

BORYSZEW GROUP

H1 2019 FINANCIAL RESULTS



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1. Boryszew Group – H1 2019 Summary

2. Market environment

3. H1 2019 financials

4. Operating segments

5. Plans for the next quarters



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KEY FACTORS AFFECTING THE GROUP IN H1 2019

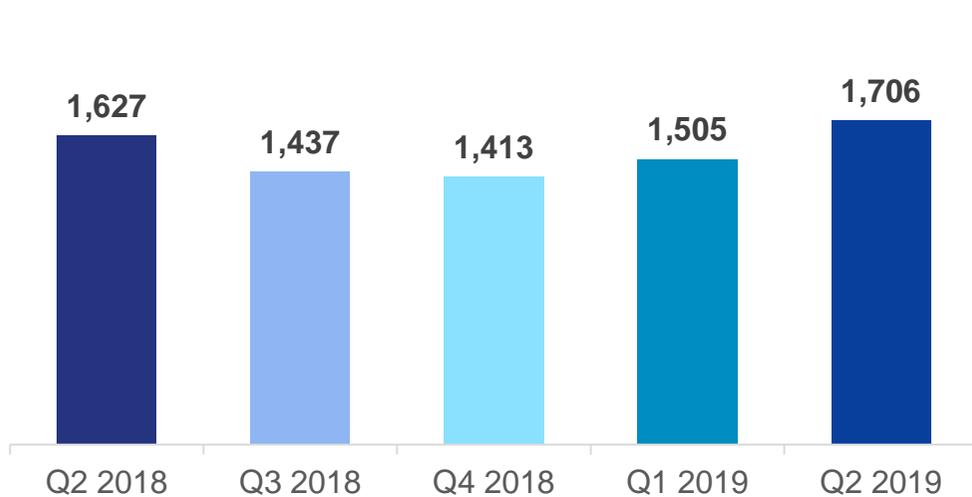
- A noticeable economic slowdown in Western Europe;
- Pay rise pressure in Poland;
- Consolidation of Alchemia Group in Boryszew's Q2 results;
- Freezing the energy prices in H1 2019 on the 2018 level;
- Acquisition of shares in Alchemia S.A. and Impexmetal S.A.;
- Market uncertainty related to the US-China trade war.



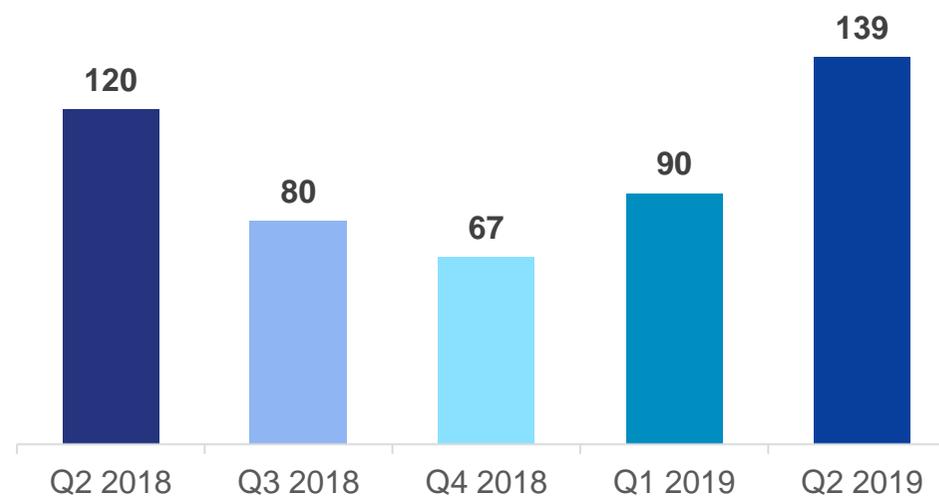
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BORYSZEW GROUP – H1 2019 SUMMARY

Revenues
[PLN m]



EBITDA
[PLN m]



Net profit
[PLN m]





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QUOTATIONS OF KEY METALS (PLN/t)

