FAMUR

FAMUR Group presentation

2018 Year in Review

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Agenda

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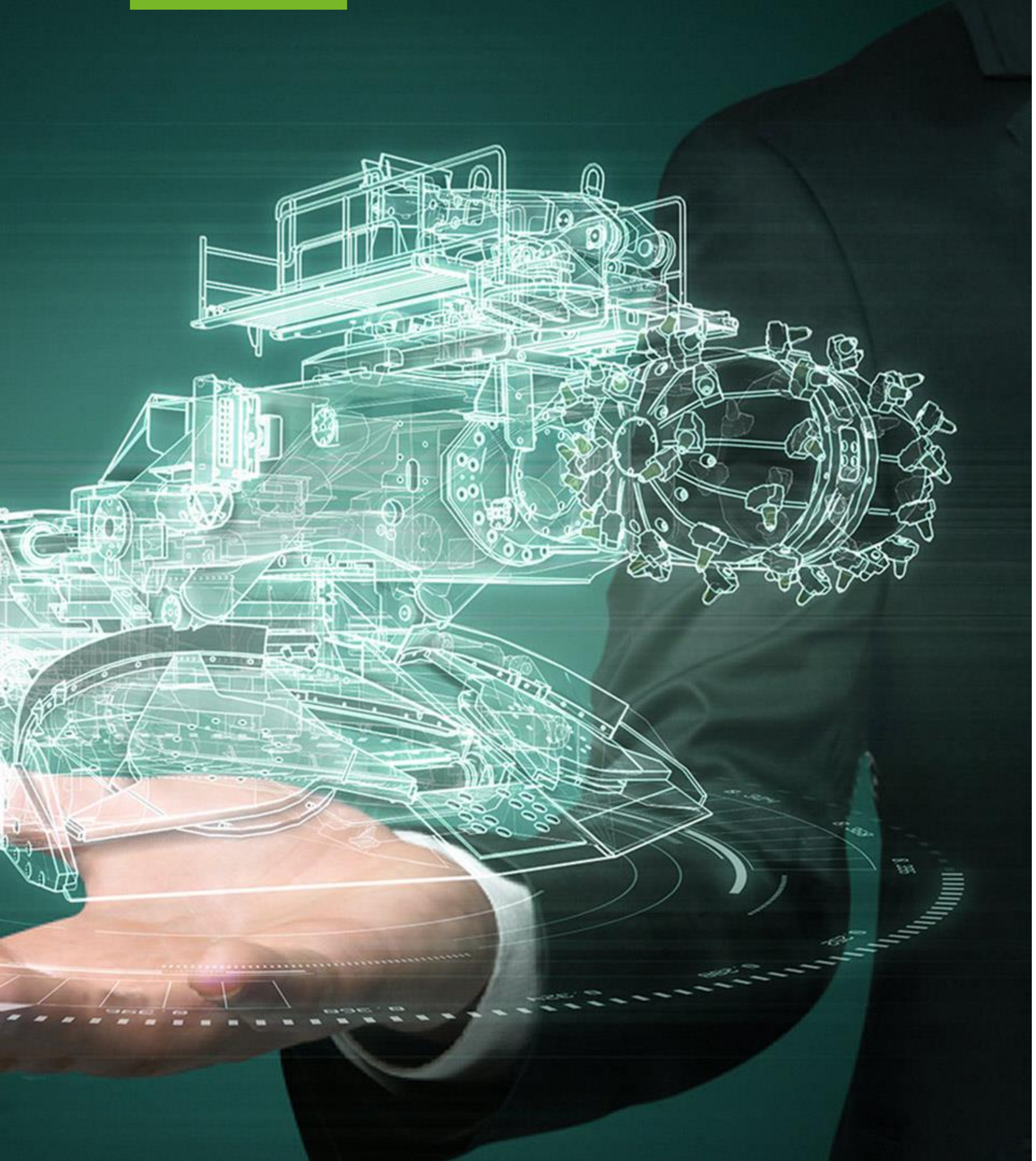

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2018 Year in Review

Key facts

FAMUR

1. **Europe's leading provider** of a broad portfolio of innovative solutions for the mining, transport and material handling sectors
2. **Undisputed leader in Poland** – strong M&A track record, with 16 successful acquisitions
3. **Effective organisation** – systematic business processes, state-of-the-art production base and stable, qualified staff
4. **Experienced management team** and supportive majority shareholder
5. **Above-average financial performance** – highest long-term profitability in the industry

2,229m (PLN)

22% EBITDA

33% exports

+900m in dividends paid (PLN)

+5,000 employees

11 production facilities

Major events in 2018

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January 2018

Conditional offer to purchase PBSz S.A. shares received on January 30th 2018

Financing flexibility improved during the year:

- **Annexes signed to financing agreements with BGK S.A. and BNP Paribas**
  - **Maturity period extended to 36 months**
  - **Limits increased by PLN 100m (receivables purchase limits)**
- **Termination of a PLN 150m credit facility with PKO BP (due to unfavourable financial terms)**
- **A new two-year PLN 195m credit facility agreement concluded with PKO BP, with new terms and covenants agreed with the bank**

Relationships established with new banks to finance the Group:

- **Santander Bank Polska** – a PLN 50m multi-purpose credit facility with a term of 36 months
- **Credit Agricole Bank Polska** – a PLN 50m credit facility with a term of 36 months

Terms of financing agreements aligned with TDJ's new strategy.

April 2018

EGMs of FAMUR and KOPEX convened to vote on resolutions to transfer a portion of KOPEX assets (associatied with the machine business) **to FAMUR**. Increase of FAMUR's share capital, with the new shares subscribed for by the existing KOPEX S.A. minority shareholders KOPEX share capital reduction.

May 2018

Demerger of KOPEX S.A.

- **May 7th 2018** – decision of the National Court Register to register the KOPEX demerger.

