

BORYSZEW GROUP

FY 2018 FINANCIAL RESULTS



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1. Boryszew Group – FY 2018 Summary

2. Market environment

3. FY 2018 financial results

4. Operating segments

5. Plans for the next quarters



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KEY FACTORS AFFECTING THE GROUP IN 2018

- Growing importance and rapid development of the electric vehicles (EV) segment.
- Increased importance of aluminium as a result of the growing EV market.
- Stabilisation of the production process in the Mexico plant in Q4 2018.
- Launch of WLTP (Worldwide Harmonized Light Vehicles Test Procedure) standards from 1 September 2018 and their direct impact on the decreased sales of OEMs.
- Unstable geopolitical situation and increased tariffs.

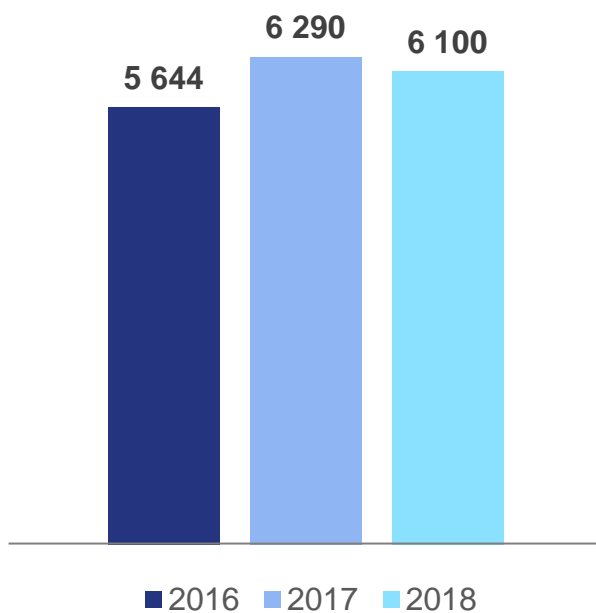


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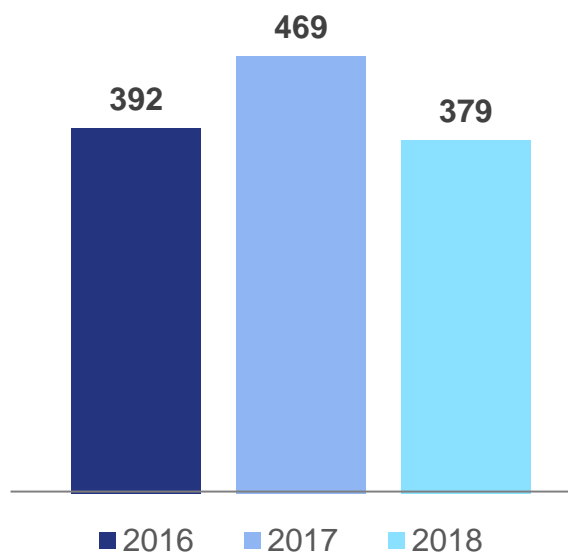
BORYSZEW GROUP – SUMMARY



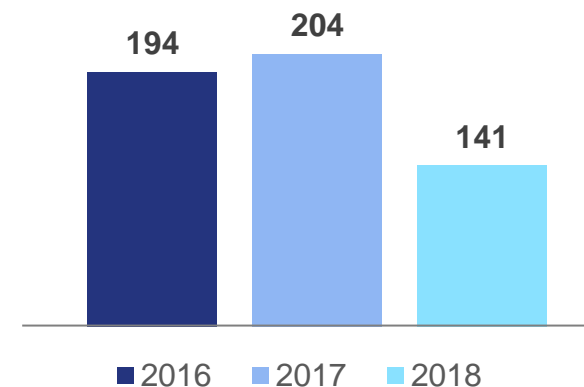
Revenues
[PLN m]



EBITDA
[PLN m]



Net profit
[PLN m]





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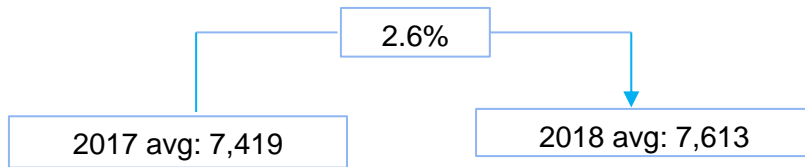
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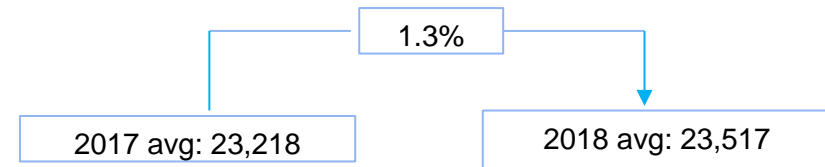
QUOTATIONS OF KEY METALS (IN USD/t)

Aluminium



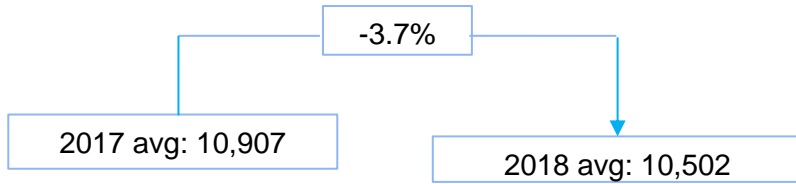
Q1 2017 Q2 2017 Q3 2017 Q4 2017 Q1 2018 Q2 2018 Q3 2018 Q4 2018

Copper



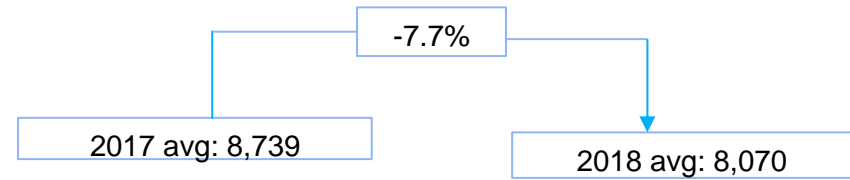
Q1 2017 Q2 2017 Q3 2017 Q4 2017 Q1 2018 Q2 2018 Q3 2018 Q4 2018

