### HOLDINGS ===

# MYTILINEOS

# 9M 2011 IFRS FINANCIAL RESULTS

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- ☐ 9M 2011 Results Highlights
- **□** Summary Financial Results
- Business Units Performance
- □ Q&A



### **MYTILINEOS GROUP**

- > Turnover: € 1.139 m Vs € 732 m Last Year, up 56% yoy.
- EBITDA: € 165 m Vs € 120 m Last Year.
- Earnings after Tax & Minorities: € 46.1 m Vs € 42.7 m Last Year.
- Net Debt: € 625 m against 707 on 30/6/2011.
- Equity: € 898 m.
- Figures adjusted for the one off (non recurring) item € 32m on sale of ETADE S.A in 2010.

### **METKA GROUP**

- > Turnover: € 720 m Vs € 455 m Last Year, up 58% yoy.
- **EBITDA:** € 113 m Vs € 75 m Last Year.
- Earnings after Tax & Minorities: € 79.7 m Vs € 43.0 m Last Year.
- Current Backlog (including project award in Iraq): € 1.9 bn.
- Net Cash Position: € 135 m.
- > High margins for an EPC Contractor (recurring EBITDA Margin 15.7%).
- Figures adjusted for the one off (non recurring) item € 32m on sale of ETADE S.A in 2010.



### **Market/Environment**

### M&M

- Increased LME-based Prices in 2011, while Premium prices remain well supported.
- Rising input costs (Energy, Caustic, Freight cost, Raw Materials).
- ➢ Global Aluminium demand remains strong however growth is decelerating during the 2<sup>nd</sup> Half of the year.
- Macroeconomic uncertainty has lead to a weakening market environment in Europe.

### EPC

- Growth in electricity consumption particularly in emerging markets, driven by strong fundamentals.
- ➤Increased need to replace ageing installed capacity and diversify the energy mix exploiting environmental friendly technologies.



- Stable power demand in the Greek market (-2% yoy) despite the adverse macroeconomic environment.
- Sequentially increased power production from Natural Gas fired plants.
- > EU/IMF/ECB applying strong pressure to ensure the maximum opening of the energy market.
- Greece has committed to implement an ambitious privatization program including stakes held by the public in PPC and DEPA.

### **Results/Developments**

- Preserved profitability despite the increased cost pressures.
- > Increased Aluminum Sales driven by volumes growth.
- Reduced Fuel Oil purchases due to the operation of the CHP plant that offers steam to the Alumina Refinery.
- > Strong results reported on the back of increasing contribution from projects abroad.
- > Retained solid EBITDA margin of 15.7%.
- Successful delivery of the Ag. Nikolaos and Korinthos Power projects.
- Backlog Replenishment New Project in Iraq.
- Strong profitability from the energy sector with Ag. Nikolaos 444 MW recording high load factor.
- Natural Gas corresponds to 30.7% of the Power production mix.
- Mytilineos Group power production ytd exceeded 2.0 TWh by the end of September 2011.
- > Introduction of the ITO model as a road map towards the effective liberalization of the energy market.

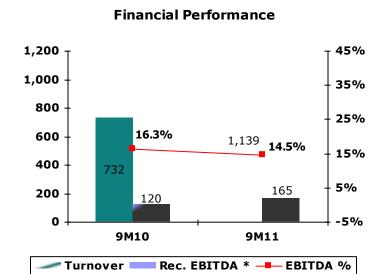
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| (amounts in mil €)        | 9M11  | 9M10 |
|---------------------------|-------|------|
| Turnover                  | 1,139 | 765  |
| EBITDA                    | 165   | 152  |
| EBIT                      | 126   | 130  |
| EBT                       | 99    | 118  |
| EAT Continuing Operations | 78    | 91   |
| <b>EATam</b>              | 46    | 57   |

