



FAMUR

FAMUR Group presentation
**Q1 2019 business results
summary**

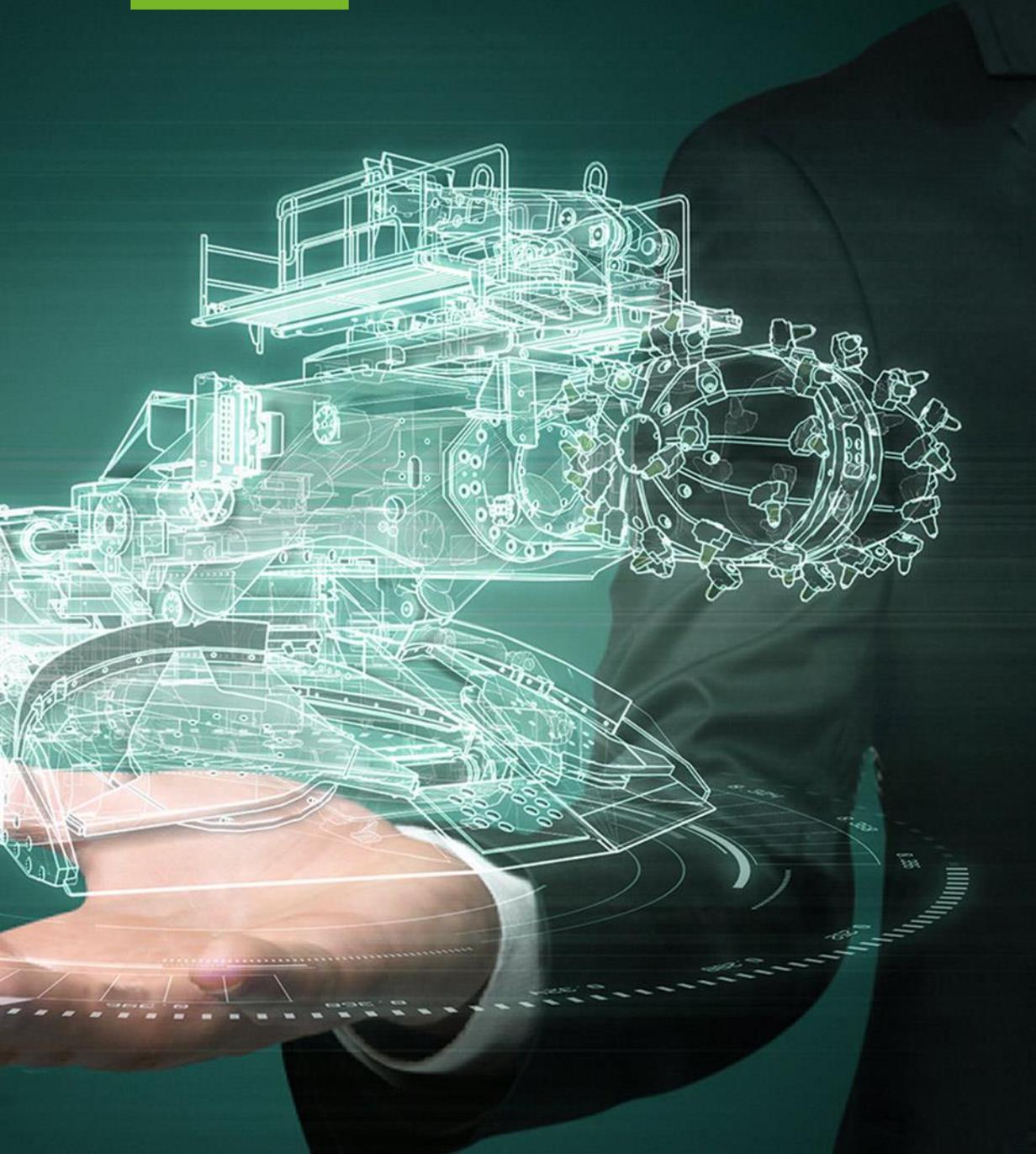
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Key facts



Key facts

- 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

* financial data for 2018
** cumulatively since 2011

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



1922

Machinery and equipment

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

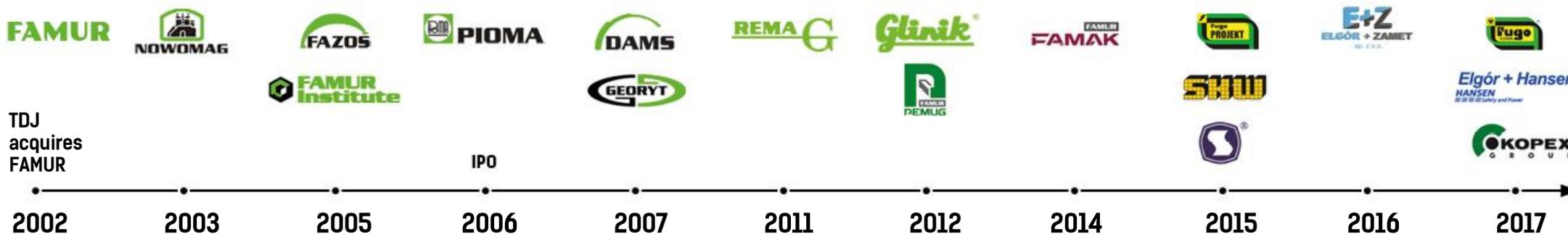
2018

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



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



2002 – 2013

Proven solutions

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



2014 – 2018

Proven solutions. Global reach.

