MYTILINEOS

FINANCIAL RESULTS PRESENTATION 1H2018

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# PRESENTATION

# AGENDA

- ❑ 1H2018 Results Highlights
- ❑ Summary Financial Results
- ❑ Business Units Performance
- ❑ Q&A

# 1H2018 Results Highlights

## Consolidated Financial Results

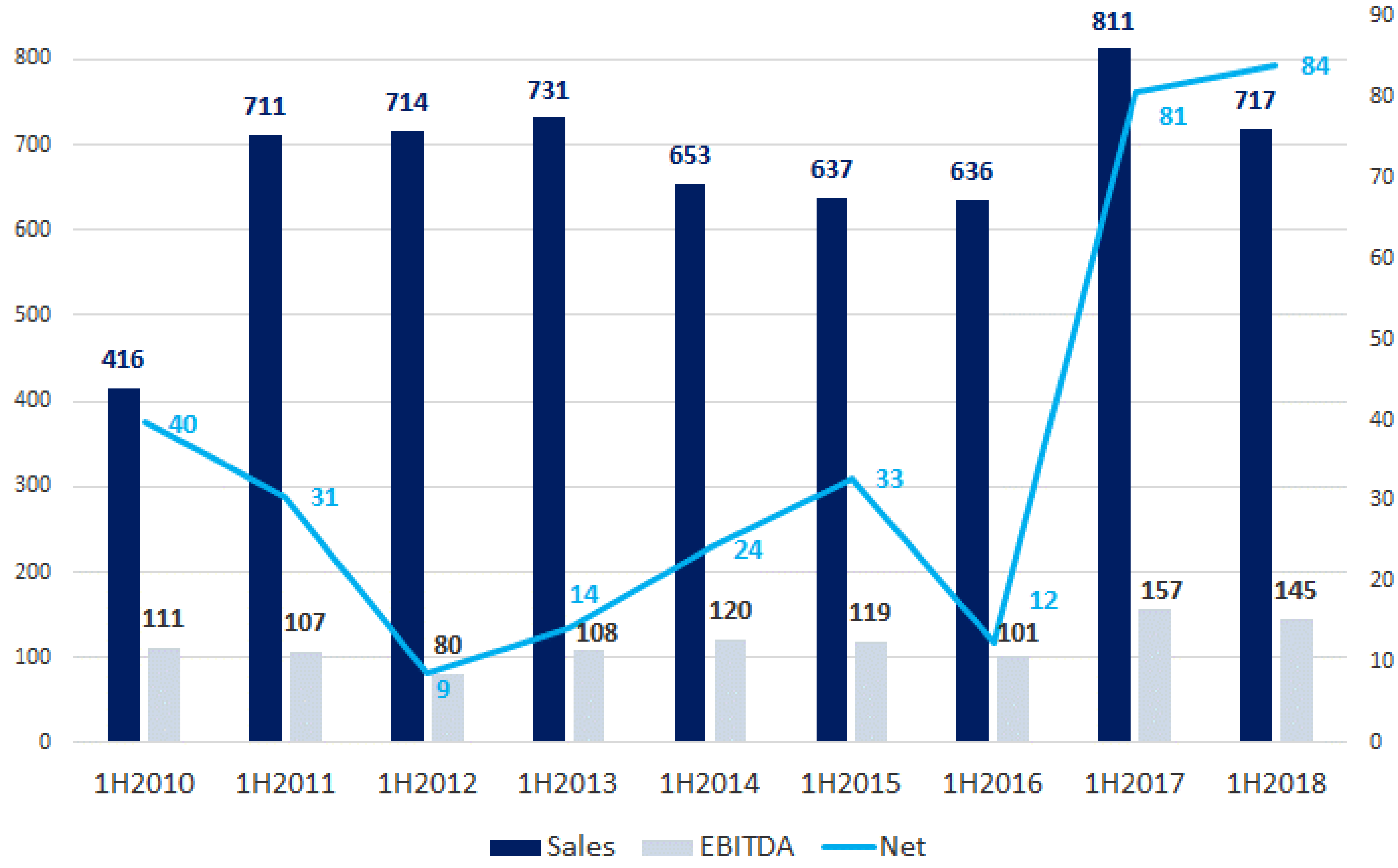
- Net profit after tax and minority rights of €83.9 mn., compared to €80.7 mn. in 1H2017.
- Earnings per share (EPS) of €0.587 compared to €0.564 in 1H2017.
- Earnings before interest, tax, depreciation and amortization (EBITDA) shaped at €145.2 mn.
- Turnover stood at €717.1 mn. compared to €811.4 mn.
- Net Debt dropped by €48.1 mn. to €520.1 mn. from €568.1 mn. as of 31/12/2017.
- Approval by Regulatory Authority for Energy (RAE) for the construction of a new combined cycle power plant, fueled with natural gas and capacity 665 MW.

# 1H2018 Results Overview – P&L

*(amounts in mil €)*

| ***P&L*** | **1H2018** | **1H2017** | **Δ%** |
|---|---|---|---|
| **Turnover** | **717.1** | **811.4** | **-11.6%** |
| **EBITDA** | **145.2** | **156.5** | **-7.3%** |
| Depreciation | -36.7 | -34.5 | |
| Net Financial Cost | -19.9 | -28.2 | |
| Other | -0.1 | -0.3 | |
| **PBT** | **88.6** | **93.5** | **-5.3%** |
| Income Tax | -8.5 | -11.4 | |
| Discontinuing Operations | 0.0 | -0.8 | |
| Non Controlling Interest | 3.8 | -0.7 | |
| **EATam** | **83.9** | **80.7** | **4.0%** |
| **EPS (€)** | **0.587** | **0.564** | **4.0%** |
| *Margins (%)* | **1H2018** | **1H2017** | **Δ(bps)** |
| **EBITDA** | **20.2%** | **19.3%** | **95** |
| **EATam** | **11.7%** | **9.9%** | **176** |

# 1H2018 Results Overview



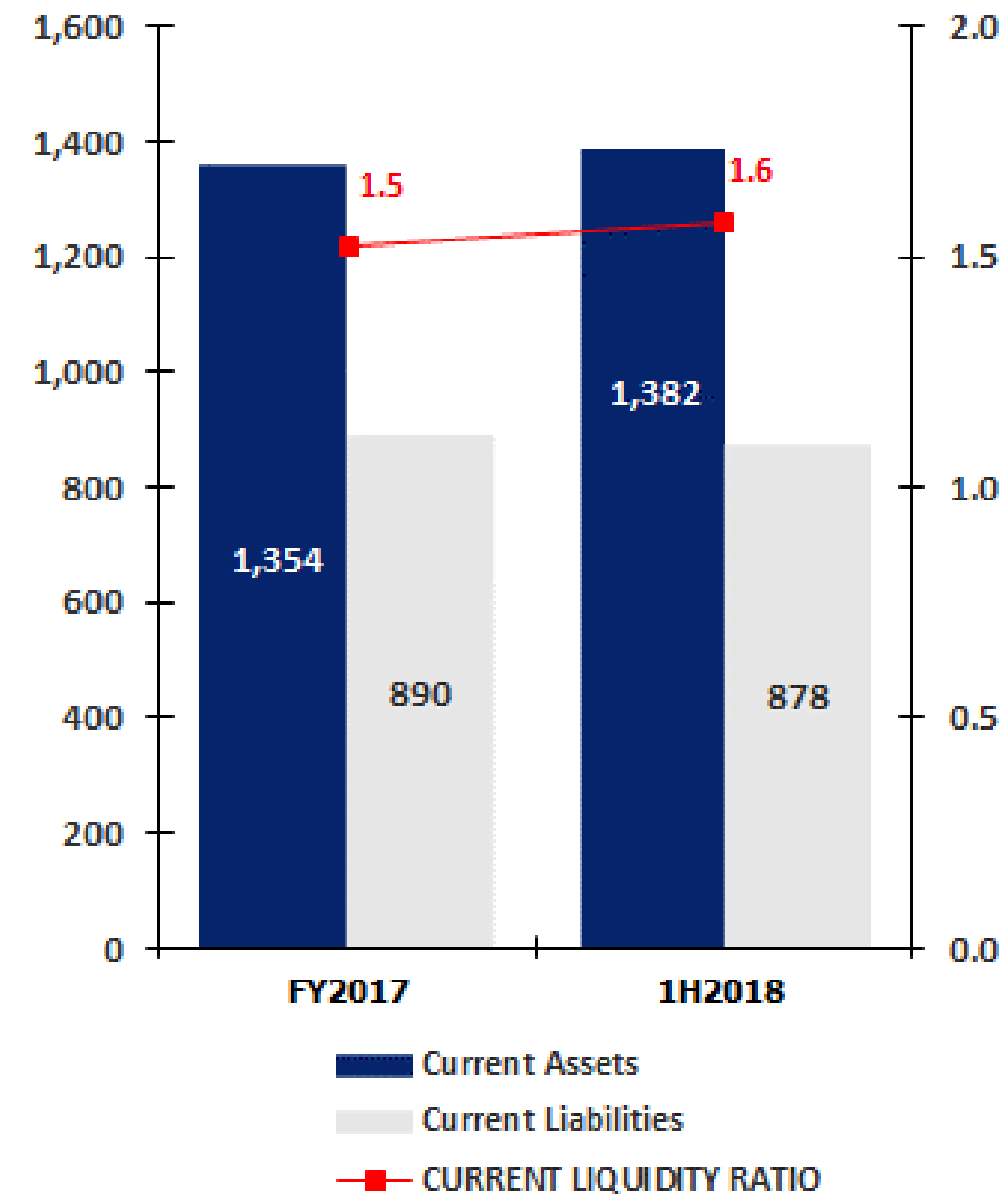
# 1H2018 Results Overview – Balance Sheet

*(amounts in mil €)*

| ***Balance Sheet*** | **1H2018** | **FY2017** |
|---|---|---|
| Non Current Assets | 1,854 | 1,864 |
| Current Assets | 1,382 | 1,354 |
| **Total Assets** | **3,236** | **3,218** |
| | | |
| Debt | 694 | 729 |
| Cash & Cash Equivalents | 174 | 161 |
| | | |
| **Equity** | **1,472** | **1,431** |
| | | |
| **Net Debt** | **520** | **568** |

