

9M'23

PRESS RELEASE





Athens, 21st of November 2023

9M'23 Trading Update

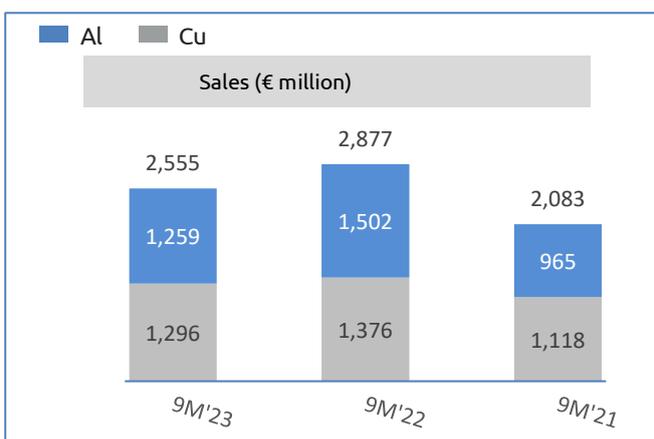
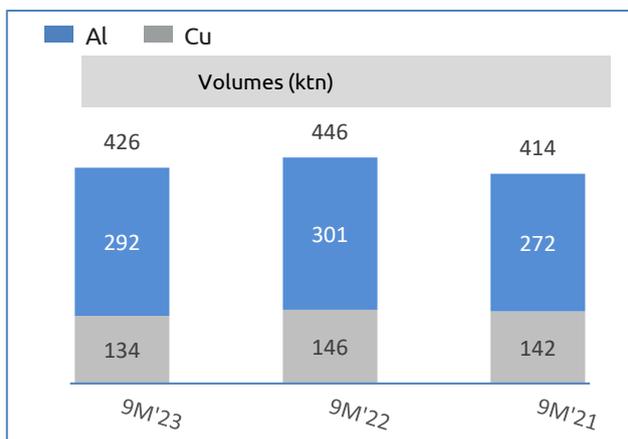
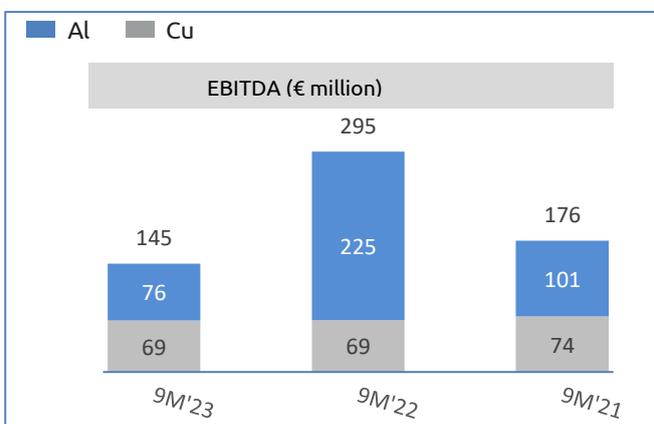
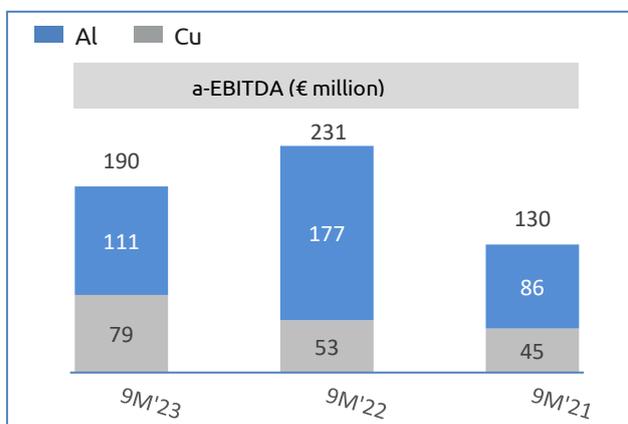
Operational profitability and decrease of net debt.

Financial highlights

- Robust operational profitability (a-EBITDA) at EUR 189.7 million.
- High net cash flows from operational activities at 186.0 million.
- Decrease in net debt by EUR 225.7 million year-on-year (from 30.09.2022) and by EUR 93.1 million from last year 31.12.2022.

