

**VIOHALCO**

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**2019 FIRST HALF-YEAR  
FINANCIAL RESULTS**

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**REGULATED INFORMATION  
INSIDE INFORMATION**

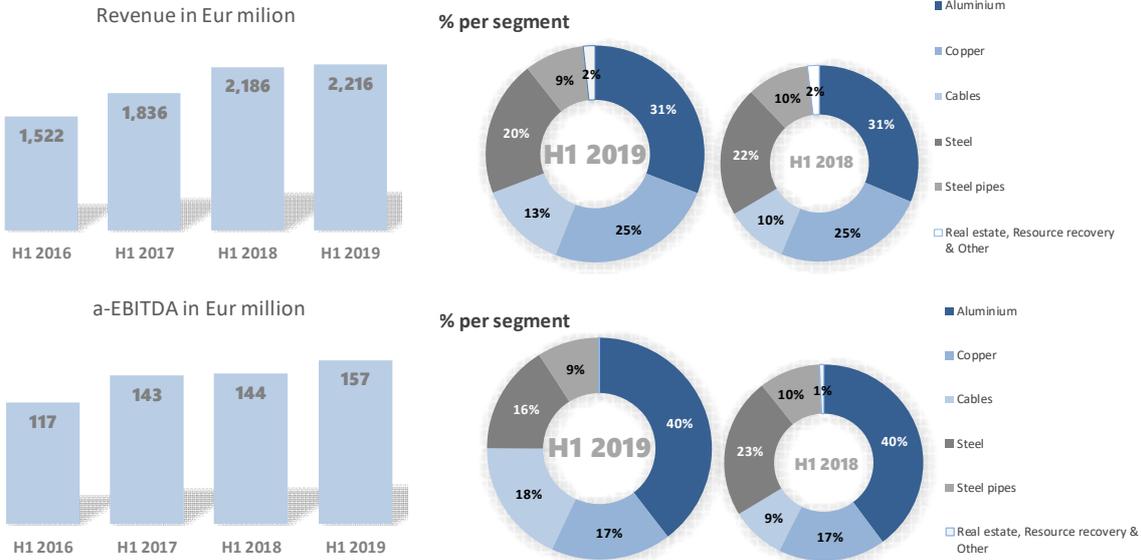
**FINANCIAL RESULTS FOR THE FIRST HALF YEAR 2019**

Brussels, 26 September 2019 - Viohalco S.A. (Euronext Brussels: VIO, Athens Stock Exchange: BIO), hereafter “Viohalco” or “the Company”, today announces its financial results for the first half year of 2019.

**Improved operating profitability**

**H1 2019 highlights**

- **Consolidated revenue** up 1% to EUR 2,216 million (H1 2018: EUR 2,186 million);
- **Consolidated adjusted EBITDA (a-EBITDA)** up 9% to EUR 157 million (H1 2018: EUR 144 million), with consolidated EBITDA, which includes the effect of metal prices, at EUR 139 million (H1 2018: EUR 170 million);
- **Consolidated profit before income tax** at EUR 17 million (H1 2018: EUR 46 million).



**Overview**

The first half year of 2019 was characterised by a combination of positive developments in several of Viohalco business segments, and challenges presented by a volatile global economy and metal price fluctuations.

In the aluminium segment, the companies took full advantage of the rising global demand, driven by the metal’s strong sustainability, to increase sales volumes in fast-growing markets and products. In the copper segment, the downturn in the automotive industry had a significant impact on demand, especially for rolled products. Despite this trend, the companies managed to increase both market share and sales volume, leveraging their leadership in the copper tubes market and their increased production capacity. Meanwhile, performance in the steel segment reflected the ongoing political and economic turbulence and rising trade protectionism which had a negative impact on demand levels and metal prices. The steel pipes segment performed well throughout H1 2019. Following the award of significant projects, the cables segment reported a significant increase in revenue and profitability, driven primarily by high utilisation levels across all production units in the period. The real estate segment also witnessed a positive first half year, with the performance of key retail and hospitality assets exceeding expectations in terms of both rental income and footfall.

Looking ahead to the second half of the year, global economic conditions are expected to remain challenging. However, all Viohalco segments are well positioned to take advantage of the opportunities arising in their respective markets. Across the Viohalco companies, focus will be firmly on strengthening market positions

through ongoing investment programmes, technological innovation and continuous operational efficiency improvements.

## Financial overview

### Summary consolidated statement of profit or loss

<i>Amounts in EUR thousands</i>	<b>H1 2019</b>	<b>H1 2018</b>
<b>Revenue</b>	<b>2,216,242</b>	<b>2,185,828</b>
Gross profit	<b>176,543</b>	<b>191,439</b>
<b>EBITDA*</b>	<b>138,637</b>	<b>169,794</b>
<b>a-EBITDA*</b>	<b>157,167</b>	<b>144,246</b>
<b>EBIT*</b>	<b>68,743</b>	<b>100,972</b>
a-EBIT*	<b>87,274</b>	<b>75,423</b>
Net finance cost	<b>-51,063</b>	<b>-54,742</b>
<b>Profit before tax</b>	<b>17,282</b>	<b>45,947</b>
Profit for the period	<b>3,761</b>	<b>40,214</b>
Profit / Loss (-) attributable to owners of the Company	<b>462</b>	<b>37,688</b>

*\*APM definitions have been slightly changed compared to 31/12/2018. For further details refer to Appendix.*

**Viohalco's consolidated revenue** for H1 2019 increased by 1% year-on-year to EUR 2,216 million (H1 2018: EUR 2,186 million). This trend was driven by increased volumes in the aluminium rolling division, cables and copper segments, which offset low demand for steel and lithographic products. During the period, metal prices declined; specifically, the average price of aluminum decreased by 11.4%, copper by 4.5% and zinc by 10.4% compared to the same period last year.