Zinc



Q1 2017 Q2 2017 Q3 2017 Q4 2017 Q1 2018 Q2 2018 Q3 2018 Q4 2018

Lead

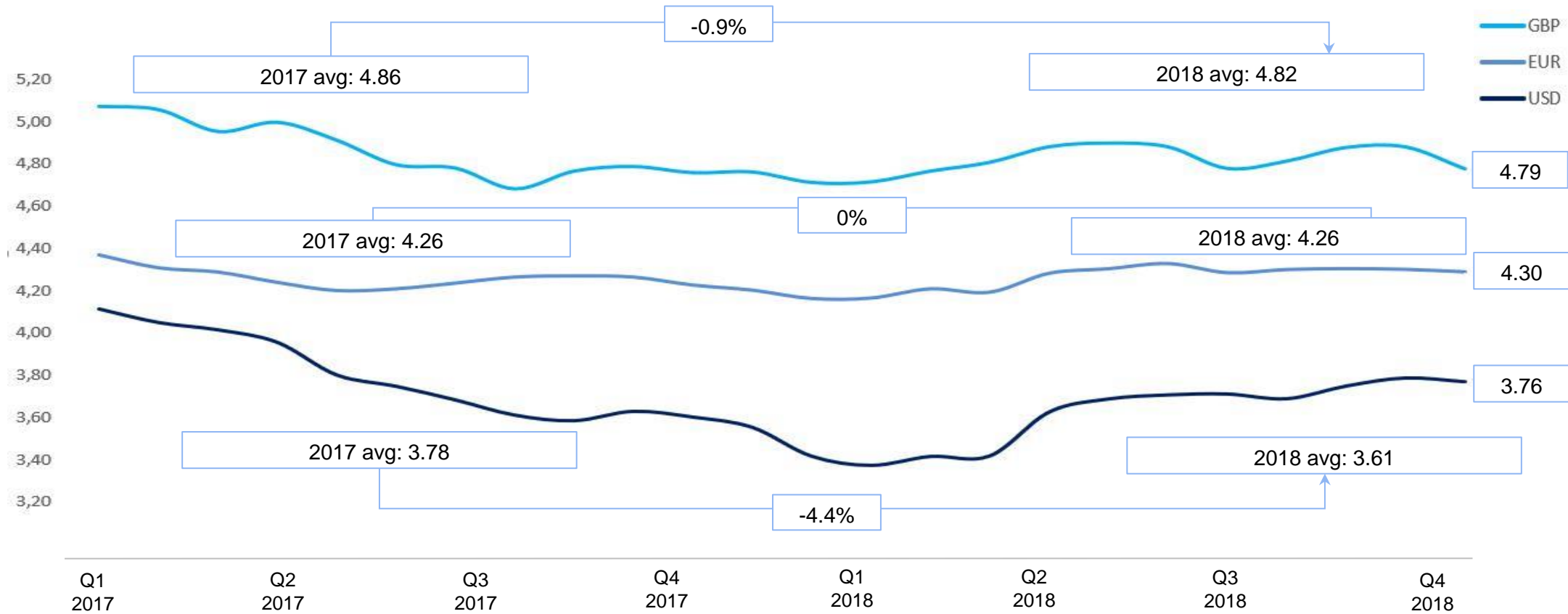


Q1 2017 Q2 2017 Q3 2017 Q4 2017 Q1 2018 Q2 2018 Q3 2018 Q4 2018



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EXCHANGE RATES

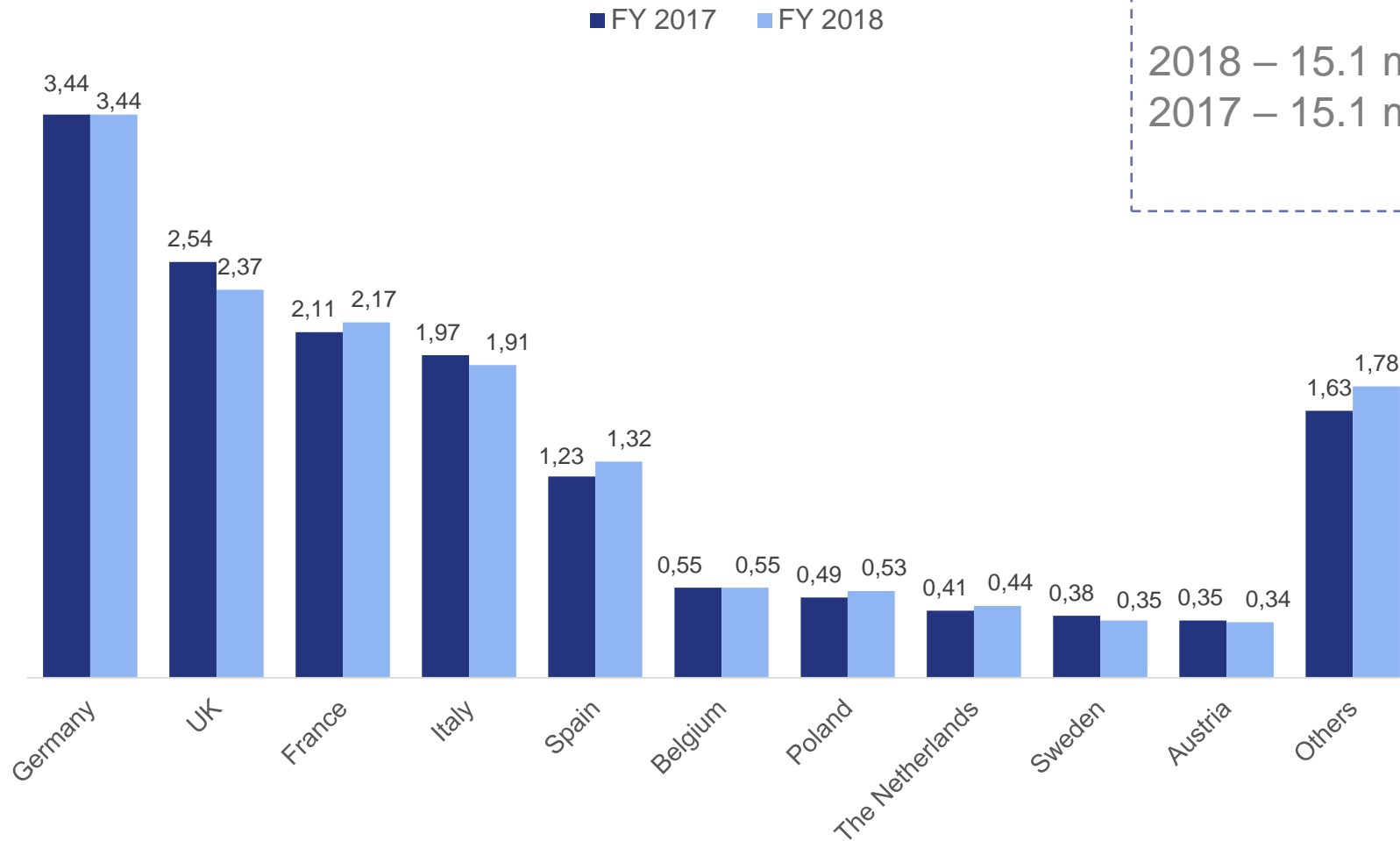