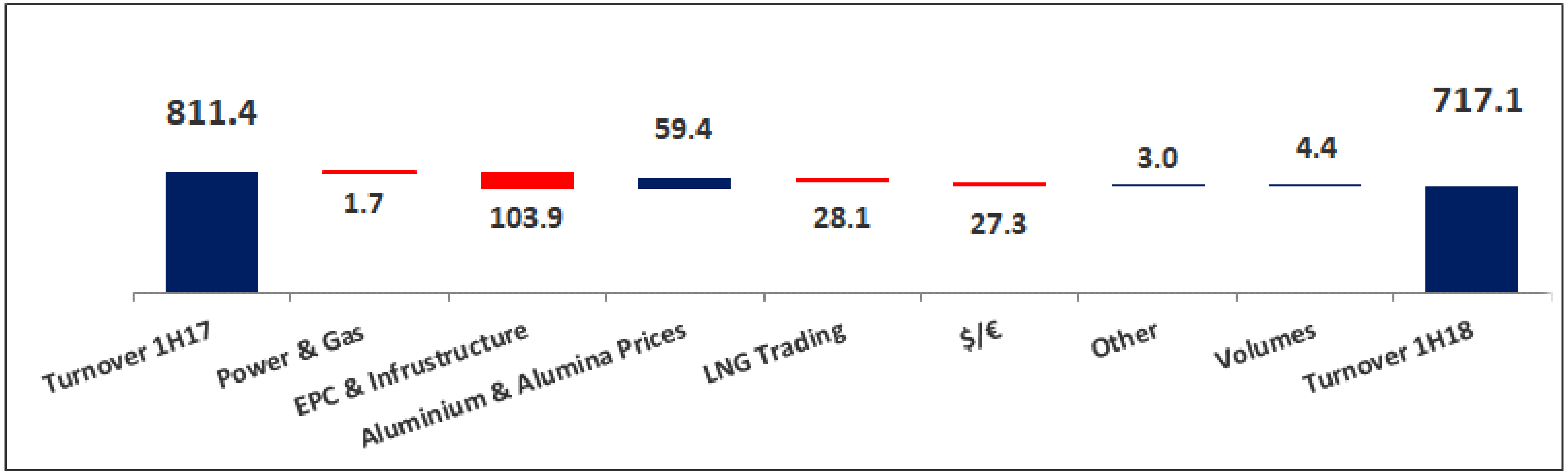
| ***Key Ratios*** | **1H2018** | **FY2017** |
|---|---|---|
| NET DEBT / EBITDA | 1.8 | 1.9 |
| EV / EBITDA | 6.0 | 6.1 |
| EBITDA / NET FIN. EXP. | 7.3 | 6.0 |
| ROCE* | 13.27% | 14.39% |
| ROE* | 10.55% | 11.32% |