**Consolidated a-EBITDA** increased by 9% to EUR 157 million in H1 2019 (H1 2018: EUR 144 million).

**Net finance cost** decreased to EUR 51 million (H1 2018: EUR 55 million), mainly due to credit spread reductions implemented gradually across all Viohalco companies during the last two years.

Viohalco's **consolidated profit before income tax** for the period was EUR 17 million, compared to EUR 46 million in H1 2018, affected by the metal prices and the global slowdown in the steel industry.

### Summary consolidated statement of financial position

<i>Amounts in EUR thousands</i>	<b>30/6/2019</b>	<b>31/12/2018</b>
Fixed & intangible assets	2,060,070	1,989,868
Other non-current assets	72,200	67,224
<b>Non-current assets</b>	<b>2,132,271</b>	<b>2,057,092</b>
Inventory	1,094,174	1,142,309
Trade and other receivables ( <i>inc. contract assets</i> )	712,726	668,633
Cash and cash equivalents	154,160	163,676
Other current assets	12,704	13,976
<b>Current assets</b>	<b>1,973,763</b>	<b>1,988,594</b>
<b>Total assets</b>	<b>4,106,034</b>	<b>4,045,685</b>
<b>Equity</b>	<b>1,320,398</b>	<b>1,304,624</b>
Loans and borrowings	827,397	896,806
Other non-current liabilities	166,264	172,160
<b>Non-current liabilities</b>	<b>993,661</b>	<b>1,068,965</b>

Loans and borrowings	985,374	902,555
Trade and other payables ( <i>inc. contract liabilities</i> )	770,250	739,391
Other current liabilities	36,352	30,150
<b>Current liabilities</b>	<b>1,791,976</b>	<b>1,672,096</b>
<b>Total equity and liabilities</b>	<b>4,106,034</b>	<b>4,045,685</b>

**Capital expenditure** for the period amounted to EUR 123 million (H1 2018: EUR 77 million), largely driven by investment in the new four-stand tandem aluminium hot finishing mill, while **depreciation and amortization** for the period reached EUR 71 million.

**Working capital** decreased by 4% compared to year-end 2018, mainly as the result of lower inventory levels and metal prices.

Viohalco companies' **net debt** increased to EUR 1,659 million (2018: EUR 1,636 million), mainly due to recognition of lease liabilities upon adoption of IFRS 16 – Leases.

### Performance by business segment

Amounts in EUR thousands	Revenue		EBITDA		a-EBITDA		EBIT		EBT	
	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018
<b>Segments</b>										
<b>Aluminium</b>	683,658	685,304	58,479	66,362	62,309	57,551	32,961	37,444	24,270	26,431
<b>Copper</b>	554,939	544,860	22,786	31,340	27,191	25,140	15,317	25,456	7,137	15,711
<b>Cables</b>	294,241	222,202	25,720	10,709	28,466	12,936	17,838	3,894	6,325	-8,140
<b>Steel</b>	449,232	469,815	17,821	46,308	25,239	33,320	-1,849	27,727	-16,260	11,930
<b>Steel pipes</b>	195,458	220,968	13,643	14,274	13,788	14,274	8,596	9,556	2,265	4,946
<b>Real estate</b>	4,248	3,835	2,885	2,212	2,885	2,212	673	68	-628	-648
<b>Resource recovery</b>	23,931	28,567	651	2,057	648	2,052	-771	685	-1,782	-430
<b>Other activities</b>	10,536	10,277	-3,350	-3,468	-3,359	-3,240	-4,023	-3,859	-4,045	-3,853
<b>Total</b>	<b>2,216,242</b>	<b>2,185,828</b>	<b>138,637</b>	<b>169,794</b>	<b>157,167</b>	<b>144,246</b>	<b>68,743</b>	<b>100,972</b>	<b>17,282</b>	<b>45,947</b>

### Performance by business segment

#### Aluminium

During H1 2019, the aluminium market witnessed stronger growth in packaging applications, while slowing automotive build rates adversely affected demand for aluminium flat rolled. Viohalco aluminium companies took advantage of favourable international market conditions by selectively increasing sales in most attractive products and markets. In H1 2019, **revenue** for the aluminium segment stood at EUR 684 million versus EUR 685 million in H1 2018, mainly as a result of lower metal prices and lower sales volumes in the lithographic segment. **Profit before tax** amounted to EUR 24.3 million (H1 2018: EUR 26.4 million), due to a metal loss of EUR 3.9 million incurred in H1 2019 versus a metal profit of EUR 8.8 million in H1 2018.

The Greek aluminium rolling division's (Elval) focus on delivering value-added product solutions, enabled it to further strengthen its position in the global aluminium industry and increase sales volumes by 4% to 159,000 tonnes. The segment's customer-centric approach broadened its existing customer base across all geographical regions, while further strengthening longstanding relationships with blue-chip customers in the packaging,

transportation and industrial sectors. Additionally, the companies in the segment entered into new high-potential markets, aiming to drive new business and maximize sales potential. The segment's technical capabilities are expected to further advance following the commissioning of the Elval's new four-stand tandem hot finishing mill which is expected to be fully operational in Q2 2020. This investment, which forms part of the EUR 150 million investment programme, will more than double the hot rolling capacity at the Oinofyta facility, allowing the rolling division of the aluminium segment to meet the rising demand.

Regarding Bridgnorth Aluminium in the UK, market conditions were challenging for the company's key end-user customers in the lithographic segment, due to general economic conditions and pressure from Chinese competition, which adversely affected volumes compared to the previous year. In addition the company is exposed to risks associated with Brexit, and suffered some volume declines as a result.