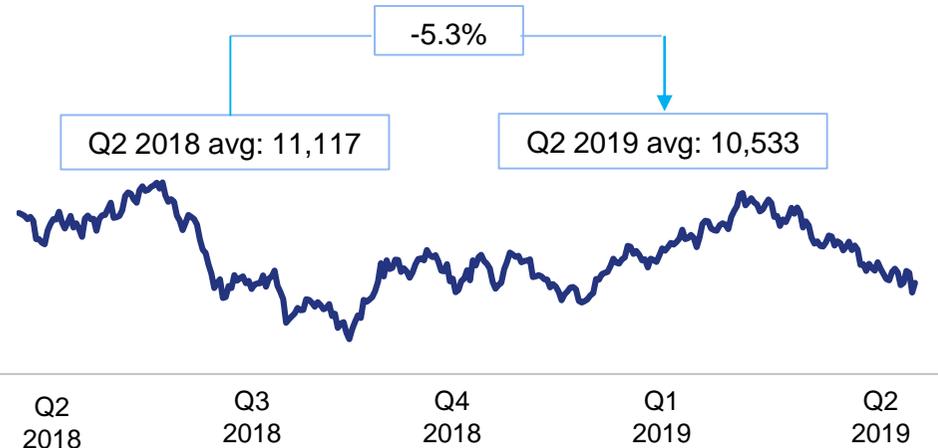
Aluminium



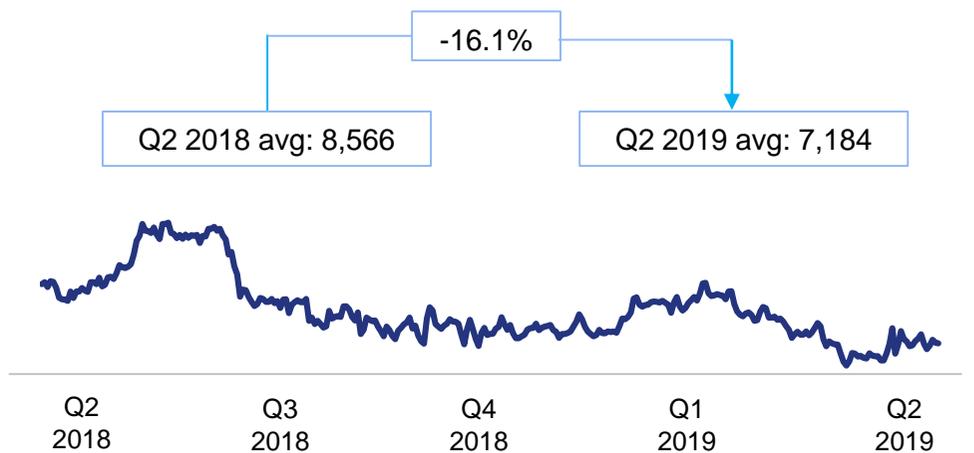
Copper



Zinc



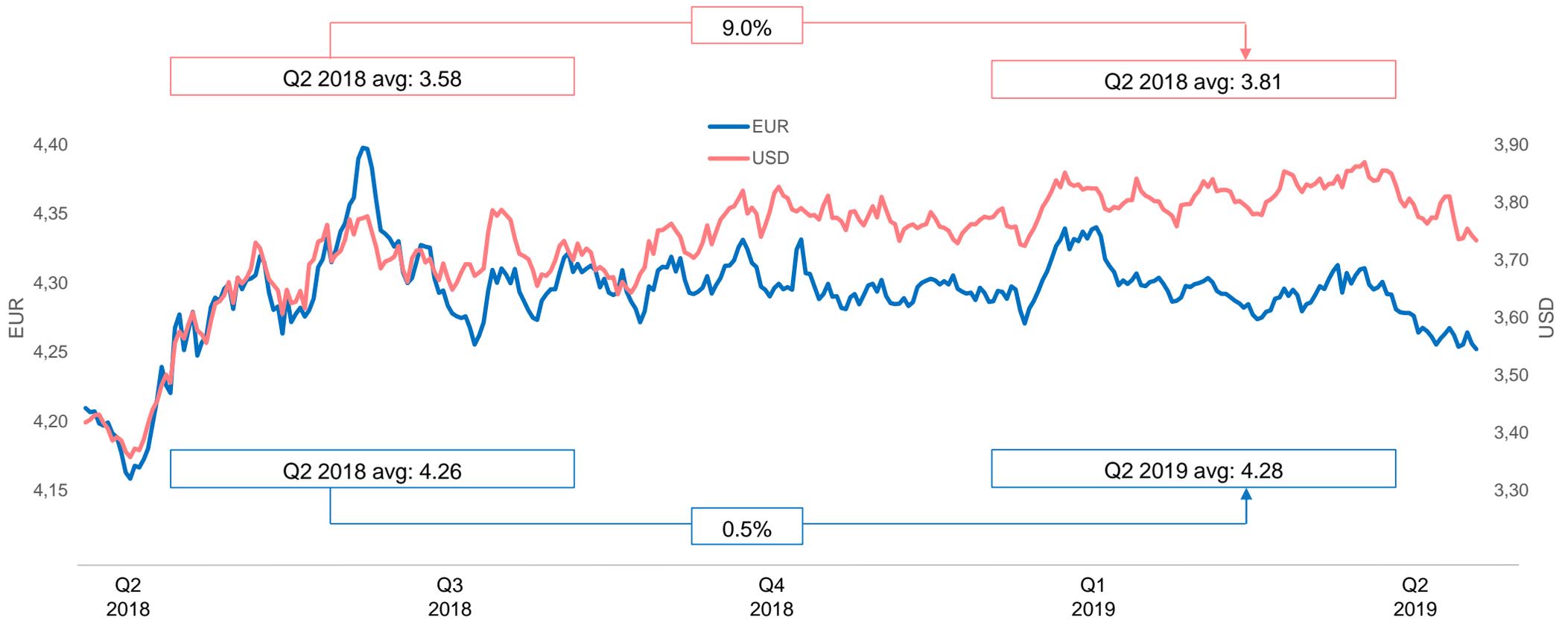
Lead





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EXCHANGE RATES

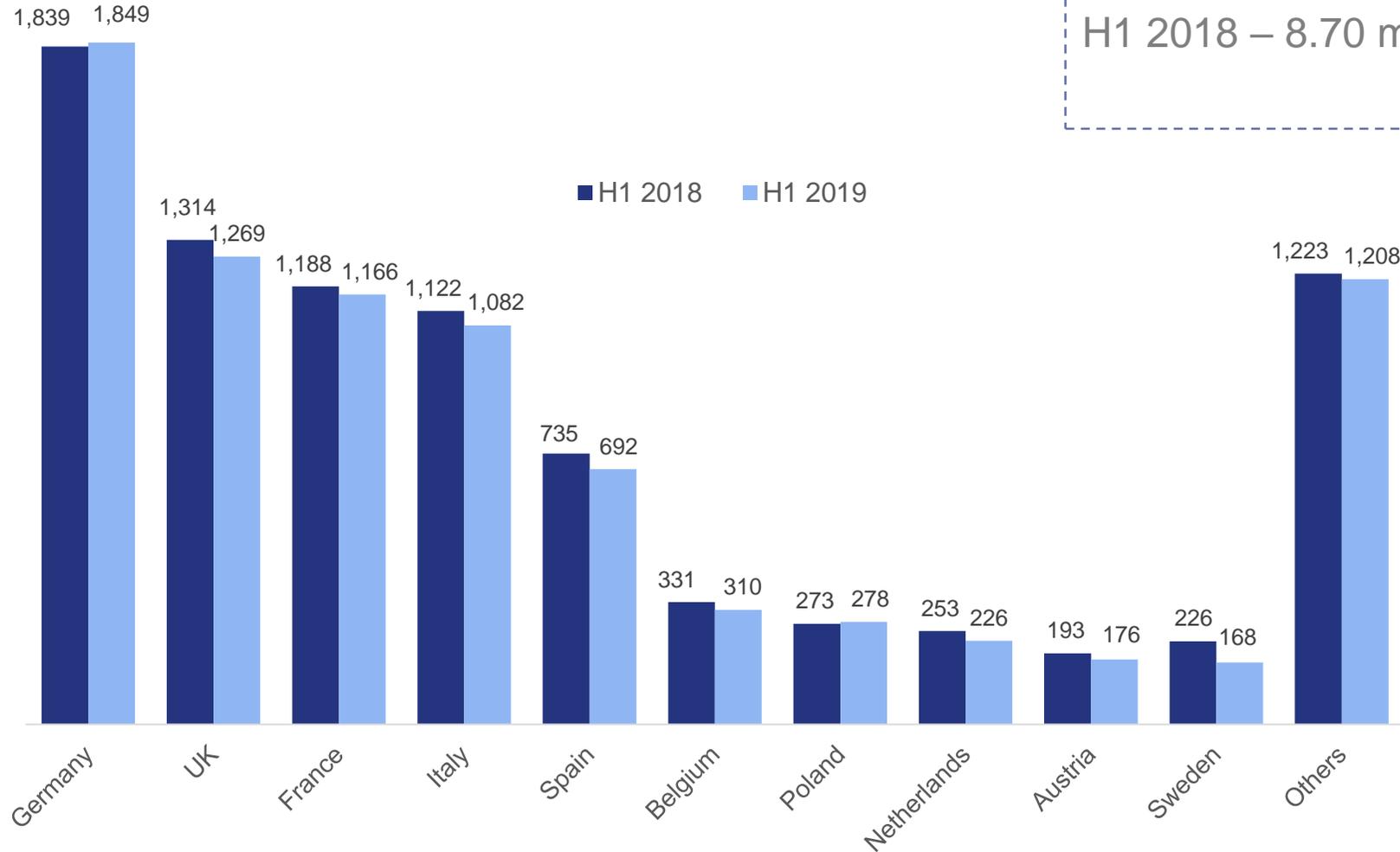




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EUROPEAN AUTOMOTIVE MARKET

