



## MYTILINEOS S.A.

### FIRST QUARTER 2020 TRADING UPDATE

**Athens, Greece – 7 May 2020** –MYTILINEOS SA (RIC: MYTr.AT, Bloomberg: MYTIL.GA, ADR: MYTHY US) announces first quarter results.

MYTILINEOS (the Company) remains fully operational across all business units, despite coronavirus concerns, having implemented stringent health control measures. In Metallurgy, there are no disruptions and issues regarding production facilities, supply chain and customers order book. In Power & Gas, all plants remain fully operational, providing critical capacity to the national grid. In EPC and RSD, construction related projects proceeded as planned in the first quarter without incidents or major delays.

More specifically,

- **The first quarter of 2020, compared to the last quarter (Q4) of the previous year (2019), demonstrates a strong entry in a very challenging year, with EBITDA and Net profits up by 24% (from €65.2 million in the Q4 of 2019 to €80.6 million in Q1 2020) and 49.7% (from €24.3 million in the Q4 of 2019 to €36.4 million in Q1 2020) respectively.**

On a consolidated basis comparison between Q1 2020 and Q1 2019:

- **Turnover** amounted to **€532.7 million** vs €513.9 million for the corresponding period of 2019, resulting in an increase of 3.7%.
- Earnings before interest, tax, depreciation and amortization (**EBITDA**) **stood at €80.6 million** compared to €92.0 million for the corresponding period of 2019, posting a decrease of 12.4%.
- **Net profits** after tax and minority interests amounted to **€36.4 million** compared to €49.7 million in the corresponding period of 2019, recording a decrease of 26.8%.
- Respectively, **Earnings per Share (EPS)** amounted to **€0.255** against €0.348.
- **Net debt stood at €530 million**, leading to a **Net Debt to EBITDA ratio of 1.76**, on a last twelve months (LTM) basis
- **We retain a cash balance of €700 million and a total liquidity of c. €1.5 billion**

- Liquidity includes €700 million in cash, plus c. €800 million in stand -by facilities, i.e. a total of €1.5 billion.

## 1. FINANCIAL FIGURES

### Key Consolidated Financial Figures for 1Q 2020

amounts in m. €	Q1 2020	Q1 2019	Δ %	Q4 2019	Δ %
Turnover	532.7	513.9	3.7%	708.2	-24.8%
EBITDA	80.6	92.0	-12.4%	65.2	23.7%
EATam	36.4	49.7	-26.8%	24.3	49.7%
EPS	0.255	0.348	-26.8%	0.170	49.7%
<b>Margins (%)</b>			<b>Δ(bps)</b>		<b>Δ(bps)</b>
EBITDA	15.1%	17.9%	-277.0	9.2%	593.2
EATam	6.8%	9.7%	-284.6	3.4%	339.5

## 2. BUSINESS UNITS OPERATIONAL UPDATE

### 2.1. Metallurgy Business Unit

Total Volumes (ktons)	Q12020	Q12019	Δ%
Alumina	116.1	112.8	3.0%
Primary Aluminium	40.6	45.8	-11.2%
Secondary Aluminium*	11.4	0.0	-
<b>Total</b>	<b>168.2</b>	<b>158.5</b>	<b>6.1%</b>

\*Note: Secondary aluminium unit EPALME, acquisition was completed in 2H 2019.

### Aluminium & Alumina Prices

	1Q20	1Q19	Δ%
3mLME	\$1,712.75	\$1,880.64	-8.9%
Alumina Price Index (API)	\$284.93	\$386.61	-26.3%

During the first quarter of 2020, the Metallurgy Business Unit continued its operations with both the Alumina refinery and the Aluminium smelter operating in full capacity and without any customer or supply chain issues from the pandemic of Covid-19.

Nevertheless, the coronavirus pandemic had a negative impact on commodity prices, resulting in the top line decrease for both alumina and aluminium. Alumina market prices exhibited a downward trend, as the API decreased by 26.3% to \$285/t compared to the same quarter of 2019. However, the significantly reduced raw material costs and especially natural gas prices have improved alumina refinery cash costs by a running rate of 30% (compared to the previous year), or 15% Vs the same quarter of 2019 leading to an overall resilient profitability.

On the aluminium side, the average LME price declined by 8.9% to \$1,712.75/t from \$1,880.64/t for the same quarter of 2019, while product premia declined approximately 33%. Said impact is broadly offset by an overall reduction in primary aluminium cash costs at a running rate of 22.5% (compared to the previous year), or 21% Vs the same quarter of 2019, helped by the respective decrease of Alumina cash costs as well as the reduced prices for “black” raw materials (such as coke, pitch and anodes).

