

# **BORYSZEW GROUP**

**FINANCIAL RESULTS IN 2017 and Q1 2018**



**BORYSZEW**





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## **1. Summary of the results**

2. Market environment

3. Financial results in 2017 and Q1 2018

4. Operating segments

5. Plans for the next quarters



# BORYSZEW GROUP SUMMARY OF THE RESULTS IN 2017

[PLN million]	Revenues	EBITDA	Net profit	EBITDA on core business*
2017	6,290	469	204	477
2016	5,644	392	194	360
YoY [%]	+11%	+20%	+5%	+32%

\* with the exception of the Other segment and consolidation adjustments



# BORYSZEW GROUP

## SUMMARY OF THE RESULTS IN Q1 2018

[PLN million]	Revenues	EBITDA	Net profit	EBITDA on core business*
Q1 2018	1,623	111	51	105
Q1 2017	1,601	128	78	124
YoY [%]	+1%	-14%	-35%	-15%

\* with the exception of the Other segment and consolidation adjustments



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1. Summary of the results

**2. Market environment**

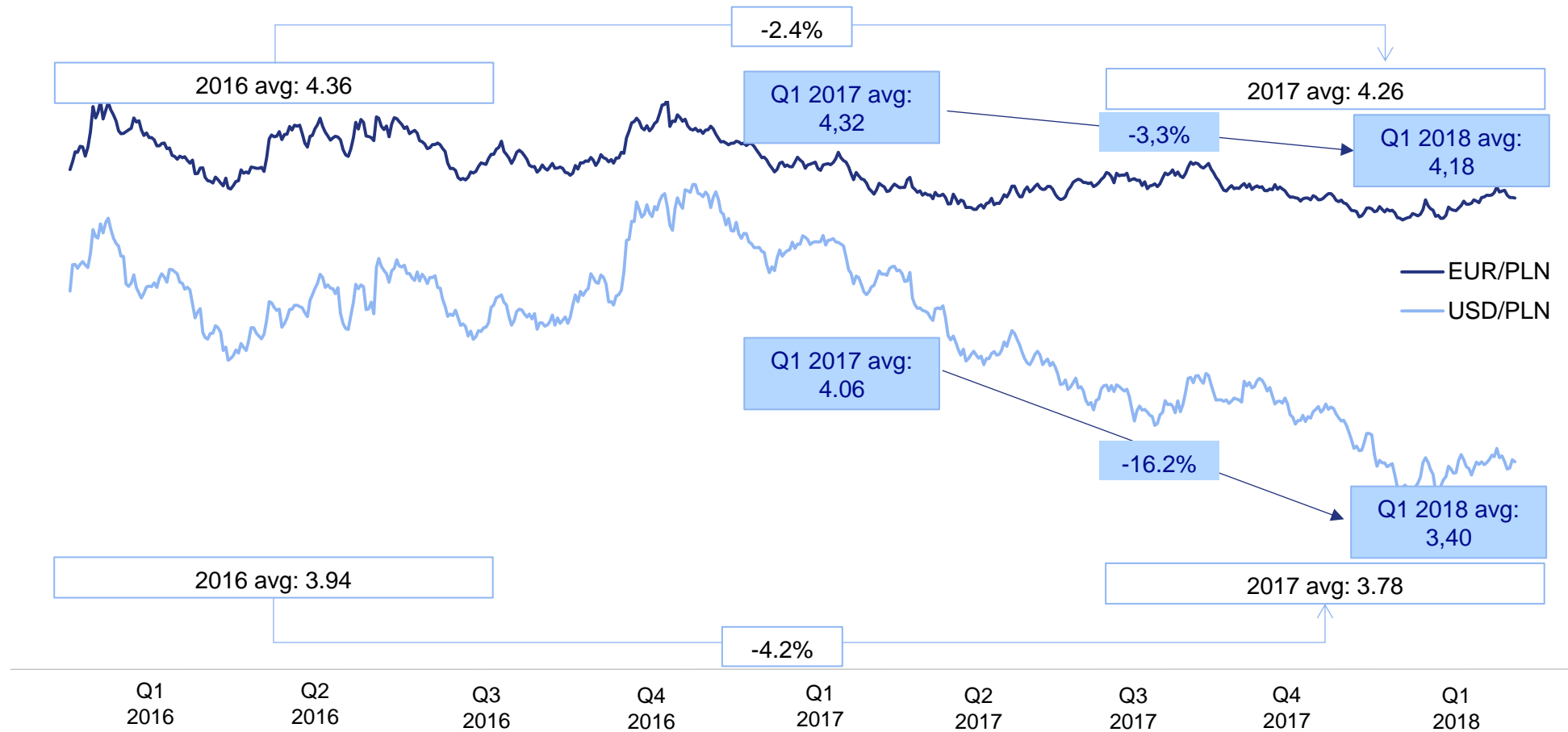
3. Financial results in 2017 and Q1 2018

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# EXCHANGE RATES



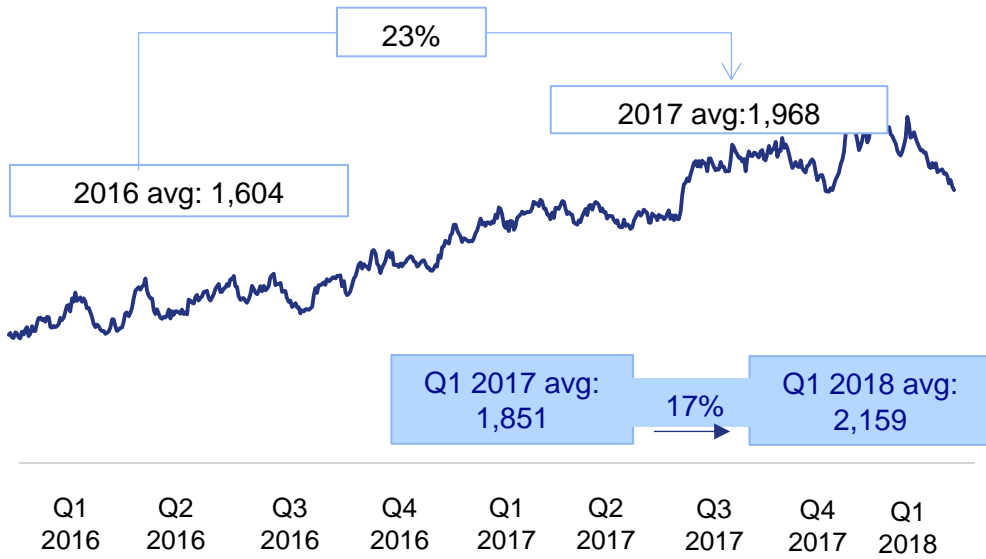
Due to the long open position in EUR (mainly in automotive and chemicals segment), the strengthening of the PLN negatively influenced the operational result in comparison to the previous year by about PLN 8 million.