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Major events in 2018

July 2018	▶ **The process of KOPEX demerger and merger of the machine business with FAMUR S.A.** is formally completed – Series F shares admitted to trading, CSDP's resolution ▶ **Dividend payment of PLN 253m** (PLN 0.44 per share)

July 2018 / December 2018 /	▶ **A Term Sheet ("TS") and a conditional agreement for the sale of PBSz S.A. by JSW S.A. are signed**
	• **TS** (July 9th 2018)
	  • Sale of controlling interest – 95.01% of PBSz shares (4.4 million shares)
	  • Transaction completed under the locked-box mechanism as at January 1st 2018
	• **CONDITIONAL FIRM SALE AGREEMENT** (December 21st 2018)
	  • **Transaction settlement price – PLN 204.0m**
	  • Conditions to the transaction: (1) clearance from the Office for Competition and Consumer Protection, (2) approval from the Supervisory Board and GM of JSW, (3) agreement with trade unions at PBSz and with trading partners of PBSz, mainly Tauron Wydobycie and KGHM
	  • Candidate proposed by JSW appointed to the PBSz Supervisory Board

September 2018	▶ **FAMUR's Growth Strategy for 2019-2023 is announced** ▶ **KOPEX** is renamed as **PRIMETECH** – change of name registered with the National Court Register
December 2018	▶ **The first significant contract to deliver the MIKRUS system to Shenhua Logistics Group Corporation Ltd. is signed** • EUR 16.7m, or PLN 71.8m • Delivery date scheduled for the end of 2019

Record year delivered by the Group

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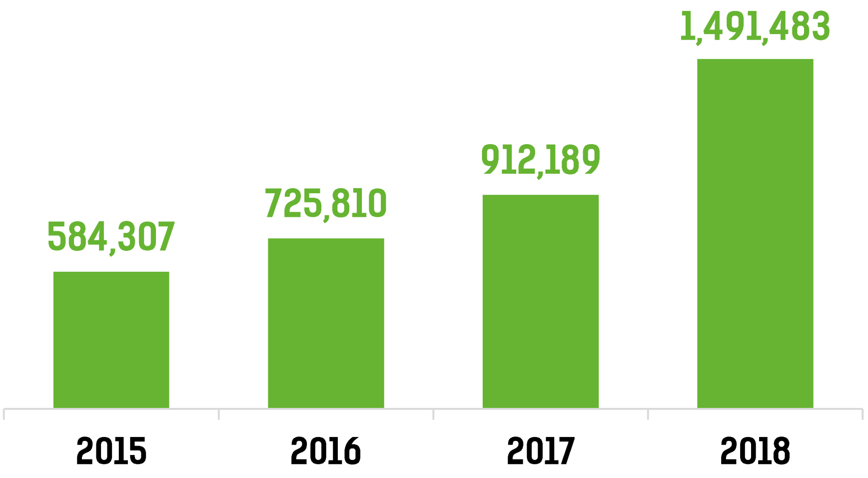
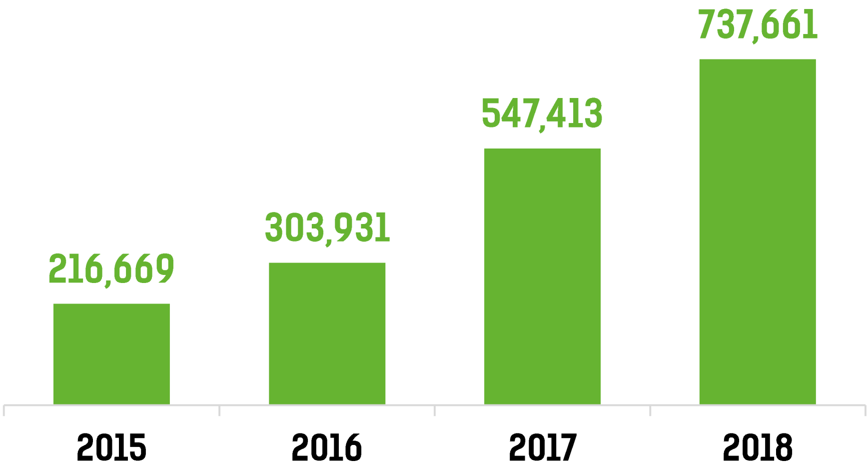
DOMESTIC MARKET

- Rapid implementation of CAPEX plans by mines in Poland led to increased demand for mining machinery and equipment [sector CAPEX: ca. PLN 4.5bn in 2018 vs ca. PLN 3.1bn in 2017]*
- Underground domestic sales growth +49% yoy **|** Strong growth in Electrical Equipment and Mining Services
- Leveraging synergies from integration with the Kopex Group



INTERNATIONAL MARKETS

- Strong sales in key markets reported in 2018: Russia – mainly to the SUEK Group and Evraz Group (PLN 312m), Kazakhstan – to the ArcelorMittal Temirtau Group (PLN 75m)
- Position consolidated in other strategic markets: Turkey, Mexico (Underground) **|** Austria, the Netherlands, Bulgaria (Surface)



Over PLN 2.2bn in revenue and PLN 220m in net profit

**) Based on the available market data and research reports on Poland's largest mining groups (PGG, JSW, LWB)*

First significant contract in China

Shenhua Logistics* – delivery of Mikrus equipment

16.6 EUR m

* Shenhua Logistics Group Corporation Ltd

Contractors	Subcontractors in Poland and partnerships in China
Innovative longwall solutions	• Drilling system – wall thickness up to 1.2–1.3m • Control and conveyor systems
Key trading partner	Shenhua – China's leading coal mining conglomerate
Door-opener	Potential for collaboration with customers in China
Export strategy	Gradual implementation of the FAMUR 2019–2023 Strategy

Production potential – China

>95% Share of underground hard coal mining in total production in China

~3.7 billion tonnes Annual coal production

~2.7m The average seam thickness is 2.7 m. Coal seams vary from region to region but are generally considered easy to mine

~20% Coal produced from thin coal seams with a thickness of up to 1.3m represents about 20% of total coal reserves in China

~350 million tonnes Annual coal production from thin coal seams (~10.4% of total output)

>85% More than 85% of mines in China have thin coal seam

Source: In-house analysis based on: Coal Mining Equipment Market in China; http://www.coalage.com/index.php/features/593-understanding-the-chinese-coal-industry.html#.Vs7NyvnhCM8; http://cczjk.com/Technology/

Consistent implementation of the strategy over the past 17 years

Gradual consolidation and effective optimisation

Building a **regional leader** in the **Underground** segment through:

- Market consolidation in Poland
- Asset and production base optimisation
- Building a comprehensive product suite
- Core business focus – PGO S.A. and Zamet S.A. shares delivered as non-cash dividend

Completion of the consolidation process and Go Global expansion

Building a **European leader** in the **Underground and Surface** segments through:

- Expanding the business internationally
- Diversification into the power and material handling markets
- Completion of the market consolidation process in Poland
- Operational Integration Programme

Our vision

Preferred global supplier of innovative end-to-end solutions for the mining and material handling industries

Our mission

We are a team of people who share a passion for supporting customers in achieving their goals by providing effective solutions that meet the highest environmental standards

2002 – 2013

Proven solutions

2014 – 2018

Proven solutions. Global reach.

2019 – 2023

Proven solutions. Global reach. Smart technology.