There were a number of strategic developments in the extrusion unit of the aluminium segment. In the automotive sector, Etem concluded the spin-off of its extrusion and 'post-operations' businesses, and formed a joint venture with Gestamp for the production of extruded aluminium profiles. The extrusion business was subsequently selected for projects related to the production of battery boxes for electrical cars. In the architectural sector, Etem Greece significantly outperformed the market, thanks to its well-established distribution channels, while sales in Bulgaria remained stable. Finally, in Etem's industrial sector, where sales were broadly stable despite intense competition, Etem focused on improving delivery standards and special requirements.

Looking ahead, a key focus for the segment will be the continued evolution aimed at meeting fast-changing customer preferences, as the aluminium market becomes more oriented towards innovative, safe, durable, lightweight and sustainable material options.

## Copper

**Revenue** in the copper segment amounted to EUR 555 million in H1 2019 versus EUR 545 million in H1 2018. Sales volumes grew by 3.4% year-on-year to 90,000 tonnes, owing primarily to the improved performance of flat rolled products and copper tubes, following the increase in annual production capacity (by 5,000 tonnes) at the Oinofyta plant.

Meanwhile, the downward trend of the copper prices resulted in a metal loss of EUR 4.5 million for the first six months of 2019, compared to a positive metal effect of EUR 6.1 million in the prior year period. As a result, **profit before tax** amounted to EUR 7.1 million (H1 2018: EUR 15.7 million).

Following the successful renegotiation of loan facilities across all companies, both in Greece and Bulgaria, financial expenses in the period were EUR 7.2 million, a year-on-year improvement of 18.2%, resulting in a reduction in the effective interest rate and an extension in the maturity of the loans.

Halcor's investment in the copper tubes mill was successfully completed at the end of 2018, increasing overall annual production capacity by 5,000 tonnes, while Sofia Med's development of a hot dip tinning line for strips broadened access to new products and markets with higher demand and value.

In H2 2019, market conditions are expected to be mixed. While demand for copper tubes is expected to slow, the copper tubes mill is operating near full capacity and is expected to continue to do so as the mill serves high-growth customers. Demand for copper and copper alloy rolled products is expected to remain weak during the remainder of the year and therefore the growth rate of sales of Sofia Med is likely to slow. Finally, efforts in the copper segment will be focused on driving continuous improvements in quality, expanding the segment's product offering and investing in value-added products.

## Steel

In H1 2019, slowing global economic growth and rising trade protectionism have had a negative impact on international trade and consequently on the growth of the European steel industry. The growth deceleration was particularly evident in the automotive sector, which witnessed a decline in demand, lower investment growth and weakening business confidence. As a result, the steel segment reported **revenue** of EUR 449 million, versus EUR 470 million in H1 2018.

In the first six months of 2019, the steel segment recorded an increase in sales volumes, mainly rebars, in the Greek, Romanian and West Balkans markets, while sales volumes of SBQs and plates declined, as a result of deteriorating business conditions in the manufacturing industry in general, and in the automotive industry in particular. Additionally, the reduction of international spreads, coupled with increases in materials and energy prices (electrodes, electricity, natural gas, ferroalloys, refractories), made sales in spot markets of the East Mediterranean Region challenging. EU trade protection measures in the form of quotas have only partly succeeded in mitigating this impact in EU markets. These combined factors resulted in a **loss before tax** of EUR 16.3 million, compared to a profit before tax of EUR 11.9 in H1 2018.

During the period, Stomana Industry successfully completed the installation of a new quenching and tempering line aimed at increasing capacity and facilitating the production of a variety of special steels used in the forging, machining and hydraulic cylinder industrial sectors. These sectors manufacture parts for mechanical, agricultural, automotive and other engineering applications.

Looking ahead to H2 2019, while global economic conditions remain challenging for the steel industry, new EU quotas implemented in July 2019 are a positive development. In line with its strategy aimed at achieving operational excellence, Viohalco's steel segment will be focused on implementing cost optimization and sustainability initiatives during the second half of the year.

## Steel pipes

**Revenue** for the steel pipes segment amounted to EUR 195 million in H1 2019 (2018: EUR 221 million). **Profit before tax** in the period was EUR 2.3 million, compared to EUR 4.9 million in H1 2018, mainly attributable to an increase in net finance costs of EUR 1.7 million.

In H1 2019, Corinth Pipeworks progressed the execution of its first deep-sea offshore pipes project ('Karish'). This is a strategic project in the Southeastern Mediterranean at a depth of 1,750m and a highly demanding project that only a handful of companies worldwide could deliver.

The steel pipes segment continues to demonstrate a competitive advantage in the delivery of offshore projects. Testament to this is the fact that Corinth Pipeworks has been selected to manufacture and supply steel pipes for a number of projects, such as the Midia gas offshore pipeline in the Black Sea, Romania. This project includes anti-corrosion and concrete weight coating to be applied at the same location as pipe manufacturing. Furthermore, Snam S.p.A., Europe's leading gas utility, awarded 150km of onshore gas pipeline to Corinth Pipeworks through their Frame Agreement.

Throughout H1 2019, a number of other offshore projects in the North Sea region and the USA were successfully executed, along with large-scale onshore projects in more established markets across Europe and the USA.

Looking ahead, despite a volatile global economic environment and the challenges posed by tariffs and antidumping duties implemented by the USA, Corinth Pipeworks maintains a positive outlook for the second half of 2019. The company is confident in its ability to leverage both its geographical and product diversification, with major projects expected in the North and Baltic Sea, as well as in the USA.

## Cables

Performance in the cables segment was driven primarily by high utilization levels across all production units in the period, resulting in an increase of 32% in **revenue** to EUR 294 million (H1 2018: EUR 222 million) and **profit before tax** to EUR 6.3 million versus losses before tax of EUR 8.1 million in H1 2018.

Sales volumes in the cables segment were up 6% compared to H1 2018, with an improved sales mix owing to solid demand for cables products in the Balkans, Middle East and Nordic countries. This helped to partly offset the slight lag in German and Central European markets.