Registrations of new cars by country in millions (according to ACEA*)



H1 2019 – 8.43 million
H1 2018 – 8.70 million
-3.1%

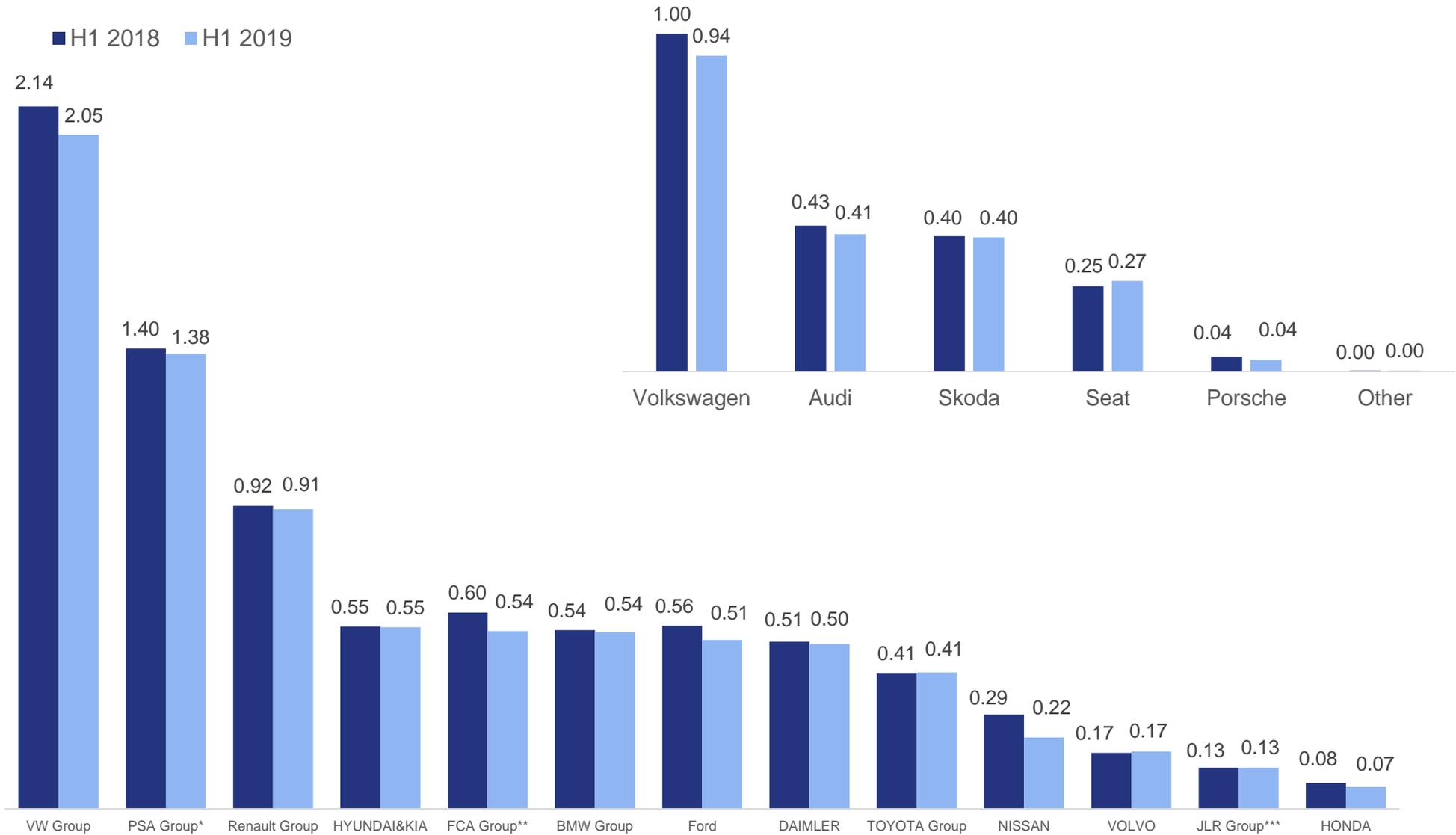
* ACEA (European Automobile Manufacturers Association)



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EUROPEAN AUTOMOTIVE MARKET

Registrations of new cars by country in millions (according to ACEA)



* PSA Group = Peugeot, Opel, Citroen, DS.

