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FAMUR Group presentation

Q4 and FY 2020 summary

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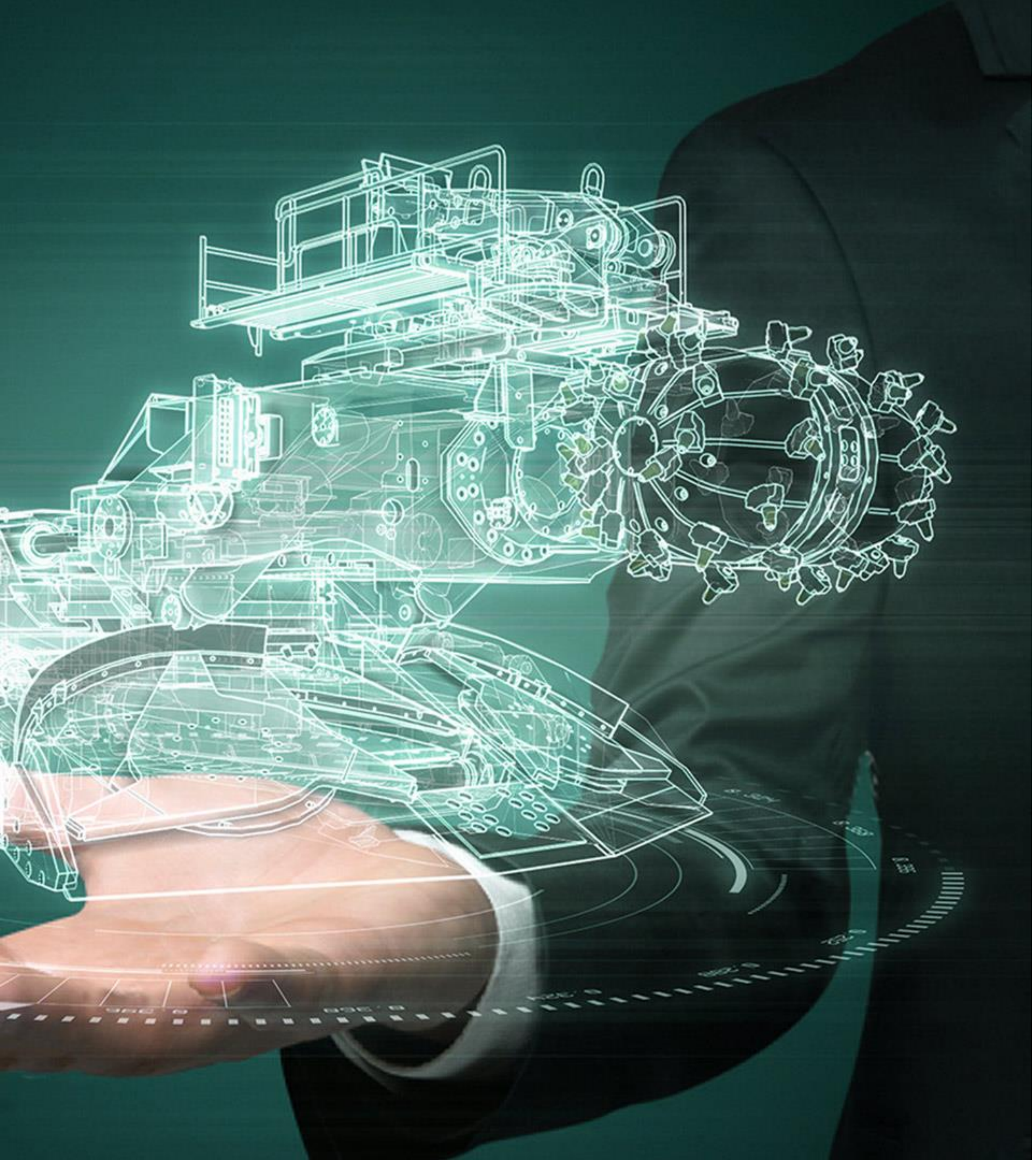
Agenda

1. Key developments
2. Financial results
3. 2021 Outlook
4. Q&A session



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Key developments

Mirosław Bendzera
President of the Famur Management Board

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FAMUR Group FY 2020 results
(in PLNm)

FY 2020

1,139
revenue
down 47% on 12M 2019

416
EBITDA

190
net profit

Q4 2020

318
revenue
down 41% on Q4 2019
(down 37% on a comparable basis*)

