*19,7%*		*18,7%*	*20,6%*	
EBIT	**211,7**	**207,1**	*+2%*	**750,5**	**583,4**	*+29%*
EBIT margin	*14,0%*	*16,7%*		*16,1%*	*17,2%*	
Result on financial operations	**-14,5**	**-2,3**		**-31,6**	**-6,7**	
Profit before tax	**197,2**	**204,6**	*-4%*	**718,8**	**576,7**	*+25%*
Corporate tax	-26,4	-37,1		-126,5	-109,9	
Net profit	**170,5**	**167,2**	*+2%*	**591,3**	**466,3**	*+27%*

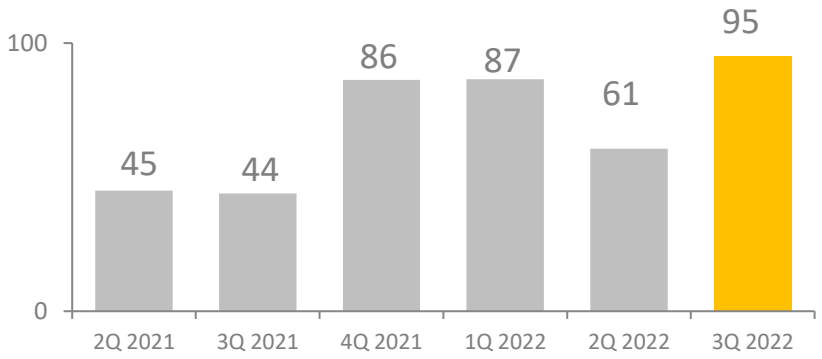
- **The increase in sales** is mainly the result of higher volumes in the FPS and higher quotations of raw materials and product prices in the EPS and ASS
- **High EBITDA:**
  - EPS (-) PLN 16.5 million
  - ASS (-) PLN 28.6 million
  - FPS + PLN 30.0million
- **Net financial expenses - mainly interest on loans.**
- **Lower effective tax rate** - including approx. PLN 11 million for the creation of a deferred tax asset.

3RD QUARTER CASH FLOW

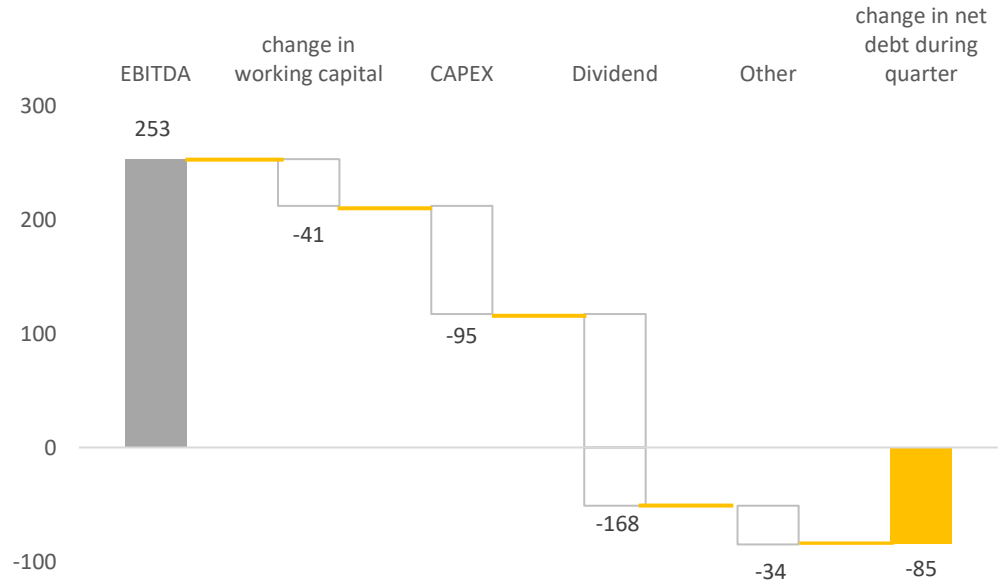
Operating cash flow (PLN million)



CAPEX (PLN million)



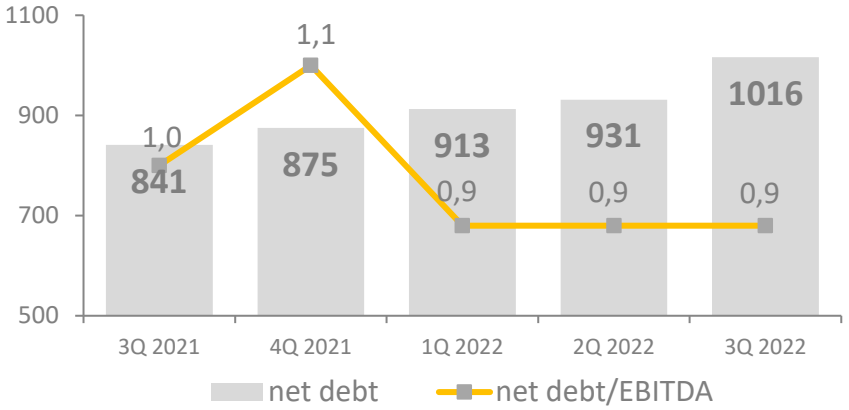
Cash flow in 3Q (PLN million)