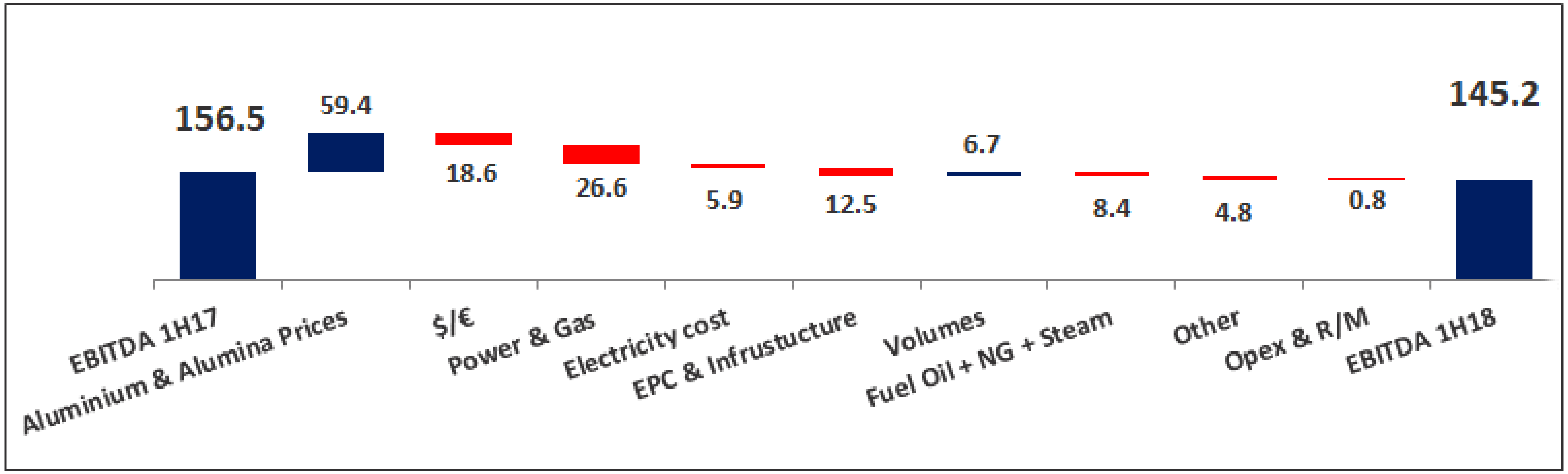
## Liquidity



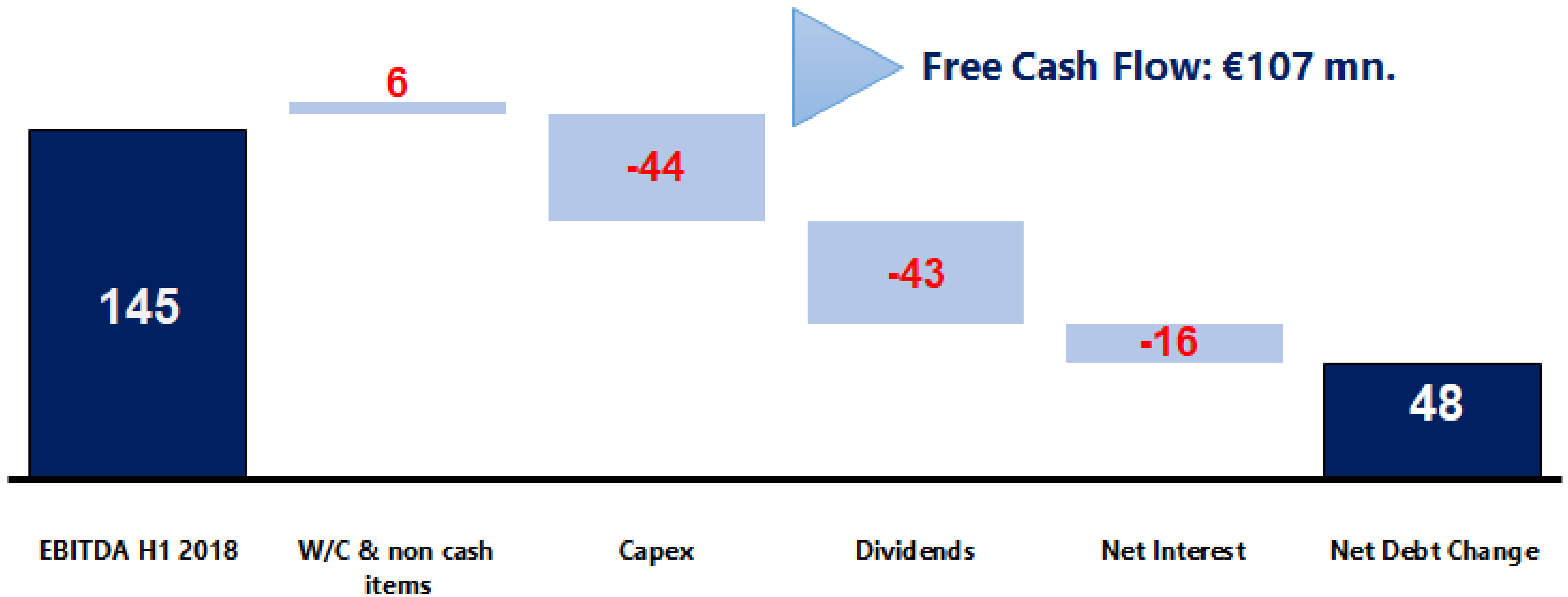

* ROCE & ROE calculations are available in 1H 2018 Financial Results Notes

# 1H2018 Results Overview – Gap Analysis



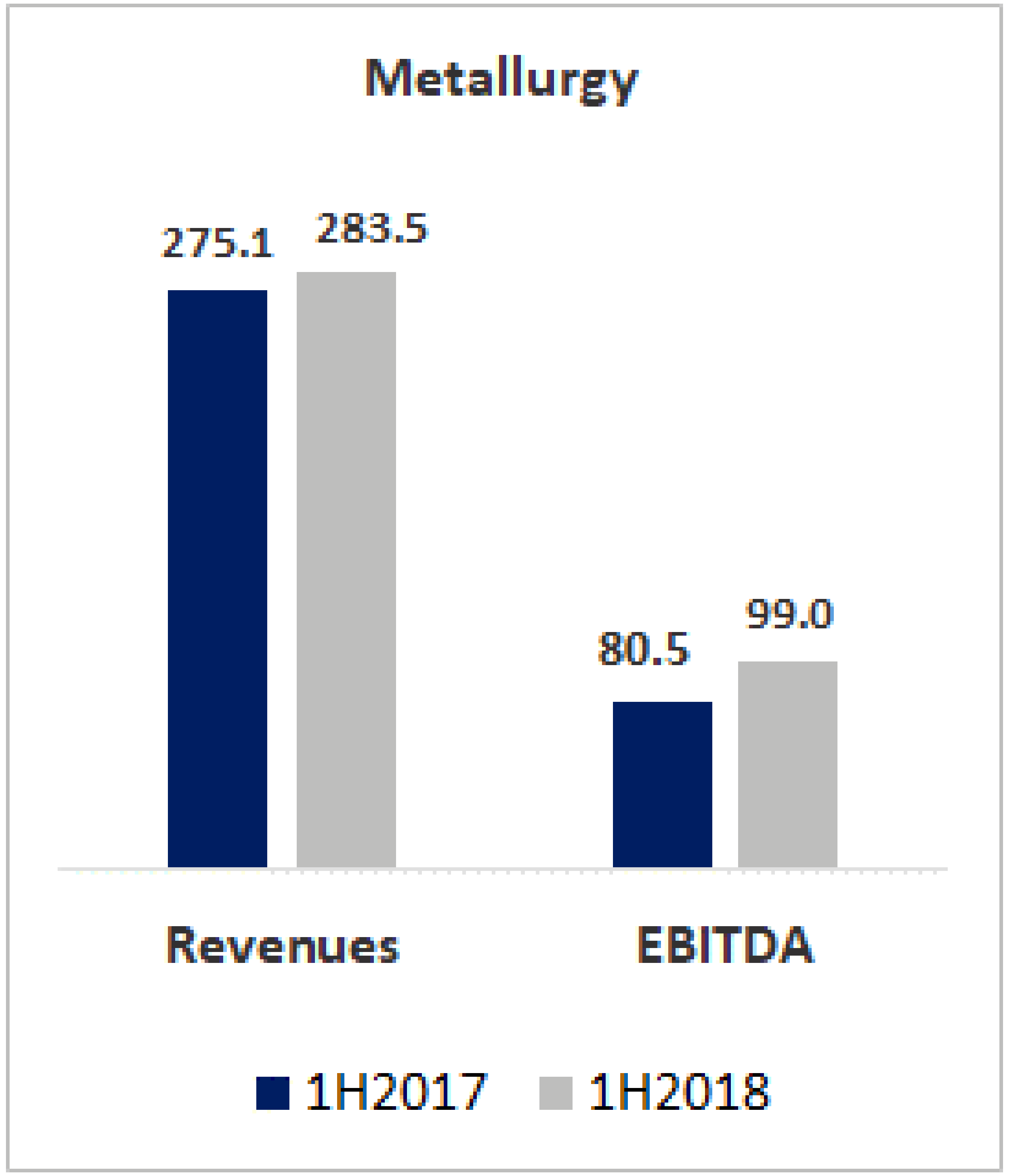



# 1H2018 Results Overview – Cash Flow




* W/C and non-cash items include other cash flows from financing activities

# Metallurgy

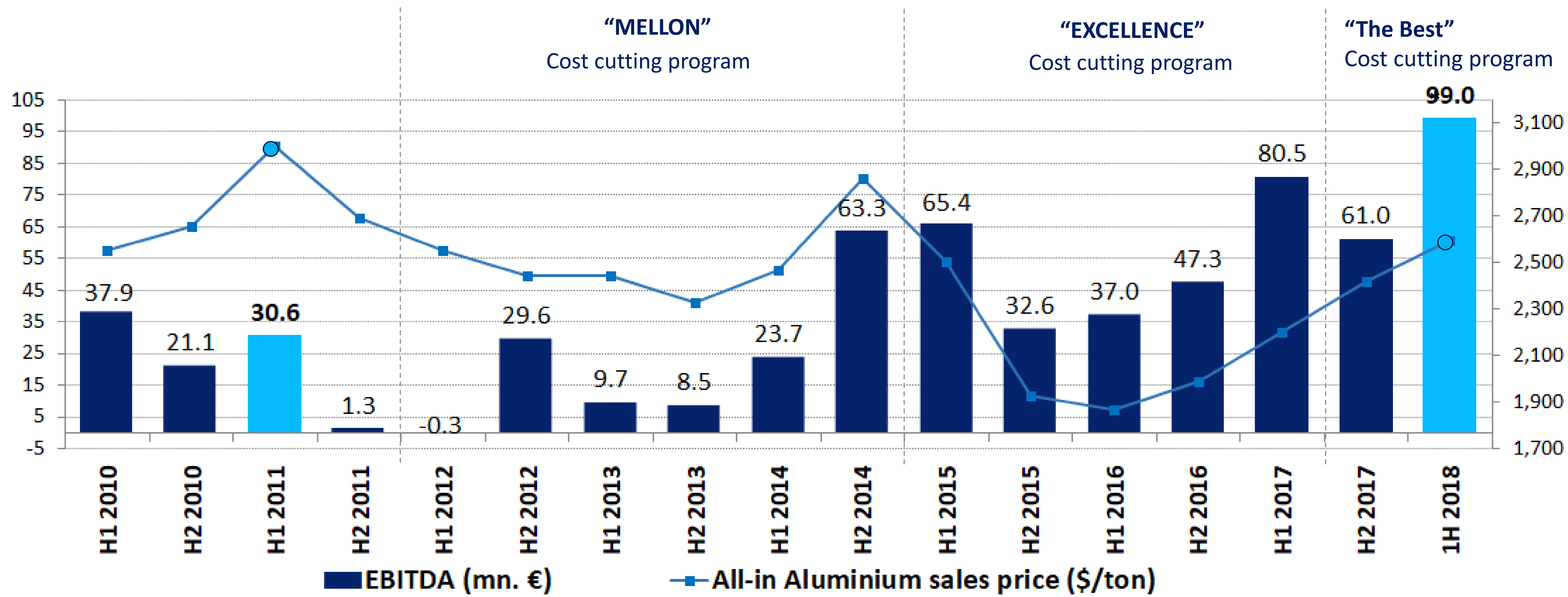



## 1H2018 results highlights

- Revenues of €283.5 mn. (39.5% contribution in total revenues), from €275.1 mn. in 1H2017.
- EBITDA increased by 22.9%, to a historical high of €99.0 mn., from €80.5 mn. in 1H2017.
- Significant volatility in aluminium & alumina prices in 1H2018 following the imposition of US sanctions that affected the largest aluminium & alumina producer outside China and the production cuts of alumina in Brazil and other regions.
- The above developments combined with the significant productivity improvements over the last few years, led to historical high levels of operating profitability and highlight the strong competitive advantage offered by the Company's fully vertical integrated production model.

# Metallurgy: Lowest cost Aluminium & Alumina producer in E.U.

**Metallurgy Sector EBITDA Semi Annual Performance - All in Aluminium Prices**

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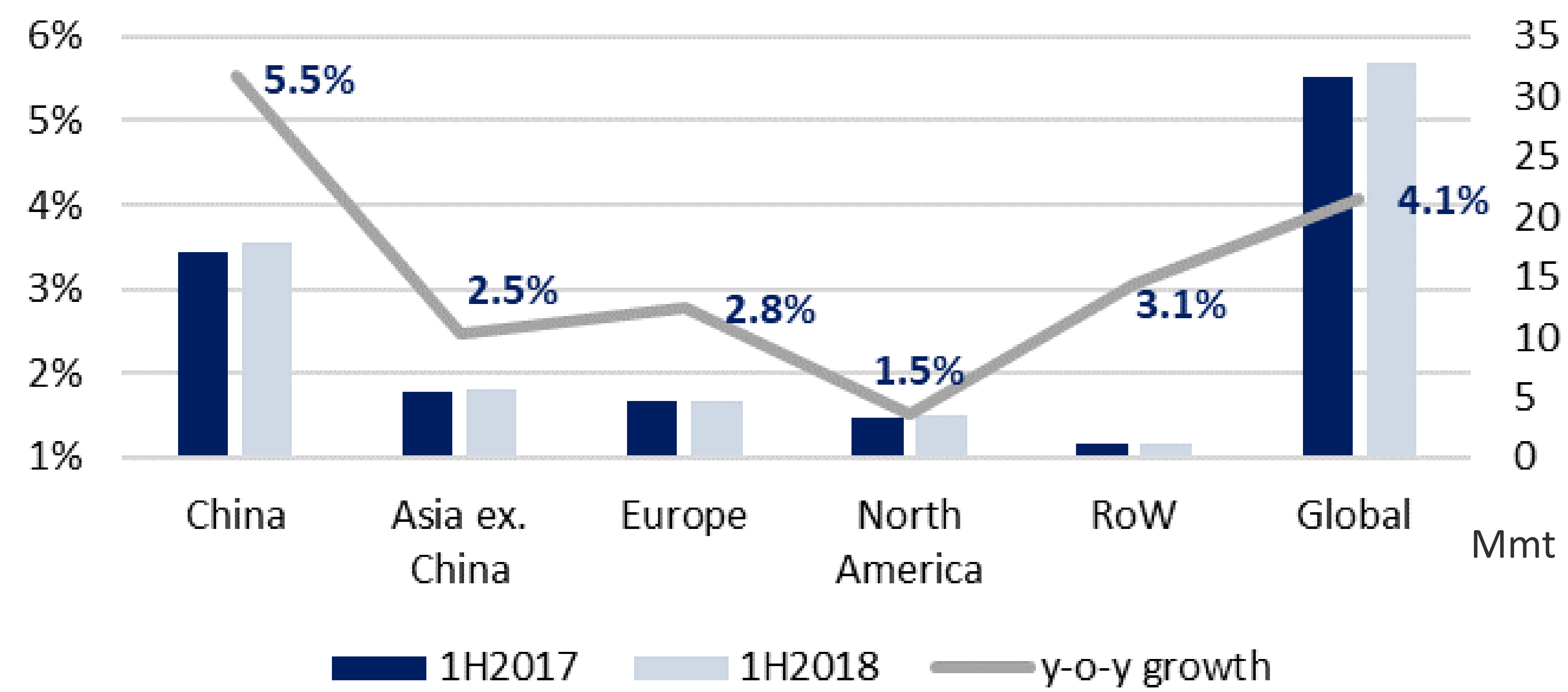
Safeguarding profitability through the cycle

- **Mytilineos reaping the benefits of the consecutive cost cutting programs** executed since 2012, supported by continuous productivity improvement investments. Record high profitability despite modest aluminium prices.
- In **1H2018** metallurgy sector **EBITDA** reached **€99.0 mn**, increased by **68.2%** vs. 1H2017
- As a result, **EBITDA margin** reached **35%** at 1H2018, a record high for the unit vs. **29%** at 1H2017