** FCA Group = Fiat, Jeep, Alfa Romeo, Lancia, Chrysler

***JLR = Jaguar Land Rover



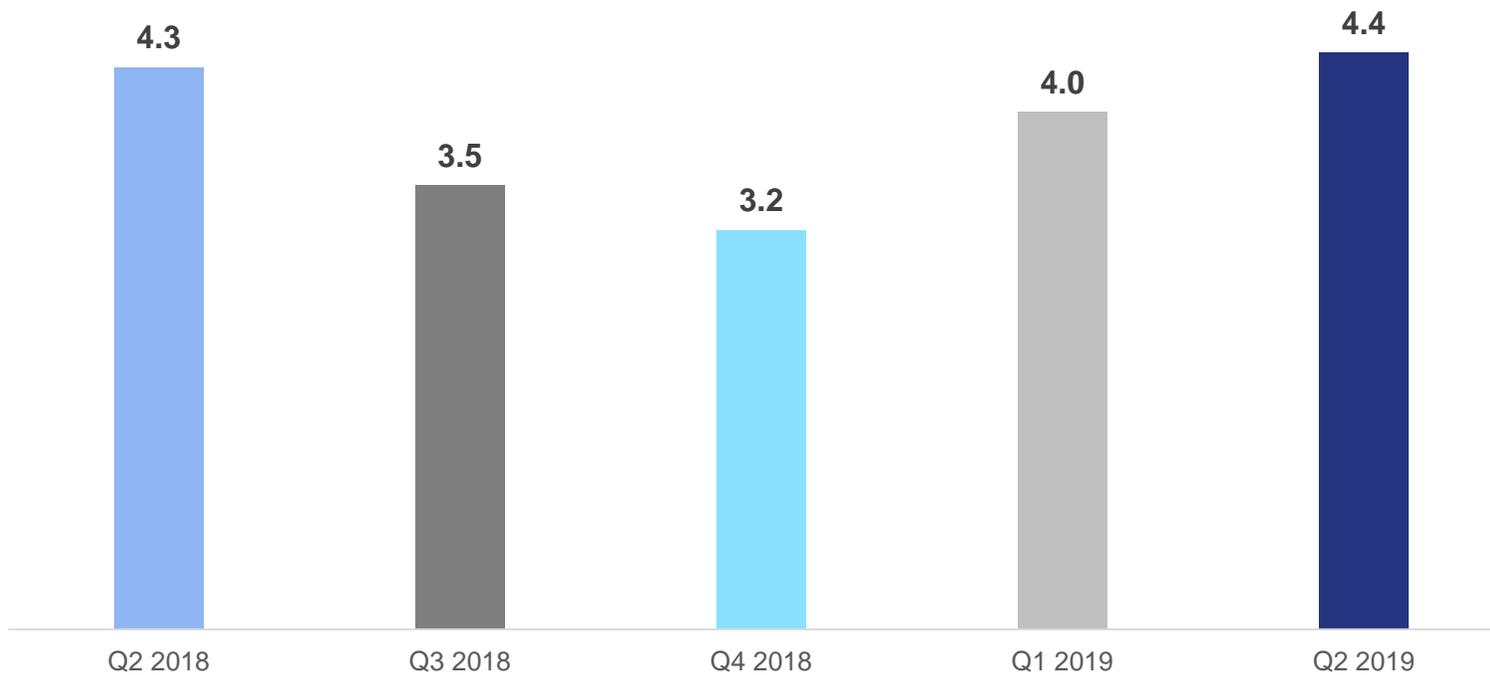
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EUROPEAN AUTOMOTIVE MARKET

Registrations of new cars in millions (according to ACEA)

Registrations of new cars in H1 2019

	Market (%)		Quantity ('000)		Y/Y % change
	2019	2018	2019	2018	
VW Group	24.3	24.6	2,049	2,136	-4.1
VOLKSWAGEN	11.1	11.5	936	1,001	-6.5
AUDI	4.8	5.0	407	433	-6.0
SKODA	4.7	4.6	398	402	-0.9
SEAT	3.2	2.9	269	253	+6.3
PORSCHE	0.4	0.5	35	44	-19.8
OTHERS	0.0	0.0	3	3	+24.4



* ACEA (European Automobile Manufacturers Association)



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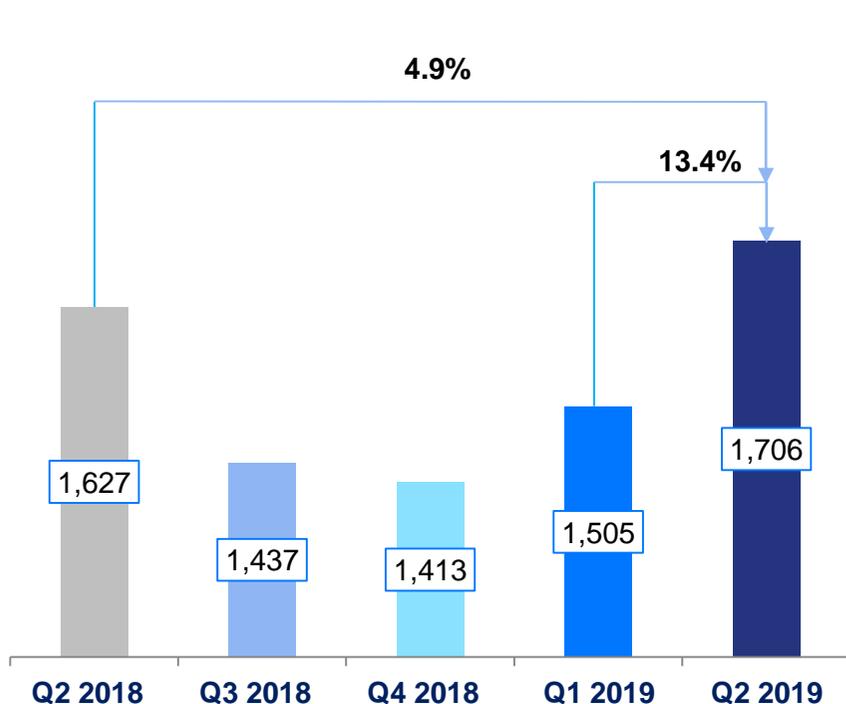
KEY FINANCIALS (in PLN million)

	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Y/Y % change 2019 vs 2018	Q/Q % change Q2 2019 vs Q1 2018
Sales revenues	1,627	1,437	1,413	1,505	1,706	5%	13%
EBIT	82	43	29	49	87	6%	78%
EBITDA	120	80	67	90	139	16%	54%
EBITDA margin	7.4%	5.6%	4.8%	6.0%	8.1%		
Net profit	56	44	-11	24	49	-13%	104%



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REVENUES (in PLN million)



Revenues by segment [PLN m]	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Y/Y % change Q2 2018 vs Q2 2019
Automotive	528	401	466	449	474	-10.2%
Metals	973	923	808	907	1,133*	16.4%
Chemicals	72	69	81	73	60	-16.7%
Other**	54	44	58	76	39	-27.8%

- Automotive Segment:

- + sales growth by nearly 20% on Q3 2018;

- Metals Segment:

- + consolidation of Alchemia Group's revenues in Q2 2019 (PLN 277m);

- + sales increase at the BAP plant in Russia (by 71%).

