



**AMAG**  
AUSTRIA METALL

# 1<sup>st</sup> half-year 2013 results

August 2013

# Disclaimer

- We have compiled the forecasts, budgets and forward-looking assessments and statements contained in this presentation on the basis of information available to us. In the event that the assumptions underlying these forecasts prove to be incorrect, targets are not achieved or certain risks materialise, actual results may deviate from those currently anticipated. We are not obliged to revise these forecasts in light of new information or future events.
- We have prepared this presentation and verified the data contained in it with the greatest possible care. However, rounding and transmission errors, and misprints cannot be entirely ruled out. This presentation is also available in German. In cases of doubt, the German-language version shall prevail.



# Highlights and operational developments

# Highlights

## 1 Market environment

- Average aluminium price of 1,955 USD/t in first half of 2013, 8% lower than the 2,120 USD/t recorded in H1 2012
- Market environment remains challenging, resulting in low visibility

## 2 Operational business

- Full capacity utilisation in H1 2013 and satisfactory order backlog as at end-June 2013
- Multi-year contract worth up to 100 mEUR concluded with EADS

## 3 H1 2013 earnings

- Lower aluminium price reflected in 5% fall in sales to 412 mEUR (H1 2012: 433 mEUR)
- Solid EBITDA at 65 mEUR, but lower year on year (H1 2012: 72 mEUR)
- Cash flows from operating activities of 69 mEUR above last year's high level
- High liquidity and low net debt despite high investments

## 4 AMAG 2014 site expansion

- Large-scale investment on budget and on schedule as of July 2013

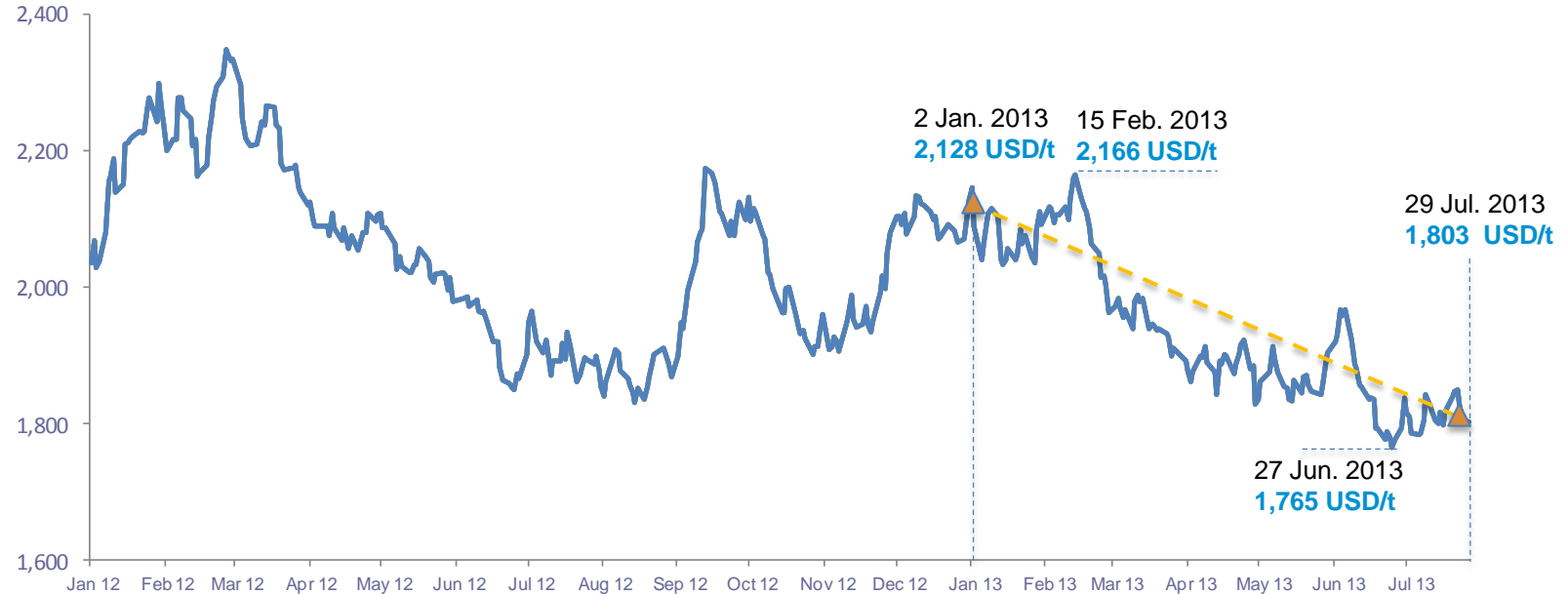
## 5 Mandatory takeover bid

- B&C holds 37.7% of the voting rights in AMAG; participation and shareholder agreement with Oberbank and the AMAG Employees' Private Foundation