| Margins (%)               | 9M11  | 9M10  |
|---------------------------|-------|-------|
| EBITDA                    | 14.5% | 19.9% |
| EBIT                      | 11.1% | 17.0% |
| EBT                       | 8.7%  | 15.4% |
| EAT Continuing Operations | 6.8%  | 11.9% |
| EATam                     | 4.0%  | 7.5%  |

| Cash Flows                           | 9M11 | 9M10 |
|--------------------------------------|------|------|
| Cash Flows from Operations           | 41   | 125  |
| Cash Flows from Investment           | -103 | -173 |
| Cash Flows from Financial Activities | 7    | 38   |
| Net Cash Flow                        | -55  | -10  |
| FCF                                  | 62   | 133  |



### **Key Drivers:**

- > Strong Performance from the EPC Sector.
- > Top line growth helped by strong EPC Sales, increased Aluminum volumes.
- Material contribution from the energy sector.
- > 2010 figures include €32m. non recurring item on sale of ETADE.

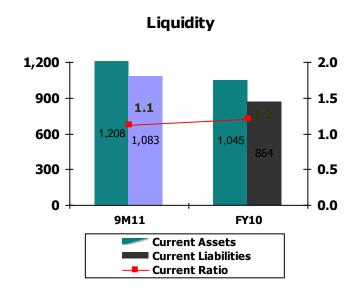
<sup>\*</sup> Recurring EBITDA adjusted for the one off item (€32m. on Sale of ETADE). Source: Company Information.

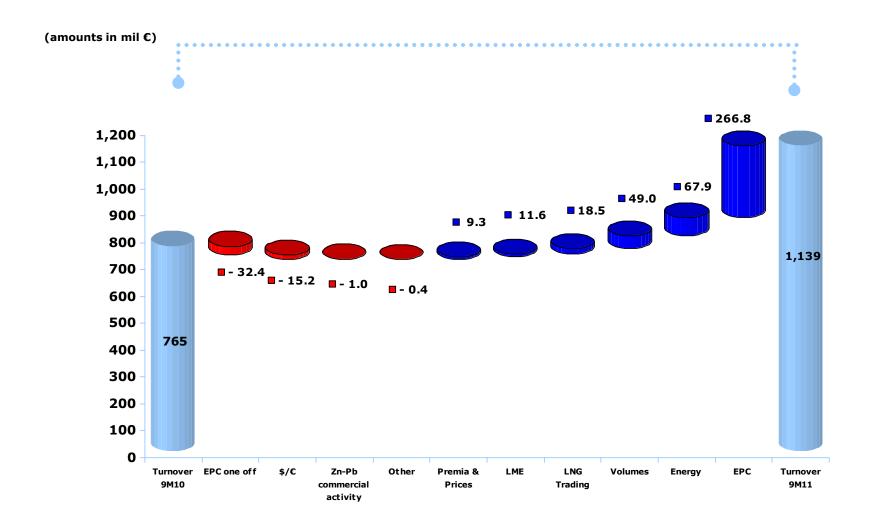


### (amounts in mil €)

| Balance Sheet             | 9M11  | FY10  |
|---------------------------|-------|-------|
| Non Current Assets        | 1,590 | 1,516 |
| Current Assets            | 1,208 | 1,045 |
| Available For Sale Assets | 47    | 57    |
| Total Assets              | 2,845 | 2,619 |

