

The background features a hand holding a glowing globe. The globe is surrounded by a network of white icons connected by lines, including lightbulbs, people icons, and charts. The overall theme is global connectivity and technology.

FAMUR

Presentation of the FAMUR Group
Summary
of Q3 and 9M 2020

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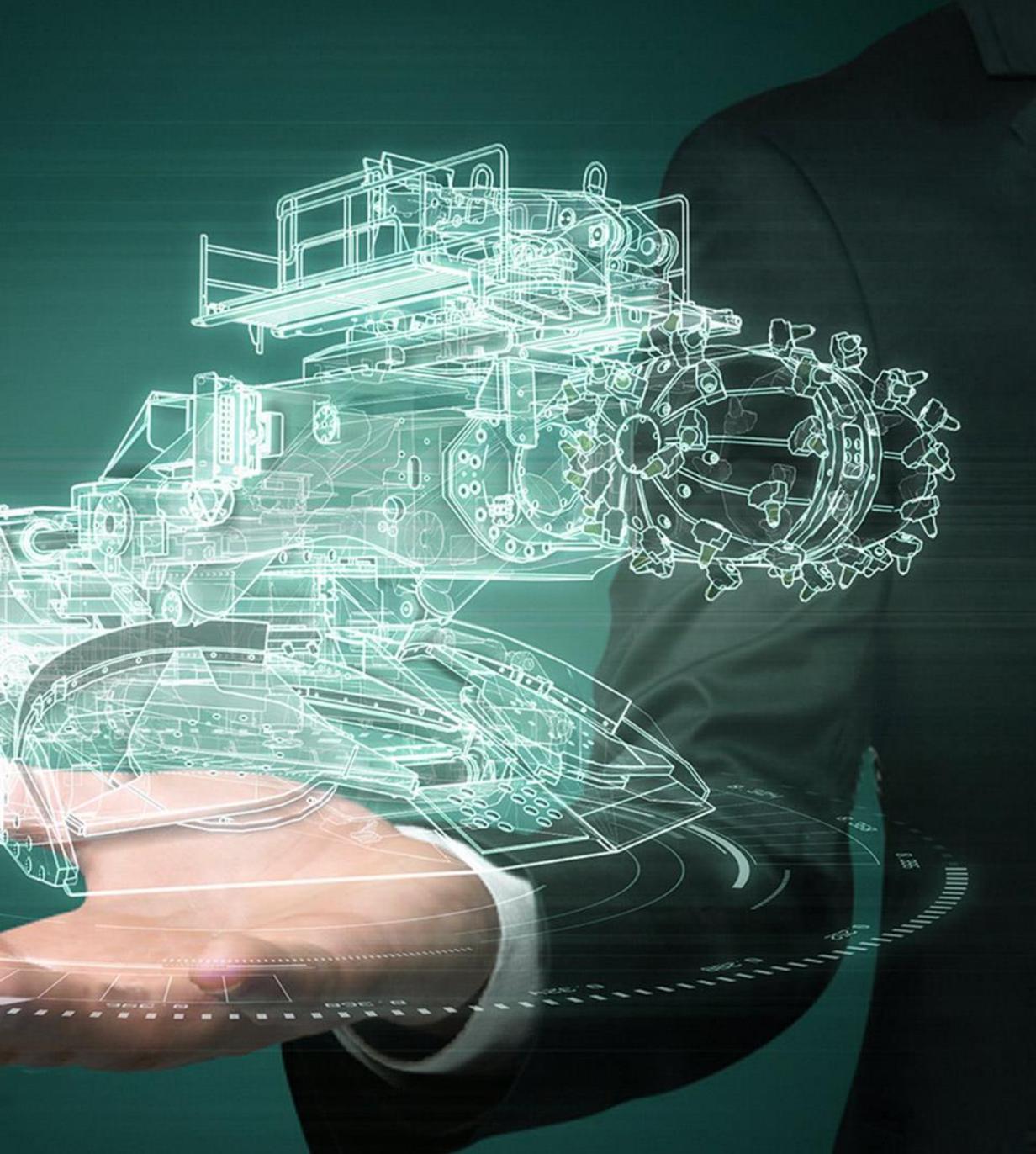
Agenda

- 1. Highlights**
- 2. Financial results**
- 3. Summary**
- 4. Q&A session**

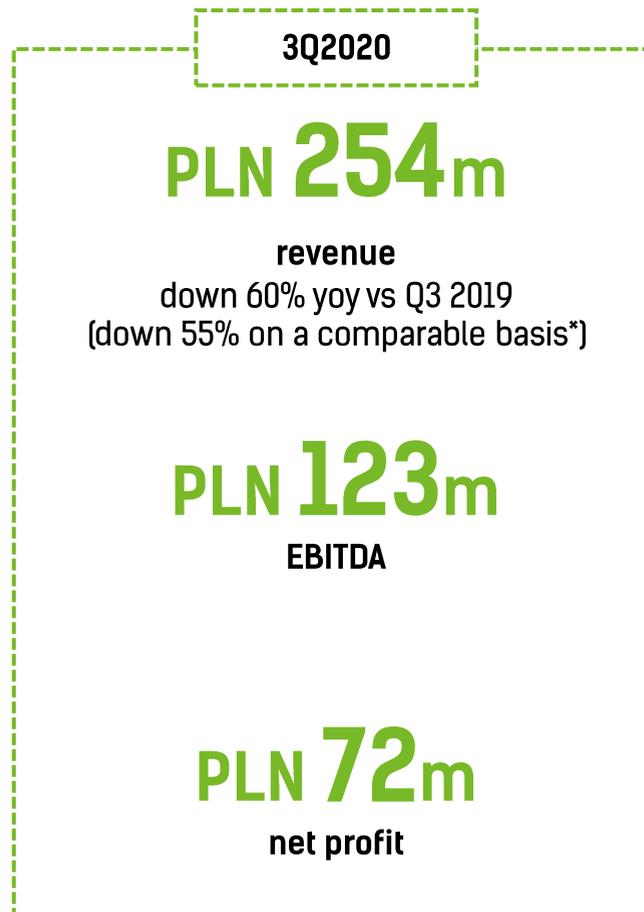
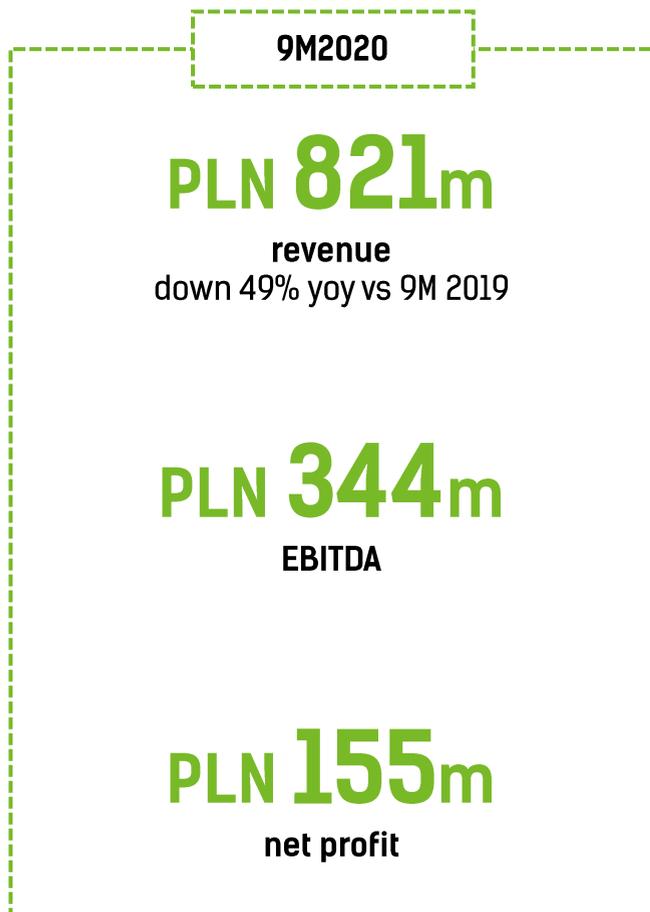
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Highlights

