

A world map where the landmasses are colored in two shades: a vibrant green and a light grey. The green regions include North America, Europe, and parts of Asia and Africa. The grey regions include South America, Africa, and parts of Asia and Australia. The map is centered on the Atlantic Ocean.

# Presentation of the FAMUR Group

## Q1 2018 business results summary

2018 © FAMUR Group

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# Agenda

## 1. Introduction

2. 2017 financial highlights and key developments
3. Market environment
4. The Group's development prospects

# FAMUR Group | key facts

## CEE's largest supplier of a complete range of solutions for the mining industry

- Regional leader in the Underground, Surface and Handling Systems segments
- Dynamic growth on foreign markets
- Strong M&A track record - 16 successful acquisitions
- Approximately 400 engineers and designers working for the Group
- Highest profitability in the industry in the long term



11

production  
facilities



42

companies



5,000+

employees



PLN 1,460m\*

in revenue



PLN 308m\*

in EBITDA



38%

of exports

\* 2017 data

# Comprehensive portfolio of FAMUR products

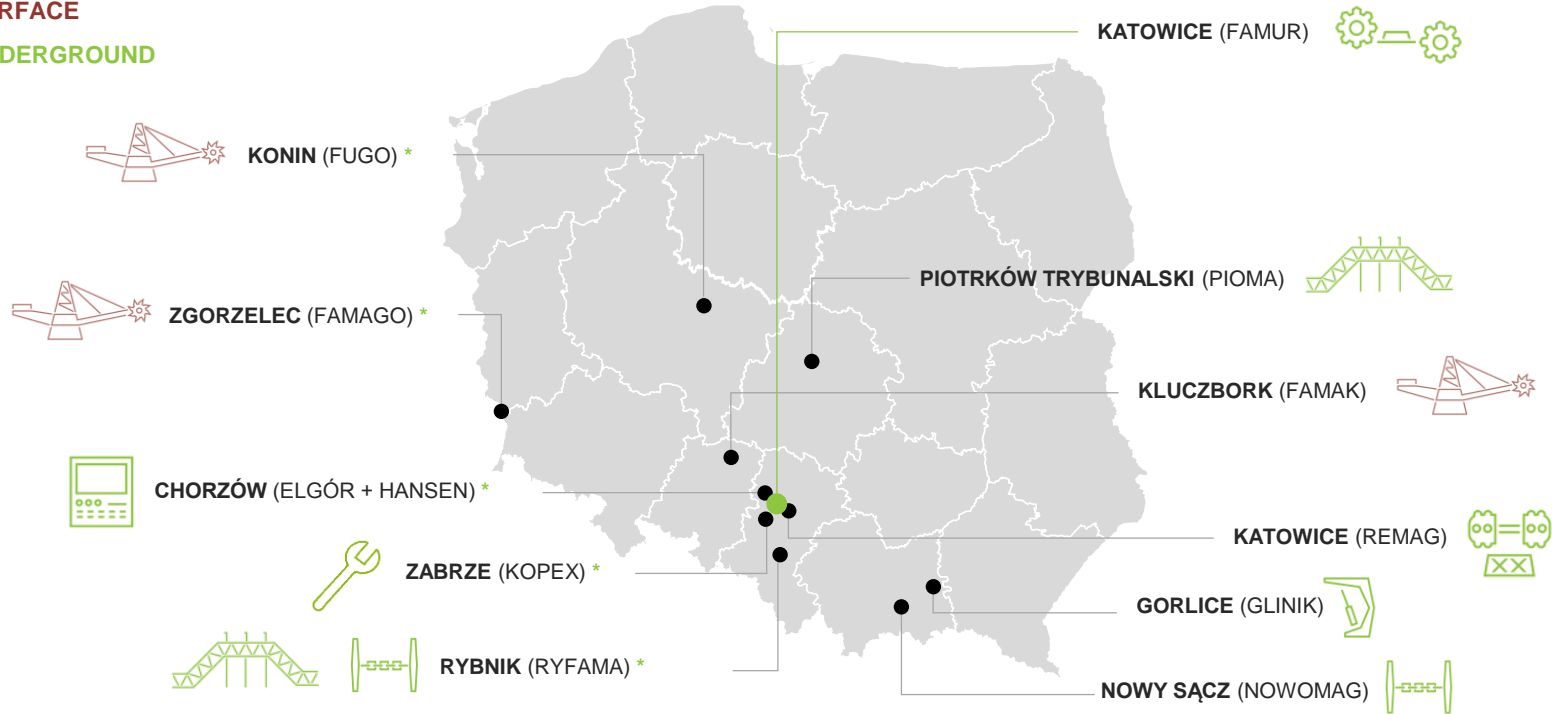


1. Shearer loaders
2. Powered roof support systems
3. Scraper conveyors
4. Roadheaders
5. Drilling and bolting rigs
6. Haul trucks
7. Suspended monorail systems
8. Underground belt conveyors
9. Mining electrical equipment
10. Mine shaft
11. In-plant continuous transport
12. Surface belt conveyors
13.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