Our vision

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

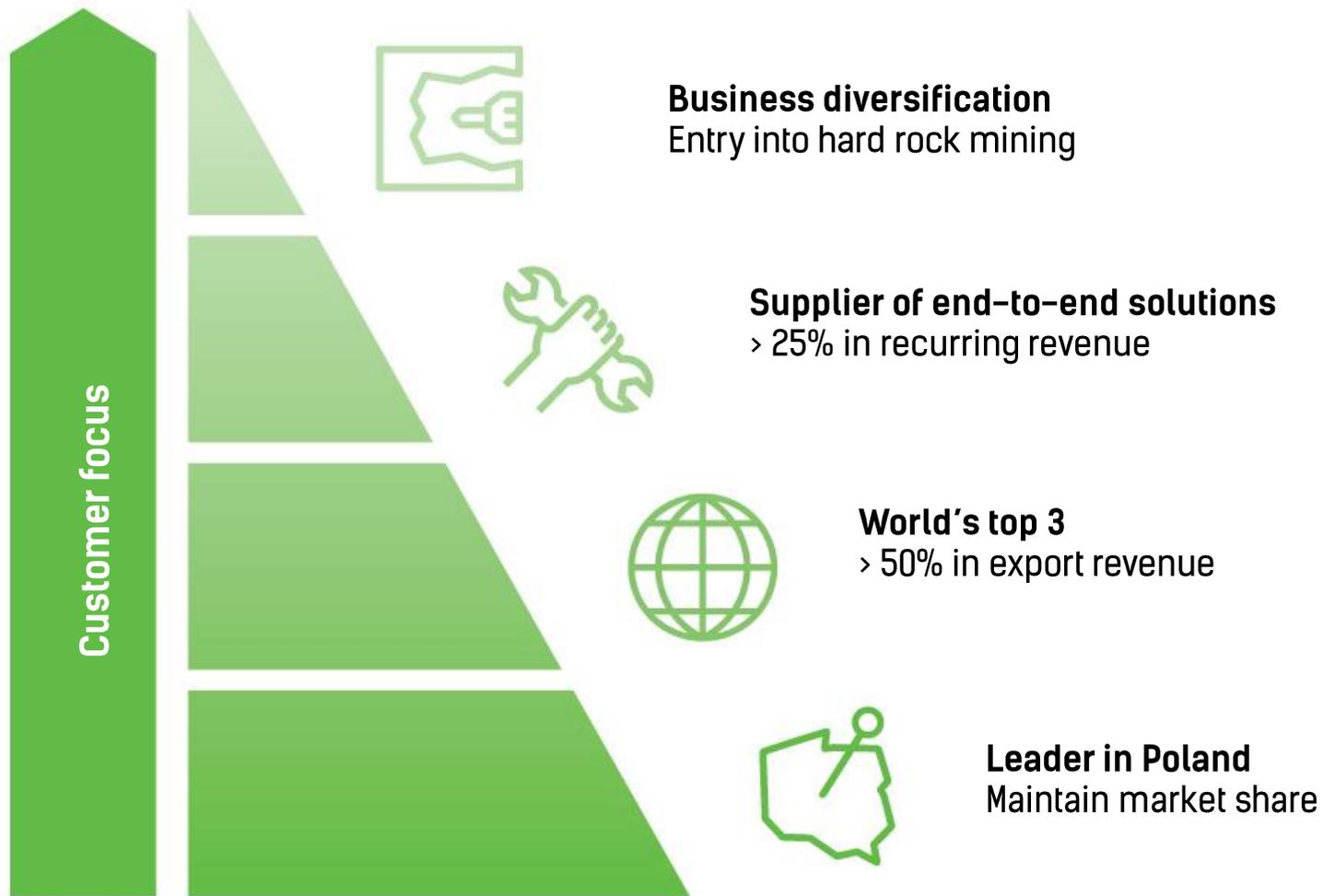
Our mission

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

2019 – 2023

Proven solutions. Global reach. Smart technology.

Strategic objectives and supporting initiatives



Our targets

Estimated revenue growth in 2017–2023 (PLNbn)



	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

* Excluding PBSz related revenues

** Including export revenues

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Financial results



Major events in 2019 (YTD)

January 2019



The sale of 10% of Famur shares in accelerated book building process

February 2019



PGG S.A. – Delivery of conveyors for PGG KWK ROW in 2019 and 2020 (ca. PLN 76m)

March 2019



PGG S.A. – Delivery of conveyors for KWK Piast-Ziemowit (PLN 65.6m)

Arcelor Mittal – Contract for delivery of longwall system to Kazakhstan, Shahtinskaya mine (EUR 21.7m)

April 2019



LW BOGDANKA S.A. – Delivery of powered roof supports (PLN 95m)

May 2019



ICBC – Annexes to agreements with maturiy extension loan + guarantees (PLN 130m)

Bonds – Execution of bond programme agreement and contemplated issuance of bonds

PBSz S.A. – Agreement for sale of PBSz S.A. with JSW S.A. / Early repayment of debt assigned to Tranche B of the Restructuring Agreement

Dividend – recommendation for PLN 207m

JSW – Delivery of longwall system with necessary equipment (PLN 123.7m)

„Osinnikowskaja” / OOO „RUK – powered roof supports and scraper conveyors (EUR 22.8m)

JSW – lease of five roadheader systems for Borynia-Zofiówka-Jastrzębie mine (PLN 38.5m)

JSW – lease of five roadheader systems for Knurów-Szczygłowice mine (PLN 84.3m)

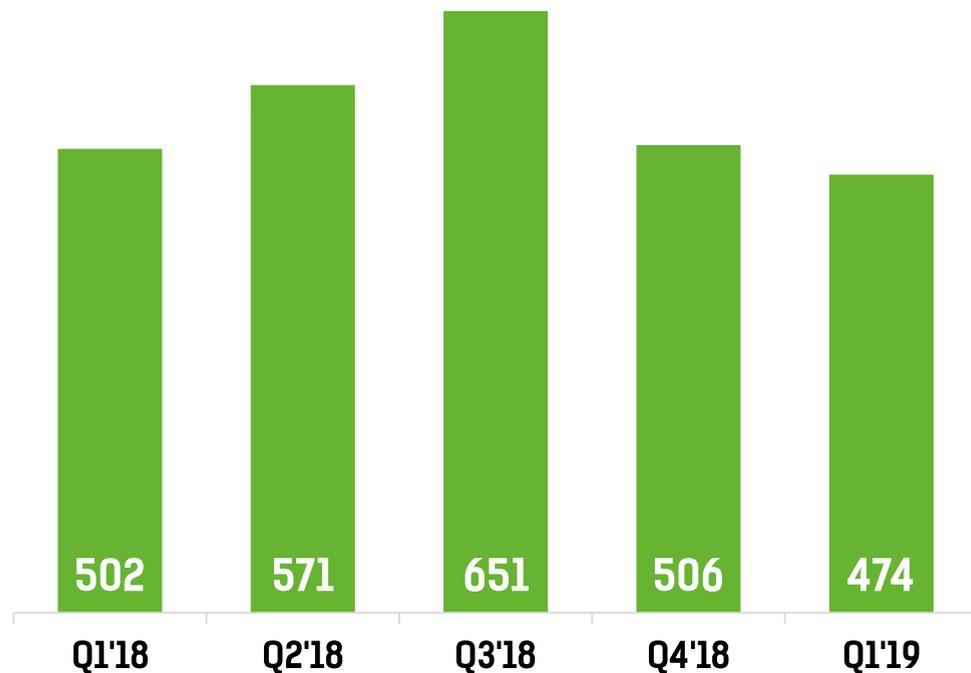
Financial results

	2017*	2018	1Q'18	1Q'19
Revenue	PLN 1,460m	PLN 2,229m	PLN 502m	PLN 474m
Gross profit/(loss)	PLN 298m	PLN 524m	PLN 97m	PLN 134m
<i>Gross margin</i>	20%	24%	19%	28%
EBIT	PLN 133m	PLN 300m	PLN 52m	PLN 88m
<i>EBIT margin</i>	9%	13%	10%	19%
EBITDA	PLN 308m	PLN 491m	PLN 103m	PLN 135m
<i>EBITDA margin</i>	21%	22%	21%	29%
Net profit	PLN 57m	PLN 220m	PLN 39m	PLN 66m
<i>Net margin</i>	4%	10%	8%	14%
Net debt	PLN 80m	PLN 281m	PLN 13m	PLN 172m