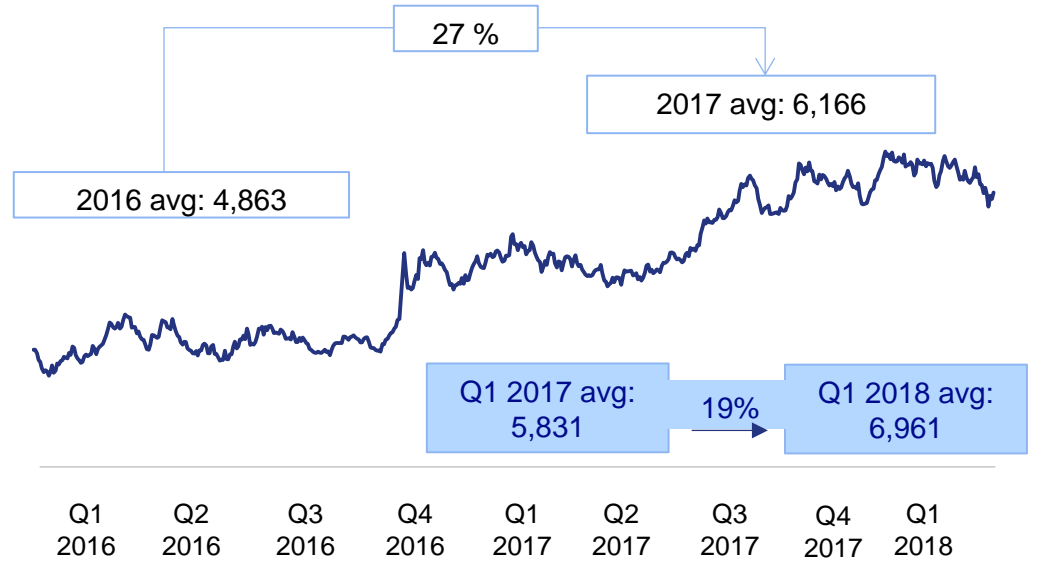
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# KEY METALS TRADING (in USD/t)

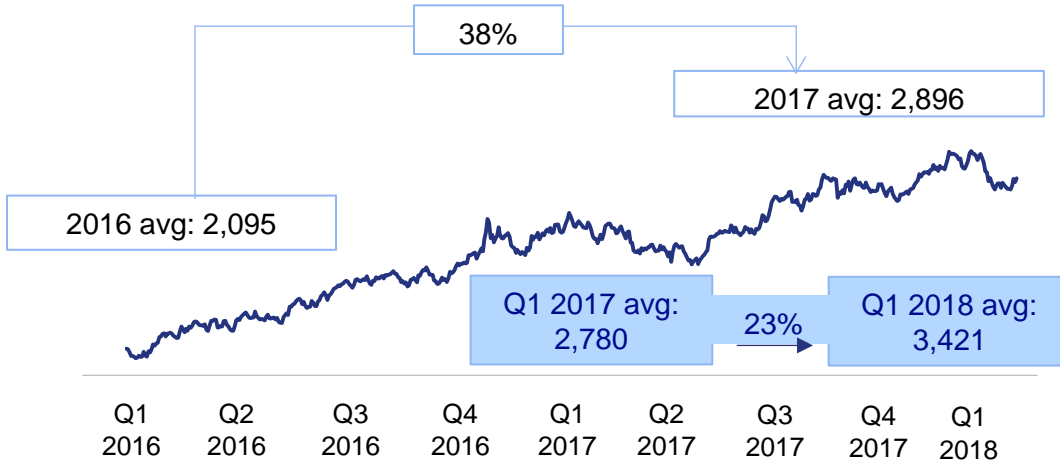
## Aluminium



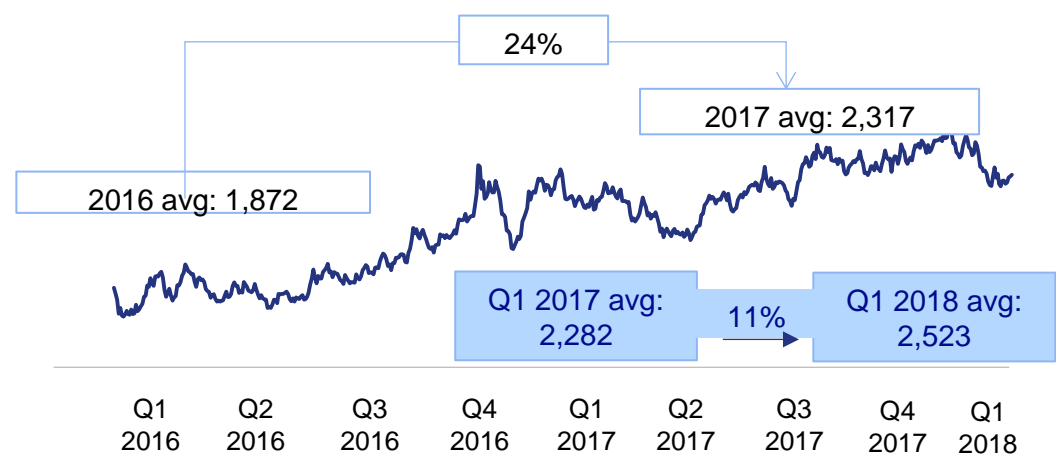
## Copper



## Zinc



## Lead

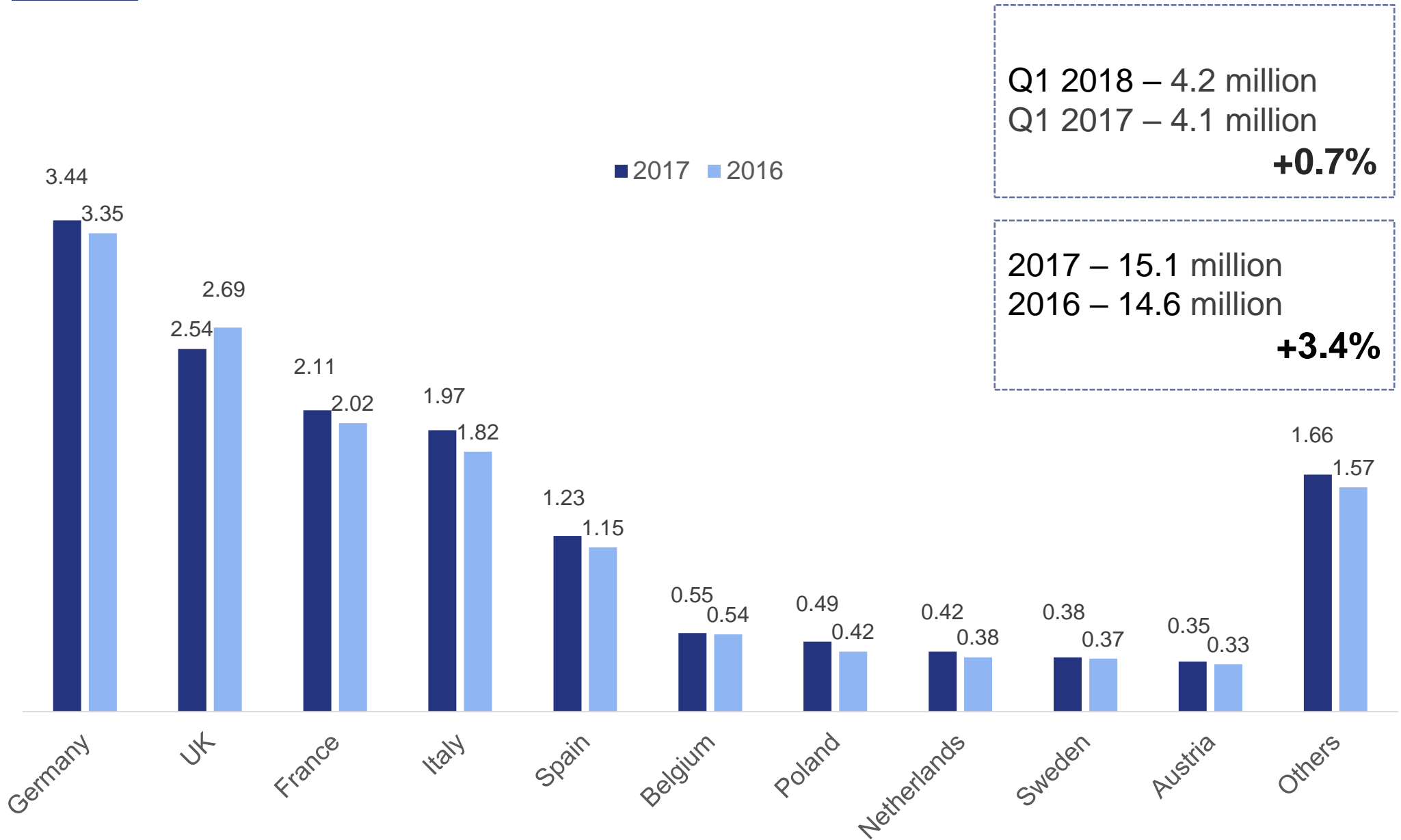




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# EUROPEAN AUTOMOTIVE MARKET

