

Financial Results H1'22



ELVALHALCOR

HELLENIC COPPER AND ALUMINIUM INDUSTRY S.A.



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Financial Results H1'22

Strong Growth and Profitability

- Increase in sales volumes by 9.2% and turnover by 45.9%
- Operational profitability (a-EBITDA) at EUR 159.6 million, up by 87.2% versus H1'21.

For the first semester of 2022, demand remained particularly strong in most segments of the economy, driven by the post-pandemic recovery of the markets, despite inflationary pressures. The Group recorded a significant ramp-up of its sales by 45,8%, reaching the historically high level of EUR 1,960 million for H1'22 compared to EUR 1,344 million for the respective period of 2021, driven by increased sales volume, mainly in the aluminium segment, and increased metal and conversion prices.

Specifically, LME metal prices rose in comparison to the respective prior period, with the average price of aluminium reaching EUR 2.817/tn (51.1% higher versus H1'21) and the average price of copper reaching EUR 8,922/tn (increased by 18.3% compared to H1'21). Sales volume grew by 9.2%, as the Group took advantage of strong demand, especially in segments with high growth due to global sustainability megatrends, in which has focused its investments on, i.e. the rigid aluminium packaging segment.

Amount in €' 000	Group		Company	
	H1'22	H1'21	H1'22	H1'21
Sales	1,959,699	1,343,916	1,394,958	880,703
Gross profit	215,536	130,706	150,457	78,444
EBITDA	206,207	122,776	149,015	78,031
a-EBITDA	159,602	85,240	112,070	55,119
EBIT	171,946	88,975	126,348	54,801
Net financial result	(18,488)	(14,412)	(14,833)	(10,935)
Profit before tax	153,534	97,875	128,912	78,814
Profit after tax	120,952	85,799	105,524	70,223
Profit after tax & non-controlling interests	119,111	83,572	105,524	70,223
Earnings per share (€)	0.3174	0.2227	0.2812	0.1871

Adjusted consolidated earnings before taxes, interest, depreciation and amortisation, metal result, and other incidental costs (a-EBITDA), which better reflects the operational profitability of the Company, rose by 87.2%, reaching EUR 159.6 million versus EUR 85.2 million for the respective prior period, driven by the improved conversion prices and the aforementioned increase in sales volume.

Gross profit amounted to EUR 215.5 million compared to EUR 130.7 million in H1'21, while consolidated earnings before interest, taxes, depreciation & amortisation (EBITDA) amounted to EUR 206.2 million compared to EUR 122.8 million in the prior period. The above figures were positively affected by the metal result, which reached EUR 47.0 million for H1'22 versus EUR 41.4 million for H1'21.

The net financial result stood at EUR 18.5 million for H1'22 vs EUR 14.4 million for H1'21. This increase is attributable to the growing net debt as a result of increased working capital needs. The uptrend in metal prices, higher production and sales volumes as well as the increased stock in semifinished products, due to a scheduled maintenance of the extrusion press of the Copper and Alloys Extrusion Division of the Company, now scheduled to take place during October, affected the Group's working capital in conjunction with the major investment program, resulting in increased net debt by EUR 262 million compared to 31.12.2021. It is also worth noting that during the first semester of 2022, the Company started using hedging interest rate swaps for variable rate loans to counter the effects of the uptrend in interest rates and the hedging of finance costs.

Finally, profit after tax reached EUR 121.0 million versus EUR 85.8 million for H1'21. Profit after tax and non-controlling interest stood at EUR 119.1 million for H1'22 or (EUR 0,3174 per share), up from EUR 83.6 million for H1'21 (or EUR 0.2227 per share).

Per segment analysis

For the 6 months until	Sales		EBITDA		a-EBITDA		EBIT		EBT	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021	30/06/2022	30/06/2021	30/06/2022	30/06/2021	30/06/2022	30/06/2021
€'000										
Aluminium	982,366	604,473	158,466	66,947	119,067	56,239	135,097	44,358	122,582	37,103
Copper	977,334	739,443	47,741	55,828	40,535	29,001	36,850	44,617	30,953	60,771
Total	1,959,699	1,343,916	206,207	122,776	159,602	85,240	171,946	88,975	153,534	97,875

Net Debt			
€'000	30/6/2022	31/12/2021	30/6/2021
Aluminium	694,610	495,958	405,603
Copper	354,140	291,097	273,014
Σύνολο	1,048,750	787,054	678,617

Aluminium segment

In the first semester of 2022, the aluminium segment maintained its upward trend, with turnover increasing by 65.5% and reaching EUR 982.4 versus EUR 604.5 million in H1'21. The segment was positively affected by the increase in sales volumes by 11.5% versus H1'21, mainly driven by the beverages market, leveraging on the increased production capacity through the integration of the new state-of-the-art hot rolling mill (Tandem) in the production process, as well as by directing its product mix towards higher value-added products. Earnings before taxes amounted to EUR 122.6 million against EUR 37.1 million for the respective prior period of 2021, while a-EBITDA amounted to a profit of EUR 119.1 million in H1'22 versus EUR 56.2 million in H1'21.

