AMAG

AUSTRIA METALL

FINANCIAL REPORT 1st HALF YEAR 2019

Key figures for the AMAG Group

Key figures for the Group in EUR million	Q2/2019	Q2/2018	Change in %	H1/2019	H1/2018	Change in %
Shipments total in tons	114,500	103,700	10.4 %	226,000	204,700	10.4 %
External shipments in tons	105,200	97,700	7.7 %	208,200	194,800	6.9 %
Revenue Group	280.1	276.3	1.4 %	554.6	539.5	2.8 %
EBITDA	38.9	47.2	(17.6 %)	72.0	86.2	(16.5 %)
EBITDA margin	13.9 %	17.1 %		13.0 %	16.0 %	
Operating result (EBIT)	18.5	27.5	(32.6 %)	31.3	46.0	(32.0 %)
EBIT margin	6.6 %	9.9 %		5.6 %	8.5 %	
Earnings before taxes (EBT)	15.7	27.5	(42.8 %)	26.0	44.3	(41.3 %)
Net income after taxes	11.3	20.2	(44.0 %)	18.9	33.0	(42.7 %)
Cash flow from operating activities	56.4	5.1	1006.0 %	63.7	19.2	231.9 %
Cash flow from investing activities	(17.1)	(15.6)	(9.7 %)	(39.0)	(37.3)	(4.6 %)
Employees [1]	1,991	1,955	1.8 %	1,983	1,937	2.4 %
				June 30, 2019	December 31, 2018	Change in %
Total assets				1,528.1	1,561.2	(2.1 %)
Equity				595.1	620.9	(4.1 %)
Equity ratio				38.9 %	39.8 %	
Working capital employed				317.1	307.2	3.2 %
Net financial debt				332.7	311.3	6.9 %
Gearing				55.9 %	50.1 %	

1) Average number of employees (full-time equivalents), including temporary help 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 interest.

The totalling of rounded amounts and percentages can create rounding differences.

Highlights of H1 2019

- Growth in demand for primary aluminium and rolled aluminium products
- Market environment increasingly influenced by trade conflicts and economic slowdown
- Successful continuation of AMAG's growth path through ramp-up of new plants
- Revenue up 3% to EUR 554.6 million due to shipments growth
- EBITDA of EUR 72.0 million down year-on-year mainly due to lower price levels (H1 2018: EUR 86.2 million)
- 2019 outlook: EBITDA in a range between EUR 125 million and EUR 150 million

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Economic trends

In its outlook published in April 2019, the IMF[1] expects global growth of 3.3% in 2019. The growth momentum is therefore expected to be below the level of the previous year (2018: + 3.6%). The reason for this slowdown is, among other things, the trade conflicts, for example between the US and China and the European Union. The economic sentiment indicators have also deteriorated in recent months. The purchasing managers' indices for the manufacturing sector declined compared to 2018 in all major markets of AMAG, in particular in Germany.[2]

For the Eurozone, the IMF expects growth of 1.3% in 2019, following a plus of 1.8% in the previous year. In Germany, the growth rate is expected to almost halve from 1.5% to 0.8%. According to forecasts by the Austrian Institute for Economic Research (Wifo), economic growth in Austria is expected to slow to 1.7% (2018: + 2.7%).

For the US, the IMF expects growth of 2.3%, following growth of 2.9% in the previous year.

According to the IMF, the economy in the group of emerging and developing countries will expand by 4.4% (2018: +4.5%). At 6.3%, China is expected to grow at a lower rate than in the previous year (2018: +6.6%).

Demand for aluminium products

The AMAG Metal and Rolling divisions operate worldwide, with global consumption of primary aluminium and rolled products being of central importance as a consequence.

Even if the estimates of the market research institute CRU have been revised downwards in comparison to previous analyses due to global trade conflicts and the deterioration in the outlook for the global economy, global demand for primary aluminium is expected to reach a new record level of 66.0 million tonnes in 2019. [3]

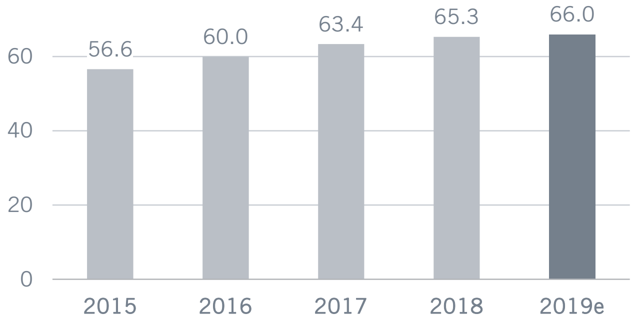
Global demand for rolled aluminium products is also expected to rise to a new record high. The Commodity Research Unit (CRU) [4] expects an increase of 3.1 % to 28.4 million tonnes. On a sector basis, rolled products are primarily in demand from the transport, packaging, construction and mechanical engineering industries. As in previous years, the transport industry continues to constitute the most significant growth driver. CRU expects growth of 5.5 % here for 2019. Attractive growth rates of around 2 to 3 % are also anticipated in other industrial areas, however.

In AMAG's Casting Division, the foundry alloys business ranks as a regional business with a focus on Western and Central Europe. In this context, the automotive industry ranks as the most important client sector, to which this division delivered more than 50 % of its shipment volumes, whether directly or indirectly. European automotive industry trends are the main drivers of the Casting Division.

New car registrations in the European Union also declined by 3 % in the first half of 2019 compared with the first half of 2018. As well, the US and Chinese car markets recorded declines in sales compared to the first half of 2018.[5]

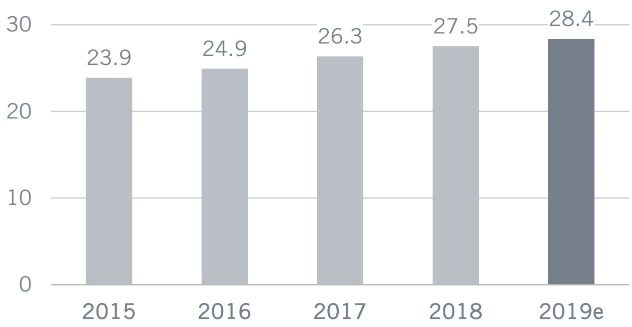
Global consumption of primary aluminium

in million tonnes



Global consumption of aluminium rolled products

in million tonnes



1) See International Monetary Fund, World Economic Outlook, April 2019
2) Source: Bloomberg
3) See. CRU Aluminium Market Outlook, June 2019
4) See CRU Aluminium Rolled Products Outlook, May 2019
5) See VDA, Press Releease from July 17, 2019

Price trends of aluminium and raw materials

In the primary aluminium area, the AMAG Group is exposed to aluminium price fluctuations in the context of its direct 20 % interest in Canadian smelter Aluminerie Alouette (Metal Division). In order to ensure stable net income flows from the Group's interest in the Alouette smelter, the selling price for a portion of output is hedged on the metal exchange, in some cases for several years, deploying forwards and options. For the Casting and Rolling divisions at the Ranshofen site, aluminium price fluctuations are almost fully hedged. In these two divisions, fluctuations in the aluminium price are reflected in both revenue and the material expenses, with a largely neutral effect on profit and loss.

The price of aluminium (3-month LME) in the first half of 2019 reported a relatively narrow trading range by historical standards, trading in a range between 1,753 USD/t (June 10, 2019) and 1,945 USD/t (March 20, 2019). The average for the first half of 2019 was 1,850 USD/t, 16.3 % lower than the comparable figure for the previous year of 2,211 USD/t. At the end of the first half of the year, the price of aluminium was 1,794 USD/t (June 29, 2018: 2,160 USD/t).

In the USA, premiums added to the aluminium price remained virtually unchanged on average compared with the previous year. Until the end of June 2019, the premiums have not materially reacted to the lifting of the additional US import tariffs from Mexico and Canada in May of this year. In Europe, premiums declined compared with the first half of the previous year.

Market prices for alumina, petroleum coke and pitch fell significantly in the course of the first half of 2019. Adjusted for the aluminium price component, prices for aluminium scrap were approximately at the previous year's level.

Currency market trends

Aluminium is traded in US dollars on the London Metal Exchange (LME). US dollars are also the transaction currency to purchase raw materials required for primary metal production. Moreover, trends in the Canadian dollar are important due to the production site in Canada.

During the first half of 2019, the US dollar (USD) was stronger against the euro than in the same period of the previous year. The EUR/USD exchange rate reduced from 1.21 to 1.13 in the first half of the year. Compared to the end of 2018 (December 31, 2018: 1.15), the EUR/USD exchange rate at the end of June 2019 was almost unchanged at 1.14. The Canadian dollar (CAD) was weaker against the US dollar on average over the two half years. The USD/CAD exchange rate in the first half of 2019 was 1.33 compared with 1.28 in the previous year. As of June 30, 2019, the rate was 1.31 (December 31, 2018: 1.36).