Mirostław Bendzera
*President of the Famur
Management Board*



FAMUR Group's 9M and Q3 2020 results



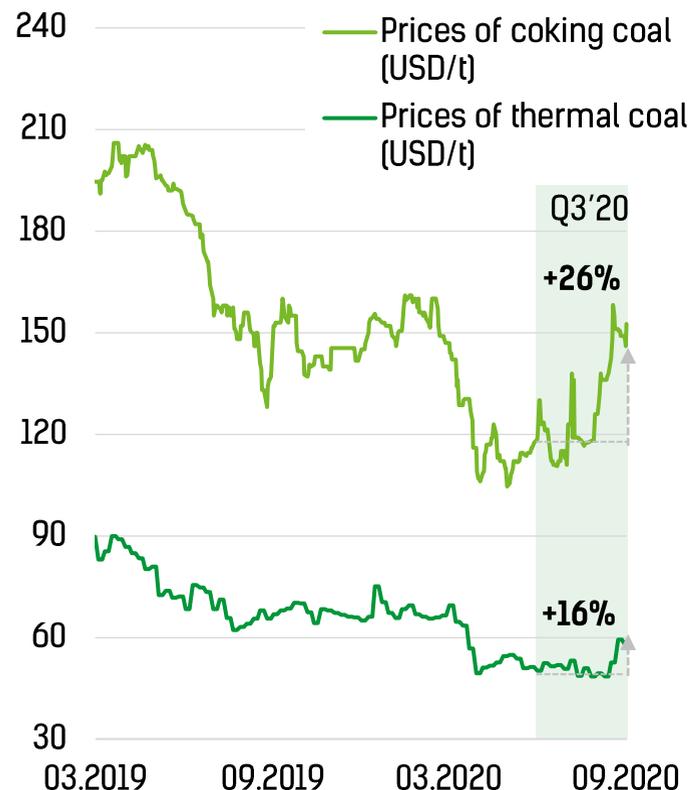
* Excluding consolidation changes

Summary of Q3 2020

- Further drop in coal production from Polish mines and reduction of mining sector's capex (in Poland and abroad)
- Agreement between Polish government and industry trade unions on reduction of domestic thermal coal output
- Growing pressure on coal-fired power generation in Poland and Europe
- PLN 712m in backlog at end of Q3 2020
- ca. PLN 16m in cost savings generated in Q3 2020 (ca. PLN 41m in 2020)
- Further readjustment of Group's business to a decline in orders: closure of Piotrków Trybunalski branch, 190 FTEs made redundant
- ca. PLN 22.5m positive effect of favourable tax decision (to discontinue CIT investigation)

Continued decline in Poland's coal production in Q3 2020 and reduction of sector's capex

Evolution of global coal prices



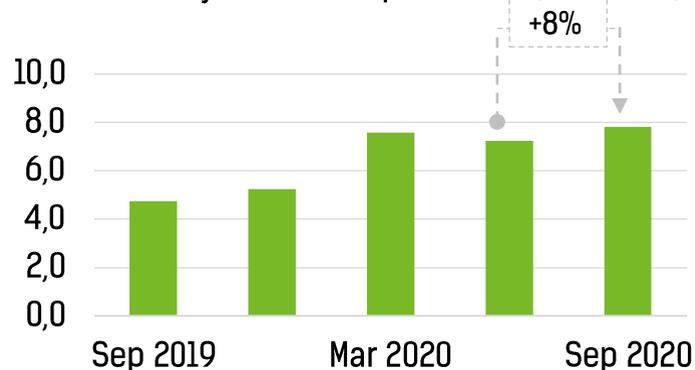
Source: Bloomberg, coking coal price index (FOB Australia SWAP), thermal coal (Australia Newcastle Port Therm)

Polish hard coal mining sector

Year-on-year production change in the quarter



Stocks held by Polish coal producers (m tonnes)



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

Key market factors in Q3 2020:

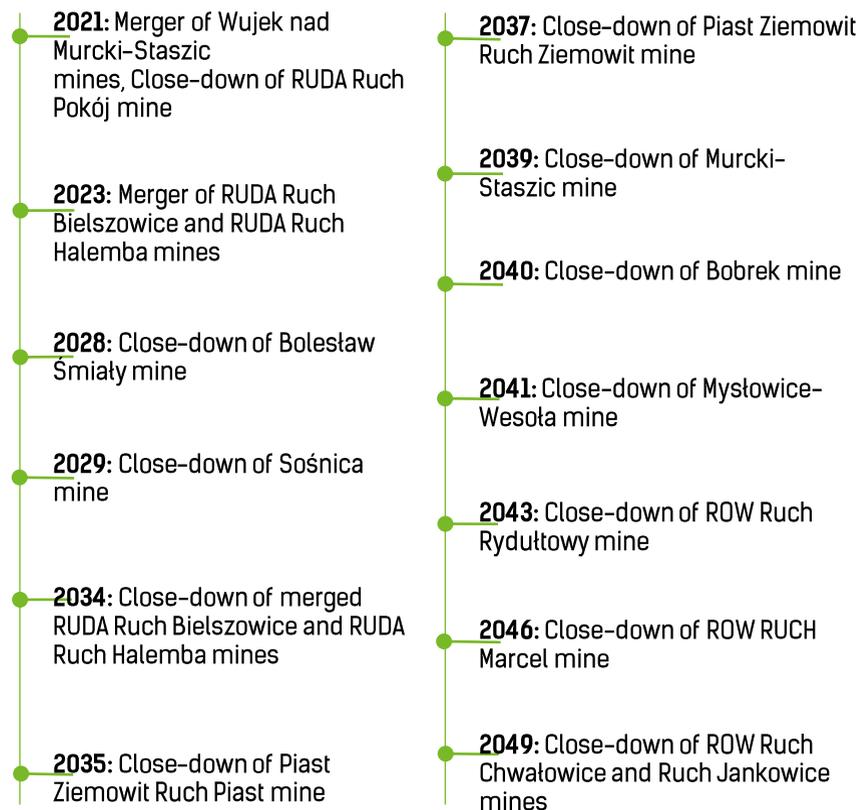
- Depressed coal price levels despite rebound in Q3 2020
- ca. 11% yoy decrease in coal output from Polish mines in Q3 2020 and 8% increase in stock levels vs June 2020
- Polish and foreign coal producers putting off or scaling down capex projects, especially in belt conveyors, railway and route products
- Restrictions on cross-border traffic hindering contract acquisition
- 24/09/2020: Agreement between Polish government and industry trade unions on reduction of domestic thermal coal output
- Growing pressure on coal-fired power generation in Poland and Europe