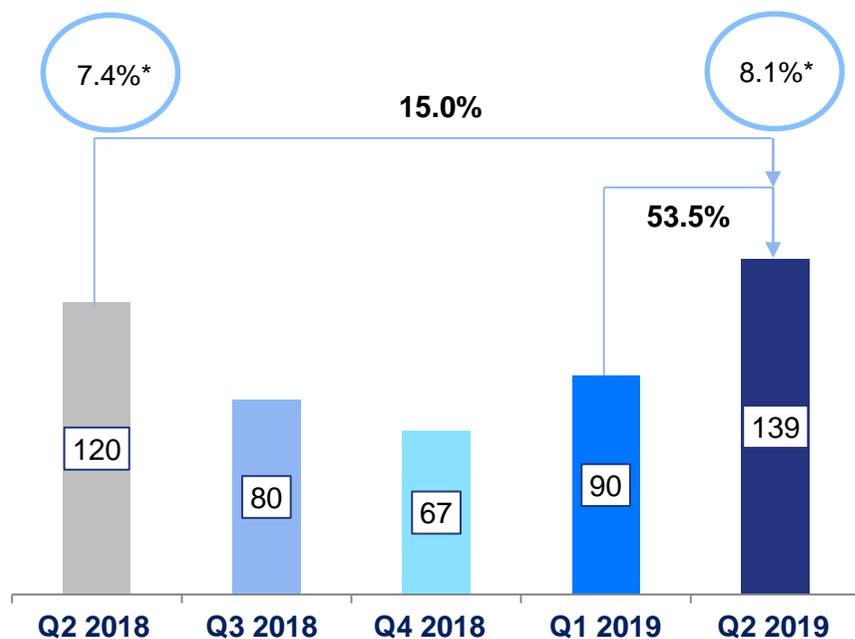
- falling metal prices on the LME (copper 5%, aluminium 16%, lead 16%, zinc 5%).

*including Alchemia Group's revenues ** including consolidation adjustments



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EBITDA (in PLN million)



EBITDA by segment [PLN m]	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Y/Y % change Q2 2018 vs Q2 2019
Automotive	30.0	-3.2	12.7	20.5	31.8	6.0%
Metals	83.8	74.9	50.5	58.0	102.7	22.6%
Chemicals	2.7	3.7	4.1	3.5	5.0	85.2%
Other**	3.7	4.8	-0.1	8.2	-1.0	-127.0%

- Automotive Segment:
 - + cost optimization at plants;
 - + reduction of the cost of poor quality (CoPQ).
- Chemicals Segment:
 - + EBITDA growth at Boryszew ERG (PLN 2.0 million).

- Metals Segment:
 - + consolidation of Alchemia Group's EBITDA in Q2 2012 (PLN 20.6m);
 - + EBITDA growth at Huta Oława (PLN 3.6 million), Aluminium Konin (PLN 4.1 million).

Additionally, the results of all segments were positively affected by the compensation for high electricity prices (PLN 11m in Q1 2019).



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H1 2019 CAPEX



PLN **89** million

Automotive

Metals

Chemicals and
Other



PLN
22 million



PLN
66 million



PLN
1 million



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INNOVATIVE PROJECTS

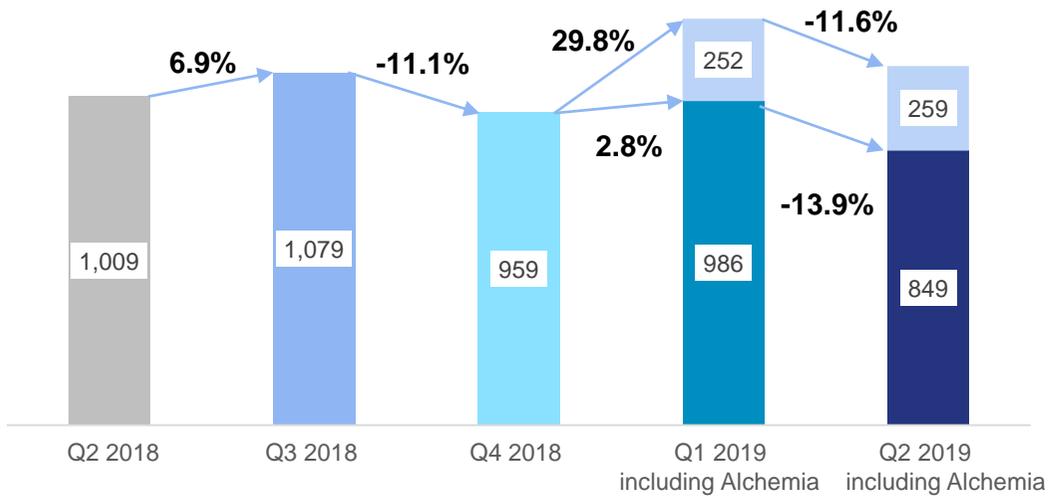
	WIRE ROD	Innovative production technology of wire rod from high-strength aluminium alloys of 2xxx, 5xxx, 7xxx series
	LOW-LOSS CABLE	Reduction of transmission losses in HV power distribution lines through the development of innovative material and design solutions and technologies for the production of low-loss overhead lines
	RECYCLED PROFILES	Development of a production technology of open and closed profiles from ECO-AISi aluminium alloys sourced from recycled aluminium
	ALUMINIUM TAPES	Development of highly advanced production technology of multilayer HSAA-P30 aluminium tapes for the new generation of automotive heat exchangers
	AlMg-VHS	Implementation of innovative production technology of sheets and strips made from AlMg-VHS alloy intended for pressing car body parts and structural elements
	ALUMINIUM ALLOY	Development and implementation of a production technology of an innovative aluminium alloy for the production of high-pressure caps in the packaging industry
	BRASS CAST&DRAW® Tech	Innovative production technology of products from copper alloys with a new standard of geometric quality intended for material removal processing on high-speed automatic cutting machines
	Zn-Al ALLOY WIRES	Development and implementation of a production technology of a full range of Zn-Al alloy wires intended for corrosion protection by spray metallization method



