

# **BORYSZEW GROUP**

## **FINANCIAL RESULTS – H1 2018**



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## **1. Boryszew Group – summary of H1 2018**

2. Market environment

3. Financial results – H1 2018

4. Operating segments

5. Plans for the next quarters



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## BORYSZEW GROUP – SUMMARY OF H1 2018



Revenues  
[PLN m]

EBITDA  
[PLN m]

Net profit  
[PLN m]

EBITDA  
on core business\*  
[PLN m]

2018

**3,249**

**231**

**108**

**222**

2017

**3,172**

**255**

**161**

**250**

YoY [%]

**+2.4%**

**-10%**

**-33%**

**-11%**

\* with the exception of the other operations and consolidation adjustments



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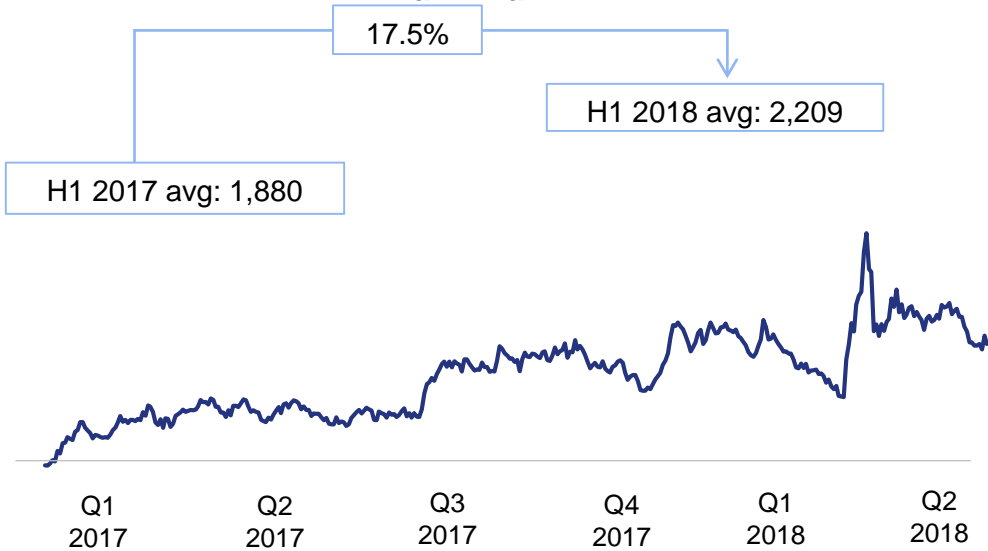
5. Plans for the next quarters



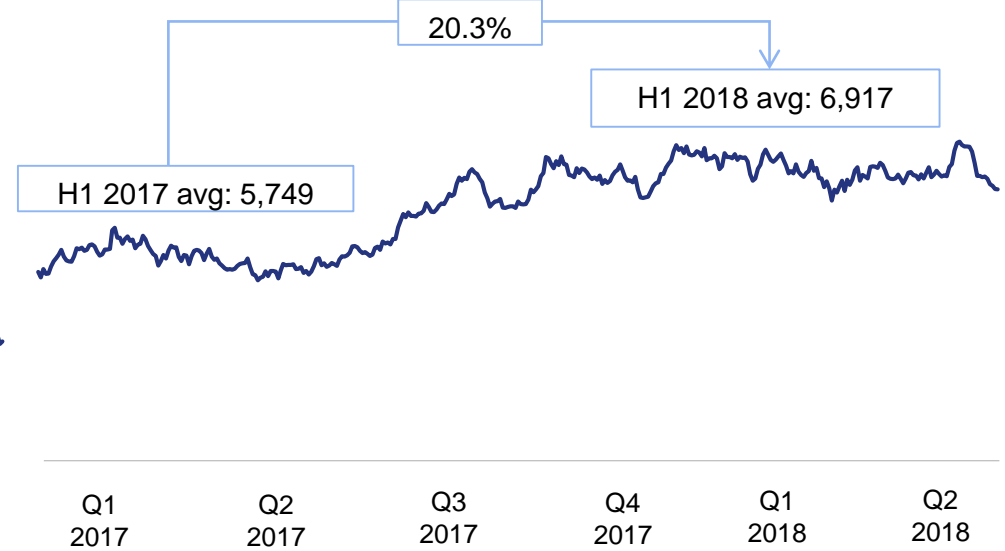
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# QUOTATIONS OF KEY METALS (IN USD/t)

