

# Q1'22 Trading Update



**ELVALHALCOR**

HELLENIC COPPER AND ALUMINIUM INDUSTRY S.A.



Athens, 23<sup>rd</sup> of May 2022

# Trading Update

## Q1'22

### Strong Growth and Profitability

- Increased sales volumes by 8.7% and turnover by 42.7%
- Operational profitability (a-EBITDA) at EUR 74.7 million, up by 78.3% versus Q1'21.

2022 started with an uptrend, maintaining the momentum of 2021, as demand remained especially strong in most segments, and the Company capitalised on its increased capacity, mainly in the aluminium segment. As a result, consolidated sales volumes grew by 8.7%, driven primarily by the aluminium segment products, up by 10.9%, followed by the copper segment products, up by 5.0%.

Strong global demand and higher energy costs in the primary production led to a rapid increase in the LME metal prices, with the average price of copper reaching EUR 8.916 /t (26.3% higher versus Q1'21) and the average price of aluminium reaching EUR 2,927/t (increased by 68.1% compared to Q1'21). The combination of increased volumes and metal prices resulted in historically high sales revenue of EUR 923.6 million for Q1'22 (increased by 42.7% compared to EUR 647.3 million for Q1'21).

### Group

Amount in €' 000	Q1'22	Q1'21
Sales	923,575	647,323
Gross profit	109,296	68,717
EBITDA	102,062	67,061
a-EBITDA	74,689	41,885
EBIT	85,640	50,684
Net financial result	(8,574)	(7,152)
Profit before tax	78,211	44,490
Profit after tax	66,897	35,989
Profit after tax & non-controlling interests	65,345	34,778
Earnings per share (€)	0.1741	0.0927

The strength of demand supported the improvement of conversion prices and, combined with the increased sales volumes, resulted in increased adjusted consolidated earnings before taxes, interest, depreciation and amortisation, metal result, and other incidental costs (a-EBITDA, which better represents the operational profitability of the Company) by 78.3%, to EUR 74.7 million versus EUR 41.9 million for the respective prior period.

The uptrend in metal prices resulted in accounting profits from metal, which reached EUR 28.3 million for Q1'22 versus a profit of EUR 26.3 million for Q1'21. Supported by the positive metal result, gross profit increased to EUR 109.3 million compared to EUR 68.7 million in Q1'21. Furthermore, it is also noteworthy that safeguarding of the Company's personnel and stakeholders from the effects of the pandemic continued throughout the period, at a rate adjusted with the evolution of the situation, resulting to EUR 0.8 million of expenses attributable to this included in the consolidated results versus EUR 1.1 million during Q1'21. Consolidated profit before tax, interest, depreciation and amortisation (EBITDA) amounted to EUR 102.0 million versus EUR 67.1 for Q1'21.

High metal prices and production and sales volumes that affected the Group's working capital, combined with the accelerated investment programme, resulted in an increase of net debt by EUR 228 million compared to the closing of 2021. The gradually declining borrowing costs achieved by the Group partially mitigated the rise in finance costs, with net financial results amounting to EUR 8.6 million compared to EUR 7.2 million for Q1'21. It is also worth noting that during the first quarter of 2022, the Company started using interest rate swaps for variable rate loans with the purpose of countering the effects of the uptrend in interest rates and the hedging of finance costs.



Finally, profit after tax amounted to EUR 66.9 million versus EUR 36.0 million for Q1'21, with profit after tax and non-controlling interest reaching EUR 65.3 million for Q1'22 or (EUR 0.1741 per share), up from EUR 34.8 million for Q1'21 (or EUR 0.0927 per share).