In H1 2019, the company achieved notable progress across its project pipeline. Production commenced relating to several projects awarded in 2018 and installation of the submarine cables for the Modular Offshore Grid ('MOG') project in the North Sea (Belgium) was successfully completed. Furthermore, the company finished installing the submarine cable interconnection of Kafireas wind park in Evia (Greece) with the national power network.

Also in the period, production of the first 400kV submarine extra-high voltage cable in Greece for the expansion of the 400kV cable system in the Peloponnese was concluded (installation took place during August 2019 in Rio-Antirrio).

Investment in the cables segment amounted to EUR 21.4 million in H1 2019. This is largely attributable to the expansion and upgrade of the Fulgor plant aimed at meeting rising demand levels. Selected investments have also been made focused on generating productivity improvements across all plants in the cables segment.

Looking ahead, despite volatility in the wider global economic environment, the overall outlook for the cables segment remains strong. Signs of recovery are observed in the low and medium voltage cables markets in Western Europe, which were previously constrained by competitive challenges. For the companies in the segment there is significant potential to expand into new markets and high growth potential in the offshore cables sector. Furthermore, due to high levels of demand for cables products, there is currently a considerable backlog of orders and so plants are expected remain at full capacity during the remainder of 2019.

#### **Real estate**

**Revenue** in the real estate segment amounted to EUR 4.2 million in H1 2019, compared to EUR 3.8 million in H1 2018, due to new leases and rental adjustments. **Loss before tax** remained at EUR 0.6 million, mainly due to increased financial costs.

Throughout H1 2019, the River West | IKEA shopping centre and Mare West retail park, together with the Wyndham Grand Athens and K29 hotels, continued to exceed expectations. Furthermore, construction of a Leadership in Energy and Environmental Design ('LEED') certified office building, "The Butterfly", was completed in early 2019. Occupancy of The Butterfly is currently at 100%.

Looking ahead, the real estate segment will focus on driving growth in rental income and footfall at River West | IKEA and Mare West. This will be achieved through the launch of new marketing and communication strategies, River West's expansion plans, and the construction of a 7,000 sqm athleisure park at Mare West; construction works at each of these retail sites are underway. The construction of a 23,000 sqm retail building, on a plot of land adjacent to River West which has been acquired on a long-term lease, also recently commenced, while completion of another LEED-certified office complex ("The Orbit") is expected by the end of 2019.

The real estate segment continues to explore additional development options and potential acquisition opportunities. The establishment of “Noval Property REIC”, which obtained a license from the Hellenic Capital Market Commission to operate as a Real Estate Investment Company and an internally managed Alternative Investment Fund in November 2018, is expected in Q4 2019.

### Resource recovery segment

**Revenue** in the resource recovery segment (formerly called recycling segment) decreased by 16% year-on-year, while the **result before tax** amounted to a loss of EUR 1.8 million, compared to a loss of EUR 0.4 million in H1 2018. This is primarily due to weaker revenue generation. Furthermore, protectionist trade policies adopted by China and Serbia last year, continued to have a negative impact in both non-ferrous and ferrous scrap trading during the first half of 2019, while road aggregates maintained volume levels. Profitability was supported by one-off contracts in both hazardous waste and end-of-life cables.

Mindful of the challenging market environment and the reduced revenue generation in the period, during the second half of 2019, the resource recovery segment will implement a series of restructuring initiatives. These initiatives are expected to increase competitiveness by simplifying the segment’s organizational structure and decrease administrative costs.

### Other activities

Other activities mainly encompass expenses incurred by the parent (holding) company, along with the results of companies which operate in the Technology and R&D segment and in ceramic trade activities (Vitruvit). **Loss before income tax** amounted to EUR 4 million, slightly higher compared to loss EUR 3.9 million in H1 2018.

### Outlook

Despite volatile market conditions resulting in a mixed overall performance in H1 2019, a number of positive strategic developments were successfully achieved across all of Viohalco’s segments.

In H2 2019, the Viohalco companies will further strengthen their competitive positioning, while maintaining a customer centric culture and further enhance longstanding relationships with blue-chip customers. Meanwhile, the operational efficiency of the companies is expected to improve through ongoing investment in production facilities and new product development.

While Viohalco expects the external environment to remain challenging in the second half of the year, the Company is confident in its subsidiaries ability to leverage both their far-reaching geographical footprint and diversified product offering to positively drive performance across all segments.

### Statement of the Auditor

The condensed consolidated interim financial statements for the six-month period ended 30 June 2019 attached to this press release have been subject to a review by the statutory auditor.

### Financial Calendar

Date	Publication / Event
Financial Results 2019 press release	March 19, 2020
Ordinary General Meeting 2020	May 26, 2020
Financial results first half-year 2020	September 24, 2020

The Annual Financial Report for the period 1 January 2019 – 31 December 2019 will be published on 24 April 2020 and will be posted on the Company’s website, [www.viohalco.com](http://www.viohalco.com), on the Euronext Brussels Exchange website [www.euronext.com](http://www.euronext.com), as well as on the Athens Stock Exchange website [www.helex.gr](http://www.helex.gr).