Prospect of phase-out of PGG and Węłokoks mines by end of 2049

Key provisions of agreement between Polish government and industry trade unions:

- By Dec 15 2020 – prepare draft social contract governing future operation of hard coal mining sector and submit it to European Commission to receive public aid approval
- Devise financing mechanism for hard coal mining operators
- Invest in low and zero-emission sources of hard coal-fired power generation
- Smokeless fuel approved for household use by 2040

Timetable agreed for mine close-downs



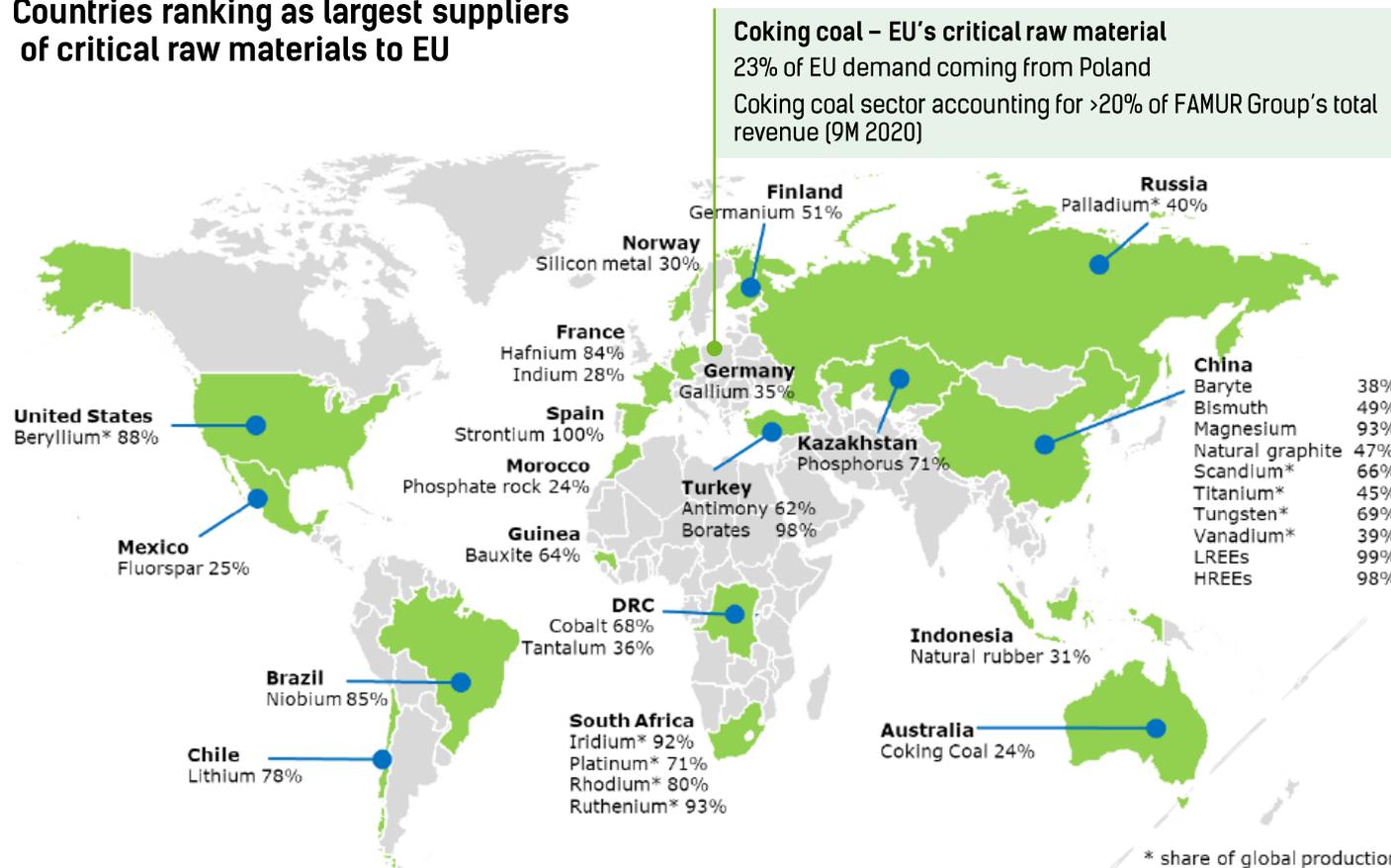
Expected potential impact on FAMUR Group's business

- PGG accounting for 29% of FAMUR Group's total revenue (9M2020)
- Risk of shortening depreciation periods of shearer loaders and roadheaders leased at Wujek and Pokój mines due to their planned closure before expiry of lease contracts (six machines altogether)
- Expected decline in demand for shearer loader and roadheader leases in coming years
- Reduction of orders for new equipment
- Gradual decline in demand for maintenance services due to reduction in the fleet of machinery and equipment following decommissioning of mines

EU's plans for development and security of supplies of critical raw materials are behind the search for HRM* target in Europe

- Plan to establish European Raw Materials Alliance to build resilience for rare earths and magnets value chain in EU (relevant to many industrial ecosystems, e.g. renewable energy, defence and space industry)
- European Commission, alongside EU states and regions, looking to identify mining and processing projects that could be launched in EU by 2025
- Focus on coal mining regions and other regions during transition period (to leverage expertise and skills in coal extraction, mining and processing technologies)

