

BORYSZEW GROUP

FINANCIAL RESULTS – H1 2017



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1. Boryszew Group – summary of H1 2017

2. Market environment

3. Financial results – H1 2017

4. Operating segments

5. Plans for the next quarters



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BORYSZEW GROUP – SUMMARY OF H1 2017



Revenues
[PLN million]

EBITDA
[PLN million]

Net profit
[PLN million]

EBITDA
on core business
[PLN million]

2017

3,172

255

161

250

2016

2,882

217

96

192

Change
YOY %

+10%

+18%

+68%

+30%

*with the exception of the Other segment and consolidation adjustments



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FORECAST FOR 2017– REVIEW

Despite the strengthening of the PLN, we are maintaining the forecast for 2017, due to:

- good prognosis for the automotive segment;
- seasonally better result of the chemicals segment;
- stable situation in the metals segment.

	FORECAST 2017	H1 2017	PROGRESS %
EBITDA	540	255	47.3%
NET PROFIT	306	162	52.9%

Assumptions for the forecast:

- USD/PLN exchange rate 3.9
- EUR/PLN exchange rate 4.3
- WIBOR: 1.65%



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Key metals trading (in USD/t)

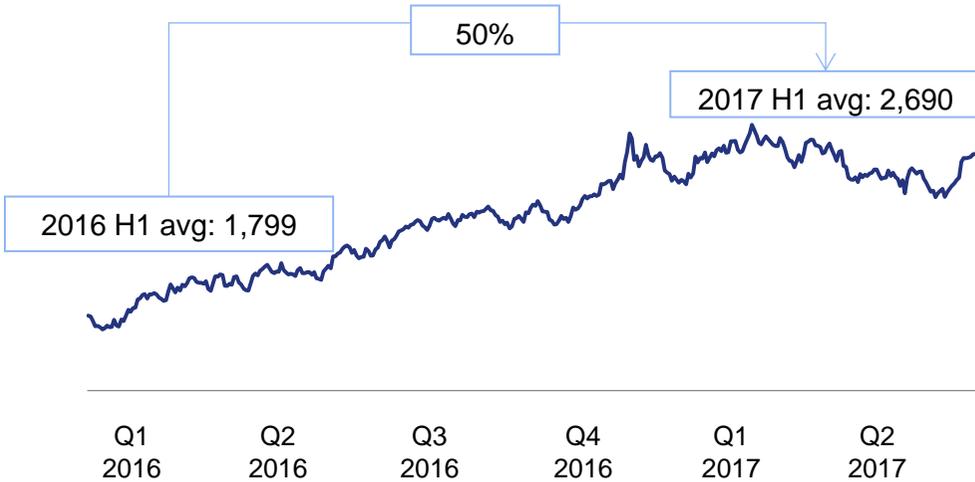
Aluminium



Copper



Zinc



Lead





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Exchange rates



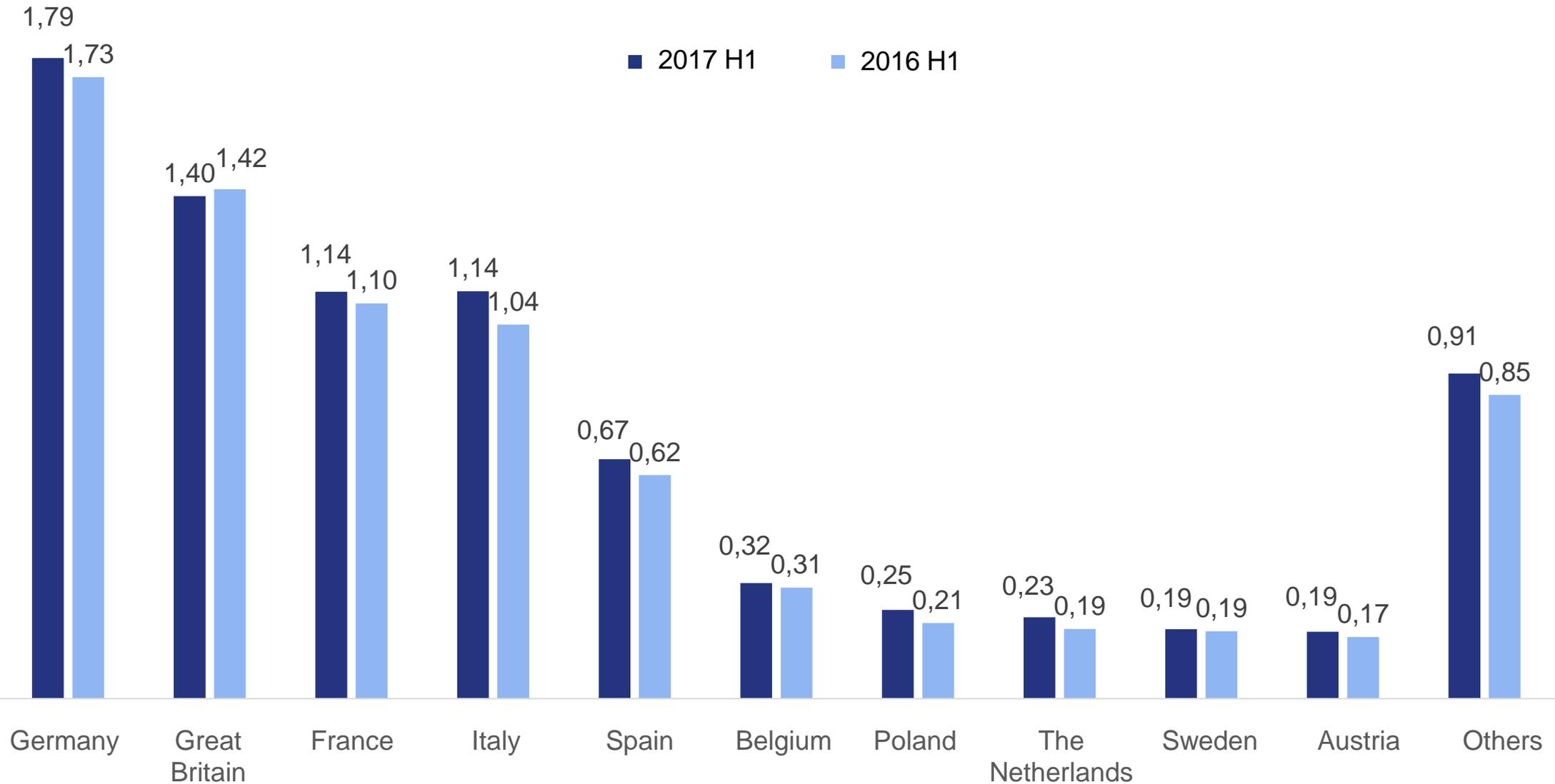
Due to the long open position in EUR (mainly in the automotive and chemicals segment), the strengthening of the PLN has negatively affected the operating result by approx. PLN 10 M in comparison to the previous year.