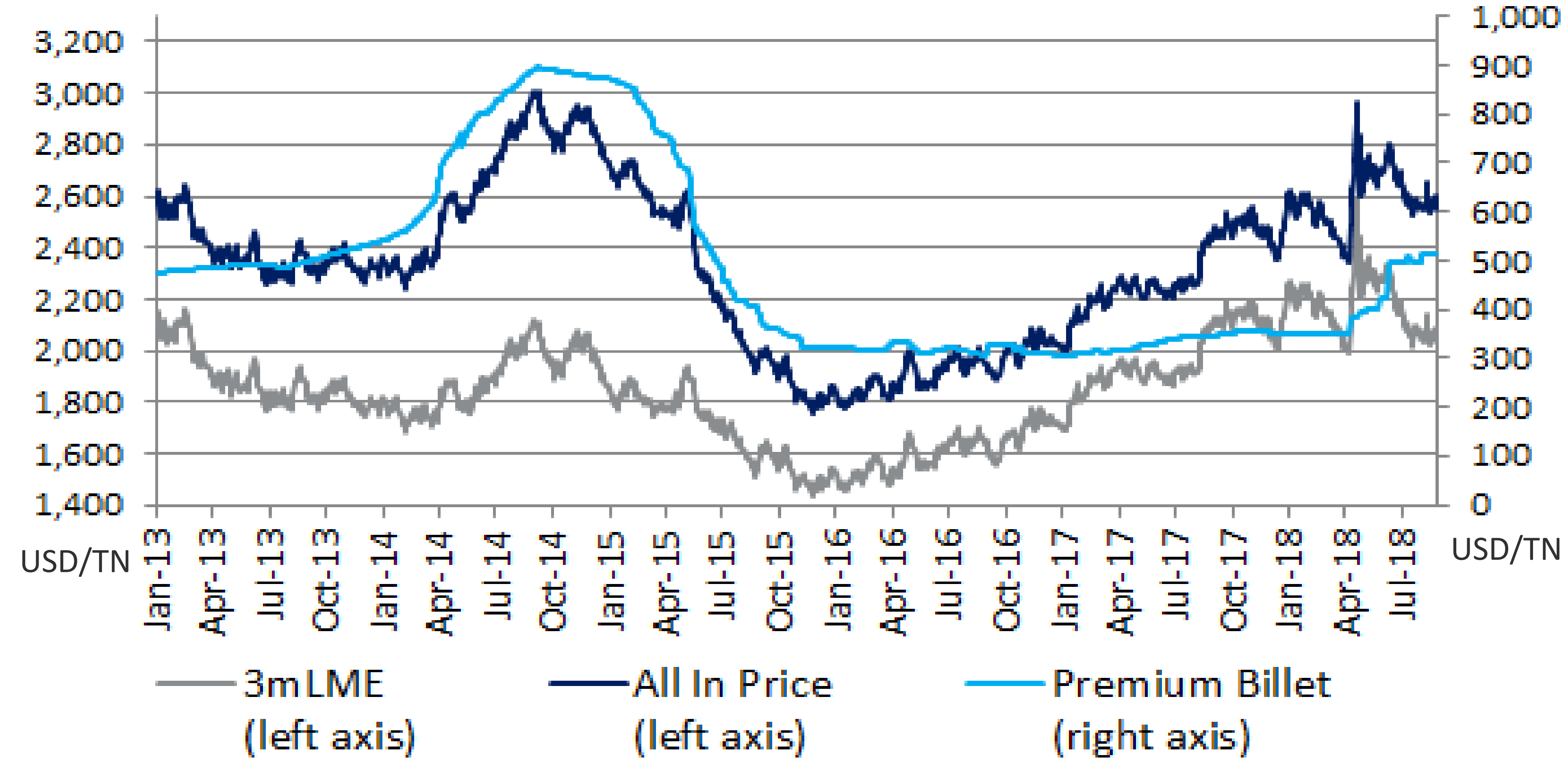
Source: Company Information. Bloomberg, HARBOR Aluminum

# Market Review – Aluminium

## Global Aluminium demand per region – 1H18 vs. 1H17




## LME & Premium prices



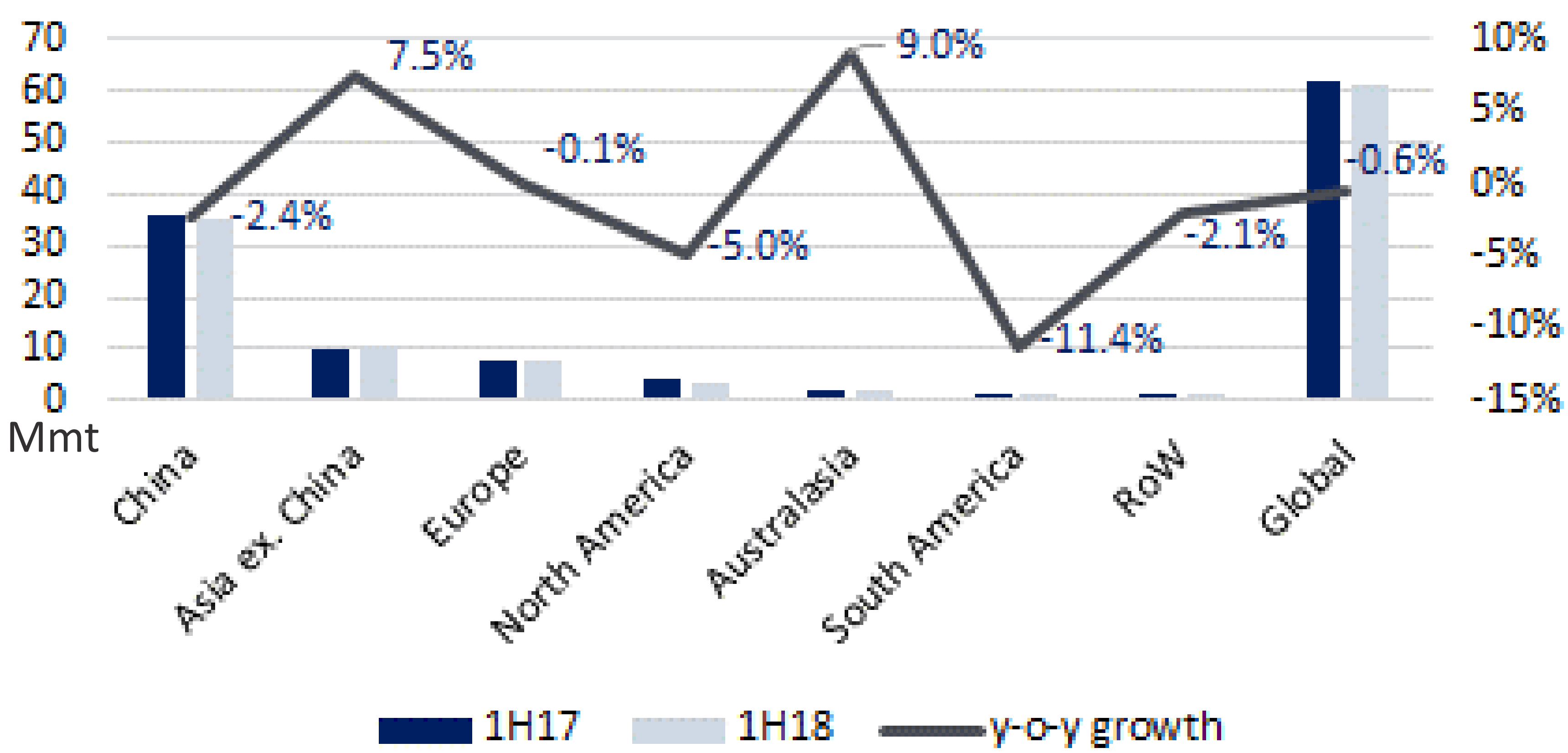

- **Global aluminium demand continues to be strong**, increasing in 1H2018 by 4.1% to 32.8 Mmt. Demand growth led by China, reflecting the country's overall economic expansion. In North America demand is particularly strong in autos and aerospace, while in Europe demand is also growing strongly driven by automotive industry.
- **Global production in 1H2018 was negatively affected by supply disruptions** in Brazil (in the biggest refinery outside of China that has been running at 50% utilization since February 2018 due to environmental reasons) and other regions **and a decline of production in China** due to government regulation and increased production costs.
- As a result of the above, **aluminium market is projected to remain in deficit in 2018,** amid uncertainty on US tariffs and sanctions and the start of normal operations in Brazil.

- **Average 1H2018 LME prices increased by 17%** vs. 1H2017 at $2,210, premia increased c. 20%, while Euro/US Dollar rate shaped at 1.21 in 1H2018 from 1.08 in 1H2017.
- The imposition of **US sanctions in early April 2018** that affected the largest alumina and aluminum producer outside China, **pushed aluminium prices to multiyear high levels**.
- Two weeks later, US provided a time extension until October 2018 for imposing sanctions, leading to **price corrections as the market discounted a potential gradual resolution to the sanctions**.
- Currently, prices are highly volatile due to the uncertainty related to the Oct. 23rd deadline for the US sanctions and overall concerns about tightness in the alumina supply.

Source: Company Information, Bloomberg, CRU, HARBOR Aluminum.

