



ELVALHALCOR

HELLENIC COPPER AND ALUMINIUM INDUSTRY S.A.

Press Release

ElvalHalcor Conference Call with Analysts

Today, Wednesday the 22nd of April, ElvalHalcor's presentation to the Analysts for the annual financial results of 2019 took place via call-conference.

More specifically, it was stated that ElvalHalcor, despite the slowdown of growth and industrial output in the European markets and the drop in demand of the US market during the final quarter of 2019, maintained sales volumes, driven by the growth during the first months of 2019, in both the aluminium segment as well the copper segment, maintaining operating profitability at the consolidated level and increasing it at the company level.

As a result, ElvalHalcor's consolidated revenue declined by 3.5% for 2019 reaching EUR 2,044.6 million, compared to EUR 2,117.8 million for the respective prior year. The decline was mainly caused by metal prices, which fluctuated at lower levels internationally, followed by a marginal drop in sales volumes by 0.5%. It is noteworthy that, in comparison to the prior year, average aluminium prices were lower by 10.4%, copper prices by 2.9% and zinc prices by 7.9%. The slowdown during the last quarter resulted in adjusted consolidated earnings before taxes, interest, depreciation and amortization and metal price lag (a-EBITDA), of EUR 140.2 million for 2019, versus EUR 142.2 million for the year before.

Consolidated gross profit was affected by the declining metal prices and amounted to EUR 145.1 million for 2019, compared to EUR 166.9 million for 2018, as the accounting metal results amounted to a loss of EUR 2.1 million for 2019, compared to a gain of EUR 23.0 million for the fiscal year of 2018. This downtrend impacted also the consolidated earnings before taxes, interest, depreciation and amortization (EBITDA), which amounted to EUR 137.4 million, compared to EUR 165.2 million in 2018.

Consolidated financial costs improved by 21.1% year-on-year, following the improved interest margins achieved by the renegotiation of loans of both the parent company and its subsidiaries. Finally, profit after tax amounted to EUR 41.9 million in 2019, versus EUR 64.3 million for the year 2018, with the reduction in profit, both before and after tax, being driven by the reduced metal result.

Amounts in €'000s	GROUP		COMPANY	
	2019	2018	2019	2018
Sales	2,044,606	2,117,789	1,429,922	1,486,972
Gross profit	145,064	166,948	101,920	112,112
EBITDA	137,397	165,166	100,588	114,652
a-EBITDA	140,205	142,150	99,248	91,897
EBIT	80,038	107,051	62,820	75,370
Net financial result	(25,358)	(32,156)	(16,101)	(21,420)
Profit before tax	58,179	75,849	46,419	53,949
Profit after tax	41,942	64,303	32,916	47,339
Profit after tax & non-controlling interests	41,304	63,646	32,916	47,339
Earnings per share	0.1101	0.1806	0.0877	0.1343

Per segment analysis

until 31.12	Sales		EBITDA		a-EBITDA		EBIT		EBT	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
€'000										
Aluminium	1,026,191	1,078,955	98,490	117,751	97,272	95,768	61,105	76,953	50,178	61,962
Copper	1,018,415	1,038,834	38,907	47,415	42,933	46,383	18,933	30,098	8,001	13,886
Total	2,044,606	2,117,789	137,397	165,166	140,205	142,150	80,038	107,051	58,179	75,849

Aluminium

In 2019, the aluminium rolling segment experienced a marginal decline by 0.8% in sales volumes, while its turnover reached EUR 1,026, declining by 4.9%, primarily due to the reduction of the price of aluminium versus the prior year, and secondarily due to the drop in demand during the last quarter which affected the volumes sold. a-EBITDA amounted to EUR 97.3 million in 2019 versus EUR 95.8 million for the respective prior year period, marking an increase by 1.6%.

The amount of EUR 130.0 million was invested in acquisition of fix assets, out of which EUR 118.7 million for the production facilities of the aluminum rolling facilities of the parent company in Oinofyta, part of the ongoing strategic investment program. The installation and the operation of the new hot rolling mill is expected to be completed in May, and the company has already initiated the next two-year investment program of EUR 100 million with the aim to increase the utilisation of the new production capacity.

Copper

In 2019, and despite the negative impact from the decline of industrial output, which reduced significantly the overall demand especially in rolling products, and the drop in the growth of the European economy which affected all product categories, the copper segment sales volumes marked a marginal increase of 0.3%, with sales amounting to EUR 1,018 million, declining by 2.0%, versus 2018, and a-EBITDA reaching EUR 43 million compared to EUR 46 million in the prior year.

In regards to the investments, approximately EUR 17 million were invested, out of which EUR 8.0 million at the copper tube plant in Oinofyta, while the amount of EUR 8 million was invested at the copper and copper alloys rolling plant in Sofia.

Prospects for 2020

For 2020, the prospects started out on a positive outlook, with demand and industrial output recovering. The developments regarding the spread of the coronavirus, changed the short-term economic conditions throughout the world. ElvalHalcor and its subsidiaries responded swiftly, bringing forward as a priority the health of its people, suppliers and customers, while taking measures that secure the continuation of the production activity with the least possible repercussions. In regards to sales, a decline in volumes in countries affected by the pandemic due to the imposition of full scale or partial lockdowns (Italy, Spain, France) has been partially offset by the increase in sales directed to other countries, and other industries such as the packaging industry for food, beverage and medicine where an increase of demand has taken place, while in most sectors the underlining demand remains for the time being satisfactory.

The pandemic, as mentioned by the company's management, and the unavailability of foreign technicians to travel to Greece has as a result a small delay in the completion of key investment programmes, as the operation of the new hot rolling mill, which is expected to take place within May.

Furthermore, it was underlined that the Group and the Company can adequately finance the required working capital and have secured the financing for materialization of their investment plans.

In addition, ElvalHalcor's participation in the antidumping and countervailing duty investigation by the United States International Trade Commission was discussed. ElvalHalcor is actively participating in the investigation process, which is expected to be finalized by the end of the year, and given the Company's commercial practices, it expects the outcome to be positive.

All in all, the Group and the Company closely follow-up the developments and are ready to address any demand fluctuations, but stay focused in its long term growth strategy of increasing exports both in Europe as well as outside Europe, and increasing capacity and market shares in products with dynamic prospects in the frame of a cyclical and sustainable economy.