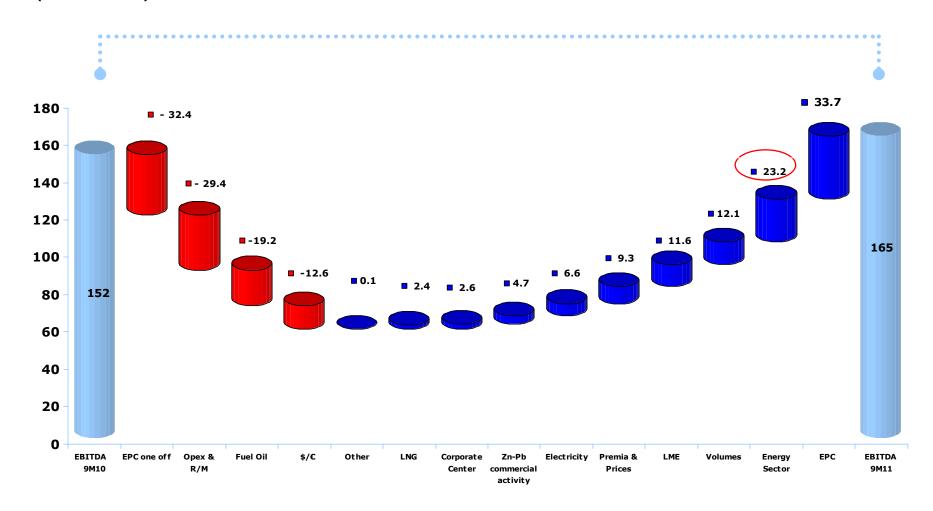
| Debt                    | 861 | 741 |
|-------------------------|-----|-----|
| Cash & Cash Equivalents | 237 | 209 |
| Marketable Securities   | 21  | 51  |
| Equity                  | 898 | 844 |
| Adj. Equity             | 909 | 966 |
| Net Debt                | 625 | 533 |





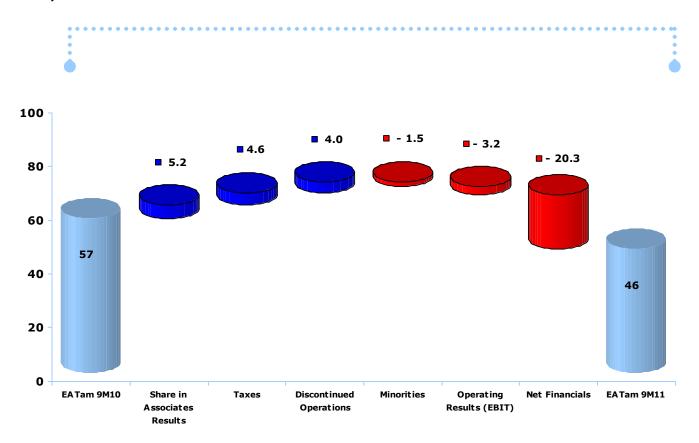


### (amounts in mil €)



11

### (amounts in mil €)



Source: Company Information.

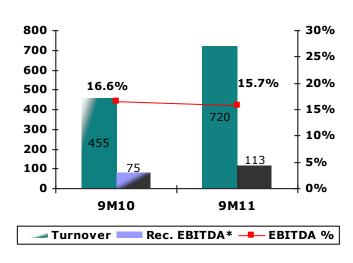


| (amounts in mil €)        | 9M11 | 9M10 |
|---------------------------|------|------|
| Turnover                  | 720  | 487  |
| EBITDA                    | 113  | 108  |
| EBIT                      | 109  | 104  |
| EBT                       | 104  | 103  |
| EAT Continuing Operations | 81   | 72   |
| EATam                     | 80   | 70   |

| Margins (%)               | 9M11  | 9M10  |
|---------------------------|-------|-------|
| EBITDA                    | 15.7% | 22.1% |
| EBIT                      | 15.1% | 21.4% |
| EBT                       | 14.5% | 21.1% |
| EAT Continuing Operations | 11.2% | 14.7% |
| EATam                     | 11.1% | 14.4% |

| Cash Flows                           | 9M11 | 9M10 |
|--------------------------------------|------|------|
| Cash Flows from Operations           | 96   | 76   |
| Cash Flows from Investment           | 0    | -2   |
| Cash Flows from Financial Activities | -14  | -11  |
| Net Cash Flow                        | 81   | 63   |
| FCF                                  | 79   | 81   |