Registrations of new cars by country in million



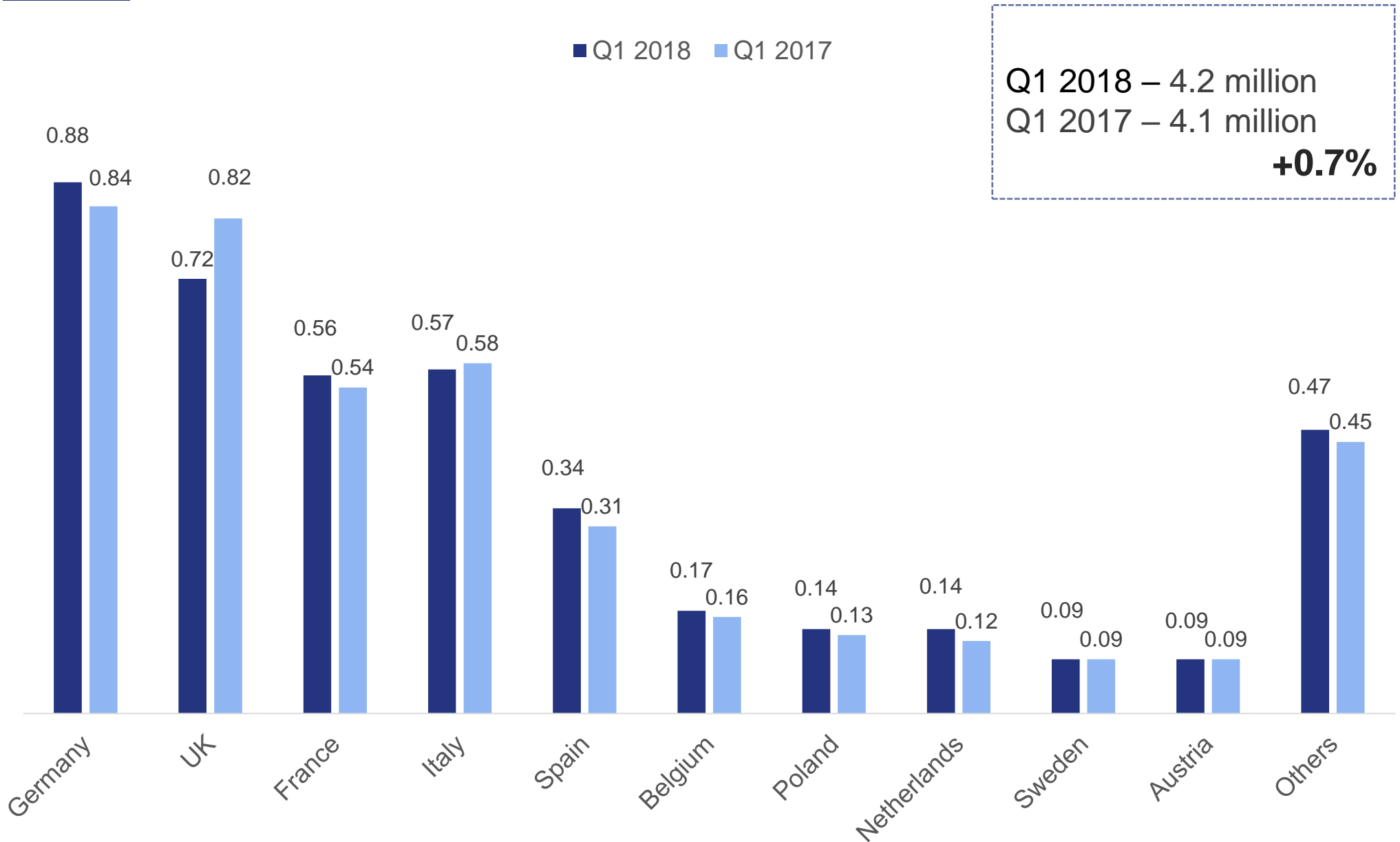




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# EUROPEAN AUTOMOTIVE MARKET

Registrations of new cars by country in million



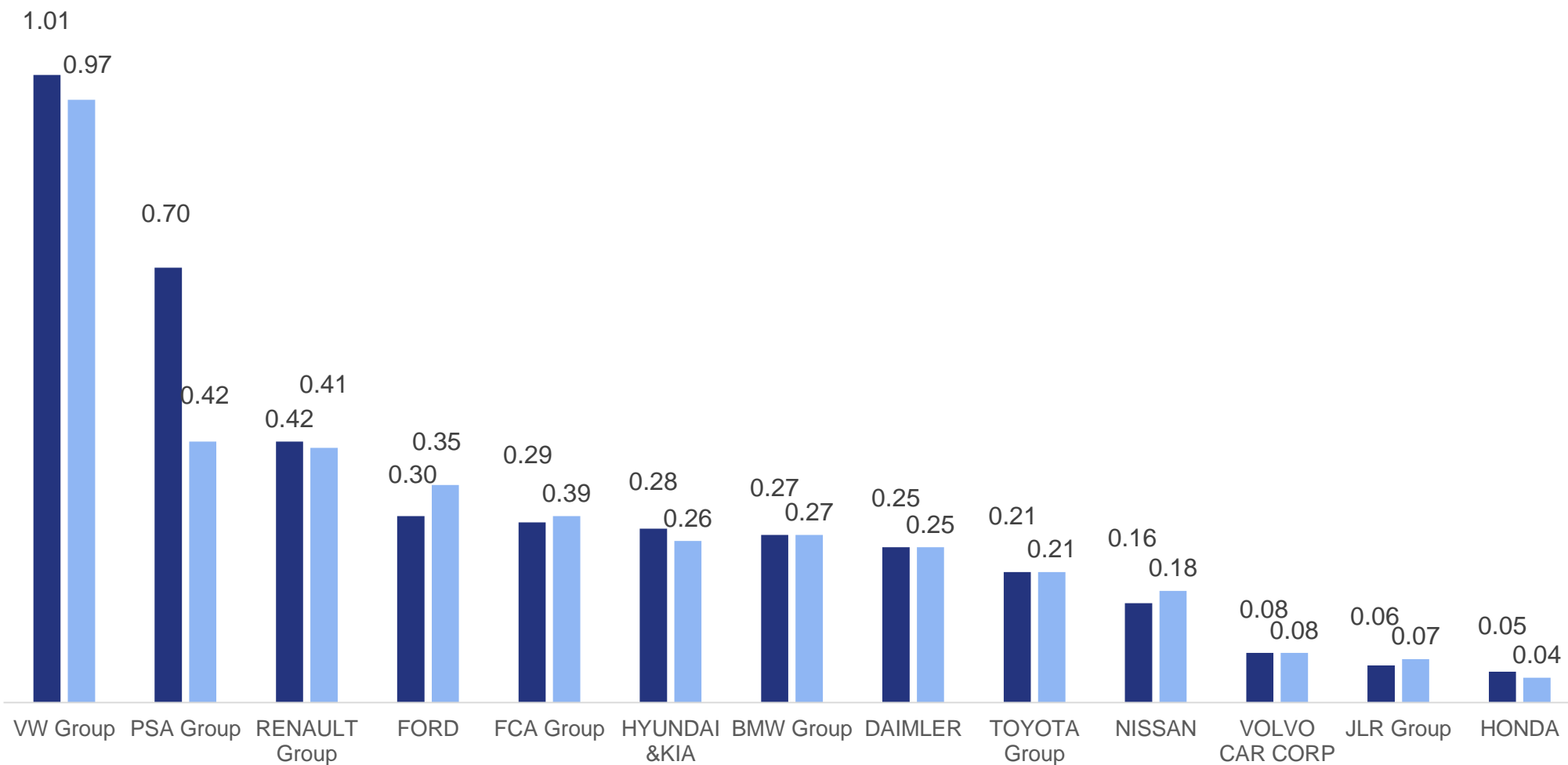


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# EUROPEAN AUTOMOTIVE MARKET