75
EBITDA

35
net profit

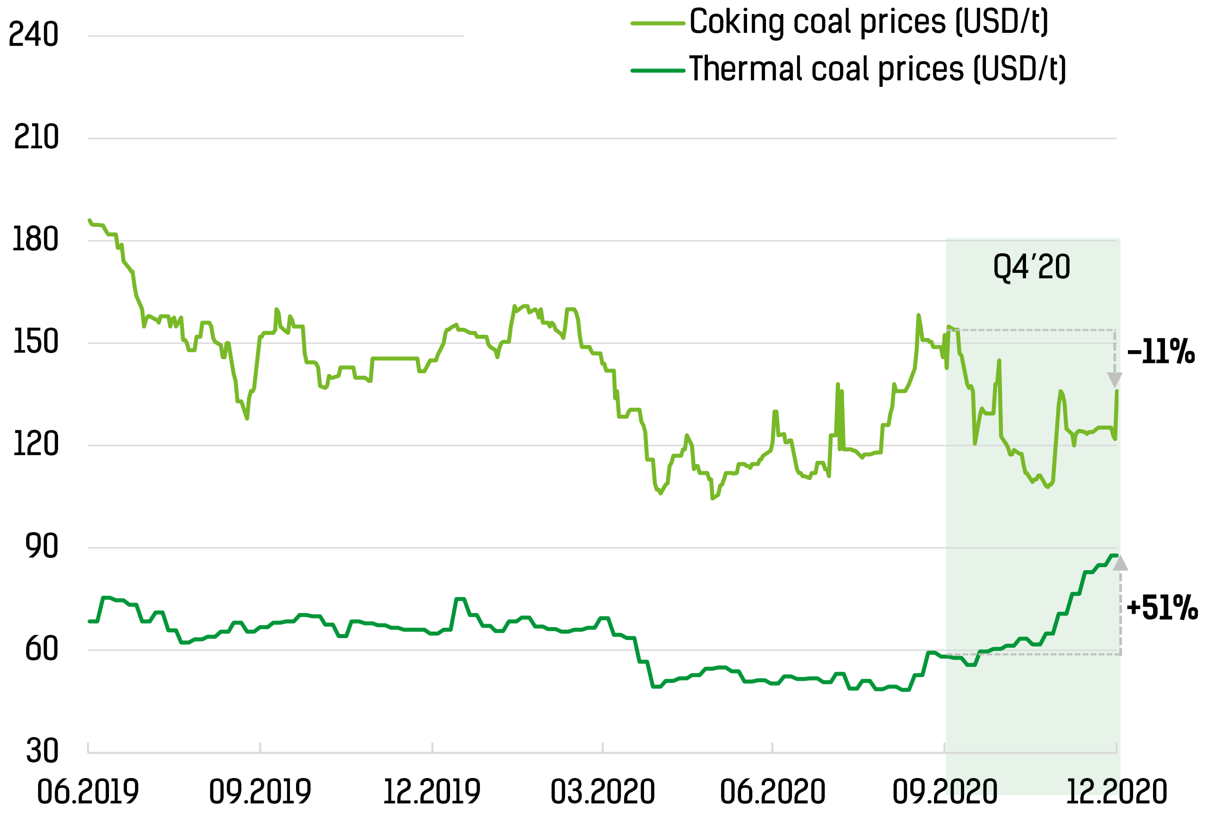
* Excluding consolidation changes

Q4 2020 summary

- Further declines in domestic coal output and continued suspension of investments
- Modest recovery seen in Russia and Asia, with a conservative approach applied to new investments
- Growing pressure on coal-fired power generation in Poland and Europe
- Profitability maintained at safe levels
- Letter of intent signed with TDJ on a joint power and renewable energy project
- Progress of work on revenue diversification projects

A conservative approach to new investment projects despite stabilisation of coal prices in Q4 2020

Evolution of global coal prices



Source: Bloomberg, coking coal price index (FOB Australia SWAP), thermal coal (Australia Newcastle Port Therm)

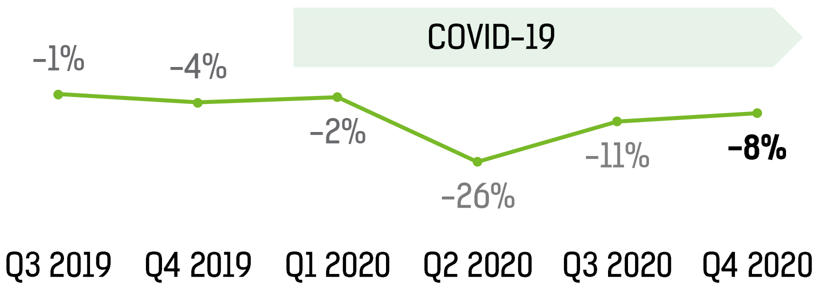
Key factors affecting global markets in Q4 2020:

- Companies continue to reduce or postpone new investments in the wake of the COVID-19 pandemic
- Restrictions on cross-border movement continue to hinder contract acquisition
- Climate policies and the continued rise of renewable energy affect new investment levels in the coal-fired power generation industry
- Despite a modest recovery in Russia and Asia, a conservative approach is applied to new projects amid the COVID-19 pandemic
- Mining companies tend to limit expenditure to spare parts and maintenance services, with used equipment increasingly in demand as a cost saving option
- Strong uptrend in the prices of raw materials and other materials is driving up mining equipment production costs

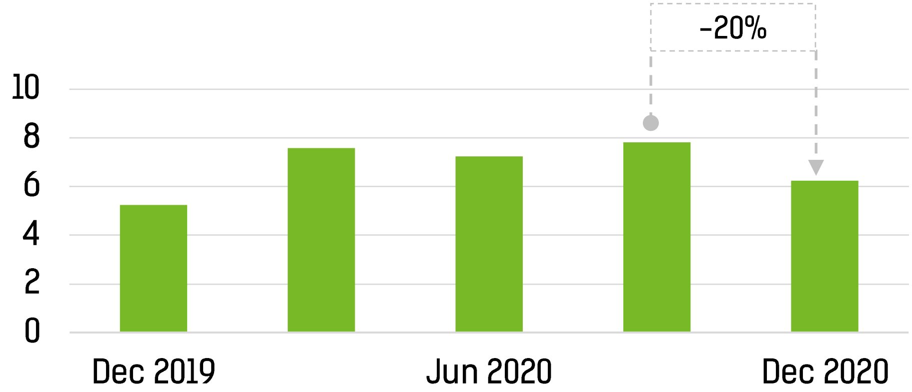
Continued declines in domestic coal output in Q4 2020

Polish hard coal mining sector

Output change



Inventories (000' tonnes)



Source: https://polskirynekwegla.pl/raport-dynamiczny/stan-zapasow-wegla-kamiennego-caly-okres-czasu

