



Europe Greece

Basic Resources - Nonferrous Metals

Company Description

ElvalHalcor Hellenic Copper and Aluminium industry S.A. (ElvalHalcor), is a leading global manufacturer of aluminium and copper products.

The Company was formed in December 2017 via the merger of Elval, a leading European aluminum rolling company, and Halcor, the largest copper tubes producer in Europe.

ElvalHalcor capitalises on natural synergies in innovation and technology, research and development (R&D), procurement, marketing, infrastructure and environment to produce value-added, high-quality solutions for its customers around the world.

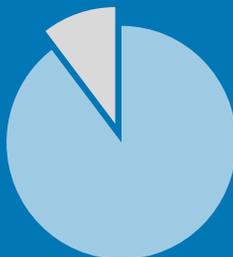
Share Data

Price (€)	€ 1.328 (16/09/2020)
# of shares	375,241,586
Capitalization (mil.€)	€ 498
% change since 31/12/2019	-24%
52 wks high (€)	€ 1.85
52 wks low (€)	€ 0.92
REUTERS	ELHA.AT
BLOOMBERG	ELHA:GA

Shareholders Structure

Free Float
8.56%

VIOHALCO
91.44%



IR RELEASE H1'20

Results H1

	Consolidated			
	(M €)	2020	2019	Δ (%)
Turnover		998.8	1,081.0	-8%
Gross Profit		58.6	76.0	-23%
a-EBITDA		66.1	78.5	-16%
EBITDA		52.1	70.1	-26%
EBIT		21.3	42.3	-50%
EBT		8.9	31.5	-72%
Profit after tax		7.8	19.9	-61%
Profit after tax & non-controlling interests		7.6	19.5	
Margin				
Gross Profit		5.9%	7.0%	
a-EBITDA		6.6%	7.3%	
EBITDA		5.2%	6.5%	

H1 '20 Results

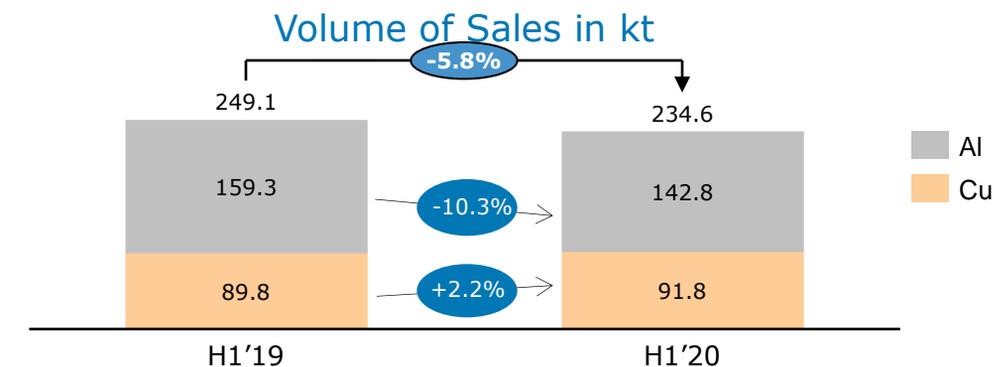
While the prospects for 2020 started off with a positive outlook, with demand and industrial output in most sectors recovering compared to the fourth quarter of 2019, the development of the Covid-19 pandemic had a significant adverse impact on global economic conditions. ElvalHalcor and its subsidiaries responded swiftly to the pandemic, prioritising health and safety of its employees, suppliers and customers by implementing measures that secured the continuation of the operations with the minimum repercussions, dedicating for that purpose approximately EUR 1.7 million for the H1 of the current year. Nevertheless, the imposition of restrictions in movement and production in major export destination countries, and the inevitable recession across all countries negatively affected demand and exports in March, April and May, resulting in a 5.8% reduction in sales volumes for H1.

As a result, ElvalHalcor's consolidated revenue decreased by 7.6% for H1 2020 to EUR 998.8 million, compared to EUR 1,081.0 million in the respective prior year period, a reduction attributed mainly to a decline in both volumes and the average prices of metals during the period.

Adjusted consolidated earnings before taxes, interest, depreciation and amortization and metal price lag (a-EBITDA), which reflects more accurately operational profitability, were affected by the drop in sales volumes and the pressure in conversion prices in specific markets, reaching EUR 66.1 million versus 78.5 million for the respective prior year period.

Metal prices, as a result of the pandemic, marked a significant drop during the period, resulting in accounting losses from metal, which reached EUR 12.7 million for H1 2020 versus losses of EUR 8.3 million for the respective prior year period. This affected negatively gross profit, which accumulated to EUR 58.6 million for the first six months of 2020 versus EUR 76.0 million for the first six months of 2019. Meanwhile consolidated earnings before taxes, interest, depreciation and amortization (EBITDA) amounted to EUR 52.1 million versus EUR 70.1 million for the respective prior year period of 2019.