Registrations of new cars by manufacturer in million

■ Q1 2018 ■ Q1 2017



\*JLR = Jaguar Land Rover

European Automobile Manufacturers Association



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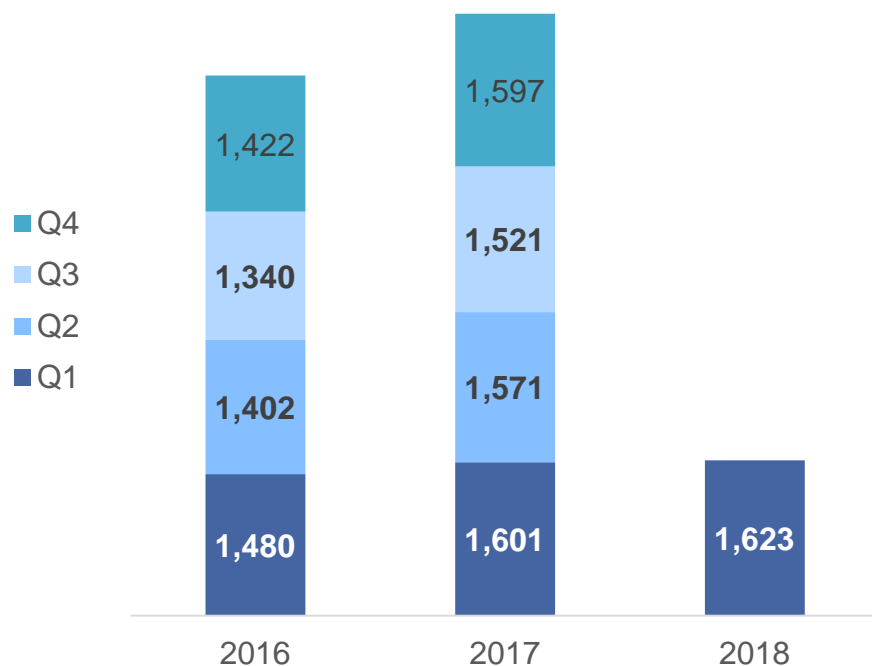
## KEY FINANCIAL DATA YoY (in PLN million)

	Q1 2018	Q1 2017	Change YoY %	2017	2016	Change YoY %
<b>SALES REVENUES</b>	1,623	1,601	1%	6,290	5,644	11%
<b>EBIT</b>	75	94	-20%	335	265	26%
<b>EBITDA</b>	111	128	-13%	469	392	20%
<b>EBITDA MARGIN</b>	6.8%	8.0%		7.5%	6.9%	
<b>NET PROFIT</b>	51	78	-35%	204	194	5%
<b>NET PROFIT (attributed to the shareholders of the parent company)</b>	37.7	65.3	-42%	173	135	28%



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# REVENUE (in PLN million)



Revenues of BORYSZEW Group (PLN million)	2017	2016	Change %	Q1 2018	Q1 2017	Change %
<b>Automotive</b>	2,054	1,983	4%	505	538	-6%
<b>Metals</b>	3,744	3,183	18%	978	938	4%
<b>Chemicals</b>	283	297	-5%	70	70	0%
<b>Other*</b>	210	181	16%	69	56	23%
<b>Total revenues</b>	<b>6,291</b>	<b>5,644</b>	<b>11%</b>	<b>1,622</b>	<b>1,602</b>	<b>1%</b>

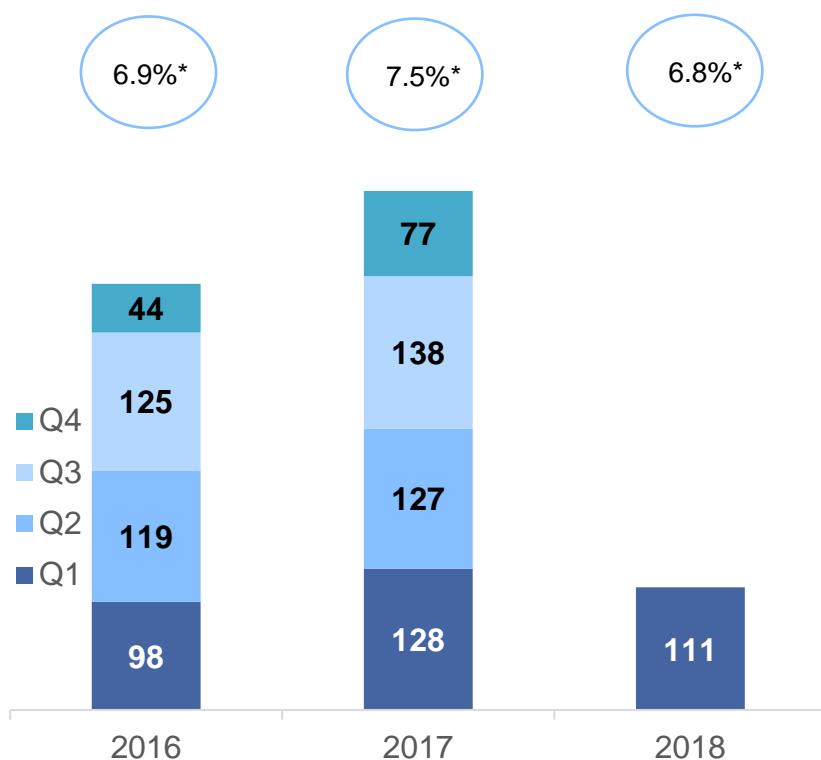
- **Automotive:** 2017 – an increase in sales due to improvement of the macroeconomic situation in the euro zone and in Poland. Q1 2018 - a decline in revenues due to the strengthening of PLN;
- **Metals:** 2017 – an increase in sales volumes by 7.3% with a simultaneous increase in LME prices; Q1 2018 – an increase in sales volumes by 6.2%;
- **Chemicals:** 2017 – business discontinuation;
- **Other:** an increase in both 2017 and Q1 2018 results from the high dynamics of gas and electricity trading.

\* Including the consolidation adjustments



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## EBITDA (in PLN million)



Revenues of BORYSZEW Group (PLN million)	2017	2016	Change %	Q1 2018	Q1 2017	Change %
<b>Automotive</b>	186	89	109%	33	57	-42%
<b>Metals</b>	266	250	6%	68	61	11%
<b>Chemicals</b>	25	21	19%	4	6	-33%
<b>Other*</b>	-8	32	125%	5	5	0%
<b>Total revenues</b>	<b>469</b>	<b>392</b>	<b>20%</b>	<b>111</b>	<b>128</b>	<b>-15%</b>

- **Automotive:** 2017 – a better result due to the increase in sales both in the BAP Group and in the Maflow Group, with a simultaneous rise in efficiency. Q1 2018 – unfavourable macroeconomic indicators, such as the EUR/PLN exchange rate and higher prices of raw materials;
- **Metals:** an increase in both 2017 and Q1 2018 results due to higher sales volumes of the majority of product groups, with a simultaneous higher unit net margin;
- **Chemicals:** 2017 – higher sales of high-margin products (dedicated mainly to the automotive and aviation industries). Q1 2018 - a drop in sales of high-margin products due to lower demand resulting from weather;
- **Others:** In 2016, the result arising from the sale of real estate.