Countries ranking as largest suppliers of critical raw materials to EU

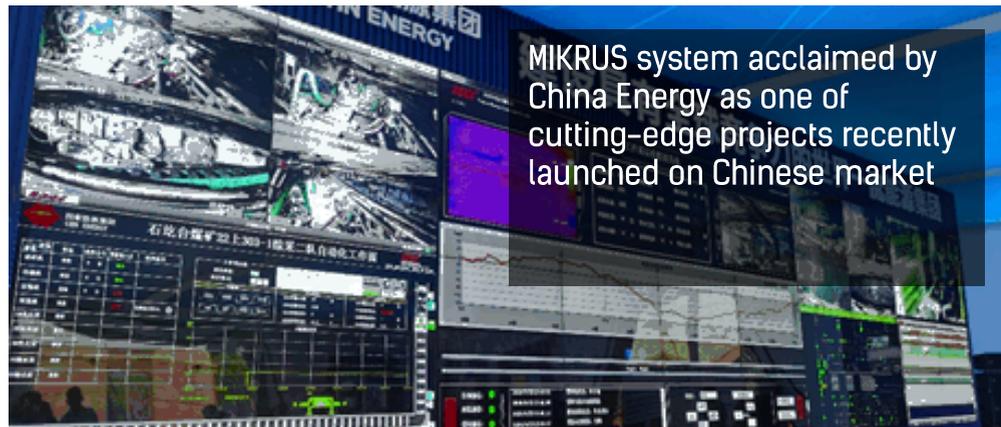


Source: European Commission report in the 2020 criticality assessment
 * HRM (Hard Rock Mining) – hard rock mining machinery and equipment supplier sector

Despite constraints caused by COVID-19, our key contracts in promising markets are being smoothly delivered

MIKRUS project for Chinese market – 2020 stage of assembly and start-up at customer’s site completed remotely due to pandemic

- Remote installation of MIKRUS system through advanced control technologies and close cooperation with Chinese partner
- Compatibility tests on surface and then underground in customer’s mine, testing and acceptance procedures in live mine conditions
- Provisional Acceptance Certificate – opening of warranty period after underground start-up (Q4 2020)
- MA certification (by December 2020)



Status of contract for delivery of longwall system to Indonesia

November 2019:

execution of PLN 45m contract with Gerbang Daya Mandiri PT (Indonesia) for delivery of longwall system

April – July 2020:

remote technical acceptance with customer’s participation

July – August 2020:

equipment shipped to Indonesia Total cash effect: ca. 80% of contract value

September – November 2020:

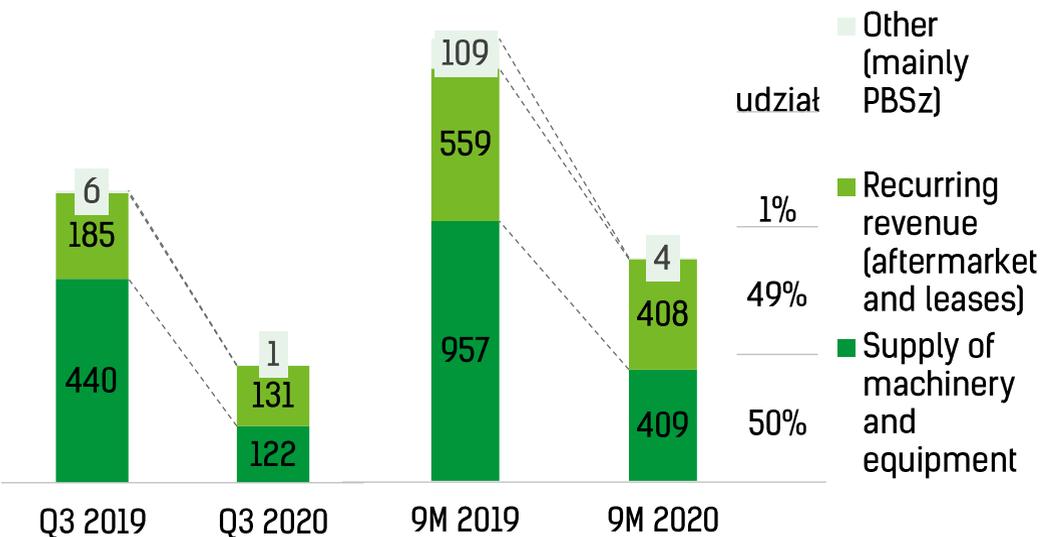
supervision of assembly through FAMUR’s own maintenance team

November 2020 – January 2021:

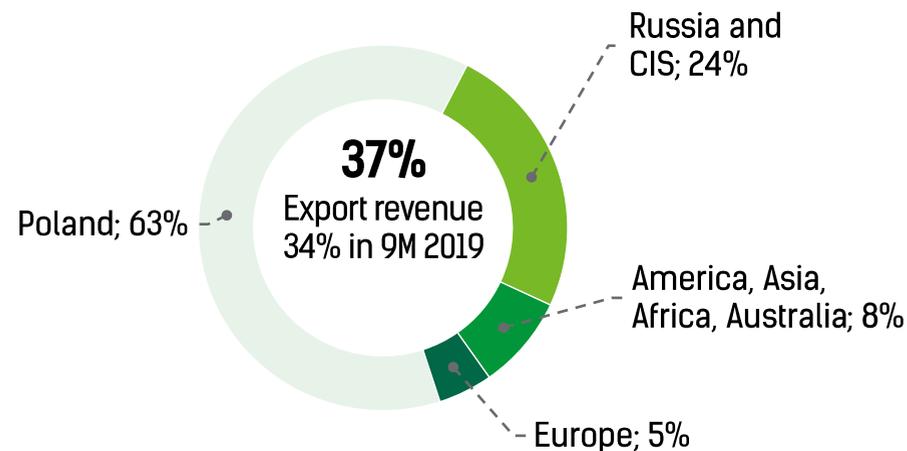
supervision of start-up and operation

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



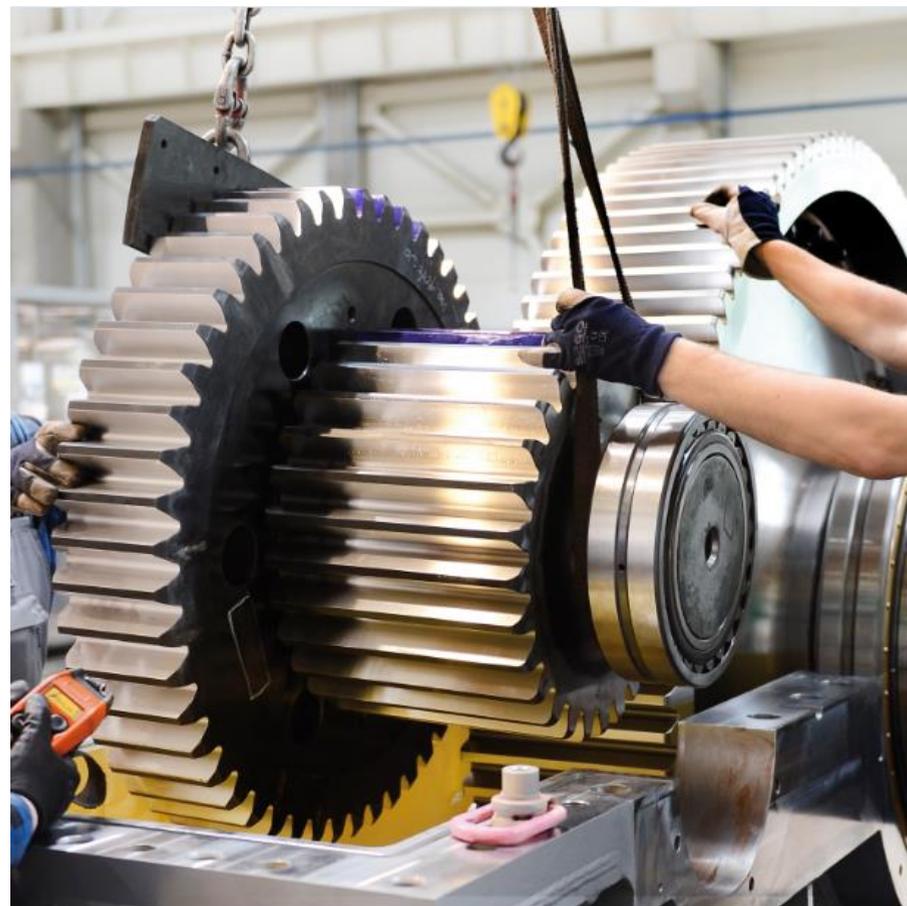
- Subdued coal prices and globally deteriorating market landscape in the wake of COVID-19 crisis affecting revenue from supply of machinery and equipment
- 57% yoy drop in revenue from supply of machinery and equipment vs 27% decrease in recurring revenue after 9M 2020
- Share of export revenue up to 37% in 9M 2020

- Slight recovery seen in Russian market (orders for shearer loaders/roadheaders and conveyors, and additionally in October contract for powered roof supports worth almost EUR 7m)
- > PLN 120m in orders acquired in Q3 2020 alone
- Ca. PLN 712m in backlog (supply of machinery and equipment and leases in accordance with contract terms) at end of September 2020

Steps taken to further adapt the organisation, processes and resources to declining orders and COVID-19 crisis

Measures taken and results achieved in Q3 2020

- Ca. PLN 16m of cost savings achieved in Q3 2020 on the back of 20% working time and pay reduction (effective through July), suspension of 2020 bonus schemes (pay cut for Management Board members and employees alike) and support received under anti-crisis shield
- Total cost savings in 2020: ca. PLN 41m
- EBITDA margin maintained at safe levels despite 49% revenue decline in 9M 2020
- Further steps taken to optimise production capacities: manufacture of belt conveyors and of railways and routes relocated from Piotrków Trybunalski branch to branches in Nowy Sącz and Katowice, respectively 190 FTEs made redundant, with manufacturing, technical and technological capabilities and product know-how retained, so that production of belt conveyors, railways and routes can be continued to fulfil any secured orders
- In 9M 2020 a total of 450 FTEs shed as part of collective redundancies



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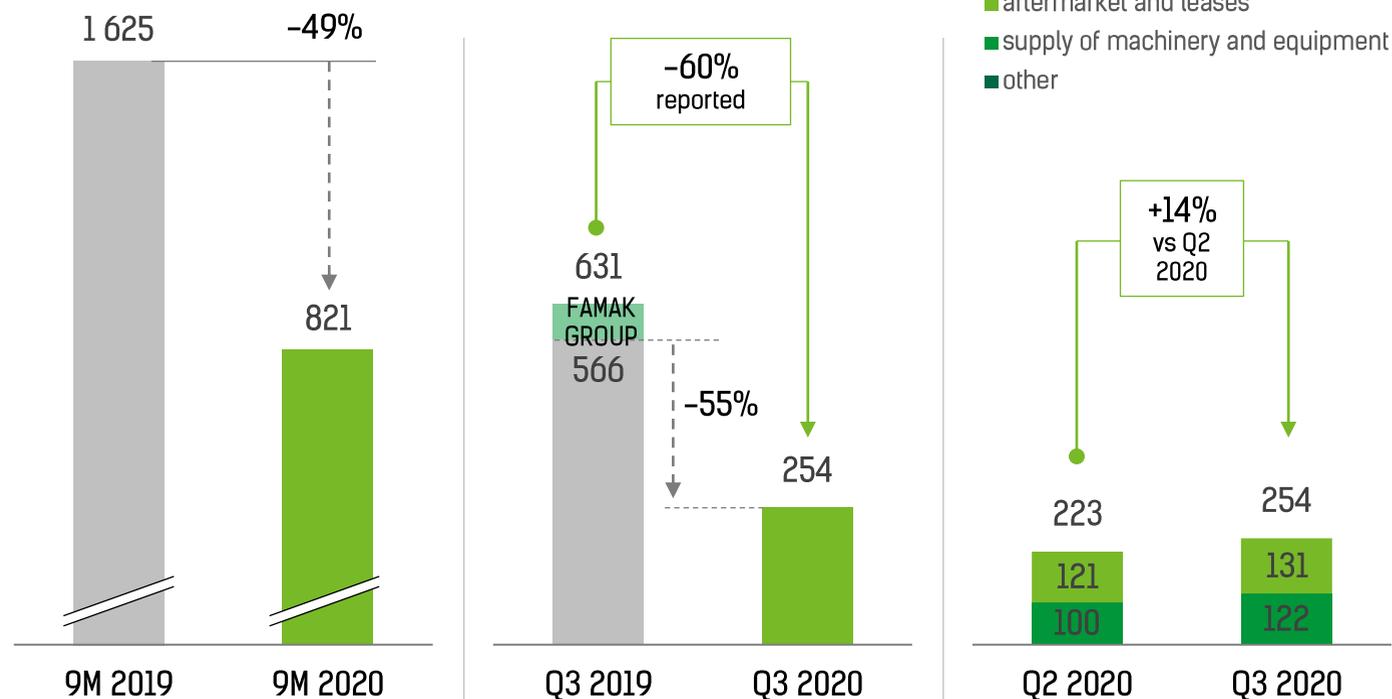
Financial results

Tomasz Jankowski
Famur Investor Relations

Revenue decline in Q3 2020 on deteriorating market conditions and COVID-19 crisis