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European automotive market

Registrations of new cars by country in million pcs

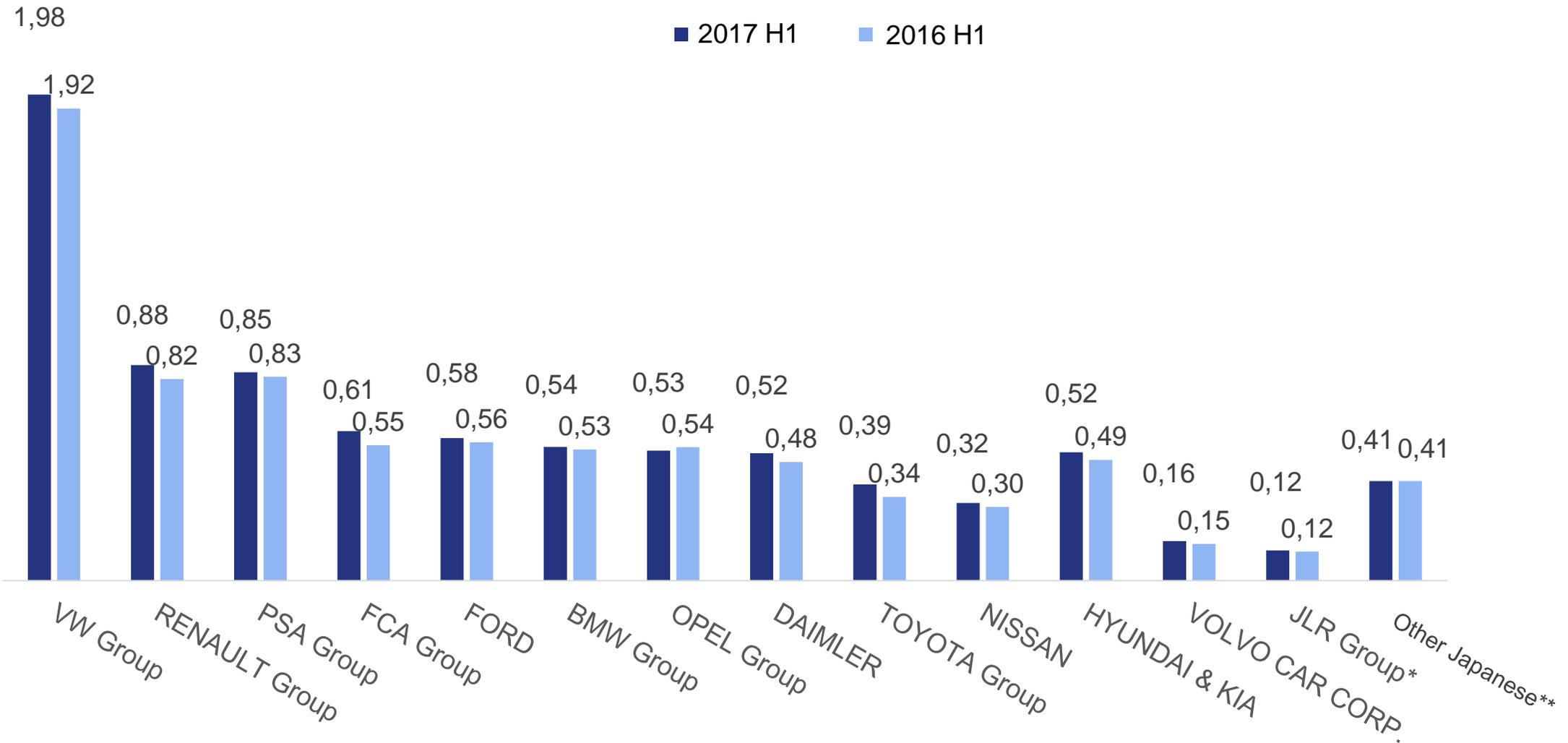




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European automotive market

Registrations of new cars by manufacturer in million pcs



* JLR = Jaguar Land Rover

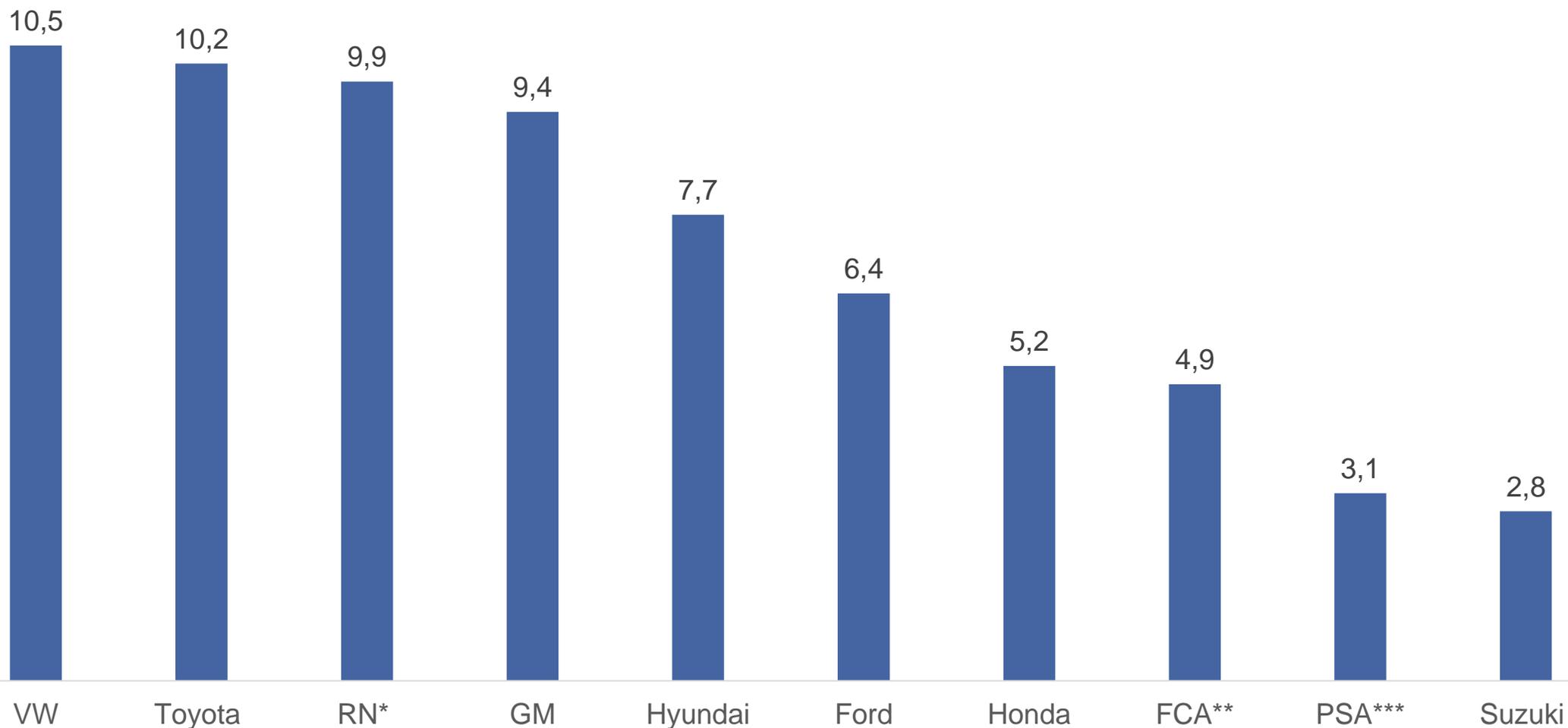
** Other Japanese brands, including: Mazda, Honda, Subaru