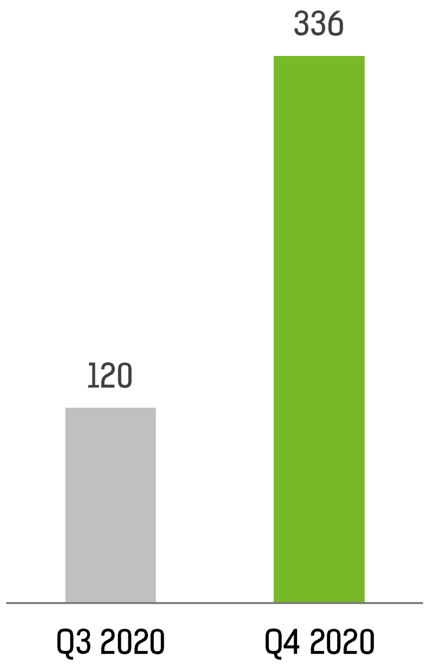
Key factors influencing the mining sector in Poland

- New investments in mines suspended or curtailed as the government and industry trade unions failed to reach a final agreement on the reorganisation and financing of the mining sector during Poland's energy transition
- Funding secured by the Polish Development Fund (PFR) for JSW and steps taken by PGG to secure support under the Polish Development Fund Financial Shield
- Mining companies meet their payment obligations, albeit with delays, and recognise their default interest obligations, which means the risk of receivable write-offs is low
- Power generation companies begin to receive thermal coal deliveries from PGG
- Plans to expand the coking coal mining business by JSW and, in the medium term, by LW Bogdanka

PLN ~840m of the FAMUR Group's exposure to the domestic coal mining sector (receivables, value of leases as per contract terms and uninvoiced performance under supply contracts, recourse rights relating to receivables sold) at the end of 2020, including ca. PLN 40m of past due receivables (attributable mainly to the payment policy applied by PGG)

Commercial activities of the FAMUR Group in Q4 2020, focusing primarily on foreign markets

Value of orders secured during the quarter
PLNm



PLN 336m worth of orders secured in Q4 2020 alone. Key contracts signed for the supply of machinery and equipment:

- October EUR 6.8m (ca. PLN 30m) contract with AO SUEK-Kuzbass for the supply of roof support sections
- November EUR 20m (ca. PLN 89m) contract with Polskie Maszyny Group sp. z o.o. for the supply of powered roof support sections for the Inaglinsky coking coal mine in Russia (OOO UK KOLMAR)
- December EUR 20m (ca. PLN 89m) contract with Polskie Maszyny Group for the supply of powered roof support sections for the Inaglinsky coking coal mine in Russia (OOO UK KOLMAR). On February 3rd 2021, a letter was received stating the contractual completion date had been postponed by at least six months due to the ongoing pandemic
- Smaller contracts included monorails for customers in China, drilling rigs for a potash mine in Russia, equipment for customers in Poland, and service contracts in Poland and abroad

PLN ~850m in backlog (supply of machinery and equipment and leases in accordance with contract terms) at end of December 2020

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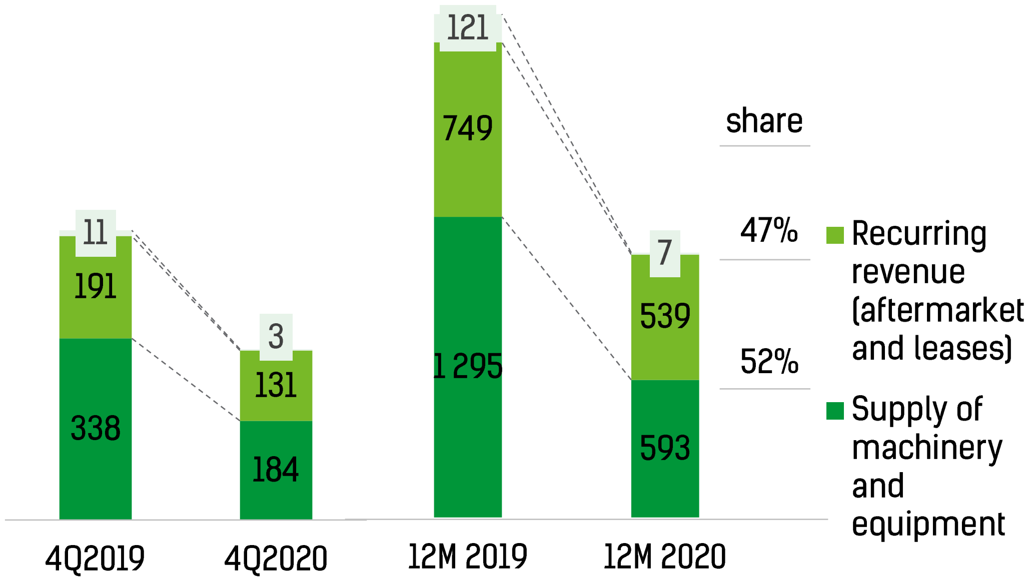
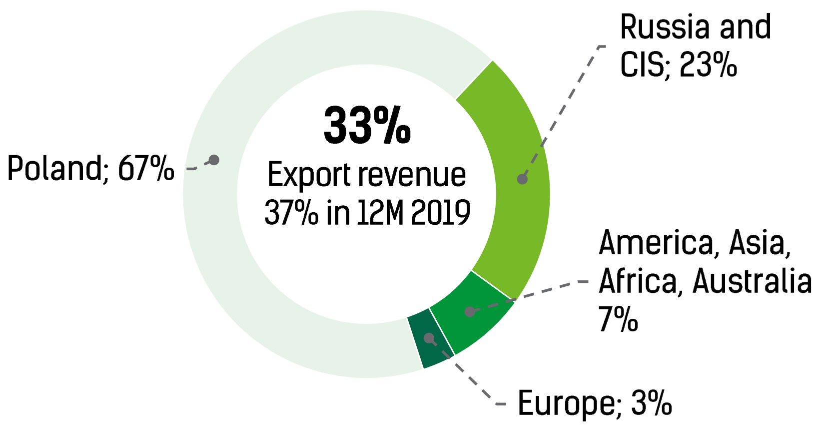
COVID-19 crisis significantly affecting revenue from supply of machinery and equipment, aftermarket services and leases