### **Financial Performance**



### **Key Drivers:**

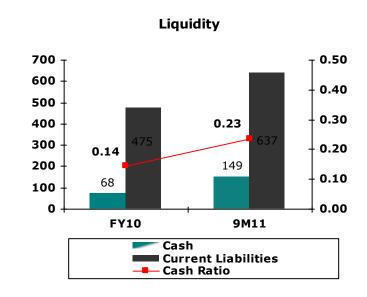
- > Sales up 58% due to backlog execution acceleration.
- > 7 main projects under execution during 2011.
- > Recurring EBITDA Margin 15.7%.
- Net Cash Position as of 30/9/2011: €135 m.
- > Strong Backlog: € 1.9 bn.

<sup>\*</sup> Recurring EBITDA adjusted for the one off item ( $\leqslant$ 32m. on Sale of ETADE). Source: Company Information.



### (amounts in mil €)

| Balance Sheet      | 9M11 | FY10 |
|--------------------|------|------|
| Non Current Assets | 98   | 67   |
| Current Assets     | 857  | 741  |
| Total Assets       | 954  | 808  |
|                    |      |      |
| Bank Debt          | 14   | 2    |
| Cash Position      | 149  | 68   |
| Equity             | 303  | 250  |
| Net Debt           | -135 | -66  |
| Total Liabilities  | 651  | 557  |

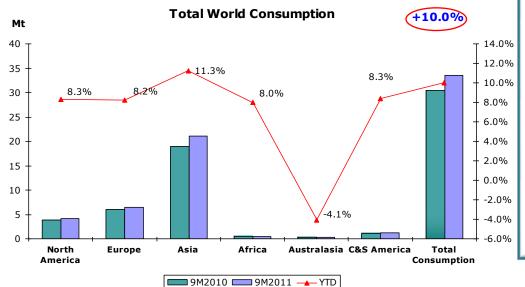


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## MYTILINEOS



Apr-09 Jul-09 Oct-09 Feb-10 May-10 Aug-10 Nov-10 Mar-11 Jun-11 Sep-11

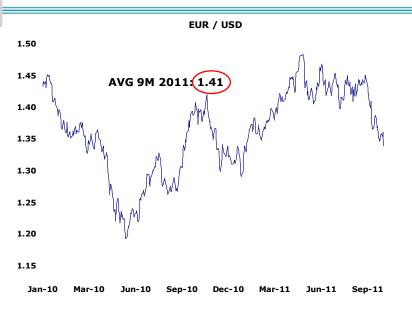


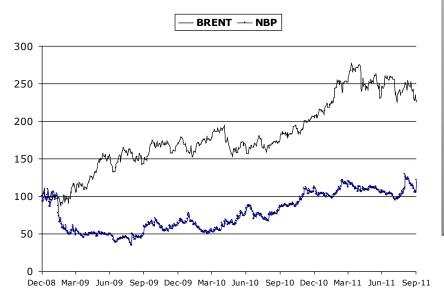
### **ALUMINUM**

- > The average Aluminum price during 9M2011 reached \$2,498 up 18.1% y-o-y. However average prices declined 7.7% comparing to the previous quarter. Increasing uncertainty over the sovereign debt crisis in the Eurozone weights negatively on market sentiment. Dollar strengthening has also hit aluminum prices recently.
- > <u>Inventory Level</u>: Global Inventories stand close to 4.5 mt, however metal availability is tight due to stock financing deals. Physical tightness on the spot market, continues to support Premiums. The average premium for delivered N. Germany billet remains over 430\$ per tonne.
- > Supply: Total world supply increased 4.5% y-o-y, driven by new greenfield project in Middle East. Rising power, labor and input costs in China are expected to restrain further capacity additions.
- ➤ <u>Demand</u>: Total world consumption was up 10.0%, led by the continuing growth in China where high regional prices continue to boost imports. Demand in Europe and the U.S. is driven by the automotive and engineering sectors while the construction sector remains weak.