Operational highlights

- Resilience to the challenges of the economic environment.
- Subdued demand in most segments of the economy.
- Reduced CAPEX following the completion of the lacquering line during the H1'23.
- Payment of fiscal year 2022 dividend – EUR 0.06 per share





Commenting on the financial results, the General Manager of the Aluminium Segment, Nikolas Karabateas, stated:

"During the 3rd quarter of 2023, global financial activity remained weak, affected by high inflation rates and the tight monetary policy, while consumer spending was lower than expected in most segments of the economy. Especially in the flexible packaging segment, inflationary pressures on the end products resulted in decreased demand with an impact on profitability. However, we succeeded in maintaining sales volume and operational profitability of the segment at satisfactory levels for this quarter as well, surpassing those of the respective period in 2021. As economic conditions do not allow us to increase our sales volume, we focused on effectively incorporating our recently completed investments in our production process and on the optimisation of working capital, with a significant decrease in debt."

Commenting on the financial results, the General Manager of the Copper Segment, Panos Lolos, stated:

"In this quarter, financial conditions remained weak, with a slight acceleration in the drop of demand for copper products, which affected mainly the Copper and Alloys Extrusion Division of the parent Company. Nevertheless, the performance of our subsidiary Sofia Med remained robust, contributing to the increased operational profitability of the copper segment."

Overview

During the third quarter of 2023, global economic activity remained subdued in most segments of the economy. Inflation continued to decline, allowing the Central Banks to slow down interest rate hikes without however their de-escalation in sight. Energy prices remained restrained at the moderate levels they had reached at the end of H1'23, with abrupt fluctuations and spikes about their future course.

Regarding the performance of the ElvalHalcor Group for 9M'23, sales volume dropped by 4.6% compared to the respective period in 2022 while remaining significantly increased compared to 2021. The Aluminium Segment sales volume, excluding the impact of Etem's deconsolidation from Q2'23, was slightly decreased by 1% (-2.8% including Etem). Sales stood at EUR 2,554.9 million in 9M'23, down by 11.2%, compared to EUR 2,877.5 million in 9M'22.

LME metal prices were lower in the first nine months of 2023 compared to the corresponding period in 2022. The average price of aluminium stood at EUR 2,096/tn in 9M'23, compared to EUR 2,649/tn in 9M'22, i.e. lower by 21.0%. The average price of copper reached EUR 7,919/tn versus EUR 8,495/tn in the respective prior year, falling by 6.8%, while the average price of zinc was EUR 2,486/tn 9M'23 versus EUR 3,414 /tn in 9M'22, reduced by 27.8%.

Consolidated adjusted earnings before taxes, interest, depreciation and amortisation, metal result, and other exceptional items (a-EBITDA), which better reflect the operational profitability of the Group, declined by 17.8%, reaching EUR 189.7 million in 9M'23 versus EUR 230.7 million of the respective prior period, mainly affected by the lower spreads from recycling and inflationary cost pressures. Notably, a-EBITDA remained at a much higher level than the respective of 9M'21 (EUR 130.4 million).

Consolidated gross profit amounted to EUR 165.2 million in 9M'23 versus EUR 308.0 million in 9M'22, while consolidated earnings before interest, taxes, depreciation & amortisation (EBITDA) stood at EUR 144.8 million compared to EUR 294.7 million in the corresponding prior period. The accounting metal result, which amounted to losses of EUR 43.1 million for the first nine months of 2023 versus profits of EUR 64.5 million for 9M'22, negatively affected the aforementioned figures.

Consolidated net financial result (cost) reached EUR 40.9 million in 9M'23, rising by 37.0% in comparison to the respective prior period amount of EUR 29.9 million. This is attributed to the increased interest rates which were partially offset by the decrease in net debt and restrained by the loans received at fixed rates, representing 55% of total loans at the end of the fiscal period.

Consolidated profits after tax stood at EUR 37.6 million in 9M'23 versus EUR 164.8 million in 9M'22. Consolidated profit after tax and non-controlling interest amounted to EUR 33.4 million in 9M'23 or (EUR 0.0889 per share), compared to EUR 162.7 million in 9M'22 (or EUR 0.4337 per share).



On 30.06.2023 the dividend for the year 2022 of EUR 0.06/share was paid in full.