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Global automotive market

Registrations of new cars by brand in million pcs in 2016



*RN = Renault-Nissan-Mitsubishi

**FCA=Fiat-Chrysler Automobiles

***PSA=PSA Peugeot Citroen

Source

The Automotive Industry Report 2017/2018 of the Polish Association of Automotive Industry

(via: PwC Autofacts 2017 Q1 Forecast Release) 10



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THE MOST IMPORTANT EVENTS IN H1 2017

- The launch of the production at the BAP plant in Prenzlau (April 2017) – the Brandenburg award for innovation (Zukunftspreis Brandenburg 2017)
- Investments and launch of the production at the new Maflow plant in Toruń (July 2017)
- The launch of the Conform line for the aluminium profile manufacture at NPA Skawina
- Filing 11 applications for financing innovative development projects in all operating segments of the Group
- The formal establishment of R&D centre at Maflow (Tychy) and BAP (Toruń)
- Preparing investments in the BAP plastic elements galvanisation plant in Toruń



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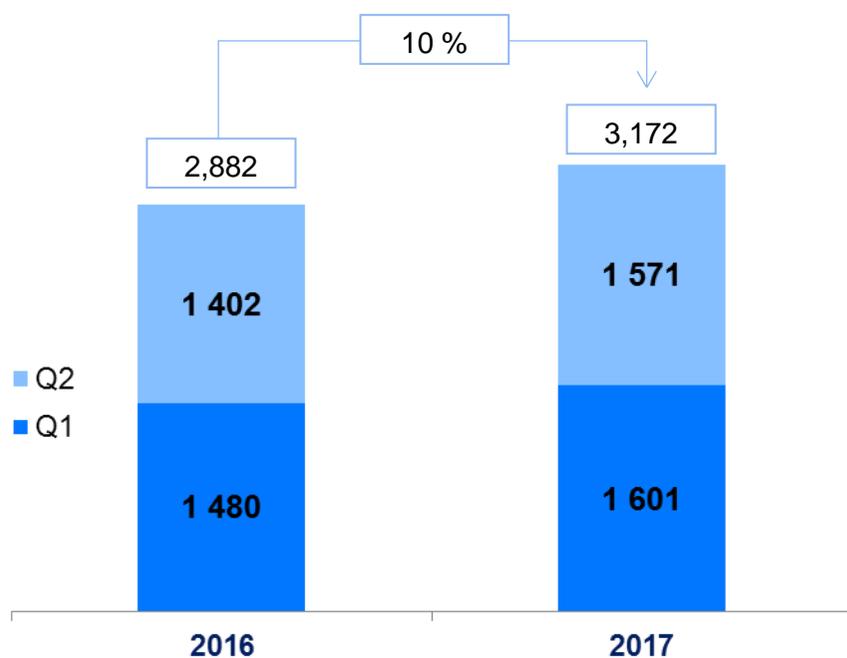
KEY FINANCIAL DATA YOY (in PLN million)

	Q2 2017	Q2 2016	Change YOY %	H1 2017	H1 2016	Change YOY %
SALES REVENUES	1,571	1,402	12%	3,172	2,882	10%
(GROSS) SALES PROFIT	189	179	6%	386	335	15%
EBIT	95	90	6%	189	156	21%
EBITDA	127	118	7%	255	217	18%
EBITDA MARGIN	8.1%	8.5%		8.1%	7.5%	
NET PROFIT	83	52	60%	161	96	68%
NET PROFIT (attributed to the shareholders of the parent company)	66	31	115%	131	67	96%



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Revenues (PLN milion)



Revenue by business segments (PLN million)	H1 2017	H1 2016	Change	Change %
Automotive	1,042	994	48	5%
Metals	1,899	1,635	263	16%
Chemicals	132	163	-31	-19%
Other	99	90	9	10%

The increase in revenue by 10% resulting from:

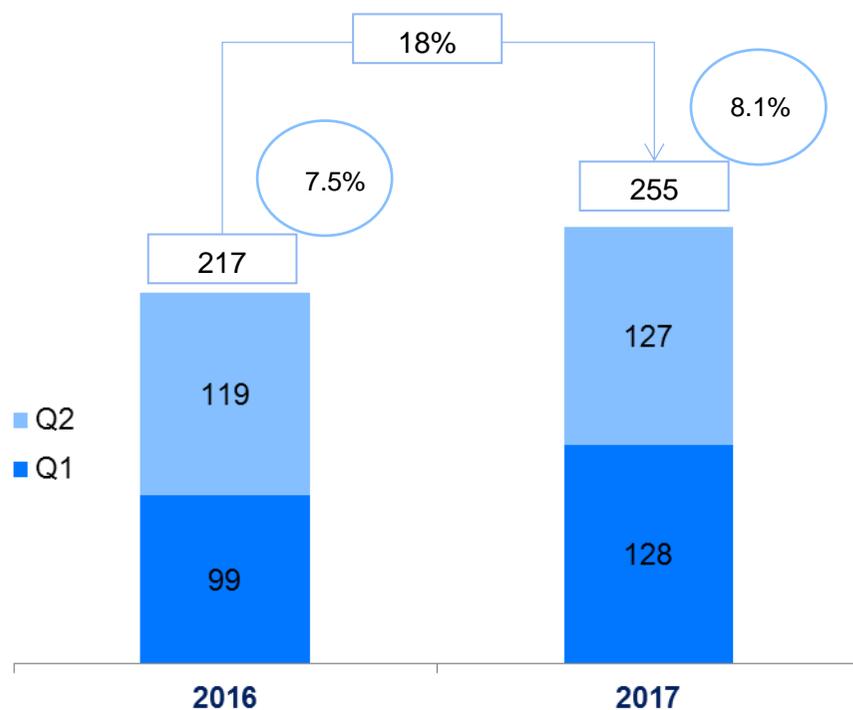
- Increase in the metals prices in LME;
- Business growth in the Automotive segment (despite the strengthening of PLN and the decrease in tools sales);
- Increase in the volume of product sales by 11.4 thousand tonnes, mainly in the Metals segment.

* including the consolidation adjustments



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EBITDA (PLN million)



EBITDA by business segments (PLN million)

	H1 2017	H1 2016	Change	Change %
Automotive	102	67	35	52%
Metals	136	120	16	14%
Chemicals	12	5	6	113%
Other	6	25	-19	-77%

The increase in the EBITDA by 18% resulting mainly from:

- Increase in parts sales and results of the restructuring programme in the Automotive segment;
- Increase in the manufacturing capacities of the Aluminium Konin Smelter;
- Deterioration in other activities due to smaller sales of real property.

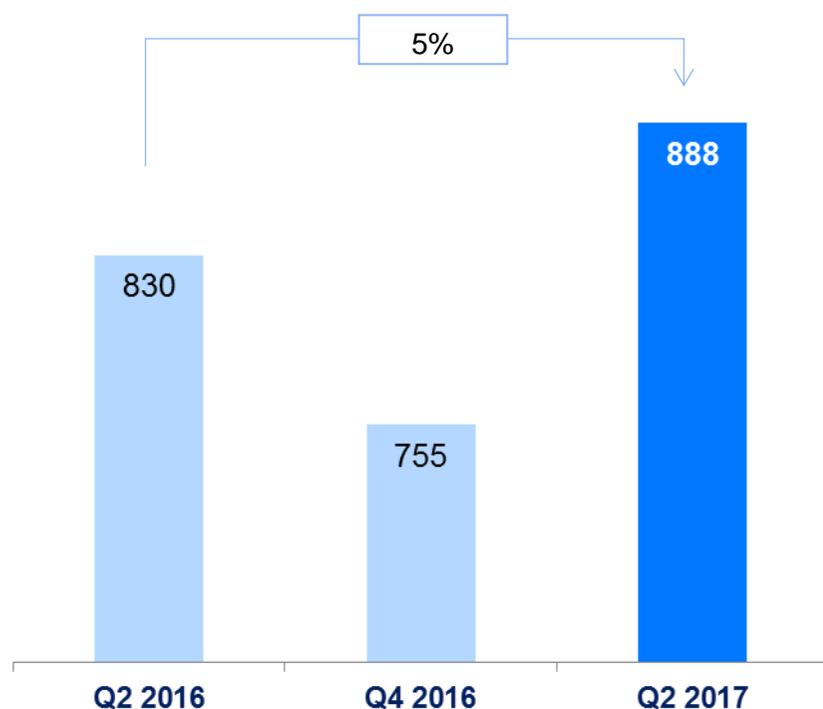
* EBITDA margin

** including the consolidation adjustments

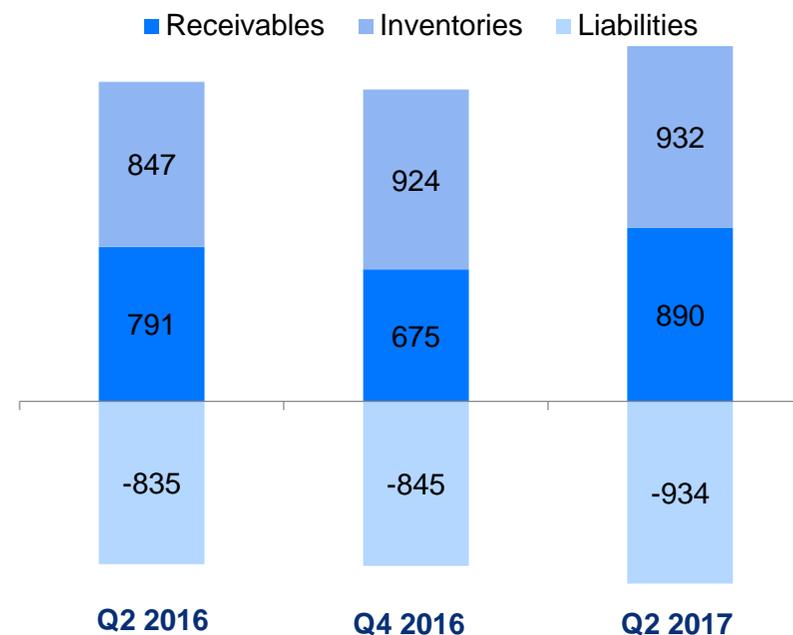


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Change in working capital (PLN million)



Working capital



Receivables, inventories, and liabilities

Increase in the amount of the working capital is due to:

- increase in receivables in the Metals segment resulting from the increased sales volumes and sales prices;
- increase in receivables in the Automotive segment due to the increased revenue.