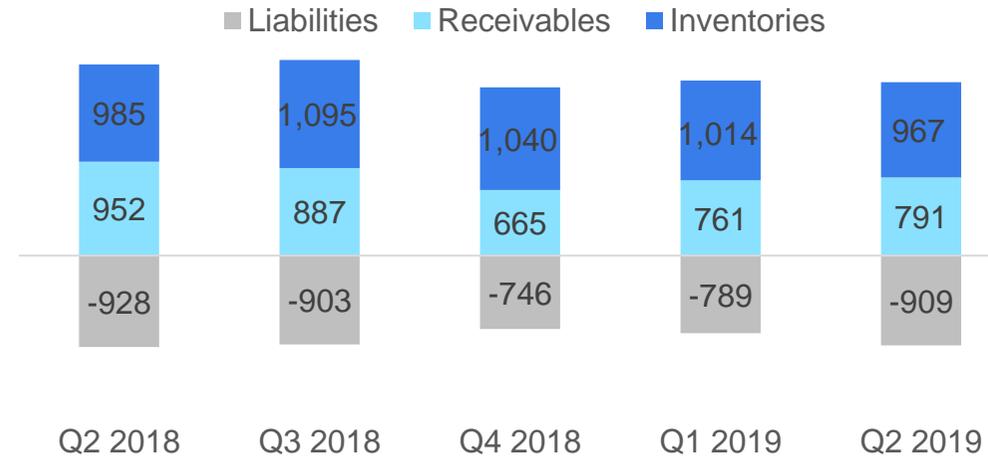
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Working capital and debt

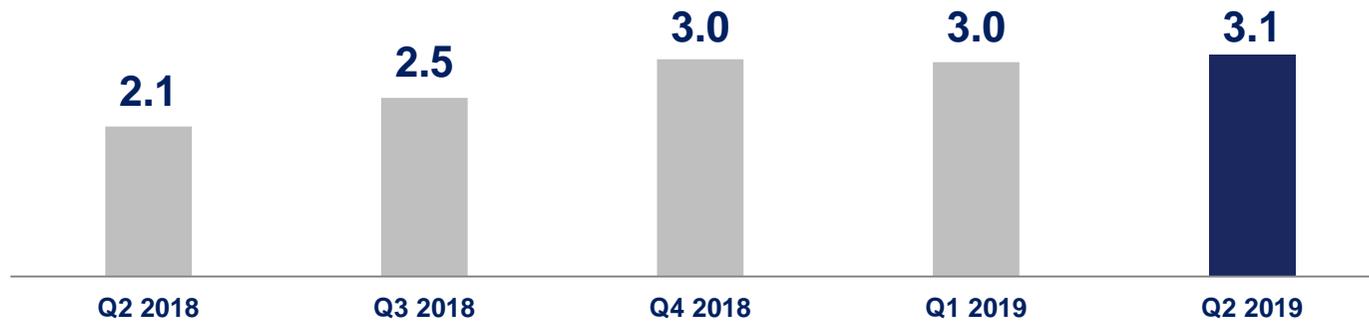
Working capital



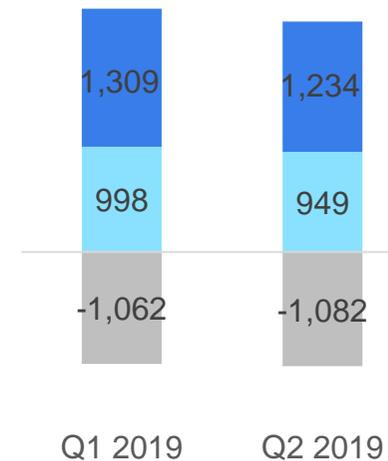
Boryszew



Net debt / EBITDA



Boryszew with Alchemia



- Efficient working capital management;
- Improved collection of receivables (decrease in value by 17% Y/Y).



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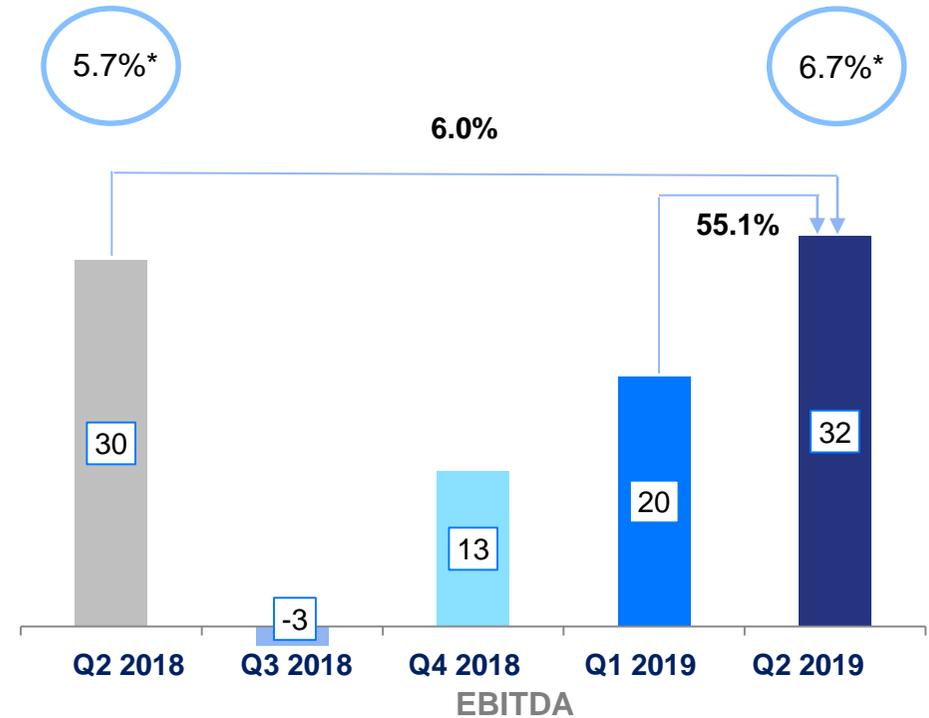
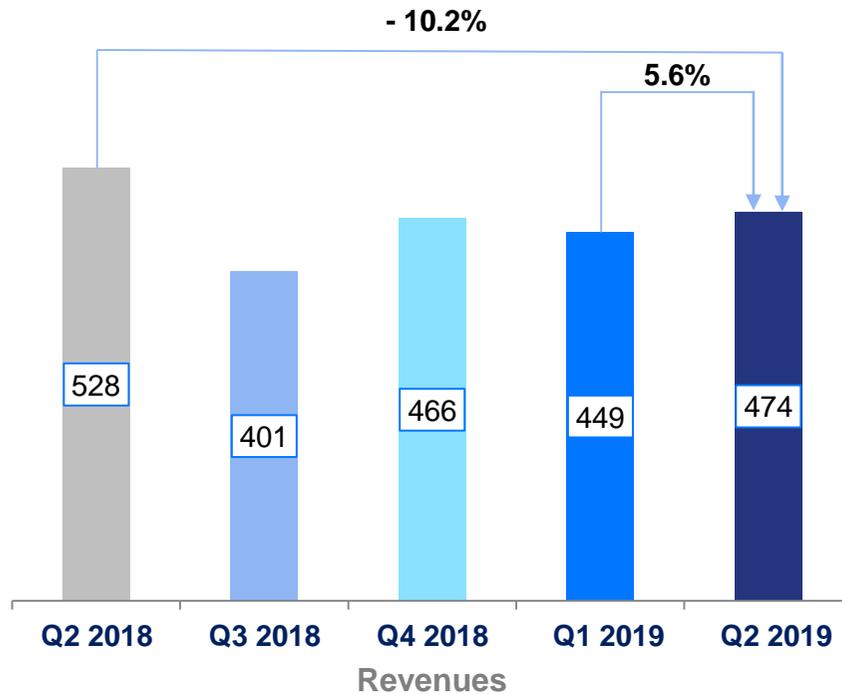
4. Operating segments