The sustained operational profitability at high levels, the decrease in working capital needs driven by the combination of its effective management and lower metal prices, and the completion of the major investment program enabled the Group to reduce its Net Debt by EUR 93.1 million from 31.12.2022 (EUR -225.7 million from 9M'22).

Key financial figures

Amounts in €' 000	Group		
	9M'23	9M'22	9M'21
Sales	2,554,860	2,877,417	2,082,514
Gross profit	165,224	307,963	187,435
EBITDA	144,817	294,712	175,678
a-EBITDA**	189,683	230,739	130,416
EBIT	88,315	242,613	124,738
a-EBIT*	133,181	178,640	79,475
Net financial result	(40,974)	(29,903)	(22,307)
Profit before tax	49,842	205,746	125,551
Profit after tax	37,597	164,749	117,930
Profit after tax & non-controlling interests	33,377	162,757	115,378
Earnings per share (€)	0.0889	0.4337	0.3075

Per segment analysis

€'000	Aluminium			Copper			Total		
	9M'23	9M'22	9M'21	9M'23	9M'22	9M'21	9M'23	9M'22	9M'21
Sales	1,259,293	1,501,894	964,943	1,295,567	1,375,523	1,117,571	2,554,860	2,877,417	2,082,514
EBITDA	76,001	225,312	101,221	68,816	69,400	74,458	144,817	294,712	175,678
a-EBITDA**	110,590	177,422	85,506	79,093	53,317	44,910	189,683	230,739	130,416
EBIT	36,349	189,592	65,949	51,966	53,021	58,789	88,315	242,613	124,738
a-EBIT*	70,938	141,702	50,234	62,243	36,938	29,241	133,181	178,640	79,475
EBT	12,965	168,245	54,274	36,877	37,501	71,277	49,842	205,746	125,551

Net Debt

€'000	30.09.2023	31.12.2022	30.09.2022
Aluminium	587,056	664,149	747,158
Copper	275,369	291,409	340,919
Total	862,425	955,559	1,088,077

** a - EBITDA = EBITDA plus adjustments for + Losses / - Gains for metal result + Losses from fixed assets write offs + Losses / - Gains from sale of fixed assets + / - Other exceptional items

* a-EBIT= a-EBITDA – Depreciation



Aluminium segment

Revenue of the Aluminium Segment dropped by 16.2% year on year, to EUR 1,259.3 million compared to EUR 1,501.9 million due to the downtrend of metal prices and the impact of Etem's deconsolidation. The Segment capitalized on its increased production capacity, long-term partnerships, diversified product portfolio and wide geographical range, with sales volumes dropping by 1% (-2.8% following Etem's deconsolidation), despite the destocking impact affecting demand, in Europe and the USA. Regardless of the unstable economic environment, weak demand, and macroeconomic challenges, the segment emphasised on products directed to high-added-value markets as well as markets where demand remained resilient, offsetting the impact arising from declining markets that were most impacted by the increase in interest rates, such as the building and construction market. A-EBITDA stood at a profit of EUR 110.6 million in 9M'23 versus EUR 177.4 million in 9M'22, driven by the lower premiums in the aluminium market, which curbed benefits from scrap usage, while production costs were affected by inflation and higher electricity costs. Earnings before taxes of the Segment amounted to profits of EUR 13.0 million against EUR 168.2 million for 9M'22, negatively affected by the accounting metal losses amounting to EUR 34,5 million compared to profits of EUR 48.1 million in 9M'22.

Net debt of the Segment stood at EUR 587.0 million on 30th September 2023, recording a decrease of EUR 160.1 million compared to 30th September 2022 as a result of improved working capital and the reduced investment program.

Concerning investments, the Aluminium Division of the parent Company allocated approximately EUR 45.3 million, while the investments of the subsidiaries of the aluminium segment amounted to EUR 7.4 million. It is worth noting that the new lacquering line was completed during the first quarter of 2023.

On 07.04.2023, the merger by absorption of the subsidiary of ElvalHalcor "Etem Commercial and Industrial Light Metals Societe Anonyme" by the company named "Cosmos Aluminium S.A." was completed.