* PRIMETECH operating data has been consolidated since H2 2017; PRIMETECH balance sheet/debt has been consolidated since June 30th 2017

Revenue and EBITDA growth

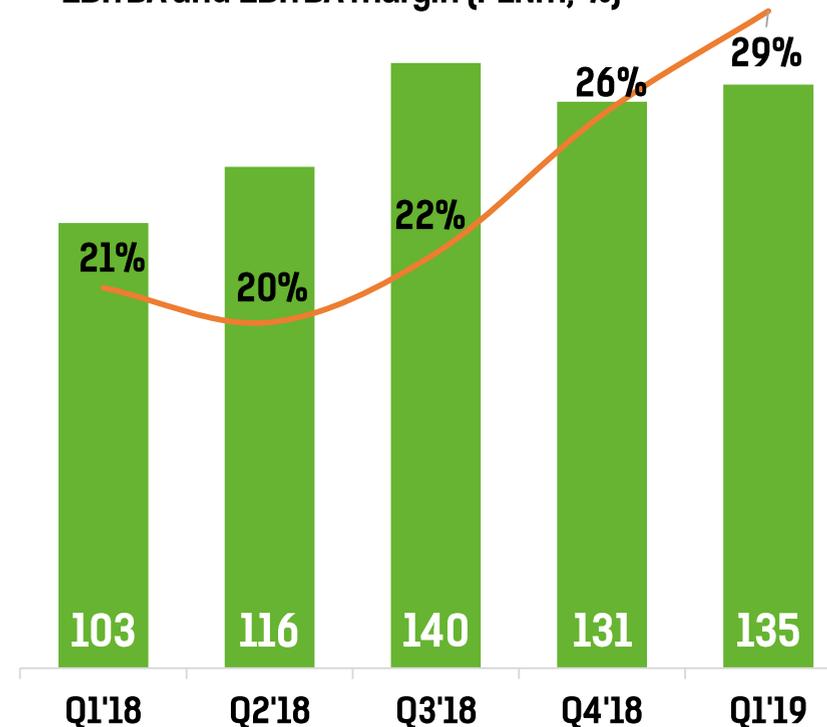
Revenue (PLNm)



The integration with the Primetech (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.

Due to contracts schedules, we expect to increase the volume of contracts performed in the subsequent quarters of FY 2019 vs. 1Q 2019.

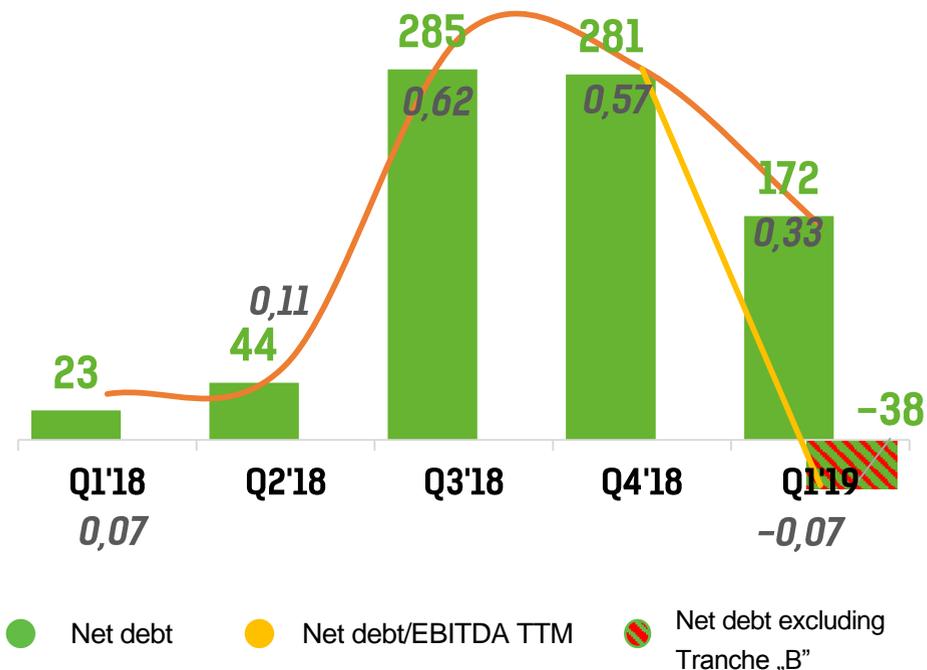
EBITDA and EBITDA margin (PLNm; %)



The unlocked cost synergies combined with better penetration of the Famur Group's markets allowed us to maintain our medium-term margins and their subsequent improvement.

Debt and operating cash flow

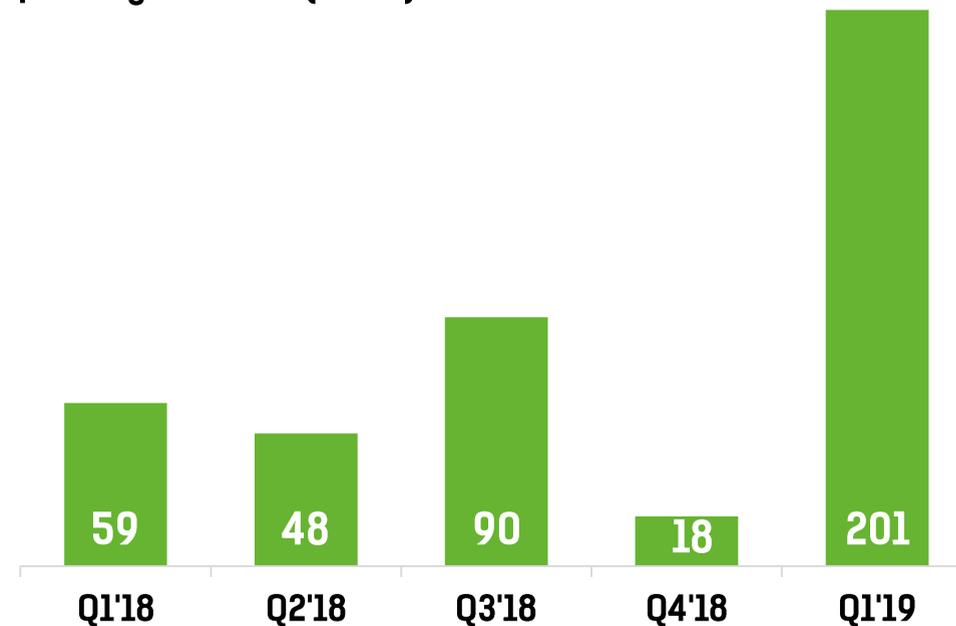
Debt (PLNm)



Although it assumed debt under the Kopex Group Restructuring Agreement and distributed PLN 253m as Dividends in 2018, the FAMUR Group maintains a safe level of debt as a foundation for continued growth in the long term.

