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AMAG Austria Metall AG reports Q1-Q3/2020 EBITDA of EUR 79.8 million

- **EBITDA of EUR 79.8 million compared with EUR 109.2 million in the first three quarters of the previous year**
- **Positive earnings trend in Metal Division mitigates COVID-19 effects in area of recycled cast alloys and aluminium rolled products**
- **Structural costs successfully adapted to capacity utilisation. Short-time working as a supportive measure in this context**
- **Net income after taxes currently at EUR 11.1 million after EUR 30.0 million in Q1-Q3/2019**
- **Cash flow from operating activities of EUR 102.3 million approximately at the same level as in previous year (Q1-Q3/2019: EUR 108.3 million)**
- **Further highlights: Acquisition of Aircraft Philipp and ASI certification**
- **Outlook for 2020: EBITDA range between EUR 90 million and EUR 100 million**

Earnings trends in Q1-Q3 2020

Revenue in the first three quarters of 2020 stood at EUR 673.2 million, compared with EUR 821.5 million in the previous year (-18.1 %). While primary aluminium shipments increased compared with the previous year, a tangible decrease in demand occurred for recycled cast alloys and aluminium rolled products. Total shipments in Q1-Q3/2020 stood at 303,900 tonnes (336,500 tonnes in Q1-Q3/2019). Lower aluminium prices are also exerting a negative effect on revenue. In the first three quarters of 2020, the average price amounted to 1,663 USD/t, down 9 % year-on-year.

Earnings before interest, tax, depreciation and amortisation (EBITDA) were reported at a total of EUR 79.8 million in the first three quarters, compared with EUR 109.2 million in the prior year. This trend mainly reflects lower total shipment

volumes in the Casting and Rolling Divisions – especially in the transport sector and in the distribution area – accompanied by a change in the product mix and lower price levels. The Casting Division achieved an EBITDA of EUR 4.9 million, compared with EUR 6.2 million in the previous year. EBITDA in the Rolling Division amounted to EUR 42,3 million compared with EUR 89.9 million in the previous year. Positive effects resulted from the successful adjustment of the cost structure to changes in capacity utilisation. In particular, more favourable raw material and energy costs in the Metal Division contributed significantly to the group result with an increase in EBITDA by 91 % to EUR 34.4 million.

EBIT amounted to EUR 17.7 million, compared with EUR 47.9 million in the previous year. **Net income after taxes** decreased from EUR 30.0 million to EUR 11.1 million.

Cash flow from operating activities reported a very positive level of EUR 102.3 million in difficult market conditions (Q1-Q3/2019: EUR 108.3 million). In the first three quarters of 2020, **cash flow from investing activities** amounted to EUR -39.7 million, compared with EUR -58.2 million in the prior-year equivalent period. As a consequence, **free cash flow** increased significantly to EUR 62.7 million, compared with EUR 50.0 million in the previous year.

Net debt improved tangibly from EUR 292.9 million at the end of 2019 to EUR 250.6 million as of September 30, 2020. The **gearing ratio** stood at 41.2 % on September 30, 2020, compared with 47.3 % at the end of 2019.

“Our strategic focus on innovation and specialty products for various sectors, as well as sustainability, forms the basis for our solid business growth within a volatile environment. In combination with the adjustment of our structural costs to align with current capacity utilisation, we achieved a satisfactory result given the difficult economic situation. With the completion of our acquisition of a majority interest in Germany’s Aircraft Philipp Group, we are consistently pursuing our strategic path in the direction of value creation and our proximity to customers,” comments Gerald Mayer, AMAG’s CEO.

Earnings trends in Q3/2020

At 100,700 tonnes, **total shipments** in Q3/2020 were below the level of the prior-year quarter (Q3/2019: 110,500 tonnes). Due to the lower aluminium price and lower shipment volumes, **revenue** in the third quarter decreased by 22 % to EUR 209.3 million.

EBITDA was impacted by COVID-19-related shifts in the product mix, and volume reductions in the Casting and Rolling Divisions. The EBITDA amounts to EUR 20.4 million, compared with the previous year's EUR 37.2 million. The Metal Division reported positive trends. Volume growth accompanied by a normalisation of raw material prices more than offset the lower aluminium prices.

Taking depreciation and amortisation of EUR -20.3 million into consideration, the AMAG Group's **EBIT** for the past quarter amounted to EUR 0.1 million (Q3/2019: EUR 16.7 million). **Net income after taxes** stood at EUR -1.3 million in Q3/2020, compared with EUR 11.1 million in the equivalent period of the previous year.

Further highlights in the quarter

As announced in September, the acquisition of a 70 % interest in Germany's **Aircraft Philipp Group** will be completed on October 30, 2020. This extends AMAG's value chain in the direction of mechanical processing (such as milling and drilling), and the production of specialty aluminium and titanium components.

AMAG's recent certification in accordance with the **ASI Chain of Custody standard** confirms the Group's special achievements in the area of sustainability, especially in the recycling sector. To this end, AMAG now also supports the compliance of its input material suppliers with the same stringent standards and criteria to which it has subjected itself. This approach enables, with immediate effect, the supply of certified aluminium, taking into account the entire supply chain – from bauxite mining to the finished AMAG semi-finished products.

Outlook for 2020:

Demand for aluminium products continues to be affected by the global COVID-19 pandemic. According to the CRU, however, medium- and long-term demand trend forecasts for primary aluminium and aluminium rolled products reflect an unchanged positive outlook.

From today's perspective, it is assumed that pre-coronavirus levels in the sectors that AMAG supplies – with the exception of packaging and aircraft – will not be reached again until 2022 at the earliest. Packaging sector demand trends are expected to remain stable. It is anticipated that it will take the aircraft industry around another five years to reattain its 2019 shipments level.

The development of the aluminium price as well as the US import tariffs for Canadian primary metal are characterised by low visibility. Based on the current situation, however, the Metal Division will continue to benefit from lower raw material costs in Q4/2020.

Overall, from today's perspective, the Management Board anticipates full-year EBITDA for the AMAG Group in a range between EUR 90 million and EUR 100 million.

AMAG – key figures:

EUR million	Q3/2020	Q3/2019	Change	Q1-Q3/ 2020	Q1-Q3/ 2019	Change
Shipments in tonnes	100,700	110,500	-8.9 %	303,900	336,500	-9.7 %
of which external shipments in tonnes	94,200	102,400	-8.0 %	282,300	310,600	-9.0 %
Revenue	209.3	266.9	-21.6 %	673.2	821.5	-18.1 %
EBITDA	20.4	37.2	-45.1 %	79.8	109.2	-26.9 %
EBIT	0.1	16.7	-99.2 %	17.7	47.9	-63.0 %
Net income after taxes	-1.3	11.1	-112.0 %	11.1	30.0	-63.0 %
Cash flow from operating activities	31.7	44.5	-28.7 %	102.3	108.3	-5.5 %
Cash flow from investing activities	-14.9	-19.2	22.3 %	-39.7	-58.2	31.9 %
Employees ¹⁾	1,947	2,038	-4.5 %	1,969	2,002	-1.7 %

EUR million	30/09/2020	31/12/2019	Change
Equity	608.9	619.3	-1.7 %
Equity ratio	38.3 %	41.2 %	
Gearing	41.2 %	47.3 %	

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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