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EUROPEAN AUTOMOTIVE MARKET

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



2018 – 15.1 million
2017 – 15.1 million
+0.0%

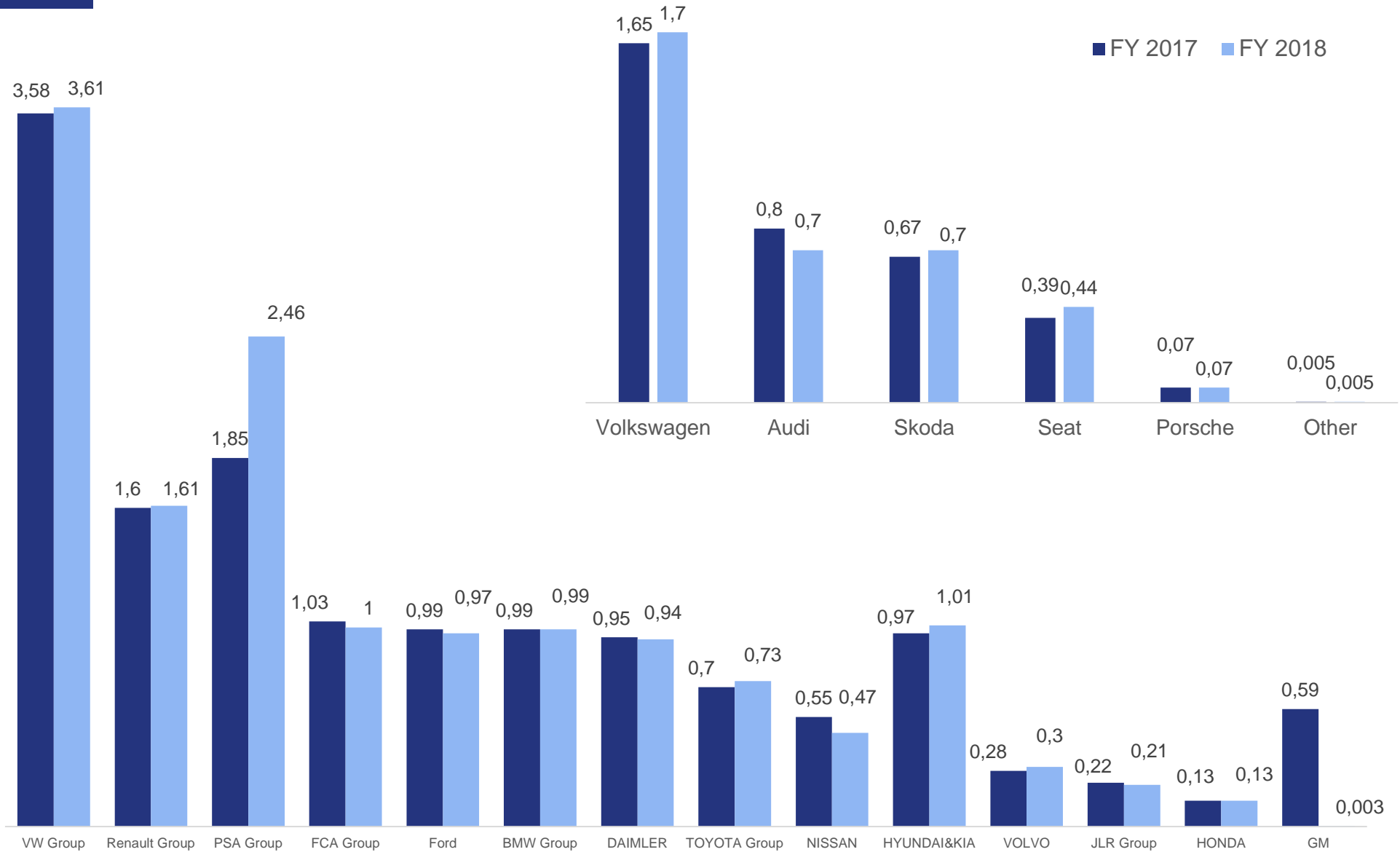
* ACEA (European Automobile Manufacturers Association)



