

9M 2019 Trading Update Financial Results

Increase of volumes and a-EBITDA

- Sales volumes increased by 3.1% year-on-year in 9M 2019
- a-EBITDA increased to EUR 123.5 million in 9M 2019 versus EUR 107.2 million in 9M 2018

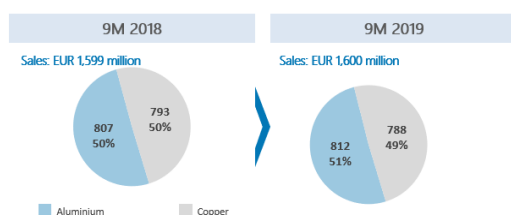
ElvalHalcor continued to demonstrate operational growth, with sales volumes increasing by 3.1% year-on-year, and improving product mix and conversion prices. However, as metal prices continued to decline year-on-year in the nine month period, with the average prices of aluminium, copper and zinc down by 11.1%, 3.4% and 8.4%, respectively sales amounted to EUR 1,599.8 million in 9M 2019, in effect remaining at the same levels of 9M 2018 (EUR 1,599.4).

As a result of the above, adjusted consolidated earnings before taxes, interest, depreciation and amortization and metal price lag (a-EBITDA), which depict more accurately the operational profitability of ElvalHalcor, reported a significant year-on-year increase by EUR 16.4 million or 15.3%, reaching EUR 123.5 million versus EUR 107.2 million in 9M 2018.

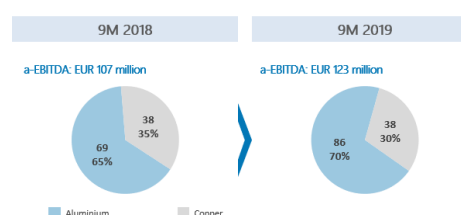
Consolidated gross profit amounted to EUR 122.1 million in 9M 2019, compared to EUR 126.2 million for the respective period in 2018 affected by the accounting metal result, which equated to a loss of EUR 4.6 million in the period, in comparison to a gain of EUR 17.5 million in 9M 2018. This drop was driven by the downward trend of metal prices in the international markets and consequently impacted earnings before taxes, interest, depreciation and amortization (EBITDA), which amounted to EUR 118.9 million in the period, compared to EUR 124.6 million in 9M 2018.

Consolidated finance costs improved by 21.3% year-on-year, due to decreased interest margins following the renegotiation of loans of both the parent company and its subsidiaries. The increased operational profitability of the Group, as reflected in the adjusted EBITDA of the period, and the improved financial costs, more than offset the reduction in the metal result, leading to consolidated earnings before taxes of EUR 60.2 million versus EUR 52.9 million for the respective prior year period. Finally, profit after tax amounted to EUR 43.0 million in 9M 2019 (9M 2018: EUR 43.4 million).

Sales in EUR million



a-EBITDA in EUR million



Amounts in €'000s	GROUP		GROUP	
	9M 19	9M 18 ¹	Q3'19	Q3'18 ¹
Sales	1,599,812	1,599,424	518,857	546,261
Gross profit	122,126	126,243	46,175	42,753
EBITDA	118,918	124,613	48,784	42,118
a-EBITDA	123,539	107,161	45,060	38,417
EBIT	76,858	78,103	34,556	26,405
Net financial result	(19,603)	(24,913)	(6,445)	(7,515)
Profit before tax	60,186	52,884	28,690	19,782
Profit after tax	43,025	43,353	23,169	13,816
Profit after tax & non-controlling interests	42,458	42,854	22,943	13,953
Earnings per share	0.1131	0.1142	0.0611	0.0372

Per segment analysis

For the 9 months until 30.09	Sales		EBITDA		a-EBITDA		EBIT		EBT	
	30/9/2019	30/9/2018	30/9/2019	30/9/2018	30/9/2019	30/9/2018	30/9/2019	30/9/2018	30/9/2019	30/9/2018
€'000										
Aluminium	811,554	806,639	85,600	85,718	86,014	69,190	57,302	52,537	49,048	40,857
Copper	788,258	792,785	33,318	38,896	37,525	37,971	19,556	25,566	11,138	12,027
Total	1,599,812	1,599,424	118,918	124,613	123,539	107,161	76,858	78,103	60,186	52,884

¹ The a-EBITDA has been recalculated incorporating changes for improved presentation of the operational results of the Group regarding the calculation of the metal result. The prior year a-EBITDA, as published for the 9M'2018 period was EUR 108,610 thousand and for Q3'2018 was EUR 39,866 thousand.