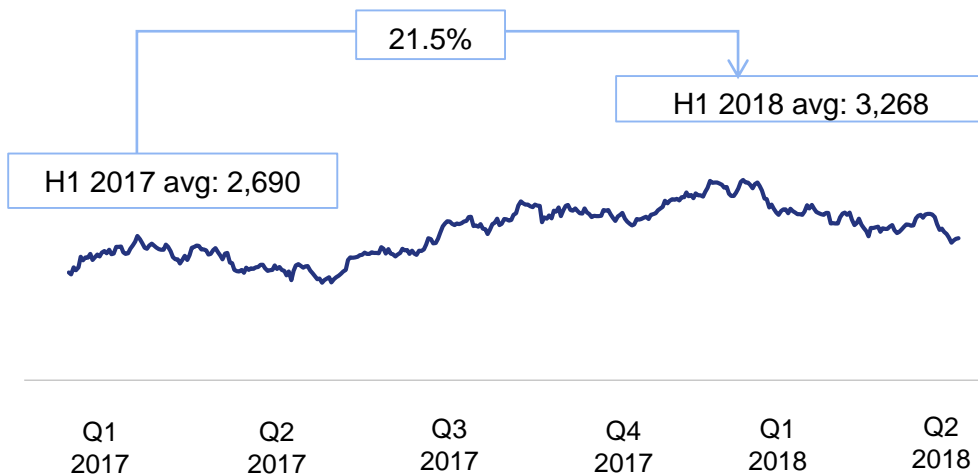
## Aluminium



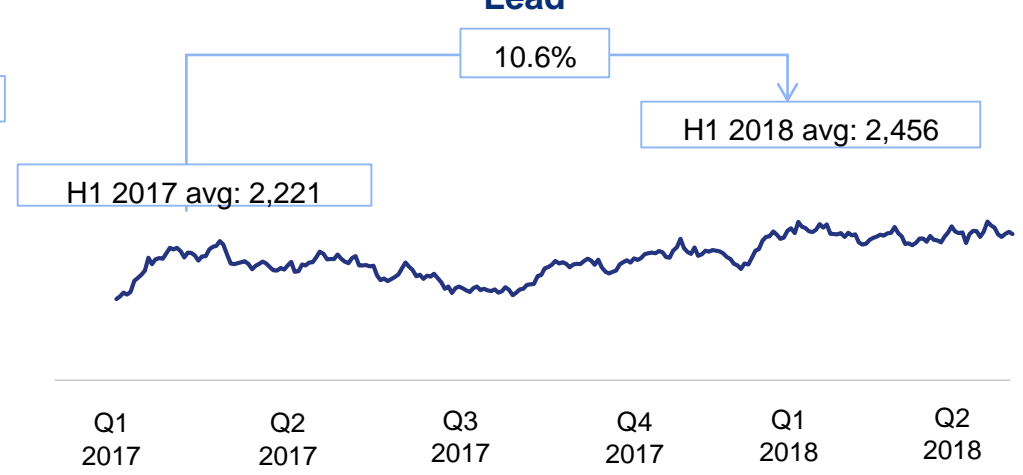
## Copper



## Zinc



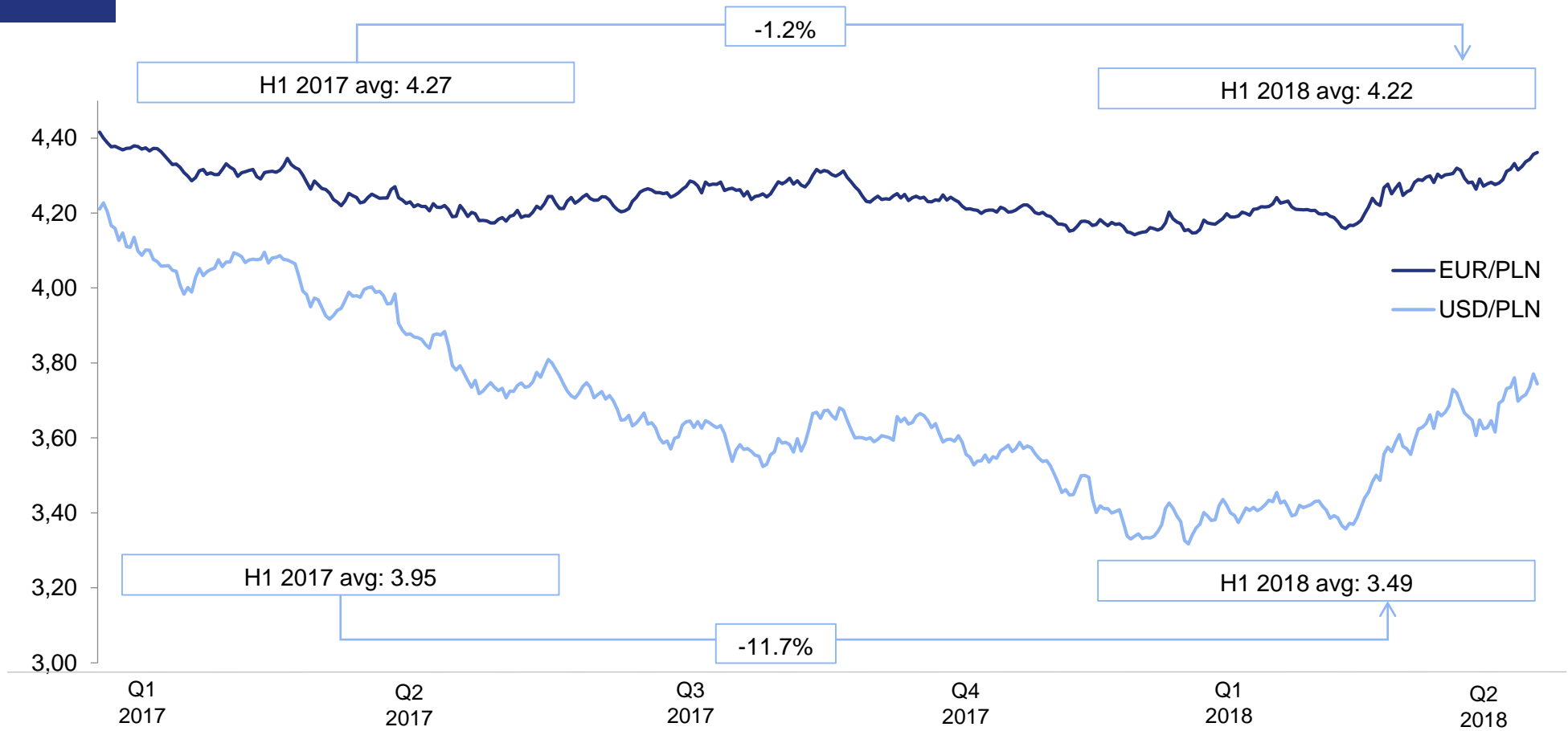
## Lead





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# EXCHANGE RATES

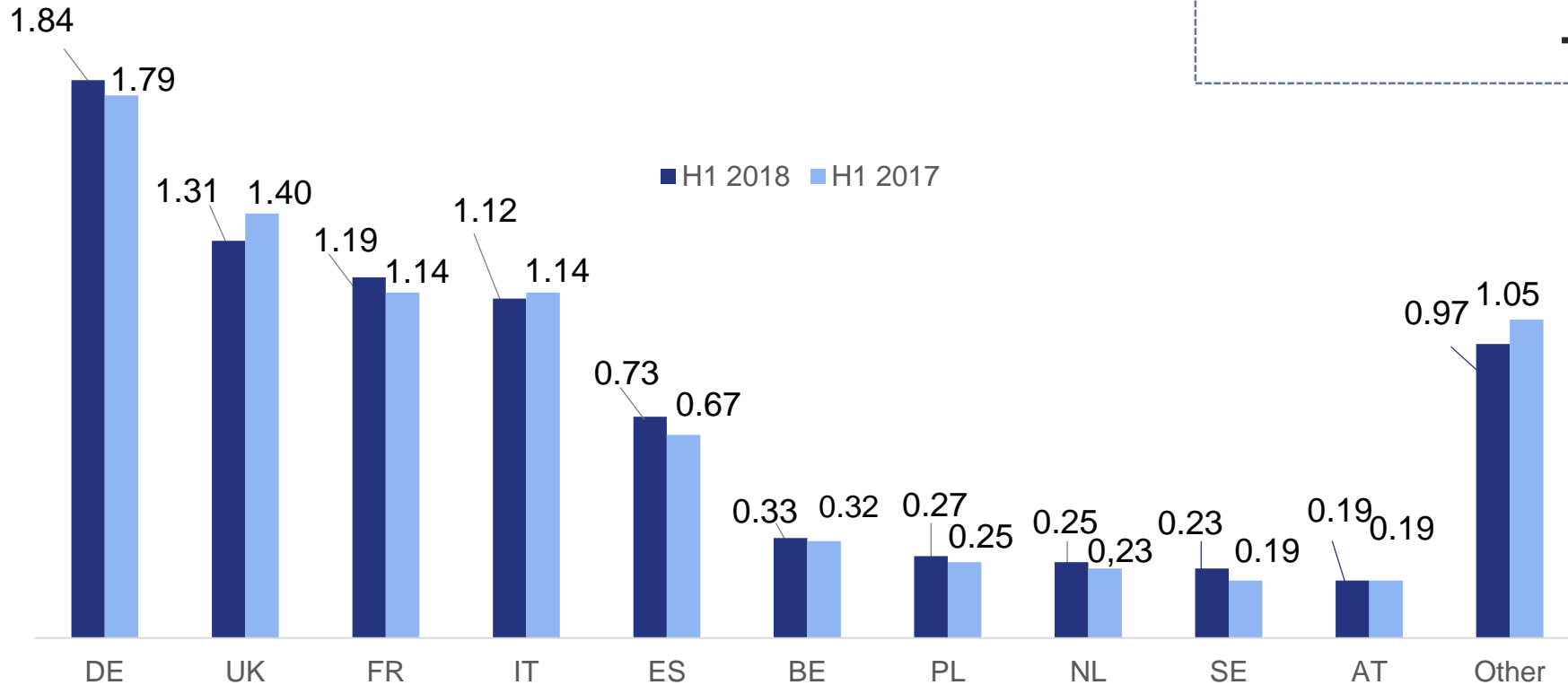




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# European automotive market

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



H1 2018 – 8.4 million  
H1 2017 – 8.2 million  
**+2.9%**

In H1 2018, the European passenger car market grew by 2.9% to 8,447,247 vehicles. In the European Union alone, the number of new car registrations increased by 11.4%.

\* ACEA (European Automobile Manufacturers Association)

