

Ranshofen, 2 August 2013

AMAG: Another strong showing in a difficult market environment

- All divisions working at full capacity
- Average aluminium price down 8% year on year in first half of 2013, at 1,955 USD/tonne (t) (H1 2012: 2,120 USD/t)
- First-half sales down slightly year on year from 432.9 mEUR to 412.4 mEUR, mainly due to weaker aluminium prices
- Group EBITDA remained solid at 65.4 mEUR in the first half (H1 2012: 72.2 mEUR)
- Cash flows from operating activities up on the previous year's high level at 69.2 mEUR (H1 2012: 67.0 mEUR)
- Cash and cash equivalents up on year-end 2012 (84 mEUR) at 91 mEUR
- Low gearing ratio of 6.8% as at end-June 2013 (31 Dec. 2012: 4.7%)
- Increased EBITDA contribution from Metal division despite lower aluminium prices
- Another high EBITDA contribution from the Rolling division at 36.6 mEUR (H1 2012: 41.7 mEUR)
- AMAG 2014 investment project at the Ranshofen site proceeded on schedule
- B&C Industrieholding held a 37.7% interest at the end of the offering period; participation and shareholder agreement with Oberbank and the AMAG Employees' Private Foundation

The AMAG Group's Metal, Casting and Rolling divisions were all operating at full capacity in the first half of 2013. In spite of the challenging market environment, order backlog was satisfactory in the second quarter. Total shipments rose by 1% year on year to 181,900 t in the first six months of this year, with the 4% improvement in the Rolling division more than making up for the declines in the Casting and Metal divisions (2% and 1% respectively). Second-quarter shipments were virtually unchanged on the like period of 2012, at 93,700 t (Q2 2012: 94,000 t).

Consolidated **sales** amounted to 412 mEUR in the first half of 2013, some 5% lower than the 433 mEUR recorded a year earlier, mainly as a result of the 8% or 165 USD/t drop in the average aluminium price. Second-quarter sales slipped by 6% year on year to 210 mEUR, again as a result of falling aluminium prices.

Earnings before interest, taxes, depreciation and amortisation (**EBITDA**) decreased from 72.2 mEUR in the first half of 2012 to 65.4 mEUR in H1 2013. This was mainly attributable to lower margins as well as valuation effects on foreign exchange hedging transactions in the Rolling division, strong pressure on margins in the Casting division owing to the fierce market environment, and positive one-time effects in the Service division recognised in the first half of 2012. EBITDA dropped by 10% year on year in the second quarter to 33.9 mEUR.

In spite of the sliding aluminium price, the earnings contribution of the Metal division rose to 25.0 mEUR in the first half (H1 2012: 22.2 mEUR), primarily as a result of lower raw material costs. EBITDA jumped by 3% year on year in the second quarter to 13.4 mEUR.

The Casting division is still facing a highly competitive market. Owing to the pressure on margins, the division's EBITDA fell to 2.2 mEUR in the first half (H1 2012: 4.2 mEUR), while its contribution to earnings in the second quarter went down to 1.0 mEUR from 1.8 mEUR a year earlier.

The EBITDA contribution of the Rolling division remained high at 36.6 mEUR, although this was some 12% lower than in the like period of 2012 (H1 2012: 41.7 mEUR). Although the division's shipments improved, earnings suffered as a result of lower margins as well as from valuation effects on foreign exchange hedging transactions. Second-quarter EBITDA was 18.8 mEUR (Q2 2012: 22.1 mEUR).

The absence of positive one-time effects recorded last year in the Service division was reflected in its earnings contribution, which slipped from 4.1 mEUR in the first six months of 2012 to 1.6 mEUR in the opening half of 2013. EBITDA remained stable year on year in the second quarter, at 0.7 mEUR.

The Group's earnings before interest and tax (**EBIT**) were 40.4 mEUR in the first half (H1 2012: 47.4 mEUR), and 21.4 mEUR in the second quarter, a year-on-year fall of 14%.

Profit after tax for the first half decreased from 39.4 mEUR in 2012 to 34.0 mEUR in 2013. Second-quarter profit after tax stood at 19.0 mEUR (Q2 2012: 20.7 mEUR).

"In the first half-year of 2013 we continued to record full capacity utilization in all Divisions; in particular shipments of rolled products rose 4%. The weak economy and the related uncertainties in the markets as well as the lower price of aluminium caused pressure on our sales and earnings that was well absorbed by our high strategic level of diversification and our flexible response. In addition, we successfully landed a major order from EADS", says Gerhard Falch, CEO of AMAG Austria Metall AG.