Strategic objectives and supporting initiatives

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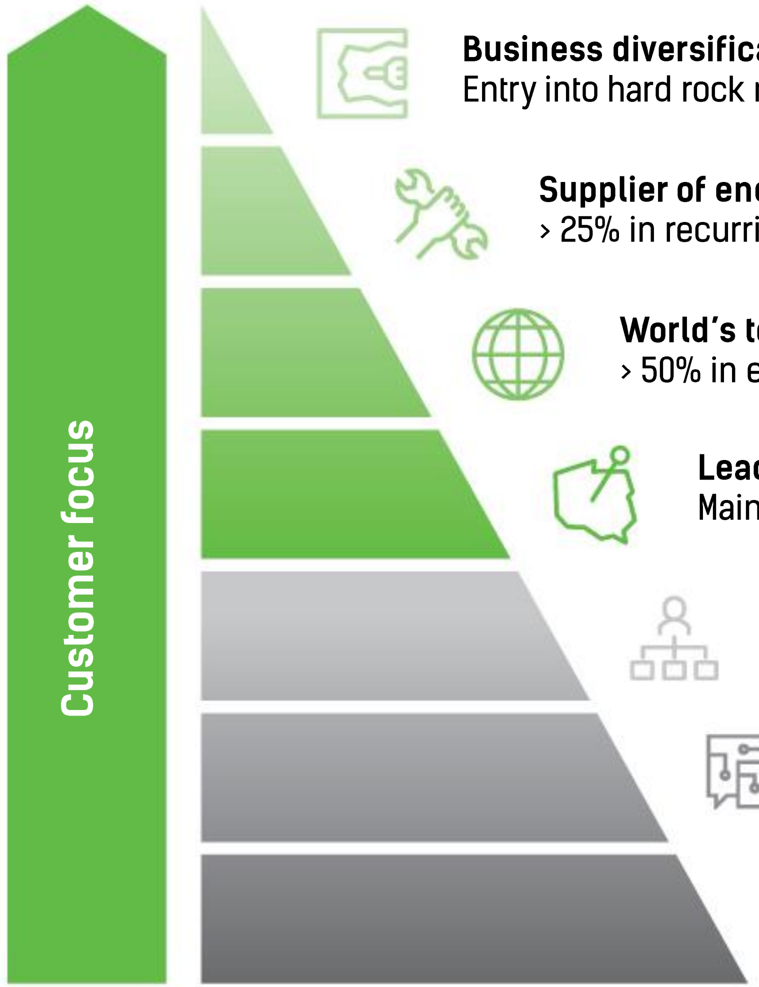


Business diversification
Entry into hard rock mining

Supplier of end-to-end solutions
› 25% in recurring revenue

World's top 3
› 50% in export revenue

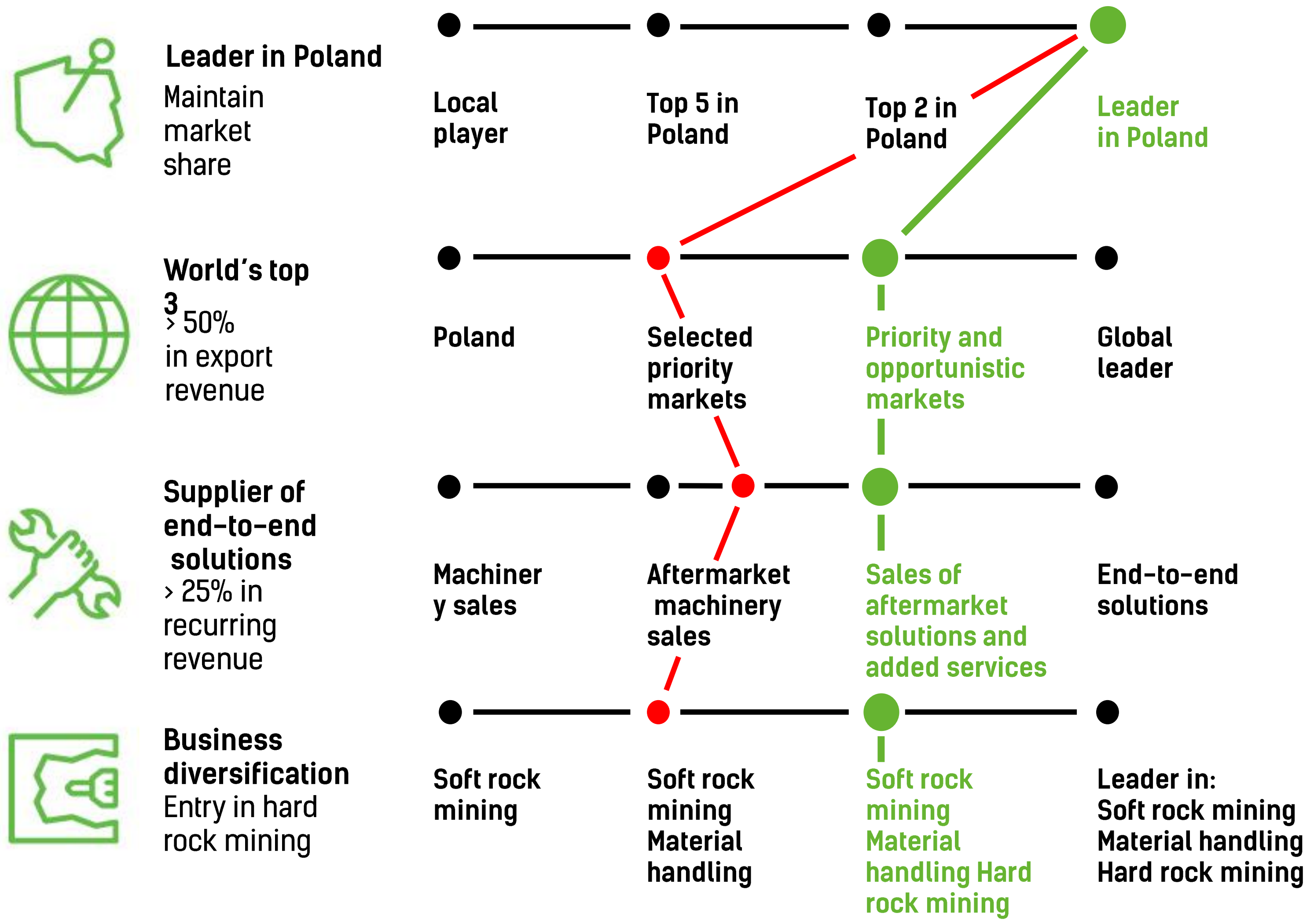
Leader in Poland
Maintain market share

Building scale
Organic growth, strategic partnerships or M&A transactions

Smart technology
Smart solutions that guarantee efficiency, safety and reliability