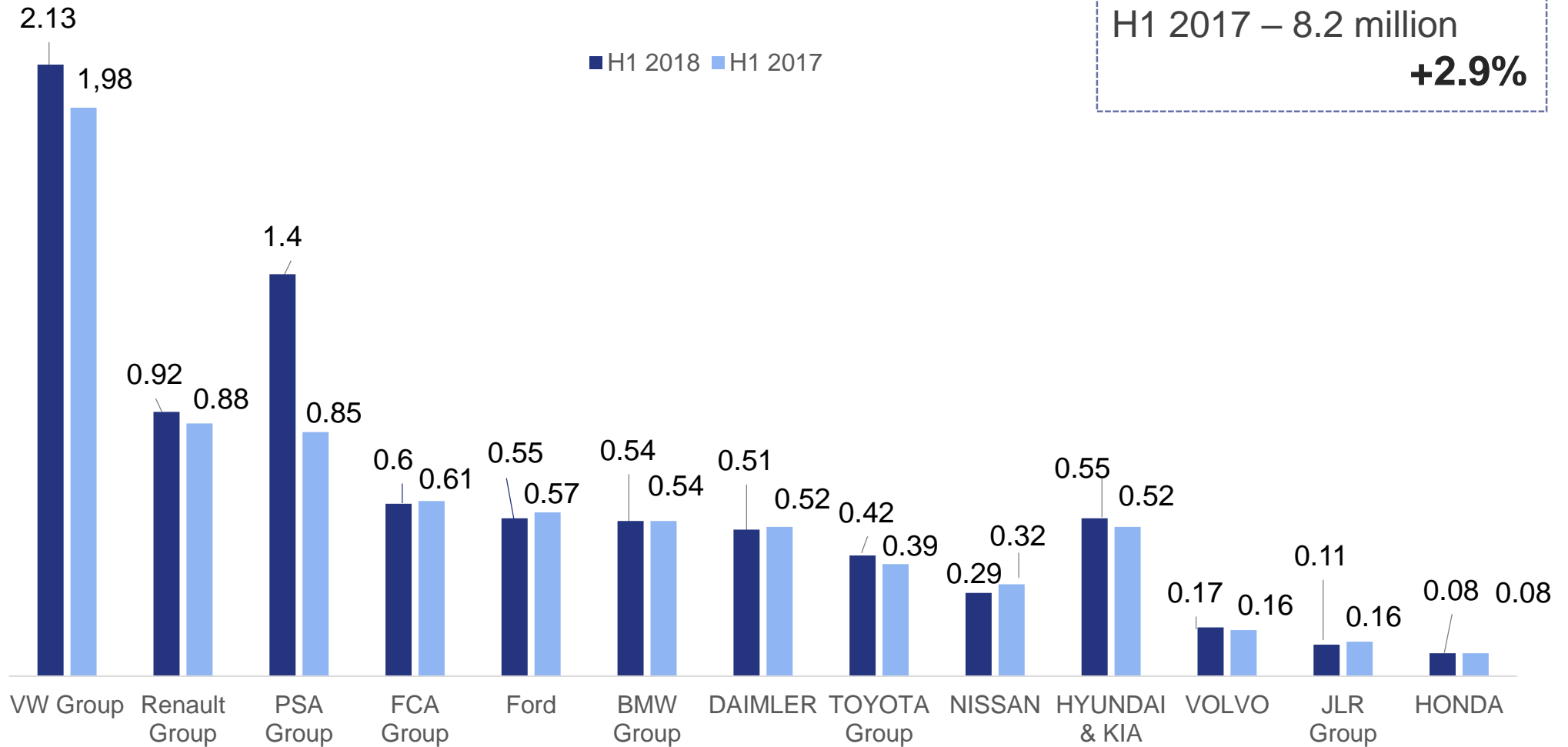


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# European automotive market

Registrations of new cars by manufacturer in million (according to ACEA)

H1 2018 – 8.4 million  
H1 2017 – 8.2 million  
**+2.9%**



\* JLR = Jaguar Land Rover  
\*\* PSA Group = Peugeot, Opel, Citroen, DS.  
\*\*\* FCA Group = Fiat, Jeep, Alfa Romeo, Lancia, Chrysler





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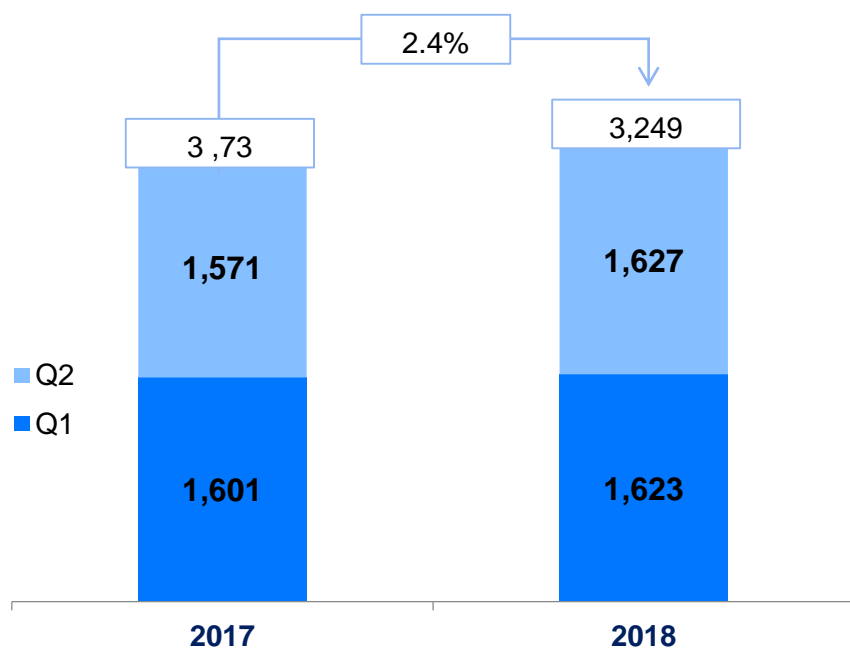
## KEY FINANCIAL DATA (in PLN million)

	Q2 2018	Q1 2018	Change YoY %	Q2 2018	Q2 2017	Change YoY %	H1 2018	H1 2017	Change YoY %
<b>SALES REVENUES</b>	1,627	1,623	0%	1,627	1,571	3.6%	3,249	3,172	2%
<b>EBIT</b>	82	75	9%	82	95	-14%	157	189	-16%
<b>EBITDA</b>	120	111	8%	120	127	-6%	231	255	-9%
<b>EBITDA MARGIN</b>	7.4%	6.8%		7.4%	8.1%		7.1%	8.1%	
<b>NET PROFIT</b>	56	51	10%	56	83	-33%	108	161	-33%
<b>NET PROFIT (attributed to the shareholders of the parent company)</b>	37	38	-2%	37	66	-44%	75	131	-43%



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# REVENUE (in PLN million)



Revenue by segment (in PLN million)	H1 2018	H1 2017	Change	Change %
<b>Automotive</b>	1 032	1 042	-10	-1%
<b>Metals</b>	1 951	1 899	52	3%
<b>Chemicals</b>	142	132	10	7%
<b>Other Operations*</b>	124	99	25	25%

Increase of 2.4% in revenues resulting from:

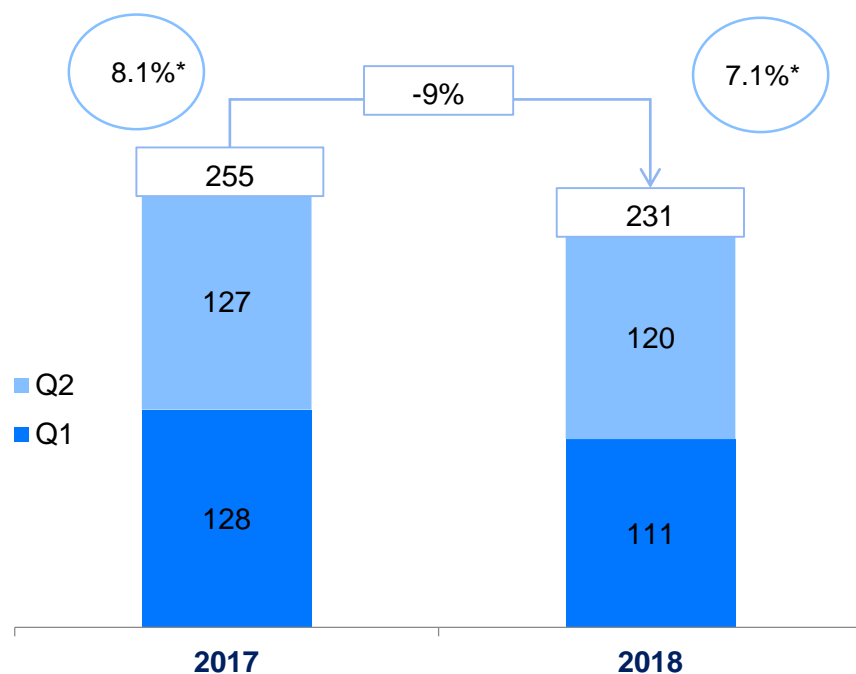
- increase in metals prices on LME;
- increase by 5,000 tons in the sales volumes of products in the Metals Segment;
- increase by 1,600 tons in the sales volume of products in the Chemicals Segment (mainly plasticisers);
- Lower revenues in the Automotive segment are due to, among others, lower sales of tools following restructuring activities, resulting in a decrease in acquisition activities related to new projects.