Aluminium price

three-month settlement in USD/t

Business performance

Revenue and earnings trends

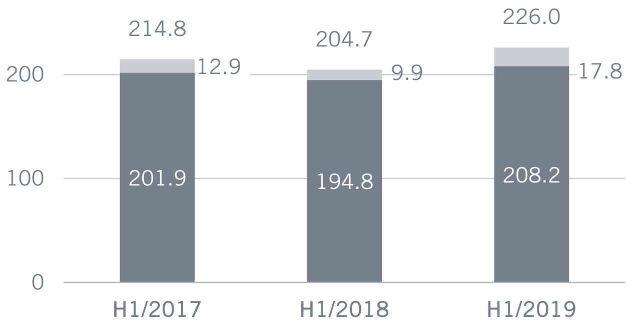
Half-year comparison

The AMAG Group continued on its growth track in the first half of 2019 and significantly increased its shipment volumes, in particular thanks to the ramp-up of the new plants in the Rolling Division. Total shipments (including intragroup deliveries) rose significantly from 204,700 tonnes to 226,000 tonnes compared with the first half of the previous year. The external shipment volume of the AMAG Group increased by 6.9 % to 208,200 tonnes.

This volume increase also enabled revenues to rise despite the lower average price of aluminium. The revenue of the AMAG Group in the first half of the year amounted to EUR 554.6 million (2018 equivalent period: EUR 539.5 million).

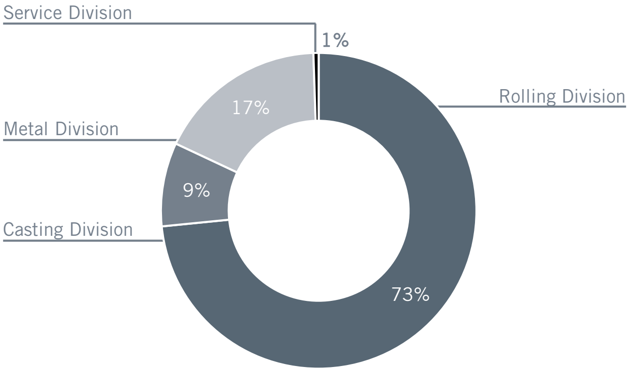
Shipments

in thousand tonnes



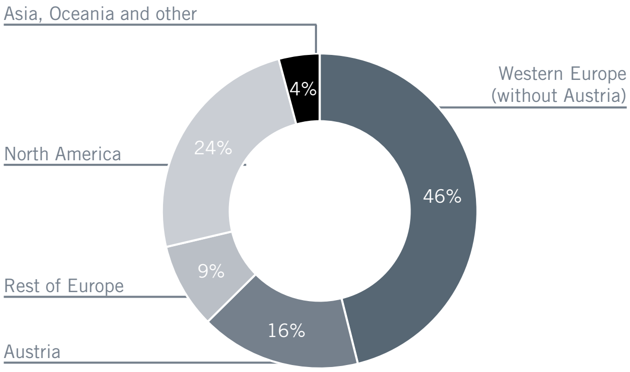
Group revenue by divisions

in %



Group revenue by regions

in %

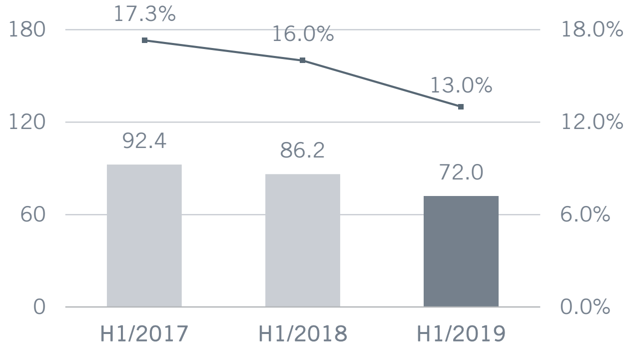


The cost of sales rose from EUR 452.0 million to EUR 470.9 million mainly due to the higher shipment volume. Selling and distribution expenses increased by 34.2 % to EUR 33.5 million in the first half of the year due to US import duties on aluminium and higher sales volumes. Administrative expenses were up from EUR 13.6 million to EUR 13.9 million. Research and development expenses rose from EUR 6.9 million to EUR 7.7 million.

In the first half of 2019, AMAG recorded earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 72.0 million (H1 2018: EUR 86.2 million). This reduction especially reflects the lower price level. In particular, the higher shipment volume in the Rolling division due to the organic growth track had a positive effect.

EBITDA and EBITDA margin

in EUR million and %



Depreciation and amortisation of EUR 40.7 million during the first half of the year of EUR 2019 million was above the previous year's level (EUR 40.2 million).

Consolidated earnings before interest and taxes (EBIT) stood at EUR 31.3 million during the first half of 2019, EUR 14.8 million below the EUR 46.0 million result in the previous year's comparable period.

The net financial result in the first half of the year amounted to EUR -5.2 million, compared with EUR -1.7 million in the previous year. This divergence especially reflects valuation effects. In addition, interest expenses increased due to the raising of a loan.

Earnings before taxes (EBT) in the first half of 2019 amounted to EUR 26.0 million (2018 comparable period: EUR 44.3 million). Income taxes amounted to EUR 7.1 million, compared with EUR 11.3 million in the previous year's equivalent period. Net income after taxes in the first half of 2019 was posted at EUR 18.9 million, 42.7 % below the result of EUR 33.0 million in the comparable period of 2018.

Earnings per share during the first half of 2019 stood at EUR 0.54 (2018 comparable period: EUR 0.94).

Quarterly comparison

At 105,200 tonnes, external shipment volumes were significantly higher than in the second quarter of 2018. All segments contributed positively to this growth. The Rolling Division benefited from the positive ramp-up of the new plants. The total shipment volume of the AMAG Group increased from 103,700 tonnes to 114,500 tonnes.

The revenue of the AMAG Group amounted to EUR 280.1 million in the second quarter of 2019, 1.4 % above the previous year's level (Q2 2018: EUR 276.3 million). Here, too, the higher shipment volume more than compensated for the lower aluminium price.

The cost of sales of EUR 234.8 million was slightly above the level of the previous year (Q2 2018: EUR 228.1 million). Selling and distribution expenses increased by 37.4 % to EUR 17.9 million due to higher shipment volumes and additional US import tariffs. Administrative expenses of EUR 7.3 million in the second quarter were above the previous year's level of EUR 7.0 million. Research and development expenses amounted to EUR 3.9 million in the second quarter of 2019, compared with EUR 3.7 million in the previous year's corresponding quarter.

At EUR 38.9 million, EBITDA was below the comparable figure for the previous year of EUR 47.2 million. This divergence especially reflected the lower aluminium price and a positive valuation effect in the previous year.

Depreciation and amortisation of EUR 20.4 million in the second quarter of 2019 was EUR 0.7 million above the level in the comparable period of 2018.

Consolidated earnings before interest and tax (EBIT) stood at EUR 18.5 million during the second quarter of the current year, EUR 9.0 million below the EUR 27.5 million result in the previous year's comparable period.

Net income after tax stood at EUR 11.3 million, thereby 44.0 % below the result of EUR 20.2 million achieved in the previous year's second quarter. Earnings per share during the second quarter of 2019 stood at EUR 0.32 (2018 comparable period: EUR 0.57).

Financial position and net debt

Equity

The equity of the AMAG Group stood at EUR 595.1 million at the end of June 2019, especially due to the dividend payout slightly below the 2018 year-end level of EUR 620.9 million. The equity ratio amounted to 38.9 % as of the current balance sheet date (December 31, 2018: 39.8 %).

Net financial debt

The liquid assets of the AMAG Group stood at EUR 254.3 million at the end of June 2019, compared with EUR 295.9 million at the end of the previous year.

Net debt increased from EUR 311.3 million at the end of 2018 to EUR 332.7 million at the end of June 2019. Gearing amounted to 55.9 % (December 31, 2018: 50.1 %).

Investments

The AMAG Group's investments in the first six months amounted to EUR 2019 35.3 million (2018 comparable period: EUR 32.6 million).

Employees

The AMAG Group's strategic growth objectives are reflected in the higher number of individuals it employs. The AMAG Group employed an average of 1,983 employees (full-time equivalents) in 1st half-year of 2019, compared with 1,937 in the equivalent period of 2018.

Metal Division

Economic environment

According to the CRU market research institute[6], global demand for primary aluminium will continue to grow in 2019, albeit at a slower pace than in previous years. Growth of 1.2 % to 66.0 million tonnes is expected for 2019. The country with the highest demand is China, which accounts for 55 % of global demand. Demand in China is expected to grow by 1.9 % in 2019. In the rest of the world, demand is expected to remain largely unchanged at 29.7 million tonnes compared to the previous year (2018: 29.6 million tonnes).

Global production is expected to grow by 1.7 % to 64.8 million tonnes in 2019. As a result, production would be around 1.2 million tonnes lower than global demand, which would lead to a further decrease in global primary aluminium stocks. For 2019, the CRU expects a reduction in worldwide stocks from 11.5 million tonnes as of the end of 2018 to 10.4 million tonnes at the end of 2019. Stocks of primary aluminium in LME-registered warehouses decreased from 1.3 to 1.0 million tonnes during the first half of 2019 compared to the 2018 year-end.

The average aluminium price during 1st half-year of 2019 stood at 1,850 USD/t, 16.3 % below the level in the previous year's comparable period of 2,211 USD/t. The aluminium price in euros quoted at 1,637 EUR/t on average in the first half of 2019, 10.4 % below the average for the previous year's equivalent period.

In the USA, premiums added to the aluminium price remained on average at the previous year's level. Until the end of June 2019, the premiums have not materially reacted to the lifting of the additional US import tariffs from Mexico and Canada in May of this year. In Europe, premiums declined compared with the first half of 2018.