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EUROPEAN AUTOMOTIVE MARKET

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



* JLR = Jaguar Land Rover

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

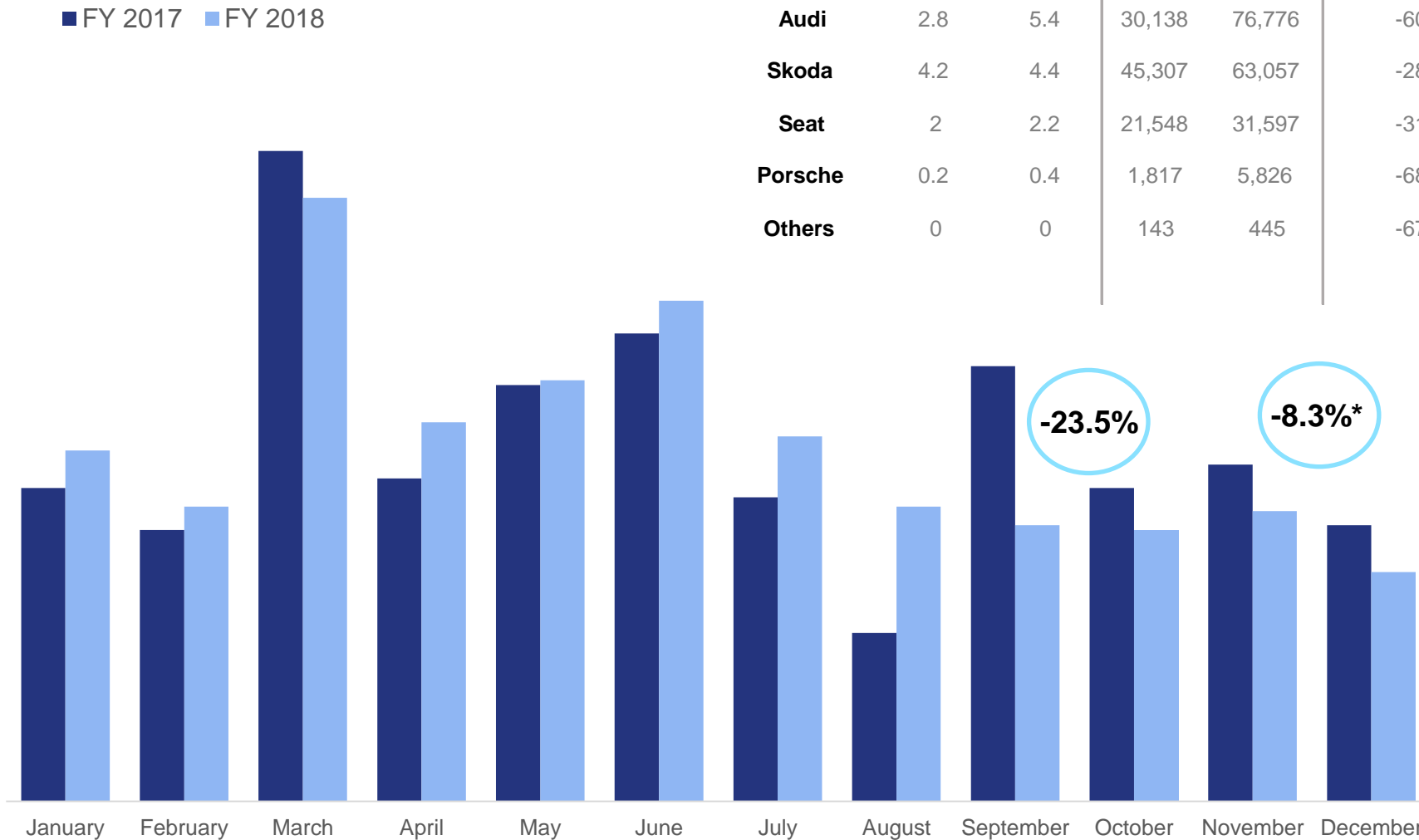
*** FCA Group = Fiat, Jeep, Alfa Romeo, Lancia, Chrysler



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EUROPEAN AUTOMOTIVE MARKET

Registrations of new cars in September 2018



	Market share (%)		Quantity		YoY change
	FY 2018	FY 2017	FY 2018	FY 2017	
VW Group	15.8	23.2	171,963	330,527	-48%
Volkswagen	6.7	10.7	73,01	152,826	-52.2%
Audi	2.8	5.4	30,138	76,776	-60.7%
Skoda	4.2	4.4	45,307	63,057	-28.1%
Seat	2	2.2	21,548	31,597	-31.8%
Porsche	0.2	0.4	1,817	5,826	-68.8%
Others	0	0	143	445	-67.9%

* YoY change (Q4 2018/Q4 2017)



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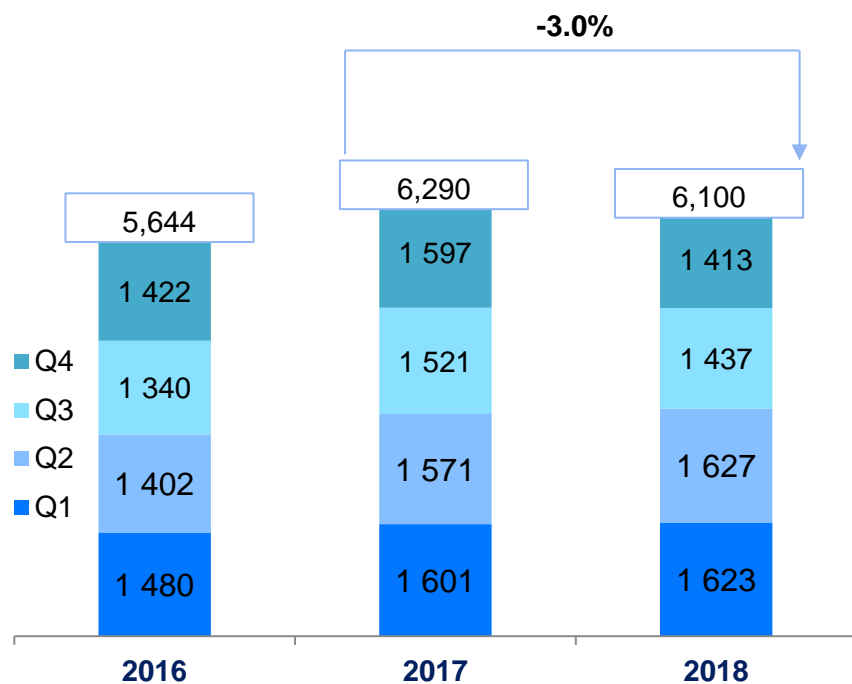
KEY FINANCIAL DATA YoY (in PLN million)