\* Including the consolidation adjustments



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# EBITDA (in PLN million)



EBITDA by segment (in PLN million)

	H1 2018	H1 2017	Change	Change %
<b>Automotive</b>	63	102	-39	-38%
<b>Metals</b>	151	136	15	11%
<b>Chemicals</b>	7	12	-5	-42%
<b>Other Operations**</b>	10	5	5	100%

H1 2018 EBITDA was affected by:

- Higher sales in the Metals Segment (Baterpol, NPA Skawina, ZM Silesia, Aluminium Konin, Hutmen);
- (Partial) compensation payment for the Prenzlau plant in 2017;
- Quality problems in a plant in Mexico (Maflow Group) due to the ramp-up;
- Change in the sales structure in the Chemicals Segment.

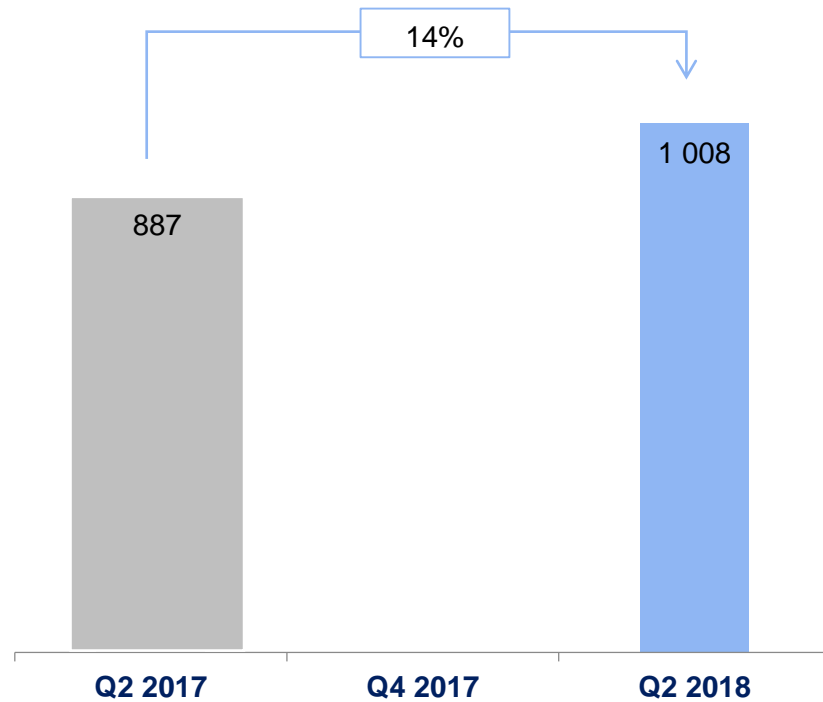
\* EBITDA margin

\*\* Including the consolidation adjustments

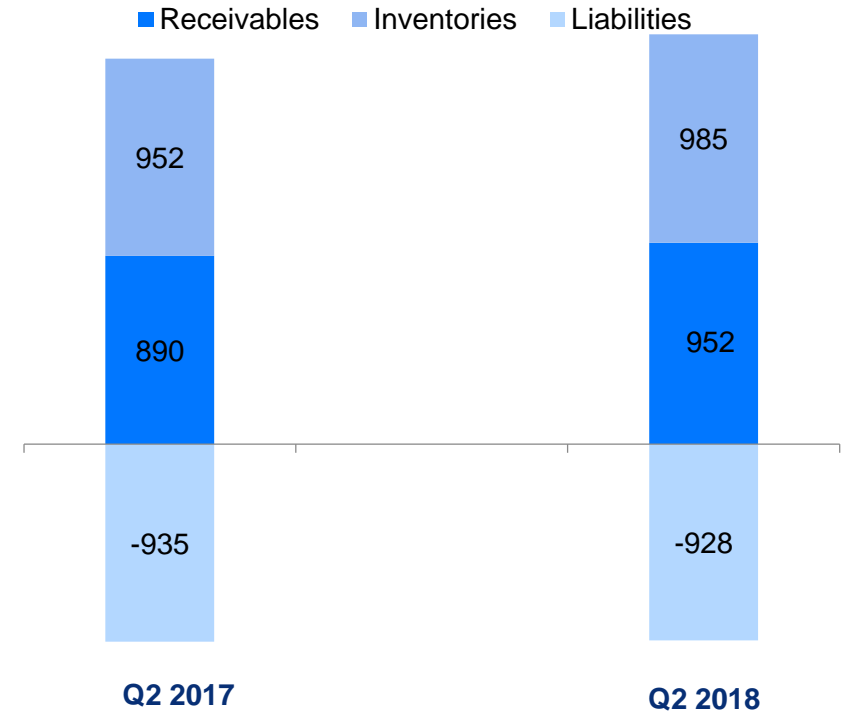


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## Change in working capital (in PLN million)



Working capital (commercial)



Receivables, inventories and liabilities

The working capital increase is due to:

- increase in receivables in the Metals and Chemicals Segments, resulting from higher sales volumes;
- increase in purchase prices in the Metals Segment (SME);
- increase in inventories in the Automotive Segment.