### **About Viohalco**

*Viohalco is the Belgium based holding company of a number of leading metal processing companies in Europe. It is listed on Euronext Brussels (VIO) and the Athens Stock Exchange (BIO). Viohalco’s subsidiaries specialise in the manufacture of aluminium, copper, cables, steel and steel pipes products, and are committed to the sustainable development of quality, innovative and value added products and solutions for a dynamic global client base. With production facilities in Greece, Bulgaria, Romania, Russia, North Macedonia, Turkey, the Netherlands and the United Kingdom, Viohalco companies collectively generate a consolidated annual revenue of EUR 4.4 billion. Viohalco’s portfolio includes a dedicated technology and R&D segment, as well as resource recovery services. In addition, Viohalco and its companies own real estate investment properties, mainly in Greece, which generate additional income through their commercial development.*

*For more information, please visit our website at [www.viohalco.com](http://www.viohalco.com).*

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## Appendix A – Consolidated statement of profit or loss

<i>Amounts in EUR thousands</i>	For the six months ended 30 June	
	2019	2018
<b>Revenue</b>	<b>2,216,242</b>	<b>2,185,828</b>
Cost of sales	-2,039,698	-1,994,389
<b>Gross profit</b>	<b>176,543</b>	<b>191,439</b>
Selling and distribution expenses	-39,532	-35,704
Administrative expenses	-65,479	-59,817
Impairment loss on receivables and contract assets	-606	-1,838
Other income / expenses	-2,576	6,735
<b>Operating result</b>	<b>68,350</b>	<b>100,815</b>
Net finance cost	-51,063	-54,742
Share of profit/loss (-) of equity-accounted investees	-5	-127
<b>Profit before tax</b>	<b>17,282</b>	<b>45,947</b>
Income tax	-13,521	-5,732
<b>Profit for the period</b>	<b>3,761</b>	<b>40,214</b>
<b>Profit/Loss (-) attributable to:</b>		
Owners of the Company	462	37,688
Non-controlling interest	3,299	2,526
	<b>3,761</b>	<b>40,214</b>
<b>Earnings per share (EUR per share)</b>		
Basic and diluted	0,002	0,145

## Appendix B – Consolidated statement of financial position

<i>Amounts in EUR thousands</i>	As at	
	30 June 2019	31 December 2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,793,404	1,783,812
Right of use assets	54,196	-
Intangible assets and goodwill	31,833	32,346
Investment property	180,638	173,710
Equity - accounted investees	39,640	32,066
Other investments	6,459	8,539
Derivatives	21	3
Trade and other receivables	7,057	6,315
Contract costs	-	108
Deferred tax assets	19,024	20,193
	<b>2,132,271</b>	<b>2,057,092</b>
<b>Current assets</b>		
Inventories	1,094,174	1,142,309
Trade and other receivables	540,070	551,205
Contract assets	172,656	117,428
Contract costs	721	1,872
Derivatives	5,237	7,009
Assets held for sale	5,447	4,223
Income tax receivables	1,299	872
Cash and cash equivalents	154,160	163,676
	<b>1,973,763</b>	<b>1,988,594</b>
<b>Total assets</b>	<b>4,106,034</b>	<b>4,045,685</b>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	141,894	141,894
Share premium	457,571	457,571
Translation reserve	-25,910	-26,227
Other reserves	412,557	404,370
Retained earnings	193,966	196,142
	<b>1,180,077</b>	<b>1,173,749</b>
Non-controlling interest	140,321	130,875
<b>Total equity</b>	<b>1,320,398</b>	<b>1,304,624</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	779,713	874,802
Lease liabilities	47,684	22,004
Derivatives	164	101
Employee benefits	32,331	31,624
Grants	37,418	39,618
Provisions	3,936	4,071
Trade and other payables	4,750	8,324
Contract liabilities	15	19
Deferred tax liabilities	87,650	88,402
	<b>993,661</b>	<b>1,068,965</b>
<b>Current liabilities</b>		
Loans and borrowings	974,446	899,468
Lease liabilities	10,928	3,087
Trade and other payables	702,403	661,544
Contract liabilities	67,846	77,847
Current tax liabilities	27,659	16,115
Derivatives	8,118	13,498
Provisions	575	538
	<b>1,791,976</b>	<b>1,672,096</b>
<b>Total liabilities</b>	<b>2,785,636</b>	<b>2,741,062</b>
<b>Total equity and liabilities</b>	<b>4,106,034</b>	<b>4,045,685</b>

## Appendix C – Alternative Performance Measures (APMs)

### Introduction

Viohalco management has adopted, monitors and reports internally and externally P&L alternative performance measures ('APMs'), namely EBITDA, EBIT, adjusted EBITDA (a-EBITDA) and adjusted EBIT (a-EBIT) on the basis that they are appropriate measures reflecting the underlying performance of the business. These APMs are also key performance metrics on which Viohalco prepares, monitors and assesses its annual budgets and long-range (5 year) plans. However, it must be noted that adjusted items should not be considered as non-operating or non-recurring.

Relating to balance sheet items, Viohalco management monitors and reports the net debt measure.

### General Definitions

APM definitions have been slightly changed, compared to those applied as at 31 December 2018. The changes are minor and have been made in order to simplify the definitions, align the calculations of EBIT/EBITDA and a-EBIT/a-EBITDA, and assist in reflecting business performance more accurately. Comparatives have been restated.

The changes are the following:

- The calculation of a-EBIT and a-EBITDA excludes net finance cost, instead of net interest cost, in order to be aligned with the calculation of EBIT and EBITDA. For the same reason, share of profit of associates is excluded from a-EBIT and a-EBITDA;
- Inclusion of Associates' EBIT and EBITDA, due to the fact that in most cases, the supply chain of associates is closely linked with Viohalco companies.
- Adjustment "unrealized gains/losses on derivatives and on foreign exchange differences" has been removed from the calculation of a-EBIT and a-EBITDA, since it was concluded that these amount are connected with the business performance of Viohalco companies.

The current definitions of APMs are as follows:

#### **EBIT**

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**EBIT** is defined as profit for the period before:

- income taxes,
- Share of profit/loss of equity-accounted investees, net of tax
- net finance cost

**as adjusted to include:**

- EBIT of associates

#### **a-EBIT**

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**a-EBIT** is defined as EBIT, excluding :

- metal price lag,
- impairment / reversal of impairment of fixed and intangible assets
- impairment / reversal of impairment of investments
- gains/losses from sales of fixed assets, intangible assets and investments,
- exceptional litigation fees and fines,
- other exceptional or unusual items

## **EBITDA**

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**EBITDA** is defined as profit for the period before:

- income taxes,
- Share of profit/loss of equity-accounted investees, net of tax
- net finance cost,
- depreciation and amortization

**as adjusted to include:**

- EBITDA of associates

## **a-EBITDA**

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**a-EBITDA** is defined as EBITDA excluding the same line items as a-EBIT.