5. Plans for the next quarters



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AUTOMOTIVE SEGMENT RESULTS (in PLN million)



- The result of the Automotive Segment was mainly influenced by:
 - + cost optimization (lower costs of complaints, lower value of “scrap”);
 - + streamlining of production processes;
 - + compensation for high electricity prices (PLN 0.9 million in Q1 2019).



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NOMINATIONS FOR NEW PROJECTS

In H1 2019, new nominations for contracts with the value of over **EUR 68 million** were required with **EOP 2030***

Value of new contracts in H1
2019 in EUR million

BAP Group

24.3

Maflow Group

44.2

Share of nominations
concerning electric vehicles in
the total value of nominations
throughout the project life cycle

BAP Group

17%

Maflow Group

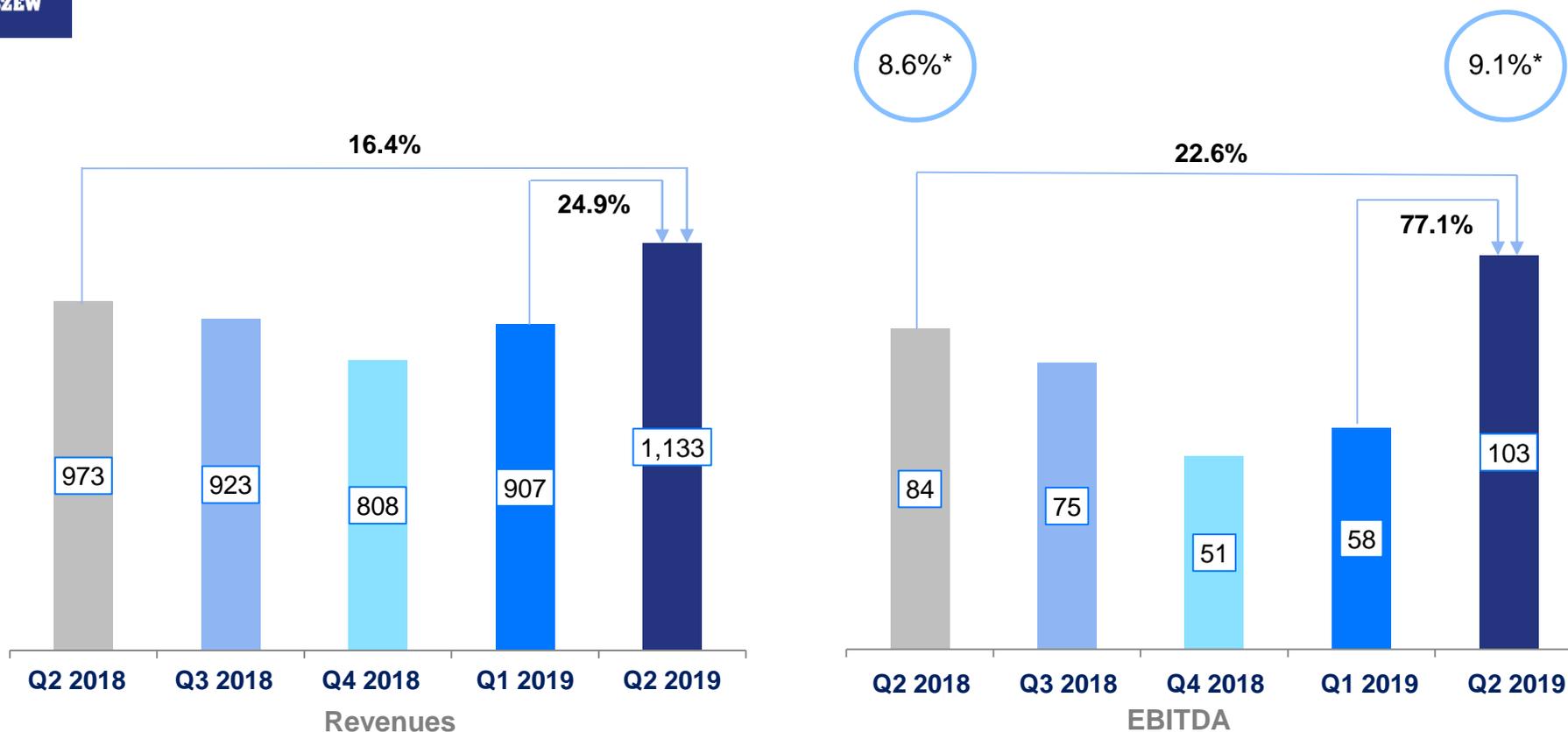
12%

*EOP - End of Production



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METALS SEGMENT RESULTS (in PLN million)