Revenue by product category (PLNm)



Revenue by geographical market



- Subdued coal prices and globally deteriorating market landscape in the wake of COVID-19 crisis affecting revenue from supply of machinery and equipment
- 54% year-on-year drop in revenue from supply of machinery and equipment vs 28% decrease in recurring revenue after 12M 2020
- 33% share of exports in 2020 revenue

- China: Results of the first mining operation performed by the Mikrus system in line with expectations, with positive feedback received from the customer
- Indonesia: System commissioning and acceptance in early 2021
- Mexico: Supply and assembly of shearer loaders/roadheaders in Q4 2020/Q1 2021

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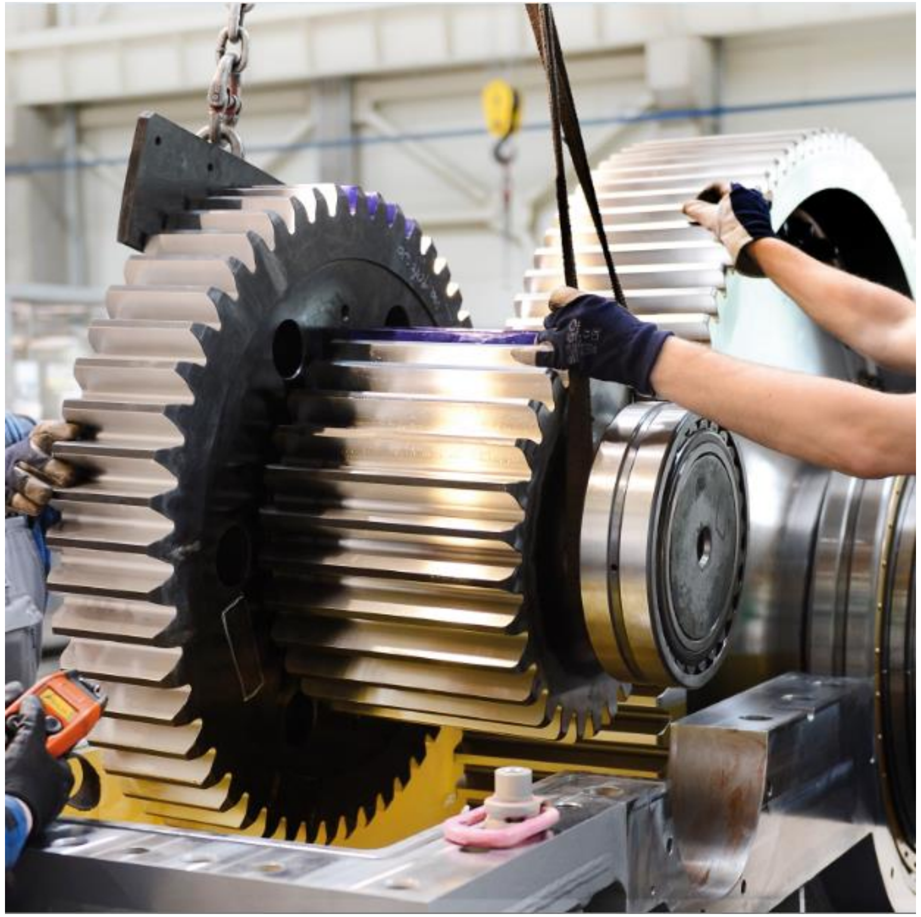
Steps taken in 2020 to adapt the organisation to declining orders and COVID-induced crisis

- Ca. PLN 41m of total cost savings achieved in 2020 on the back of 20% working time and pay reduction (in May to July), suspension of 2020 bonus schemes (pay cut for Management Board members and employees alike) and support received under the anti-crisis shield
- Measures taken to optimise production capacities of scraper conveyors, belt conveyors, railways and routes, with manufacturing, technical and technological capabilities and product know-how retained, so that production can be continued to fulfil any secured orders.
- Workforce reduction by 800 FTEs through collective redundancies (461 FTEs), natural attrition and voluntary departures (339 FTEs)
- EBITDA margin maintained at safe levels despite a 47% revenue decline in 12M 2020



Despite the crisis, the FAMUR Group maintains a strong balance sheet and remains a reliable partner to financial institutions

PLN 420m surplus of cash over debt at the end of 2020

PLN ~490m undrawn lines of credit at the end of 2020 (including PLN 50m guaranteed by Bank Gospodarstwa Krajowego)

Funding from existing lenders extended and **a new credit agreement** signed despite the difficult situation in the sector

+ Conservative approach to debt and liquidity management with close monitoring of working capital employed

+ Flexible business model, effectively adapting to changes in the external environment

+ Financial ratios maintained well above the limits required by banks despite a major slowdown in the industry and the COVID-19 crisis