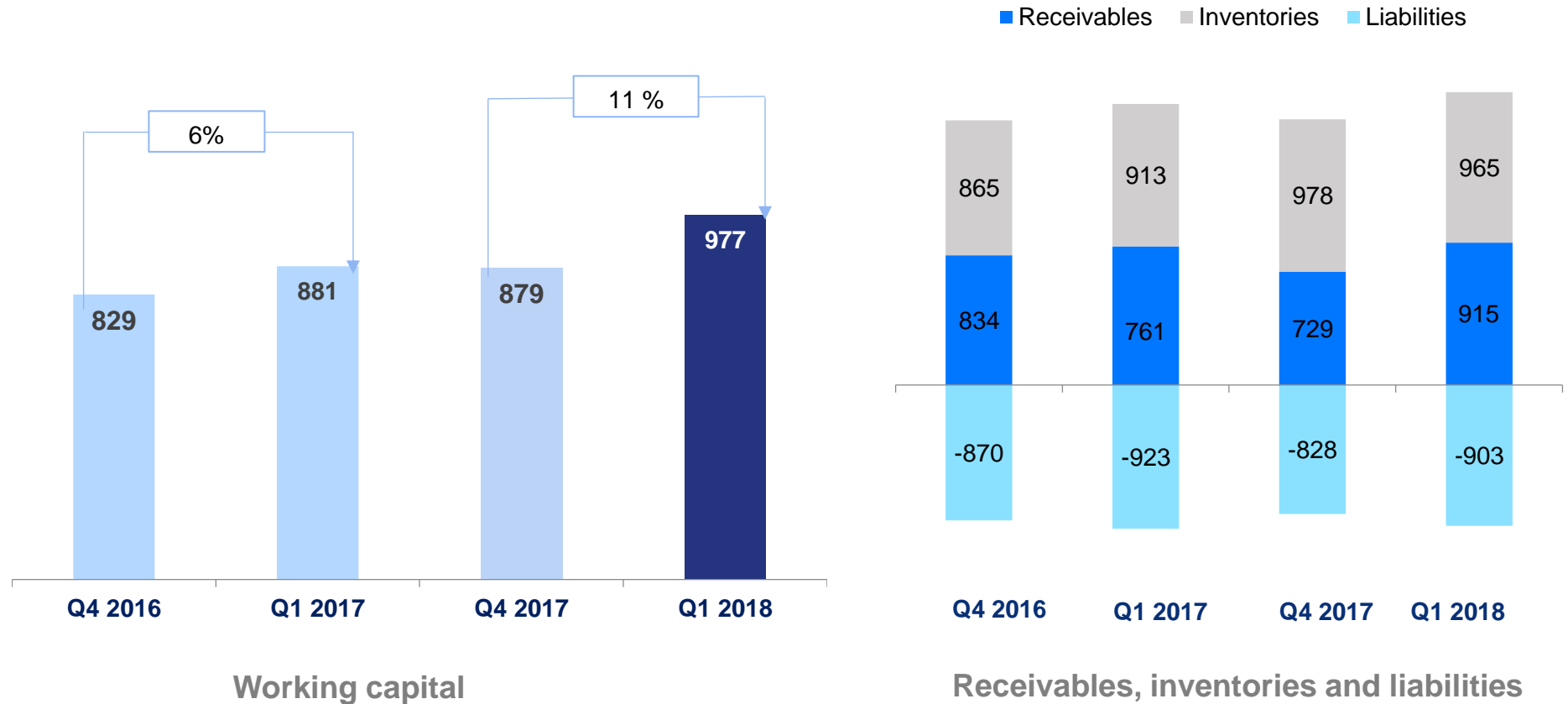
\* EBITDA margin

\*\* Including the consolidation adjustments



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# CHANGE IN WORKING CAPITAL (in PLN million)



Increased LME quotations in 2017 translated directly into an increase in the value of inventories and trade receivables.

The increase in working capital in Q1 2018 vs. Q1 2017 results from the observed seasonality (lower sales in December).



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## CAPEX IN 2017 AND Q1 2018



**PLN 193**

million (2017)



**PLN 47**

million (Q1 2018)



Automotive



Metals



Chemicals



Other

2017

PLN 110  
million

PLN 74  
million

PLN 5  
million

PLN 4  
million

Q1 2018

PLN 19  
million

PLN 26  
million

PLN 1  
million

PLN 1  
million





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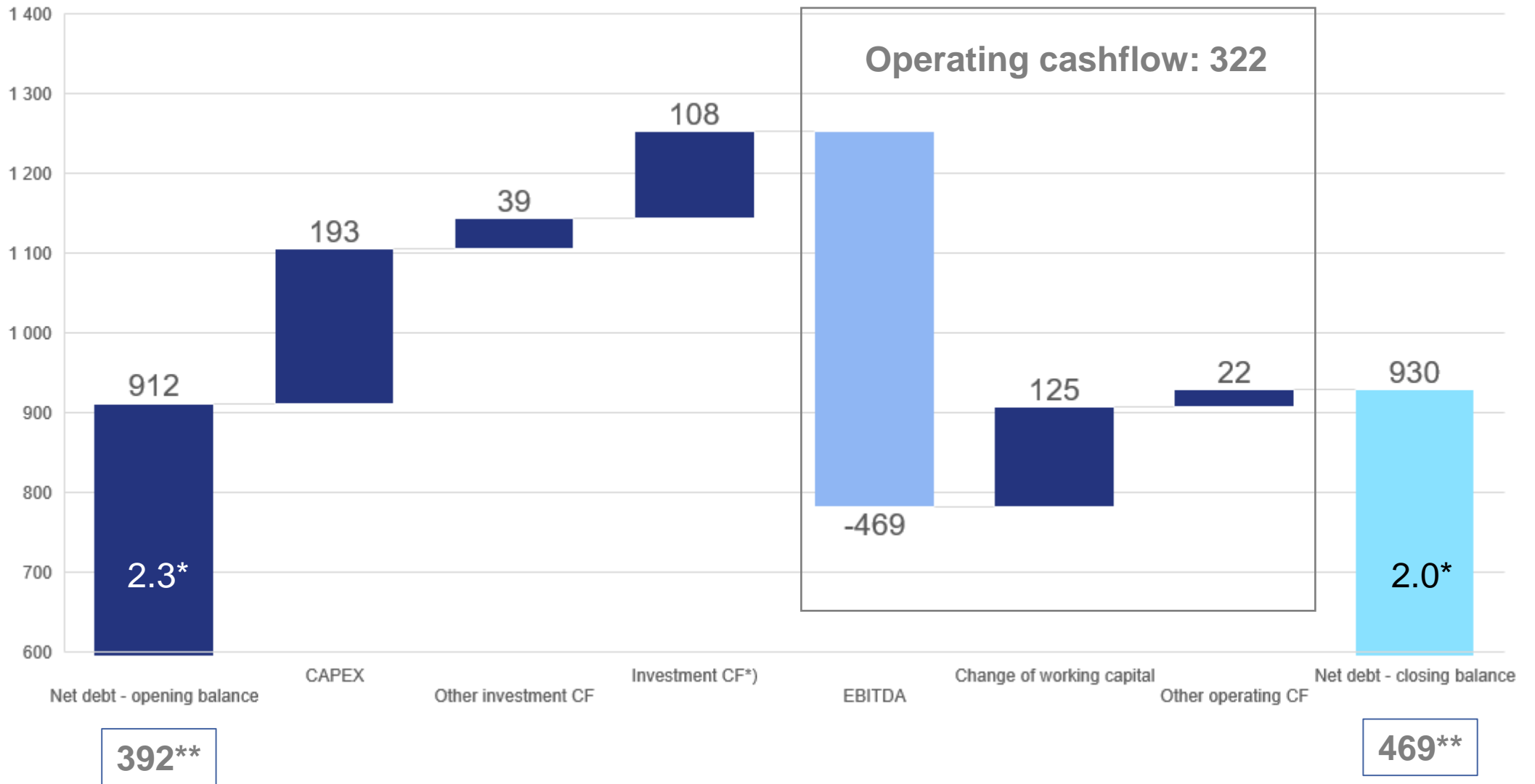
## CASH FLOW (in PLN million)