# Aluminium price trend

Strong decline in aluminium price since start of 2013

USD/t

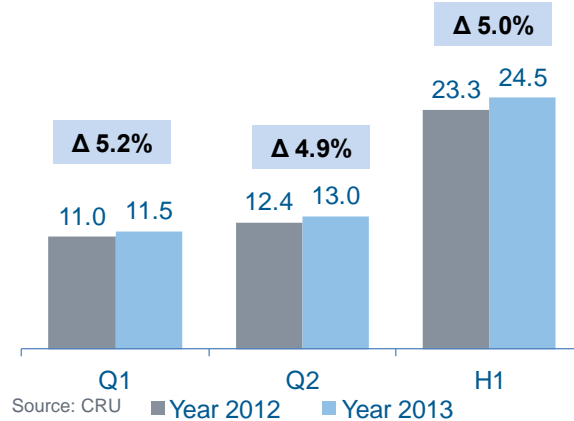


- Average aluminium price 8% lower year on year in H1 2013 at 1,955 USD/t
- Range of fluctuation in H1 2013: approx. 400 USD/t

# Market by division

## Metal division

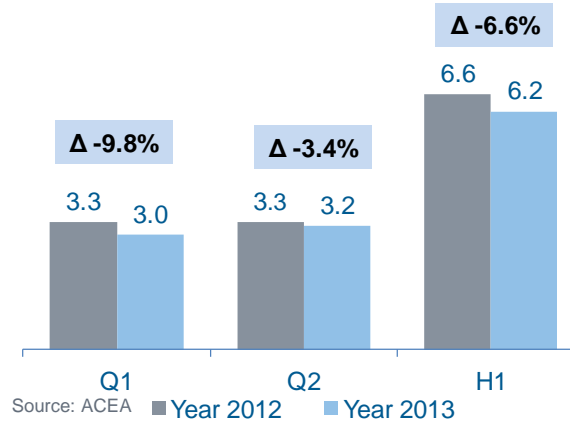
Global primary aluminium consumption (mt)



- Global primary aluminium demand expected to rise by 6.0% to 50.1 mt in 2013<sup>1</sup>
- Estimated demand in China up from 21.5 mt to 23.6 mt in 2013 (+10% year on year)<sup>1</sup>

## Casting division

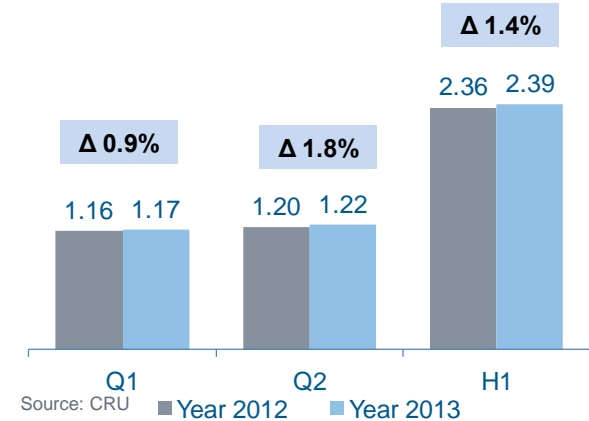
New passenger car registrations in the EU (million cars)



- Significant decrease in new passenger car registrations in the EU
- Persistent pressure on margins due to market-related overcapacity, esp. in southern Europe