Detailed reconciliation between APMs as published in H1 2018 and comparatives of this press release, is presented in the Reconciliation tables' section.

## **Net Debt**

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**Net Debt** is defined as the total of:

- Long term borrowings,
- Short term borrowings,

Less:

Cash and cash equivalents.

## **Metal Price Lag**

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**Metal price lag** is the P&L effect resulting from fluctuations in the market prices of the underlying commodity metals (ferrous and non-ferrous) which Viohalco's subsidiaries use as raw materials in their end-product production processes.

**Metal price lag exists due to:**

- (i) the period of time between the pricing of purchases of metal, holding and processing the metal, and the pricing of the sale of finished inventory to customers,
- (ii) the effect of the inventory opening balance (which in turn is affected by metal prices of previous periods) on the amount reported as cost of sales, due to the costing method used (e.g. weighted average),and
- (iii) certain customer contracts containing fixed forward price commitments which result in exposure to changes in metal prices for the period of time between when our sales price fixes and the sale actually occurs.

Most of **Viohalco's** subsidiaries use back to back matching of purchases and sales, or derivative instruments in order to minimize the effect of the Metal Price Lag on their results. However, there will be always some impact (positive or negative) in the P&L, since inventory in the non-ferrous segments (i.e. aluminum, copper and

cables) is treated as being held on a permanent basis (minimum operating stock), and not hedged, in the ferrous segments (i.e. steel and steel pipes), no commodities hedging occurs.

## Reconciliation Tables

### EBIT and EBITDA

<i>Amounts in EUR thousands</i>	Aluminium	Copper	Cables	Steel	H1 2019				Total
					Steel pipes	Real Estate	Resource recovery	Other activities	
<b>EBT (as reported in Statement of Profit or Loss)</b>	<b>24,270</b>	<b>7,137</b>	<b>6,325</b>	<b>-16,260</b>	<b>2,265</b>	<b>-628</b>	<b>-1,782</b>	<b>-4,045</b>	<b>17,282</b>
<b>Adjustments for:</b>									
Share of profit/loss (-) of Associates	-366	98	-	578	-305	-	-	-	5
Share of Associates' EBIT	491	91	-	-576	388	-	-	-	393
Net Finance Cost	8,567	7,991	11,513	14,409	6,248	1,302	1,011	22	51,063
<b>EBIT</b>	<b>32,961</b>	<b>15,317</b>	<b>17,838</b>	<b>-1,849</b>	<b>8,596</b>	<b>673</b>	<b>-771</b>	<b>-4,023</b>	<b>68,743</b>
<b>Add back:</b>									
Depreciation & Amortization	25,457	7,096	7,882	19,404	4,963	2,212	1,422	673	69,110
Share of Associates' Depreciation	61	373	-	266	84	-	-	-	784
<b>EBITDA</b>	<b>58,479</b>	<b>22,786</b>	<b>25,720</b>	<b>17,821</b>	<b>13,643</b>	<b>2,885</b>	<b>651</b>	<b>-3,350</b>	<b>138,637</b>

<i>Amounts in EUR thousands</i>	Aluminium	Copper	Cables	Steel	H1 2018				Total
					Steel pipes	Real Estate	Resource recovery	Other activities	
<b>EBT (as reported in Statement of Profit or Loss)</b>	<b>26,431</b>	<b>15,711</b>	<b>-8,140</b>	<b>11,930</b>	<b>4,946</b>	<b>-648</b>	<b>-430</b>	<b>-3,853</b>	<b>45,947</b>
<b>Adjustments for:</b>									
Share of profit/loss (-) of Associates	-161	-1	-	503	-214	-	-	-	127
Share of Associates' EBIT	230	-6	-	-342	274	-	-	-	156
Net Finance Cost	10,944	9,752	12,034	15,636	4,550	716	1,115	-6	54,742
<b>EBIT</b>	<b>37,444</b>	<b>25,456</b>	<b>3,894</b>	<b>27,727</b>	<b>9,556</b>	<b>68</b>	<b>685</b>	<b>-3,859</b>	<b>100,972</b>
<b>Add back:</b>									
Depreciation & Amortization	28,908	5,860	6,815	18,367	4,626	2,144	1,371	391	68,482
Share of Associates' Depreciation	10	24	-	215	92	-	-	-	341
<b>EBITDA</b>	<b>66,362</b>	<b>31,340</b>	<b>10,709</b>	<b>46,308</b>	<b>14,274</b>	<b>2,212</b>	<b>2,057</b>	<b>-3,468</b>	<b>169,794</b>

H1 2018 EBIT Restatement Reconciliation									
<i>Amounts in EUR thousands</i>	Aluminium	Copper	Cables	Steel	Steel pipes	Real estate	Resource recovery	Other activities	Total
<b>As reported 30.06.2018</b>	<b>37,214</b>	<b>25,462</b>	<b>3,894</b>	<b>28,069</b>	<b>9,283</b>	<b>68</b>	<b>685</b>	<b>-3,859</b>	<b>100,815</b>
<b>Adjustments for:</b>									
EBIT of Associates	230	-6	-	-342	274	-	-	-	156
<b>Restated figure 30.06.2018</b>	<b>37,444</b>	<b>25,456</b>	<b>3,894</b>	<b>27,727</b>	<b>9,556</b>	<b>68</b>	<b>685</b>	<b>-3,859</b>	<b>100,972</b>