Earnings trends

Compared with the first half of 2018, the Metal Division's shipment volume increased from 54,800 tonnes to 57,700 tonnes, which is mainly attributable to reporting date effects. Shipments in the second quarter of 2019 stood at 29,700 tonnes compared with 26,600 tonnes in the previous year.

As a consequence of the lower aluminium prices, revenue declined by 5.0 % from EUR 402.0 million to EUR 381.7 million. Revenue of EUR 190.9 million was achieved during the second quarter of 2019 (Q2 2018: EUR 204.6 million).

EBITDA during the first half of 2019 amounted to EUR 5.6 million, compared with EUR 20.5 million in the previous year's equivalent period. The lower price level was the main reason for this decline in earnings.

EBITDA of EUR 5.6 million was achieved in the second quarter of 2019 (Q2 2018: EUR 9.9 million).

Employees

In the first half of 2019, the average number of employees in the Metal Division stood at 183 individuals compared with 188 in the previous year.

Investments

In the Metal Division, capital expenditure during the first six months of the year of EUR 14.8 million was above the previous year's comparable amount of EUR 6.9 million due to a higher level of pot relining activity. In a quarterly comparison, investments amounted to EUR 7.1 million, compared with EUR 4.0 million in the equivalent prior-year period.

Key figures for the Metal Division in EUR million	Q2/2019	Q2/2018	Change in %	H1/2019	H1/2018	Change in %
Shipments in tons 1)	29,700	26,600	11.7 %	57,700	54,800	5.3 %
of which internal shipments	700	0	100.0 %	1,200	0	100.0 %
Revenue	190.9	204.6	(6.7 %)	381.7	402.0	(5.0 %)
of which internal revenue	140.9	151.1	(6.7 %)	284.7	295.6	(3.7 %)
EBITDA	5.6	9.9	(43.6 %)	5.6	20.5	(72.5 %)
EBIT	(0.5)	4.3	(112.1 %)	(6.5)	8.6	(175.3 %)
Employees FTE (excluding apprentices)	188	193	(3.0 %)	183	188	(2.7 %)

1) Shipment volumes and internal shipment relate exclusively to the AMAG interest in the smelter Alouette

6) See CRU Aluminium Market Outlook, June 2019

Casting Division

Economic environment

The Casting Division's key geographical markets comprise Western and Central Europe. The automotive sector (including the supply industry) is the largest customer for the division, accounting for more than 50% of shipments. Consequently, the health of the European automotive industry has a strong bearing on divisional performance.

Demand for cars in the European Union has fallen in comparison to the first half of 2018. New passenger car registrations fell by around 3% from 8.4 to 8.2 million units. In the US, the volume of the light vehicle market was down 2% year-on-year. The Chinese new car market posted a decline of 14% compared to the first half of 2018.

In particular, due to weaker demand from abroad, car production in Germany fell by 12% in the first half of 2019 compared to the previous year. [7]

Earnings trends

Total shipments of 48,000 tonnes increased significantly compared with the first half of 2018 (37,800 tonnes). This mainly reflected the new melting furnace, while the first half of last year was characterised by modernisation measures. Total shipment volumes amounted to 23,700 tonnes in the second quarter of 2019, compared with 19,400 tonnes in the previous year.

In a comparison of the first six months, the Casting Division's revenue grew from EUR 52.1 million in 2018 to EUR 53.6 million. Revenue of EUR 24.9 million was achieved during the second quarter of 2019 (Q2 2018: EUR 25.5 million).

At EUR 4.1 million, EBITDA increased significantly compared to the previous year (H1 2018: 2,6 EUR million). This especially reflected higher shipment volumes, which more than offset the effect of the lower margin level. In addition, the shift in earnings from the Service Division to the Casting Division as a consequence of the first-time application of IFRS 16 had a positive impact of EUR 0.8 million. In a quarterly comparison, EBITDA stood at EUR 2.2 million, compared with EUR 1.5 million in the previous year.

The operating result (EBIT) amounted to EUR 2.9 million in the first six months of the current year (previous year: EUR 1.8 million). In the second quarter, the company generated EUR 1.6 million of EBIT, compared with EUR 1.1 million in the previous year.

Employees

The average number of employees of 125 in 1st half-year of 2019 was slightly higher compared with the previous year.

Investments

Capital expenditures on property, plant and equipment amounted to EUR 1.4 million between January and June of the current year (1st half-year of 2018: EUR 2.1 million).

Key figures for the Casting Division in EUR million	Q2/2019	Q2/2018	Change in %	H1/2019	H1/2018	Change in %
Shipments in tons	23,700	19,400	22.2 %	48,000	37,800	27.0 %
of which internal shipments	8,500	6,100	39.3 %	16,600	9,900	67.7 %
Revenue	24.9	25.5	(2.5 %)	53.6	52.1	2.8 %
of which internal revenues	3.1	2.1	50.3 %	6.0	3.4	76.6 %
EBITDA	2.2	1.5	49.3 %	4.1	2.6	62.2 %
EBIT	1.6	1.1	45.9 %	2.9	1.8	65.2 %
Employees FTE (excluding apprentices)	125	124	0.2 %	125	124	0.8 %

7) See. VDA, Press Release from July, 2 and 17, 2019

Rolling Division

Economic environment

Demand for aluminium road products reports a positive trend. According to the market research institute CRU[8], global demand is expected to rise by 3.1 % to 28.4 million tonnes in 2019.

By individual sectors, the strongest percentage growth, as in recent years, is expected in the transport sector. Here, demand is forecast to increase by 5.5 %, from 4.6 to 4.8 million tonnes. Firstly, the CRU anticipates higher demand from the aircraft industry. Secondly, high demand growth is expected from the automotive industry, although sales in this sector have weakened recently. These special growth prospects for aluminium rolled products especially reflect the substitution of steel by aluminium in auto body applications, such as sheets for engine hoods, doors and fenders. Lightweight construction solutions deploying aluminium can significantly reduce weight and thereby also cars' fuel consumption as well as CO_2 emissions.

Considerable growth rates are also anticipated in many other industrial areas, however. In the large-volume packaging industry, the CRU expects growth of 3.1 % to reach a total of 14.4 million tonnes. The construction and engineering sectors are set to report demand growth of around 2 % in each case in 2019.

In terms of regions, CRU expects demand in Western Europe to grow by 1.0 % to 4.3 million tonnes. Demand in North America is set to grow by 3.0 % to 6.1 million tonnes. CRU is forecasting growth of 3.4% for the Asian region as a whole. In China, demand for aluminium rolled products is set to increase by 4.1 % to 10.4 million tonnes.

Earnings trends

The Rolling Division successfully continued its ramp-up of new plants and increased shipment volumes by 7.3 % to around 120,300 tonnes compared with the first half of 2018. The shipment volume in the second quarter of 2019 of 61,100 tonnes was up by 5.9 % compared with the previous year's equivalent period.

Thanks to the higher shipment volume, revenue in the first two quarters grew by 4.8 % and amounted to EUR 469.1 million, compared with EUR 447.9 million in the corresponding prior-year period. In 2nd quarter, revenue of EUR 237.3 million was also up on the previous year's comparable level of EUR 227.8 million.

In a half-year comparison, EBITDA increased from EUR 57.3 million to EUR 65.3 million. The reasons for this increase were, firstly, the increased shipment volume and, secondly, the shift in EBITDA from the Service Division to the Rolling Division due to the application of IFRS 16 "Leases" in the amount of EUR 7.1 million.

In a quarter on quarter comparison, EBITDA at EUR 33.2 million was at the previous year's level (Q2 2018: EUR 33.1 million), which was positively influenced by a valuation effect.

In a comparison of the first six months of the year, the operating result (EBIT) rose by 11.6 % from EUR 36.3 million to EUR 40.5 million. In a comparison of quarters, EBIT of EUR 20.7 million was below the level of the previous year (H1 2018: EUR 22.5 million) due to the increased level of depreciation and amortisation.

Employees

Compared with the first half of 2018, the average number of employees in the Rolling Division was up from 1,482 individuals to 1,519. This rise is predominately due to the plant expansion.

Investments

Capital expenditure amounted to EUR 15.4 million during the first half of 2019. These investments thereby lay below the previous year's level of EUR 19.9 million. Investments in the second quarter of 2019 amounted to EUR 6.7 million, compared with EUR 9.3 million in the equivalent prior-year period.

8) See CRU Aluminium Rolled Products Market Outlook, May 2019

Key figures for the Rolling Division in EUR million	Q2/2019	Q2/2018	Change in %	H1/2019	H1/2018	Change in %
Shipments in tons	61,100	57,700	5.9 %	120,300	112,100	7.3 %
Revenue	237.3	227.8	4.2 %	469.1	447.9	4.8 %
of which internal revenues	30.3	30.0	1.1 %	62.0	66.4	(6.6 %)
EBITDA	33.2	33.1	0.4 %	65.3	57.3	14.0 %
EBIT	20.7	22.5	(7.9 %)	40.5	36.3	11.6 %
Employees FTE (excluding apprentices)	1,521	1,496	1.7 %	1,519	1,482	2.5 %

Service Division

Earnings trends

Revenue between January and June of the current financial year amounted to EUR 34.3 million, compared with EUR 40.9 million a year previously. In the second quarter of 2019, revenue stood at EUR 16.1 million, compared with EUR 20.1 in the previous year. The decline is mainly due to the elimination of intragroup rental income through the introduction of IFRS 16.