The strong resilience of the Metallurgy business is attributed to the MYTILINEOS integrated business model and continued operational efficiency initiatives that has led to a further improvement of its position in the first quartile of the global cost curve for both its Alumina and Aluminum production.

It is noted that the latest cost optimization program with the code name “Hephaestus” is in full implementation with a targeted benefit of €62m., out of which €35m are recurring Ebitda improvements and the rest refer to one -off items.

With respect to the new Alumina project, there has been no change since the last update provided along with the Company’s full year results. Further information with respect to this project will be provided when circumstances are normalized and there is more clarity.

## 2.2. Power & Gas Business Unit

Greek Market Data – 1Q 2020

<b>Production per Unit type [GWh]</b>			
	<b>1Q20</b>	<b>1Q19</b>	<b>Δ%</b>
Lignite	2,244	3,262	-31.2%
Hydro	539	900	-40.1%
Gas	4,226	4,515	-6.4%
RES	3,361	2,935	14.5%
Net Imports	3,080	2,091	47.3%
<b>Total</b>	<b>13,451</b>	<b>13,703</b>	<b>-1.8%</b>

<b>SMP</b>	<b>1Q20</b>	<b>1Q19</b>	<b>Δ%</b>
Jan	58.4	75.3	-22.4%
Feb	49.2	69.0	-28.7%
Mar	43.7	59.9	-27.0%
<b>Average</b>	<b>50.4</b>	<b>68.1</b>	<b>-25.9%</b>

<b>MYTILINEOS GENERATION (GWhs)</b>	<b>1Q20</b>	<b>1Q19</b>	<b>Δ%</b>
Thermal plants	1,087	1,152	-5.6%
Renewable Energy plants	141	120	17.5%
<b>Total</b>	<b>1,228</b>	<b>1,272</b>	<b>-3.5%</b>

During the 1<sup>st</sup> quarter of 2020, the Power & Gas Business Unit, taking benefit from the MYTILINEOS competitive natural gas portfolio, recorded increased profitability compared to the same quarter of 2019, despite the overall lower SMP prices in the wholesale electricity market.

Overall electricity demand for the period decreased by 1.8% to 13.45TWh, especially in 2<sup>nd</sup> half of March

Gas was the dominant generation fuel for the 1Q2020, amounting to 31% of the Greek generation mix. At the same time, Lignite production further declined by 31% compared to the same quarter last year, while lower demand in Italy increased net imports by 47% for the same period.

Although the System Marginal Price (SMP) decreased by 25.9% to an average of €50.4/MWh, MYTILINEOS' consumption profile, scale and access to competitive and diversified gas supply led to an increase of its clean spark spread for its thermal power plants by 55% vs the same quarter of last year.

Renewable energy electricity production increased by 17.5% compared to the previous first quarter, having more than 200MW in operation.

Overall, electricity production of thermal and renewable units of Mytilineos amounted to 1.228TWh, representing almost 12% of the total electricity generation in the interconnected system. Adding also the operation of the Combined Heat and Power (CHP) plant of the Metallurgy sector, the respective percentage of MYTILINEOS goes up to 15%.

On the retail supply side, "Protergia" brand increased its market share in March 2020 to 6.5% and is steadily strengthening its presence, with its customer base now approaching a quarter of a million households and businesses in electricity and natural gas.

Finally, the construction of the new 826 MW H-Class, very high efficiency combined cycled gas fired plant continues as planned and is on track for commissioning during the fourth quarter of 2021.

### **2.3. EPC Business Unit**

Traditional EPC underperformed this quarter, as many projects were in a completion phase while new projects have not yet been contracted or given a notice to proceed.

As noted in our year end results, the EPC business unit is currently undergoing a strategic assessment phase with its future focus leaning towards the sustainability solutions (solid and liquid waste management, off-grid hybrid systems and energy efficiency projects). The completion of this assessment is expected during the second quarter of the year. At the same time though, it is further developing its deep core know-how in natural gas-fired construction projects in line with decarbonization process in the E.U. and following also the sharp decrease of the natural gas prices, a number of new gas fired projects start coming out in the market creating a new round of opportunities.

Management is confident that the new structure and strategic direction of EPC BU (ex METKA) will soon start delivering, as it has always done, starting possible with the rest of 2020.

### **2.4. RSD Business Unit**

The Renewable and Storage Development (RSD) Business Unit made a separate Business Unit in January 2020, following the completion of the full acquisition of the subsidiary METKA EGN. That was a major step towards the strategic focus of the Company in the global Solar and Storage market.