	FY 2016	FY 2017	FY 2018	FY 2017 / FY 2018 % change
Sales revenue	5,644	6,290	6,100	-3%
EBIT	265	335	230	-31%
EBITDA	392	469	379	-19%
EBITDA margin	6.9%	7.5%	6.2%	
Net profit	194	204	141	-31%
Net profit (attributed to the shareholders of the parent company)	135	173	71	-59%



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REVENUE (in PLN million)



Revenue by segment (in PLN million)	FY 2016	FY 2017	FY 2018	FY 2017 / FY 2018 change	FY 2017 / FY 2018 % change
Automotive	1,983	2,054	1,899	-155	-8%
Metals	3,183	3,744	3,683	-61	-2%
Chemicals	297	283	292	9	3%
Other Operations*	181	209	226	17	8%

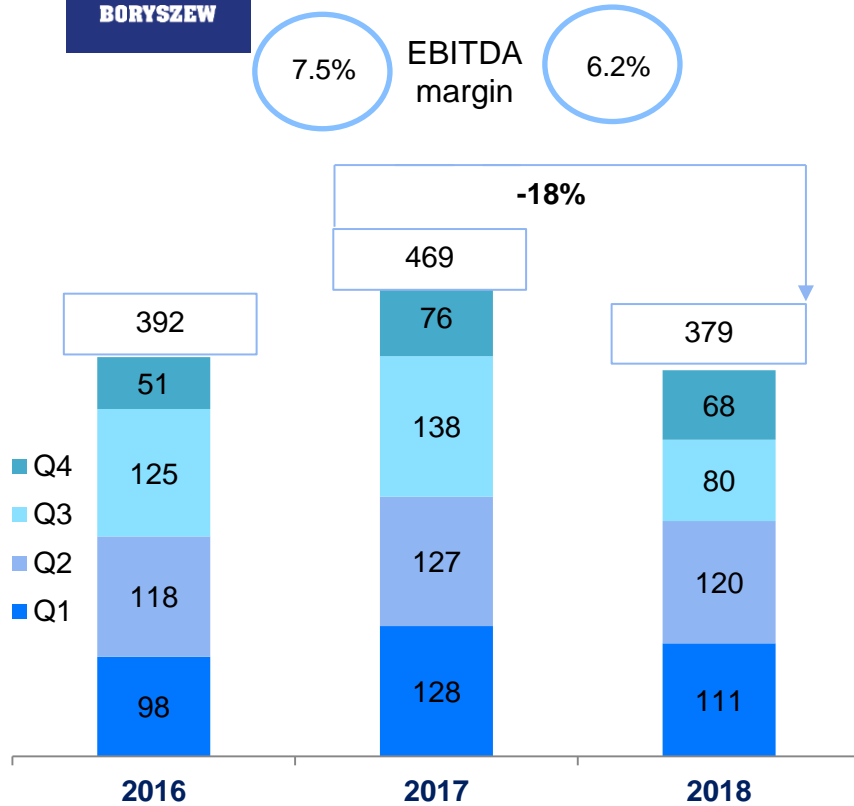
- Automotive Segment:
 - new environmental regulations (WLTP, REACH);
 - changes in the global market environment;
 - +/- rapid development of the electric vehicles segment.
- Metals Segment:
 - lower prices on LME;
 - +/- increased sales volumes (Aluminium Konin, Hutmen, Baterpol), decrease sales volumes in the remaining companies.

* including consolidation adjustments



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EBITDA (in PLN million)



Revenue by segment (in PLN million)	FY 2016	FY 2017	FY 2018	FY 2017 / FY 2018 change	FY 2017 / FY 2018 % change
Automotive	89	186	73	-113	-61%
Metals	250	266	277	11	4%
Chemicals	21	25	15	-10	-40%
Other Operations**	32	-8	14	22	-275%

- Automotive Segment:**
 - WLTP effect;
 - stabilisation of the production process in the Mexico plant (Maflow Group).
- Metals Segment:**
 - + increased sales volumes in Metals Segment (Baterpol, Aluminium Konin);
 - + change in the sales structure in the Metals Segment.
- Chemicals Segment**
 - lower sales volumes of chopped fibres in Elana plants;
 - change in the sales structure at the ERG branch.

* EBITDA margin

** including consolidation adjustments



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KEY QUARTERLY FINANCIAL RESULTS IN 2018

(in PLN million)

	Q1	Q2	Q3	Q4
Sales revenue	1,623	1,627	1,437	1,413
Automotive	505	528	401	465
Metals	978	973	923	809
Chemicals	70	72	69	81
Other Operations	70	54	44	58
EBITDA	111	120	80	68
Automotive	33	30	-3	13
Metals	68	84	75	50
Chemicals	4	3	4	4
Other Operations	6	3	4	1