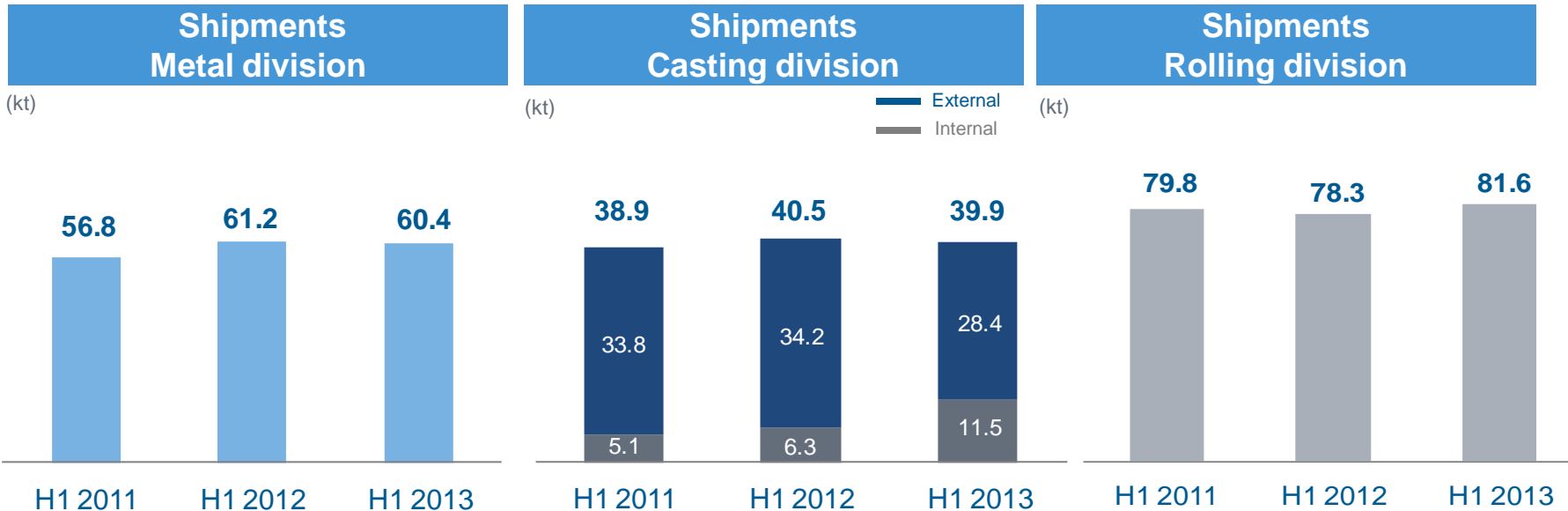
## Rolling division

Rolled products consumption in Europe (mt)



- Key European market grew 1.4% to 2,39 mt in the first half of 2013
- Global demand expected to increase by 5.4% to 21.4 mt in 2013, mainly driven by Chinese demand
- Consumption in Europe seen rising by 1.9% in 2013<sup>2</sup>

# Shipment volume by division



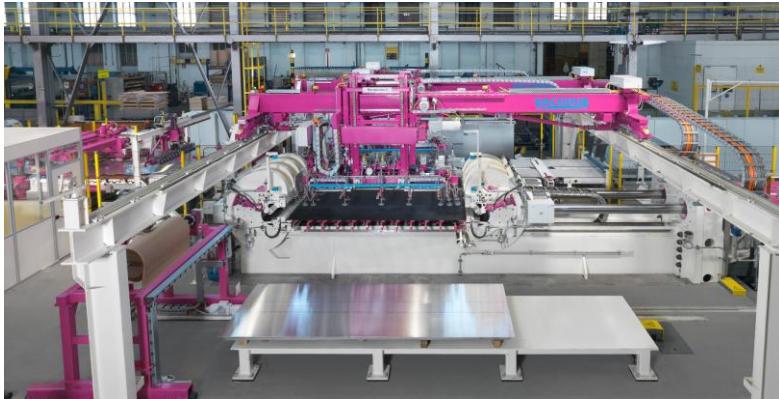
- Continued full capacity utilisation in all divisions
- Metal division shipments close to 2012 level
- Casting division shipments affected by scrap and product mix; increase in internal shipments to Rolling division
- Rolling division outperformed previous year's shipment volume by 4%

# Multi-year contract with EADS (Airbus)

## Innovative aluminium plate and sheet for the aircraft industry



Foundation for the new plate stretcher as part of AMAG 2014



Sheet stretcher for minimum residual stress (MRS) sheet

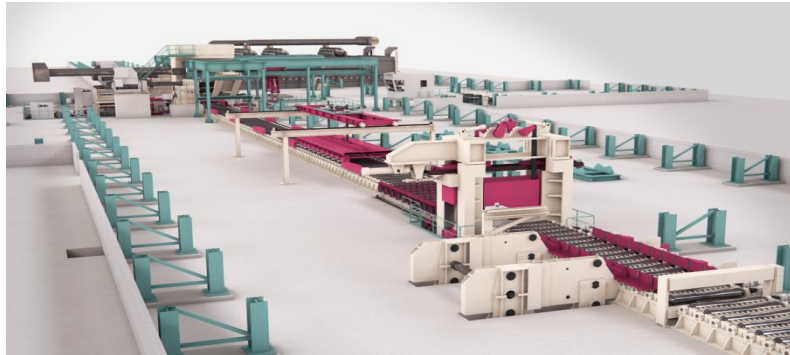
- Ranshofen site expansion aimed primarily at enhancing position in transportation sector
- Growing flat rolled products consumption of aircraft industry in Europe and North America
- Airbus's market forecast predicts 28,200 new aircraft by 2031
- New contract worth up to 100 mEUR signed with EADS
- AMAG material to manufacture structural and skin components for all Airbus models