H1 2018 EBITDA Restatement Reconciliation									
<i>Amounts in EUR thousands</i>	Aluminium	Copper	Cables	Steel	Steel pipes	Real estate	Resource recovery	Other activities	Total
<b>As reported 30.06.2018</b>	<b>66,122</b>	<b>31,322</b>	<b>10,709</b>	<b>46,436</b>	<b>13,908</b>	<b>2,212</b>	<b>2,057</b>	<b>-3,468</b>	<b>169,297</b>
<b>Adjustments for:</b>									
EBITDA of Associates	241	18	-	-127	365	-	-	-	497
<b>Restated figure 30.06.2018</b>	<b>66,362</b>	<b>31,340</b>	<b>10,709</b>	<b>46,308</b>	<b>14,274</b>	<b>2,212</b>	<b>2,057</b>	<b>-3,468</b>	<b>169,794</b>

**a-EBIT and a-EBITDA**

<i>Amounts in EUR thousands</i>	H1 2019								
	Aluminium	Copper	Cables	Steel	Steel pipes	Real Estate	Resource recovery	Other activities	Total
<b>EBT (as reported in Statement of Profit or Loss)</b>	<b>24,270</b>	<b>7,137</b>	<b>6,325</b>	<b>-16,260</b>	<b>2,265</b>	<b>-628</b>	<b>-1,782</b>	<b>-4,045</b>	<b>17,282</b>
<b>Adjustments for:</b>									
Net finance cost	8,567	7,991	11,513	14,409	6,248	1,302	1,011	22	<b>51,063</b>
Share of Profit (-) / Loss of Associates	-366	98	-	578	-305	-	-	-	<b>5</b>
Share of Associates EBIT	491	91	-	-576	388	-	-	-	<b>393</b>
Metal price lag	3,890	4,492	2,746	7,454	-	-	-	-	<b>18,583</b>
Impairment/ Reversal of Impairment (-) on fixed assets	-2	-	-	-	-	-	-	-	<b>-2</b>
Exceptional litigation fees and fines / income (-)	29	-	-	-	139	-	-	-	<b>167</b>
Gains (-) /losses from sales of fixed assets and intangibles	-87	-87	-	-36	6	-	-3	-10	<b>-217</b>
<b>a-EBIT</b>	<b>36,791</b>	<b>19,721</b>	<b>20,584</b>	<b>5,569</b>	<b>8,741</b>	<b>673</b>	<b>-774</b>	<b>-4,033</b>	<b>87,274</b>
<b>Add back:</b>									
Depreciation & Amortization	25,457	7,096	7,882	19,404	4,963	2,212	1,422	673	<b>69,110</b>
Share of Associates' depreciation	61	373	-	266	84	-	-	-	<b>784</b>
<b>a-EBITDA</b>	<b>62,309</b>	<b>27,191</b>	<b>28,466</b>	<b>25,239</b>	<b>13,788</b>	<b>2,885</b>	<b>648</b>	<b>-3,359</b>	<b>157,167</b>

<i>Amounts in EUR thousands</i>	H1 2018								
	Aluminium	Copper	Cables	Steel	Steel pipes	Real Estate	Resource recovery	Other activities	Total
<b>EBT (as reported in Statement of Profit or Loss)</b>	<b>26,431</b>	<b>15,711</b>	<b>-8,140</b>	<b>11,930</b>	<b>4,946</b>	<b>-648</b>	<b>-430</b>	<b>-3,853</b>	<b>45,947</b>
<b>Adjustments for:</b>									
Net finance cost	10,944	9,752	12,034	15,636	4,550	716	1,115	-6	<b>54,742</b>
Share of Profit (-) / Loss of Associates	-161	-1	-	503	-214	-	-	-	<b>127</b>
Share of Associates EBIT	230	-6	-	-342	274	-	-	-	<b>156</b>
Metal price lag	-8,775	-6,136	251	-3,074	-	-	-	-	<b>-17,734</b>
Impairment/ Reversal of Impairment (-) on fixed assets	36	-	-	-	-	-	-	-	<b>36</b>
Exceptional litigation fees and fines / income (-)	110	-	-	-	-	-	-	-	<b>110</b>
Gains (-) /losses from sales of fixed assets and intangibles	-181	-64	-24	-92	-	-	-4	-4	<b>-370</b>
Out-of-court settlement	-	-	2,000	-	-	-	-	-	<b>2,000</b>
EU ETS allowances	-	-	-	-9,822	-	-	-	-	<b>-9,822</b>
Other exceptional or unusual income (-) /expenses	-	-	-	-	-	-	-1	232	<b>232</b>
<b>a-EBIT</b>	<b>28,633</b>	<b>19,256</b>	<b>6,120</b>	<b>14,739</b>	<b>9,556</b>	<b>68</b>	<b>680</b>	<b>-3,630</b>	<b>75,423</b>
<b>Add back:</b>									
Depreciation & Amortization	28,908	5,860	6,815	18,367	4,626	2,144	1,371	391	<b>68,482</b>
Share of Associates' depreciation	10	24	-	215	92	-	-	-	<b>341</b>
<b>a-EBITDA</b>	<b>57,551</b>	<b>25,140</b>	<b>12,936</b>	<b>33,320</b>	<b>14,274</b>	<b>2,212</b>	<b>2,052</b>	<b>-3,240</b>	<b>144,246</b>