Compared to the first half of 2018, EBITDA decreased from EUR 5.8 million to EUR -3.2 million, which is attributable mainly to the shifts due to IFRS 16 in the amount of EUR 8.0 million. EBITDA of EUR -2.1 million was achieved during the second quarter (previous year's quarter: EUR 2.8 million).

The operating result (EBIT) deteriorated from EUR -0.6 million to EUR -5.7 million in the first half of the year, especially as a result of IFRS 16. In a quarter-on-quarter comparison, the Service Division reported EBIT of EUR -3.4 million, following EUR -0.4 million in the prior-year period.

Employees

The average number of employees in the Service Division was up from 143 to 156 individuals in a comparison of half-years. Hiring occurred especially in the IT area.

Investments

Investments of EUR 3.7 million in the first half of the year (prior-year period: EUR 3.7 million) mainly related to supplementary investments in connection with the expansion of locations and the adaptation of existing buildings. In a quarter-on-quarter comparison, capital expenditure increased from EUR 1.5 million to EUR 2.2 million in the first half of 2019.

Key figures for the Service Division in EUR million	Q2/2019	Q2/2018	Change in %	H1/2019	H1/2018	Change in %
Revenue	16.1	20.1	(19.8 %)	34.3	40.9	(15.9 %)
of which internal revenues	14.7	18.6	(21.1 %)	31.5	37.9	(17.0 %)
EBITDA	(2.1)	2.8	(175.5 %)	(3.2)	5.8	(155.0 %)
EBIT	(3.4)	(0.4)	(669.6 %)	(5.7)	(0.6)	(801.7 %)
Employees FTE (excluding apprentices)	157	142	10.6 %	156	143	9.1 %

Outlook for 2019

Economic outlook

According to the IMF[9], global economic growth is expected to slow to 3.3% year-on-year (2018: + 3.6%). Reasons include trade disputes, especially the US with China and the European Union. Current sentiment indicators, such as the purchasing managers' indices of the manufacturing sector, also point to a slowdown in economic momentum. [10]

Aluminium market outlook

Recourse was made to CRU forecasts, among others, in gauging overall conditions for the medium-term growth and 2019 outlook of AMAG. According to recent forecasts, demand for primary aluminium[11] and rolled products[12] should grow by around between 3 and 4 % per annum up to 2023.

For 2019, demand for primary aluminium is expected to increase by 1.2 % to 66.0 million tonnes.

European automotive industry trends are the main drivers of the Casting Division. The latest estimates expect a 2 % decrease in car production in Europe in 2019.[13]

Global demand for aluminium products is set to increase by 3.1% in 2019 and reach a new record level of 28.4 million tonnes, according to the most recent estimates from the CRU market research institute.[14]

Business trend outlook for 2019

Rising demand for aluminium and its alloys offers a promising basis for the company's growth path.

The Metal Division currently faces a significantly lower aluminium price than in the previous year. However, the alumina price has also fallen significantly in recent weeks. The division could benefit from the abolition of the additional US import tariffs on aluminium for deliveries from Canada unless the US premium level is corrected for this tariff effect.

The margin level in the Casting Division is below the previous year's level. The expected increase in shipment volumes should have a positive effect on earnings.

As things stand at present, the ramp-up in the Rolling Division is progressing well, leading to the expectation of year-on-year growth in shipments.

Experience shows that prices for aluminium and raw materials can exhibit high volatilities over the course of the year. In connection with the general economic development, the trade conflicts and the sales development of the customers, there are also forecast uncertainties that could influence the demand and price development in the second half of 2019.

For the reasons mentioned, an earnings forecast is only possible in the form of a large bandwidth. For the 2019 financial year, the Management Board expects the EBITDA of the AMAG Group to be recorded in a range between EUR 125 million and EUR 150 million (2018: EUR 141.0 million).

9) See International Monetary Fund, World Economic Outlook, April 2019
10) Source: Bloomberg
11) See CRU Aluminium Market Outlook, June 2019
12) See CRU Aluminium Rolled Products Market Outlook, May 2019
13) See IHS Automotive, Global Light Vehicle Production Summary, May 2019
14) See CRU Aluminium Rolled Products Market Outlook, May 2019

Risk and opportunity report

A formalised risk management system designed to identify, assess and manage all of the significant risk exposures for AMAG Group and its environment forms an integral element of the AMAG Group's business activities. We aim to identify risks at an early juncture and proactively counter them where possible, in order to limit them to the greatest extent. Furthermore, we aim to exploit business opportunities on a targeted basis. A balanced approach to opportunity and risk management forms one of our Group's key success factors.

Risk management system

Our risk management is geared to ensuring a sustained positive trend in our financial position and performance as well as long-term growth in the AMAG Group's value, and to minimising negative influences on the environment. This system relies primarily on:

+ Groupwide standards and instructions to regulate operational processes with a view to identifying, analysing, assessing and communicating risks, and actively managing risks and opportunities,
+ active hedging of specific risks (volatility in the aluminium price and in exchange rates),
+ covering certain risks under a comprehensive insurance strategy.

Risks are managed based on these standards and instructions and concern all levels of the management hierarchy. Strategic and operative risks are reviewed annually, and any requisite business policy adjustments are implemented as part of an institutionalised process. Moreover, the standards and instructions, and the scope and amount of insurance cover, are subject to ongoing review and updated whenever necessary.

In addition, external auditors conduct evaluations on a case-by-case basis in selected corporate areas to determine the effectiveness of the internal control system.

Internal control system

Our internal control and risk management systems are based on the Internal Control and Enterprise Risk Managing Frameworks – internationally recognised standards established by the Committee of Sponsoring Organisations (COSO) of the Treadway Commission – and on ISO 31000:2010. The objective is for the relevant managers to identify and manage potential risks.

Further information

For a detailed description of the Group's risk exposures, and its risk management and internal control systems, please refer to the AMAG Austria Metall AG 2018 annual report and the Investor Relations area of our website at www.amag.at.

RELATED PARTY DISCLOSURES

Please refer to the interim consolidated financial statements for information about business relationships with related companies and individuals.

Interim consolidated financial statements according to IAS 34

Consolidated statement of financial position

Assets in EUR thousand	June 30, 2019	December 31, 2018
Intangible assets	8,860	9,105
Property, plant and equipment	743,186	748,089
Investments in associates	1,617	1,761
Other non-current assets and financial assets	36,746	38,116
Deferred tax assets	10,231	6,738
Non-current assets	800,639	803,810
Inventories	257,148	256,551
Trade receivables	143,084	126,127
Current tax assets	3,711	6,507
Other current assets	69,228	72,377
Cash and cash equivalents	254,283	295,871
Current assets	727,455	757,433
TOTAL ASSETS	1,528,094	1,561,243

Equity and liabilities in EUR thousand	June 30, 2019	December 31, 2018
Share capital	35,264	35,264
Capital reserves	377,661	377,661
Hedging reserve	(18,142)	(25,511)
Fair value reserve	35	64
Revaluation reserve	655	629
Revaluation of defined benefit plans	(38,694)	(27,914)
Share of other comprehensive income of associates	(27)	(27)
Exchange differences	44,957	43,922
Retained earnings	193,410	216,786
Equity	595,119	620,874
Non-current provisions	109,450	92,300
Interest-bearing non-current financial liabilities	558,805	553,254
Other non-current liabilities and grants	63,073	67,837
Non-current liabilities	731,328	713,392
Current provisions	10,958	15,711
Interest-bearing current financial liabilities	28,374	54,440
Trade payables	91,354	89,966
Current tax liabilities	6,471	75
Other current liabilities and grants	64,491	66,785
Current liabilities	201,647	226,977
TOTAL EQUITY AND LIABILITIES	1,528,094	1,561,243

Consolidated statement of profit or loss

acc. to the COST OF SALES METHOD in EUR thousand	Q2/2019	Q2/2018	H1/2019	H1/2018	2018
Revenue	**280,129**	**276,309**	**554,579**	**539,529**	**1,101,564**
Cost of sales	(234,765)	(228,146)	(470,920)	(452,031)	(954,198)
Gross profit	45,365	48,163	83,659	87,498	147,366
Other income	4,067	4,782	6,499	7,412	16,072
Selling and distribution expenses	(17,926)	(13,044)	(33,463)	(24,928)	(57,027)
Administrative expenses	(7,269)	(7,034)	(13,888)	(13,576)	(23,193)
Research and development expenses	(3,901)	(3,719)	(7,652)	(6,929)	(15,125)
Other expenses	(1,867)	(1,750)	(3,980)	(3,547)	(7,835)
Share of profit of equity-accounted investments	30	66	107	103	387
Earnings before interest and taxes (EBIT)	18,499	27,463	31,281	46,033	60,645
Net interest result	(2,243)	(1,755)	(4,538)	(3,592)	(7,148)
Other financial result	(541)	1,779	(712)	1,874	1,516
Net financial income (expenses)	(2,784)	23	(5,249)	(1,718)	(5,632)
Earnings before taxes (EBT)	**15,715**	**27,486**	**26,032**	**44,315**	**55,013**
Current taxes	(4,798)	(11,844)	(9,041)	(17,119)	(8,758)
Deferred taxes	391	4,541	1,950	5,846	(1,714)
Income taxes	(4,406)	(7,303)	(7,092)	(11,274)	(10,471)
Net income after taxes	**11,309**	**20,183**	**18,941**	**33,042**	**44,541**
Total number of no-par-value shares	35,264,000	35,264,000	35,264,000	35,264,000	35,264,000
Earnings per share	0.32	0.57	0.54	0.94	1.26

