

# Press Release

## 9M'22



**ELVALHALCOR**

HELLENIC COPPER AND ALUMINIUM INDUSTRY S.A.



Athens, 24<sup>th</sup> of November 2022

# Trading Update

## 9M'22

### Strong Growth and Profitability

- Considerable increase in turnover by 38.2% and sales volumes by 7.8%
- Robust operational profitability (a-EBITDA) at EUR 230.7 million, up by 76.9% versus 9M'21.

Despite the economic challenges in combination with the increased interest rates and inflationary pressures in most segments of the economy, during Q3'22, the Group continued its upward trend, recording an increase of sales by 38,2%, reaching EUR 2,877 million for 9M'22 compared to EUR 2,082 million for the respective period of 2021. Sales increase is attributable to increased sales volume, mainly in the aluminium segment, and higher metal as well as improved conversion prices.

LME metal prices following their peak in Q1'22, moved downwards then stabilised in Q3'22. The average price of aluminium reached EUR 2,649/tn (32.2% higher versus 9M'21) and the average price of copper reached EUR 8,492/tn (increased by 10.6% compared to 9M'21). Sales volume grew by 7.8%, as the Group took advantage of strong demand, especially in segments with high growth due to global sustainability megatrends, in which the Group has focused its investments on, i.e. the rigid aluminium packaging segment.

#### Group

Amount in €' 000	9M'22	9M'21	Δ%	Q3'22	Q3'21	Δ%
Sales	2,877,417	2,082,514	38%	917,718	738,597	24%
Gross profit	307,963	187,435	64%	92,427	56,729	63%
EBITDA	294,712	175,678	68%	88,505	52,903	67%
a-EBITDA	230,739	130,416	77%	71,137	45,177	57%
EBIT	242,613	124,738	94%	70,666	35,762	98%
Net financial result	(29,765)	(22,194)	34%	(11,415)	(7,782)	47%
Profit before tax	205,746	125,551	64%	52,212	27,676	89%
Profit after tax	164,749	117,930	40%	43,797	32,132	36%
Profit after tax & non-controlling	162,757	120,483	35%	43,646	36,911	18%
Earnings per share (€)	0.4337	0.3211	35%	0.1163	0.0984	18%

Adjusted consolidated earnings before taxes, interest, depreciation and amortisation, metal result, and other incidental costs (a-EBITDA), which better reflect the operational profitability of the Company, rose by 76.9%, reaching EUR 230.7 million versus EUR 130.4 million for the respective prior period, driven by the improved conversion prices and the aforementioned increase in sales volume.

Gross profit amounted to EUR 308.0 million compared to EUR 187.4 million in 9M'21, while consolidated earnings before interest, taxes, depreciation & amortisation (EBITDA) amounted to EUR 294.7 million compared to EUR 175.7 million in the prior period. The above figures were positively affected by the accounting metal result, which reached EUR 64.5 million for 9M'22 versus EUR 49.9 million for 9M'21.

Net financial result stood at EUR 29.8 million for 9M'22 vs EUR 22.2 million for 9M'21. This increase is attributable to the growing net debt as a result of increased working capital needs and the increased investment programme. More specific, the uptrend in metal prices, higher production and sales volumes as well as the increased stock in semi-finished products, due to the scheduled revamping of the extrusion press of the Copper and Alloys Extrusion Division of the Company, which was successfully completed on October, affected the Group's working capital in conjunction with the major investment program, resulting in increased net debt by EUR 301 million compared to 31.12.2021. 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 164.8 million for the period versus EUR 117.9 million for 9M'21. Profit after tax and non-controlling interest stood at EUR 162.8 million for 9M'22 or (EUR 0,4337 per share), up from EUR 120.5 million for 9M'21 (or EUR 0.3211 per share).

## Per segment analysis

For the 9 months until 30.09	Sales		EBITDA		a-EBITDA		EBIT		EBT	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021	30/09/2022	30/09/2021	30/09/2022	30/09/2021	30/09/2022	30/09/2021
€'000										
Aluminium	1,501,894	964,943	225,312	101,221	177,422	85,506	189,592	65,949	168,245	54,274
Copper	1,375,523	1,117,571	69,400	74,458	53,317	44,910	53,021	58,789	37,501	71,277
<b>Total</b>	<b>2,877,417</b>	<b>2,082,514</b>	<b>294,712</b>	<b>175,678</b>	<b>230,739</b>	<b>130,416</b>	<b>242,613</b>	<b>124,738</b>	<b>205,746</b>	<b>125,551</b>

For the 3 months from 01.07 to 30.09	Sales		EBITDA		a-EBITDA		EBIT		EBT	
	Q3'22	Q3'21	Q3'22	Q3'21	Q3'22	Q3'21	Q3'22	Q3'21	Q3'22	Q3'21
€'000										
Aluminium	519,529	360,470	66,846	34,274	58,355	29,267	54,495	21,591	45,663	17,171
Copper	398,189	378,127	21,659	18,629	12,782	15,909	16,171	14,171	6,549	10,505
<b>Total</b>	<b>917,718</b>	<b>738,597</b>	<b>88,505</b>	<b>52,903</b>	<b>71,137</b>	<b>45,177</b>	<b>70,666</b>	<b>35,762</b>	<b>52,212</b>	<b>27,676</b>