Aluminium

The aluminium rolling segment increased sales volumes by 4.2% in 9M 2019, resulting in a 0.6% year-on-year increase in turnover to EUR 811.6 million. Despite declining aluminium prices in the period, profit before tax amounted to EUR 49.0 million, up 19.8% from EUR 40.9 million in 9M 2018, while a-EBITDA increased to EUR 86.0 million in 9M 2019 (9M 2018: EUR 69.2 million). This positive performance reflects the segment's ability to successfully take advantage of favourable conditions in the global market and selectively increase sales in products and markets of high profitability. In the nine month period, the segment stretched the limits of production capacity, which is expected to significantly increase following the completion of the investment in the new hot-rolling mill.

In 9M 2019, EUR 106.7 million was invested in the segment to acquire fixed assets, with EUR 97.9 million used to develop the production facilities of the aluminum rolling division of the parent company at Oinofyta, part of the ongoing investment program of EUR 150 million.

Copper

In 9M 2019, the copper segment continued to gain market share and increased sales volumes, by 1.3% year-on-year, despite the downturn in the automotive industry which significantly reduced demand for rolling products, and a slowdown in European economic growth, with sales amounting to EUR 788.3 million (9M 2018: EUR 792.8 million). Profit before tax amounted to EUR 11.1 million (9M 2018: EUR 12.0 million), due to a decline in copper and zinc prices which outstripped the positive impact of savings in financial costs. Meanwhile, a-EBITDA declined marginally year-on-year to EUR 37.5 million (9M 2018: EUR 38.0 million).

In the nine month period, EUR 13.2 million was invested in the copper segment, of which EUR 4.6 million was used to develop the copper tube plant at Oinofyta, EUR 0.8 million for the "Epirus Metalworks Industry S.A." plant and EUR 7.9 million for the completion of the investment program and new investments in the subsidiary Sofia Med.

Prospects for the last quarter of 2019

In Q4 2019, the Company remains diligently focused on further expansion. The focus of this target is set on growing exports in both European and non-European markets, increasing of the Company's market share in industrial products and exploring growth opportunities in new markets.

Consolidated Condensed Statement of Financial Position

	30/09/2019	31/12/2018	30/09/2018
ASSETS	€' 000	€' 000	€' 000
Non-current assets	977,675	894,998	880,094
Inventories	502,813	519,218	497,268
Trade receivables	248,172	218,285	272,602
Other current assets	8,741	3,306	1,926
Cash and cash equivalents	23,188	34,241	43,038
Assets held for sale	4,495	4,495	4,495
TOTAL ASSETS	1,765,084	1,674,543	1,699,423
EQUITY & LIABILITIES			
Share Capital	146,344	146,344	146,344
Other Company's shareholders equity	599,923	570,444	550,387
Company's shareholders equity	746,268	716,788	696,732
Minority rights	14,144	13,679	13,572
Total Equity	760,412	730,468	710,303
Long term borrowings liabilities	466,999	384,415	418,753
Provisions / Other long-term liabilities	88,705	94,721	104,345
Short term borrowings liabilities	154,054	193,553	212,047
Other short-term liabilities	294,915	271,386	253,975
Total Liabilities	1,004,673	944,075	989,120
TOTAL EQUITY & LIABILITIES	1,765,084	1,674,543	1,699,423

Condensed Consolidated of Statement of Cash Flows

	30/9/2019	30/9/2018
	€ '000	€ '000
Net cash flows from Operating activities	68,922	23,050
Net cash flows from Investing activities	(107,170)	(76,505)
Net cash flows from Financing activities	27,195	55,047
Net (reduction)/ increase in cash and cash equivalents	(11,053)	1,592