# Site expansion AMAG 2014



Plate production center



3D computer-generated model of our new rolling mill

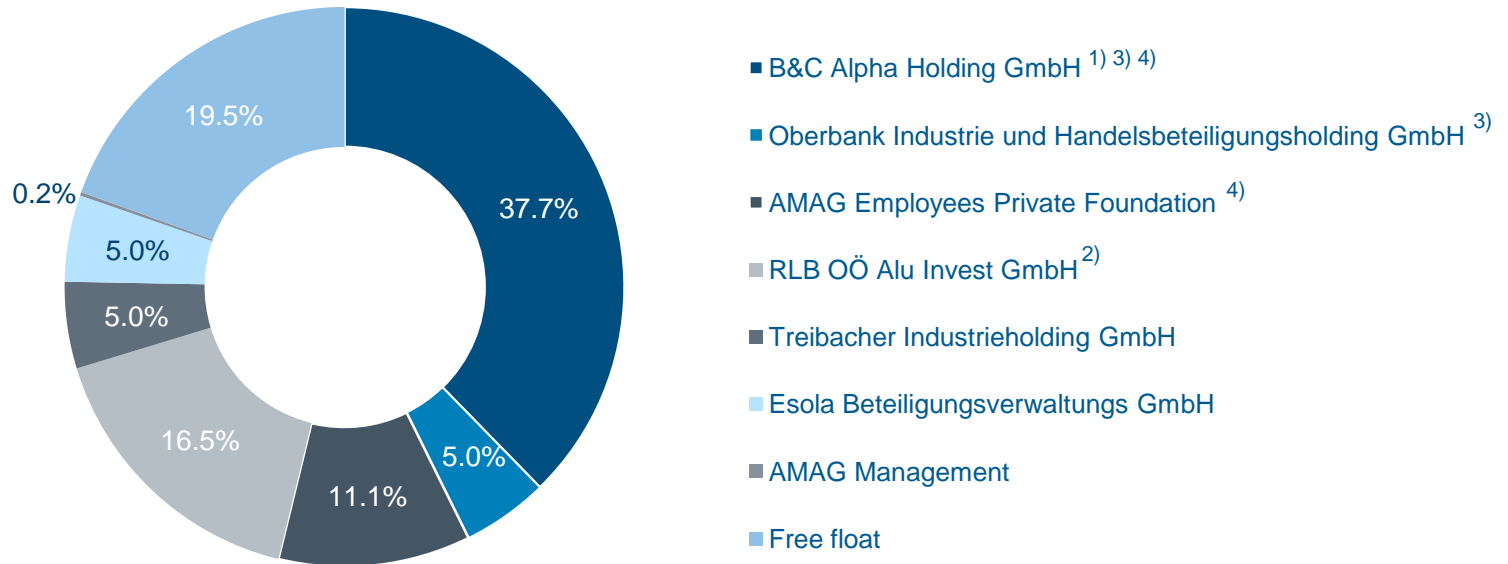
- Project on budget and on schedule
- Significant progress on construction of rolling mill building
- Focus in 2013 on finishing majority of construction work, and bringing plate production center and rolling-slab homogenising plant close to completion
- Plant installation in plate production center from H2 2013

# Site expansion AMAG 2014

Hot-rolling mill building site



# Shareholder structure after expiry of the mandatory offer by B&C Industrieholding



1) B&C Alpha Holding GmbH is an indirect wholly-owned subsidiary of B&C Industrieholding GmbH

2) RLB OÖ Alu Invest GmbH is an indirect wholly-owned subsidiary of Raiffeisenlandesbank Oberösterreich AG

3) B&C Industrieholding GmbH and Oberbank AG concluded a participation agreement on January 7, 2013

4) B&C Industrieholding GmbH and AMAG Employees Private Foundation concluded a shareholders' agreement on March 1, 2013

