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AMAG Q1-Q3/2018: Further revenue growth; ramp-up gaining momentum

- Ramp-up of new plants in the Rolling Division gains momentum
- Revenue up by 4% to EUR 825,0 million
- EBITDA of EUR 120.1 million down year-on-year due to higher raw material costs and start-up costs for the site expansion (Q1-Q3/2017: EUR 129.0 million)
- Attractive demand growth for primary aluminium and aluminium rolled products
- Market environment remains affected by special factors
- 2018 outlook: EBITDA at the lower end of the range published in August of between EUR 150 million and EUR 170 million remains realistic

AMAG Austria Metall AG successfully continued to ramp up new plants and facilities in its Rolling Division.

This volume growth in the Rolling Division largely offset planned reductions in shipments in the Metal and Casting divisions. The AMAG Group's **total shipments** of 315,700 tonnes in the first three quarters of the year were just 1 % below the previous year's level (Q1 to Q3 2017: 318,900 tonnes).

Helmut Wieser, CEO of AMAG: *"We have achieved further success in the challenging ramp-up of our new production plant. While we registered only slight growth in shipment volumes in the Rolling Division in the first half of 2018, the ramp-up has been increasingly gathering momentum. We are reporting 7 % shipments growth in the third quarter of 2018."*

Especially due to the higher aluminium price, AMAG's consolidated **revenue** grew by 4 % compared with the first three quarters of the previous year to reach EUR 825.0 million.

In the first three quarters of the year the AMAG Group's earnings were impacted by higher start-up costs in its Rolling Division and especially also by a market-driven rise in raw material costs. The production cut at the world's largest alumina refinery in Brazil and US sanctions against Russia led the alumina price to increase by around 50 % on average compared with the previous year, burdening the earnings of the Metal Division significantly during the first three quarters of the year accordingly. A significant proportion of this effect was offset by the higher aluminium price level and a good performance by the Casting Division. The Rolling Division benefited from higher shipment volumes, thereby offsetting some of the higher start-up costs for the new production plant. The impact from US import tariffs was largely compensated by higher selling prices.

Overall, the AMAG Group generated **earnings before interest, tax, depreciation and amortisation (EBITDA)** of EUR 120.1 million in the first three quarters of 2018. This corresponds to a decrease of around 7 % compared with the first nine months of the previous year (EUR 129.0 million).

EBIT in the period under review amounted to EUR 60.0 million, compared with EUR 72.0 million in the previous year. **Net income after taxes** stood at EUR 43.4 million during the first three quarters of the year, following EUR 48.6 million in the previous year.

Cash flow from operating activities of EUR 26.5 million was below the previous year's level of EUR 66.8 million, and was affected by the trend in the aluminium price as well as higher metal stocks in connection with the ramp-up of the new plants. Cash flow from investing activities improved from EUR -87.5 million in the first three quarters of 2017 to EUR -61.7 million.

Compared with the end of the 2017 financial year, the **equity** of the AMAG Group increased from EUR 607.9 million to EUR 623.1 million. The **equity ratio** of 42.6 % was almost unchanged compared with December 31, 2017 (43.3 %).

2018 outlook:

Rising demand for aluminium and its alloys offers a promising basis for the company's growth path. Market research institute CRU anticipates annual growth of around 4 % in global demand for primary aluminium and aluminium rolled products in 2018 and subsequent years.

Along with US import tariffs and growing trade conflicts, the market environment is significantly affected by further special factors. In particular, US sanctions against one of the world's largest aluminium and alumina producers as well as the production cut at the world's largest alumina refinery in Brazil, ordered by the authorities, led to high volatilities and price increases in raw material markets.

Accordingly, prices for the raw material alumina have risen considerably, burdening the results of the AMAG Group in 2018. The higher aluminium price, good performance by the Casting Division and the expected volume growth in the Rolling Division will compensate a part of this earnings effect. EBITDA at the lower end of the EUR 150 million to EUR 170 million range published in August thereby remains realistic. It is still too early to issue an outlook for the following year. The 2019 financial year will depend significantly on the development of the aforementioned special factors.

AMAG – key figures:

EUR millions	Q3/2018	Q3/2017	Change	Q1-Q3/ 2018	Q1-Q3/ 2017	Change
Shipments in tonnes	111,000	104,100	6.6 %	315,700	318,900	-1.0 %
of which external shipments in tonnes	102,100	97,400	4.8 %	296,900	299,300	-0.8 %
Revenue	285.4	254.8	12.0 %	825.0	790.2	4.4 %
EBITDA	33.9	36.5	-7.1 %	120.1	129.0	-6.9 %
EBIT	14.0	16.9	-17.2 %	60.0	72.0	-16.7 %
Net income after taxes	10.3	11.1	-6.6 %	43.4	48.6	-10.8 %
Cash flow from operating activities	7.3	40.0	-81.7 %	26.5	66.8	-60.3 %
Cash flow from investing activities	-24.4	-20.1	-21.5 %	-61.7	-87.5	29.4 %
Employees ¹⁾	2,003	1,915	4.6 %	1,959	1,866	5.0 %

EUR millions	30/09/2018	31/12/2017	Change
Equity	623.1	607.9	2.5 %
Equity ratio	42.6 %	43.3 %	-
Gearing	57.8 %	46.4 %	-

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 % interest, produces high-quality primary aluminium, while safeguarding an exemplary net ecological impact.

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