# Key production facilities

■ SURFACE

■ UNDERGROUND



\* Acquired in 2017

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# Financial Highlights

2016 FAMUR	2017 FAMUR	2017 COMBINED* FAMUR + KOPEX GROUP	Q4 2017 FAMUR	Q1 2018 FAMUR
PLN 1,030m Revenue	PLN 1,460m Revenue  +42%	PLN 1,905m Revenue	PLN 493m Revenue  +2%	PLN 502m Revenue
PLN 239m EBITDA	PLN 298m EBITDA**  +21%	PLN 404m EBITDA**	PLN 93m EBITDA**  +11%	PLN 103m EBITDA
23% EBITDA margin	20% EBITDA margin**  -15%	21% EBITDA margin**	19% EBITDA margin**  +11%	21% EBITDA margin
PLN 114m EBIT	PLN 114m EBIT**  +0%	PLN 172m EBIT**	PLN 35m EBIT**  +49%	PLN 52m EBIT
PLN 94m Net profit	PLN 82m Net profit**  -13%	PLN 124m Net profit**	PLN 20m Net profit**  +95%	PLN 39m Net profit
PLN -133m Net cash	PLN 80m Net debt  -213m	PLN 80m Net debt	PLN 80m Net cash  +67m	PLN 13m Net debt

NOTES: Kopex results are consolidated since H2 2017 | \* Pro-forma data for 12M 2017 FAMUR + KOPEX  
 \*\* EBIT, \*\*EBITDA, \*\*EBITDA MARGIN, \*\*Net Profit – normalized i.e. excluding Q4 2017 one-offs



# Development of the Group's operating segments

## Machinery and Equipment

From a manufacturer of narrow-use mining machines and systems ...



## Back-to-Back Solutions

... to a supplier of back-to-back solutions for the mining, transport, transshipment and power industries.