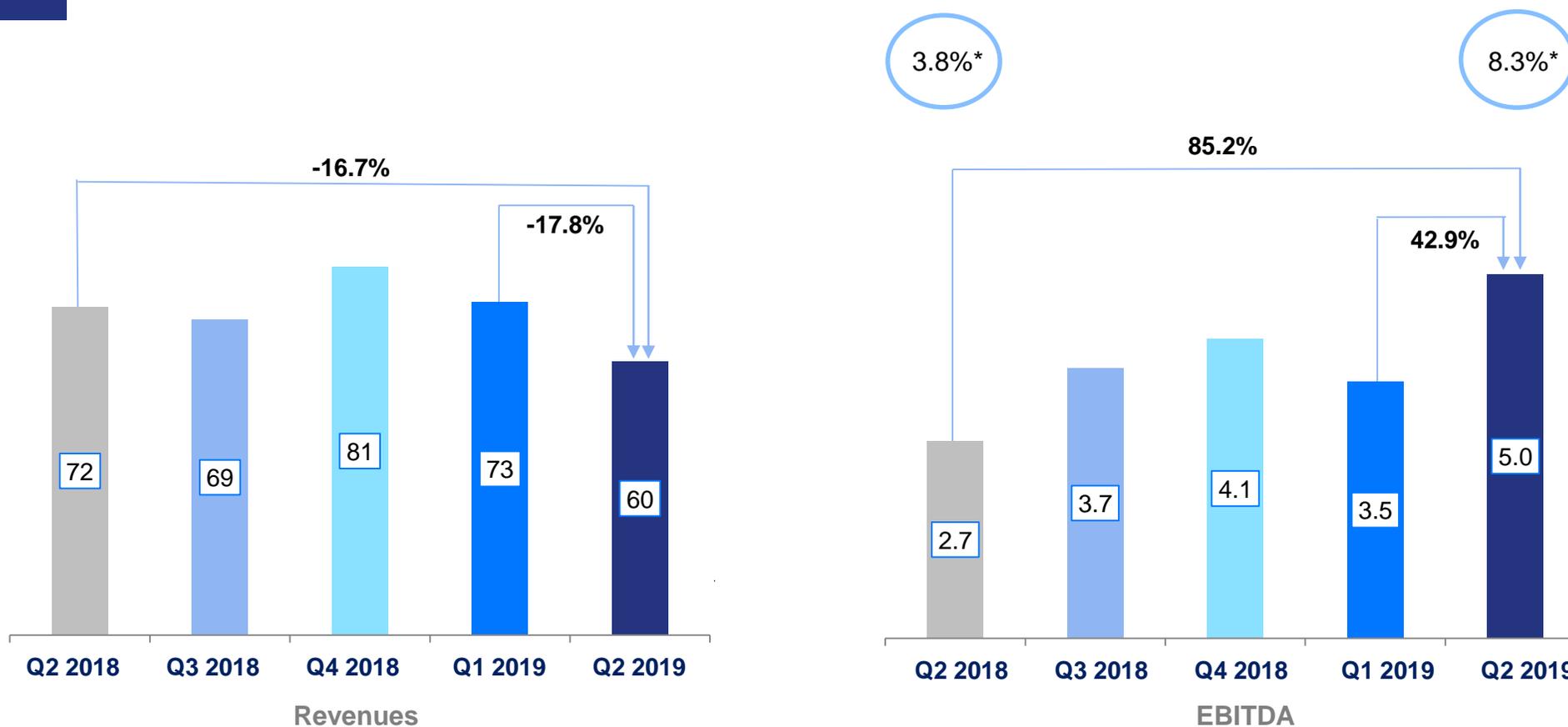
- The Segment's EBITDA was affected, among others, by:
 - + consolidation of Alchemia Group's EBITDA in Q2 2019 (PLN 20.6 million, including compensation of PLN 4.0 million for high energy prices in Q1 2019);
 - + EBITDA growth at Aluminium Konin (PLN 4.1 million), Oława (PLN 3.6 million), Hutmen (PLN 1.3 million);
 - lower EBITDA of Walcownia Metali Dziedzice (PLN 2.0 million), NPA Skawina (PLN 4.1 million) and Baterpol (PLN 4.7 million);
 - + compensation for high electricity prices (PLN 9.6 million in Q1 2019).

* EBITDA margin



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CHEMICALS SEGMENT RESULTS (in PLN million)



- The Segment's EBITDA was affected by:
 - + the effect of sales of new products in Boryszew ERG (de-icing liquids);
 - + sales of flakes in Elana PET grew by 30%;
 - + compensation for high electricity prices (PLN 0.2 million in Q1 2019).

* EBITDA margin



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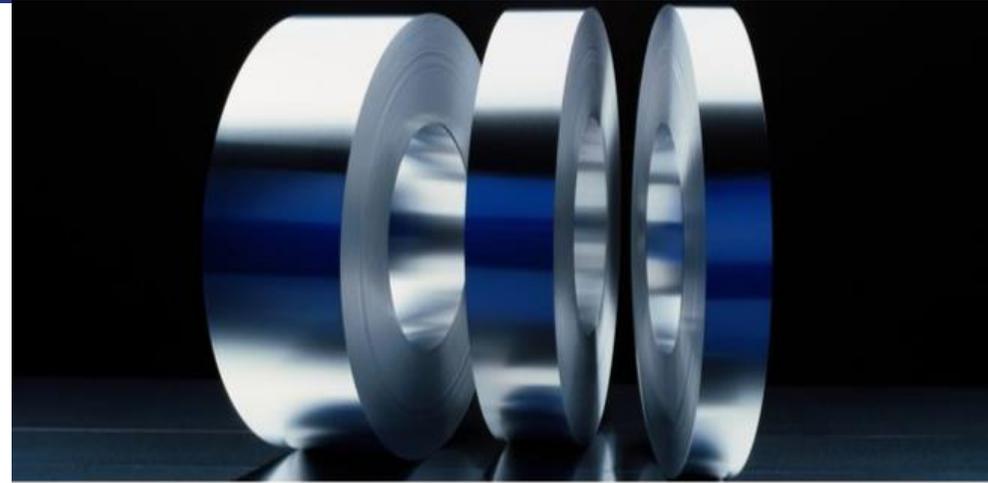
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FORECAST FOR THE NEXT QUARTERS

- Launch of a new production line at NPA Skawina „The Demonstrator Project”;
- Launch of a new rolling mill in Huta Bankowa;
- Development of AlMag alloy in Aluminium Konin;
- Plant automation in the Automotive Segment;
- Challenges of rising energy prices;
- Risk of significant rises in the minimum wage.



Thank you!



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