	2017	2016	Q1 2018	Q1 2017
<b>EBITDA</b>	470	386	111	128
<b>Change in working capital</b>	-125	38	-96	-127
<b>Other</b>	-23	-39	-19	1
<b><u>Cash flow from operating activities</u></b>	322	385	-4	2
<b>CAPEX</b>	-193	-258	-47	-69
<b>Acquisition of financial assets</b>	-71	-106	-50	-22
<b>Other</b>	33	16	14	3
<b>Cash flow from investment activities</b>	-231	-348	-82	-88
<b>Borrowing/repayment of loans</b>	105	90	66	95
<b>Interest paid</b>	-36	-38	-9	-11
<b>Other (including financial leases)</b>	-146	-22	-25	-9
<b>Cash flow from financial activities</b>	-77	30	32	75
<b>Total net cash flows</b>	13	67	-55	-11
<b>Closing balance of cash</b>	216	205	162	194
<b>Free cash flows</b>	90	37	-87	-86



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# NET DEBT IN 2017 (in PLN million)



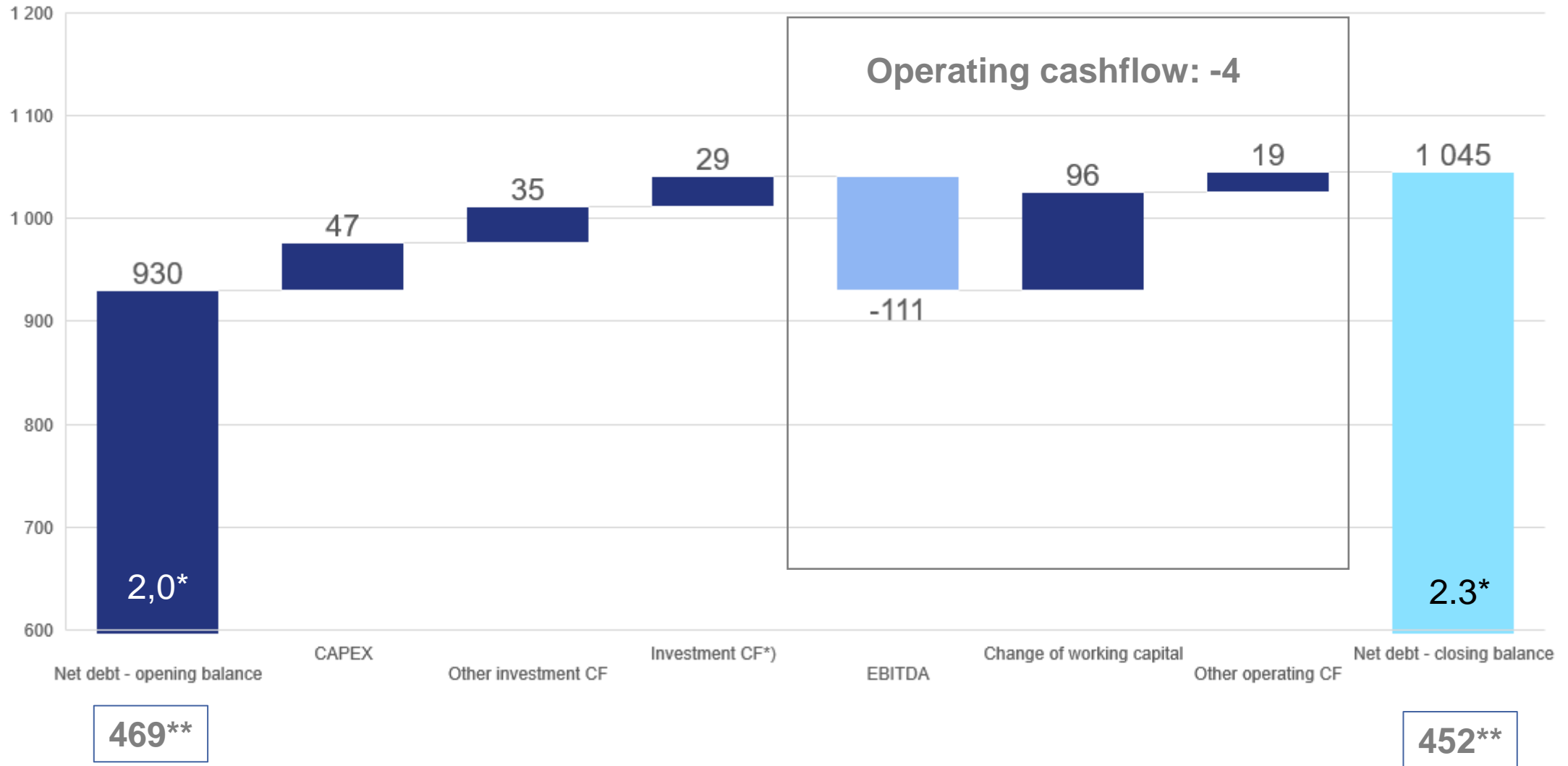
\* Net debt / EBITDA (LTM)

\*\* EBITDA (LTM)



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# NET DEBT IN Q1 2018 (in PLN million)



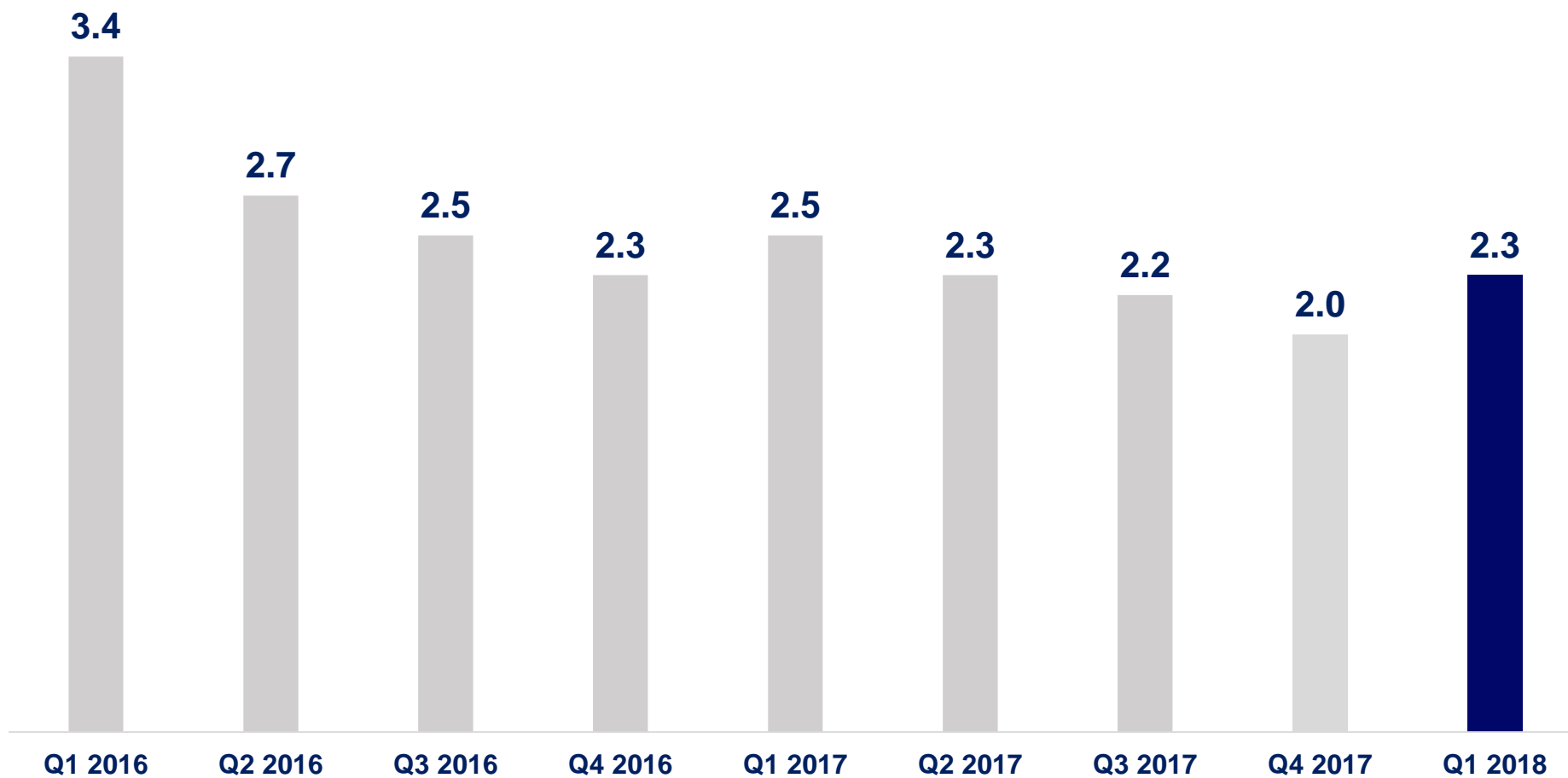
\* Net debt / EBITDA (LTM)

