

2021 Financial Results



ELVALHALCOR

HELLENIC COPPER AND ALUMINIUM INDUSTRY S.A.



Financial Results

2021

Growth and historic high sales

- **Dynamic growth of 16.3% in sales volumes and 42.1% in turnover**
- **Operational profitability (a-EBITDA) at EUR 166.8 million, up by 22.9% versus 2020**

2021 closed with ElvalHalcor reaching a historic high in terms of sales. The uptrend, which started during the last quarter of 2020, was maintained throughout 2021, with especially strong recovery in both building and construction, as well as the automotive and transportation industries, which had lagged during the previous year, adversely affecting the aluminium segment. As a result, sales volumes grew by 16.3%, driven primarily by the aluminium segment products, which were up by 21.3%, followed by the copper segment products, up by 7.9% versus the 2020.

Increased demand led to a rapid increase in the LME metal prices. The average price of copper was EUR 7,881/t (46.1% higher versus 2020) and the average price of aluminium was EUR 2,101/t (increased by 41.0% compared to 2020). The combination of increased volumes and metal prices resulted in historically high sales revenue of EUR 2,883.0 million for 2021 (a 42.1% increase compared to EUR 2,028.6 million for 2020).

Amount in €' 000	Group		Company	
	2021	2020 *	2021	2020 *
Sales	2,883,042	2,028,588	1,969,822	1,405,660
Gross profit	234,826	134,762	149,159	86,588
EBITDA	215,312	121,409	144,988	82,179
a-EBITDA	166,835	135,782	113,602	89,325
EBIT	146,909	59,421	98,554	40,192
Net financial result	(30,873)	(25,218)	(21,166)	(17,806)
Profit before tax	132,417	38,783	100,456	22,386
Profit after tax	113,915	29,366	88,245	16,954
Profit after tax & non-controlling interests	111,689	28,309	88,245	16,954
Earnings per share (€)	0.2976	0.0754	0.2352	0.0452

* 2020 figures have been restated pursuant to IAS 19 and the effect is presented in Annual Financial Statements.

The increase in sales volumes and the positive impact of increased consumption of scrap offset the negative pressure from the rise in the price of natural gas. As a result, ElvalHalcor's adjusted consolidated earnings before taxes, interest, depreciation and amortisation, metal result, and other incidental costs (a-EBITDA), which are a more accurate reflection of operational profitability, rose by 22.9%, reaching EUR 166.8 million versus EUR 135.8 million for the prior-year.

The uptrend in metal prices positively impacted the accounting results from metal, which reached a profit of EUR 56.1 million for 2021 versus a loss of EUR 9.0 million for 2020. Supported by the positive metal result, gross profit increased to EUR 234.8 million versus EUR 134.7 million in 2020. Furthermore, it is also worth noting that safeguarding of the Company's personnel and stakeholders from the effects of the pandemic continued throughout the period, with EUR 4.1 million of expenses attributable to this included in the consolidated results versus EUR 4.0 million during 2020. Consolidated profit before tax, interest, depreciation and amortisation (EBITDA) amounted to EUR 215.3 million versus EUR 121.4 for the year 2020.

On the other hand, the increased metal prices drove up the Group's working capital and net debt increased by EUR 164 million versus the closing of 2020. This negative effect of net debt resulted in an increase in financial costs, with net financial result reaching EUR 30.9 million for the nine months versus EUR 25.2 million for 2020, despite the Group gradually decreasing the cost of debt. A key action to optimize the debt structure of the Group and the Company was the successful issuance of a common bond loan of EUR 250 million, traded in the Athens Stock Exchange, the success of which confirmed the trust of the investor community in the Group's and the Company's rising prospects.

Finally, profit after tax amounted to EUR 113.9 million (including the positive effect of the EUR 22 million valuation pertaining to the distribution of shares of Cenergy Holdings posted in H1'21) versus EUR 29.4 million for 2020, with profit after tax and non-controlling interest reaching EUR 111.7 million for 2021 or EUR 0.2976 per share, up from EUR 28.3 million for 2020 or EUR 0.0754 per share.

Per segment analysis

€'000	Sales		EBITDA		a-EBITDA		EBIT		EBT	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Aluminium	1,340,307	975,805	124,300	78,746	108,336	86,552	78,790	37,975	56,238	26,580
Copper	1,542,735	1,052,783	91,012	42,664	58,499	49,231	68,120	21,447	76,179	12,203
Total	2,883,042	2,028,588	215,312	121,409	166,835	135,782	146,909	59,421	132,417	38,783

Aluminium

In 2021, the aluminium segment achieved an impressive increase in the sales volumes, well above the 2019 levels, and by 21.3% versus 2020, whereas sales amounted to EUR 1,340.3 million, increased by 37.4%. The segment was positively affected by the recovery of the automotive and transportation and the building and construction industries, managing to take advantage of the gradually increasing production capacity by integrating the new, state of the art, hot rolling mill in the production (Tandem). Earnings before taxes amounted to EUR 56.2 million versus EUR 26.6 million for the respective prior-year 2020, while the a-EBITDA amounted to a profit of EUR 108.3 million in 2021 versus EUR 86.6 million in 2020.