As installed Solar PV capacity globally is expected to significantly grow in the years to come , Mytilineos with solid capabilities across the Solar projects lifecycle coupled with the required liquidity is well positioned to capitalize in this growing market for both third party construction as well as through its own solar development platform (BOT).

In terms of operations for the 1<sup>st</sup> quarter of 2020, the execution of the projects of RSD continued uninterrupted in countries like Spain, UK, Chile and Kazakhstan.

Moreover, in the 1<sup>st</sup> quarter of 2020, the RSD BU concluded its first solar development project sale, a group of operational solar power parks in Northern & Central Greece totaling 47MW for a total consideration of €45.8m. Said transaction is the first out of a total pipeline of 600MW in Solar projects to be developed, constructed and disposed within the next 18-24 months.

The RSD's current signed backlog of 3<sup>rd</sup> party EPC projects amounts to €155m, with another €160m in the final phases of contracting.

### 3. Coronavirus Update

#### 3.1. Operational measures

In mid-March, MYTILINEOS introduced stringent measures to mitigate the potential threat from coronavirus, setting priorities for employee safety and enhancement of its own operations.

- We have set up a dedicated team, reporting to senior management, to take responsibility for assessing and managing the potential impact of Covid-19.
- We are monitoring local Governmental and World Health Organization advice
- We established and maintain clear internal and external protocols for regular and emergency communication with employees and other key stakeholders.
- We have developed a business continuity plan which is in full force and have implemented the following measures:
  - We have introduced and applied policies limiting or prohibiting business travel
  - Applied remote-working solutions to all staff, where applicable and have switched to videoconferencing for all meetings
  - Introduced policies for staff self-isolation
  - Have provided staff with all the necessary health and safety equipment
  - Issued a proper resource planning for staff who perform business-critical functions
  - Have made special arrangements for high risk employees
  - We have made sure that staff from high-risk areas are safely re-patriated

#### **As of today**

##### **1. As of today, all our production facilities, including:**

- **mines**
- **refineries**
- **smelter**
- **Generation units**
- **Recycling plant**
- **Metal fabrication plant**

are fully operational

2. More than 90% of our office employees are working remotely without any interruption or any major issues regarding our internal services and procedures
3. Inbound and outbound travelling has been reduced almost to zero
4. But we manage to stay fully operational both internally and with our clients, major suppliers and partners all around the world, having almost 800 video conferences and calls per day
5. We have no major issues regarding the receipt of basic raw materials (such as Bauxite, Caustic Soda and Black Raw Materials) or natural gas and electricity in our production facilities
6. We haven't experienced any issues regarding our supply chain and the delivery of our products to our end customers in Greece and abroad
7. We haven't experienced any major delays regarding customer receivables
8. Our cash at hand and total available liquidity remain very strong
9. Our cost optimization and cash flow actions are expected to create a significant safety net against the impact of the COVID-19 pandemic in 2020 and forward

### 3.2. Financial highlights

To ringfence its competitiveness and operational efficiency against the impact of Covid-19 pandemic, the Company has proceeded with the following actions, while remaining on high alert to re-evaluate further measures as necessary:

- **P&L and Cash Flow:**

- 1) While we take the maximum benefit of the collapse in Raw materials and natural gas prices, we are also working on several other actions to offset the headwinds of 2020.
- 2) In addition to the €35m. recurring benefit of program "Hephaestus", we are assessing another €35m of cost optimization initiatives across all the functions of MYTILINEOS units. A fair portion of this €70m. is expected to fall in 2020 and the rest in 2021.
- 3) While almost 70% of our investment program is going ahead, the rest 30% is being put on hold waiting for more clarity regarding the effect of the COVID-19 pandemic.

- **Liquidity and credit position:**

All the above-mentioned P&L and Cash Flow enhancing initiatives, top up our comfortable credit maturity profile, no major maturities until 2022, and a strong current liquidity position of c. €1.5bn

Given the challenges and uncertainty related to the COVID-19 pandemic, MYTILINEOS is taking prudent steps to preserve liquidity, and optionality, on how to best deploy capital to ensure it delivers on organic growth while also driving shareholder value.

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**MYTILINEOS S.A.**

MYTILINEOS S.A. is a leading Greek industry active in Metallurgy, Power & Gas, EPC & Infrastructure and Renewable and Sustainable Development. Established in Greece in 1990, the company is listed on the Athens Exchange, has a consolidated turnover of €2.3 billion and employs directly or indirectly more than 3,380 people in Greece and abroad.

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