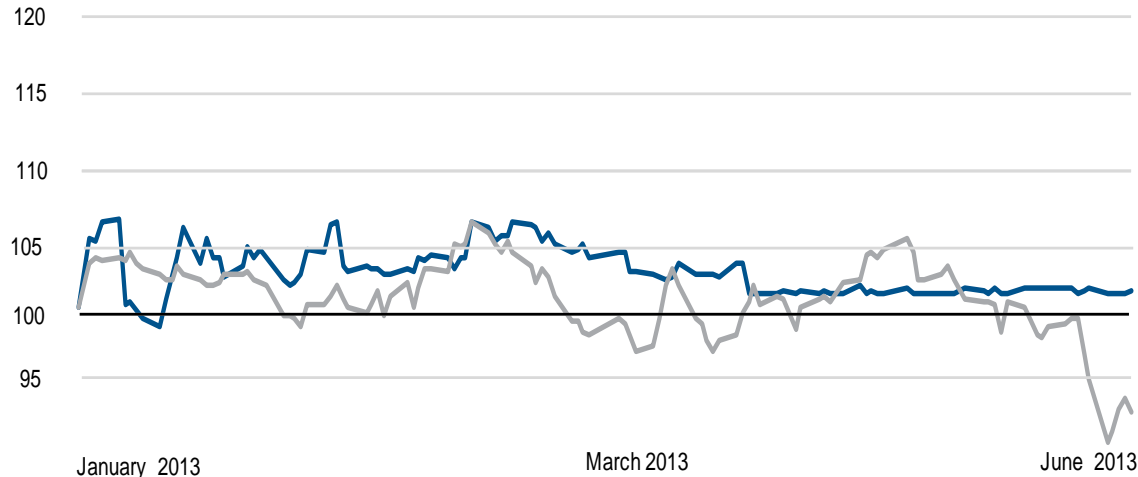
# AMAG share price

## Stable performance during first half of 2013

Performance of the AMAG stock in %

02.01.2013 – 28.06.2013

■ AMAG Austria Metall AG +1%  
■ Austrian Traded Index (ATX) -7%

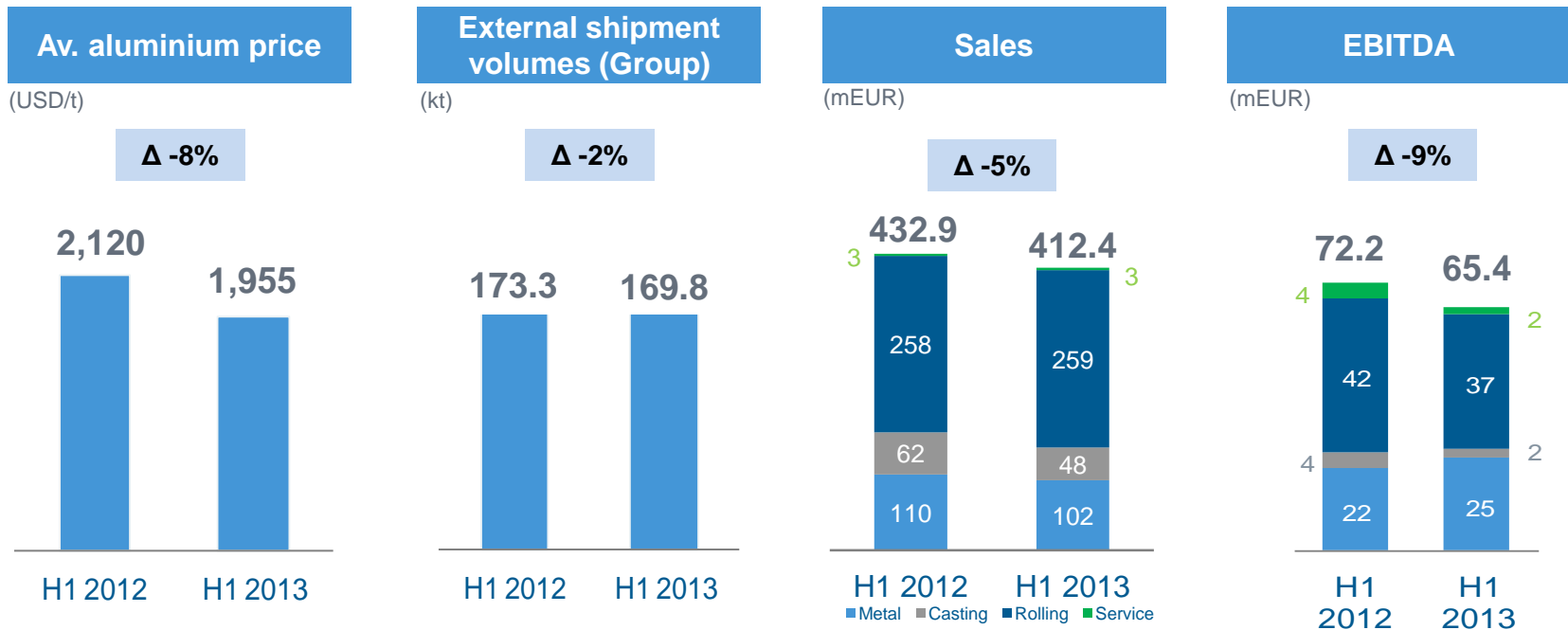


- After expiry of offering period, share price had fallen to EUR 20.75 by July 26, 2013

Broker/bank	Target price	Recommendation
BNP	26.0	Out-perform
Erste	24.5	Hold
RCB	25.0	Hold
Baader	24.5	Hold
Berenberg	24.0	Hold
JP Morgan	26.0	Neutral
Kepler	22.0	Hold