The overall tone of the market is currently dominated by macro economic factors, however developments in China will likely be a key influence in the future. China is expected to remain self sufficient and progressively reduce aluminum exports which is akin to exporting energy.

## MYTILINEOS





### **EUR/USD:**

€/\$: The average parity €/\$ during the 9M 2011 settled at 1.41 vs 1.32 in 2010. Going forward the impact of the sovereign debt crisis in Europe and Central Banks policies will largely determine the parity trend. The operation of the power units is helping the Group to reduce substantially the exposure in USD.

### OIL - NATURAL GAS:

- ➤ Weak dollar and increased tension over the N. Africa region led to increased Oil prices. The average price for Brent during 9M2011 reached \$112 per barrel (up 43.2% yoy) putting also upward pressure on Natural Gas Prices.
- ➤ Nuclear accident in Japan earlier this year had a significant impact on LNG Prices as c. 50% of the lost capacity has been replaced by LNG.
- ➤ In the U.S. LNG exports are growing while Shale Gas productivity puts downward pressure on Natural Gas prices.
- ➤ In Europe increased LNG spot supply and domestic Shale Gas production is expected to put the oil link to gas in doubt.
- China's Natural Gas unconventional production continues to grow.
- MYTILINEOS Group remains active in the LNG market, thus mitigating the impact of the increased pipeline natural gas prices.

#### (amounts in mil €)

| M&M      | 9M11 | 9M10 |
|----------|------|------|
| Turnover | 395  | 343  |
| EBITDA   | 36   | 47   |
| EAT      | 18   | 34   |

| <b>EPC</b> | 9M11 | 9M10 |
|------------|------|------|
| Turnover   | 654  | 419  |
| EBITDA     | 115  | 114  |
| EAT        | 71   | 66   |

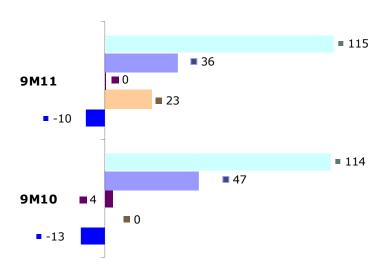
| ENERGY   | 9M11 | 9M10 |
|----------|------|------|
| Turnover | 98   | 8    |
| EBITDA   | 23   | 0    |
| EAT      | 13   | 0    |

| Discontinued | 9M11 | 9M10 |
|--------------|------|------|
| Turnover     | -8   | -5   |
| EBITDA       | 0    | 4    |
| EAT          | 2    | 6    |

| CC - Other | 9M11 | 9M10 |
|------------|------|------|
| Turnover   | 0    | 0    |
| EBITDA     | -10  | -13  |
| EAT        | -27  | -15  |

| TOTAL GROUP | 9M11  | 9M10 |
|-------------|-------|------|
| Turnover    | 1,139 | 765  |
| EBITDA      | 165   | 152  |
| EAT         | 78    | 91   |

### **EBITDA PER ACTIVITY**



■ CC - Other ■ Energy ■ Discontinued ■ M&M ■ EPC

Corporate Centre includes all other activities that are not directly linked to M&M, EPC and Energy.

2010 figures include the €32.4m item of ETADE. EPC does not include intercompany transactions.

Source: Company Information.



### **Fundamentals**

### Prospects

### Greece

- •Flat energy demand despite the adverse macro environment.
- •Fuel mix changing with new gas-fired CCGT projects coming on-line, and increasing penetration of RES.
- •Existing capacity is old and inefficient.

- PPC: new/replacement highly efficient lignite fired plants.
- New gas fired projects may emerge, but at slower rate.
- EPC opportunities for RES, e.g CSP.

### South-East Central Europe-Turkey

- •EU membership and convergence impose obligations for plant upgrades and/or closures.
- •Years of under-investment and slow progress to upgrade capacity.
- •Government support and relatively high level of acceptance for nuclear.