= **THE FAMUR GROUP IS PERCEIVED AS A RELIABLE PARTNER IN ITS RELATIONS WITH FINANCIAL INSTITUTIONS**

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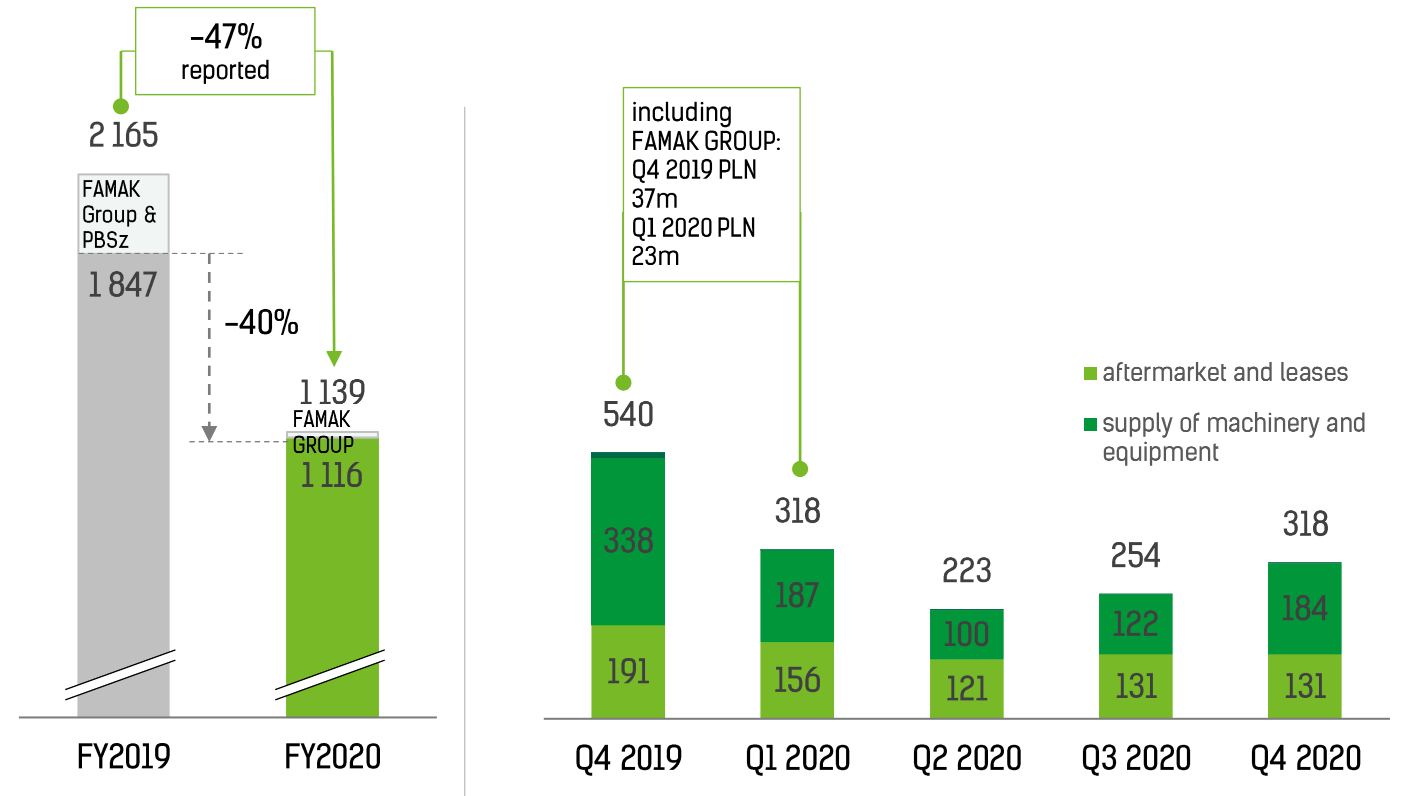
Financial results

Tomasz Jankowski
Famur Investor Relations

Revenue development analysis

- 47% decrease in revenue in 12M 2020:
  ca. 7% decrease due to deconsolidation (sale of PBSz in May 2019; no revenue from FAMAK Group, consolidated until February 2020, as a result of loss of control),
  ca. 40% decline in organic revenue due to deteriorating market conditions and economic lockdown in the wake of COVID-19
- Stabilisation of quarterly aftermarket and lease revenue at low levels (ca. -30% vs Q4 2019)
- Slight improvement in revenue from supply of machinery and equipment, driven chiefly by export contracts

FAMUR Group's revenue development (PLNm)



Operating profitability analysis

Key drivers of Q4 EBITDA

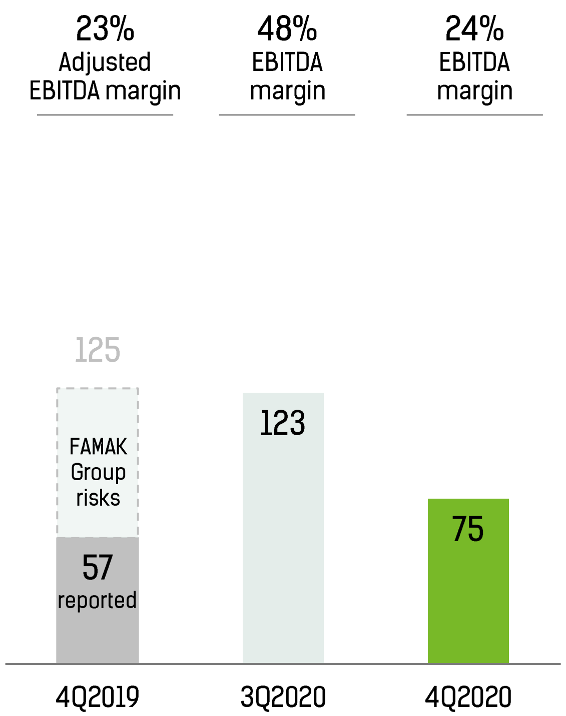
Year-on-year change

- Low base effect (effect of risks identified in the FAMAK Group in Q4 2019)
- Decline in organic EBITDA attributable to lower revenue