# Financials

# Solid first-half 2013 performance



- Sales down slightly due to 8% decline in aluminium price and increased internal shipments
- Decline in EBITDA caused by lower earnings contributions from Casting, Rolling and Service divisions; increased EBITDA contribution from Metal division
- External shipments slightly lower owing to higher internal supply to Rolling division and reporting date-related fluctuations in the Metal division

# Key indicators

## Solid H1 2013 results

	Q2 2013	Q2 2012	+/- (%)	H1 2013	H1 2012	+/- (%)
<b>Shipments</b> (t)	93,700	94,000	0	181,900	180,300	1
<b>Sales</b> <sup>1</sup> (mEUR)	210.1	223.7	-6	412.4	432.9	-5
<b>Gross profit</b> (mEUR)	37.6	37.6	0	72.8	72.7	0
<b>EBITDA</b> (mEUR)	33.9	37.6	-10	65.4	72.2	-9
<b>EBIT</b> (mEUR)	21.4	24.9	-14	40.4	47.4	-15
<b>Profit after tax</b> (mEUR)	19.0	20.7	-8	34.0	39.4	-14
<b>Earnings per share</b> (EUR)	0.54	0.59	-8	0.96	1.12	-14

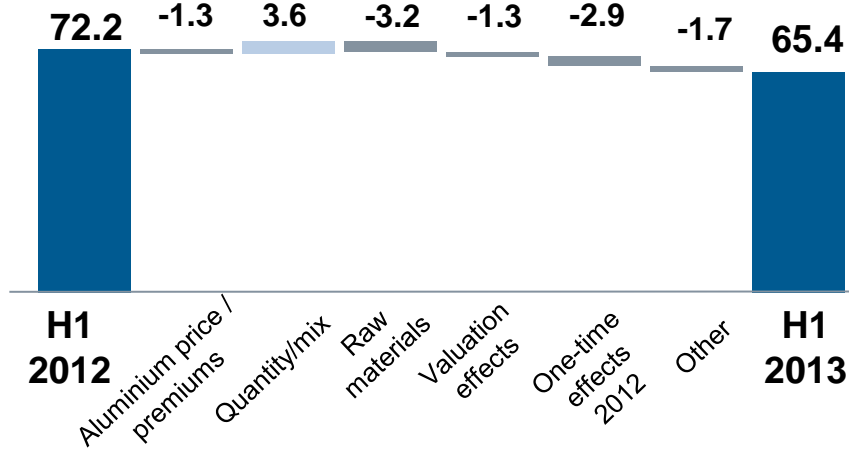
- Stable performance in consolidated shipments
- Decline in EBITDA caused mainly by lower margins in the Rolling and Casting division, and positive one-time effects in the Service division in 2012
- Low interest expense due to low net debt
- Earnings per share: 0.96 EUR (H1 2012: 1.12 EUR)

1) The AMAG Group began presenting its statement of profit or loss using the cost of sales method in the first quarter of 2013. The comparative figures for prior periods have been adjusted.

# Consolidated half-yearly earnings

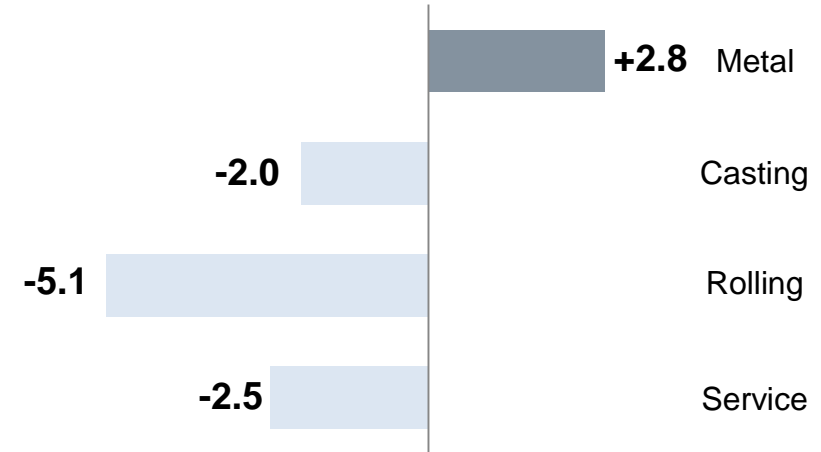
## EBITDA reconciliation

(mEUR)