As a result of the sale of PBSz S.A. shares, the Tranche „B” (PLN 210.5m) of the Kopex Group restructuring agreement of December 1, 2016 was early repaid.

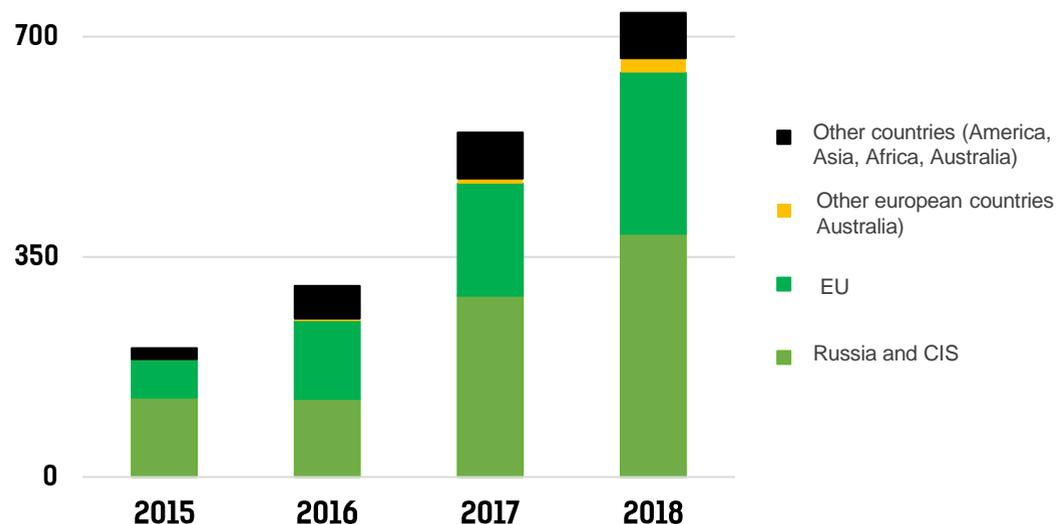
Operating cash flow (PLNm)



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

High level of OCF relates to the characteristics of contracts in Q4'18 (payments made in Q1 2019)

Go Global!



Export sales in Q1 2019



- 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** in 2018.
- Since the end of Q4 2019, **we have reported almost PLN 875m** of significant contracts to be performed in 2019 (excluding lease agreements) thereof **PLN 360m** export contracts.
- Since the beginning of Q1 2019, **we have reported almost PLN 552m** of significant contracts to be performed in 2019 (excluding lease agreements) thereof **PLN 190m** export contracts.

Major foreign contracts last months / in progress

<p>Delivery of a longwall system in Russia (Osinniovskaya)</p> <p>22.8m (EUR)</p>	<p>Delivery of a longwall system in Kazakhstan (Shahtinskaya)</p> <p>21.7m (EUR)</p>	<p>Delivery of Mikrus equipment (an innovative mining system) in China</p> <p>17m (EUR)</p>	<p>Delivery of a longwall system delivered in Russia (Inaglinskij)</p> <p>22.7m (EUR)</p>	<p>Delivery of a ship unloading system in the Netherlands (Tata Steel)</p> <p>13m (EUR)</p>
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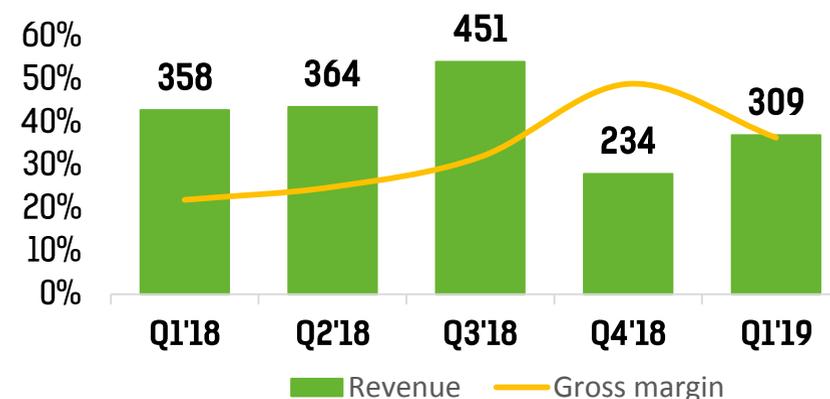
Comprehensive portfolio of advanced solutions

	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
	Segments share in consolidated revenues (Famur Group)			
2018	63%	17%	14%	7%
2017	70%	20%	7%*	3%*

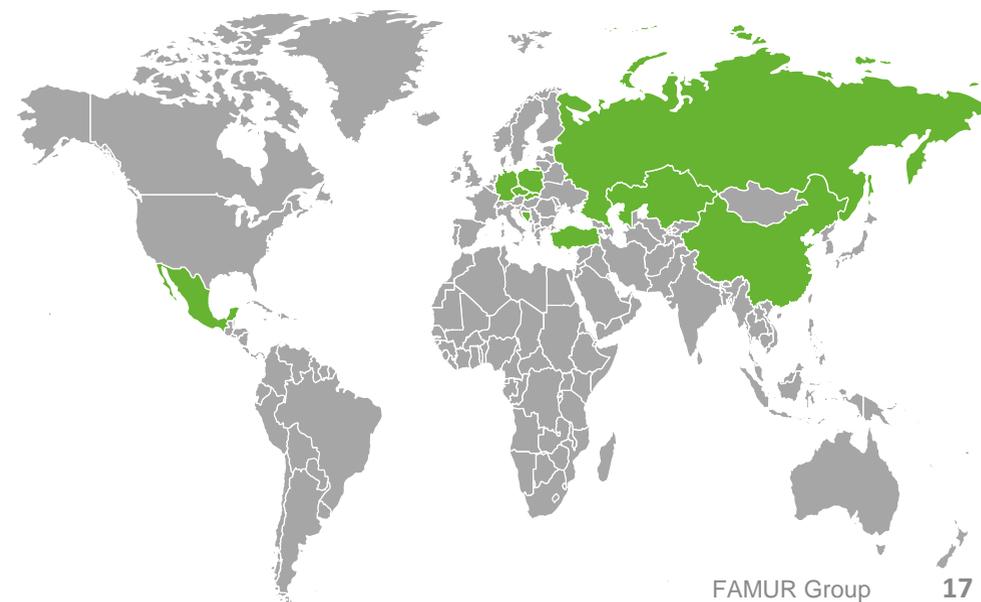
(*) Mining services and Electrical systems comprise only H2 2017 (segments establishment / acquired from Kopex)