Operational excellence
Optimum structure and processes, maximum operational efficiency

Our ambitions



	2023
Revenue (PLNbn)	2.5 – 2.7
Margins (%)	Close to current levels
Net debt/EBITDA	‹ 2.0
Dividends (%)	~75% of annual average profits in the next five years

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Financial results

Financial results

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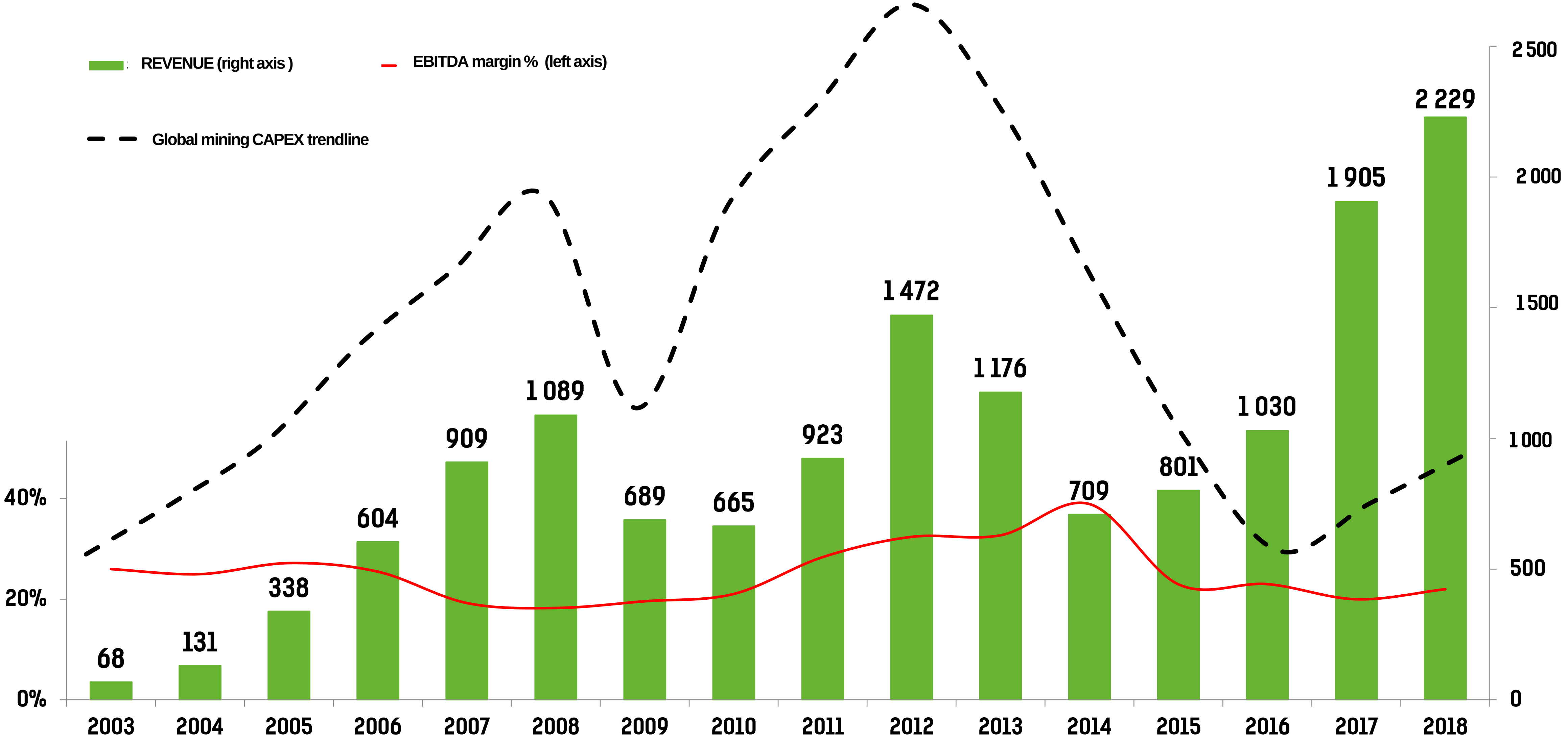
	2017*	2018	Q4 2017	Q4 2018
Revenue:	PLN 1,460m	**PLN 2,229m**	PLN 492m	**PLN 506m**
Gross profit/(loss)	PLN 298m	**PLN 524m**	PLN 76m	**PLN 143m**
Gross margin	*20%*	***24%***	*15%*	***28%***
EBIT	PLN 133m	**PLN 300m**	PLN 38m**	**PLN 85m**
EBIT margin	*9%*	***13%***	*8%*	***17%***
EBITDA	PLN 308m	**PLN 491m**	PLN 96m**	**PLN 131m**
EBITDA margin	*21%*	***22%***	*20%*	***26%***
Net profit	PLN 57m	**PLN 220m**	PLN 20m**	**PLN 56m**
Net margin	*4%*	***10%***	*4%*	***11%***
Net debt	PLN 80m	**PLN 281m**	PLN 80m	**PLN 281m**

* PRIMETECH operating data has been consolidated since H2 2017; PRIMETECH balance sheet/debt has been consolidated since June 30th 2017
**EBIT, **EBITDA, **EBITDA margin, **Net profit – adjusted for one-off items in Q4 2017 that were reported in Current Report No. 11/2018 of February 19th 2018