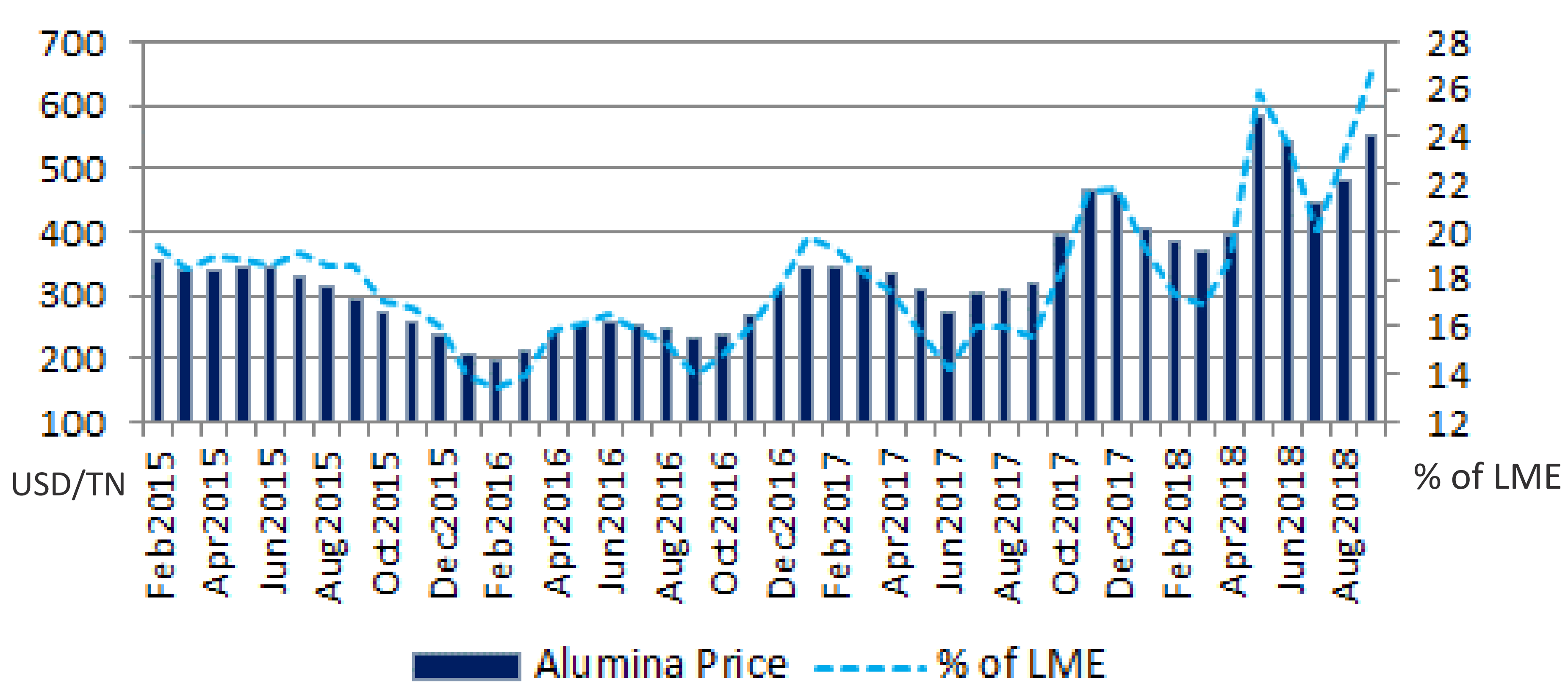
# Market Review – Alumina

**Global Alumina demand per region – 1H18 vs. 1H17**




- **Demand in 1H18 remained relatively unchanged** compared to the same period in 2017.
- **Production** negatively affected from a series of supply disruptions and production curtailments in China.
- As a result, **alumina market in 1H18 ended up in a deficit** that may further widen due to the production disruption in Brazil.

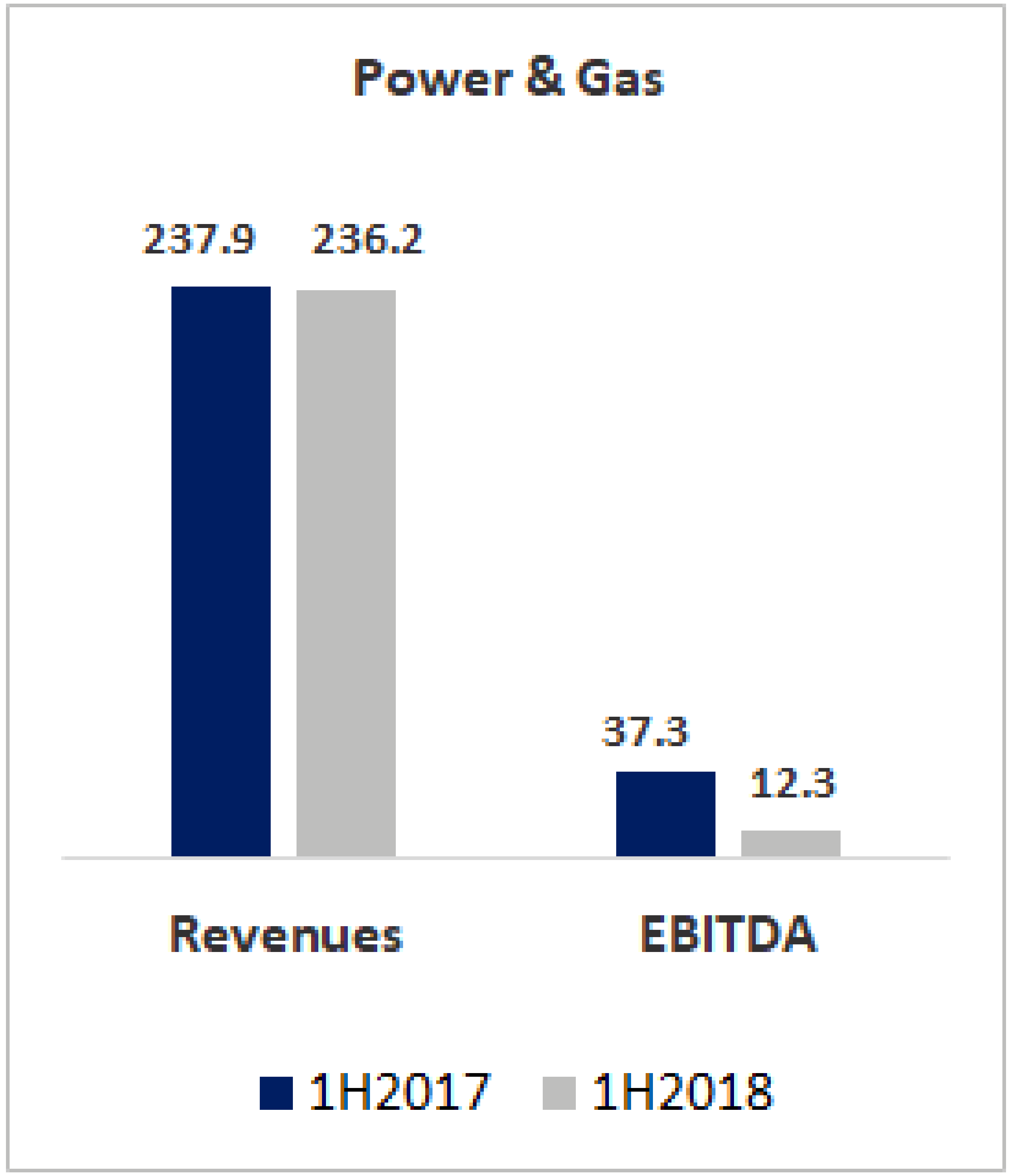
**Alumina price ($/TN)**




- **Alumina prices in early April rose sharply to historically high levels (surpassing $800/tn)** by a combination of the US sanctions and production cuts at the world's top alumina refinery in Brazil.
- As a result, **average alumina prices in 1H2018 increased by 43%** vs. 1H2017 at $454/tn.
- Currently, alumina prices exceed $600/tn amid ongoing supply concerns related mainly to the timing that Brazil's refinery will resume normal operations, worker's strike in Western Australia, upcoming winter cuts in China and overall uncertainty from sanctions and tariffs.
- As aluminium prices have not followed the recent hikes of alumina and carbon prices, the cost of these two input materials have risen to record levels, close to 75% of the LME aluminium price, making more than 40% of aluminium smelters worldwide to operate at a loss.

Source: Company Information, Bloomberg, HARBOR Aluminum, CRU.

# Power & Gas



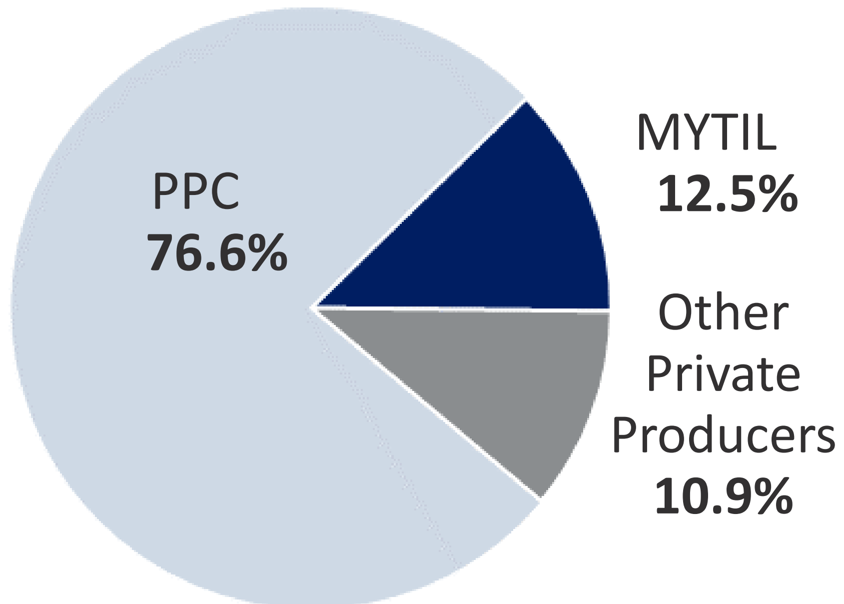

## 1H2018 results highlights

- Revenues shaped at €236.2 mn. (32.9% contribution in total revenues) from €237.9 mn. in 1H2017.
- EBITDA stood at €12.3 mn. against €37.3 mn. in 1H2018.
- Results were negatively affected by the reduced electricity demand due to the mild weather conditions and the high availability of water reserves.
- Approval by Regulatory Authority for Energy (RAE) for the construction of a new combined cycle power plant, fueled with natural gas and capacity 665 MW.