"Our plant expansion project, by which we are going to increase production capacity at Ranshofen by 50%, is fully on schedule. Construction work at the building for the new rolling mill will be completed in autumn 2013. Thus, the facility will be started up as planned in the 2nd half-year of 2014", Falch continues.

Increased cash flows and low net debt despite high level of investment

Cash flows from operating activities were up on last year's high level, reaching 69.2 mEUR (H1 2012: 67.0 mEUR). **Cash flows from investing activities** rose to 61.4 mEUR in the first half, compared with 38.9 mEUR in the opening six months of 2012. This was primarily due to investments at the Ranshofen site as part of the Group's AMAG 2014 expansion programme.

Although investment increased, there were only moderate rises in the **gearing ratio** (6.8% as of 30 June 2013 compared with 4.7% at 31 Dec. 2012) and **net debt** (38.6 mEUR; 31 Dec. 2012: 25.8 mEUR). Cash and cash equivalents stood at 91.2 mEUR as at end-June 2013 (31 Dec. 2012: 84.3 mEUR).

Equity grew from 544.1 mEUR at year-end 2012 to 565.8 mEUR at the end of the first half, for a solid **equity ratio** of 60.1% (31 Dec. 2012: 61.8%).

Outcome of takeover offer from B&C Industrieholding and share price performance

The statutory grace period for the mandatory offer for the remainder of AMAG's shares expired on 10 July 2013. B&C Industrieholding increased its stake to 37.7% and achieved together with Oberbank and the AMAG Employees' Private Foundation a combined 53.8% of voting rights in AMAG at the end of the offering period.

AMAG's share price rose steadily in the course of the offering period to 23.40 EUR. As of 26 July 2013, the price was 20.75 EUR.

Outlook: full capacity utilisation in all divisions in third quarter of 2013; uncertain market environment likely to persist in second half

Order backlog at the end of the first half of 2013 points to full capacity utilisation in the third quarter. However, the present uncertain market sentiment means that accurate predictions for the remainder of the year are shrouded in uncertainty. Scheduled maintenance at the Ranshofen site will again mainly be carried out during the second half of the year (August and December).

As at 29 July 2013 – the copy deadline for this report – the LME three-month aluminium price was 1,803 USD/t, significantly lower than a year earlier. In spite of this decrease in prices, the Alouette smelter is still well placed to make a substantial contribution to earnings, thanks to its lean cost structure.

In sum, the Management expects a positive year from an operational point of view, although the factors outlined above like aluminium price and pressure on margins are likely to result in a year-on-year decline in profit. The AMAG Management Board currently anticipates consolidated EBITDA of between 116 mEUR and 121 mEUR in 2013.

“According to up-to-date estimates by experts, aluminium consumption in our core markets, Western Europe and the U.S., will grow 1.5% and 2.3%, respectively, this year in comparison to the previous year. Despite continuing economic downturn conditions, this is a good basis for a satisfactory second half-year. Our medium-term prospects remain intact. Due to the continuing trend towards light-weight construction, the demand for aluminium comes primarily from the transportation sector. Based on this development, the industry expects an annual growth rate in the range of 5-6% for aluminium consumption over the next 5 years”, says Gerhard Falch commenting on the outlook for the current fiscal year and the medium-term development.

Group financial highlights

mEUR	Q2 2013	Q2 2012	Change	H1 2013	H1 2012	Change
Shipments (t)	93,700	94,000	-0.3%	181,900	180,300	0.9%
of which external shipments (t)	87,600	90,700	-3.4%	169,800	173,300	-2.0%
Sales ¹	210.1	223.7	-6.0%	412.4	432.9	-4.7%
EBITDA	33.9	37.6	-9.7%	65.4	72.2	-9.4%
EBIT	21.4	24.9	-14.1%	40.4	47.4	-14.8%
Net income after taxes	19.0	20.7	-8.1%	34.0	39.4	-13.5%
Cash flows from operating activities	42.2	39.5	6.8%	69.2	67.0	3.3%
Cash flows from investing activities	-18.8	-24.4	23.0%	-61.4	-38.9	-58.0%
Equity	565.8	535.9	5.6%	565.8	535.9	5.6%
Equity ratio	60.1%	58.9%	–	60.1%	58.9%	
Employees ²	1,559	1,474	5.8%	1,539	1,461	5.3%

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.

² Average number of employees (full-time equivalent) including agency workers and excluding apprentices. The figure includes a 20% pro rata share of the labour force at the Alouette smelter, in line with the equity holding.

About AMAG Group

AMAG is a leading Austrian premium supplier of high-quality aluminium cast and flat rolled products for various different 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% interest, produces high-quality primary aluminium while safeguarding an exemplary eco-balance. With 1,490 employees, the company achieved sales of EUR 820 million and EBITDA of EUR 134 million in the 2012 fiscal year.

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