Net Debt			
€'000	30/9/2022	31/12/2021	30/9/2021
Aluminium	747,158	495,958	452,429
Copper	340,919	291,097	277,889
<b>Σύνολο</b>	<b>1,088,750</b>	<b>787,054</b>	<b>730,318</b>

## Aluminium segment

The aluminium segment maintained its upward trend, with turnover increasing by 55.6% and reaching EUR 1,502.0 million versus EUR 965.0 million in 9M'21. The segment was positively affected by the increase in sales volumes by 10.7% versus 9M'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. Earnings before taxes amounted to EUR 168.2 million against EUR 54.3 million for the respective prior period of 2021, while a-EBITDA amounted to a profit of EUR 177.4 million in 9M'22 versus EUR 85.5 million in 9M'21.

Net debt amounted to EUR 747,2 million on 30.09.2022, recording an increase by EUR 251,2 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 commenced its operation, and the new lacquering line is expected to be completed by the year-end. New investments in PPE reached EUR 127,0 million, out of which EUR 111.7 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.

Regarding the war in Ukraine, the Aluminium segment recorded an impairment loss of EUR 1.9 million for the period due to the revised assessment for the commercial subsidiaries of ETEM S.A..

## Copper

Revenue of the copper segment stood at EUR 1,375.5 million vs. EUR 1,117.6 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 grew slightly by 23% in 9M'22, as Q3'22 marked a reduction in sales volume of copper tubes and copper alloys extruded products. Sales volumes of flat rolled products dropped slightly due to the change in sales mix towards more difficult, high value-added products, although demand was not affected on the third quarter of 2022. On the contrary, extruded copper products (bus bars) continued their upward trend. Profits before tax amounted to EUR 37.5 million versus EUR 71.3 million in 9M'21 (which was positively affected by the extraordinary profit from distribution in kind of Cenergy Holdings shares), while a-EBITDA improved to EUR 53.3 million in 9M'22 compared to EUR 44.9 million in the respective previous period.

Net debt amounted to EUR 340.9 million on 30.09.2022, marking an increase by EUR 49.8 million from 31.12.2021, as a result of the increased inventory levels for semi-finished products due to the scheduled revamping of the extrusion press of the copper and alloys extrusion division of the Company, which was successfully completed in October.

Regarding investments for 9M'22, these reached EUR 7.8 million, out of which EUR 4.2 million was invested in the production facilities of the Copper and Alloys Extrusion Division of the Company, while EUR 3.1 million was related to investments in the group's subsidiary Sofia Med.

## Outlook

For the last quarter of 2022, the continued increases in interest rates by the central banks raise concerns about global growth. The inflationary pressures, the emerging economic slowdown, the war in Ukraine, raise risks for which the Group uses measures in order to mitigate either with hedging techniques or by passing on the costs, in those markets where this is possible.

Finally, despite the above negative risks that raise uncertainties, 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	30/09/2022	31/12/2021	30/09/2021
<b>ASSETS</b>	<b>€' 000</b>	<b>€' 000</b>	<b>€' 000</b>
Non-current assets	1,259,618	1,123,801	1,092,184
Inventories	1,004,236	697,605	647,142
Trade receivables	403,812	298,243	323,012
Other current assets	57,355	19,950	18,723
Cash and cash equivalents	43,962	91,144	33,434
<b>TOTAL ASSETS</b>	<b>2,768,983</b>	<b>2,230,742</b>	<b>2,114,495</b>
<b>EQUITY &amp; LIABILITIES</b>			
Share Capital	146,344	146,344	146,344
Other Company's shareholders equity	871,489	642,874	646,753
Company's shareholders equity	1,017,833	789,219	793,097
Minority rights	18,963	19,098	19,097
Total Equity	1,036,796	808,316	812,194
Long term borrowings liabilities	801,400	672,504	465,431
Provisions / Other long-term liabilities	115,769	101,331	92,526
Short term borrowings liabilities	330,639	205,694	298,321
Other short-term liabilities	484,379	442,896	446,024

Total Liabilities	<b>1,732,187</b>	<b>1,422,425</b>	<b>1,302,301</b>
TOTAL EQUITY & LIABILITIES	<b>2,768,983</b>	<b>2,230,742</b>	<b>2,114,495</b>

**Condensed Consolidated  
Statement of Cash Flows**

	<b>30/09/2022</b>	<b>31/12/2022</b>	<b>30/09/2021</b>
	<b>€' 000</b>	<b>€' 000</b>	<b>€' 000</b>
Net cash flows from Operating activities	<b>(137,507)</b>	<b>22,294</b>	<b>18,304</b>
Net cash flows from Investing activities	<b>(138,526)</b>	<b>(169,337)</b>	<b>(111,914)</b>
Net cash flows from Financing activities	<b>228,852</b>	<b>204,349</b>	<b>92,947</b>
Net (reduction)/ increase in cash and cash equivalents	<b>(47,182)</b>	<b>57,306</b>	<b>(663)</b>