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## EANS-News: AMAG Austria Metall AG: Aluminium price and raw materials costs impact Q1 2019 results

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### Quarterly Report

#### Ranshofen -

- \* Market environment characterised by a lower aluminium price and high raw material prices
- \* Ramp-up of new plants in the Rolling Division successfully continued
- \* Revenue up by 4 % to EUR 274.4 million mainly due to shipments increase in the Rolling Division
- \* EBITDA of EUR 33.0 million compared with EUR 38.9 million in Q1/2018;
- \* 2019 outlook: EBITDA in a range between EUR 125 million and EUR 155 million

#### Market environment

Global demand for primary aluminium and aluminium rolled products continued to grow in the first quarter of 2019. The market environment, however, was characterised by unfavourable price trends for aluminium and alumina compared with the first quarter of 2018. While the average aluminium price fell by 13 % from 2,164 USD/t to 1,880 USD/t, the average market price for alumina rose by around 2 % compared with the same period of the previous year.

#### Q1 2019 in figures:

Because of the positive ramp-up of the new plants in the Rolling Division and the new melting furnace in the Casting Division, shipment volumes were up by 10 % to 111,600 tonnes compared to the first quarter of the previous year.

The AMAG Group's revenue increased by 4 % year-on-year from EUR 263.2 million to EUR 274.4 million, which is attributable, in particular, to the higher volume in the Rolling Division.

Earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to EUR 33.0 million in the first quarter of 2019, compared with EUR 38.9 million in the prior-year period. Lower aluminium prices and higher raw material costs had a particularly negative impact. The higher shipments volumes only partially offset this effect.

EBITDA in the Metal Division reduced significantly from EUR 10.6 million to EUR 0.1 million mainly due to the lower realised aluminium price and higher raw material costs.

EBITDA in the Casting Division benefited from significant growth in shipments. In addition, the first-time application of the new IFRS 16 "Leases" led to an EBITDA shift from the Service Division to the Casting Division of EUR 0.4 million in the first quarter of 2019. Overall, EBITDA in the Casting Division climbed from EUR 1.1 million to EUR 1.9 million.

In the Rolling Division, the ramp-up of the new plants continued successfully. The 9 % increase in shipments from 54,400 to 59,200 tonnes contributed significantly to the earnings increase year-on-year. Moreover, the first-time application of the IFRS16 standard led to an EBITDA shift of EUR 3.6 million from the Service Division to the Rolling Division. Overall, EBITDA in the Rolling Division grew from EUR 24.3 million to EUR 32.1 million.

EBITDA in the Service Division decreased year-on-year from EUR 3.0 million to EUR -1.1 million in the first quarter, especially as a consequence of the aforementioned shifts in to the Casting and Rolling divisions of around EUR 4.0 million due to IFRS 16.

Including almost unchanged depreciation and amortisation compared to the previous year (EUR 20.2 million after EUR 20.4 million in the first quarter of 2018), earnings before interest and taxes (EBIT) for the AMAG Group amounted to EUR 12.8 million, after EUR 18.6 million in the first quarter of 2018. Net income after taxes amounted to EUR 7.6 million in the first quarter of 2019 (Q1 2018: EUR 12.9 million).

In the first three months of 2019, cash flow from operating activities was impacted by the earnings trend and the aluminium price trend, and reduced from EUR 14.0 million to EUR 7.8 million in a year-on-year comparison. Cash flow from investing activities of EUR -21.9 million was nearly unchanged compared with the first quarter of 2018.

AMAG reports a solid balance sheet and financing structure. At 39.8 %, the equity ratio remained unchanged compared with December 31, 2018, while the gearing ratio rose moderately from 50.1 % at the end of the year 2018 to 52.8 % due to a higher working capital.

#### 2019 outlook:

Market research institute CRU expects global demand for primary aluminium to grow by around 2 % in 2019. Global demand for aluminium rolled products is expected to increase by around 3 % in 2019.

Experience shows that prices for aluminium and alumina can exhibit high volatilities over the course of the year. Additional forecasting uncertainties exist in connection with general economic trends, trade conflicts and customer sales trends, particularly in the transport industry.

Due to the outlined uncertainties, an earnings forecast is only possible in the form of a wide range. According to current estimates, EBITDA in the 2019 financial year is expected in a range between EUR 125 million and EUR 155 million.

#### AMAG - key figures:

EUR_millions	Q1_2019	Q1_2018	Change
Shipments in tonnes	111,600	101,000	10.5 %
of which external shipments in tonnes	103,000	97,200	6.0 %
Revenue	274.4	263.2	4.3 %
EBITDA	33.0	38.9	-15.2 %
EBIT	12.8	18.6	-31.2 %
Net income after taxes	7.6	12.9	-40.6 %
Cash flow from operating activities	7.8	14.0	-44.3 %
Cash flow from investing activities	-21.9	-21.7	-0.9 %
Employees <sup>1)</sup>	1,976	1,919	3.0 %

EUR_millions	31/03/2019	31/12/2018	Change
Equity	622.3	620.9	0.2 %
Equity_ratio	39.8 %	39.8 %	-
Gearing	52.8 %	50.1 %	-

1) Average number of employees (full-time equivalents) including temporary help workers and excluding apprentices. The figure includes a 20 percent pro rata share of the labour force at the Alouette smelter, in line with the equity holding.

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