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## CAPEX IN H1 2018



# 104

PLN m

Automotive

Metals

Chemicals /  
Other



PLN 49  
million



PLN 50  
million



PLN 5  
million



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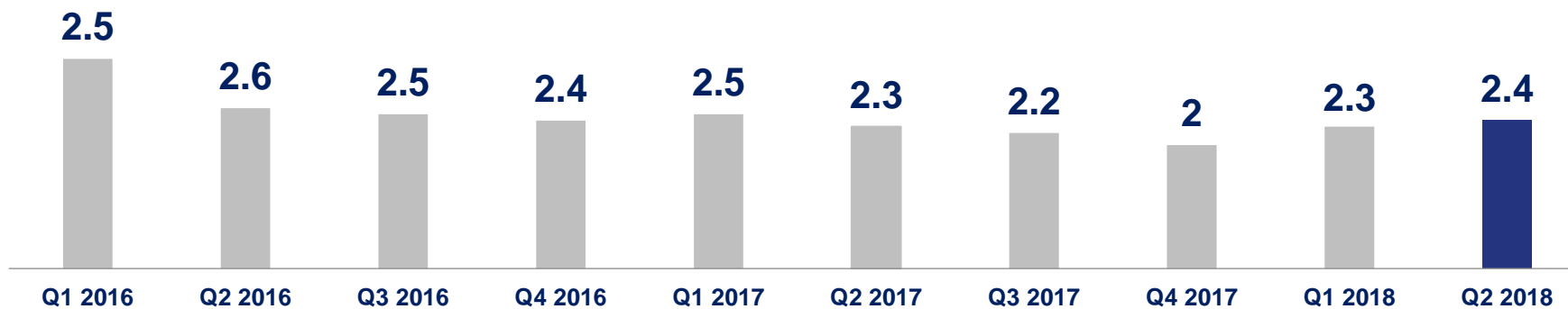
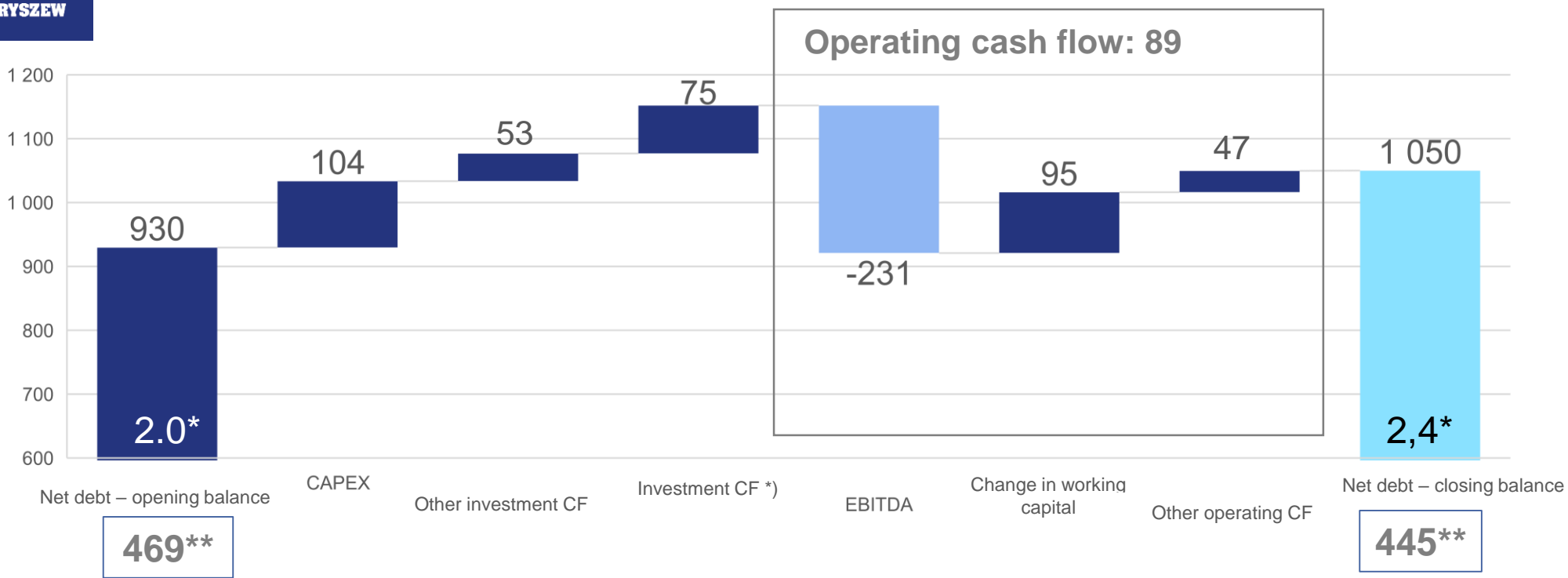
## CASH FLOW (in PLN million)

	H1 2018	H1 2017
EBITDA	231	255
Change in working capital	-95	-131
Other	-47	-20
<b><u>Cash flow from operating activities</u></b>	<b>89</b>	<b>105</b>
CAPEX	-104	-134
Acquisition of financial assets and shares in Boryszew Group	-53	-28
Other	1	15
<b><u>Cash flow from investment activities</u></b>	<b>-156</b>	<b>-147</b>
Borrowing/repayment of loans	67	61
Interest paid	-18	-21
Other	-29	-31
<b><u>Cash flow from financial activities</u></b>	<b>20</b>	<b>9</b>
Total net cash flows	-47	-33
Closing balance of cash	171	172



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# NET DEBT IN H1 2018 (in PLN million)



\* Net debt / EBITDA (LTM)

\*\* EBITDA (LTM)