FY 2018 CAPEX



PLN **158** million

Automotive

Metals

Chemicals

Other



PLN
54 million

PLN
80 million

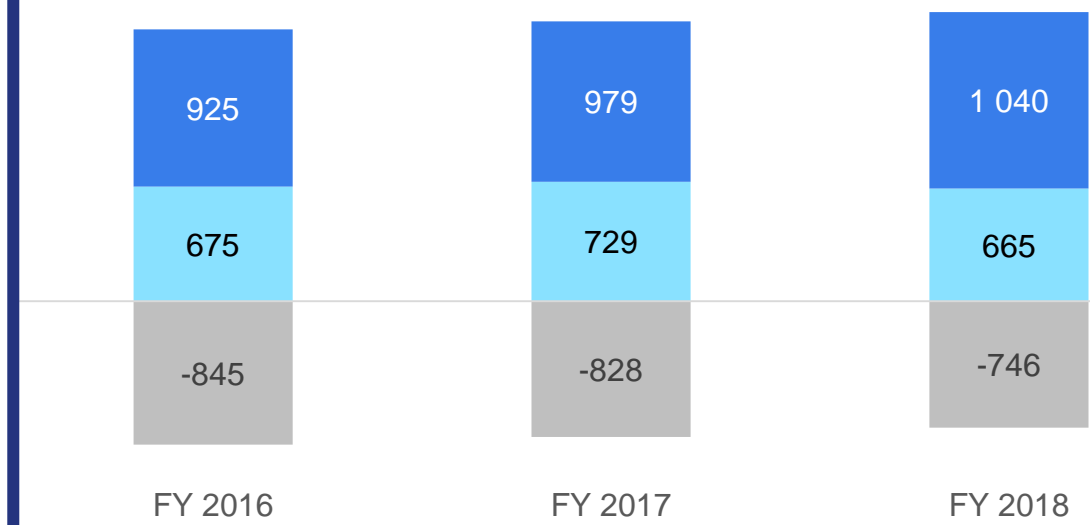
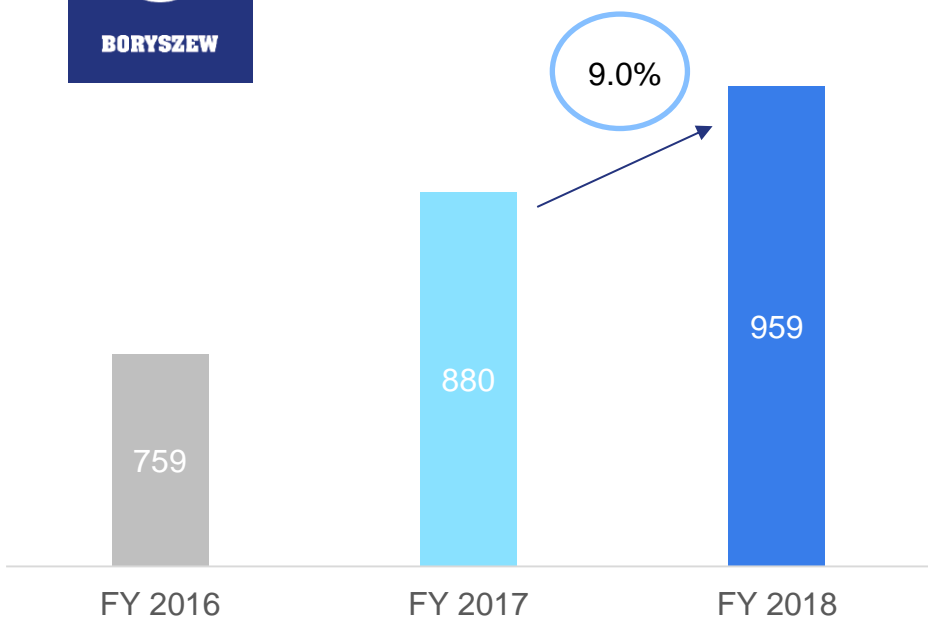
PLN
18 million

PLN
6 million

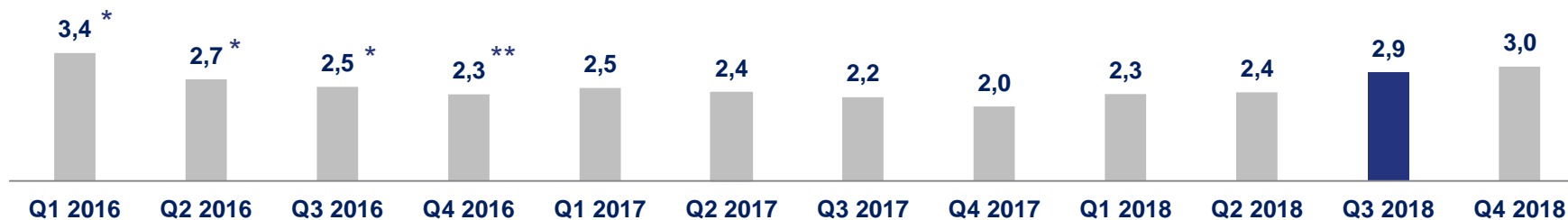


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Working capital and debt



■ Inventories ■ Receivables ■ Liabilities



• Inventories

- increased inventories of aluminium blocks in Konin;
- Increased inventories of tools in the Automotive Segment;
- lower prices on the LME.

• Receivables

- lower prices on the LME;
- Improved receivables recovery;
- lower turnover in the Automotive Segment.

• Liabilities

- lower prices on the LME;
- Shorter payment terms in exchange for price discounts.

* LTM EBITDA from restated accounts

** according to the complete restated financial statement

+ / - increase or decrease in the balance sheet value



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Cash flow (in PLN million)

	FY 2016	FY 2017	FY 2018
EBITDA	392	469	379
Change in working capital	38	-125	-53
Other	-122	-22	-111
Cash flow from operating activities	385	322	215
CAPEX	-258	-193	-158
Acquisition of financial assets and of stock and shares in Boryszew Group	-106	-71	-152
Other	16	33	23
Cash flow from investment activities	-348	-231	-287
Borrowing / Repayment of loans	90	105	119
Interest paid	-38	-36	-39
Other (including financial leases)	-22	-146	-95
Cash flow from financial activities	30	-77	-15
Total net cash flows	67	13	-87
Other (foreign exchange differences)	0	-2	9
Closing balance	205	216	138
Free cash flows	150	123	117