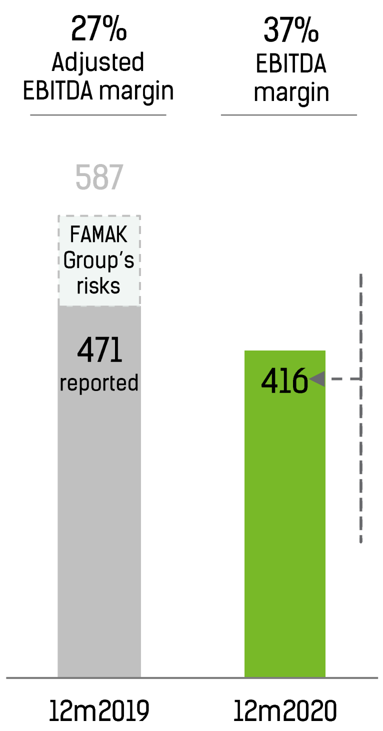
Quart-on-quarter change

- High base effect (Q3 2020 included PLN +16m effect of anti-crisis shield measures, grants, bonus scheme suspensions and a tax provision reversal of PLN +16m)
- Bonuses paid in Q4 2020 and a rise in distribution costs following execution of new contracts
- Conservative approach to launching new investment projects in the sector affects profitability of supply contracts

FAMUR Group quarterly EBITDA development
year on year and quarter on quarter, PLNm



FAMUR Group FY EBITDA
PLNm

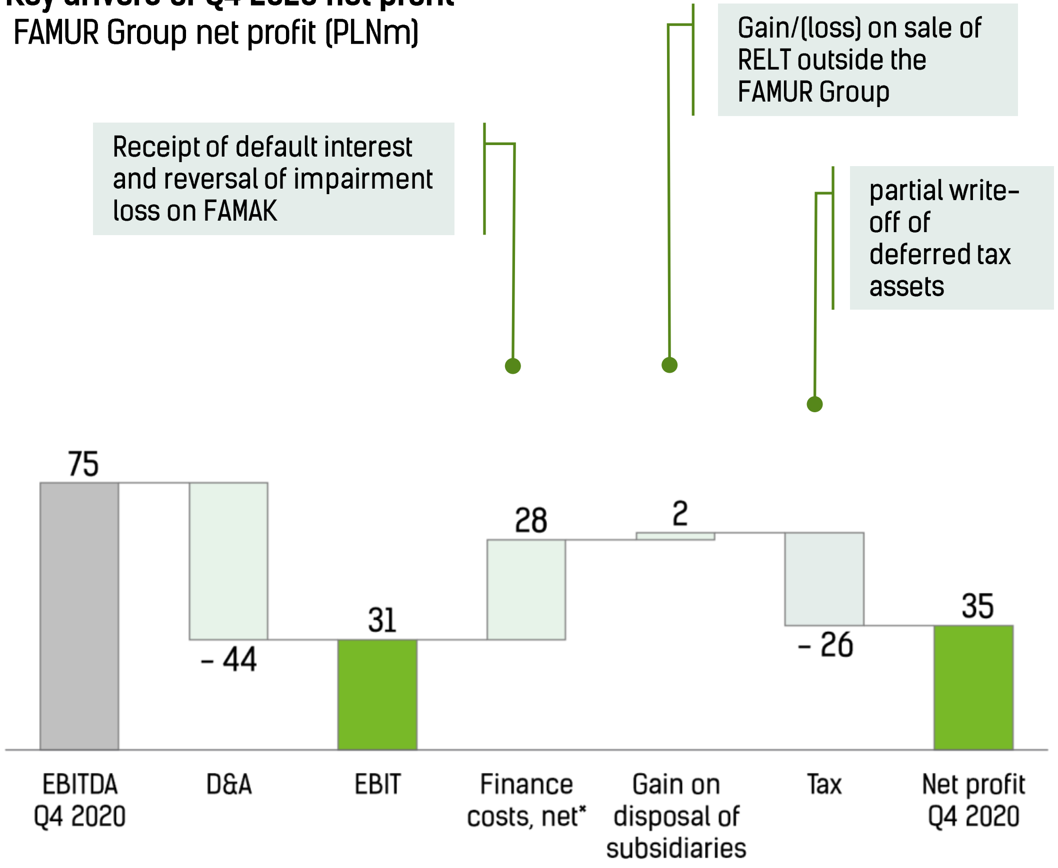


Including:
- PLN 41m attributable to measures and support under the anti-crisis shield (temporary working time and pay reduction, bonus scheme suspensions, grants)
- PLN 16m of a CIT provision reversal

Net profit margin analysis

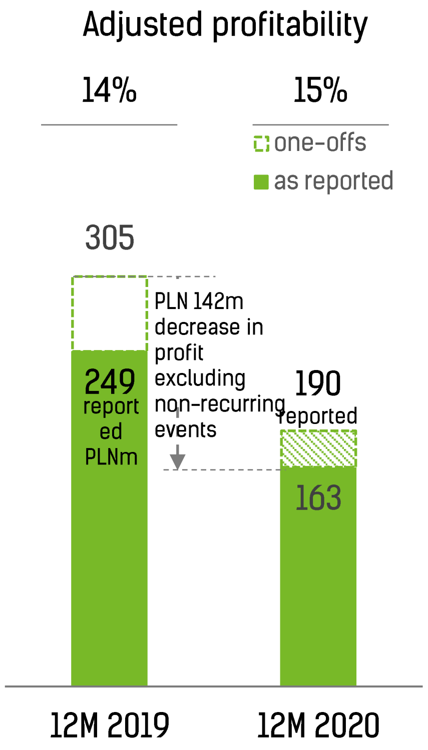
Key drivers of Q4 2020 net profit

FAMUR Group net profit (PLNm)



* Finance costs less finance income and net change in allowance for expected credit losses

Impact of non-recurring items on comparability of FAMUR Group's net profit for 12M 2020 vs 12M 2019



Material non-recurring items

- **2020:** PLN +22m positive effect from favourable tax decision (to discontinue CIT investigation) PLN +5m combined effect of FAMAK Group deconsolidation*
- **2019:** PLN +136m net gain on sale of PBSz shares and PLN -132m negative effect from revision of ongoing contract budgets, provisions and impairment losses at FAMAK Group, and PLN -60m impairment loss on goodwill in FAMAK