- SEE: gas fired projects: potential combined cycle and COGEN projects, e.g. district heating.
- Turkey to be the fastest growing electricity market in Europe driven by GDP growth, population increase and urbanisation potential CCGT projects.

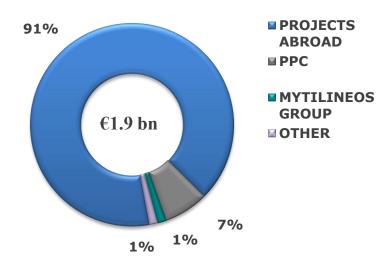
### Middle East

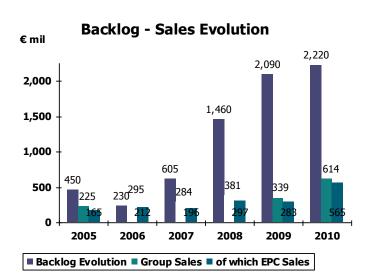
- •Generally strong demand emphasis on mega-projects.
- Need to diversify fuel sources and increasing emphasis on fuel efficiency.
- Possible re-emergence of Iraq as a significant market in the medium-long term.
- Possibilities for conversion of open cycle plants to combined cycle across the Middle East.
- Numerous large Integrated Water & Power Plant (IWPP) projects in the Gulf.

### Africa

- •Strong fundamental power demand growth, often constrained by supply limitations.
- •Widespread power shortages.
- •Massive need for energy infrastructure investments.
- •Typically smaller projects with fast-track profile.

## MYTILINEOS





### **Strong Backlog - Visibility - International Profile**

#### Greece

- PPC: 417 MW CCGT in Aliveri. Alstom sub supplier for the main equipment. Contract value of €219 m.
- **EXECUTE:** We have a subsupplier for the main equipment. Contract value of €285 m.

### **Turkey**

- <u>OMV (BORASCO)</u>: 870 MW CCGT in Turkey. GE sub supplier for the main equipment. Contract value of €475 m.
- <u>RWE & Turcas Güney Elektrik Uretim A. Ş. :</u> 775 MW CCGT in Turkey. Siemens sub supplier for the main equipment. Contract value of €450 m.

### **IRAQ**

Republic of Iraq: 1250 MW OCGT in IRAQ. GE sub supplier for the main equipment. Contract value of €260 m.

### **Romania**

OMV PETROM: 860 MW CCGT in Romania, 50 - 50 Consortium with GE. Contract value of €210 m.

### **Syria**

- PEEGT: 700 MW CCGT in Syria. METKA leader of Consortium with Ansaldo. Contract value of €650 m.
- PEEGT: 724 MW CCGT in Syria. METKA leader of Consortium with Ansaldo. Contract value of €678 m.



### **METKA establish itself as an Export Oriented EPC Contractor**

- √ 95% of Turnover refer to energy projects.
- √ 81% of Turnover is derived form projects abroad.
- √ 79% of Net Profits derived from projects abroad.

### amounts in €mil

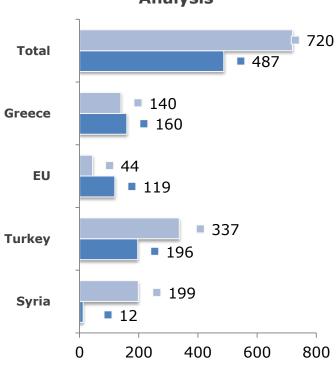
| ENERGY    | 9M11 | 9M10 |
|-----------|------|------|
| •Turnover | 682  | 453  |
| •EBITDA   | 107  | 102  |
| •EATam    | 76   | 65   |

| DEFENSE   | 9M11 | 9M10 |
|-----------|------|------|
| •Turnover | 14   | 8    |
| •EBITDA   | 5    | 3    |
| •EATam    | 3    | 1    |

| INFRASTRUCTURE | 9M11 | 9M10 |
|----------------|------|------|
| •Turnover      | 24   | 26   |
| •EBITDA        | 1    | 3    |
| •EATam         | 1    | 4    |

| TOTAL EPC                  | 9M11 | 9M10 |
|----------------------------|------|------|
| <ul><li>Turnover</li></ul> | 720  | 487  |
| •EBITDA                    | 113  | 108  |
| •EATam                     | 80   | 70   |
|                            |      |      |