- 49% decrease in revenue in 9M 2020:
 - ca. 8% 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. 41% decline in organic revenue due to deteriorating market conditions and economic lockdown in the wake of COVID-19
- 60% decrease in Q3 2020:
 - ca. 5% due to deconsolidation,
 - ca. 55% due to COVID-19 crisis and drop in orders reflecting depressed prices on global coal market
- 14% qoq increase due to improved revenue from supply of machinery and equipment and recurring revenue

FAMUR Group's revenue development (PLNm)

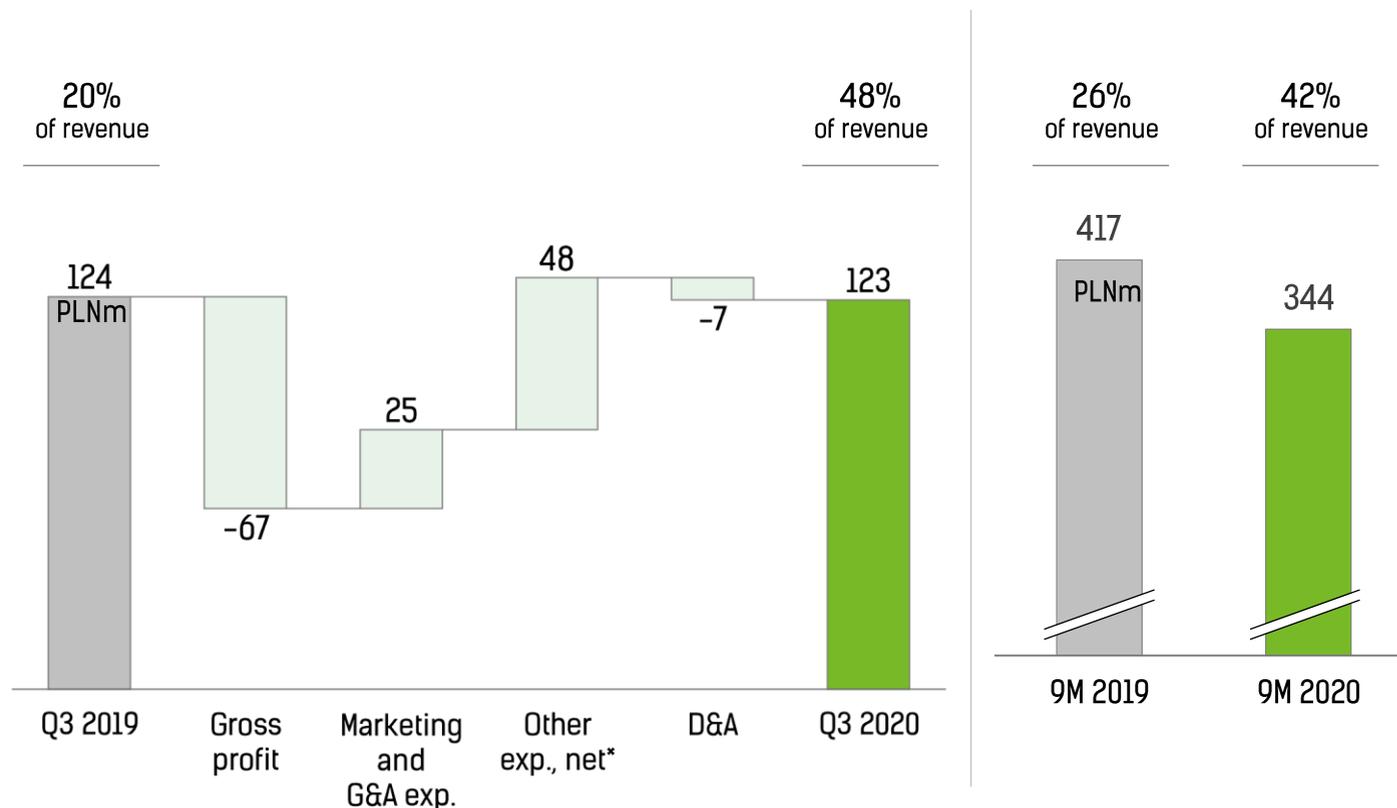


Operating profitability analysis

Key yoy changes in Q3 2020 affecting EBITDA

- **Gross profit:** down PLN 67m on lower revenue
- **Distribution costs and administrative expenses:** down PLN 25m chiefly as a result of anti-crisis shield measures implemented in July 2020 and savings achieved
- **Other expenses, net*:** down PLN 48m due mainly to higher government grants (anti-crisis shield), favourable tax decision (reversal of provision) and high comparative base (impairment losses at FAMAK Group)
- **Depreciation and amortisation:** down PLN 7m largely on account of consolidation changes

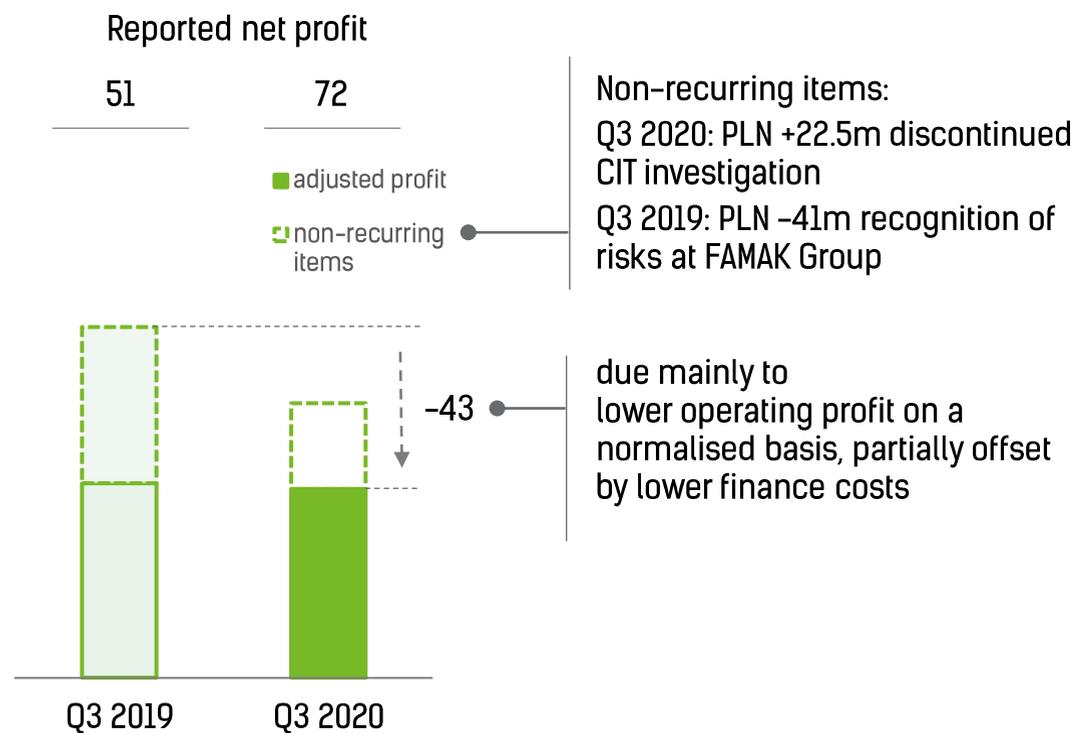
FAMUR Group's revenue development (PLNm)