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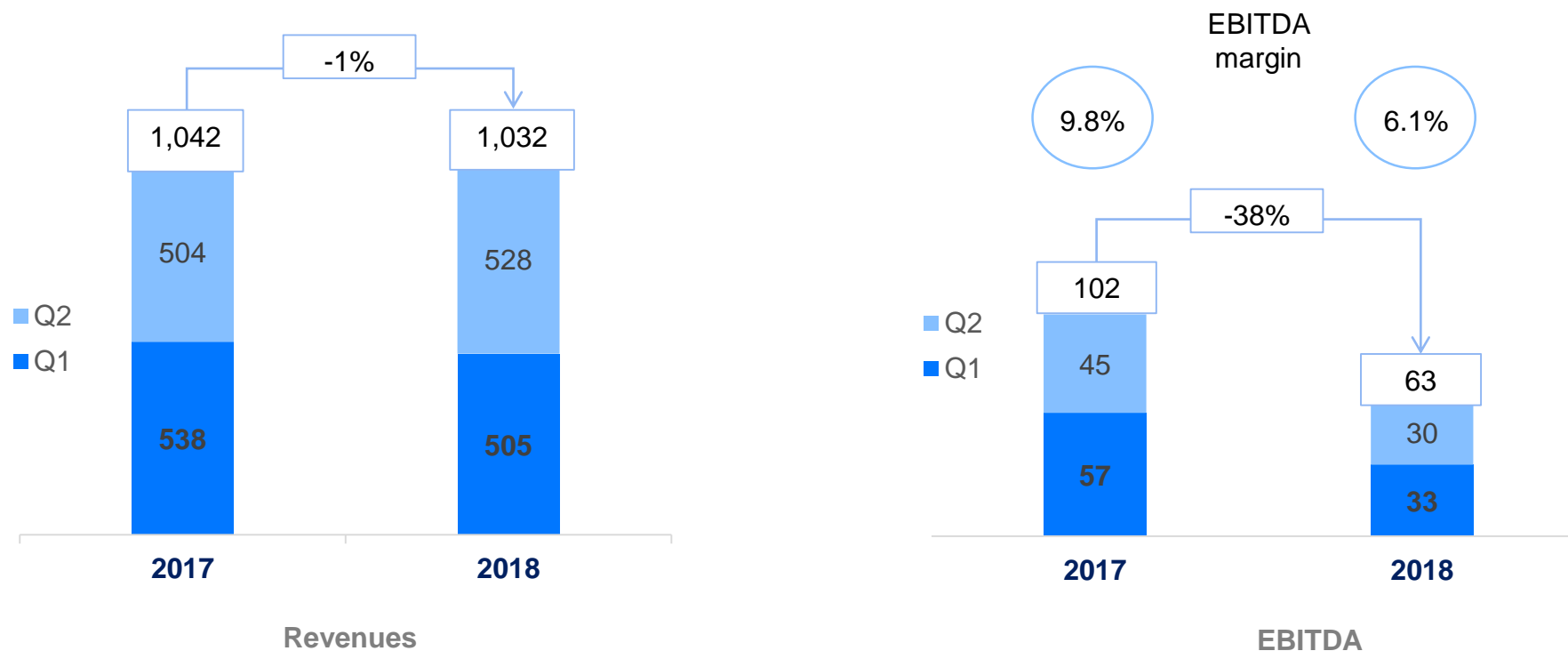
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# AUTOMOTIVE SEGMENT RESULTS (in PLN million)



- Lower revenues are related to lower sales of tools, price discounts and the change in the EUR/PLN exchange rate;
- The results of the Automotive segment were mainly affected by the following factors:
  - ramp-up costs of the plant in Mexico (Maflow Group);
  - payment of a part of the indemnity for the insurance of the Prenzlau plant (BAP Group – Q1 2017);
  - higher remuneration costs, mainly in Poland.



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# Nominations for new projects

In the first six months of 2018, new nominations for over **EUR 170 million with EOP 2028\*** were acquired

Maflow Group – EUR 50.5 million;



BAP Group – EUR 119.5 million.