* For detailed calculations, see the appendix on slide *'Effect of FAMAK Group's deconsolidation on FAMUR Group's performance'*

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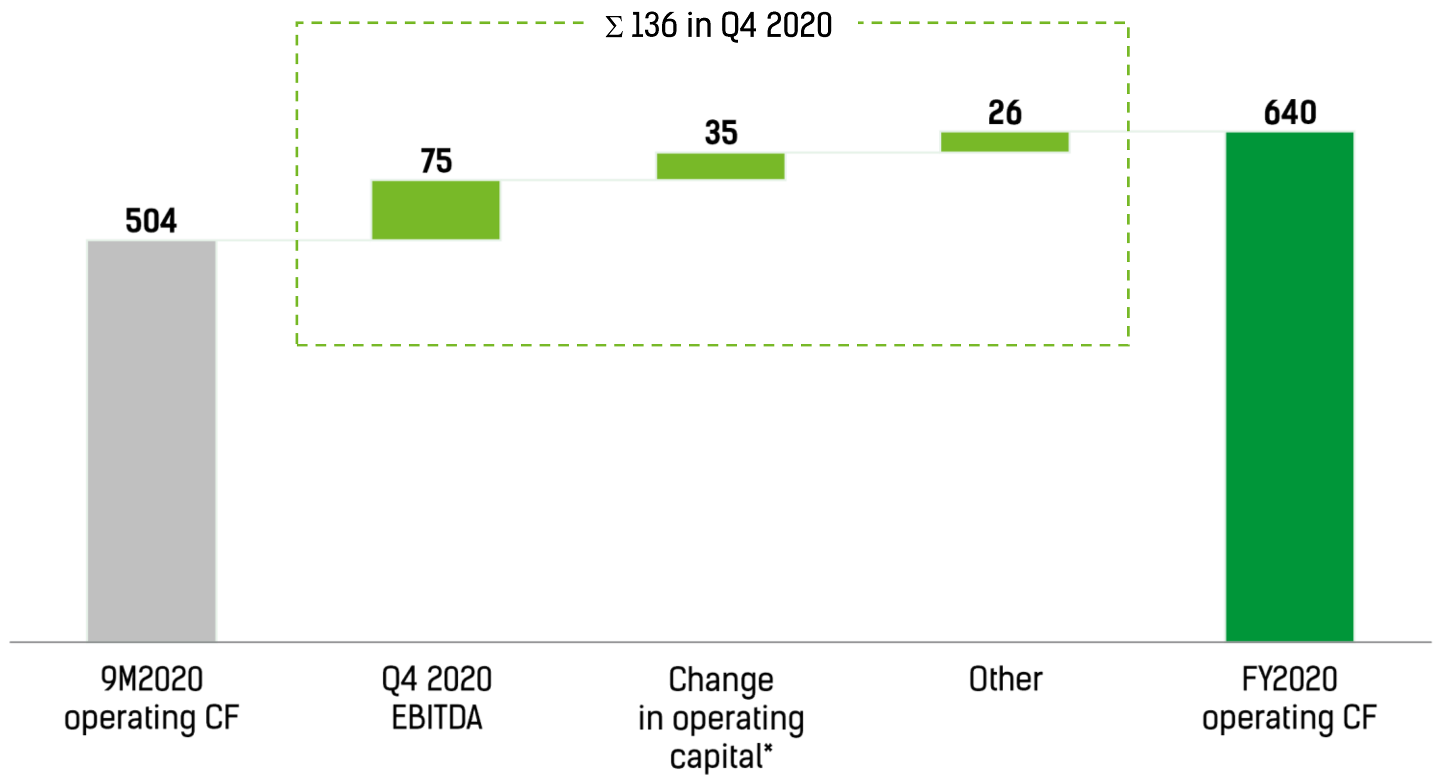
PLN 640m of operating cash flow for 2020

- PLN 136m of operating cash flow generated in Q4 2020, led mainly by:
  - PLN 75m of EBITDA
  - PLN 35m of inflows from operating capital (PLN +107m of net change in accounts receivable, PLN –106m in payments of operating liabilities, PLN +34m decrease in inventories)
- 'Other' includes PLN 9m of income tax paid in Q4 2020 and PLN +35m of non-cash adjustments included in EBITDA

12M 2020 operating cash flow
(PLNm)



*Total of items: change in inventories, current receivables and current liabilities, net of borrowings

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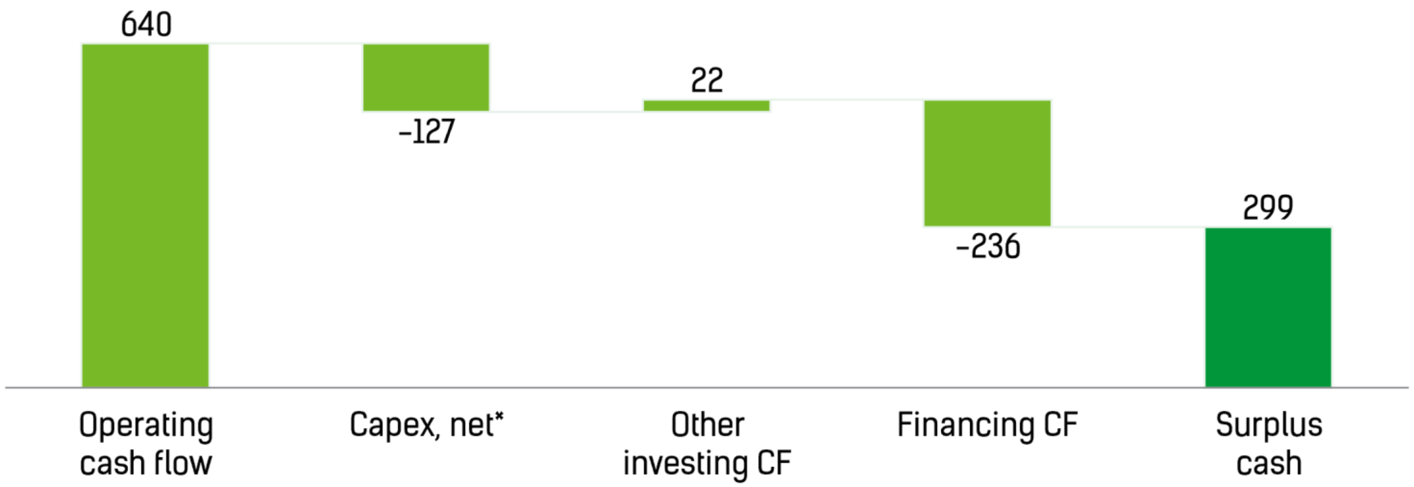
PLN 420m surplus of cash over debt at December 31st 2020