In regards to the investment programme, after the operation of Tandem, the second phase of the planned investments has started, with the amount of EUR 130 million invested in PPE, out of which EUR 99.5 million were dedicated to the production facilities of the aluminium rolling facilities of the Company in Oinofyta, Greece.

Copper

In 2021, the copper segment marked an increase in sales volumes by 7.9%, with the uninterrupted uptrend of the last years fuelled by the full recovery of copper alloy extrusion products, which surpassed their pre-pandemic sales volumes, and the growth of sales volumes of copper and copper alloy rolled products. Boosted by the increased copper prices in the international markets, sales revenue amounted to EUR 1,542.7 million, marking an increase of 46.5%. Profit before tax amounted to a profit of EUR 76.2 million versus EUR 12.2 million in 2020, also affected by the positive metal result and the positive effect of the valuation Cenergy Holdings' shares, while a-EBITDA improved to EUR 58.5 million in the 2021 versus EUR 49.2 million in the respective previous year.

In regards to investments for 2021, EUR 15.2 million were invested for the completion of the investment programmes, out of which an amount of EUR 7.3 million was directed to the production facilities of the Company in Oinofyta, while EUR 6.4 million were invested by the subsidiary Sofia Med for the implementation of upgrades in order to increase the range of offered rolling products.

Prospects for 2022

For 2022, the rising prices of energy are expected to set a more striking effect, since historically high prices are being reported, causing inflationary pressures and concerns about global growth. The Group is trying to minimise any effects, using cash flow hedging for part of the Natural Gas cost and passing on to prices any increased costs, while demand conditions remain favourable and allow for this. In addition it is worth noting that in regards to the developing conflict in the region of Ukraine, the Group in 2021 had sales in Russia that amounted to 0.9% and in Ukraine that amounted to 0.6% of the total turnover, while at Company level the respective percentages were 1% and 0.6%. Both markets are not important as to the size, and the related quantities can easily be absorbed by other markets in which there is demand for the products of both the Group and the Company. It is worth noting, that the Group and the Company were purchasing raw materials from the Russian market, in the form of primary aluminium. Still, the Russian market corresponds to only 5%-7% of total purchases and it is possible to be replaced by other sources without any significant repercussions to the unhindered operation of the Company and the Group. Finally, Etem Systems LLC, based in Ukraine is a commercial company with total assets of EUR 274 thousand, sales of EUR 1,054 thousand and a net profit after taxes of EUR 30 thousand for the year of 2021. As a result, and considering the financial figures of the said entity, the Group and the Company reasonably assume that they will not have any significant effect on their financial figures.

In conclusion, in spite of the various factors of uncertainty, ElvalHalcor looks upon the future with optimism, as it is properly positioned to utilise its extensive product portfolio, as well as its strategic advantages, such as the customer-centric philosophy, the international orientation with more than 91% of sales directed outside Greece, and high agility, which provide the ability to capitalise on any future opportunity. To that end, the significant investments which were just completed or are in the execution phase, have an important key role. The aforementioned investments, are focused on sectors and products with strong growth potential in the context of the circular economy and sustainability, which further enhance the Company's production capacity and its utilisation, allowing ElvalHalcor to maintain its growth momentum.

**Consolidated Condensed
Statement of Financial Position**

	31/12/2021	31/12/2020
ASSETS	€' 000	€' 000
Non-current assets	1,123,801	1,060,421
Inventories	697,605	503,773
Trade receivables	298,243	254,606
Other current assets	19,950	5,683
Cash and cash equivalents	91,144	33,838
TOTAL ASSETS	2,230,742	1,858,321
EQUITY & LIABILITIES		
Share Capital	146,344	146,344
Other Company's shareholders equity	643,874	623,838
Company's shareholders equity	789,219	770,182
Minority rights	19,098	14,352
Total Equity	808,316	778,534
Long term borrowings liabilities	672,504	463,186
Provisions / Other long term liabilities	101,331	86,270
Short term borrowings liabilities	205,694	193,663
Other short term liabilities	442,896	330,668
Total Liabilities	1,422,425	1,073,787
TOTAL EQUITY & LIABILITIES	2,230,742	1,858,321

**Condensed Consolidated
Statement of Cash Flows**

	31/12/2021	31/12/2020
	€' 000	€' 000
Net cash flows from Operating activities	22,295	86,685
Net cash flows from Investing activities	(169,337)	(127,295)
Net cash flows from Financing activities	204,348	25,760
Net (reduction)/ increase in cash and cash equivalents	57,306	(14,850)