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AMAG Austria Metall AG reports Q1-Q3/2019 EBITDA of EUR 109.2 million

- **Positive growth prospects for global demand for primary aluminium and rolled products**
- **Current demand and price trends influenced by economic slowdown and trade conflicts**
- **Q3/2019 EBITDA up 10 % to EUR 37.2 million (Q3/2018: EUR 33.9 million)**
- **Q1-Q3/2019 EBITDA of EUR 109.2 million, compared with EUR 120.1 million in the previous year's equivalent period**
- **Operating cash flow quadruples year-on-year to EUR 108.3 million (Q1-Q3/2018: EUR 26.5 million)**
- **Outlook for 2019: EBITDA range between EUR 125 million and EUR 140 million**

Market environment:

Demand for primary aluminium and aluminium rolled products is expected to continue to grow in the coming years, according to the latest forecasts of the market research institute CRU. In particular, demand from the transport industry is expected to benefit from growing requirements for lightweight solutions with aluminium.

Worldwide demand for primary aluminium is expected to flatten in 2019, due to the slowdown in the global economy and trade conflicts. Global demand for aluminium rolled products is expected to increase by around 3 % overall in 2019.

The price of aluminium is at a significantly lower level than last year. In the first three quarters of 2019, it averaged 1,829 USD/t, down 15% year-on-year.

The price situation for alumina, the raw material required for primary aluminium production, has normalised over the course of 2019, after special effects in the previous

year led to a very sharp price increase. In a comparison of the first three quarters, the alumina price decreased by a total of 27 %.

Q1 to Q3 2019 earnings trends

Because of the site expansion implemented in recent years, **total shipments** in the first three quarters increased by 7% year-on-year to 336,500 tonnes. In terms of revenue, this almost completely offset the effect of the lower aluminium price. **Revenue** of EUR 821.5 million was approximately at the level of the previous year's comparable period (Q1 to Q3 2018: EUR 825.0 million).

Earnings before interest, tax, depreciation and amortisation (EBITDA) in the first three quarters stood at EUR 109.2 million, compared with EUR 120.1 million in the previous year. This reduction mainly reflected the market-led decline in prices. In particular, lower raw material costs exerted a positive effect. **EBIT** amounted to EUR 47.9 million, compared with EUR 60.0 million in the previous year. **Net income after taxes** reduced from EUR 43.4 million to EUR 30.0 million.

In the Metal Division, EBITDA during the first three quarters of the year amounted to EUR 18.0 million in 2019, compared with EUR 23.7 million in the previous year. Positive factors included more favourable raw material costs and the lifting of US tariffs on aluminium imported from Canada. Overall, a large part of the effect of the lower aluminium price was compensated.

The Casting Division achieved EUR 6.2 million of EBITDA, compared with EUR 5.6 million in the first three quarters of the previous year. A significant increase in revenue and positive effects from the new IFRS 16 accounting standard are offset by a lower price level year-on-year due to the economic situation.

The Rolling Division benefited further from volume growth. Shipments rose overall by 6% to 178,100 tonnes. Especially the automotive and aircraft sectors recorded growth. EBITDA of EUR 89.9 million was up 11 % year-on-year. Additional volume as well as shifts deriving from IFRS 16 exerted a positive effect, while the lower price level had a negative impact on earnings.

Cash flow from operating activities quadrupled year-on-year from EUR 26.5 million in the first three quarters to EUR 108.3 million, mainly thanks to the lower aluminium price and lower inventories. **Cash flow from investing activities** amounted to EUR -58.2 million in the first three quarters of 2019, compared with EUR -61.7 million in the prior-year equivalent period. **Free cash flow** improved from EUR -36.4 million to EUR 50.0 million.

This change in free cash flow also had a positive effect on **net financial debt**, which decreased from EUR 311.3 million at the end of 2018 to EUR 305.5 million at the end of September 2019. The **gearing ratio** stood at 50.9 % on September 30, 2019, compared with 50.1 % at the end of 2018.

Earnings trends in Q3 2019

At 111,000 tonnes, **total shipments** in the third quarter of 2019 were approximately at the level of the prior-year quarter (Q3 2018: 110,500 tonnes). Due to the lower aluminium price, **revenue** in the third quarter of 2019 declined by 7 % to EUR 266.9 million.

By contrast, **EBITDA** was up by 10 %, from EUR 33.9 million to EUR 37.2 million. Positive factors included a significant drop in raw material costs and the lifting of US tariffs on aluminium imported from Canada.

Taking into consideration depreciation and amortisation of EUR 20.5 million, the AMAG Group's **EBIT** for the past quarter amounted to EUR 16.7 million. This represents an increase of 19 % compared with the third quarter of 2018. **Net income after taxes** rose by 7.0% to EUR 11.1 million.

Outlook for 2019:

Markets are currently characterised by comparatively low visibility, primarily due to trade disputes and uncertainties regarding global economic growth, especially in the automotive sector.

Further price trends for aluminium and alumina will have a significant impact on the development in the fourth quarter of 2019, and consequently on the 2019 financial year.

As things stand at present, the Metal Division will continue to benefit in the fourth quarter of 2019 from lower raw material costs and the lifting of US tariffs on aluminium imported from Canada.

Owing to economic conditions, the Casting and Rolling divisions are currently exposed to lower demand and lower prices in some market segments than in the previous year.

Overall, the Management Board anticipates EBITDA for the AMAG Group in a range between EUR 125 million and EUR 140 million for the 2019 financial year.

AMAG – key figures:

EUR millions	Q3/2019	Q3/2018	Change	Q1-Q3/ 2019	Q1-Q3/ 2018	Change
Shipments in tonnes	110,500	111,000	-0.5%	336,500	315,700	6.6%
of which external shipments in tonnes	101,000	102,100	-1.1%	308,600	296,900	3.9%
Revenue	266.9	285.4	-6.5%	821.5	825.0	-0.4%
EBITDA	37.2	33.9	9.6%	109.2	120.1	-9.1%
EBIT	16.7	14.0	18.9%	47.9	60.0	-20.2%
Net income after taxes	11.1	10.3	7.0%	30.0	43.4	-30.8%
Cash flow from operating activities	44.5	7.3	510.0%	108.3	26.5	308.5%
Cash flow from investing activities	-19.2	-24.4	21.4%	-58.2	-61.7	5.7%
Employees ¹⁾	2,038	2,003	1.7%	2,002	1,959	2.2%

EUR millions	30/09/2019	31/12/2018	Change
Equity	600.7	620.9	-3.2%
Equity ratio	38.4 %	39.8 %	
Gearing	50.9 %	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 aviation, 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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