Copper segment

Revenue of the Copper Segment reached EUR 1,295.6 million versus EUR 1,375.6 million in 9M'22, negatively affected by the downtrend of metal prices and reduced volumes. In respect of sales volumes, these dropped by 8.2% in 9M'23, as a result of the significant decrease in demand in most segments of the economy. In particular, the Copper Tubes Division of ElvalHalcor marked a decrease of 13.4%, while the extruded copper alloy products division dropped by 46.9%. However, subsidiary Sofia Med continued to improve its market position, and the sales volume of flat-rolled products increased by 5.1%, while bus bars marked an increase of 4.1% year-on-year. A-EBITDA improved and reached EUR 79.0 million in 9M'23 compared to EUR 53.3 million in the prior period due to the change in sales mix towards more high-added value products and increased conversion prices. The accounting metal results for the period amounted to losses of EUR 8.7 million compared to gains of EUR 16.3 million in the respective prior year that affected profits before tax, which amounted to EUR 36.9 million versus EUR 37.5 million in 9M'22.

Net debt stood at EUR 275.3 million on 30th September 2023, lower by EUR 65.6 million compared to 30th September 2022 due to the segment's increased operational profitability and the drop in metal prices.

Regarding investments for the first semester of 2023, these amounted to EUR 17.3 million, out of which EUR 6.5 million were related to investments in the production facilities of the Copper and Alloys Extrusion Division of the Company, while EUR 10.2 million were related to investments in the subsidiary Sofia Med.



Outlook

For the remainder of 2023, the global economic outlook remains subdued, with a significant impact on most segments of the economy. Global economic growth is projected to slow down without substantial evidence of demand recovery. The stabilisation of interest rates at high levels, without expectations of any decreases in the short term, continues to affect the global economy negatively. Long-term geopolitical turmoil, with the ongoing war in Ukraine and the war between Israel and Hamas, may lead to new increases in energy prices, significantly affecting Europe while raising economic uncertainty.

Despite the geopolitical crisis, ElvalHalcor anticipates the future with optimism, as it is well-positioned to leverage on its broad and diversified product portfolio, as well as its strategic advantages, such as its customer-centric philosophy, the innovative technology and the strong international orientation of sales, with no dependency on countries or geographical areas, which provide the ability to capitalise on any future opportunity. To that end, the significant investments which have been completed play an important key role, as they have further increased the production capacity of the Company in segments and products with prospects for dynamic growth in the context of the global sustainability megatrends of circular economy, climate neutrality, urbanisation and technological advancements. This fact allows ElvalHalcor to successfully respond to this dynamic and maintain its growth momentum in the long run despite the short-term effects from more cyclical segments in which it is active.

Financial Calendar

Description	DATE
Analysts briefing on Q3'23 Trading Update	22.11.2023



APPENDIX

Consolidated Condensed Statement of Financial Position

(€' 000)

ASSETS	30.09.2023	31.12.2022	30.09.2022
Non-current assets	1,263,035	1,221,651	1,259,618
Inventories	825,378	861,922	1,004,236
Trade receivables	337,029	316,489	403,812
Other current assets	12,499	20,705	57,355
Cash and cash equivalents	57,076	35,195	43,962
Assets held for sale	-	77,867	-
TOTAL ASSETS	2,495,017	2,533,828	2,768,983
EQUITY & LIABILITIES			
Share Capital	146,344	146,344	146,344
Other Company's shareholders equity	806,739	817,763	871,489
Company's shareholders equity	953,084	964,107	1,107,833
Minority rights	23,680	14,264	18,963
Total Equity	976,764	978,372	1,036,796
Long term borrowings liabilities	743,750	783,692	801,400
Provisions / Other long-term liabilities	103,995	104,872	115,769
Short term borrowings liabilities	175,751	207,061	330,639
Other short-term liabilities	494,757	438,718	484,379
Liabilities directly associated with the assets held for sale	-	21,113	-
Total Liabilities	1,518,243	1,555,457	1,732,187
TOTAL EQUITY & LIABILITIES	2,495,017	2,533,828	2,768,983

Condensed Consolidated Statement of Cash Flows

(€' 000)	30.09.2023	30.09.2022	30.09.2021
Net cash flows from Operating activities	186,010	(137,507)	18,562
Net cash flows from Investing activities	(67,670)	(138,526)	(111,914)
Net cash flows from Financing activities	(96,458)	228,852	92,947
Net (reduction)/ increase in cash and cash equivalents	21,882	(47,182)	(405)