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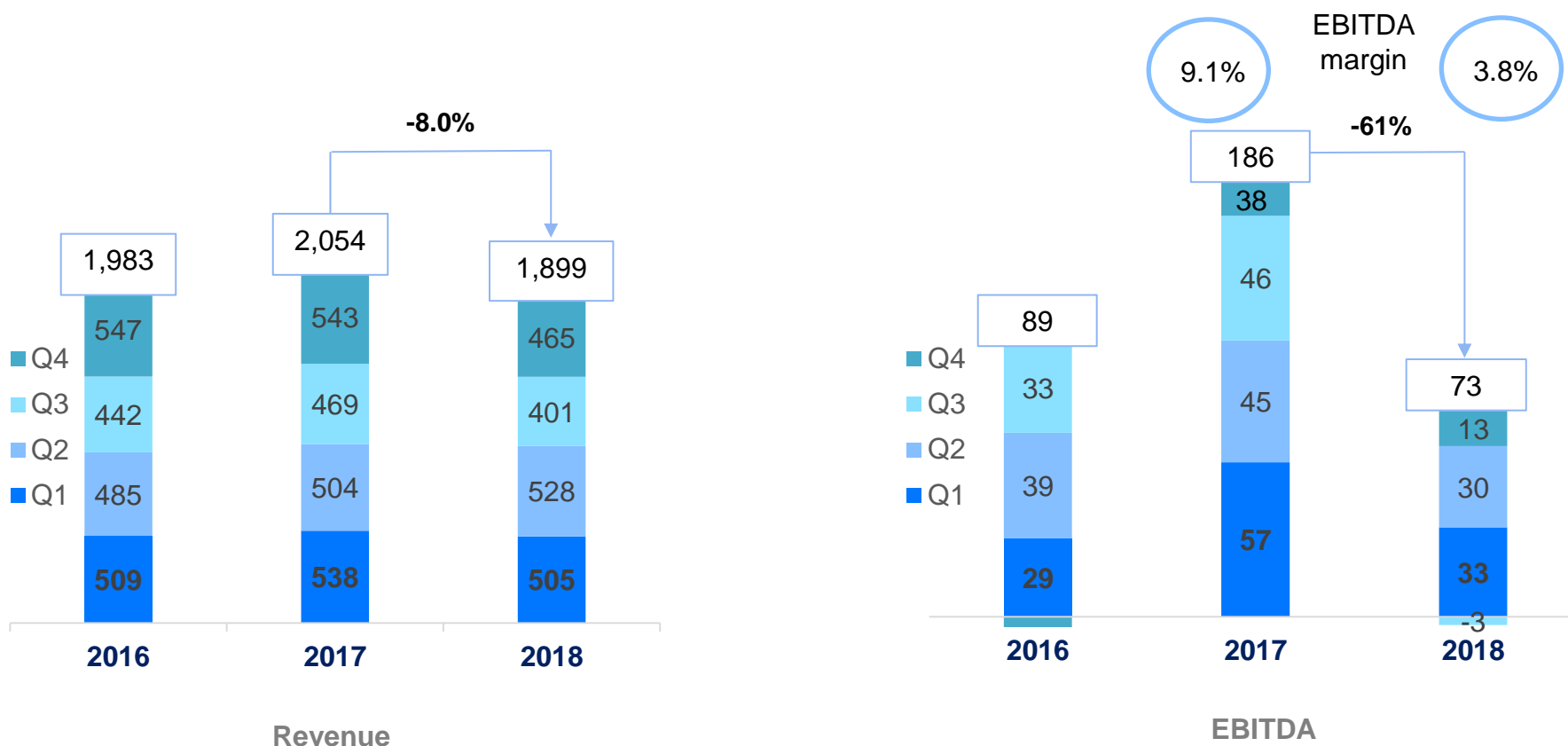
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AUTOMOTIVE SEGMENT RESULTS (in PLN million)



- The results of the Automotive Segment were mainly affected by the following factors:
 - lower sales due to the introduction of new environmental standards (WLTP, Euro 6 and REACH), the estimated negative impact on FY 2018 EBITDA is PLN 30.6 million;
 - stabilization of the production process in the Mexico plant, the estimated negative impact on FY 2018 EBITDA is PLN 32.2 million;
- Development of new nominations (R&D, PM, IMM);
- In the medium and long term, we expect the changes in the automotive market (EV) to have a positive impact on the Group's situation.



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NOMINATIONS FOR NEW PROJECTS

In 2018, new nominations for contracts with the value of over **EUR 388.1 million** were required in the entire project cycle.



The order book is being built with view to:

- ultimate product diversification (concentration on selected market segments);
- customer diversification (new OEMs that the Group has not cooperated with yet).

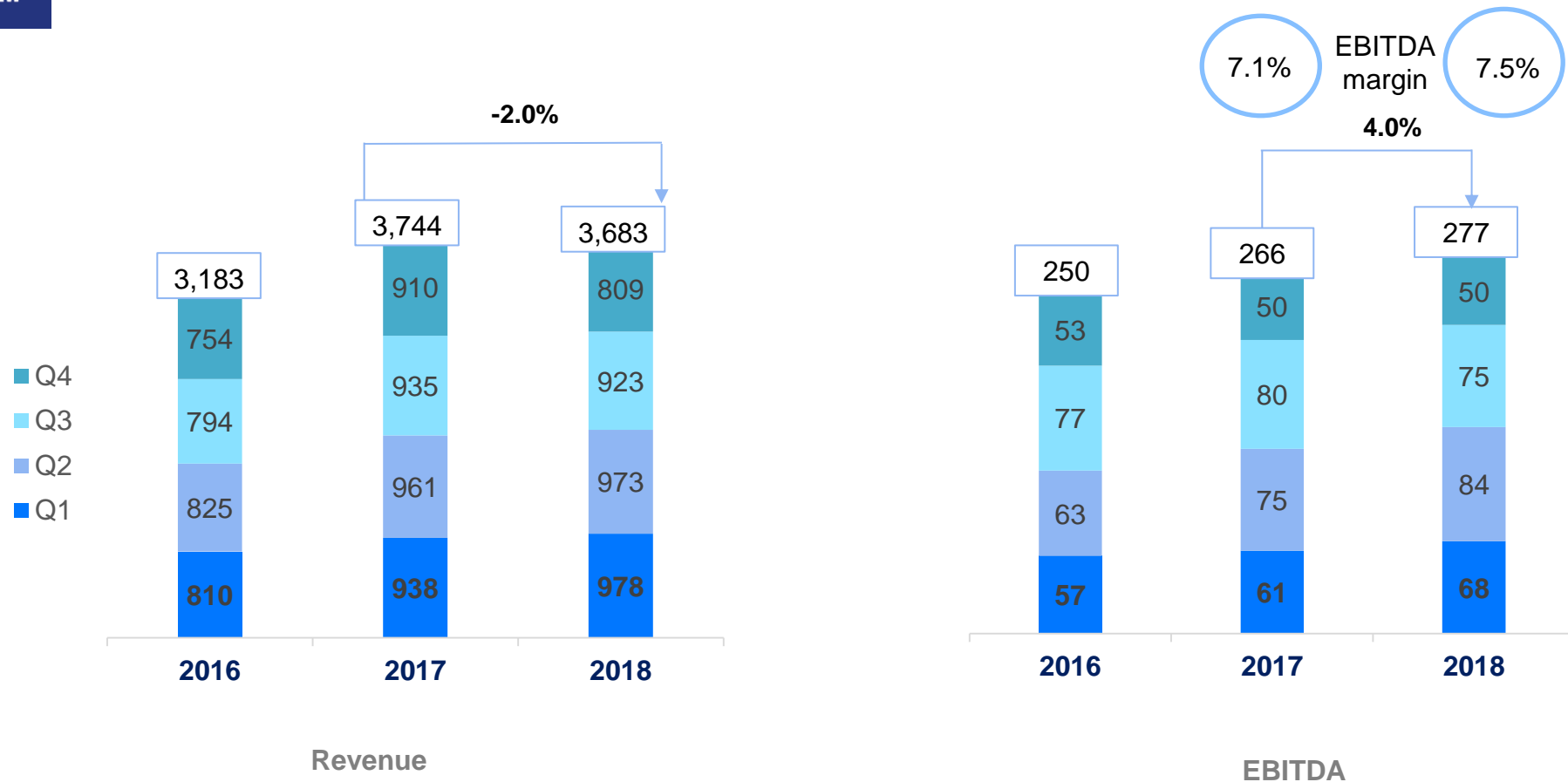
A significant share in the newly-acquired nominations constitute parts for electric vehicles.