Consolidated statement of comprehensive income

in EUR thousand	Q2/2019	Q2/2018	H1/2019	H1/2018	2018
Net income after taxes	11,309	20,183	18,941	33,042	44,541
Items that are or may be reclassified to profit or loss:					
Currency translation differences	(2,006)	8,768	1,035	4,674	7,275
Changes in the hedging reserve					
Recognized (expenses) and income during the financial year	17,067	(39,878)	5,136	(3,628)	(5,951)
Reclassifications of amounts that have been recognized in the statement of profit or loss	1,947	2,646	4,693	3,925	12,129
Deferred taxes relating thereto	(4,994)	9,537	(2,214)	(150)	(2,307)
Currency translation differences	239	(1,603)	(246)	(786)	(1,268)
Changes in fair value reserve	(149)	(708)	(39)	2,953	4,669
Deferred taxes relating thereto	37	177	10	(738)	(1,167)
Items that will never be reclassified to profit or loss:					
Changes in revaluation reserve	35	80	35	80	66
Deferred taxes relating thereto	(9)	(20)	(9)	(20)	(16)
Remeasurement of defined benefit plans	(11,557)	71	(14,519)	5,632	(200)
Deferred taxes relating thereto	3,019	(19)	3,737	(1,487)	(44)
Currency translation differences	172	(523)	1	(212)	(439)
Share of other comprehensive income of associates	0	0	0	0	(20)
Deferred taxes relating thereto	0	0	0	0	5
Other comprehensive income for the year net of tax	3,801	(21,474)	(2,379)	10,241	12,732
Total comprehensive income for the year	15,110	(1,291)	16,562	43,283	57,273

Consolidated statement of cash flows

in EUR thousand	Q2/2019	Q2/2018	H1/2019	H1/2018	2018
Earnings before taxes (EBT)	15,715	27,486	26,032	44,315	55,013
Interest income (expenses)	2,243	1,755	4,538	3,592	7,148
Share of profit of associates	(30)	(66)	(107)	(103)	(387)
Depreciation, amortisation and impairment losses/reversal of impairment losses on non-current assets	20,441	19,776	40,676	40,151	80,343
Losses/gains from the disposal of non-current assets	4	29	73	215	632
Proceeds from dividends	251	0	251	0	0
Other non-cash expenses/income	333	(304)	641	(689)	(995)
Changes in inventories	15,701	(68,264)	(368)	(75,024)	(27,961)
Changes in trade receivables	2,981	(10,364)	(16,955)	(28,056)	(9,816)
Changes in trade payables	(208)	19,041	8,586	38,182	22,421
Changes in provisions	(2,601)	(396)	(3,275)	(679)	1,540
Changes in derivatives	(52)	14,400	9,832	8,653	2,667
Changes in other receivables and liabilities	3,575	6,361	(3,978)	(502)	(16,003)
	58,354	9,455	65,947	30,056	114,601
Tax payments	(354)	(2,772)	171	(8,491)	(14,849)
Interest received	225	259	511	441	911
Interest paid	(1,821)	(1,794)	(2,905)	(2,844)	(6,375)
Cashflow from operating activities	56,404	5,148	63,723	19,162	94,288
Proceeds from disposals of non-current assets	74	493	444	504	713
Payments for investments in property, plant and equipment and intangible assets	(17,407)	(16,100)	(40,616)	(37,936)	(83,696)
Proceeds from grants for investments	205	0	1,125	97	217
Cash flow from investing activities	(17,127)	(15,607)	(39,047)	(37,335)	(82,766)
Repayments of borrowings	(15,490)	(5,924)	(26,866)	(6,645)	(111,513)
Proceeds from borrowings	3,539	26,885	2,416	50,240	267,004
Dividends paid	(42,317)	(42,317)	(42,317)	(42,317)	(42,317)
Cash flow from financing activities	(54,268)	(21,356)	(66,767)	1,279	113,174
Change in cash and cash equivalents	(14,991)	(31,815)	(42,091)	(16,894)	124,696
Cash and cash equivalents at the beginning of the period	269,841	183,775	295,871	169,752	169,752
Effect of exchange rate changes on cash and cash equivalents	(566)	1,970	503	1,072	1,423
Cash and cash equivalents at the end of the period	254,283	153,929	254,283	153,929	295,871

Consolidated statement of changes in equity

in EUR thousand	Share capital	Capital reserves	Hedging reserve	Fair value reserve	Reval-uation reserve	Reval-uation of defined benefit plans	Share of compre-hensive income of asso-ciates	Exchange diff-erences	Retained earnings	Equity
Balance as of December 31, 2017	35,264	379,337	(28,115)	(3,438)	580	(27,232)	(11)	36,647	214,842	607,874
Balance as of January 1, 2018 IFRS 15-Adjustment									(280)	(280)
Balance as of January 1, 2018 after adjustment	**35,264**	**379,337**	**(28,115)**	**(3,438)**	**580**	**(27,232)**	**(11)**	**36,647**	**214,562**	**607,594**
Net income after taxes									33,042	33,042
Other comprehensive income for the year net of tax			(639)	2,215	60	3,932		4,674		10,241
Total comprehensive income for the year			**(639)**	**2,215**	**60**	**3,932**	**0**	**4,674**	**33,042**	**43,283**
Dividend distributions									(42,317)	(42,317)
Balance as of June 30, 2018	**35,264**	**379,337**	**(28,754)**	**(1,223)**	**640**	**(23,299)**	**(11)**	**41,320**	**205,287**	**608,560**
Balance as of December 31, 2018	35,264	377,661	(25,511)	64	629	(27,914)	(27)	43,922	216,786	620,874
Net income after taxes									18,941	18,941
Other comprehensive income for the year net of tax			7,369	(29)	26	(10,780)		1,035		(2,379)
Total comprehensive income for the year			**7,369**	**(29)**	**26**	**(10,780)**	**0**	**1,035**	**18,941**	**16,562**
Dividend distributions									(42,317)	(42,317)
Balance as of June 30, 2019	**35,264**	**377,661**	**(18,142)**	**35**	**655**	**(38,694)**	**(27)**	**44,957**	**193,410**	**595,119**

Notes to the consolidated interim financial statements

General

AMAG Austria Metall AG, Lamprechtshausener Strasse 61, 5282 Ranshofen, Austria, registered under commercial register number 310593f at the Ried District Court, is an Austrian holding company. Together with its subsidiaries and associates, it engages in the production and distribution of primary aluminium, rolled products (sheet and plate), and recycling foundry alloys.

As an Austrian holding company, AMAG Austria Metall AG is registered in the companies register at Ried im Innkreis District Court, and its headquarters are located in 5282 Ranshofen, Lamprechtshausener Strasse 61, Austria. The company prepares consolidated financial statements as the ultimate parent company of the AMAG Group. The shares of AMAG Austria Metall AG have been listed on the Prime Market of the Vienna Stock Exchange since April 8, 2011. Since July 1, 2013, the companies of the AMAG Group have been included in the consolidated financial statements of B&C Holding Österreich GmbH. B&C Privatstiftung, Vienna, Austria, is the ultimate parent company of B&C Holding Österreich, and consequently of the company.

Basis of preparation

The interim consolidated financial statements from the January 1 to 30 June 2019 accounting period have been prepared in accordance with International Financial Reporting Standards (IFRS), as formulated by the International Accounting Standards Board (IASB) and adopted by the European Union, and as applicable for interim financial statements (IAS 34), as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which require application in 2019. The interim statements do not contain all of the information and disclosures provided in the consolidated annual financial statements for the year ended December 31, 2018, and should be read in conjunction with the latter.

Due to the first-time application of IFRS 16 as of January 1, 2019, the accounting policies applied in the preparation of the interim consolidated financial statements differ from those applied as of December 31, 2018. Otherwise, the accounting policies applied as of June 30, 2019, are consistent with those applied in the consolidated financial statements for the financial year ending December 31, 2018.

The consolidated interim financial statements are presented in thousands of euros. The totalling of rounded amounts and percentages may lead to rounding differences due to the application of automated calculations. Unless otherwise stated, the comparative disclosures refer to the first half of the 2018 financial year of AMAG Austria Metall AG (June 30, 2018 reporting date).

The Management Board of AMAG Austria Metall AG is satisfied that the Group interim report in all material respects gives a true and fair view of the Group's financial position and performance.

These consolidated interim financial statements as of June 30, 2019, were neither subjected to a full audit nor were they reviewed by an auditor.

Effects from the first-time application of IFRS 16 "Leases":

The new IFRS 16 replaces IAS 17 "Leases" and the related interpretation IFRIC 4 "Determining whether an arrangement is or contains a lease", SIC-15 "Operating Leases – Incentives" and SIC-27 "Evaluating the Substance of Transactions in the Legal Form of a Lease". For the lessee, the introduction of IFRS 16 dispenses in future with the differentiation between finance and operating leases as previously required by IAS 17. For leases, the lessee recognises on its balance sheet a lease liability for the obligation to render lease payments in the future. At the same time, the lessee capitalises a right to use the underlying asset (right-of-use asset). This corresponds, as a matter of principle, to the present value of the future lease payments plus directly attributable costs. During the lease contract term, the lease liability is carried forward on the balance sheet by using financial mathematics in a similar manner to IAS 17 regulations for finance leases. The right-of-use is amortised straight-line, resulting in higher expenses at the start of the lease contract term, as a matter of principle. Accounting simplifications apply to short-term leases and low-value leased assets.