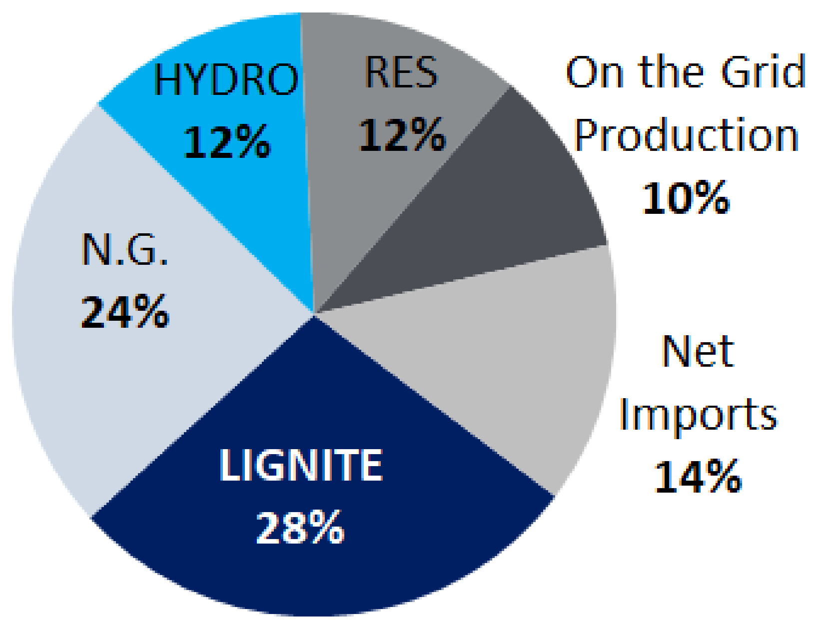
# Domestic Electricity Market – 6M 2018

- **Total Demand: 24.9TWh (-2.1% vs. 1H17)**
  - Natural Gas production: -17.6% at 5.9TWh
  - Lignite production: -14.8% at 6.8TWh
  - RES + On the Grid production: +8.7% at 5.5TWh
  - Hydro production: +75.0% at 3.0TWh
  - Net Imports: +5.3% at 3.6TWh
- **Total Domestic Power Production: -3.2% at 21.3TWh**
- **Average SMP in 1H18 -0.6% at 52.8 €/MWh**

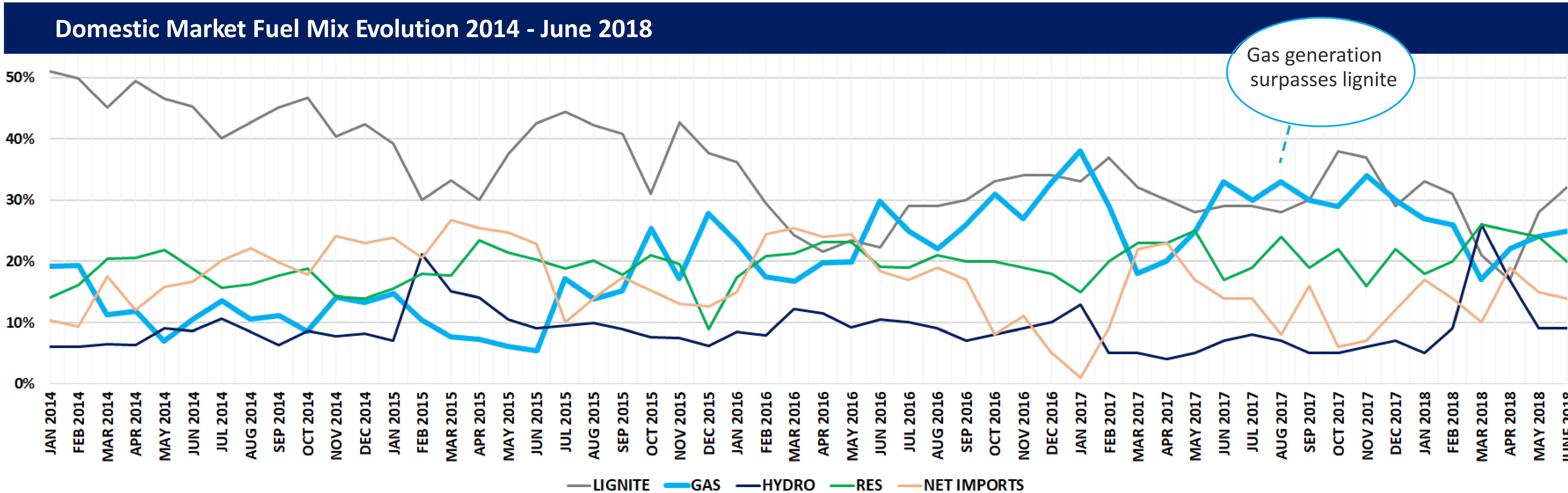
**Domestic Power Generation from conventional units 6M 2018 (16.3 TWh)**




**Market Power Production mix 6M 2018 (24.9 TWh)**




**Domestic Market Fuel Mix Evolution 2014 - June 2018**



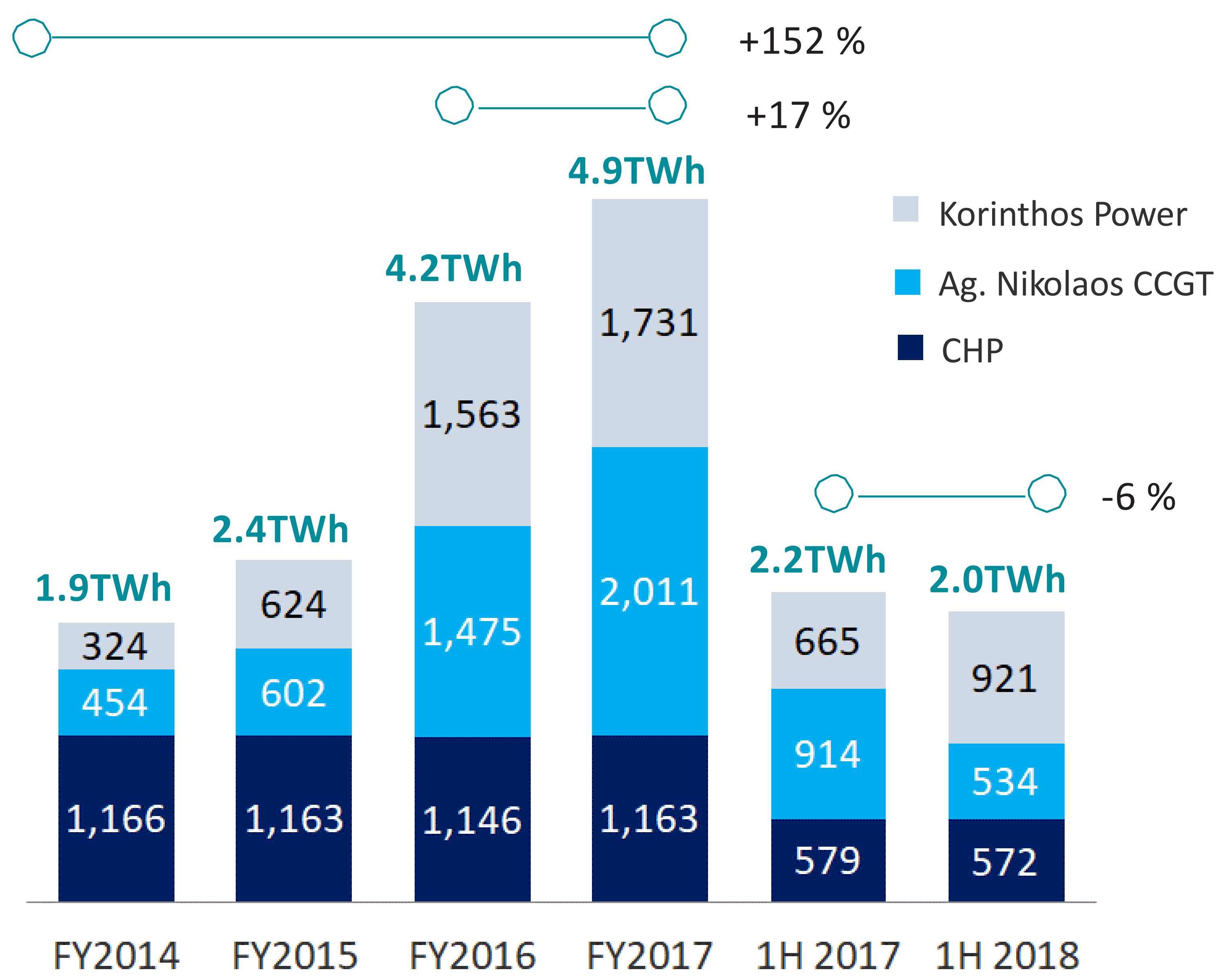

- Fuel Mix is changing in favor of natural gas fired capacity
- Falling natural gas prices boost CCGT’s competitiveness against Lignite capacity leading to higher load factors

Source: IPTO, Company Information.

# Growing presence in the domestic market

Mytilineos is the largest domestic independent electricity producer

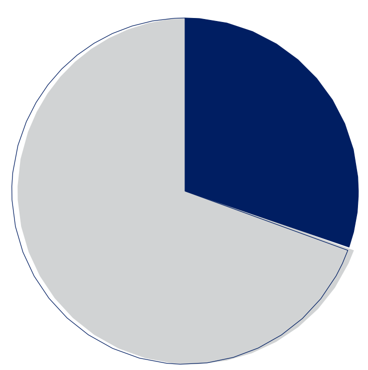
**Group Power Production (GWh)**



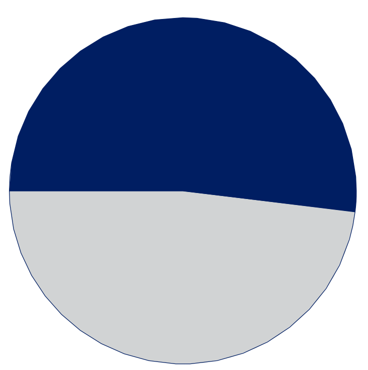

**Strong Prospects ahead**

- Growing Market share in wholesale & retail electricity market.
- The construction of the new 665 MW CCGT power plant is expected to establish the position of the Company as the largest independent power producer in Greece.
- Rising CO2 prices boost natural gas competiveness over lignite plants.
- Growing RES Capacity, that is expected to reach 200 MW by the end of 2018.
- Positive regulatory developments.