We maintain profitability throughout the business cycle



Revenue and EBITDA growth

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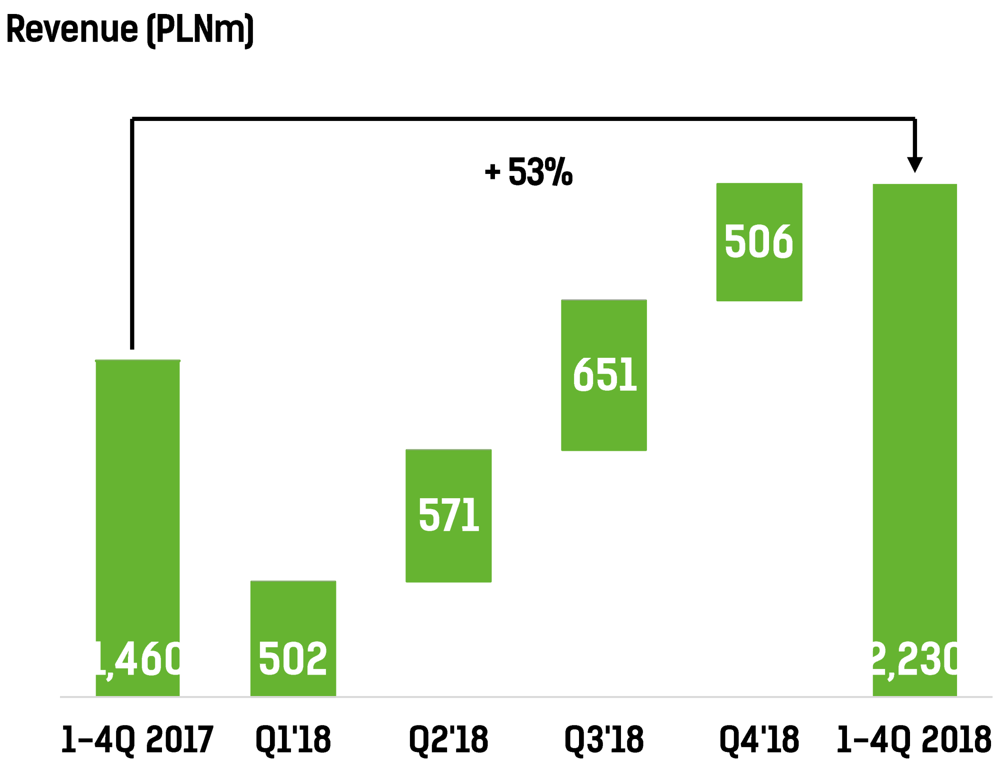
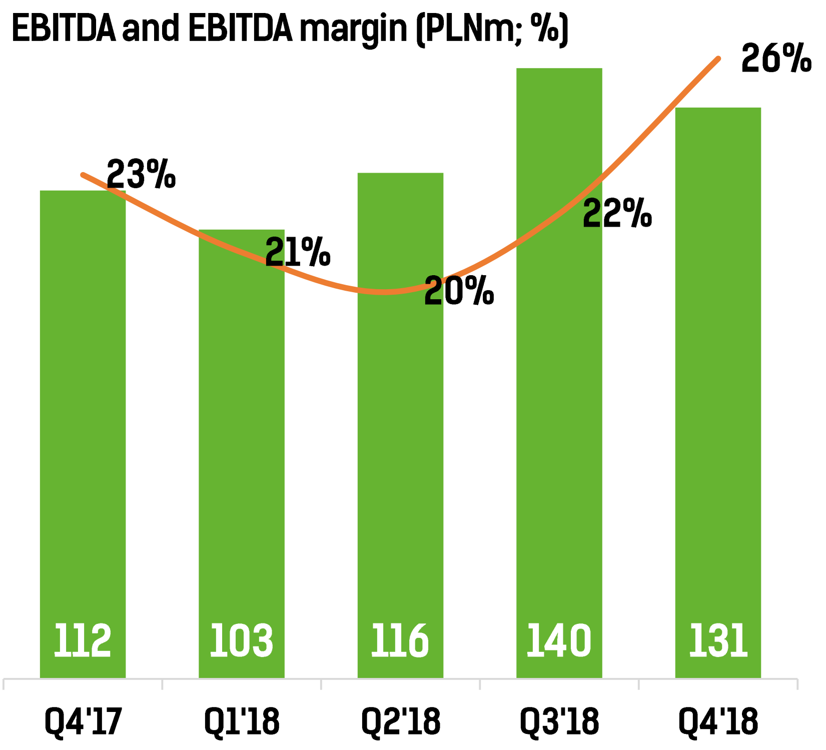


The integration with the Kopex Group and a sustained positive market trend led to a significant revenue growth in 2018, which drove rapid expansion of the Group in Poland and internationally, with:

- 9 contracts performed in Russia
- longwall system delivered to a customer in Kazakhstan
- market position maintained in Poland



The unlocked cost synergies combined with better penetration of the Famur Group's markets allowed us to maintain our medium-term margins despite the adverse macroeconomic trends prevailing at the beginning of the year (strong fluctuations in raw material prices, contractors, wage pressures).

Debt and operating cash flow

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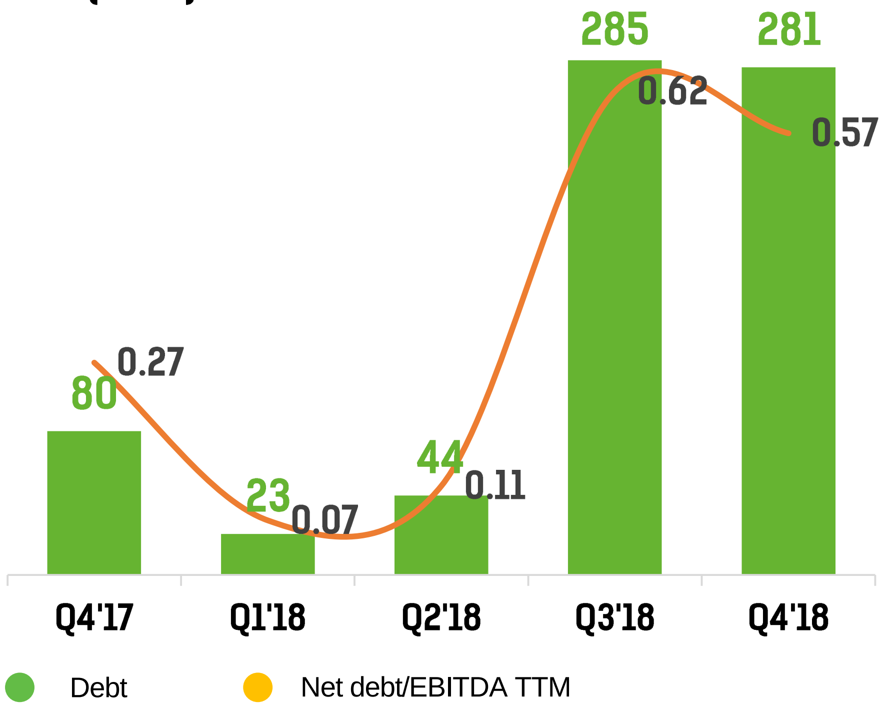
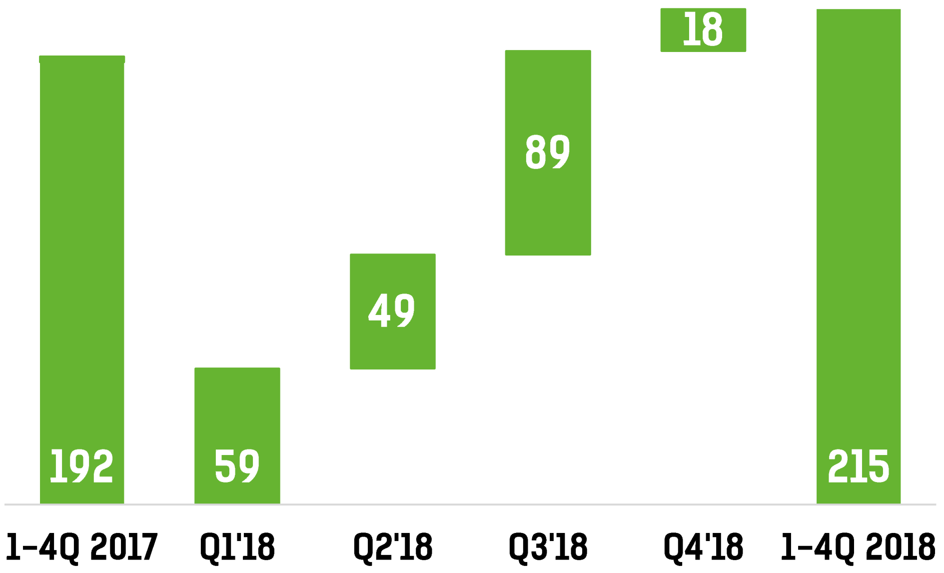
Debt (PLNm)