## Per segment analysis

For the 3 months until	Sales		EBITDA		a-EBITDA		EBIT		EBT	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
€'000										
Aluminium	442,935	291,782	66,737	32,472	53,221	25,815	55,258	21,197	50,380	17,462
Copper	480,640	355,541	35,325	34,589	21,468	16,070	30,382	29,487	27,832	27,028
<b>Total</b>	<b>923,575</b>	<b>647,323</b>	<b>102,062</b>	<b>67,061</b>	<b>74,689</b>	<b>41,884</b>	<b>85,640</b>	<b>50,684</b>	<b>78,211</b>	<b>44,490</b>

## Aluminium

In the first quarter of 2022, the aluminium segment continued increasing its sales volumes, growing by 10.9% versus Q1'21, whereas turnover amounted to EUR 442.9 million, an increase of 51.8%. The segment was positively affected by the increased volumes of the beverages, the building and construction, and transportation markets, and improved its product mix, utilising the increased production capacity from the integration of the new, state-of-the-art hot rolling mill in the production (Tandem). Earnings before taxes amounted to EUR 50.4 million versus EUR 17.5 million for the respective prior period of 2021, while a-EBITDA amounted to a profit of EUR 53.2 million in Q1'22 versus EUR 25.8 million in Q1'21.

In regards to the investment programme, the second phase which will further raise production capacity is rapidly heading to completion, with new investments in PPE reaching EUR 59,3 million, out of which EUR 53.3 million were dedicated to the production facilities of the aluminium rolling facilities of the Company in Oinofyta, Greece. These investments include the acquisition of property, which will be used as a logistics centre for the storage and transportation of its products in the long run.

## Copper

The copper segment marked an increase in sales volumes by 5.0% in Q1'22, with the uninterrupted uptrend of the last years fuelled by the full recovery of copper alloy extrusion products and the increased sales volumes of copper extruded products. Boosted by the increased copper prices in the international markets, sales revenue amounted to EUR 480.6 million, marking an increase of 35.2%. Profits before tax amounted to EUR 27.8 million versus EUR 27.1 million in Q1'21, while a-EBITDA improved to EUR 21.5 million in Q1'21 versus EUR 16.1 million in the respective previous period.

Regarding investments for Q1'22, EUR 2.5 million were spent, out of which the amount of EUR 1.3 million by subsidiary Sofia Med.

## Prospects for 2022

For 2022, the continued uptrend in prices of major cost elements and the continuing supply chain disruptions cause inflationary pressures and rising interest rates which raise concerns about global growth. The Group has already taken steps, either by using hedging techniques or by passing on the costs, in the markets that this is possible, but also through the creation of new partnerships to maintain its flexibility.

In conclusion, despite the fact that various factors of uncertainty remain, ElvalHalcor faces the future with optimism, as it is well-positioned to utilise its extensive product portfolio, as well as its strategic advantages, such as the customer-centric philosophy, the international orientation of sales, with no dependency on countries or geographical areas, 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 megatrends of circular economy, transition to climate neutrality and urbanization 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**

	31/03/2022	31/12/2021
ASSETS	€' 000	€' 000
Non-current assets	1,187,673	1,123,801
Inventories	835,789	697,605
Trade receivables	464,765	298,243
Other current assets	32,631	19,950
Cash and cash equivalents	57,807	91,144
<b>TOTAL ASSETS</b>	<b>2,578,665</b>	<b>2,230,742</b>
EQUITY & LIABILITIES		
Share Capital	146,344	146,344
Other Company's shareholders equity	725,502	642,874
<b>Company's shareholders equity</b>	<b>871,846</b>	<b>789,219</b>
Minority rights	20,681	19,098
<b>Total Equity</b>	<b>892,527</b>	<b>808,316</b>
Long term borrowings liabilities	788,072	672,504
Provisions / Other long term liabilities	100,130	101,331
Short term borrowings liabilities	285,120	205,694
Other short term liabilities	512,816	442,896
<b>Total Liabilities</b>	<b>1,686,138</b>	<b>1,422,425</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>2,578,665</b>	<b>2,230,742</b>

**Condensed Consolidated  
Statement of Cash Flows**

	31/03/2022	31/03/2021
	€' 000	€'000
Net cash flows from Operating activities	(164,135)	(23,454)
Net cash flows from Investing activities	(63,272)	(30,091)
Net cash flows from Financing activities	194,071	68,896
Net (reduction)/ increase in cash and cash equivalents	<b>(33,336)</b>	<b>15,352</b>