### **Geographical Turnover Analysis**





### **Key Characteristics and Trends**

### **Future Outlook**

### **Demand**

- Consumption has grown with a yearly average of 3,7% in the decade 1998-2008, peaking during the summer (strong air cooling penetration in the commercial and residential sectors). The recession coupled with mild weather have resulted in 8% drop during the two year period 2009-10.
- Despite the adverse macro environment, the reference scenario calls for electricity demand to remain flat in 2011.

### **Supply**

- > The percentage of domestic lignite in generation, in the interconnected System, is around 53-63%, and Greece has reserves for another 50 years.
- Gas's share is rising, as most recent investments have been in CCGTs. In 2011 the share has risen to 30.7% against 22.2% in 2010 and 19.4% in 2009.
- Greece is importing gas, mainly from Russia and Turkey via pipeline and LNG from Algeria and the spot market.
- > RES (excluding large hydro) participate with just 5% in the mix, but Greece hopes on important wind and solar potential. Up to 6.000 MW of RES (mostly wind) would be necessary in 2020 so as Greece to achieve the 18% penetration of RES in total energy demand.
- > Imports, primarily from northern interconnections, and exports, primarily to Italy, are made for commercial purposes, with traders benefiting from price differences in these interconnected countries.

- > Lignite will remain a cornerstone, though its share will decrease.
- Consistently increasing Gas-fired production given that all the new conventional capacity added up to 2014, at least, will be in CCGTs and perhaps some hundreds MW of OCGTs.
- Renewable generation is also set to rise as a favorable framework has been put into place. Feed-in tariff for the produced energy and up to 30% subsidy for construction of wind and hydro parks.
- > The interconnection between Greece and Turkey has assumed commercial operation.

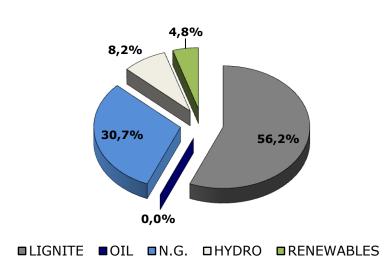
### Competitive Dynamics

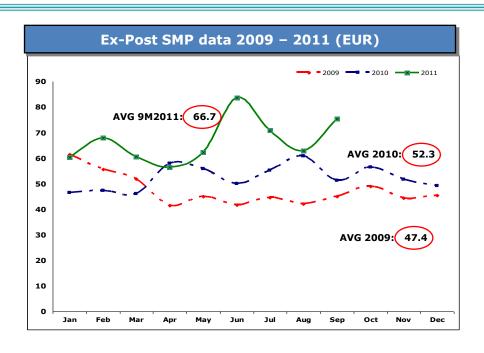
- > PPC is the incumbent with >97% market share in retail and around 75% in the wholesale market. Currently, there are 6 independent units with a total installed capacity of 2.3 GW.
- > Foreign players have entered the market since 2006, teaming up with local (non-operator) investors (Endesa-Mytilineos, Edison-ELPE, ...). Mytilineos has replaced Iberdrola in the joint venture with Motor-Oil and also acquired the full control of Protergia (ex. Endesa Hellas) buying out ENEL's participation. GDF-Suez cooperates with the Greek company Terna.
- > PPC is looking for strategic partners to finance new capex plans.
- > Private players might concentrate.
- > EU IMF escalating the pressure towards full liberalization of the electricity market.
- > The Government opted for the ITO model as a road map for the implementation of the 3<sup>rd</sup> Energy Package that sets to pave the way towards the effective liberalization of the Energy market.