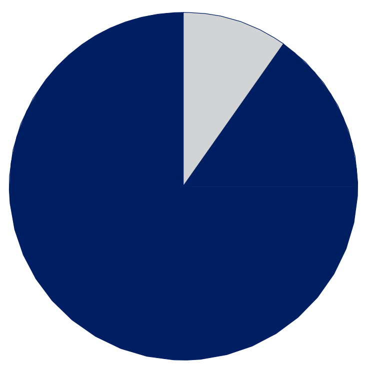
**Mytilineos Group thermal power plants produced 2.0TWh during 1H 2018 this being:**



**31.8%** of the total gas generation production



**53.3%** of the gas generation production of the IPPs

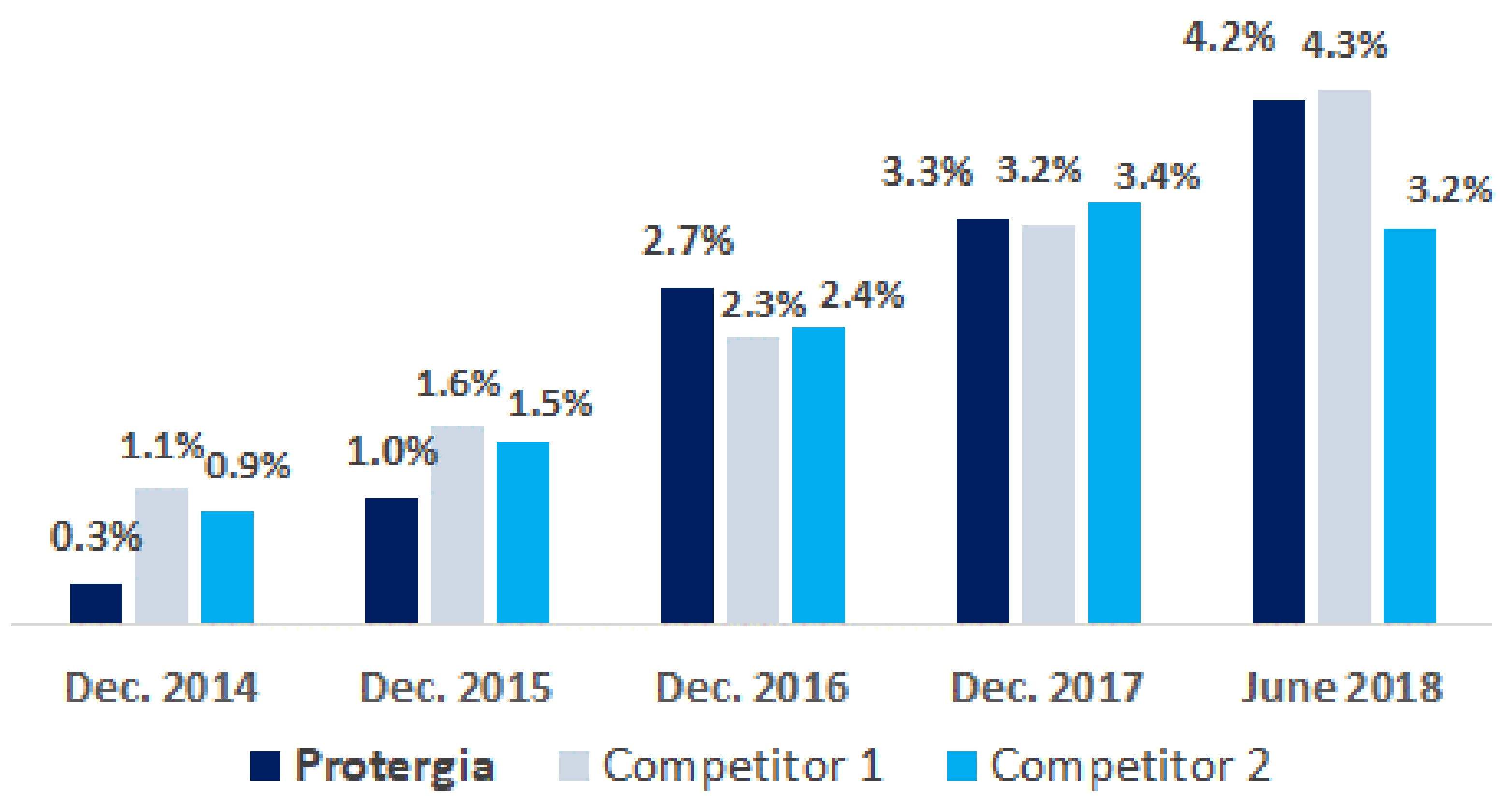


**9.5 %** market share of the domestic power production.

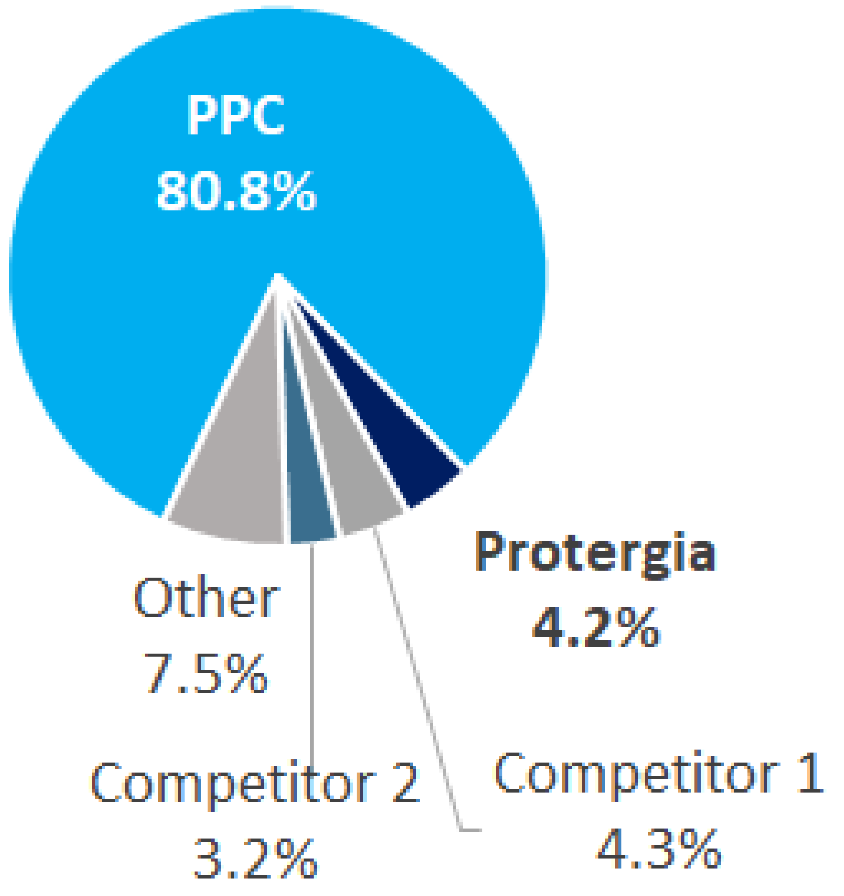
Source: IPTO, Company Information.