Underground

	2017*	2018	1Q'18	1Q'19
Revenue:	PLN 1,018m	PLN 1,407m	PLN 358m	PLN 309m
Gross profit/(loss)	PLN 222m	PLN 431m	PLN 80m	PLN 113m
<i>Gross margin %</i>	25%	31%	22%	36%

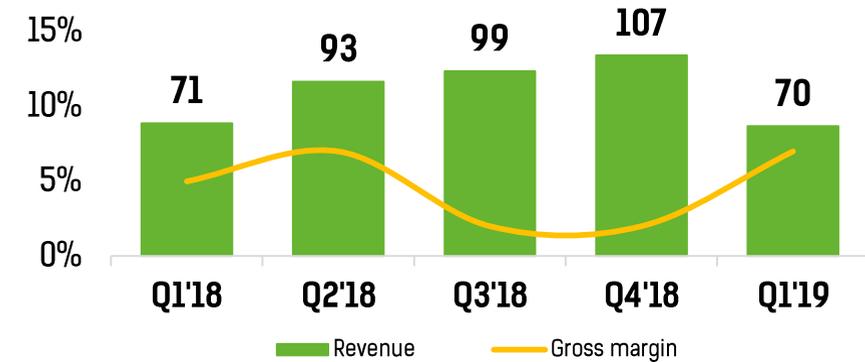


- In Q1 2019, the FAMUR Group reported decrease in the Underground segment's revenue by -13% yoy i.e. 2/3 of total group revenue.
- Segment revenue was primarily driven by contracts for the Polish mining companies, including the JSW Group and PGG, as well as deliveries to customers in CIS countries.
- The same time, the segment's profitability was boosted by an improvement in FAMUR S.A.'s operating efficiency, favourable market environment, and a solid mix of ongoing contracts, aftermarket sales and services, including lease.
- In view of the schedules of the contracts made in late 2018 and early 2019, the Company expects to improve its revenue in the next quarters of the year.



Surface

	2017*	2018	1Q'18	1Q'19
Revenue:	PLN 292m	PLN 371m	PLN 71m	PLN 70m
Gross profit/(loss)	PLN 24m	PLN 15m	PLN 4m	PLN 5m
Gross margin %	7%	4%	5%	7%

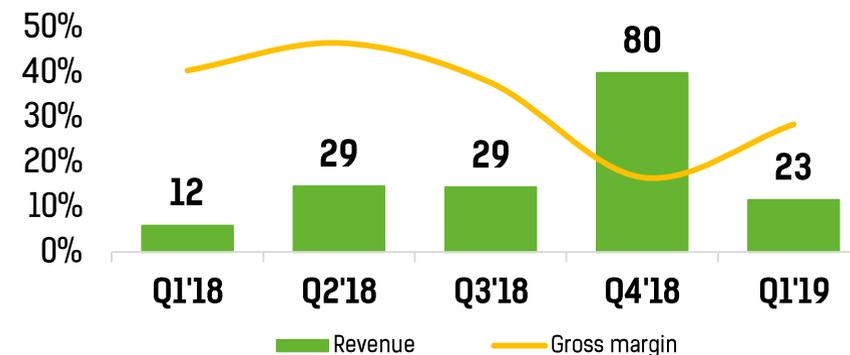


- The segment's revenues related in particular to the contract for coal processing plant at KWK Budryk, as well as reloading and lifting equipment, and for open pit mining – e. g. in Austrian and Bulgarian and Dutch markets, where Famak supplies the vessel unloader for Tata Steel IJmuiden.
- The persistently rather low margin in the Surface segment was attributable to the execution of the final phase of long-term contracts signed in previous years, whose initial cost base did not take into account the unpredictable growth in costs at the end of 2017 and beginning of 2018, which affected the amount of recognised profit.
- In pursuit of its strategic goals of revenue diversification, the FAMUR Group intends to maintain its strong position in the sector of electromechanical equipment for the open pit mining and power sectors and in the sector of cargo transport and handling systems.

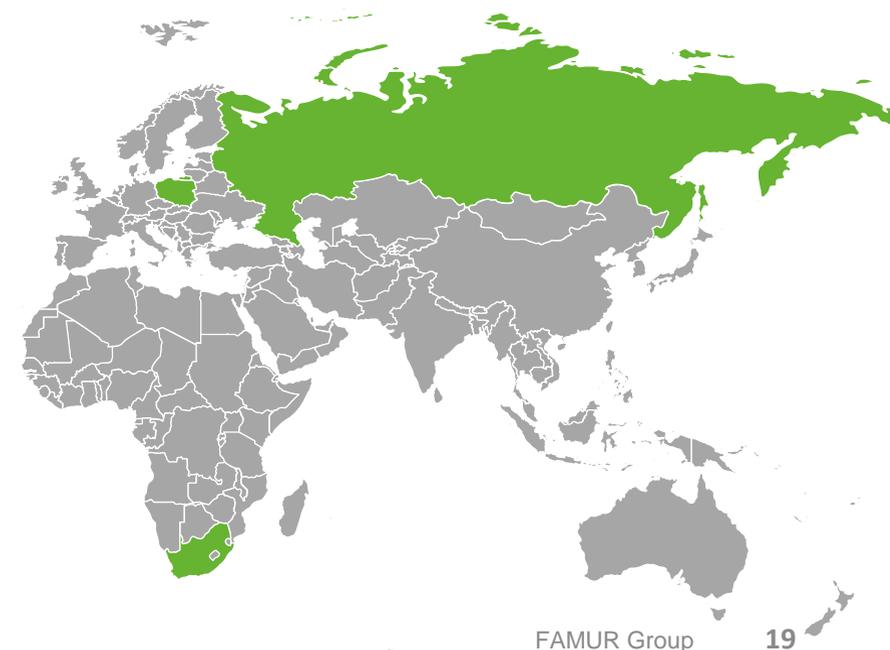


Electrical Equipment*

	2017*	2018	1Q'18	1Q'19
Revenue:	PLN 41m	PLN 150m	PLN 12m	PLN 23m
Gross profit/(loss)	PLN 11m	PLN 43m	PLN 5m	PLN 7m
<i>Gross margin %</i>	<i>27%</i>	<i>28%</i>	<i>40%</i>	<i>29%</i>