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CAPEX H1 2017 (PLN)



134.5 million

Automotive

Metals

Chemicals



**90.3
million**

**39.6
million**

**4.4
million**



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CAPEX H1 2017 – main projects



PLN
48.8 million - CAPEX in the MAFLOW group:
Expansion of the production capacity in
Poland and Mexico



PLN
41.5 million - CAPEX at BAP:
Including completion of the project:
building the new BOD plant in Prenzlau



PLN
26.5 million - CAPEX in Impexmetal:
Modernisation and developmental
investment in the Aluminium Smelter



PLN
4.4 million - CAPEX in the Chemicals segment:
Developmental works regarding
Terephthalate, purchases of new
machines



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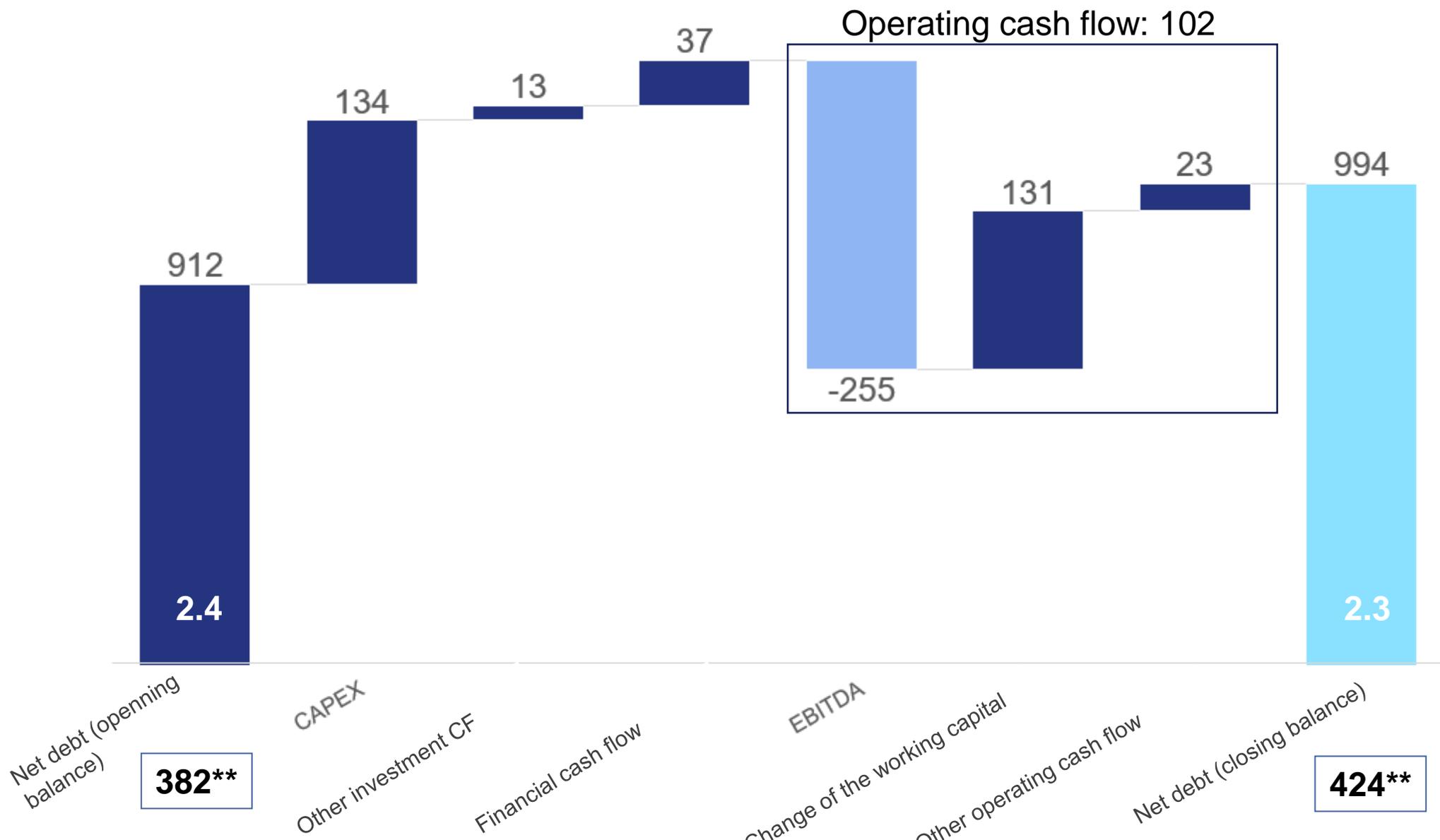
CASH FLOW (PLN million)

	H1 2017	H12016
EBITDA	255	217
Change in working capital	-131	-5
Other	-23	-57
<u>Cash flow from operating activities</u>	102	155
CAPEX	-134	-130
The acquisition of financial assets and shares in GKB	-25	-49
Other	12	35
<u>Cash flow from investment activities</u>	-147	-144
Borrowing/repayment of loans	73	45
Interest paid	-19	-21
Other	-42	-10
<u>Cash flow from financial activities</u>	12	14
Total net cash flows	-33	25
Closing balance of cash	172	165



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Net debt (PLN million)