Finally, consolidated financial result marked an improvement by 6.9% for H1 2020, as a result of a continued reduction in interest rate margins, with the earnings after taxes, affected by the increased depreciation after the commencement of depreciation for the supporting infrastructure, reaching EUR 7.8 million versus EUR 19.9 million for H1 2019.



Results per Segment H1'20

ALUMINIUM

During H1 2020, the aluminium segment experienced a decline in the volume of sales by 10.3%, with sales amounting to EUR 476 million, a drop by 11.3%. The segment was negatively affected by the conditions in the US market, compared to the respective six months of 2019, the intense competition in foil which put pressure on the prices, as well as the continued weakness of some sectors, such as the automotive industry and transportations, which lead to a change in the product mix and the destination markets. Earnings before taxes amounted to EUR 9.9 million versus EUR 25.2 million, for the respective prior year period, due to the reduced volumes, while the a-EBITDA amounted to a profit of EUR 38.9 million in H1 2020 versus EUR 53.7 million for the respective prior year period.

In regards to the investment programme for the new four-stand hot rolling mill, its installation was completed with a small delay, due to the restrictions of movement and the inability of the required supplier's personnel to travel, and will be fully productive within the last quarter of the year. It is noteworthy, that with this new rolling mill investment, ElvalHalcor operates the second largest, in terms of capacity, production unit in Europe. This important investment gives the Company the ability, with additional investments, to more than double the production capacity of final products, marking a new era for the aluminium rolling division and paving the way for new, more demanding markets. The amount dedicated to investments on PPE for H1 2020 amounted to EUR 51.5 million; out of which EUR 47.8 million were dedicated to the production facilities of the aluminium rolling segment of the parent company in Oinofyta. Last but not least, the second phase of the investment programme was announced with the aim to maximise the utilization of the capacity of the new hot rolling mill.

During H1 2020 the production facilities of the aluminium rolling sector of the Company in Oinofyta were certified, according to the ASI (Aluminium Stewardship Initiative) Performance Standard. This certification programme was developed following a thorough, multi-party debate, is as voluntary certification initiative in matters of sustainable development over the value cycle of aluminium, incorporating environmental, social and corporate responsibility principles.

ElvalHalcor participates in the anti-dumping investigation carried out by the US authorities as a producer of common alloy aluminium sheet in Greece, cooperating with the audit authorities is in the process of providing information for the auditors. The preliminary decision of the authorities is expected on 6th of October 2020. The Company will keep the investment community informed about the progress of the investigations and the potential impact on its financial results.

COPPER

During H1 2020, the copper segment marked an increase of the volumes sold by 2.2%, including the uplift from the integration of the sold volumes of the enameled wires which represent a 2.1% of the product mix, as well as the positive evolution of sales of copper bus bars and rolled copper and alloys products, in spite of the strong weakness of certain sectors, such as the automotive industry. There was a small decline in sales of copper tubes, in comparison to the especially positive trend which took place in the prior year six month period, and a higher drop for extruded copper alloys products. On the other hand, the average prices of copper marked a significant decrease of 8.6% and as a result the segment sales reached EUR 523 million, marking a decline of 4.0%. The earnings before taxes amounted to a loss of EUR 1.0 million, versus a profit of EUR 6.2 million for the respective period of 2019, due to the negative trend of the copper prices in the international markets, while a-EBITDA improved by EUR 27.2 million in H1 2020 versus EUR 24.8 million for the respective prior year period representing the resilience of the copper products segment in terms of volumes and profitability amidst the pandemic.

It is worth mentioning that the segment continues to gain shares in crucial markets, especially during a period with lack of growth, such as these of copper and copper alloys rolling as well as copper tubes. Important factors of this success are the fact that the segment has developed a wide spectrum of products directed to many markets within and outside of Europe as well as the fact that the segment has dynamically capitalized on opportunities presented.

In regards to the investments, for H1 2020, approximately EUR 9 million were spent, out of which EUR 5 million were directed to the subsidiary Sofia Med and mainly for the installation of a cold mill with the rest directed to the parent company and the rest of the subsidiaries.

ALUMINIUM	For the 6 months ending on 30.06	
	2020	2019
(€'000)		
Revenue	475,545	535,869
EBITDA	35,154	49,813
a-EBITDA	38,896	53,665
EBIT	15,056	30,935
Profit before Taxes	9,887	25,621

COPPER	For the 6 months ending on 30.06	
	2020	2019
(€'000)		
Revenue	523,224	545,086
EBITDA	16,931	20,321
a-EBITDA	27,209	24,813
EBIT	6,286	11,367
Profit before Taxes	(1,010)	6,236