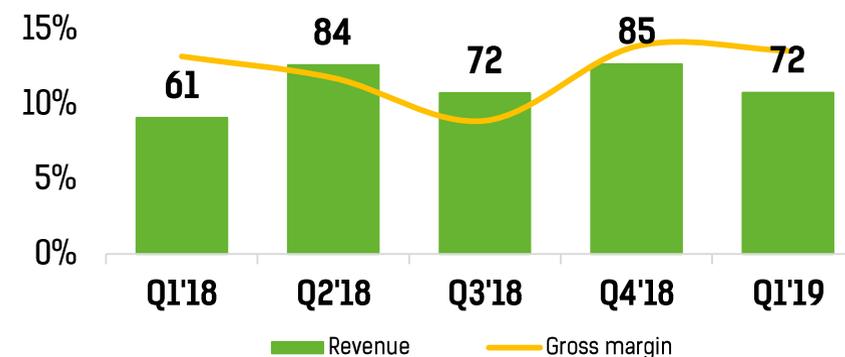
- The Electrical Equipment business comprises design and manufacture of power supply and switchgear equipment for mining machinery, electronic components, development and deployment of IT solutions, implementation of industrial automation systems, development of technical systems and devices, and integration of power and automation systems.
- A significant growth in the revenue of the Electrical Equipment segment (up by 96% year on year) was driven by a higher number of executed contracts, in particular by the FAMUR Group companies in South Africa.
- 2018 was the first full year of the segment operating within the Group. The market conditions during the period helped to significantly expand the scale of the segment's operations and to exploit its assets.
- Developing and implementing innovative e-mine solutions and predictive maintenance systems, the business is of key importance to the Group.



(*) the Segment was established / acquired from Kopex since H2 2017.

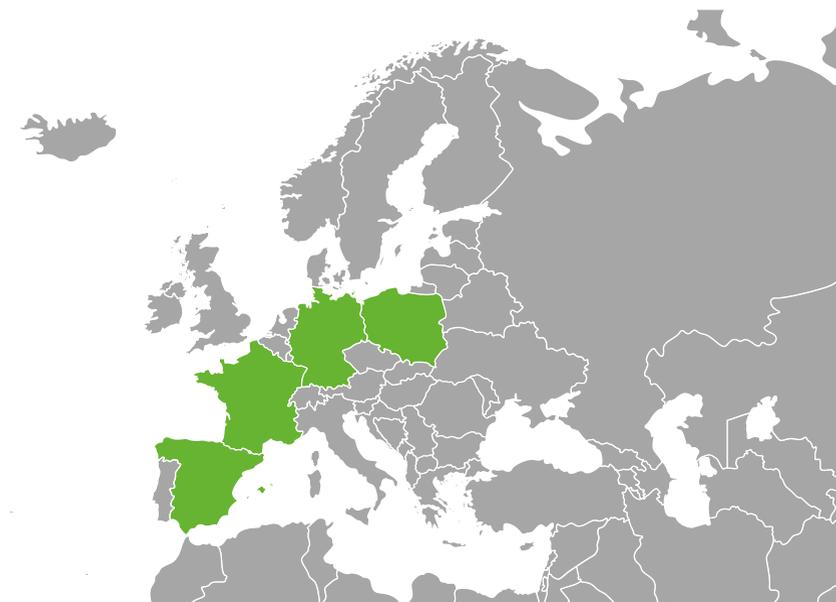
Mining services *

	2017*	2018	1Q'18	1Q'19
Revenue:	PLN 108m	PLN 301m	PLN 61m	PLN 72m
Gross profit/(loss)	PLN 8m	PLN 36m	PLN 8m	PLN 10m
<i>Gross margin %</i>	<i>7%</i>	<i>12%</i>	<i>13%</i>	<i>14%</i>



- The Mining Services segment recorded an 18% increase in revenue year on year on the back of higher sales of coal and mining services at Primetech S.A., as well as higher revenue from work performed as part of PBSz S.A. operations.
- The segment's core asset is PBSz S.A. The company is to be sold in line with the Restructuring Agreement of December 2016. Divestment proceeds will be used to repay debt under the Restructuring Agreement.
- On May 20th, a contract for the sale of PBSz S.A. was concluded with JSW S.A.
- Funds from disinvestments were used to repay the Restructuring Agreement outstanding debt.

(*) the Segment was established / acquired from Kopex since H2 2017.





3

PBSz

PBSz sale process

PBSz sale process timeline

December
2016



Kopex Group restructuring agreement is signed



Key terms of the agreement:

- Debt of PLN 620m is divided into three tranches: A, B and C
- Allocation of tranche B debt (PLN 250m) to PBSz S.A. (as of March 31st, 2019 the outstanding amount was PLN 210m)
- Potential PBSz S.A. sale proceeds to be used for early debt repayment („Tranche B“)

2017



JSW commences due diligence review of PBSz

Grudzień
2018



A conditional agreement for the sale of PBSz S.A. to JSW is signed

20.05.2019



The transaction is settled, with all debt repaid and settlements under RA closed

- 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.

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

[PLNm]	FY 2018		
	FAMUR Group	PBSz	FAMUR Group ex PBSz
Revenues	2,229	250	1,979
Gross profit	524	27	497
EBIT	300	20	280
EBITDA	491	32	459
<i>EBITDA margin</i>	<i>22%</i>	<i>13%</i>	<i>23%</i>
Net profit	220	16	351
Thereof: the result on loss of control (recognised through equity); no impact on FAMUR S.A.'s ability to pay dividends in PTH and FMF			148

[MIn PLN]	31.12.2018	
	FAMUR Group	FAMUR Group ex PBSz
Non-current assets	1,158	1,091
Current assets	1,722	1,606
TOTAL ASSETS	2,880	2,697
Equity	1,587	1,708
Financial liabilities	579	342
L/T Financial liabilities	515	310
S/T Financial liabilities	64	32
Other liabilities, provisions and accruals	442	412
Trade payables	271	235
TOTAL EQUITY AND LIABILITIES	2,880	2,697

- 1 Net debt decrease:** reported: 281m vs 55m
- 2 Equity Ratio increase:** reported 0.55 vs 0.63
- 3 Export share increase :** reported 33% vs 37%