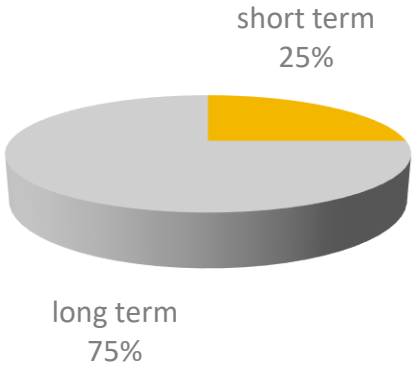
- **PLN 208 million of funds from operating activities,** including the increase in net working capital by PLN 41 million
- **Increase in capital expenditure q/q** in line with the project implementation schedule
- **Other: including PLN 168 million due to the payment of the 1st tranche of the dividend from the 2021 profits**

SECURE LEVEL OF FINANCIAL RATIOS

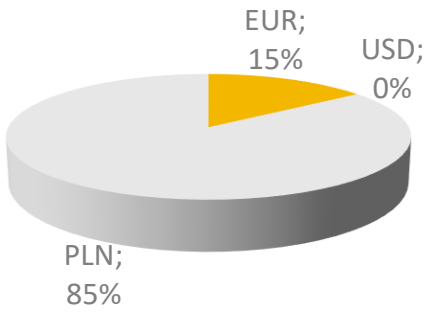
Net debt (PLN million)* / net debt/EBITDA ratio



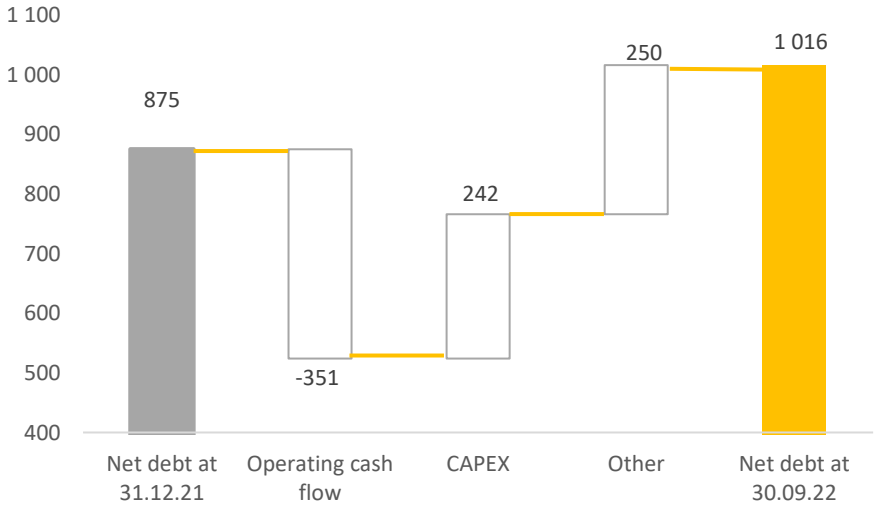
Debt maturity structure



Debt currency structure



Net debt change during 3 quarters



* 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

- **Stable financing structure and safe level of financial ratios - 0.9 - net debt / EBITDA**
- **Operating cash flows include an increase in net working capital of PLN 456 million**
- **Other: including the payment of the first tranche of dividend in the amount of PLN 168 million**

PROSPECTS FOR Q4 2022

MARKET ENVIRONMENT

- LIMITED DEMAND
- GROWING PRESSURE ON MARGINS
- ASSUMED STABILIZATION OF RAW MATERIAL QUOTES

OPERATIONS AND INVESTMENTS

- ADAPTATION TO LOWER SALES VOLUMES
- IMPLEMENTATION OF KEY DEVELOPMENT INVESTMENTS - RATIONALIZATION OF SCHEDULES
- CONTINUING SUPPORT FOR REFUGEES FROM UKRAINE

FINANCES

- PROVIDING FINANCING OF THE ACTIVITY
- MAINTAINING SAFE FINANCIAL RATIOS
- PAYMENT OF THE SECOND TRANCHE OF THE DIVIDEND IN THE AMOUNT OF PLN 337 million

ADDITIONAL INFORMATION

ADDITIONAL INFORMATION

Volume sales (`000 tons)	3Q 2021	4Q 2021	1Q 2022	2Q 2022	3Q 2022
Extruded Products Segment	25,7	21,1	23,5	23,9	19,9
Flexible Packaging Segment	22,4	19,5	26,4	23,2	23,3

Segment's EBITDA (PLN million)	3Q 2021	4Q 2021	1Q 2022	2Q 2022	3Q 2022
Extruded Products Segment	91,2	73,5	81,9	124,4	74,7
Aluminum Systems Segment	107,4	77,4	98,4	129,7	78,8
Flexible Packaging Segment	57,8	51,9	102,1	98,0	88,2

Annual forecast (PLN million)	2022	2021	change	1-3Q 2022	% of forecast
Sales	5 940	4 598	+29%	4 656	78%
EBITDA	980	900	+9%	871	89%
EBIT	810	746	+9%	751	93%
Net profit	642	595	+8%	591	92%
CAPEX	495	219		242	49%

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