## Change by division

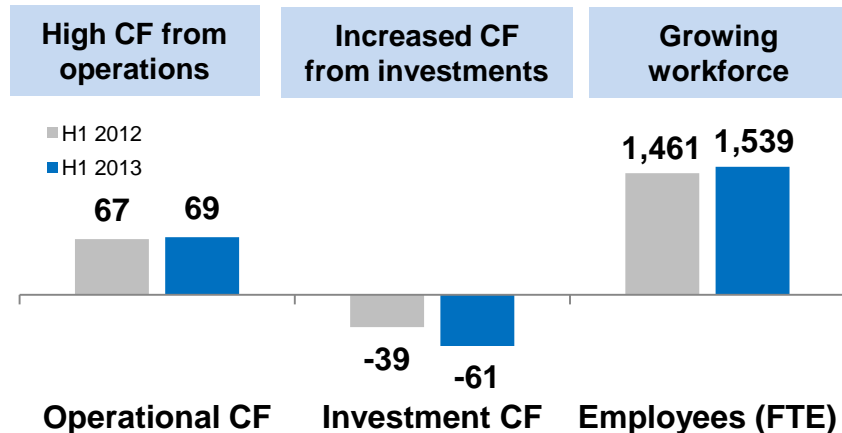
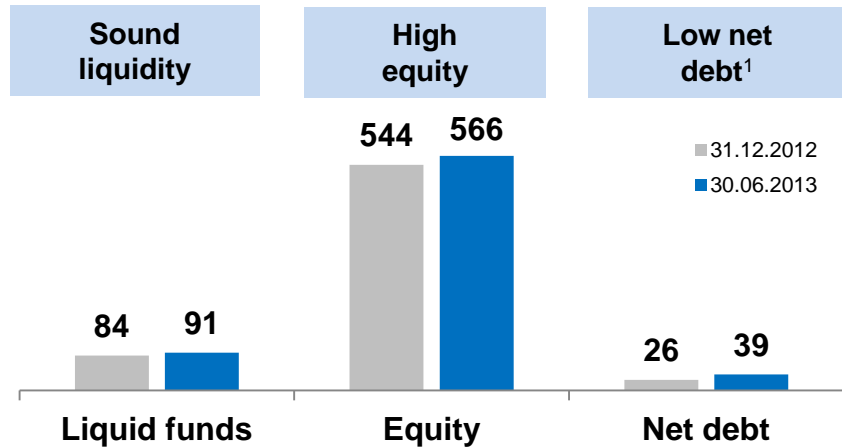
(mEUR)



- Negative effects on earnings due to 8% lower aluminium price
- 4% rise in shipment volumes in the Rolling division
- Increased raw material costs in Rolling division
- Valuation effects on foreign exchange hedging transactions in the Rolling division
- Positive one-time effects of 2.9 mEUR in the Service division in H1 2012



# Stability and growth – H1 2013



## Stability due to a sound balance sheet

- Strong liquidity – cash and cash equivalents of 91 mEUR as at end-June 2013
- Equity at end-June higher than at year-end 2012
- Net debt remains low at 39 mEUR

## Growth due to investments

- Cash flows from operating activities up on last year's level at 69 mEUR
- Increased capex due to AMAG 2014 expansion project
- Workforce increased further due to expansion projects

# Metal division

Higher profit contribution due to lower raw material costs



	Q2 2013	Q2 2012	+/- (%)	H1 2013	H1 2012	+/- (%)
<b>Shipments (t)</b>	32,400	34,600	-6	60,400	61,200	-2
<b>Sales (mEUR)</b>	144.1	159.7	-10	285.9	302.8	-6
<b>EBITDA (mEUR)</b>	13.4	13.0	3	25.0	22.2	12
<b>EBITDA margin</b>	9.3%	8.1%	-	8.7%	7.3%	-
<b>Employees<sup>1</sup></b>	207	207	0	204	204	0

EBITDA  
(in mEUR)