\*\* EBITDA (LTM)



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## CHANGE IN THE NET DEBT / EBITDA RATIO\*



\* EBITDA LTM from transformed financial statements



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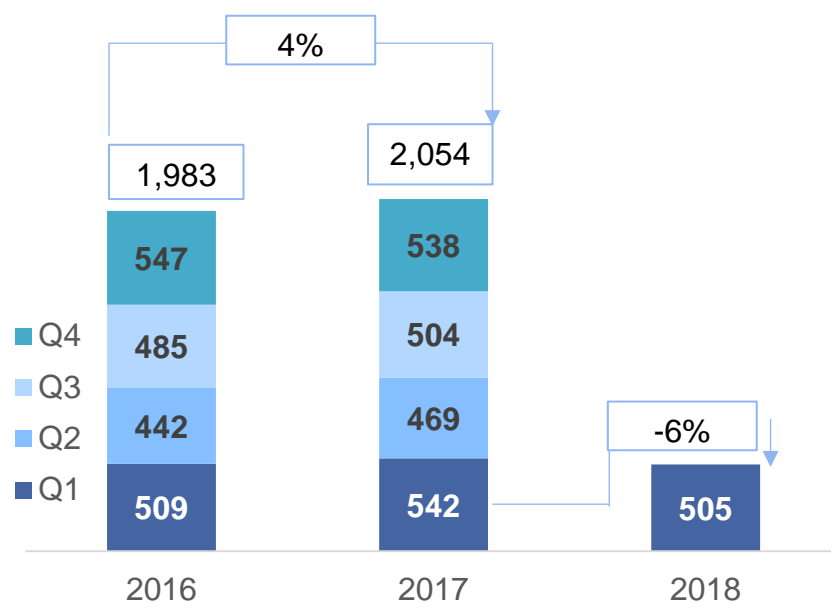
**4. Operating segments**

5. Plans for the next quarters

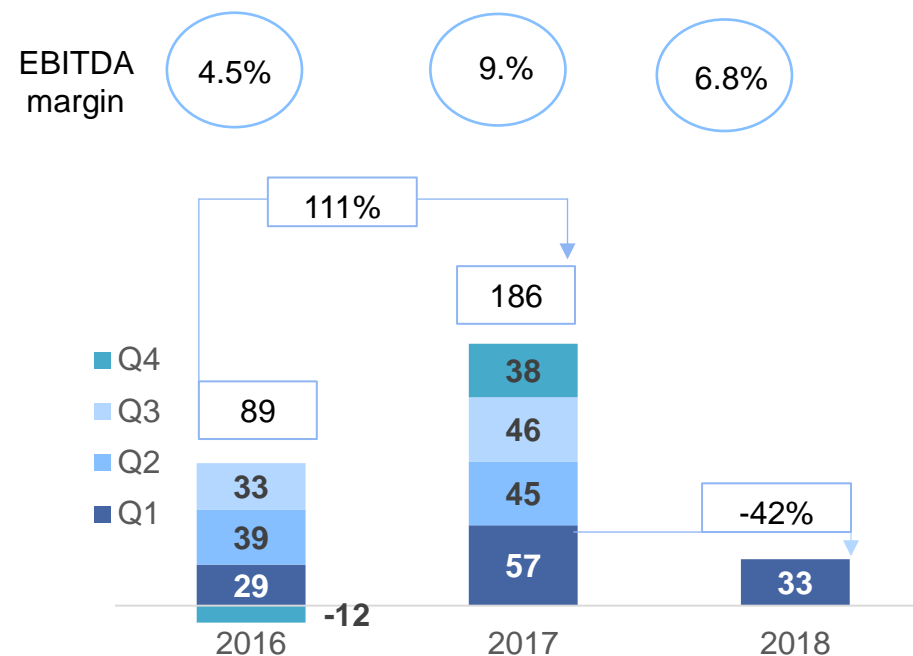


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# AUTOMOTIVE SEGMENT RESULTS (in PLN million)



Revenues



EBITDA

• **2017 :**

- (+) higher sales (+ 4% YoY) with a simultaneous increase in efficiency;
- (+) cost optimization;
- (+) compensation settlement (the Prenzlau plant).

• **Q1 2018:**

- (-) macroeconomic factors: lower EUR/PLN exchange rate, higher raw material prices (aluminium, zinc, plastics);
- (-) lower sales of selected car models / a decrease in sales of parts for selected makes, e.g. VW, Audi, JLR;
- (-) costs related to achieving the full power and efficiency of the Maflow plants in Toruń and Mexico;
- (-) high base in Q1 2017 (partial settlement of compensation in the BAP Group).



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## NOMINATIONS FOR NEW PROJECTS

- In 2017, **new nominations for EUR 305.5 million** were acquired in the entire project cycle
- In Q1 2018, **new nominations for EUR 48.2 million** were acquired in the entire project cycle

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### Methodology

New nominations – contracts concluded in a given year, in which mass production begins in 2018 and subsequent years.

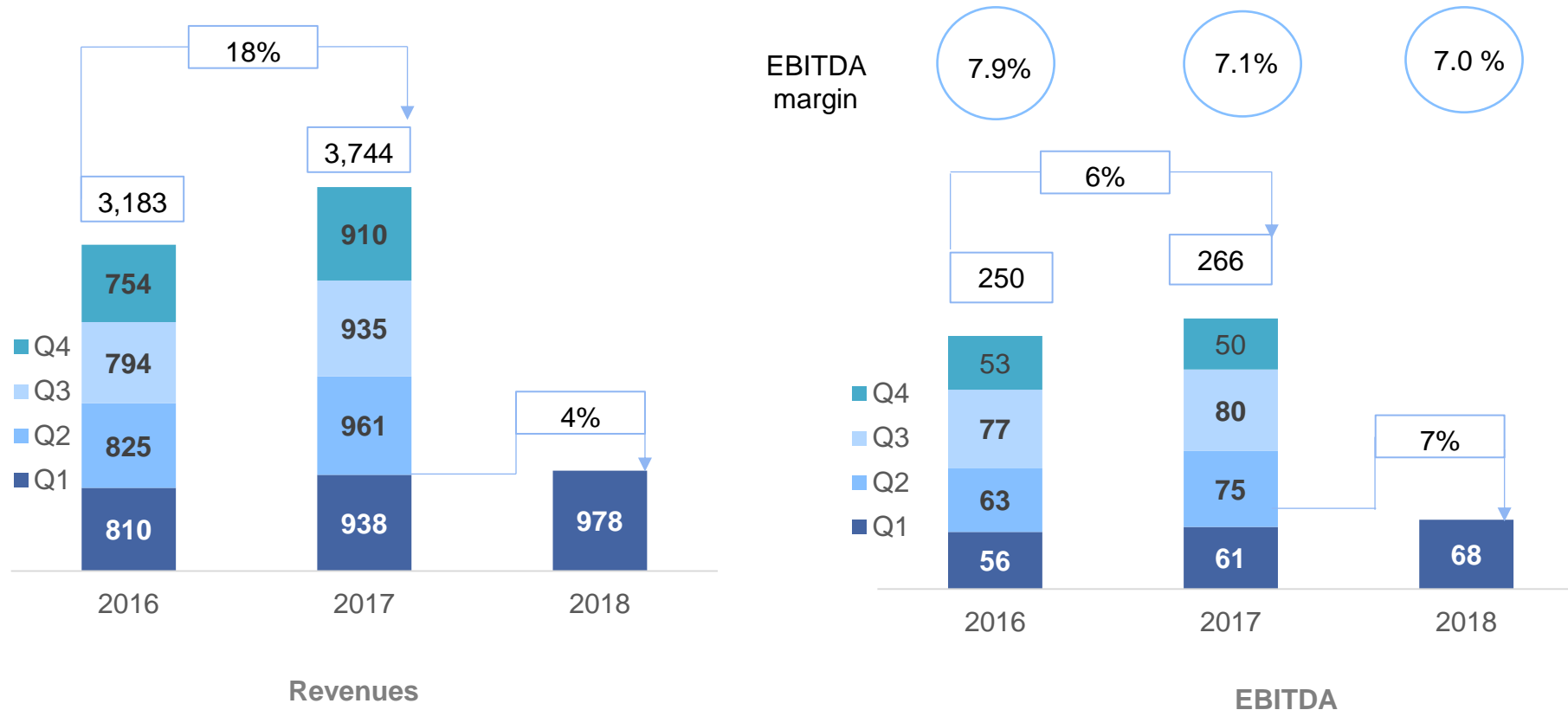
Notes: The presented sales figures do not include:

- Opportunities - the new sales opportunities as part of ongoing and future negotiations, the contracts which have not been formally concluded yet
- Others - the rest of the sales (tools, non-automotive)



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# METALS SEGMENT RESULTS (in PLN million)



• **2017 :**

- (+) increase in sales volumes in the majority of companies in the Metals Segment by 8% to 269k tonnes (NPA Skawina up by 28%, Silesia by 13%, Oława by 7%, Zakład Aluminium Konin by 8%);
- (+) increase in LME prices (aluminium by 18%, lead by 19%, copper by 21% and zinc by 32%);
- (+) increase in unit net margins.

• **Q1 2018:**

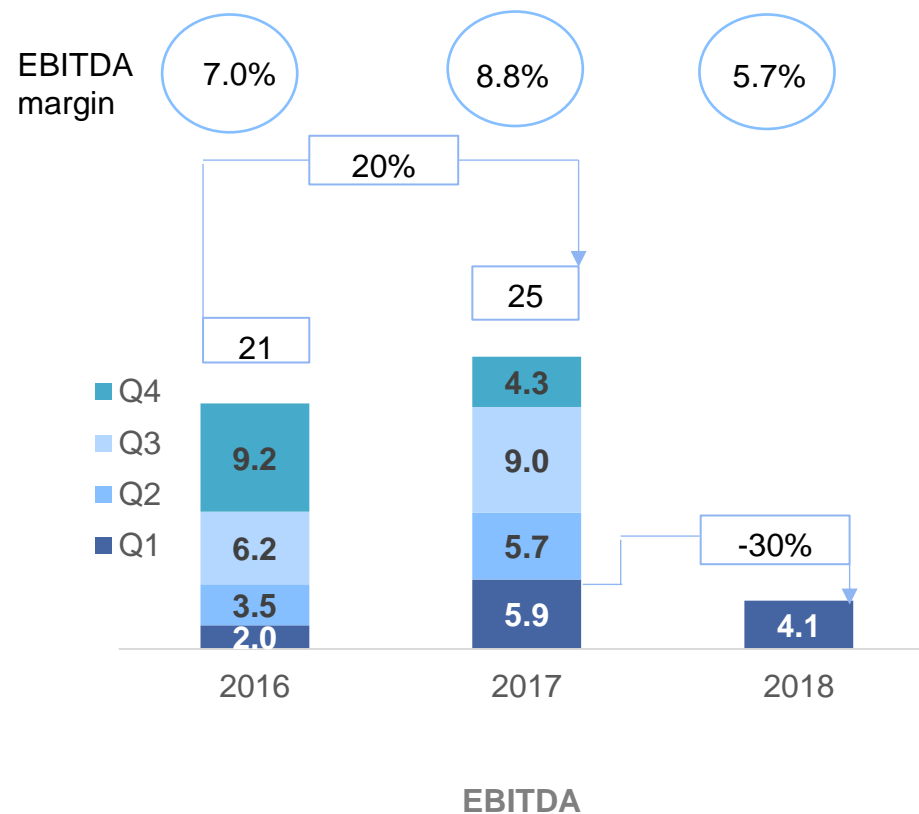
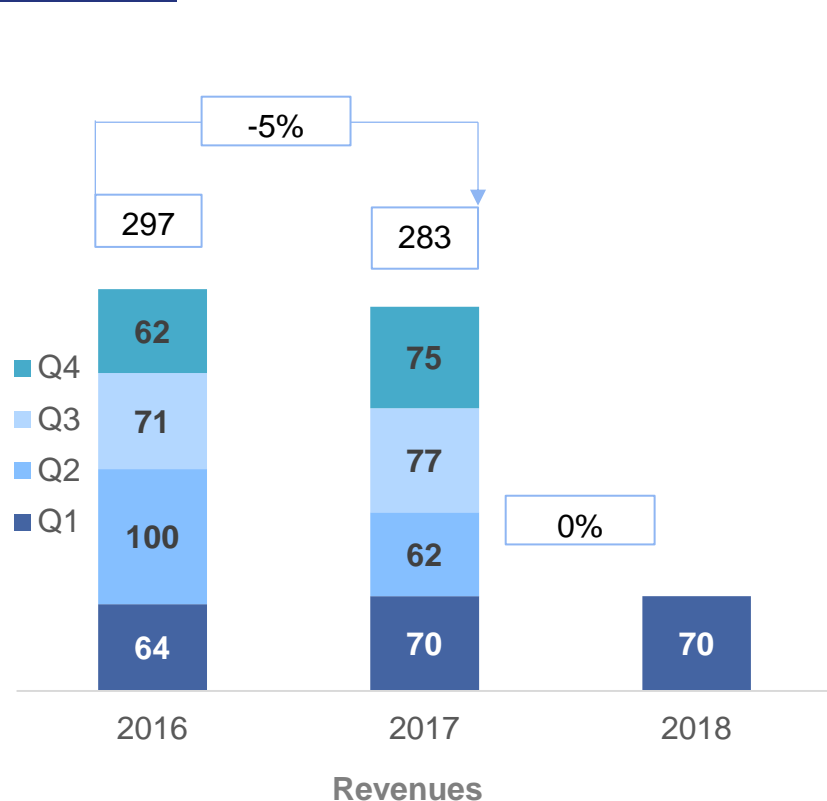
- (+) increase in sales volumes by 6.2% to 71.5k tonnes;
- (+) increase in unit net margins.





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# CHEMICALS SEGMENT RESULTS (in PLN million)



• **2017 :**

- (+) higher sales of high-margin products - Borygo, Borygo Runway, Borygo Plane;
- (-) discontinued sales of commercial goods.

• **Q1 2018**

- Revenues similar to Q1 2017 with a slight decrease in sales volumes (Elana Branch and Elana PET Branch).
- (-) decrease in sales of high-margin products due to lower demand resulting from weather conditions.



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# FORECAST FOR THE NEXT QUARTERS

- Implementation of investment programs
- Development of the full characteristics of AlMg7 VHS alloy
- Optimization and automation of production processes in the Maflow and BAP plants
- Implementation of subsequent stages of innovative projects in the BAP and Maflow plants
- Further diversification of the BAP client portfolio
- Launch of a new product for the automotive sector in NPA Skawina, acquiring new customers and achieving synergy from Maflow
- Extension of the product portfolio in the aerochemicals sector
- Preparation and submission of subsequent applications for co-financing of innovative projects

# Thank you



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