4

Our goals for 2019

Our goals for 2019

- ▶ **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

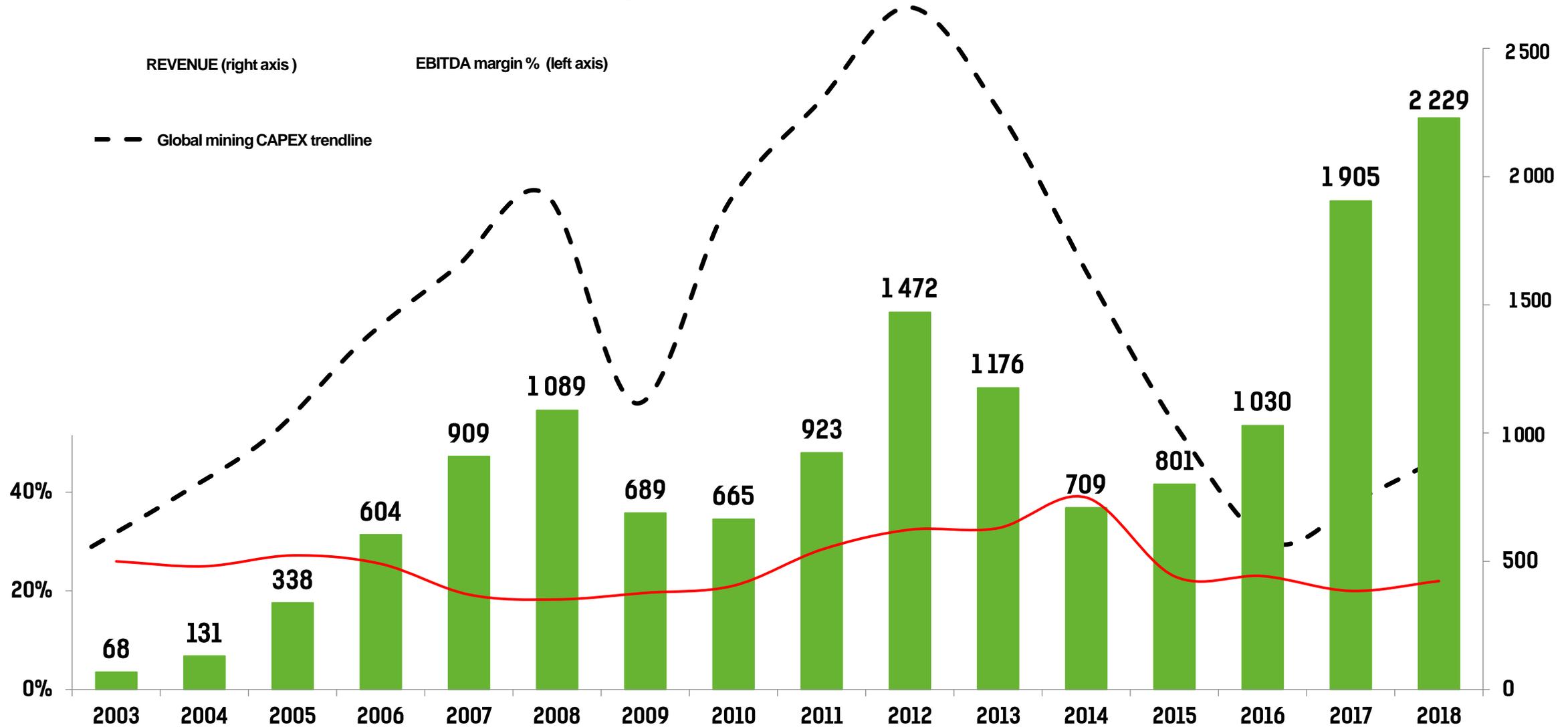
Divestment proceeds estimated at PLN 70–80m (2019+).
- ▶ **Diversify the Group's debt**
- ▶ **Prepare further steps for PTH's strategy after PBSz S.A. divestment**
- ▶ **Continue acquisitions in the hard rock mining segment**

5

Long-term position



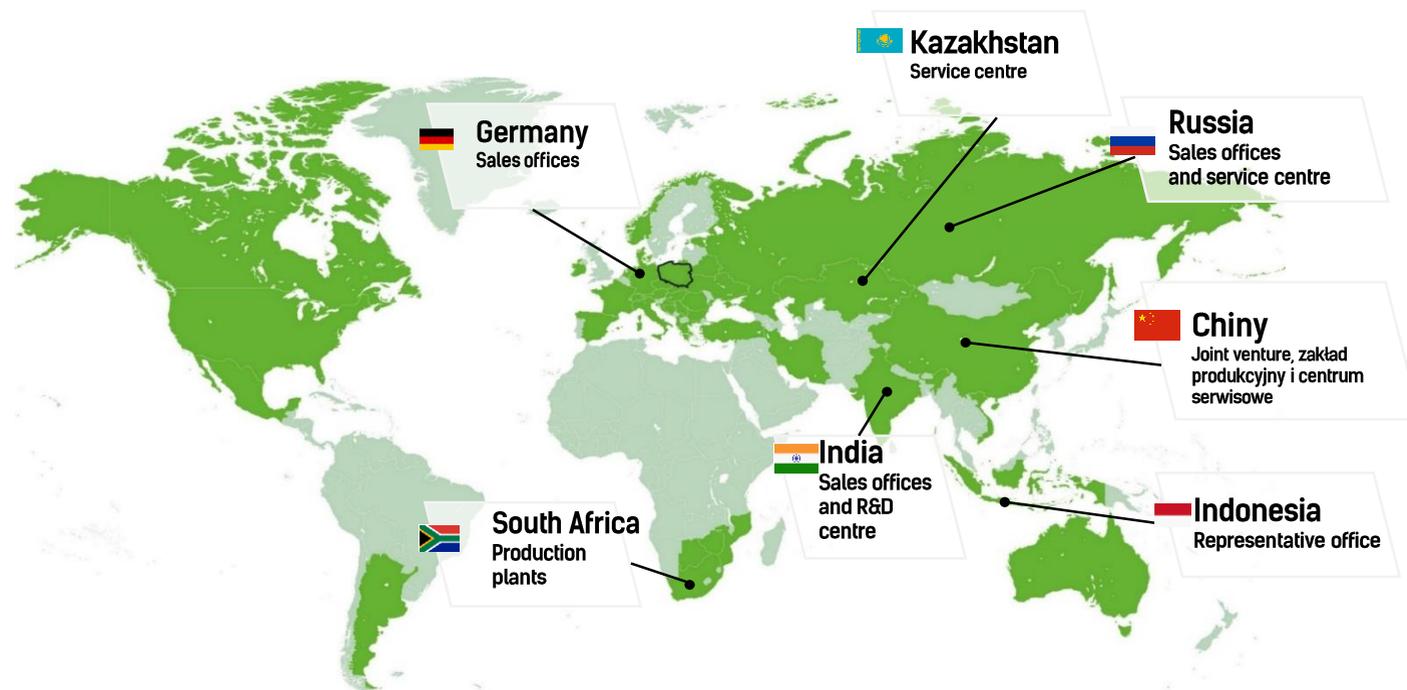
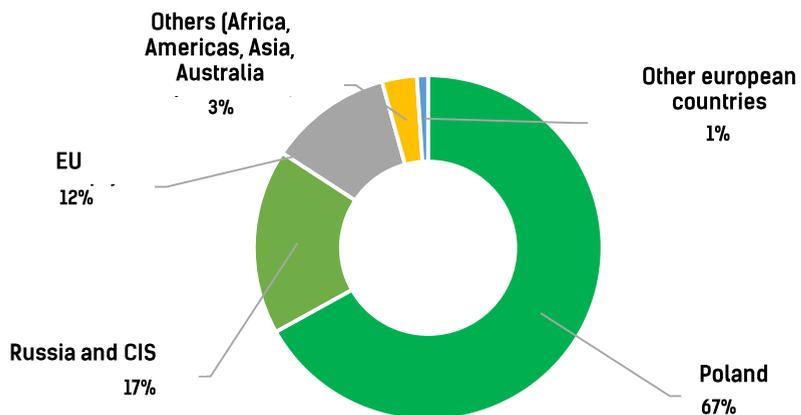
We maintain profitability throughout the business cycle