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METALS SEGMENT RESULTS (in PLN million)

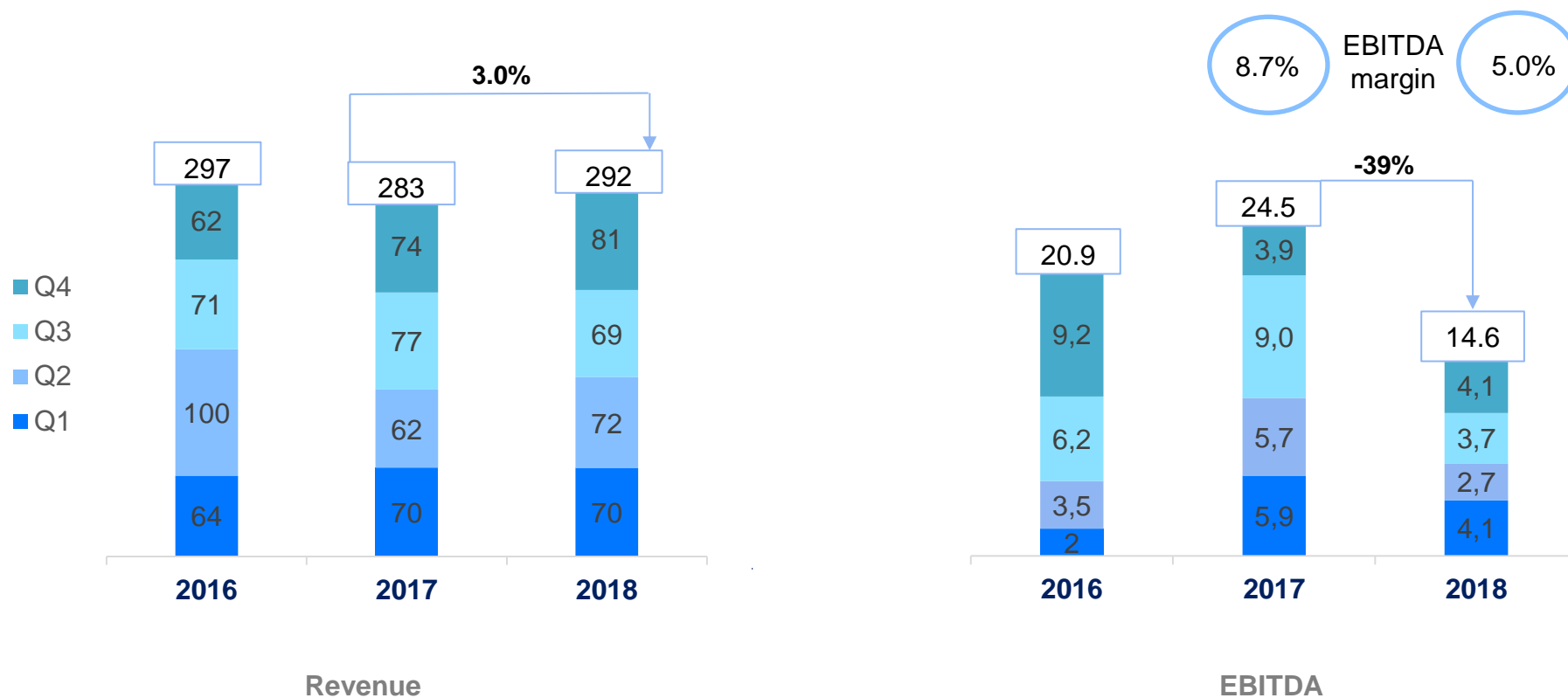


- The increase in EBITDA in the Metals segment was influenced by:
 - higher sales volumes in Konin, Baterpol and Hutmen;
 - change in the sales structure in Konin and NPA Skawina;
 - better cost discipline;
 - improved margins generated in WM Dziedzice.



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CHEMICALS SEGMENT RESULTS (in PLN million)



A decrease in EBITDA is due to:

- lower result of Boryszew ERG due to a change in the product mix (lower sales of products in the automotive group with higher sales of commercial goods in the Chemicals Segment);
- lower sales volumes of cut fibres in Elana branch.



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Forecast for the next quarters

- Development of the EV market for the Automotive and Metals segments;
- Incorporation of Alchemia into Boryszew Group (consolidation from March 2019);
- Uncertainty concerning prices of electricity;
- Impact of environmental standards and new developments in the automotive market on 2019 results

Thank you!



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