Operating cash flow (PLNm)



Although it assumed debt under the Kopex Group Restructuring Agreement and distributed PLN 253m as dividends, the FAMUR Group maintains a safe level of debt as a foundation for continued growth in the long term.

Responsible working capital management, supported by the policy of insuring payments under awarded contracts, allows the Group to maintain positive operating cash flow.

Go Global!

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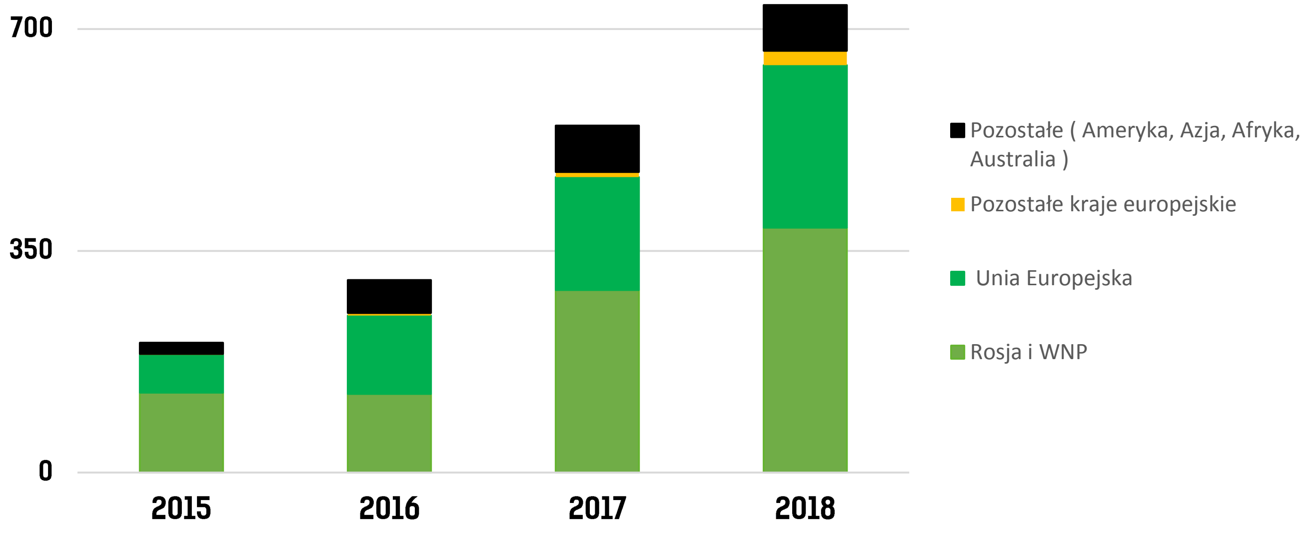

- The FAMUR Group's growth continues to be based on new contract wins in international markets in line with the Go Global! strategy.
- Increased sales activity across markets coupled with a recovery in the mining sector helped us to deliver **record-high export sales of close to PLN 740m.**
- Since the end of the third quarter, **we have earned almost PLN 260m** under significant export contracts to be performed in 2019.

Major foreign contracts in 2018

Delivery of a longwall system in Russia	Delivery of a longwall system in Kazakhstan	Delivery of Mikrus equipment (an innovative mining system) in **China**	Delivery of a longwall system delivered in Russia	Delivery of a ship unloading system in the Netherlands
22m (EUR)	**19m** (EUR)	**17m** (EUR)	**23m** (EUR)	**13m** (EUR)

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PBSz

PBSz sale process timeline

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December 2016	Kopex Group restructuring agreement is signed
	Key terms: • Debt of PLN 620m is divided into three tranches: A, B and C • Allocation of tranche B debt (PLN 250m) to PBSz S.A. (currently PLN 205m) • Potential PBSz S.A. sale proceeds to be used for early debt repayment
2017	JSW commences due diligence review of PBSz
December 2018	A conditional agreement for the sale of PBSz S.A. to JSW is signed
June/July 2019	The transaction is settled, with PLN 205m of debt repaid and settlements under RA closed

Estimated effect of the transaction on the Group's and FAMUR S.A.'s financial statements

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	Consolidated financial statements of the FAMUR Group December 31st 2018	Pro-forma effect of the sale transaction on the financial statements
Assets	**2,880**	**2,697**
Equity	**1,587**	**1,708**
Liabilities and provisions	*1,274*	*971*
Total equity and liabilities	**2,880**	**2,697**
Proceeds from sale of shares	**N/A**	**204**
Result on loss of control (recognised through equity)	**N/A**	**148**

- The option to sell Przedsiębiorstwo Budowy Szybów was provided for in the Kopex Group Restructuring Agreement as a form of partial repayment of debt, which as at December 31st 2018 totalled PLN 210m (initially tranche B was PLN 250m).
- All proceeds from the sale of PBSz S.A. will be applied towards repayment of debt under the Restructuring Agreement.
- The estimated gain or loss on the transaction should be considered a one-off event that will have no impact on FAMUR S.A.'s ability to pay dividends.