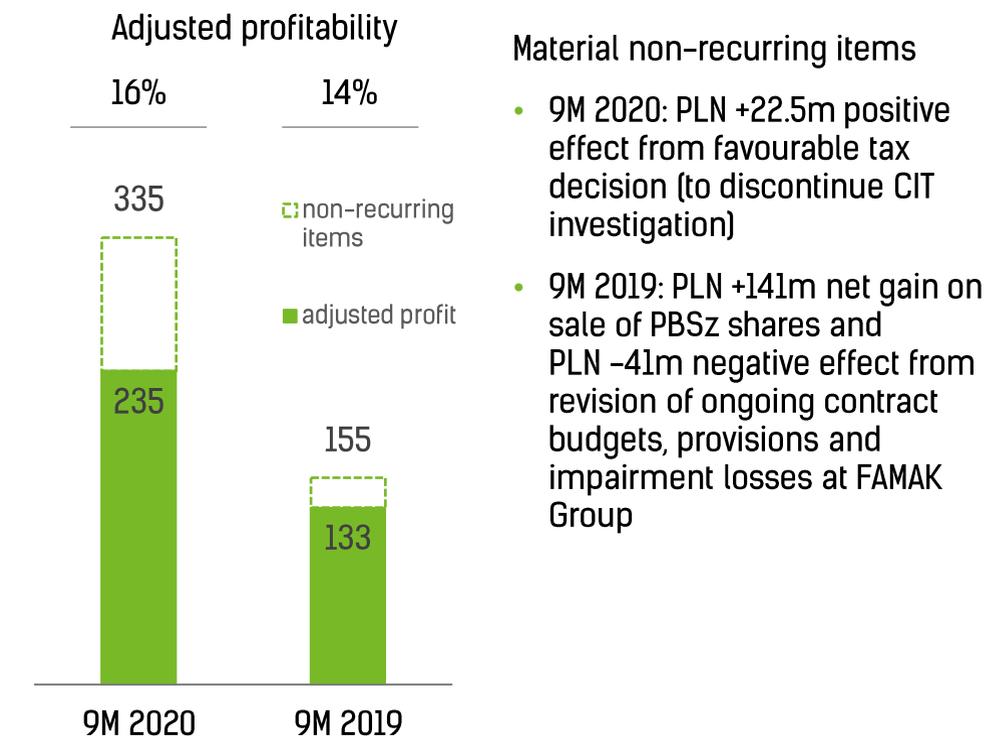
* other expenses less other income

Net profit margin analysis

Key factors behind yoy change in Q3 2020 net profit
FAMUR Group's net profit (PLNm)



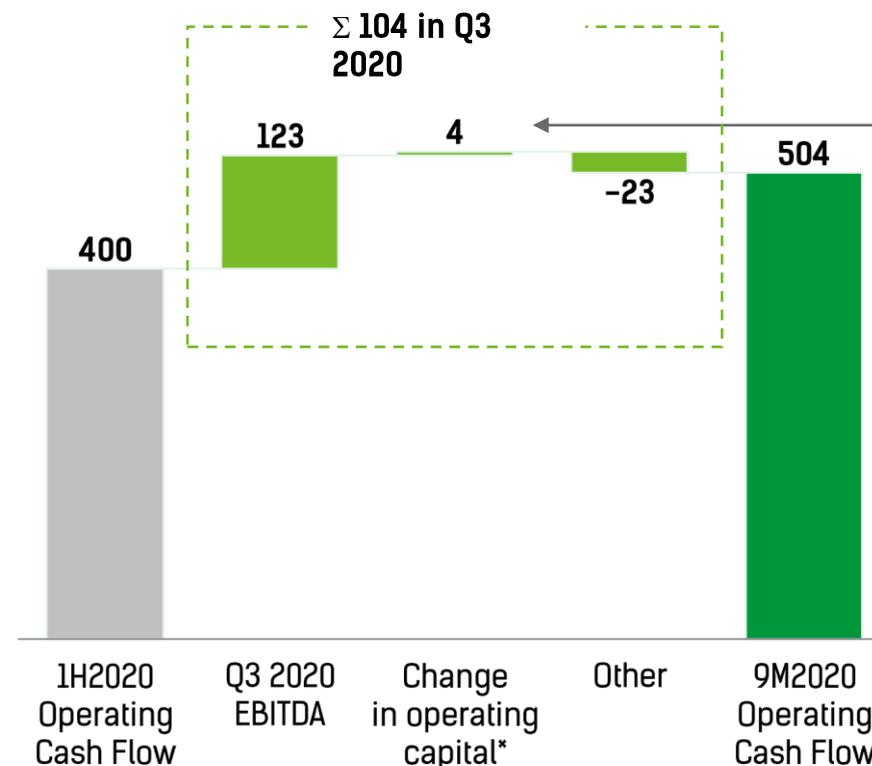
Impact of non-recurring items on comparability of FAMUR Group's net profit for 9M 2020 vs 9M 2019



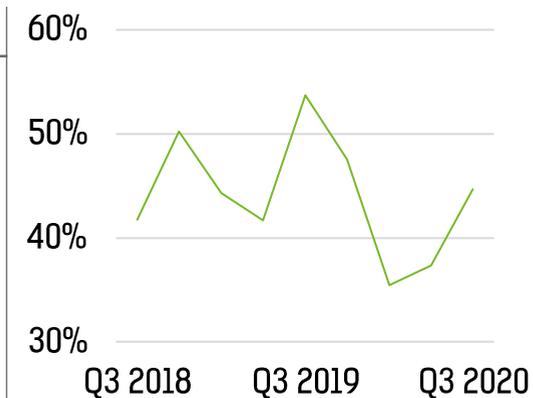
Over PLN 500m of operating cash flow after 9M 2020

- PLN 104m of operating cash flow generated in Q3 2020, led mainly by:
 - PLN 123m EBITDA
 - PLN 4m of inflows from operating capital (PLN -25m of net change in accounts receivable, PLN -5m in payments of operating liabilities, PLN +34m decrease in inventories)
- Working capital relative to revenue: 45% in Q3 2020
- 'Other' includes PLN 10m of income tax paid in Q3 2020 and PLN -13m from reconciliation of non-cash items

9M 2020 operating cash flow (PLNm)