Design

Manufacturing

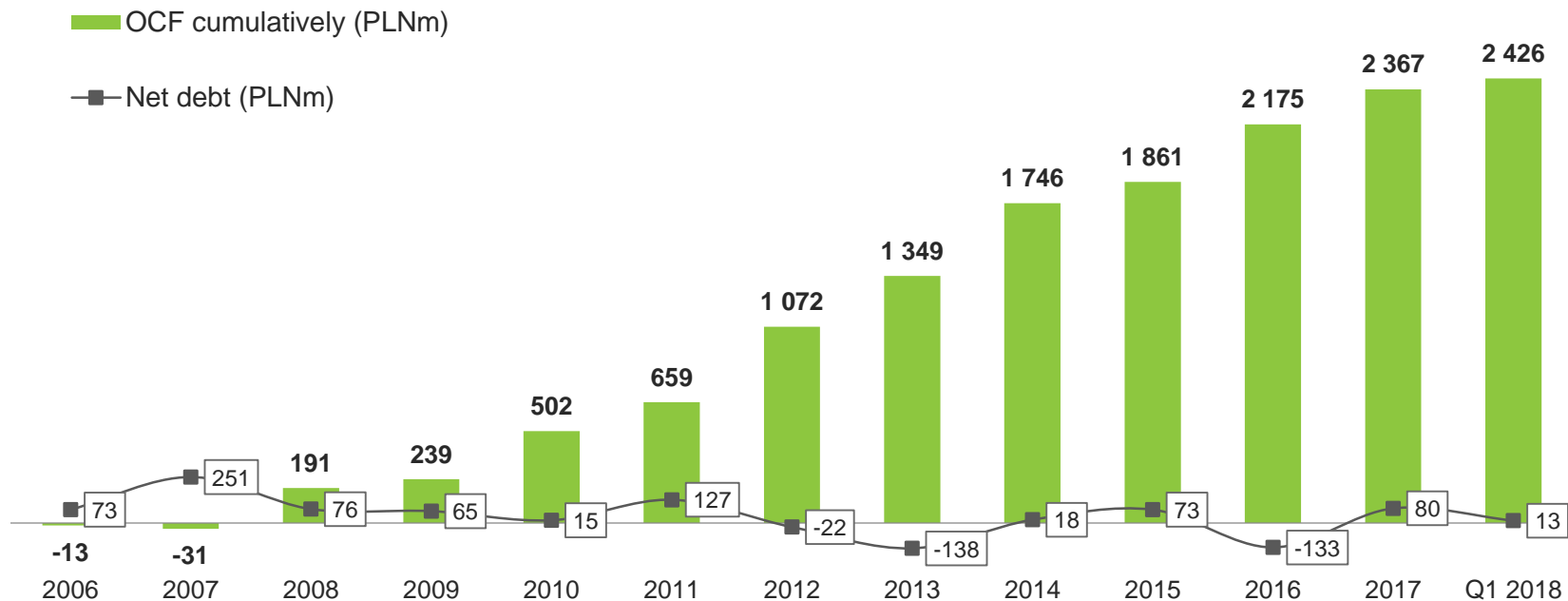
Delivery

Erection

Commissioning

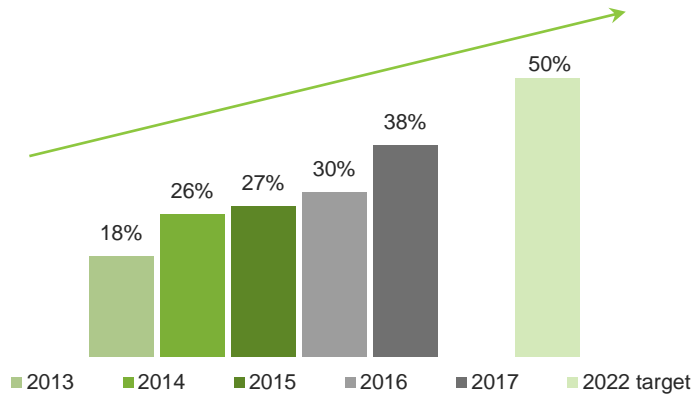
Service

# Finance – stable liquidity

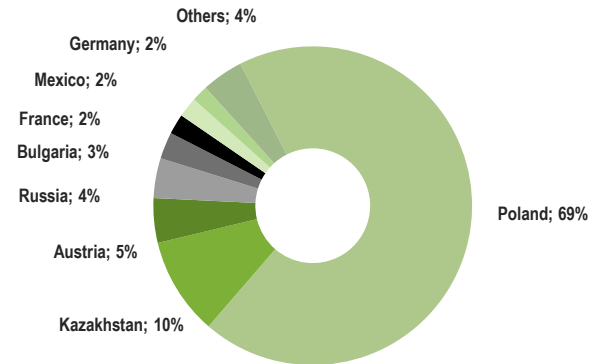


# Geographical split of revenue

## Share of exports in the Group's sales, 2013 – 2017



## Revenue by country



\*) as of Q1 2018

- The geographical split of the Group's revenue is variable, with Russia, Kazakhstan, Turkey, the Netherlands, Austria, Argentina, the USA, Australia, Indonesia, and Mexico considered the most promising markets

# Significant new contracts in progress in 2018

Delivery of  
a longwall system  
PG Silesia  
Sp. z o.o.

**PLN 63m**

Finance lease with  
a delivery of new  
conveyors,  
PGG S.A.

**PLN 74m**

Longwall system, JSC  
ARCELORMITTAL  
TEMIRTAU,  
Tentekskaya

**EUR 19m**

FAMAK's cooperation  
agreement with Hans  
Kunz GmbH

**PLN 50m**  
min. annual value (2017-  
2020)

Delivery of a ship-to-  
shore unloading  
system  
FAMAK and TATA  
STEEL IJMUIDEN BV

**EUR 13m**

Deepening of shaft at  
KWK Pniówek PBSz  
S.A. and JSW S.A

**PLN 44m**

Construction of  
Grzegorz shaft  
PBSz S.A. and  
TAURON Wydobycie

**PLN 228m**

Delivery of a longwall  
system, OOO  
FAMUR Russia AO  
UK SIBIRSKAJA,  
Uvalnaya

**EUR 17m**

Delivery of longwall  
system OOO  
POLSKIE MASZYNY  
Inaglinskij complex,  
Yakutia

**EUR 22m**

Delivery of roof  
supports,  
JSW S.A.