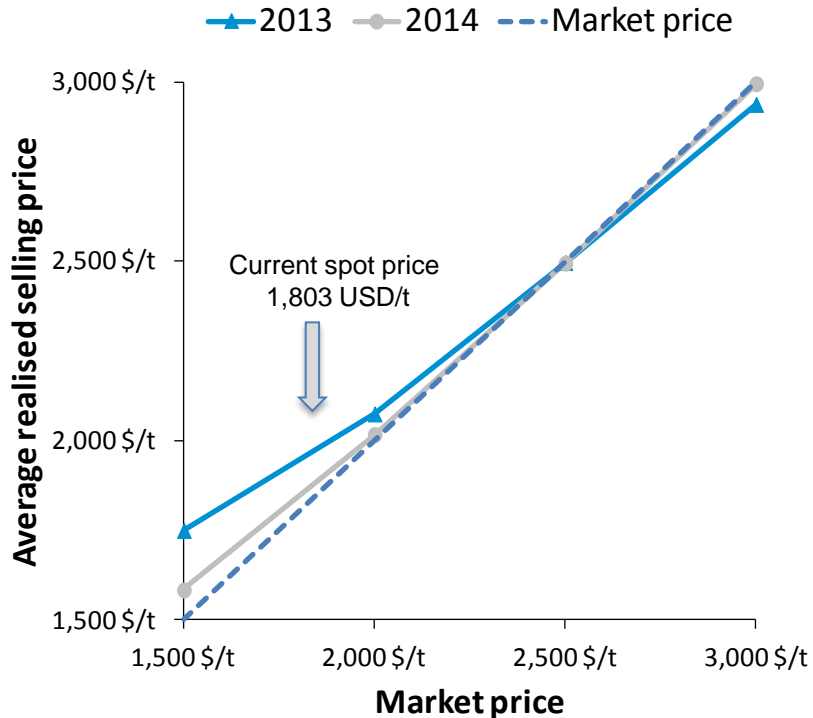


1) Full-time equivalent (FTE) including agency workers and excluding apprentices. Includes a 20% pro rata share of the labour force at the Alouette smelter, in line with the equity holding.

- Shipments down by approx. 6% in Q2 2013 because of reporting-date-related fluctuations in deliveries
- Lower shipments and decline in sales year on year due to 8% decline in aluminium price
- Division's EBITDA contribution up by 12% to 25 mEUR in H1 2013; lower raw material costs, cost-cutting programme and valuation effects on hedging instruments made up for decline in aluminium price

# Realised aluminium price versus market price

Hedging strategy provides downside protection

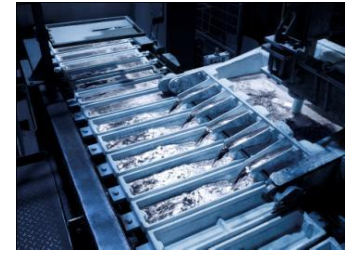


Market price [USD/t]	Realised aluminium price 2013 [USD/t]	Realised aluminium price 2014 [USD/t]
1,500	1,749	1,584
1,700	1,879	1,757
2,000	2,074	2,017
2,500	2,496	2,494

- Remaining year 2013 nearly completely hedged
- High market price exposure in 2014

# Casting division

## Profitability down due to market environment



	Q2 2013	Q2 2012	+/- (%)	H1 2013	H1 2012	+/- (%)
<b>Shipments (t)</b>	20,800	20,000	4	39,900	40,500	-2
<b>Sales (mEUR)</b>	27.9	32.3	-14	53.3	64.6	-18
<b>EBITDA (mEUR)</b>	1.0	1.8	-43	2.2	4.2	-46
<b>EBITDA margin</b>	3.7%	5.5%	-	4.2%	6.5%	-
<b>Employees<sup>1</sup></b>	119	119	-	120	119	1

**EBITDA**  
(in mEUR)



<sup>1)</sup> Full-time equivalent (FTE) including leasing personnel, without apprentices (average)

- Shipments close to high 2012 levels despite market environment
- Increasing internal supply of Rolling division
- Sales down on last year on account of lower prices and product mix
- EBITDA contribution fell sharply owing to the fierce market environment

# Rolling division

## Increased shipments driving sales

	Q2 2013	Q2 2012	+/- (%)	H1 2013	H1 2012	+/- (%)
<b>Shipments</b> (t)	40,500	39,300	3	81,600	78,300	4
<b>Sales</b> (mEUR)	148.6	145.5	2	298.0	292.6	2
<b>EBITDA</b> (mEUR)	18.8	22.1	-15	36.6	41.7	-12
<b>EBITDA margin</b>	12.6%	15.2%	-	12.3%	14.2%	-
<b>Employees</b> <sup>1</sup>	1,113	1,035	8	1,096	1,025	7

<sup>1)</sup> Full-time equivalent (FTE) including leasing personnel, without apprentices (average)

- Full capacity utilisation of plant and machinery and growth in shipments
- Sales up 2% to 298 mEUR in H1 2013 thanks to higher shipments, despite lower aluminium price
- Decline in EBITDA due to falling margins and valuation effects related to hedging transactions
- Number of employees up by 7% in H1 2013 in line with strategic growth projects



**EBITDA**  
(in mEUR)



# Outlook

# Outlook

## AMAG Austria Metall AG

- Volatile market environment with forecasts tend to be revised downwards
- Due to satisfactory order backlog as at end-June, full capacity utilisation expected in all divisions in Q3 2013
- Uncertain market environment makes accurate end-of-year forecasts difficult
- Aluminium price still low at 1,803<sup>1)</sup> USD/t, and well below level of last year
- Factors such as pressure on margins and the low aluminium price level lead to year-on-year drop in earnings
- EBITDA expected to come in at 116-121 mEUR
- AMAG 2014 site expansion project proceeding on schedule in 2013

# Competence in Aluminium



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