As part of the transition to IFRS 16, assets of EUR 2,052 thousand were recognised as of January 1, 2019 for the rights-of-use relating to the leased assets and for the lease liabilities of the same amount. For the transition to IFRS 16, the modified retrospective approach was selected as the transition method, whereby all conversion effects are recognised directly in equity as of January 1, 2019, and the previous year's figures are left unadjusted. Early application was not implemented.

The first-time application of IFRS 16 as of January 1, 2019, led to the following adjustments to the opening balance sheet. Prior-year figures were not adjusted as part of the transition.

First-time application of IFRS 16 in EUR thousand	December 31, 2018	Adjustments	January 1, 2019
Property, plant and equipment	9,105	2,052	11,157
TOTAL ASSETS	**1,561,243**	**2,052**	**1,563,295**
Interest-bearing non-current financial liabilities	553,254	1,869	555,123
Interest-bearing current financial liabilities	54,440	183	54,623
TOTAL EQUITY AND LIABILITIES	**1,561,243**	**2,052**	**1,563,295**

The AMAG Group utilises the exemption clauses relating to low-value leased assets and current lease contracts with a term of less than one year. At the date of first application of IFRS 16, leases with a remaining term of less than one year are classified as current leases. Leasing and non-leasing components are presented separately under IFRS 16 accounting.

The AMAG Group is the lessee especially in relation to the leasing of vehicles, tanks and silos, as well as office rentals.

This led to changes in the following accounting policies:

Leasing

Leases are presented in accordance with IFRS 16 "Leases". Rights-of-use assets are capitalised at the inception of the lease at the amount of the corresponding lease liability, adjusted for any initial direct costs and lease payments made to the lessor on or before the date of provision, less any lease incentives received from the lessor. Lease liabilities are measured by using the incremental borrowing rate if the interest rate on which the lease is based cannot be readily determined.

Furthermore, the following assumptions and estimation uncertainties arose:

In the course of the first-time application of IFRS 16, assumptions were made with regard to the contract term and the discount rate applied. The lease term that is determined includes the non-cancellable term of the lease agreement. Cancellation and renewal options are included in the analysis if the exercise is estimated with sufficient certainty, and taking into account all facts and circumstances that constitute an economic incentive to exercise. For leases with an indefinite term, the useful life is determined in the same manner as the expected useful life for assets capitalised as non-current assets. A risk-free interest rate relevant to the term, taking into account the respective currency and the company's credit rating, was applied as the discount rate for the valuation of leasing liabilities.

Based on the operating lease obligations as of December 31, 2018, the following reconciliation was made to the opening balance sheet value of the lease obligations as of January 1, 2019:

Reconciliation in EUR thousand	January 1, 2019
Operating lease obligations as of December 31, 2018	2,566
Accounting simplification for short-term leases	-26
Accounting simplification for low-value leases	-447
Other	48
Gross leasing liabilities as of January 1, 2019	**2,141**
Discounting	-89
Net leasing liabilities as of January 1, 2019	**2,052**

The lease liabilities were discounted applying the incremental borrowing rate as of January 1, 2019. The weighted average interest rate was 1.6 %.

The balance sheet and income statement for the first half of 2019 and as of June 30, 2019, respectively, presented the following information:

Lease in the balance sheet in EUR thousand	June 30, 2019
Non-current assets	
Buildings - developed land - right-of-use asset	1,718
Plant and machinery - right-of-use asset	79
Other fixtures and fittings, tools and equipment - right-of-use asset	415
Property, plant and equipment	**2,212**
Non-current liabilities:	
Leasing liabilities	1,174
Interest-bearing non-current financial liabilities	**1,174**
Current liabilities:	
Leasing liabilities	941
Interest-bearing current financial liabilities	**941**

The rights-of-use assets also include assets that were recognised under finance leases in accordance with IAS 17 up to December 31, 2018. No reassessment was made as to whether the agreements constitute a lease. These amounted to EUR 374 thousand as of June 30, 2019, and are included in the item Other fixtures and fittings, tools and equipment - right-of-use asset.

Lease in the profit and loss statement in EUR thousand	June 30, 2019
Expenses short-term leases	137
Expenses low-value leases	149
Other lease expenses (additional costs)	11
	298
Depreciation right-of-use asset	472
	472
Interest expenses of lease liabilities	19
	19

Assumptions and estimation uncertainties

The annual report of the financial year ending December 31, 2018 includes information about assumptions and uncertainties relating to estimates that can generate a considerable risk necessitating a significant adjustment during the following financial year.

Changes in the scope of consolidation

As in 2018, the scope of consolidation of AMAG Austria Metall AG was unchanged between January 1, and June 30, 2019.

Seasonal and cyclical factors

The progression of business at the AMAG Group is generally not subject to significant seasonal fluctuation. In 2019, too, scheduled annual maintenance measures at the Ranshofen site will continue to be predominantly conducted during the second half of the year (August and December). As a consequence, lower production volumes are assumed for the fourth quarter of 2019 compared with previous quarters.

Business divisions

H1/2019 in EUR thousand	Metal	Casting	Rolling	Service	Consolidation	Group
Revenue						
External	96,965	47,589	407,131	2,894	0	554,579
Internal	284,741	5,998	62,011	31,454	(384,203)	0
	381,706	53,586	469,142	34,348	(384,203)	554,579
EBITDA	5,632	4,148	65,331	(3,184)	30	71,958
EBIT	(6,476)	2,918	40,524	(5,715)	30	31,281
Net financial income (expenses)	(793)	(63)	(4,065)	(328)	0	(5,249)
Earnings before taxes (EBT)	(7,269)	2,856	36,459	(6,043)	30	26,032

H1/2018 in EUR thousand	Metal	Casting	Rolling	Service	Consolidation	Group
Revenue						
External	106,355	48,751	381,431	2,992	0	539,529
Internal	295,610	3,396	66,420	37,874	(403,300)	0
	401,965	52,147	447,851	40,865	(403,300)	539,529
EBITDA	20,507	2,557	57,330	5,790	0	86,184
EBIT	8,595	1,767	36,305	(634)	0	46,033
Net financial income (expenses)	719	(54)	(3,711)	1,329	0	(1,718)
Earnings before taxes (EBT)	9,313	1,713	32,594	695	0	44,315

In 2019, depreciation and amortisation changes as well as rents were reallocated to the divisions. The resulting effects on EBITDA are presented in the Group interim management report in the individual divisions.

Notes to the consolidated statement of financial position

Property, plant and equipment reduced from EUR 748.1 million at the end of the year 2018 to EUR 743.2 million at the end of June 2019. This decrease is predominately attributable to the depreciation of the expansion project in Ranshofen, which was capitalised in the previous year. Obligations arising from investments in plant amounted to EUR 33.5 million as of June 30, 2019 (2018 year-end: EUR 22.1 million).

Due to lower shipments before the end of the year, trade receivables are usually lower at the end of the year than on interim reporting dates. They increased from EUR 126.1 million as of the end of 2018 to EUR 143.1 million at the end of June 2019.

Cash and cash equivalents reduced from EUR 295.9 million at the end of December 2018 to EUR 254.3 million at the end of June 2019.

The equity of the AMAG Group amounted to EUR 595.1 million at the end of June 2019 and was thereby EUR 25.8 million under the level of the 2018 annual financial statements (EUR 620.9 million). The change mainly reflects the result after income taxes for the first six months of 2019 of EUR 18.9 million, the change in the hedging reserve (IAS 39) of EUR +7.4 million, and the revaluation of defined benefit plans of EUR -10.8 million, and a reduction of currency translation differences of EUR +1.0 million, as well as the EUR -42.3 million dividend payment.

Since the balance sheet date, the interest rates relevant for the measurement of defined benefit plans and anniversary bonus provisions in Austria at the end of June – derived from the discount rates for IFRS valuations published by MERCER Germany – have been reduced to 1,50 % (December 31, 2018: 2.00 %) for severance payments and anniversary bonus provisions and to 1.30 % (December 31, 2018: 1.90 %) for pension provisions. In Canada, the relevant interest rates have decreased for the pension provision and the provision for medical care benefits amount to 3.20 % according to the "Fiera Capitals CIA Method Accounting Discount Rate Curve" (December 31, 2018: 4.00 %). This results in actuarial losses of EUR -14.5 million, which were carried directly to other comprehensive income, and with EUR -0.7 million recognised in profit and loss.

Non-current interest-bearing financial liabilities increased from EUR 553.3 million in last year's consolidated financial statements to EUR 558.8 million as of June 30, 2019.

Notes to the consolidated statement of profit and loss

The AMAG Group recognises revenue from the sale of primary aluminium (Metal Division), aluminium rolled products (Rolling Division), aluminium cast alloys (Casting Division) and from services connected with building and space management, works services etc at its Ranshofen site (Service Division), whereby external revenue generated from services plays a subordinate role (0.51% of total revenue, H1 2018: 0.54%).

Between January and June 2019, the revenue of the AMAG Group amounted to EUR 554.6 million, representing a 2.8 % increase compared with the EUR 539.5 million generated in the prior-year comparable period.