**PLN 85m**

# Major events in 2018 YTD

- Receipt of conditional **offer to purchase PBSz S.A. shares** from JSW
- **Increasing the flexibility of FAMUR Group financing in particular:**
  - Execution of agreement with **Bank Zachodni WBK S.A.** for overdraft and foreign currency facility for PLN 50m (up to 36 months)
  - Execution of agreement with **Credit Agricole Bank Polska** for credit facility for PLN 50m (until February 2021)
  - Execution of annexes to agreements with **Bank Gospodarstwa Krajowego** for PLN 40m overdraft facility and PLN 42m guarantee line (extension by 36 months)
  - Repayment of liabilities under credit facility agreements with **PKO Bank Polski S.A.**
- **Approval** of the FAMUR's **Information Memorandum** by the Polish Financial Supervision Authority (PFSA) – February 8th, 2018
- **Approvals** of KOPEX demerger **by FAMUR and KOPEX Extraordinary General Meetings** – April 2018
- Registration of FAMUR's share capital increase and KOPEX demerger (through transfer of a part of its assets to FAMUR) by National Court Register
- Execution of annexes to agreements with **Raiffeisen Bank Polska S.A.** (PLN 132.5m in total)

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# Positive global demand outlook

Key markets	Demand forecast vs 2017	Main products
POLAND		Complete range of products: longwall systems, conveyors, transport and handling systems, power systems
RUSSIA AND KAZAKHSTAN		Longwall systems, transport and handling systems, transshipment machinery for open-pit mining
TURKEY		Longwall systems, transport and handling systems, transshipment machinery and machinery for the power industry
CHINA		Longwall systems, transport and handling systems, transshipment machinery and machinery for the power industry
US		Longwall systems, transport and handling systems, transshipment machinery and machinery for the power industry
INDONESIA		Surface transport and handling systems, transshipment machinery and machinery for the power industry
INDIA		Complete range of products
OTHER CEE COUNTRIES		Surface transport and handling systems, transshipment machinery
THE BALKANS		Transport and handling / transshipment systems
SOUTH AND CENTRAL AFRICA		Complete range of products

According to the International Energy Agency (2017 report ), the **volume of energy generated from coal will increase** from 9,282 TWh in 2016 to 10,086 TWh in 2040, i.e. by **9%** (CAGR of 0.4%).

Coal will remain the main energy source for electricity production in China and India, and Southeast Asia will triple the amount of electricity generated from coal.

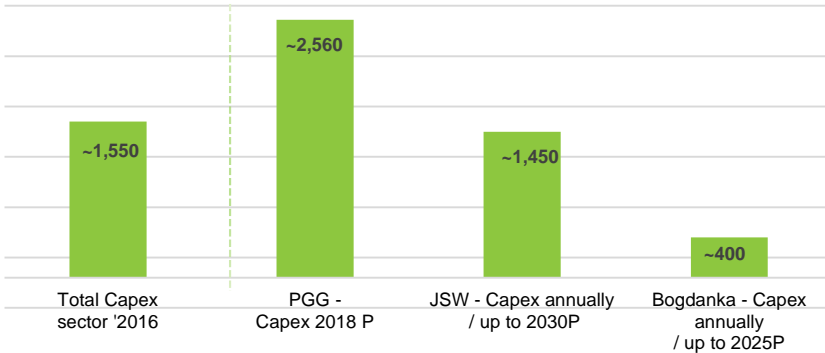
# Domestic market environment

## Expected investments in Poland

### CAPEX in the mining sector:

We expect to see a stronger flow of orders on improving conditions in the Polish market and growing demand for coal.

**POLAND – INVESTMENT IN THE INDUSTRY (PLNm)**  
– 2016 vs 2018



Source: the Company's estimates based on available market data, data from coal companies

- For 2018, **PGG** is planning capex of PLN 2.56bn, including PLN 823m on access headings, PLN 411m on longwall solutions and PLN 1.32bn on other investments (in mine workings, upgrades of coal processing plants, purchases of machinery and equipment).
- Jastrzębska Spółka Węglowa (JSW)** has planned its overall capex for 2018-2030 at approximately PLN 18.9bn, i.e. 1.45bn annually on average (based on JSW's strategy).
- Bogdanka** forecasts put its 2016-2025 capex (in nominal terms) at PLN 3.7bn in the base-case scenario and approximately PLN 4bn in the flexible development scenario.
- According to the data presented in the **Government Programme for the Mining Sector until 2030**, announced on January 23rd 2018, as of 2021 the average projected expenditure on investments is to reach approximately PLN 2bn.