# Growing Share in the Domestic Retail Electricity Market

## Independent Suppliers Market Share Dynamics



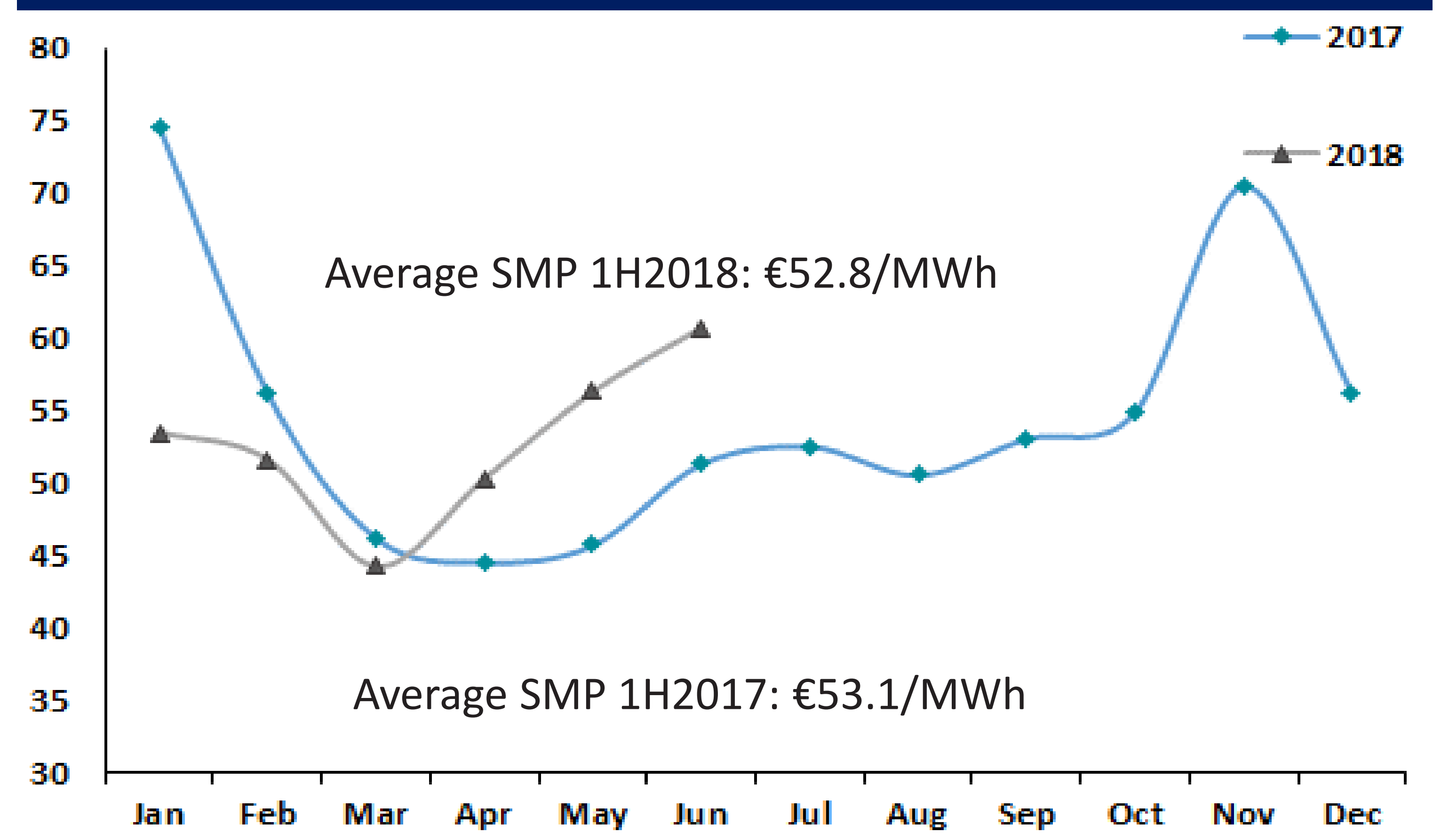

## Protergia Share – Retail Market (June 2018)




## Retail Electricity Market – Latest Developments

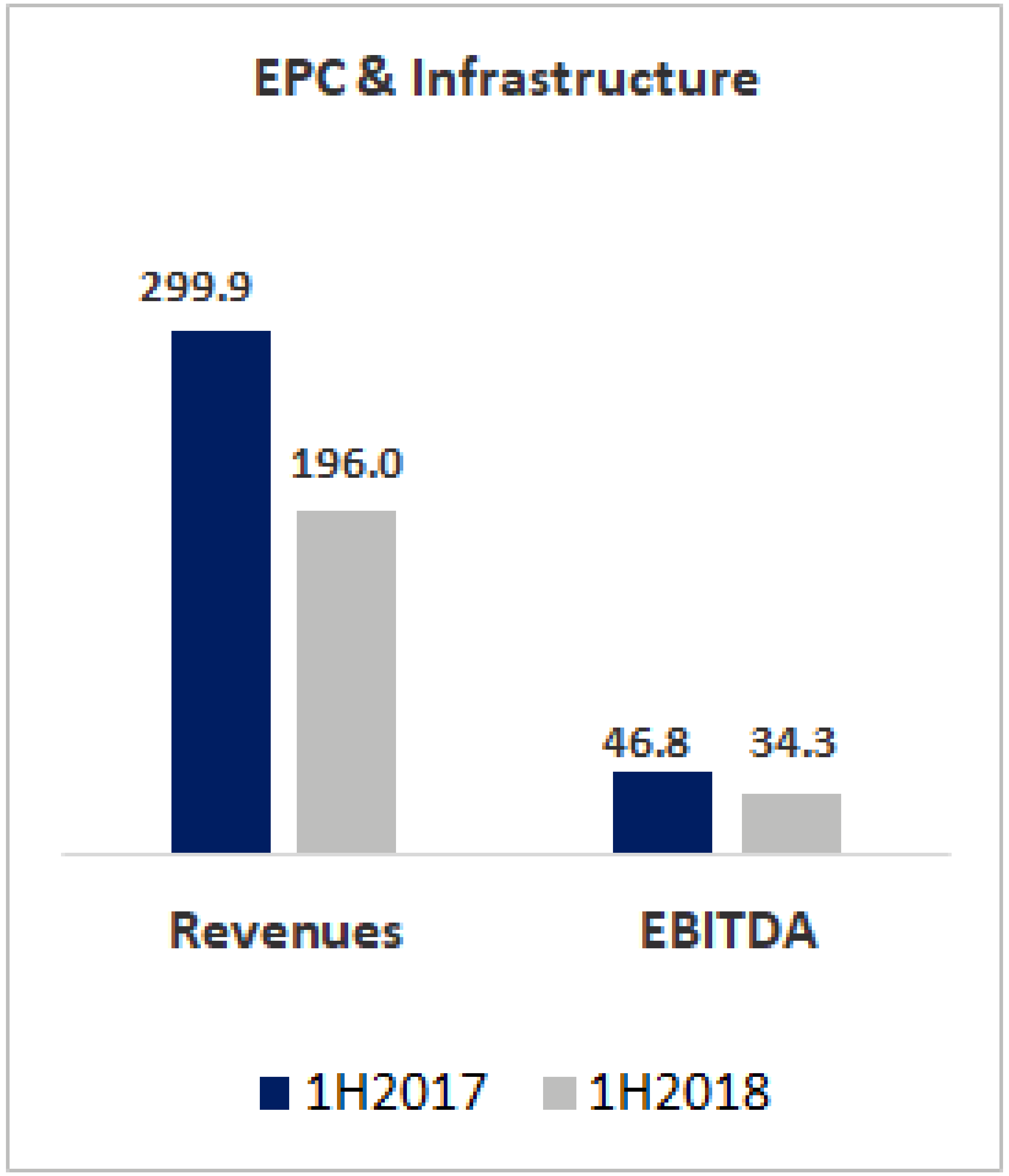
- Strong market share growth of Protergia, set to grow further on PPC's obligation to lower market share to 50% by 2020.
- The agreement with COSMOTE for the sale of PROTERGIA products through the extensive network of COSMOTE and GERMANOS stores changes drastically the landscape in the market offering PROTERGIA a competitive edge in its target to become the largest private electricity supplier.

## SMP data 2017 – 1H 2018 (€/MWh)




Source: IPTO, LAGIE Company Information.

# EPC & Infrastructure

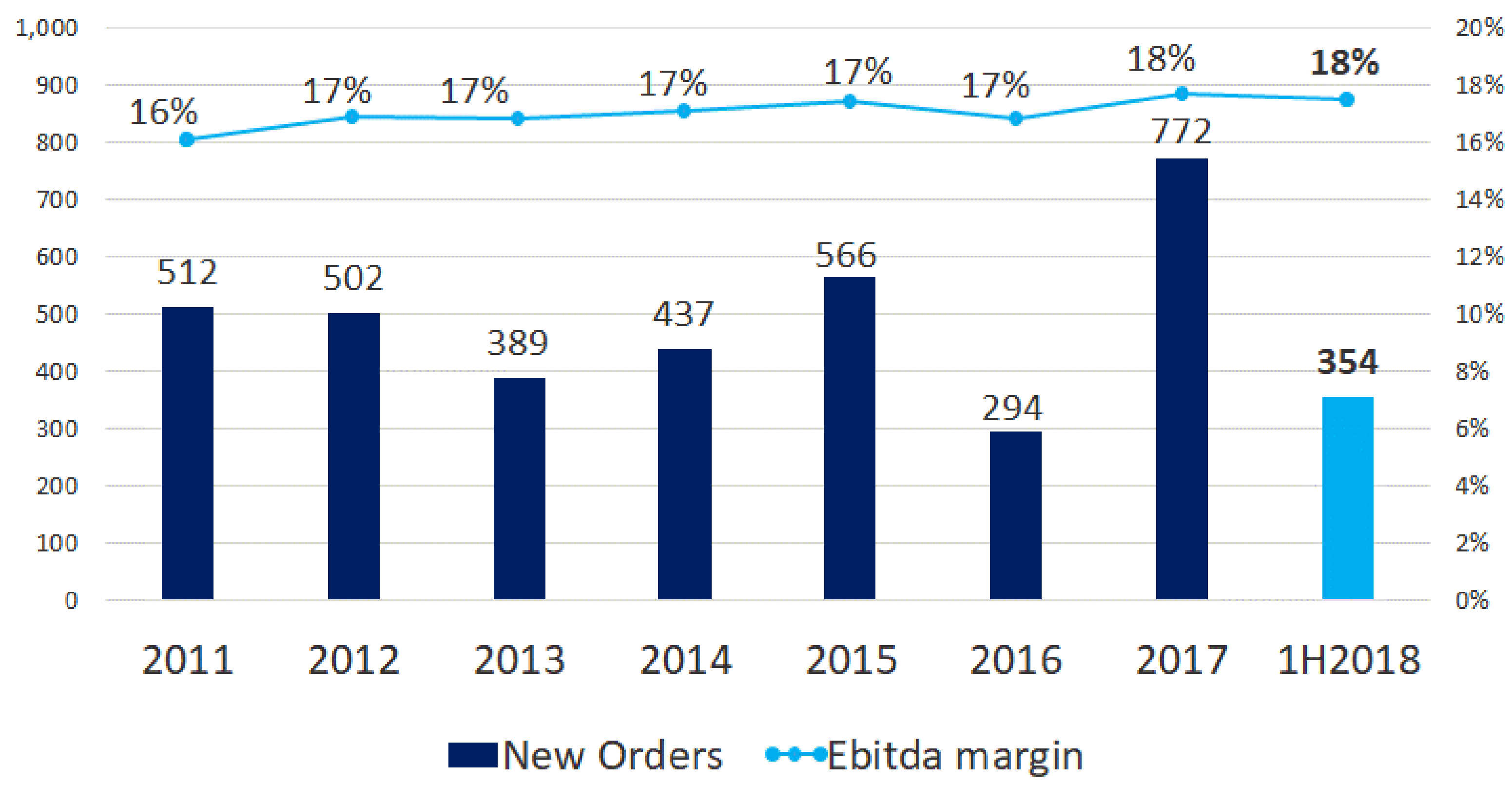



## 1H2018 results highlights

- Revenues shaped at €196.0 mn. (27.3% contribution in total revenues).
- EBITDA stood at €34.3 mn. against €46.8 mn. in 1H2017.
- New project of METKA EGN in Spain for a 300 MW Solar power plant with contract value €200 mn.
- The new project is a landmark in terms of competitive, subsidy-free solar power in Europe and consolidates the company's position as an international leader in providing competitive EPC solutions for the global solar industry.

# EPC & Infrastructure: New Orders evolution and Prospects

## New Orders Evolution & EBITDA margin




- Project portfolio with solid financial arrangements, primarily international (80%)
- Average annually signed projects of c. €500 mil. in the last 7 yrs.
- Strong EBITDA margins

## Prospects

**Greece**

•Energy: Upgrade of inefficient lignite fired plants

•Infrastructure: activity in selected areas, e.g. transportation

**S.E - Central Europe / Turkey**

- SEE: Niche gas-fired activity, e.g. co-gen for district heating.
- Turkey: a large market for gas power generation.

**Middle East / N. Africa**

- Potential in several markets driven by underlying growth in power consumption.
- Conversion of open cycle plants to combined cycle across the Middle East.

**Sub-Saharan Africa**

•Smaller “distributed power” projects with fast-track profile

•Emerging private sector investments in gas-fired projects

# EPC & Infrastructure: Portfolio of Projects

Within the EPC business, the Group is strongly focused on serving the needs of international markets and is active in carrying out major power plant projects throughout Europe, the Middle East and Africa

| Main Projects under Execution | | | |
|---|---|---|---|
| **Ghana** | **250MW Boot Project – $350 mn** | **Algeria** | **368MW OCGT – €93 mn.**<br>**591MW OCGT – €175 mn** |
| **Ghana 2** | **192MW CCPP – $175 mn** | **Greece** | **Railway Infrastructure – €225 mn** |
| **Ghana 3** | **Bridge Power 200MW – $360 mn** | **Nigeria** | **Mobile gas turbine plant – €26 mn** |
| **Libya** | **Tobruk 668MW gas turbine power plant - $400 mn** | **Spain** | **Solar power plant 300 MW – €200 mn (METKA EGN)** |

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