Revenues are comprised as follows:

in EUR thousand	Q2/2019	Q2/2018	H1/2019	H1/2018	2018
Revenue third parties	281,852	278,844	558,236	541,322	1,109,022
Revenue from services	1,428	1,482	2,894	2,992	5,907
Result derivatives	(3,150)	(4,017)	(6,552)	(4,785)	(13,365)
	280,129	276,309	554,579	539,529	1,101,564

The AMAG Group recognises revenue in the following regions:

in EUR thousand	Metal	Casting	Rolling	Service	Group
Western Europe (without Austria)	37,587	29,972	188,130	1	255,689
Austria	789	12,898	74,761	2,894	91,342
Rest of Europe	0	4,719	43,858	0	48,576
North America	56,028	0	79,668	0	135,696
Asia, Oceania and other	2,561	0	20,714	0	23,275
	96,965	47,589	407,131	2,894	554,579

Group earnings before interest, taxes, depreciation and amortisation (EBITDA) in 1st half-year of 2019 decreased by EUR 14.2 million to EUR 72.0 million (1st half-year of 2018: EUR 86.2 million).

Consolidated earnings before interest and taxes (EBIT) amounted to EUR 31.3 million in the first six months of 2019, compared with EUR 46.0 million in the previous-year equivalent period.

Earnings after taxes amounted to EUR 18.9 million in the first half of 2019 (prior-year comparable figure: EUR 33.0 million).

Notes to the consolidated statement of cash flows

Cash flow from operating activities amounted to EUR 63.7 million during the first six months of the financial year under review, thereby EUR 44.6 million above the level for corresponding previous-year period (EUR 19.2 million), which is especially attributable to lower working capital requirements. Cash flow from investing activities stood at EUR -39.0 million in the 1st half-year (1st half-year of 2018: EUR -37.3 million). Cash flow from financing activities was negative at EUR -66.8 million in 1st half-year of 2019 (1st half-year of 2018: EUR 1.3 million) due to EUR -42.3 million dividend payment and EUR -24.4 million of repayment of borrowings.

Notes on financial instruments

Additional disclosures about financial instruments pursuant to IFRS 7

2019 Amounts in EUR thousand	Fair Value Hedge	Cashflow Hedge	Mandatorily at fair value through profit or loss
Assets			
Other non-current assets and financial assets	3	33,943	33
Trade receivables	0	0	0
Current tax assets	0	0	0
Other current assets	1,627	17,678	15,062
Cash and cash equivalents	0	0	0
Liabilities			
Interest-bearing non-current financial liabilities	0	0	0
Other non-current liabilities and grants	41	7,796	135
Interest-bearing current financial liabilities	0	0	0
Trade payables	0	0	0
Current tax liabilities	0	0	0
Other current liabilities and grants	737	4,435	10,280

2018 Amounts in EUR thousand	Fair Value Hedge	Cashflow Hedge	Mandatorily at fair value through profit or loss
Assets			
Other non-current assets and financial assets	0	34,612	40
Trade receivables	0	0	0
Current tax assets	0	0	0
Other current assets	7,656	13,272	19,645
Cash and cash equivalents	0	0	0
Liabilities			
Interest-bearing non-current financial liabilities	0	0	0
Other non-current liabilities and grants	61	5,232	224
Interest-bearing current financial liabilities	0	0	0
Trade payables	0	0	0
Current tax liabilities	0	0	0
Other current liabilities and grants	1,895	5,569	17,477

	Fair value through other comprehensive income (equity instruments)	At amortised cost	Not a financial instrument	Book value as of June 30, 2019	Fair value as of June 30, 2019
	1,327	1,398	41	36,746	36,746
	0	143,084	0	143,084	143,084
	0	0	3,711	3,711	3,711
	0	13,990	20,870	69,228	69,228
	0	254,283	0	254,283	254,283
	0	558,805	0	558,805	566,684
	0	1,543	53,558	63,073	63,073
	0	28,374	0	28,374	28,655
	0	91,354	0	91,354	91,354
	0	0	6,471	6,471	6,471
	0	3,180	45,859	64,491	64,491

	Fair value through other comprehensive income (equity instruments)	At amortised cost	Not a financial instrument	Book value as of December 31, 2018	Fair value as of December 31, 2018
	1,292	2,112	61	38,116	38,116
	0	126,127	0	126,127	126,127
	0	0	6,507	6,507	6,507
	0	10,924	20,879	72,377	72,377
	0	295,871	0	295,871	295,871
	0	553,254	0	553,254	544,155
	0	2,011	60,309	67,837	67,837
	0	54,440	0	54,440	58,983
	0	89,966	0	89,966	89,966
	0	0	75	75	75
	0	5,104	36,741	66,786	66,786

Cash and cash equivalents, financial instruments, and trade receivables and other assets generally have short terms. As a consequence, the carrying amounts for these items are approximately the same as the respective fair value. Financial instruments not categorised in accordance with IFRS 7 include financial assets and liabilities measured at fair value as well as those recognised at amortised cost.

In general, trade payables and other current liabilities have terms of less than one year, and the recognised values are approximations of their respective fair value.

The fair values of bank borrowings and other financial liabilities are calculated as the present values of the related payments on the basis of the respective yield curve, taking account of the Group's credit risk exposure.

The measurement categories are as follows:

in EUR thousand	Level 1	Level 2	Level 3	June 30, 2019 Total	Level 1	Level 2	Level 3	December 31, 2018 Total
ASSETS								
Other non-current assets and financial assets	0	691	34,615	35,306	0	4,757	31,187	35,944
Other current assets	0	21,573	12,795	34,368	0	30,943	9,630	40,573
LIABILITIES								
Interest-bearing non-current financial liabilities	0	566,684	0	566,684	0	544,155	0	544,155
Other non-current liabilities and grants	0	7,973	0	7,973	0	5,517	0	5,517
Interest-bearing current financial liabilities	0	28,655	0	28,655	0	58,983	0	58,983
Other current liabilities and grants	0	15,452	0	15,452	0	24,940	0	24,940

No reclassifications between measurement classes occurred during the first six months of the year.

The Group applies the following hierarchy to determine and report the fair value of financial instruments for each valuation:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: methods in which all inputs that have a material effect on the reported fair value are directly or indirectly observable. The transactions outlined below are recognised at this level:

Forward currency transactions:
In forward currency transactions, a specified amount of a certain currency is exchanged for an amount in another currency at an agreed exchange rate on a particular date. Both of the cash flows arising at the maturity date are recognised at present value on the basis of the yield curve for each transaction currency. The present value of the forward currency transaction comprises the difference between the two cash flows discounted to their present value and translated into the reporting currency applying the exchange rates. The exchange rates and the yield curve are applied as inputs.

Interest rate swap:
Interest rate swaps involve the exchange of a floating interest rate for a fixed rate. Measurement entails calculating the present value of the variable interest payments and the present value of the fixed interest payments. The present value of the interest-rate swap is the difference between the two cash flows discounted to present value over the transaction term. The inputs comprise 3-month Euribor and the yield curve.

Commodity futures:
The value of these futures is the difference between the contract price and the aluminium price quoted on the London Metal Exchange (LME) at the maturity date of the transaction. The LME quoted aluminium price including the term structure, and the USD to EUR futures curve comprise the inputs.

Commodity options:
The Black-Scholes model is applied in the valuation of commodity options. The key inputs are the LME quoted aluminium price including the term structure, the euro/US dollar futures curve, and aluminium price volatility data.

Alumina and premium derivatives:
The valuation of the alumina and premium business derives from the difference between the contract price and the final quotation of the alumina or premium price according to the broker on the respective due date of the transaction. The closing prices of the alumina or premium price according to the broker and the currency forward structure curve (USD to EUR) are applied as inputs.

Level 3: methods based on input parameters that have a material effect on fair value and are not based on observable market data.

The measurement of the participating interests was not based on observable data, but instead on company estimates, and is consequently allocated to Level 3.

Assets measured at a fair value determined in accordance with Level 3 in the course of a subsequent measurement relate to the embedded derivative included in the electricity supply agreement for the Alouette smelter.

Power supply contract concluded by Aluminerie Alouette Inc.:
Alouette has a power contract with a state-owned utility that directly ties the electricity rate to be paid by Alouette to the market price of aluminium under a contractual pricing formula.

The electricity supply contract contains an embedded derivative due to the dependency of the electricity price on the LME price. This derivative is designated as a hedging instrument as part of cash flow hedges. The fair value of the derivative is measured on the basis of a model. Given the monopolistic electricity market in Canada, no liquid electricity market exists in the conventional sense (a mark-to-market price is not directly observable). A forward price model is consequently employed to value the derivative, applying an electricity reference price, related yield curves, forward aluminium prices and forward foreign currency exchange rates.

In order to obtain a market-based valuation of the contract, the present value of future electricity payments is subsequently calculated applying forward aluminium prices plus a premium (Midwest premium) based on the expected term of the electricity contract and compared with the present value of future electricity payments based on Alouette's reference electricity price taking into account USD to CAD forward structures. The difference calculated in this manner provides a model-based valuation of the embedded derivative.

The derivative's positive fair value on initial measurement was classified as a public subsidy (from the Government of Québec), and reported under other non-current and current liabilities accordingly. The subsidy is released through profit or loss in line with the expenses as expected according to the terms in the contract.