# Assumptions of the PROGRAMME for the Polish Hard Coal Mining Industry until 2030

adopted by the Polish Council of Ministers on January 23rd 2018

## PROGRAMME FOR THE MINING INDUSTRY UNTIL 2030

- **drafting of a new Mining Law by 2020**
- implementation of the **Smart Mine** programme
- **budget subsidy** totalling PLN 3.99bn
- **public aid** of PLN 7.22bn for the **mining sector**
- establishment of the **Mining Industry Steering Committee** at the Ministry of Energy
- **undeveloped proved hard coal reserves**, roughly estimated at 31bn tonnes, located in the Kraków, Lublin and Katowice provinces

## KEY GOALS OF THE PROGRAMME

- **profitability and financial liquidity** – alignment of production with market needs
- integration of the mining and power sectors
- **investments to reach new deposits and improve efficiency of the mining operations**
- ensuring that coal demand in Poland is fully met
- support for and development of clean coal technologies
- **innovations and improvement of safety in the mines**

## ORGANISATIONAL AND TECHNOLOGICAL CHANGES IN THE MINING INDUSTRY

- modernisation of the underground infrastructure
- **Prospects for implementation of the ‘Mine 4.0’ vision**
- upgrade of the underground transport system
- creation of integrated mines
- gaining access to new deposits where coal extraction is economically viable
- **New opportunities for all of the FAMUR Group operating segments**