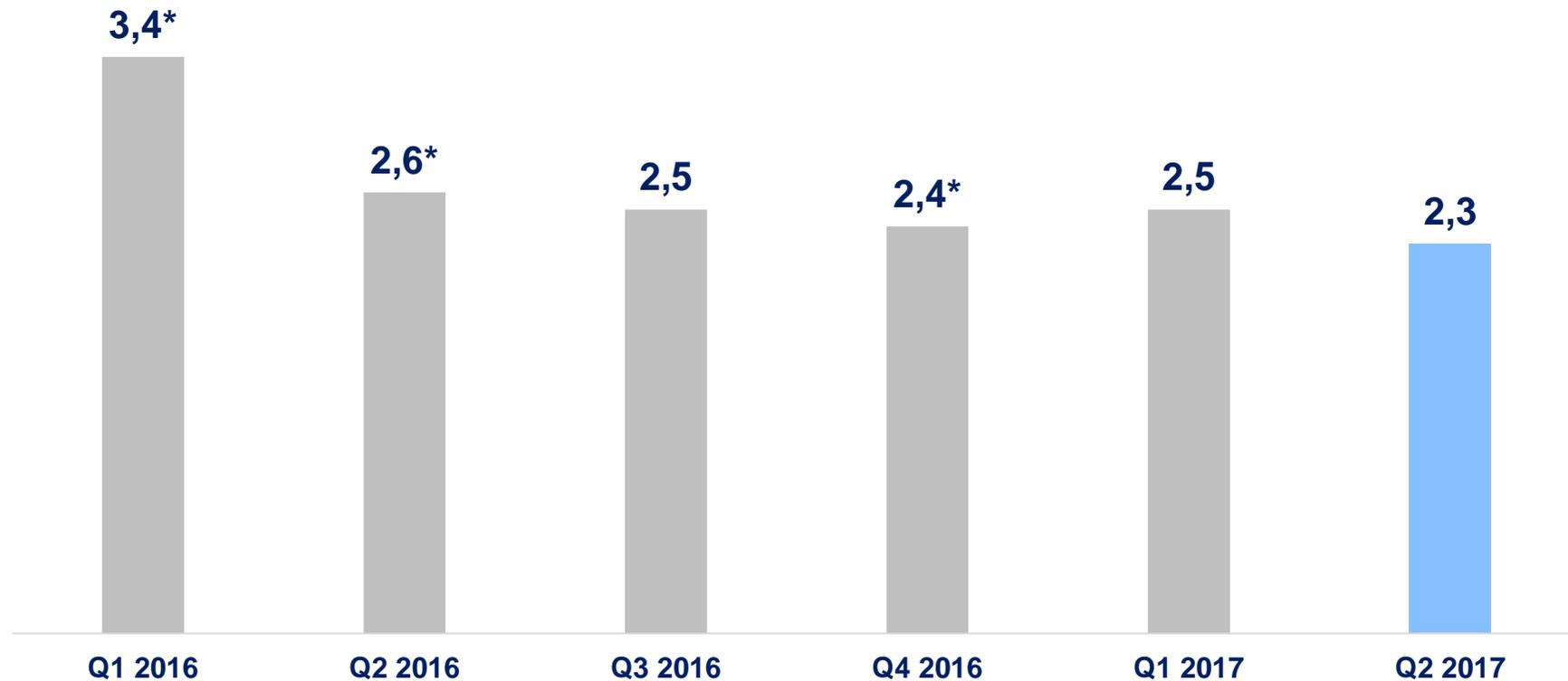


Operating cash flow: 102

* Net debt / EBITDA(LTM)
 ** EBITDA (LTM)



Change in the net debt / EBITDA rate



The net debt / EBITDA rate, as expected, has decreased due to the increase in the operating results and debt level control.

*restated data Q1 2016, Q2 2016, Q4 2016



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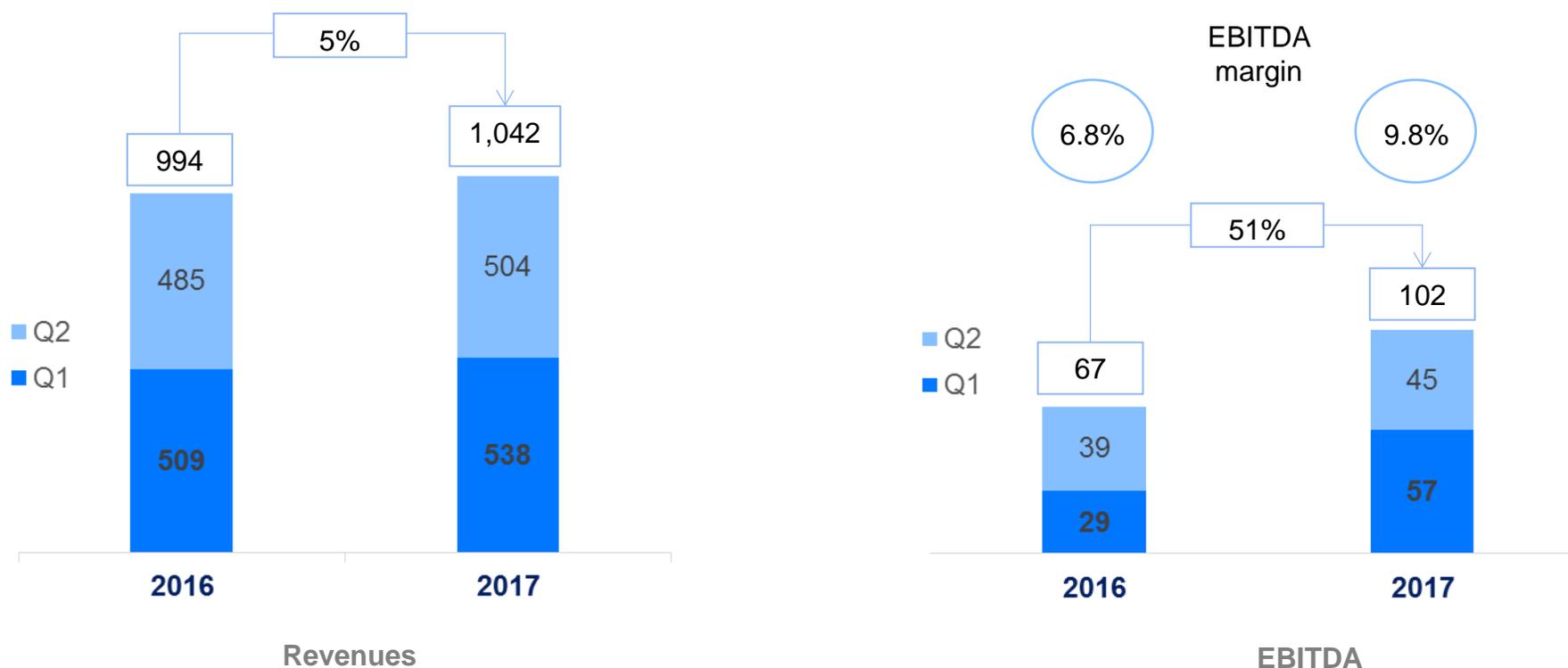
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AUTOMOTIVE SEGMENT RESULTS (in PLN million)