H1 2018 a-EBIT Restatement Reconciliation									
<i>Amounts in EUR thousands</i>	<i>Aluminium</i>	<i>Copper</i>	<i>Cables</i>	<i>Steel</i>	<i>Steel pipes</i>	<i>Real estate</i>	<i>Resource recovery</i>	<i>Other activities</i>	<i>Total</i>
<b>As reported 30.06.2018</b>	<b>27,515</b>	<b>19,097</b>	<b>6,116</b>	<b>15,660</b>	<b>9,480</b>	<b>68</b>	<b>632</b>	<b>-3,489</b>	<b>75,078</b>
<b>Excluding:</b>									
Interest Cost (Net)	-10,576	-9,639	-11,451	-15,755	-4,917	-716	-1,157	-134	-54,346
Share of Profit (-) / Loss of Associates	-161	-1	-	503	-214	-	-	-	127
<b>Including:</b>									
Finance cost (Net)	10,944	9,752	12,034	15,636	4,550	716	1,115	-6	54,742
EBIT of Associates	230	-6	-	-342	274	-	-	-	156
Unrealized gains (-) / losses on foreign currency balances and derivatives (fx and commodity)	681	53	-578	-963	383	-	91	-1	-334
<b>Restated figure 30.06.2018</b>	<b>28,633</b>	<b>19,256</b>	<b>6,120</b>	<b>14,739</b>	<b>9,556</b>	<b>68</b>	<b>680</b>	<b>-3,630</b>	<b>75,423</b>

H1 2018 a-EBITDA Restatement Reconciliation									
<i>Amounts in EUR thousands</i>	<i>Aluminium</i>	<i>Copper</i>	<i>Cables</i>	<i>Steel</i>	<i>Steel pipes</i>	<i>Real estate</i>	<i>Resource recovery</i>	<i>Other activities</i>	<i>Total</i>
<b>As reported 30.06.2018</b>	<b>56,423</b>	<b>24,957</b>	<b>12,931</b>	<b>34,027</b>	<b>14,106</b>	<b>2,212</b>	<b>2,003</b>	<b>-3,099</b>	<b>143,560</b>
<b>Excluding:</b>									
Interest Cost (Net)	-10,576	-9,639	-11,451	-15,755	-4,917	-716	-1,157	-134	-54,346
Share of Profit (-) / Loss of Associates	-161	-1	-	503	-214	-	-	-	127
<b>Including:</b>									
Finance cost (Net)	10,944	9,752	12,034	15,636	4,550	716	1,115	-6	54,742
EBITDA of Associates	241	18	-	-127	365	-	-	-	497
Unrealized gains (-) / losses on foreign currency balances and derivatives (fx and commodity)	681	53	-578	-963	383	-	91	-1	-334
<b>Restated figure 30.06.2018</b>	<b>57,551</b>	<b>25,140</b>	<b>12,936</b>	<b>33,320</b>	<b>14,274</b>	<b>2,212</b>	<b>2,052</b>	<b>-3,240</b>	<b>144,246</b>

## Segmental Information

H1 2019	Aluminium	Copper	Cables	Steel	Steel pipes	Real Estate	Resource recovery	Other activities	Total
<b>Revenue</b>	<b>683,658</b>	<b>554,939</b>	<b>294,241</b>	<b>449,232</b>	<b>195,458</b>	<b>4,248</b>	<b>23,931</b>	<b>10,536</b>	<b>2,216,242</b>
<b>Gross profit</b>	66,240	34,662	29,398	20,062	15,992	1,830	5,963	2,397	<b>176,543</b>
<b>Operating profit</b>	32,471	15,226	17,838	-1,273	8,208	673	-771	-4,023	<b>68,350</b>
Net finance cost	-8,567	-7,991	-11,513	-14,409	-6,248	-1,302	-1,011	-22	<b>-51,063</b>
Share of profit/loss (-) of Associates	366	-98	-	-578	305	-	-	-	<b>-5</b>
<b>Profit/Loss (-) before tax</b>	<b>24,270</b>	<b>7,137</b>	<b>6,325</b>	<b>-16,260</b>	<b>2,265</b>	<b>-628</b>	<b>-1,782</b>	<b>-4,045</b>	<b>17,282</b>
Income tax	-9,466	-898	-2,160	1,498	-1,481	97	-101	-1,009	<b>-13,521</b>
<b>Profit/Loss (-)</b>	<b>14,804</b>	<b>6,239</b>	<b>4,165</b>	<b>-14,762</b>	<b>784</b>	<b>-532</b>	<b>-1,884</b>	<b>-5,054</b>	<b>3,761</b>

H1 2018	Aluminium	Copper	Cables	Steel	Steel pipes	Real Estate	Resource recovery	Other activities	Total
<b>Revenue</b>	<b>685,304</b>	<b>544,860</b>	<b>222,202</b>	<b>469,815</b>	<b>220,968</b>	<b>3,835</b>	<b>28,567</b>	<b>10,277</b>	<b>2,185,828</b>
<b>Gross profit</b>	68,040	44,193	16,027	36,883	16,546	1,509	7,551	690	<b>191,439</b>
<b>Operating profit</b>	37,214	25,462	3,894	28,069	9,283	68	685	-3,859	<b>100,815</b>
Net finance cost	-10,944	-9,752	-12,034	-15,636	-4,550	-716	-1,115	6	<b>-54,742</b>
Share of profit/loss (-) of Associates	161	1	-	-503	214	-	-	-	<b>-127</b>
<b>Profit/Loss (-) before tax</b>	<b>26,431</b>	<b>15,711</b>	<b>-8,140</b>	<b>11,930</b>	<b>4,946</b>	<b>-648</b>	<b>-430</b>	<b>-3,853</b>	<b>45,947</b>
Income tax	-1,079	-5,721	2,575	802	-822	-87	-282	-1,117	<b>-5,732</b>
<b>Profit/Loss (-)</b>	<b>25,352</b>	<b>9,990</b>	<b>-5,566</b>	<b>12,732</b>	<b>4,124</b>	<b>-735</b>	<b>-712</b>	<b>-4,970</b>	<b>40,214</b>

## Net Debt

<i>Amounts in EUR thousands</i>	As at	
	30 June 2019	31 December 2018
Long term borrowings	827,397	896,806
Short term borrowings	985,374	902,555
<b>Total Debt</b>	<b>1,812,771</b>	<b>1,799,360</b>
<b>Less :</b>		
Cash and cash equivalents	-154,160	-163,676
<b>Net Debt</b>	<b>1,658,611</b>	<b>1,635,684</b>