## OBJECTIVES



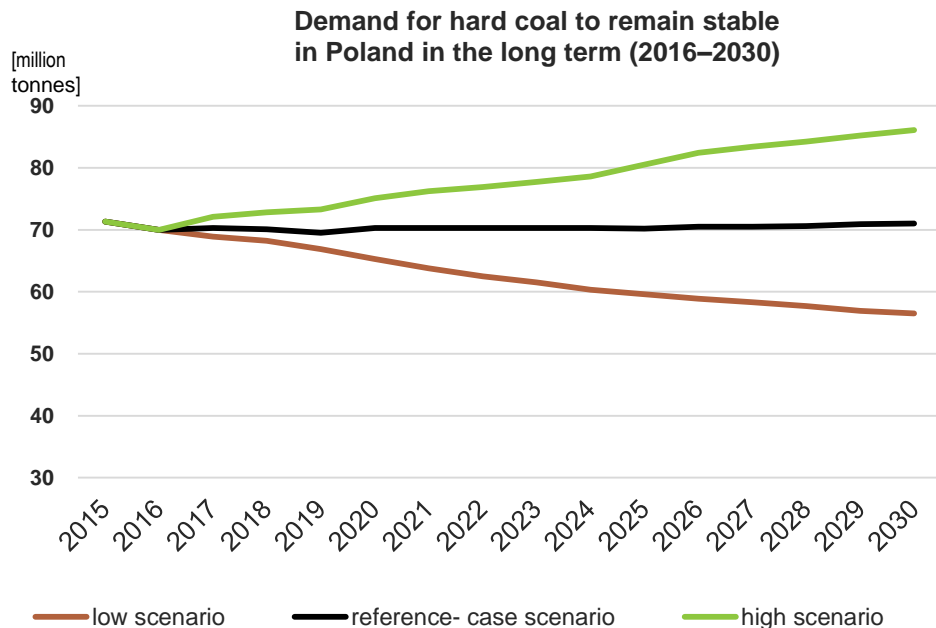
## ACTION AREA



## OPPORTUNITIES

# PROGRAMME for the Polish Hard Coal Mining Industry until 2030

adopted by the Polish Council of Ministers on January 23rd 2018



**low-case scenario** - minimum hard coal consumption levels

**reference-case scenario** - consumption of hard coal in the Polish market remains roughly at current levels

**high-case scenario** - development of the thermal coal market in Poland, with coking coal consumption remaining stable

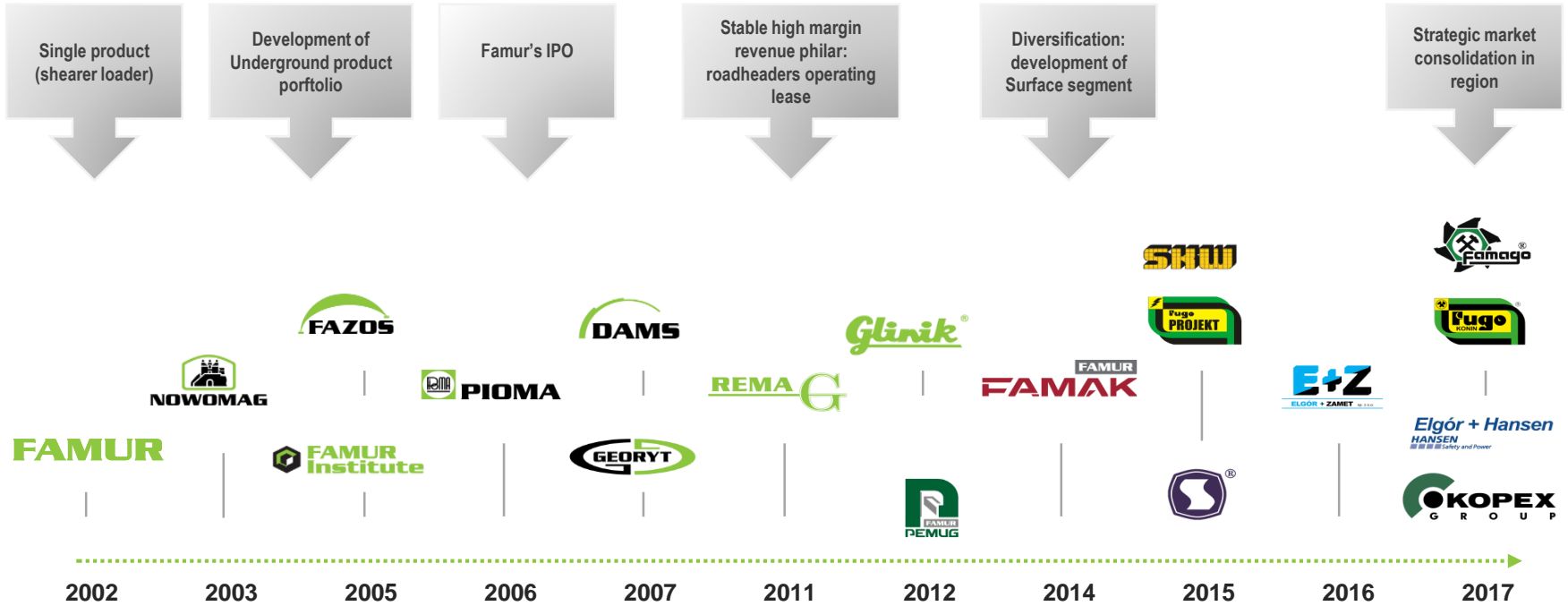
## ELECTED KEY ASSUMPTIONS UNDERLYING THE REFERENCE-CASE CENARIO:

- Commercial power plants – increase in hard coal consumption(+5.7m tonnes)
- Cokemaking – no major changes
- Households – decrease in consumption (-4.7m tonnes)
- Thermal power stations – decrease in consumption (-0.8m tonnes)
- It has been assumed that the existing and any newly constructed coal-fired power generating units will cover no more than 50% of the growing demand for electricity
- Adoption of the 200+ Programme (modernisation of all 200MW power generating units); timely completion of the units in Jaworzno, Koziencice and Opole power plants
- Implementation of the capacity market mechanism

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# 15 years of market consolidation



# Prospects for further growth of the Group

## 2017

- Identification and recognition of risks
- Start of the margin recovery process
- Work on the FAMUR Group's global strategy
- Launch of cooperation with the mines in the area of innovative solutions – 'Mining 4.0'
- Completion of the integration processes
- **Consolidation of market share**

INTEGRATION →

## 2018

- Development and implementation of the FAMUR Group strategy
- Increased margin on running contracts
- Growth of investments in the mining industry – tenders for back-to-back solutions
- Full synergies
- **Stronger GO GLOBAL expansion**

GROWTH →

## 2019+

- Leader of innovation in offered solutions
- Increase in stable and high-margin revenue from aftermarket services and leases
- **Global development strategy**

Goal:

- Famur's presence on all continents of key importance to the mining industry

GLOBALISATION

# Global development scenarios

## Target markets



RUSSIA



TURKEY



INDONESIA



MEXICO



INDIA



CHINA



USA



CANADA



AUSTRALIA

### Organic growth

Organic growth investments – building new representative offices in the foreign markets



### Strategic acquisitions

Acquisition of a foreign target – expansion of the know-how, production base and sales markets



### Strategic alliances / joint ventures

Agreements on joint operations in particular markets – expansion of markets, mutual benefits for the partners



## Following market leaders

**CATERPILLAR**



**KOMATSU**



Strategic acquisitions

Alliances / Joint Ventures



**Olga Panek**

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**Thank you for your attention!**

**FAMUR**