Development of working capital relative to 12M revenue

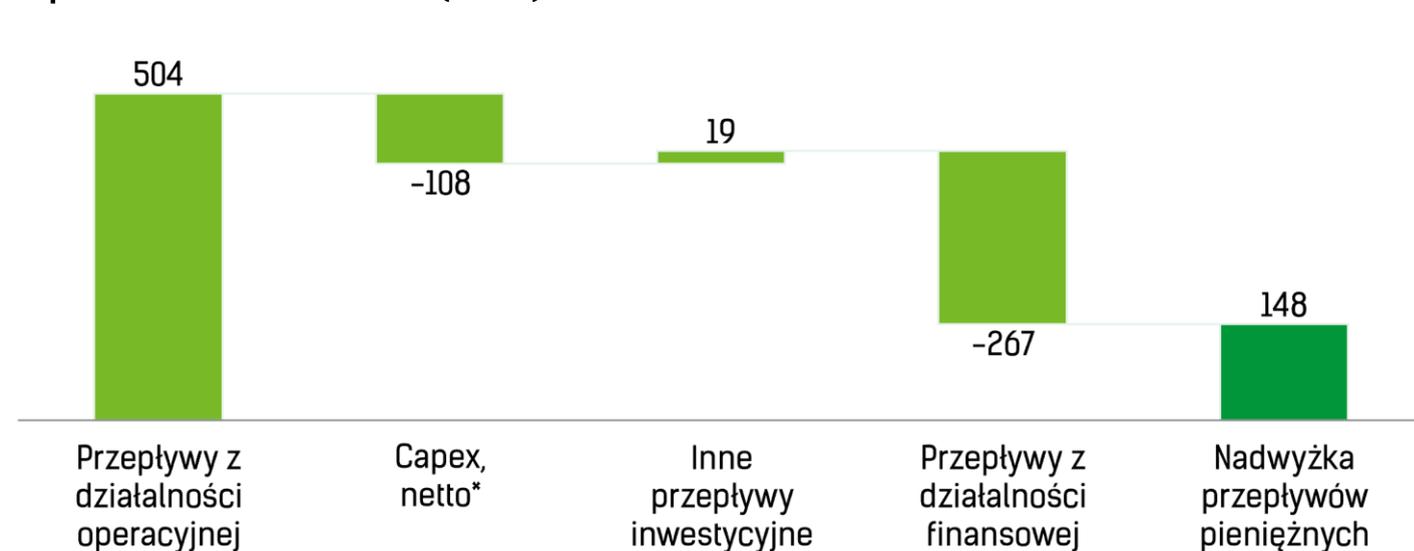


*Total of items: change in inventories, current receivables and current liabilities, net of borrowings

PLN 261m surplus of cash over debt at September 30th 2020

- PLN 121m capital expenditure on property, plant and equipment and intangible assets, partly financed from PLN 13m proceeds on disposal of non-core assets
- 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 108m repayment of Series A notes
 - PLN 137m net repayment of borrowings
 - PLN 14m payment of lease liabilities
 - PLN 8m interest paid

Capital allocation in 9M 2020 (PLNm)



PLN -261m
 net debt as at September 30th 2020
 PLN 487m gross debt
 PLN 748m cash

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

3

Summary

Mirostław Bendzera
*President of the Famur
Management Board*



Summary of 9M 2020

- **The strategy and operating model adopted by FAMUR Group proving their worth during economic downturn:**
 - EBITDA margin maintained at safe levels (additionally supported by ca. PLN 41m in cost savings) despite 49% yoy drop in revenue reported for 9M 2020
 - Measures taken to effectively adapt the organisation, processes and resources to shifts in demand
- **Solid balance sheet:** PLN 261m surplus of cash over debt at the end of September 2020
- In coming quarters, **profitability likely to come under pressure** due to difficult economic conditions in Polish thermal coal mining industry, COVID-19 crisis, as well as investment and production slowdown in coal mining sector both in Poland and globally
- **Continued focus on diversification projects**, in line with adopted objectives, and on commercial activity in foreign markets
- Changes in business environment, combined with growing importance of diversification projects for FAMUR Group's future development, require **a revision of strategic objectives**
- **Monitoring of the second pandemic wave and appropriate alignment** to ensure staff safety and operational continuity



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Q&A session





Appendices

Effect of FAMAK Group's deconsolidation on FAMUR Group's 9M 2020 performance

(PLNm)	FAMUR Group (excluding FAMAK Group)	FAMAK Group's contribution to FAMUR Group's performance	FAMUR Group data according to IFRSs
Revenue	798	23	821
Operating profit	217	-6	211
Net profit	170	-15	155

Effect of FAMAK Group on consolidated net profit	(PLNm)
Net profit of FAMUR Group excluding FAMAK Group	170
Loss of FAMAK Group for January–February 2020	-7
Gain on loss of control of FAMAK Group	12
Impairment loss following update of reorganisation plans and adaptation of FAMAK Group's business objectives to COVID-19 crisis, adjusted for loss reported in Q3 2020	-11
31.88% share in net losses of FAMAK Group for March–September 2020	-9
Consolidated net profit according to IFRSs	155

Fair value of FAMAK shares, as disclosed in consolidated financial statements, is PLN 15m

Reconciliation between operating and reported metrics

EBITDA	9 months to Sep 30 2020	9 months to Sep 30 2019	3 months to Sep 30 2020	3 months to Sep 30 2019
(PLNm)				
Operating profit	211	269	79	73
Depreciation and amortisation	133	148	44	51
EBITDA	344	417	123	124

Reconciliation between operating and reported metrics

Working capital

(PLNm)	As at Sep 30 2020	As at Dec 31 2019
Inventories	262	303
Short-term trade receivables	490	966
Subtotal	752	1,269
Less short-term trade payables	-144	-240
Working capital	608	1,029

Average working capital relative to 12M revenue

(PLNm)	Revenue:
Jan-Dec 2019	2,165
Less 9 months to Sep 30 2019	-1,625
3 months to Dec 31 2019	540
Plus 9 months to Sep 30 2020	821
LTM to Sep 30 2020	1,361
Working capital as at Sep 30 2020	608
Average working capital in the quarter as % of revenue	45%

Reconciliation between operating and reported metrics

Net debt

(PLNm)	As at Sep 30	
	2020	As at Dec 31 2019
Long-term borrowings	403	421
Short-term borrowings	34	332
Non-current lease liabilities	45	61
Current lease liabilities	5	8
Gross debt	487	822
Less cash and cash equivalents	-748	-602
Net debt	-261	220

Net debt to EBITDA for last four quarters

(PLNm)	EBITDA
Jan–Dec 2019	451
Less 9 months to Sep 30 2019	-417
3 months to Mar 31 2019	34
Plus 9 months to Sep 30 2020	344
LTM to Sep 30 2020	378
Net debt as at Sep 30 2020	-261
Net debt/EBITDA	-0.7x

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

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