Source: Company Information.



Power Production Mix
Total Production 2011: 36.5 TWh





### **Energy Market – Developments in 2011**

- > Total Power demand 9M2011: 39.1 TWh (posting a moderate drop of 2.05% y-o-y) despite the severe economic contraction. Increased demand from Industrial clients (up 6.07% y-o-y).
- ➤ Average SMP increased at 66.7 €/MWh (up 28% y-o-y ), mainly due to the increased natural gas prices.
- ➤ Lignite production somewhat decreased (down -3.3% y-o-y).
- ➤ Hydro production decreased at 1.9 TWh (down 44.7% y-o-y).
- Natural Gas production increased significantly reaching 11.2 TWh (up 47.1% y-o-y) on the back of increased installed capacity and the new operational framework.
- > Net imports significantly reduced at 1.5 TWh (down 47.6%) mainly due to increased production by IPP's.
- > The CHP and Ag. Nikolaos CCGT produced **2.0 TWh** thus capturing **5.6% market share** of the domestic power production.



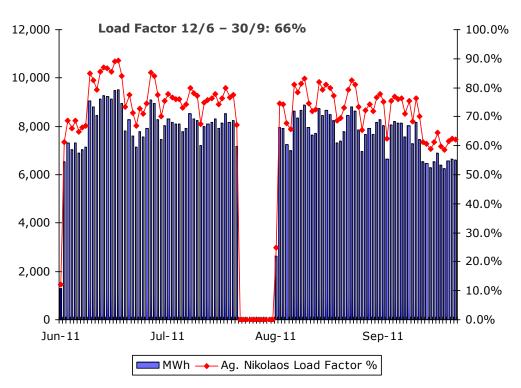
### Financial Data Ag. Nikolaos 9M 2011 (amounts in mil €)

| Revenues from Electricity Capacity Charges | <b>66</b><br>5 |
|--|----------------|
| Total Revenues                             | <u>71</u>      |
| Gas Cost<br>Opex                           | -52<br>-3      |
| EBITDA                                     | 16             |

#### **Financial Data June**

| Net Power Production (MWh) | 1,086,191 |
|----------------------------|-----------|
| Avg SMP Realized (€/MWh)   | 83.7      |
| Clean spread (€/MWh)       | 20.1      |

### Ag. Nikolaos Production (MWh)





### Financial Data 9M 2011

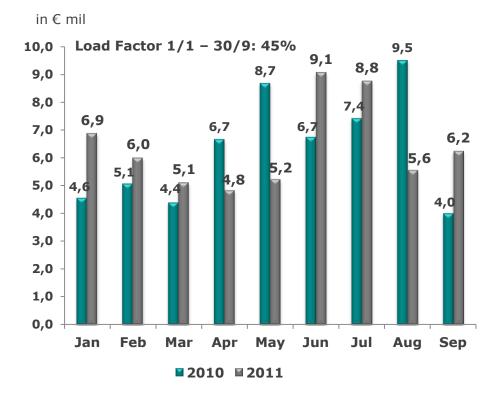
(amounts in mil €)

| Revenues from Electricity | 58         |
|---------------------------|------------|
| Revenues from Steam       | 34         |
| Capacity Charges          | 10         |
| <u>Total Revenues</u>     | <u>102</u> |
| Gas Cost                  | -92        |
| Opex                      | -5         |
| EBITDA                    | 4          |

### Operational Data 9M 2011

| Net Power Production (MWh) | 977,098 |
|----------------------------|---------|
| Avg SMP Realized (€/MWh)   | 59.0    |
| Clean spread (€/MWh)       | 4.5     |

### **Revenues From Electricity**



<sup>\*</sup>Capacity Charges are subject to the commercial operation of the Unit.

<sup>\*</sup> Revenues from steam calculated under the assumption that steam is sold at Cost. Source: Company Information.

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