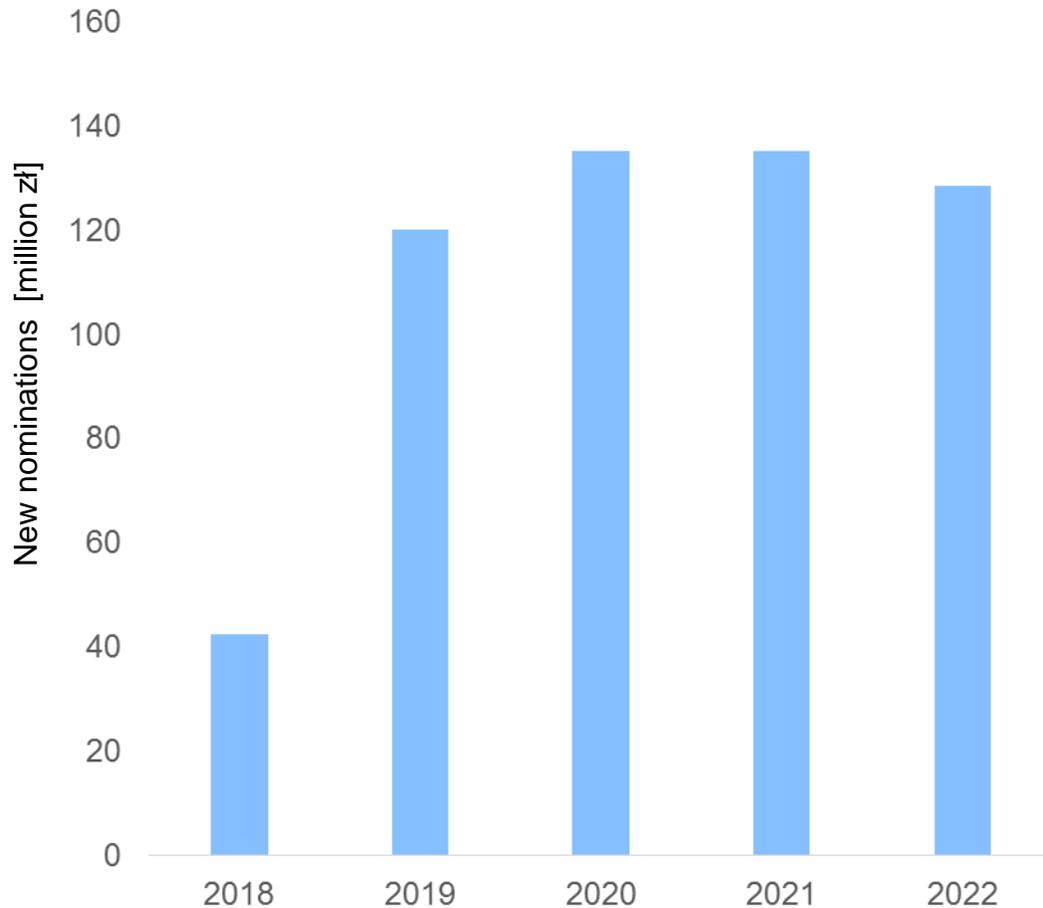


- The increase in sales in the segment mainly as a result of Maflow business development in Poland, China, Mexico, Brazil, and the increase in sales of parts in the BAP;
- EBITDA growth in the first half of 2017 due to improved efficiency in both the Maflow Group and BAP: lower costs of poor quality, additional transportation, smaller penalties for delays, automation (resulting in a reduction of employment);
- Less dynamics in the second quarter of 2017 due to: significant impact of one-off events on the results of the second quarter of 2016 segment;
- Revenues from the sales of tools in the first half of 2017 lower than expected.



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Nominations for new projects



Methodology

New nominations – contracts concluded in 2017 and earlier, in which mass production begins in 2018 and subsequent years.

Notes:

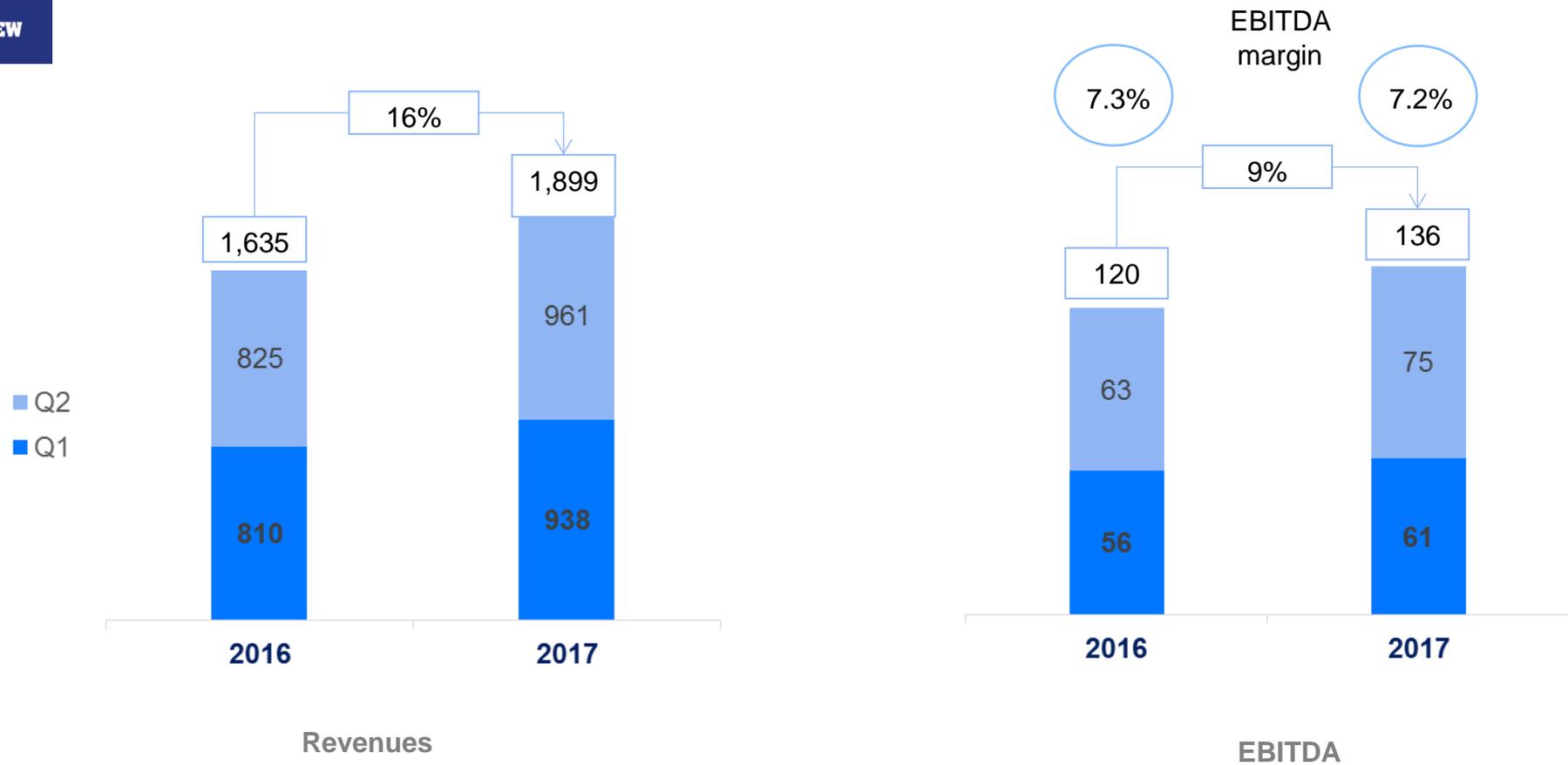
The presented sales figures do not include:

- **EOP** – the loss of sales due to the completion of contracts concluded in previous years
- **Opportunities** – the new sales opportunities as part of ongoing and future negotiations, the contracts for which were formally not concluded yet
- **Others** – the rest of the sales (tools, non-automotive)



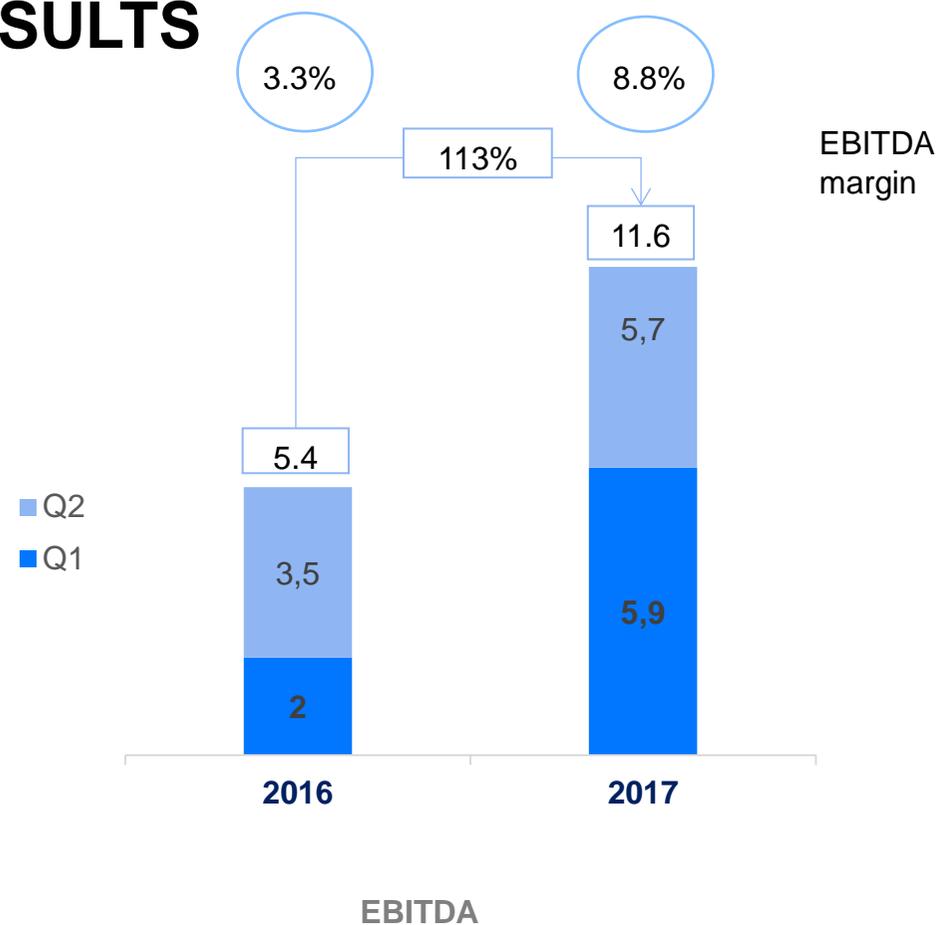
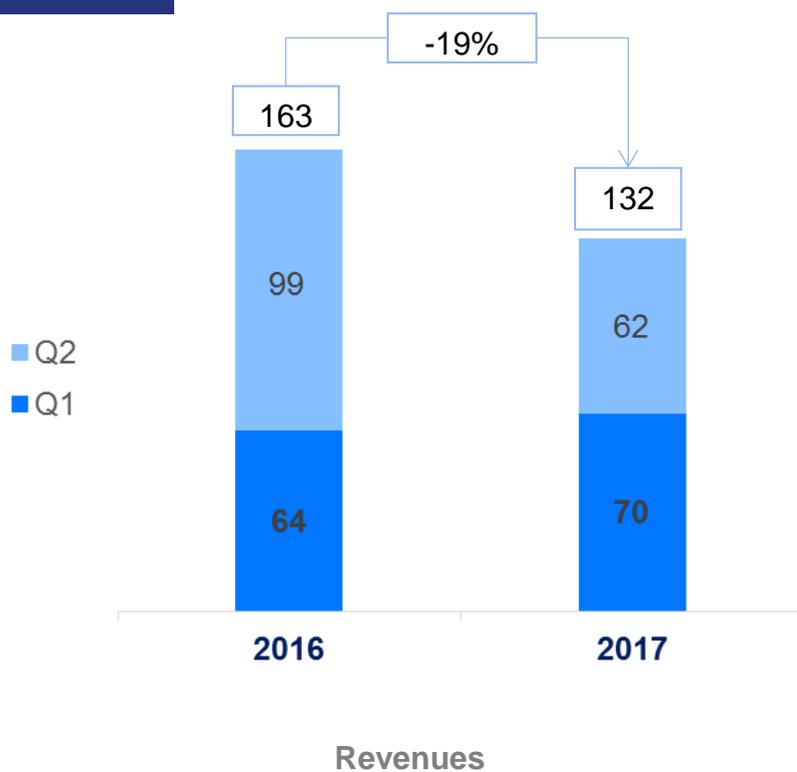
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METALS SEGMENT RESULTS (in PLN million)



- Increase in the EBITDA result at Impexmetal, NPA Skawina, and Baterpol mainly due to higher sales volumes;
- The negative impact of production problems in Oława Smelter, Baterpol and Impexmetal;
- Lower margins in copper companies (WM Dziedzice and Hutmen).

CHEMICALS SEGMENT RESULTS (PLN million)



- Despite the lower sales volumes in the Chemicals department, improvement of the EBITDA profitability at ERG Sochaczew due to the sales growth of the Borygo fluid and the de-icing agents;
- The increase in sales volume of staple fibres in O/ Elana.



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Forecast for the next quarters

- Preparing and filing further applications for financing innovative projects
- Development of R&D
- Executing projects at WM Dzierżycze, NPA Skawina, Impexmetal, and preparing new projects at the BCP (Toruń plating plant), AKT Czechy, Tensho
- The Maflow plant in Toruń reaching full manufacturing capacity
- BAP – intensification of efforts to diversify the customer's portfolio
- Increase in sales of the Maflow plant in Mexico and China

Thank you



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