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EANS-News: AMAG Austria Metall AG in H1 2019: Growth in shipments; lower aluminium price affects earnings

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Mid Year Results

Ranshofen -

- * Growth in demand for primary aluminium and rolled aluminium products
- * Market environment increasingly influenced by trade conflicts and economic slowdown
- * Successful continuation of AMAG's growth path through ramp-up of new plants
- * Revenue up 3 % to EUR 554.6 million due to shipments growth
- * EBITDA of EUR 72.0 million down year-on-year mainly due to lower price levels (H1 2018: EUR 86.2 million)
- * 2019 outlook: EBITDA in a range between EUR 125 million and EUR 150 Million

AMAG Austria Metall AG continued on its growth track and set a new record in the first half of the year with total shipments of 226,000 tonnes, up 10 % compared with the previous year's first half.

Gerald Mayer, CEO of AMAG, comments: "We benefited from additional production capacity in the first half of the year. In the Casting Division, we grew shipment volumes in the double-digit percentage range mainly thanks to our new melting furnace. In the Rolling Division, we successfully continued the ramp-up of the most modern aluminium rolling mill in Europe and also significantly increased shipments."

The market environment continues to be characterised by growth in demand for primary aluminium and aluminium rolled products, although trade disputes and the increasing slowdown in the global economy exerted a negative effect on growth dynamics in terms of demand and the aluminium price. The average aluminium price (3-month LME) reduced by 16 % to USD 1,850 per tonne in a half-year comparison.

Revenue expanded by 3 % to EUR 554.6 million compared with the first half of 2018 thanks to higher shipments.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR 72.0 million in the first half of 2019, compared with EUR 86.2 million in the prior-year period. This reduction especially reflects the lower price level. The significant shipments increase in the Rolling Division as a result of the ongoing ramp-up at the Ranshofen site had a positive effect on earnings.

Taking into account depreciation and amortisation of EUR 40.7 million, the operating result (EBIT) for the reporting period amounted to EUR 31.3 million (H1 2018: EUR 46.0 million).

Net income after taxes stood at EUR 18.9 million during the first six months of 2019 (H1 2018: EUR 33.0 million).

Cash flow from operating activities more than tripled year-on-year, from EUR 19.2 million to EUR 63.7 million, especially thanks to aluminium price trends and lower inventories. As cash flow from investing activities at EUR -39.0 million reported hardly any change compared with the first half of 2018 (EUR -37.3 million), free cash flow rose significantly from EUR 18.2 million in the

first half of 2018 to EUR 24.7 million in the period under review.

For this reason, net financial debt registered only a slight change even after the payment of the attractive dividend of EUR 42.3 million, remaining at a solid level of EUR 332.7 million as of June 30, 2019 (December 31, 2018: EUR 311.3 million).

The AMAG Group's equity of EUR 595.1 million (December 31, 2018: EUR 620.9 million) and equity ratio of 38.9 percent (December 31, 2018: 39.8 percent) also underscore the solid balance sheet structure of AMAG Austria Metall AG.

Outlook for 2019:

According to current forecasts by CRU market research institute, global demand in 2019 for primary aluminium and aluminium rolled products is expected to grow by 1 % and 3 % respectively. Annual growth rates of 3 to 4 % are expected over the next five years.

Gerald Mayer, CEO of AMAG: "The medium-term outlook for aluminium and its alloys offers a promising basis for our growth strategy, which we will consistently pursue. With the most modern aluminium rolling mill in Europe, our technological expertise and our focus on aluminium recycling, we are ideally positioned to benefit long-term from growing demand for aluminium."

AMAG could stand to gain from the abolition of additional US import duties on aluminium for supplies from Canada through its interest in the Canadian Alouette smelter, unless the US premium level is adjusted to reflect this tariff effect.

The ramp-up in the Rolling Division is progressing well, leading to the expectation of year-on-year growth in shipments.

Experience shows that prices for aluminium and raw materials can exhibit high volatilities over the course of the year. In connection with the general economic development, the trade conflicts and the sales development of the customers, there are also forecast uncertainties that could influence the demand and price development in the second half of 2019.

For the aforementioned reasons, an earnings forecast is only possible in the form of a considerable bandwidth. For the 2019 financial year, the Management Board expects EBITDA for the AMAG Group in a range between EUR 125 million and EUR 150 million (2018: EUR 141 million), based on current estimates.

AMAG - key figures:

EUR	Q2/2019	Q2/2018	Change	H1/2019	H1/2018	Change
millions						
Shipments	114,500	103,700	10.4 %	226,000	204,700	10.4 %
in tonnes						
of which						
external	105,200	97,700	7.7 %	208,200	194,800	6.9 %
shipments						
in tonnes						
Revenue	280.1	276.3	1.4 %	554.6	539.5	2.8 %
EBITDA	38.9	47.2	-17.6 %	72.0	86.2	-16.5 %
EBIT	18.5	27.5	-32.6 %	31.3	46.0	-32.0 %
Net income	11.3	20.2	-44.0 %	18.9	33.0	-42.7 %
after taxes						
Cash flow						
from	56.4	5.1	1006.0 %	63.7	19.2	231.9 %
operating						
activities						
Cash flow						
from	-17.1	-15.6	-9.7 %	-39.0	-37.3	-4.6 %
investing						
activities						
Employees1)	1,991	1,955	1.8 %	1,983	1,937	2.4 %

EUR_millions	30/06/2019	31/12/2018	Change
Equity	595.1	620.9	-4.1 %
Equity_ratio	38.9 %	39.8 %	-
Gearing	55.9 %	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.

About the AMAG Group

AMAG is a leading Austrian premium supplier of high-quality aluminium cast and flat rolled products for highly varied industries such as the aircraft, automotive, sports equipment, lighting, mechanical engineering, construction and packaging industries. The Canadian smelter Alouette, in which AMAG holds a 20 percent interest, produces high-quality primary aluminium, while safeguarding an exemplary net ecological impact.

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