



Warsaw, 28 May 2020

Dear All,

I am pleased to present to you the Report on activities of Boryszew Group for 2019 that also includes the consolidated financial results of the period.

The past year was important to us for a number reasons. Following the evaluation of our strategic options, we chose to simplify the structure of our Group by withdrawing the shares of Impexmetal from stock exchange trading and incorporating Alchemia Group in Boryszew Capital Group. We are now focused on achieving full synergy of all our production facilities in order to further increase business efficiency. This objective can be achieved through continuous investment process in advancement and product development in the most promising entities of the Group as well as through equity investments. Importantly, despite investments and financial outlays allocated to consolidation with Alchemia and Impexmetal, the Group maintained a stable level of financial debt.

Last year also marked allocation of significant funds to investments – mainly in the Metals and Automotive segments, with outlays on Aluminium Konin development programme to increase its production capacity and enable the implementation of an innovative product with a high AlMg content, a new rolling mill at Huta Bankowa to enable the production of a new type of rings, or the BRASS CAST&DRAW® TECH technology at the "Dziedzice" Metal Rolling Mill, improving material efficiency due to reduced material waste and also leading to reduced energy and tool consumption. Our plans for the coming periods include implementation of a number of innovative projects, which will result in the development of the product portfolio in the Metal Segment through high strength aluminium alloy wire rod at NPA Skawina.

Another important event of 2019 was the signing of a preliminary conditional sale agreement for Impexmetal Aluminium Konin. As soon as the transaction is completed, we will become the largest non-ferrous metals manufacturer in Poland, and our production capacity in the entire Non-Ferrous Metals Segment (aluminium, lead, copper, zinc) without Aluminium Konin will be 250 thousand tonnes.

In aluminium products alone, following the sale of assets in Konin, our production capacity will amount to 70 000 tonnes (NPA Skawina).

Last year did not lack challenges due to the changing conditions in our market environment. Almost throughout this period, the revenue and operating result in the Automotive segment were under a significant impact of the implementation of environmental standards. Electricity costs increased significantly, which greatly weakened the global competitiveness of Poland's industry. We were also impacted by the economic slowdown in Western Europe. However, we are pleased to report that from quarter to quarter Boryszew Group increased efficiency of working capital management, maintaining the dynamics of improvement of these indicators. Importantly, we have significantly improved the management of the production process in Maflow Group and increased the profitability of our manufacturing facilities in this part of the Automotive Segment. Maflow widely diversified portfolio of customers, which we strive to achieve in Boryszew Automotive Plastic (BAP) Group. BAP Group, following consultation with our largest client, developed and launched an operational restructuring process aimed at improving the Group's financial situation.

As a Capital Group, we not only consistently increase our production capacity, but also diversify our product portfolio by adding new, innovative products. We are currently one of the largest industrial groups in Poland, operating on a global scale. The dynamic technological development and related changes mean additional opportunities to us to start our presence where we have not been present before. Boryszew Group, in order to maintain its leading position, is involved in R&D focused on implementation of innovative solutions. In specific segments our established position is confirmed by financial results that we present, which indicate the potential to generate profits expected by Boryszew shareholders.

Despite unfavourable market circumstances, we consider the results achieved to be good. Consolidated revenue amounted to PLN 6.3 billion, while EBITDA for the period reached PLN 414 million. The net result was adversely affected primarily by a write-off of Goodwill arising from the settlement of the acquisition of Alchemia Group in the amount of PLN 163 million. The total net loss amounted to PLN -99 million, however – being an accounting result – it had no impact on company's current operations and its financial liquidity.

Let me thank our Shareholders, Customers and Business Partners for their cooperation in 2019. Let me also thank all the employees of Boryszew Group, whose work and commitment allowed us to achieve such good results. 2020 is a time of challenges, for which Boryszew Group has solid foundations and is ready to face them.

Piotr Lisiecki

President of the Management Board

Document signed

Date: 2020.05.28
20:09:22 CEST
by Piotr Lisiecki

PRESIDENT OF THE
MANAGEMENT BOARD
CEO Piotr Lisiecki