We diversify our revenues

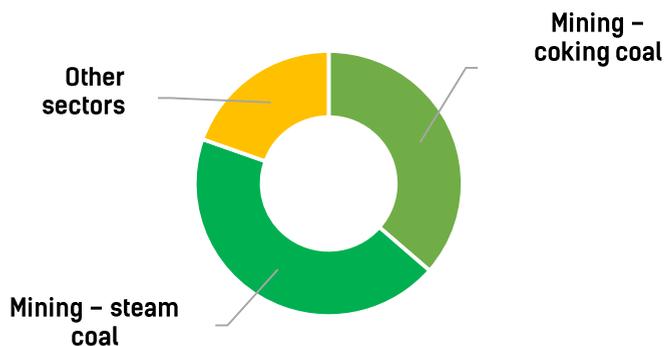
Geographical diversification * – Go Global

Increased sales activity on individual markets combined with a recovery in the mining industry allowed for a record volume of foreign sales in the amount of PLN 740 million in 2018



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

Sector diversification*



Selected customers

Poland



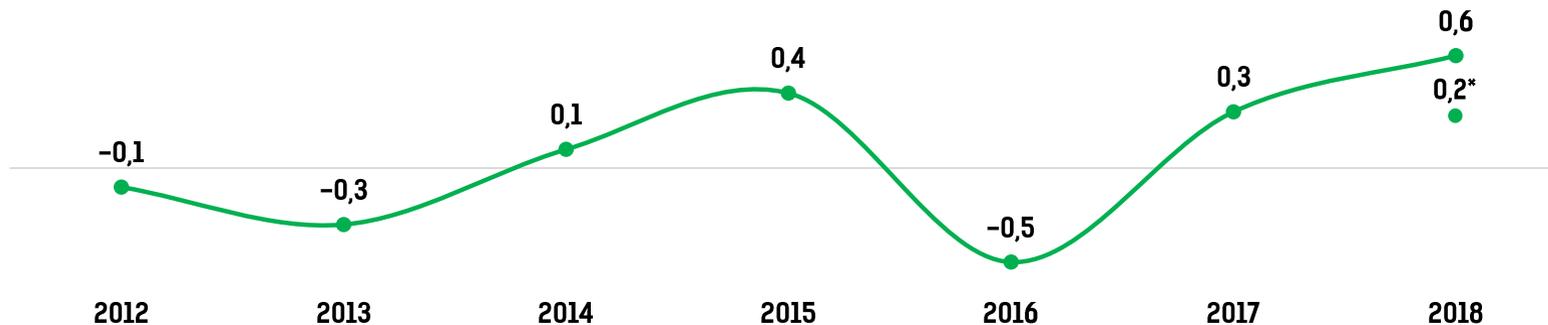
Gobally



(* data as of 2018)

Low leverage with safe financing structure

Safe level of net debt / EBITDA



(*) The sale of PBSz will have a positive impact on the level of debt

Net debt/EBITDA calculated with the exclusion of the "B" Tranche due to the sale of PBSz as the disposal of the company was intended in the Kopex Group Restructuring Agreement as a form of repayment of part of the debt, which as at 31/12/2018 amounted to PLN 210m (originally PLN 250m)

Safe financing structure (12.2018):

by maturity...

Short term financial debt
11%



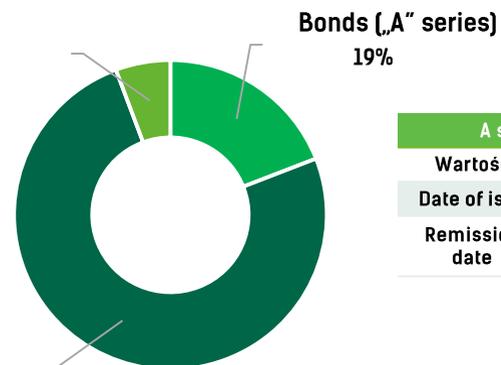
Long-term financial debt

89%

...by type

lease

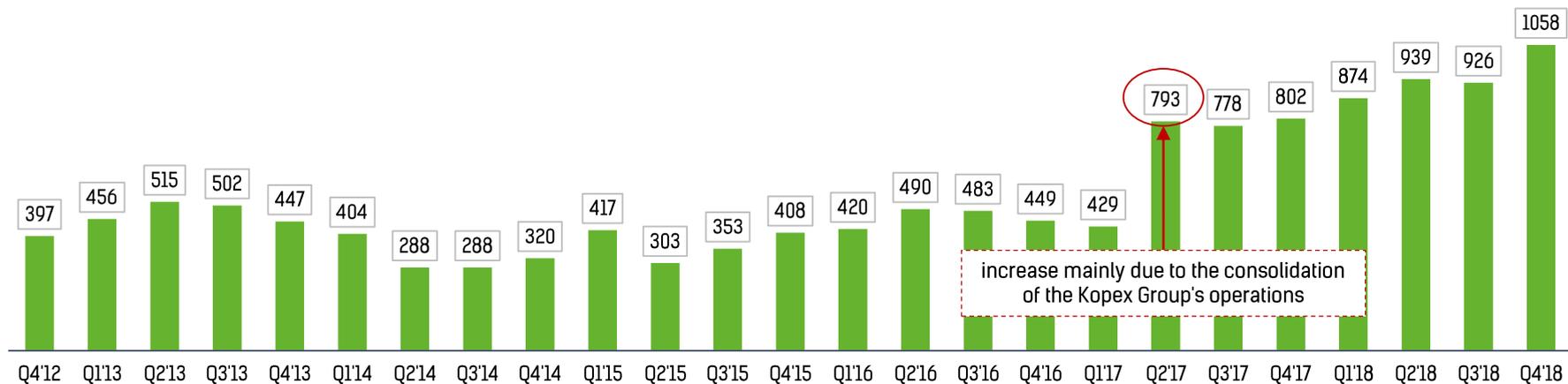
loans
75%



A series bonds	
Wartość	PLN 108m
Date of issue	01.2016
Remission date	01.2020

EXPANSION REQUIRES FLEXIBLE ACCESS TO FINANCING

Quarterly net working capital cycles, PLNm



Peak demand for net working capital may increase by ca PLN 300m

Long term contract execution cycle vs net working capital commitment





5

Q&A



Thank you!