- PLN 162m capital expenditure on property, plant and equipment and intangible assets, partly financed from PLN 35m proceeds on disposal of non-core assets, mainly under the non-operating property optimisation programme
- Other cash flows from investing activities include mainly repayment of loan by FAMAK Group, net of FAMAK Group's cash as at deconsolidation date
- Cash flows from financing activities
  - PLN 221m net repayment of borrowings and other debt instruments
  - PLN 5m payment of lease liabilities
  - PLN 10m interest paid

Capital allocation in 12M 2020 (PLNm)



PLN -420m

net debt at December 31st 2020

PLN 479m of gross debt

PLN 899m of cash

* Purchase of intangible assets and property, plant and equipment less proceeds from disposal of intangible assets and property, plant and equipment

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2021 Outlook

Mirosław Bendzera
President of the Famur Management Board

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2020 summary and outlook for 2021

The operating model applied by FAMUR Group has proven itself during an economic downturn:

- The implemented measures helped to maintain EBITDA margin at safe levels despite a 47% year-on-year drop in revenue
- Stable balance sheet: PLN 420m surplus of cash over debt at the end of 2020

2021 Outlook

- The difficult economic situation of the thermal coal mining industry in Poland and the ongoing uncertainty in global markets created by the COVID crisis are bound to put pressure on profitability
- Continued tight cost control and adjusting operating resources and processes to changing demand as necessary
- Continued growth in export sales
- FAMUR Group begins work to build a renewable energy arm as a revenue diversification direction for the Group
- Work continued to enable entry into the HRM segment, with simultaneous analysis of alternative diversification projects (including in the infrastructure and railway segments), should potential acquisitions in the HRM segment carry too much risk
- **Strategic objectives of the FAMUR Group need to be revised** to reflect changes occurring in its business environment and growing importance of diversification projects

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Q&A session

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Appendices

Effect of FAMAK Group's deconsolidation on FAMUR Group's performance

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(PLNm)	**FAMUR** Group (excluding FAMAK Group)	**FAMAK Group's** contribution to FAMUR Group's performance	**FAMUR Group** data according to IRFSs
Revenue	1,116	23	1,139
Operating profit	244	-5	239
Net profit	185	5	190

Effect of FAMAK Group on consolidated net profit	(PLNm)
Net profit of FAMUR Group excluding FAMAK Group	185
Loss of FAMAK Group for January–February 2020	-7
Gain on loss of control of FAMAK Group	12
Reversal of impairment loss on FAMAK shares from consolidation perspective	8
31.88% share in net losses of FAMAK Group for March–December 2020	-8
Consolidated net profit according to IFRSs	**190**

Fair value of FAMAK shares, as disclosed in consolidated financial statements, is PLN 25m

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Reconciliation between operating and reported metrics

EBITDA

	12 months to		3 months to	
(PLNm)	**Dec 31 2020**	Dec 31 2019	**Dec 31 2020**	Dec 31 2019
Operating profit	239	289	31	23
Depreciation and amortisation	177	182	44	34
EBITDA	**416**	**471**	**75**	**57**

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Reconciliation between operating and reported metrics

Net debt

	As at	
(PLNm)	Dec 31 2020	Dec 31 2019
non-current financial liabilities	**437**	**482**
bank borrowings	2	-
other debt instruments	401	398
leases	26	61
purchase of debt	8	23
current financial liabilities	**42**	**340**
bank borrowings	2	174
other debt instruments	–	111
leases	5	8
purchase of debt	35	47
Gross debt	**479**	**822**
Less cash and cash equivalents	-899	-602
Net debt	**-420**	**220**
Net debt/EBITDA	**-1.0**	**0.5**

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Glossary

EBIT	Operating profit
EBITDA	Operating profit before depreciation and amortisation
EBITDA margin	Operating profit before depreciation and amortisation to net revenue from sale of products, merchandise, and materials
Other expenses, net	Other expenses less other income
Net finance costs	Finance costs less finance income
Working capital	Carrying amount of inventories, increased by trade receivables, less trade payables (from related and other entities)
Change in operating capital	Total of items: change in inventories, change in receivables and change in current liabilities, net of borrowings, disclosed in the statement of cash flows
Net CAPEX	Capital expenditure to purchase intangible assets and property, plant and equipment, adjusted for proceeds from disposal of intangible assets and property, plant and equipment

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Glossary

Net debt	Net carrying amount of long-term and short-term borrowings and debt instruments, less cash and cash equivalents
Adjusted net debt	Net carrying amount of long-term and short-term borrowings and debt instruments, less cash and cash equivalents, adjusted for total dividend paid (after the reporting date)
Net debt to EBITDA	Net carrying amount of long-term and short-term borrowings and debt instruments, less cash and cash equivalents, to EBITDA (operating profit before depreciation and amortisation) for the last 12 months