The settlement of the PBSz sale transaction will mean closing the Kopex Group restructuring process in less than 2.5 years

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Our goals for 2019

Our goals for 2019

FAMUR

- **Drive further growth in export sales**
- **Expand service base abroad**
  - Russia – complete the OOO FAMUR/Kopex Sybir merger – streamline the organisational structure and provide stable, well-equipped base for complete machine refurbishments in Russia
  - Turkey – commence construction of a service centre to provide ongoing services for machinery operated locally
- **Continue divestments of non-operating assets, including**
  - **financial assets (Serbian-based companies, non-core companies)**
  - **property**

  Divestment proceeds estimated at PLN 70–80m (2019+).
- **Diversify the Group's debt**
- **Prepare further steps for PTH's strategy after PBSz S.A. divestment**
- **Continue acquisitions in the hard rock mining segment**

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Q&A

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Thank you!

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Proven solutions.
Global reach.
Smart technology.

Back up

From stand-alone products to end-to-end solutions

FAMUR

Design | Manufactur e | Delivery | Assembly | Commissioning | Maintenance

1922

Machinery and equipment
From a manufacturer of machinery
and mining systems with a narrow range of applications...

2018

Jesteśmy częścią TDJ

End-to-end solutions
... to a supplier of end-to-end solutions for the mining, transport, material handling and power sectors.

15 years of market consolidation

2002	FAMUR	TDJ acquires FAMUR
2003	NOWOMAG	
2005	FAZOS, FAMUR Institute	
2006	PIOMA	IPO
2007	DAMS, GEORYT	
2011	REMAG	
2012	Glinik, PEMUG	
2014	FAMAK	
2015	Pugo Projekt, SHW	
2016	E+Z Elgór + Zamet	
2017	Pugo, Elgór + Hansen, KOPEX Group	

Global presence

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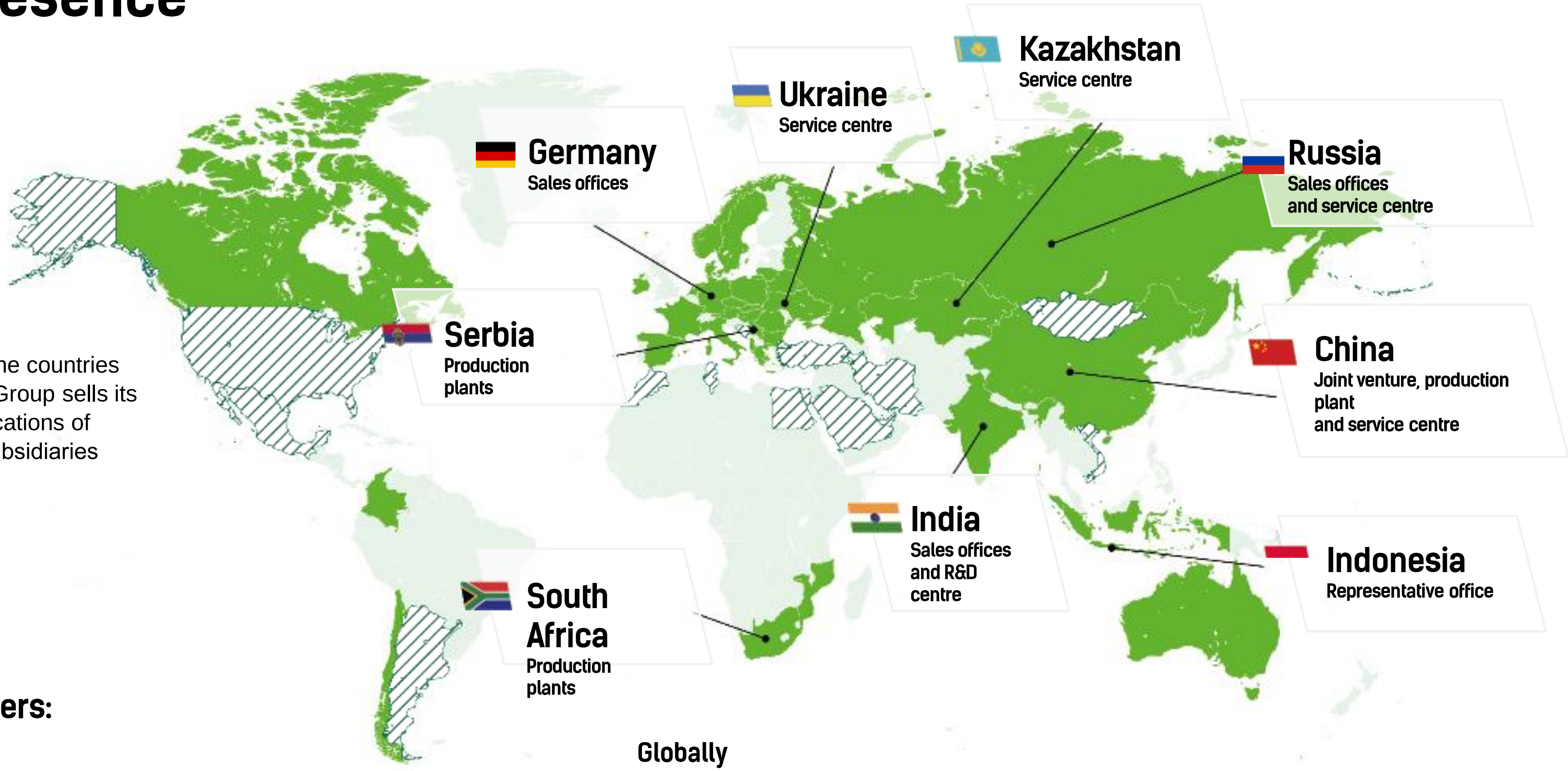


The map presents the countries where the FAMUR Group sells its products and the locations of FAMUR's foreign subsidiaries

Partners

Selected customers:

Poland

JSW SA, WĘGLOKOKS KRAJ, Polska Grupa Górnicza, Lubelski Węgiel „Bogdanka" Spółka Akcyjna, PG SILESIA, Enea wytwarzanie, PGE, TAURON Polska Energia, Polimex Mostostal, Grupa Azoty, EDF, KGHM Polska Miedź

Globally

imbat, CRT, SUEK, AHMSA, Minera del Norte, grupohunosa, ThyssenKrupp, sasol, TATA STEEL, EMO, AngloAmerican, MECHEL, xstrata, bhpbilliton, LANCO, Severstal, ALSTOM, TIL Tractors India, YENİKÖY KEMERKÖY, ArcelorMittal, VALE