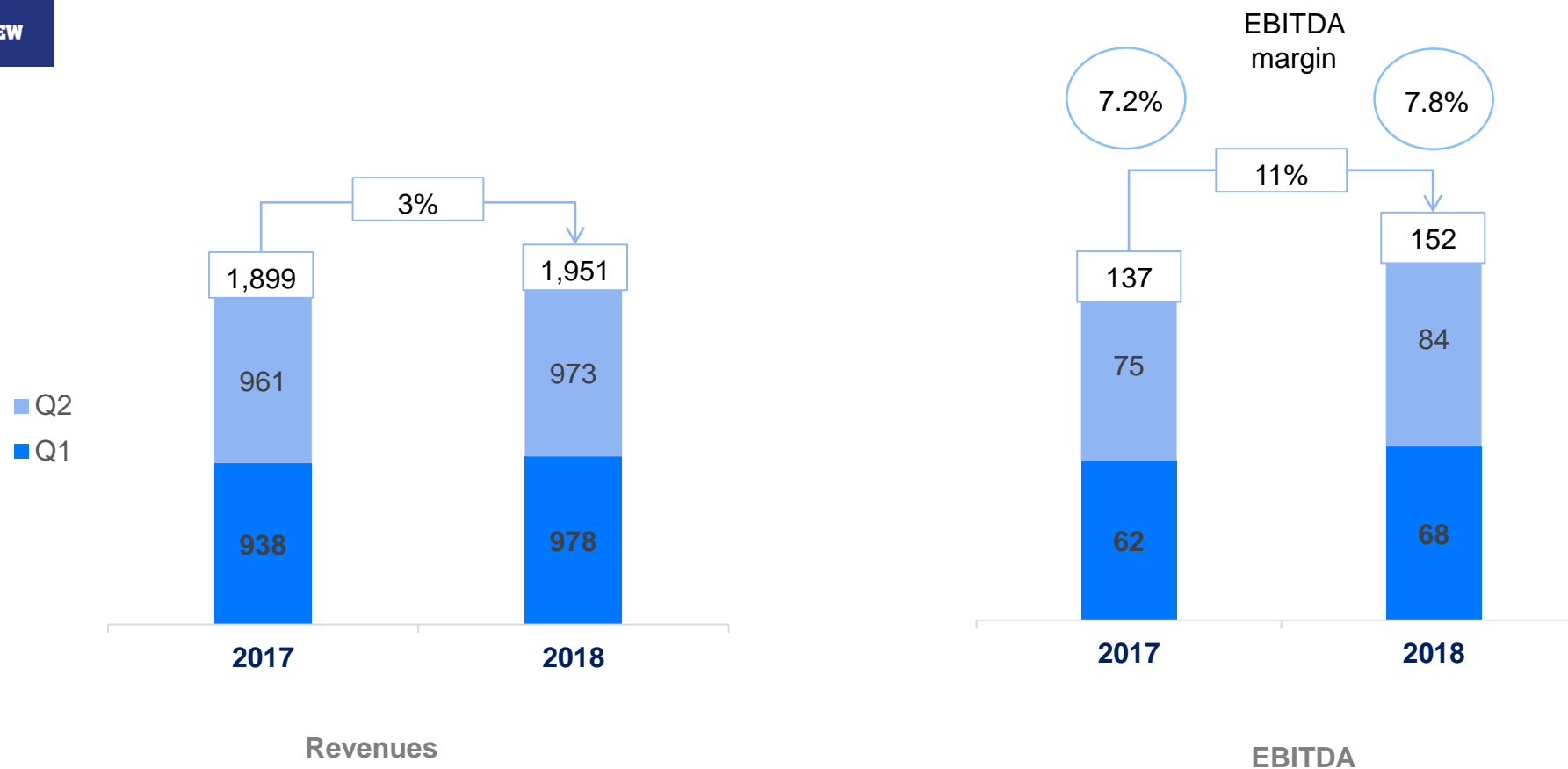
**BORYSZEW AUTOMOTIVE  
PLASTICS**

\*EOP - End of Production



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# METALS SEGMENT RESULTS (in PLN million)

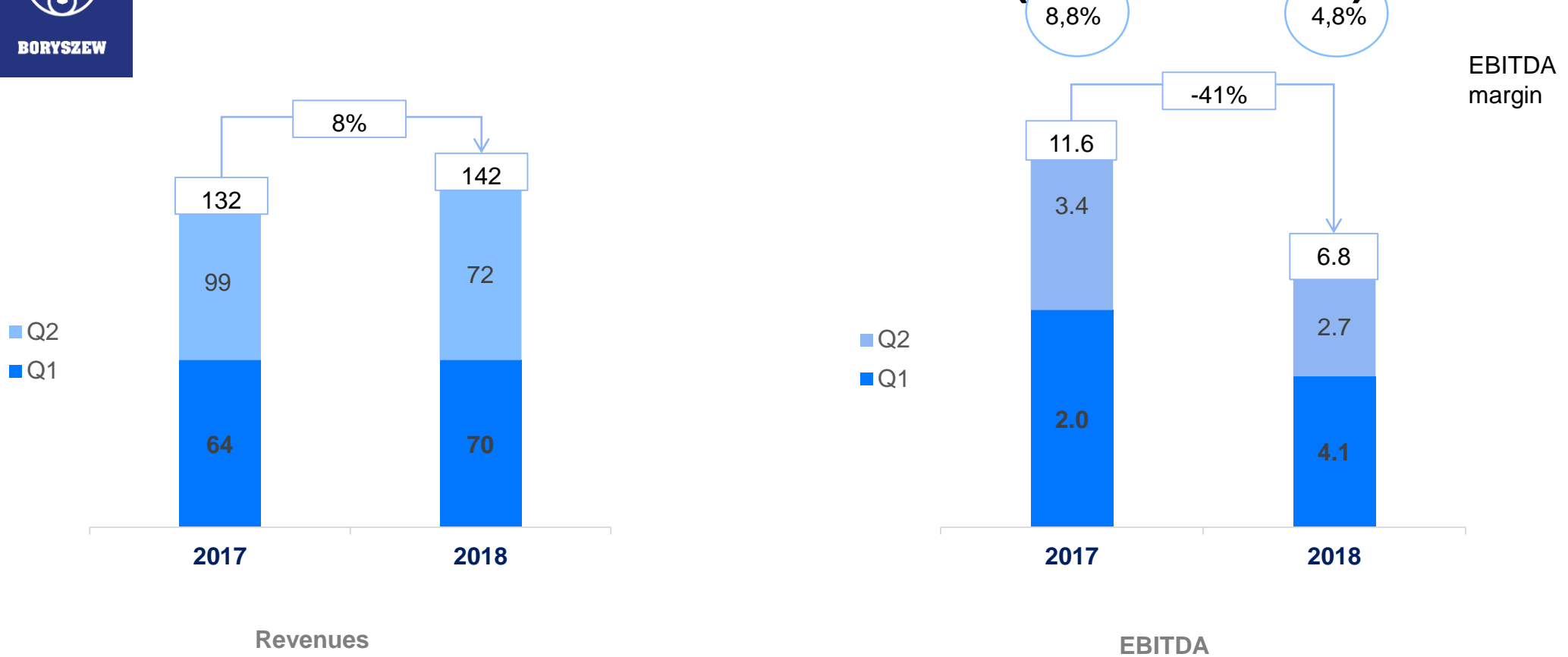


- The EBITDA growth was the result of:
  - an increase of 3.7% in sales volumes;
  - an increase in efficiency of production processes after investments implemented.



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# CHEMICALS SEGMENT RESULTS (in PLN million)



- An increase in sales volumes by 1.6 thousand tons, mainly in Boryszew ERG (plasticizers);
- Lower results in Boryszew ERG (lower margins of the automotive group's products);
- A decrease in revenues in Elana branch as a result of lower sales of the so-called cut fibres.



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## FORECAST FOR THE NEXT QUARTERS

- Improvement of production efficiency in Mexico;
- The necessity to adapt to changes in the market environment in the Automotive Segment (WLTP\* and its impact on car sales in H2 2018);
- Automation of production processes and product innovations – projects co-financed by the National Centre for Research and Development (NCBiR);
- Possible increase in working capital due to uncertainty of aluminum supplies from Russia;
- Increase in energy prices.

\* Worldwide Harmonized Light Vehicles Test Procedure



# Thank you!



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