Net debt amounted to EUR 695 million on 30.06.2022, recording an increase by EUR 199 million compared to 31.12.2021, following the major investment program and the increased metal prices of aluminium.

The second phase of the investment program, which will further raise production capacity, is rapidly approaching its completion, as the new cold rolling mill has already entered the testing phase, and the new lacquering line is expected to be completed by the year-end. New investments in PPE reached EUR 92,0 million, out of which EUR 80.2 million were dedicated to the production facilities of the Aluminium Rolling Division of the Company in Oinofyta. These investments include the acquisition of land and buildings which will be used as a logistics centre for the storage and transportation of its products in the long run.

Copper

Revenue of the copper segment stood at EUR 977.3 million vs. EUR 739.4 million in the respective prior-year period, boosted by the increased metal prices in international markets and increased conversion prices that absorbed increases in production costs. Sales volumes marked an increase of 5.1% in H1'22, with the uninterrupted uptrend of the last years, being fuelled by the full recovery of copper alloy products and the marginal increase in sales volumes of copper tubes. On the other hand, sales volumes of flat rolled products dropped slightly due to the change in sales mix towards more difficult, high value-added products. Profits before tax amounted to EUR 31.0 million versus EUR 60.8 million in H1'21, while a-EBITDA improved to EUR 40.5 million in H1'22 compared to EUR 29.0 million in the respective previous period.

Net debt amounted to EUR 354 million on 30.06.2022, marking an increase by EUR 63 million from 31.12.2021, deriving from the increased inventory levels for semifinished products due to the scheduled upgrading of the extrusion press of the copper and alloys extrusion division of the Company and the substantially increased metal prices for copper.

Regarding investments for H1'22, these reached EUR 5.6 million, out of which EUR 3.1 million was invested in the production facilities of the Copper and Alloys Extrusion Division of the Company, while EUR 2.1 million was related to investments in the group's subsidiary Sofia Med.

Prospects for 2022

For the second semester of 2022, the continued uptrend in prices of major cost elements as well as the possibly continuing supply chain disruptions cause inflationary pressures. The decisions of central banks regarding increases in interest rates, raise concerns about global growth. The Group has already taken measures, either by using hedging techniques or by passing on the costs, in those markets where this is possible, but also through the creation of new partnerships in order to maintain its flexibility.

In conclusion, despite the fact that the intensity of the energy crisis raises uncertainty, ElvalHalcor anticipates the future with optimism, as it is well-positioned to leverage on its extensive product portfolio, as well as its strategic advantages, such as its 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 have either just been completed or are in the execution phase, play an important key role. The aforementioned investments are focused on sectors and products with strong growth potential driven by the megatrends of circular economy, transition to climate neutrality as well as urbanisation and sustainability, which further enhance the Company's production capacity and its utilisation, allowing ElvalHalcor to maintain its growth momentum.

Consolidated Interim

Statement of Financial Position

	30/06/2022	31/12/2021	30/06/2021
	€' 000	€' 000	€' 000
ASSETS			
Non-current assets	1,215,607	1,123,801	1,059,733
Inventories	968,216	697,605	609,326
Trade receivables	432,181	298,321	308,980
Other current assets	56,970	19,872	16,401
Cash and cash equivalents	22,699	91,144	51,786
TOTAL ASSETS	2,695,674	2,230,742	2,046,226
EQUITY & LIABILITIES			
Share Capital	146,344	146,344	146,344
Other Company's shareholders equity	798,287	642,874	611,514
Company's shareholders equity	944,632	789,219	757,858
Minority rights	19,000	19,098	18,873
Total Equity	963,631	808,316	776,730
Long term borrowings liabilities	758,942	672,504	462,020
Provisions / Other long term liabilities	113,210	101,331	92,352
Short term borrowings liabilities	312,507	205,694	268,382
Other short term liabilities	547,383	442,896	446,741
Total Liabilities	1,732,042	1,422,425	1,269,495
TOTAL EQUITY & LIABILITIES	2,695,674	2,230,742	2,046,226

Condensed Consolidated

Statement of Cash Flows

	30/06/2022	30/06/2021
	€' 000	€' 000
Net cash flows from Operating activities	(146,268)	32,364
Net cash flows from Investing activities	(100,822)	(74,295)
Net cash flows from Financing activities	178,645	59,878
Net (reduction)/ increase in cash and cash equivalents	(68,445)	17,948