Comprehensive portfolio of advanced solutions

FAMUR

UNDERGROUND ~70%

Underground soft rock mining solutions

SURFACE ~13%

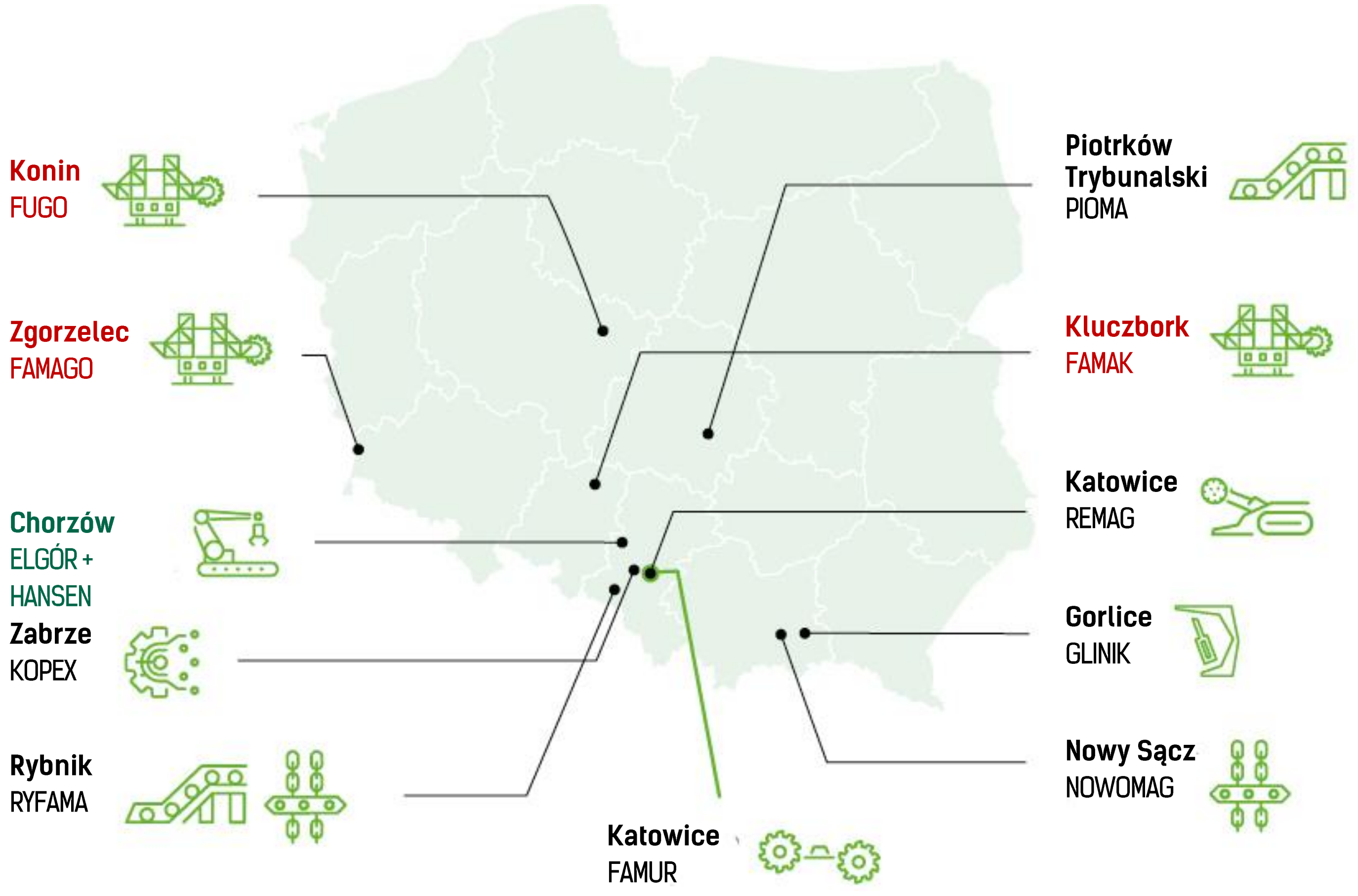
Surface mining
and bulk materials transport solutions

MINING SERVICES ~13%

Leader in underground construction

ELECTRICAL SYSTEMS ~4%

Design and manufacture of electrical solutions for machinery and for automation and computerisation of mining



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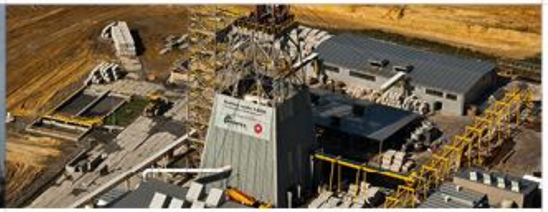
Comprehensive portfolio of advanced solutions

UNDERGROUND	SURFACE	MINING SERVICES	ELECTRICAL SYSTEMS
 Longwall systems	 Surface mining	 Mining projects	 Mining electronics
 Gallery systems	 Hoisting systems	 Drilling services	 Explosion-proof equipment
 Transport and handling systems	 Port infrastructure	 Mining construction	 Controls and instruments

Comprehensive portfolio of advanced solutions – mining

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	UNDERGROUND													SURFACE							MINING SERVICES			ELECTRICAL SYSTEMS		
	Soft rock mining										Hard rock mining			Soft rock mining			Hard rock mining									
	Longwall systems				Gallery systems (including room-and-pillar system)																					
	Powered roof support systems	Shearer loaders	Scraper conveyors	Bolter miners	Roadheaders	Continuous miners	Haul trucks	Crushing and continuous transport equipment	Roof bolters	Transport and handling systems	Drill rigs	Haul trucks	Roof bolters	Bucket-wheel excavators	Belt conveyor systems	Stackers	Blast hole drillers	Dragline excavators	Haulers	Excavators	Mining projects	Drilling services	Mining construction	Mining electronics	Explosion-proof equipment	Controls and instruments
FAMUR	+	+	+		+		+	+	+	+				+	+	+					+	+	+	+	+	+
CATERPILLAR	+	+	+	+		+	+	+	+	+	+	+					+	+	+	+				+	+	+
KOMATSU	+	+	+	+	+	+	+	+	+	+	+	+	+				+	+	+	+				+	+	+
SANDVIK				+	+	+	+	+	+		+	+	+				+									

Comprehensive portfolio of advanced solutions

1. Shearer loaders
2. Powered roof support systems
3. Scraper conveyors
4. Roadheaders
5. Drill rigs and roof bolters
6. Loaders and dinting loaders
7. Suspended monorail systems
8. Underground belt conveyors
9. Mining electrical equipment
10. Mine shaft
11. In-plant continuous transport
12. Surface belt conveyors
13. Stacker-reclaimers
14. Bucket-wheel excavators
15. Wagon tipplers
16. Surface infrastructure
17. Container cranes
18. Ship-to-shore gantry cranes
19. Power plant coal feeding system