The change in the value of the embedded derivative is shown below:

in EUR thousand	June 30, 2019	June 30, 2018
As of January 1, 2019	39,525	38,129
Currency translation differences	243	1,096
Fair Value Changes	11,776	2,308
Recycling	(5,461)	(2,794)
Inefficiency	0	0
As of June 30, 2019	**46,083**	**38,738**
Thereof current	12,795	5,595

The effect of a change in the LME price on measurement as of June 30 is outlined below:

Sensitivity in EUR thousand	June 30, 2019		June 30, 2018	
	+10%	-10%	+10%	-10%
Other non-current assets and financial assets	(15,078)	15,078	(17,593)	17,593
Other current assets	(3,695)	3,695	(4,031)	4,031

Related party disclosures

Outstanding balances and transactions between AMAG Austria Metall AG and its subsidiaries are eliminated in the preparation of the consolidated financial statements, and are not commented upon here.

The Group's operations give rise to related-party business relationships in the form of purchases or sales of goods and services, and rendering or receiving of services, to and from associates. These transactions are all performed on an arm's length basis.

The Group has business relations with Raiffeisen Landesbank Oberösterreich AG associated with financing, investment and foreign exchange transactions.

Compared to the previous year, the composition of the Management Board has changed as follows. Gerald Mayer was appointed as the new Chairman of the Management Board (CEO) with effect from March 1, 2019. He succeeds Dipl.-Ing. Helmut Wieser, who retired from the Management Board at the end of February. On May 3, 2019, Victor Breguncci, MBA assumed the newly created role of Chief Sales Officer.

No loans have been extended to members of the Management or Supervisory boards, and no guarantees have been given on their behalf. No other transactions – and in particular no purchase contracts involving assets of significant value – have been entered into with related parties.

Compared with the previous year's financial statements, no significant changes occurred to business relationships with related parties during the first half of 2019.

Significant events after the balance sheet date

No significant events occurred after the June 30, 2019 balance sheet date.

Declaration by the Management Board

We hereby declare that to the best of our knowledge the interim consolidated financial statements, prepared in accordance with the rules for interim financial reporting established by the International Financial Reporting Standards (IFRS), to the maximum possible extent give a true and fair view of the financial position and performance of AMAG Austria Metall AG.

We also confirm that to the best of our knowledge this Group interim report to the maximum possible extent gives a true and fair view of the financial position and performance of AMAG Austria Metall AG in respect of the significant events that occurred during the first six months of the financial year and their effect on the interim financial statements, and of the principal risks and uncertainties to which the Company will be exposed during the remaining six months of the financial year, as well as the mandatory related party disclosures.

Ranshofen, August 1, 2019

The Management Board

Gerald Mayer Chief Executive Officer	Helmut Kaufmann Chief Operating Officer	Victor Breguncci, MBA Chief Sales Officer

The AMAG share

AMAG share price performance

In the first half of 2019, the AMAG share traded in a range between EUR 29.90 and EUR 35.00. Compared with the 2018 year-end, the share price reduced by 1.9 % to EUR 30.60 as of June 28, 2019. The total shareholder return, including the dividend of EUR 1.20 per share paid in April, was 1.8% in the first half of the year. The Austrian benchmark index, the ATX, rose by 8.4 % to 2,978 points in the comparable period.

Share price performance since IPO

April 8, 2011 – June 28, 2019 (in %)

Trading volumes

Average daily trading volumes (double counting) in the share amounted to 11,890 shares in the period between January 2, 2019 and June 28, 2019, 94% above the level for the first six months of 2018 (H1 2018: 6,125 shares).

Investor relations

The AMAG share is currently covered by five analysts at the following firms: Baader Bank (hold), Erste Group (hold), Kepler Cheuvreux (reduce), Landesbank Baden-Württemberg (hold) and Raiffeisen Centrobank (hold).

In order to raise AMAG's capital market profile and communicate with our investors in person, AMAG continued to be represented at several conferences and one roadshow during the first half of the year.

Shareholders' General Meeting

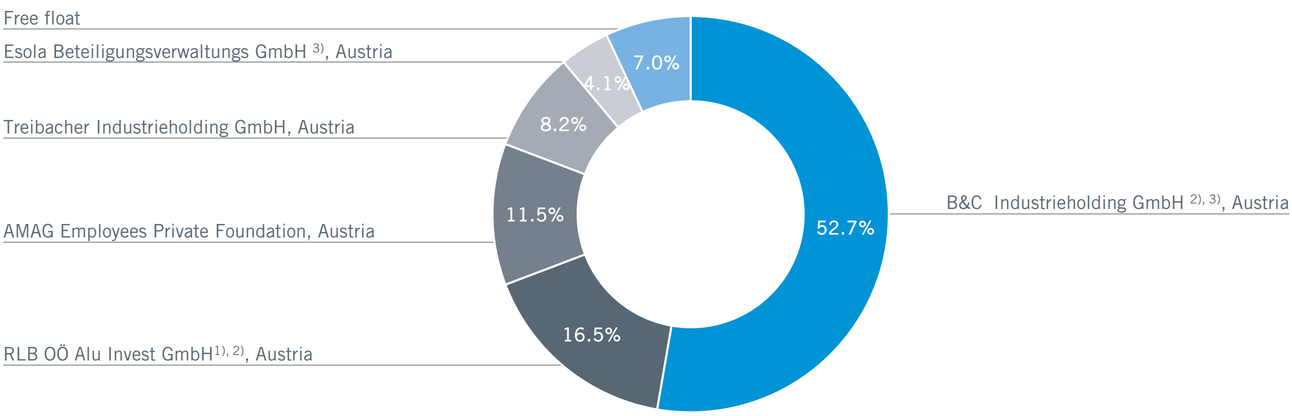
AMAG Austria Metall AG held its eighth Ordinary Annual General Meeting as a public stock corporation at the Schlossmuseum in Linz on 10 April 2019. All agenda items were addressed, and resolutions passed with large majorities, including approving the distribution of a dividend of EUR 1.20 per share. Further details of the agenda and the resolutions can be found in the Investor Relations section of our website at www.amag.at.

Ownership structure

AMAG Austria Metall AG continues to enjoy a stable ownership structure with B&C Industrieholding GmbH comprising a core shareholder with its 52.7 % interest.

Ownership structure

as at June 30, 2019



1) RLB OÖ Alu Invest GmbH is an indirect wholly-owned subsidiary of Raiffeisenlandesbank Oberösterreich AG
2) B&C Industrieholding GmbH and Raiffeisenlandesbank Oberösterreich concluded a participation agreement on April 1, 2015
3) B&C Industrieholding GmbH and Esola Beteiligungsverwaltungs GmbH concluded a participation agreement on February 14, 2019

Key share performance indicators (EUR)	Q2/2019	Q2/2018	Change in %	H1/2019	H1/2018	Change in %	2018
Earnings per share	0.32	0.57	(44.0 %)	0.54	0.94	(42.7 %)	1.26
Operating cash flow per share	1.60	0.14	1006.0 %	1.81	0.54	231.9 %	2.67
Market capitalisation (EUR million)	1,079.08	1,675.04	(35.6 %)	1,079.08	1,675.04	(35.6 %)	1,128.45
Share price high	33.50	53.60	(37.5 %)	35.00	56.20	(37.7 %)	36.00
Share price low	29.90	46.10	(35.1 %)	29.90	46.00	(35.0 %)	26.93
Closing price	30.60	47.50	(35.6 %)	30.60	47.50	(35.6 %)	32.00
Average price (volume weighted)	31.48	49.76	(36.7 %)	31.80	51.47	(38.2 %)	31.58
Shares in issue	35,264,000	35,264,000		35,264,000	35,264,000		35,264,000

Financial calendar 2019	
February 28, 2019	Full year results 2018
March 31, 2019	Record date (Annual General Meeting)
April 10, 2019	Annual General Meeting
April 15, 2019	Ex-dividend date
April 16, 2019	Record date (Dividends)
April 17, 2019	Payment date (Dividends)
April 30, 2019	Report on the 1st quarter 2019
August 1, 2019	Report on the 1st half-year 2019
October 30, 2019	Report on the 3rd quarter 2019

Information on the AMAG stock	
ISIN	AT00000AMAG3
Class of shares	Ordinary shares made out to bearer
Ticker symbol on the Vienna Stock Exchange	AMAG
Indexes	ATX-Prime, ATX BI, ATX GP, VÖNIX, WBI
Reuters	AMAG.VI
Bloomberg	AMAG AV
Trading segment	Official Market
Market segment	Prime Market
First day of trading	April 8, 2011
Offer price per share in EUR	19.00
Number of shares outstanding	35,264,000

Note

The forecasts, budgets and forward-looking assessments and statements contained in this report were compiled based on all information presently available to AMAG. In the event that the assumptions underlying these forecasts prove to be incorrect, targets be missed, or risks materialise, actual results may depart from those currently anticipated. We are not obliged to revise these forecasts in light of new information or future events.

This report was prepared and the data contained in it verified with the greatest possible care. Nevertheless, misprints and rounding and transmission errors cannot be entirely ruled out. In particular, AMAG and its representatives do not assume any responsibility for the completeness and correctness of information included in this report. This report is also available in German. In cases of doubt, the German-language version is authoritative.

This report does not comprise a recommendation or solicitation to purchase or sell securities of AMAG.

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