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TDJ

# FAMUR GROUP FY 2016 RESULTS

# FAMUR

FEBRUARY 20, 2017

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## KEY 2016 EVENTS

1	Longwall system for the Kyrgayskaya coal mine: PLN 92m
2	Longwall system for Nowe Brzeszcze Grupa TAURON: PLN 72m
3	Mining equipment for customers in Turkey: PLN 40m
4	Roadheaders for customers in Mexico: PLN 8m
5	Transport systems for Polish coal mining companies: PLN 40m
6	40% growth in export revenue
7	Execution of contracts for Kozienic, Opole and Jaworzno powerplants
8	Acquisition of Kopex by TDJ (the main shareholder of Famur)

## KEY FINANCIALS

### Key financials FY 2016

**PLN 1,030m**

Revenue



**+29%**

**PLN 239m**

EBITDA



**+30%**

**PLN 94m**

Net profit



**+85%**

**PLN 315m**

OCF



**+274%**

**PLN 133m**

Net cash



**+PLN 206m**

### Key financials FY 2015

**PLN 801m**

Revenue

**PLN 184m**

EBITDA

**PLN 51m**

Net profit

**PLN 115m**

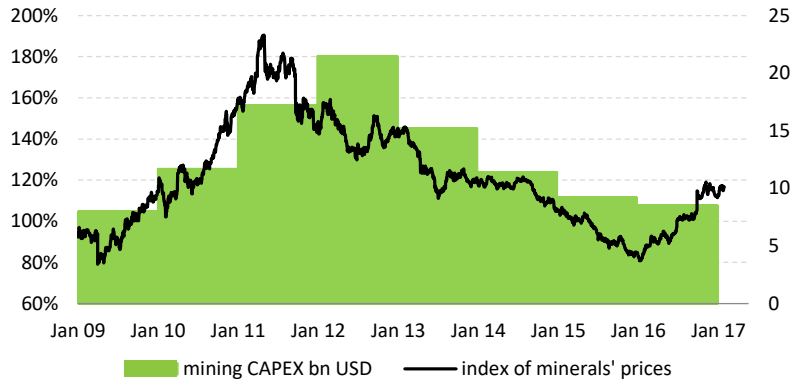
OCF

**PLN 73m**

Net debt

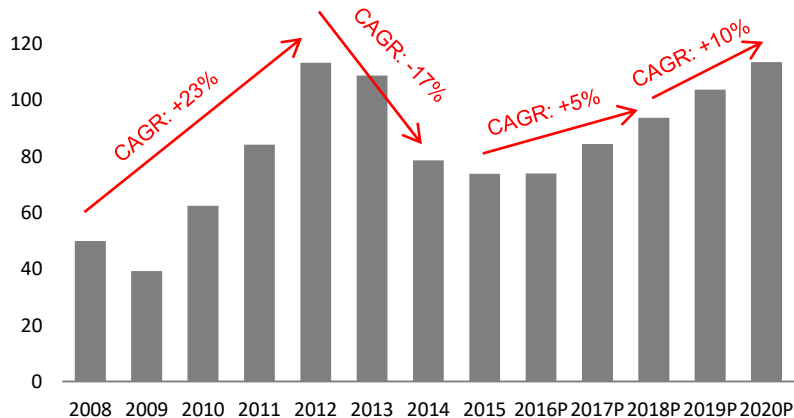
# REBOUNING MARKET

## Exploration CAPEX (bn USD) and mineral prices' index



Source: Bloomberg, SNL Mining

## Global mining capital expenditures\* (bn USD)



Source: "Productivity in mining operations", McKinsey

\* Including exploration

## Commentary

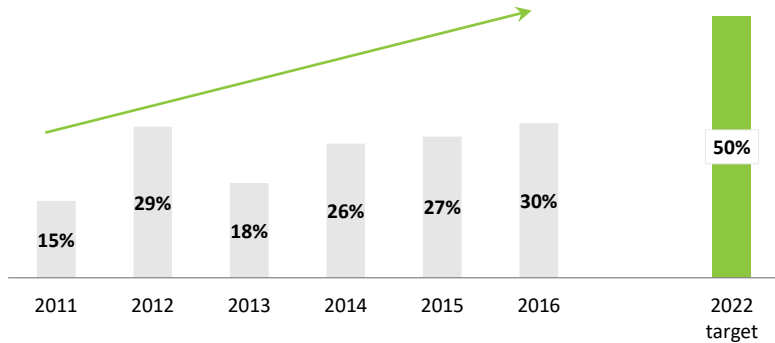
- Historically, capital expenditures in mining **followed changes** in the price index of a basket of several minerals (including aluminium, copper, lead, zinc, gold, silver, coking coal and steam coal)
- At the moment, the index is **at the 2013-2014 levels** and **has been in an upward trend** since bottoming out in mid January 2016
- The index has **risen 44%** from its low
- Capex expenditures in mining have been **declining for the last 4 years**, but we expect them to follow the mineral index and cycle pattern and **rebound still in 2017**

## Commentary

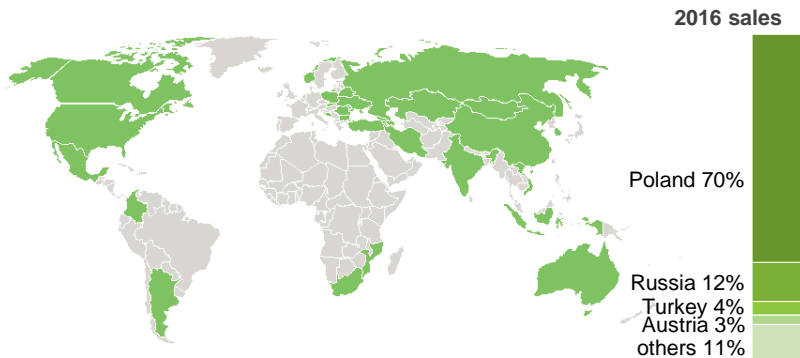
- Driven by **increased volumes** as well as **declining mining productivity**, mining capital expenditures are **forecast to increase by ca. 5%** per year until **2018** and thereafter **by 10%** until **2020**, according to McKinsey
- Increased investment** in exploration, new projects and stay-in-business capex **must start in order to replace depleting assets**
- The **volume of commodities** moved (coal, iron ore, copper and gold) is expected to **grow by 2.1%** yearly, to **59.3bn tonnes in 2020**
- That includes an increase in the volume of coal moved from 27.4bn tonnes in 2014 to **30.7bn tonnes in 2020**

# GO GLOBAL STRATEGY

## Share of export sales



## Where we are present with our solutions

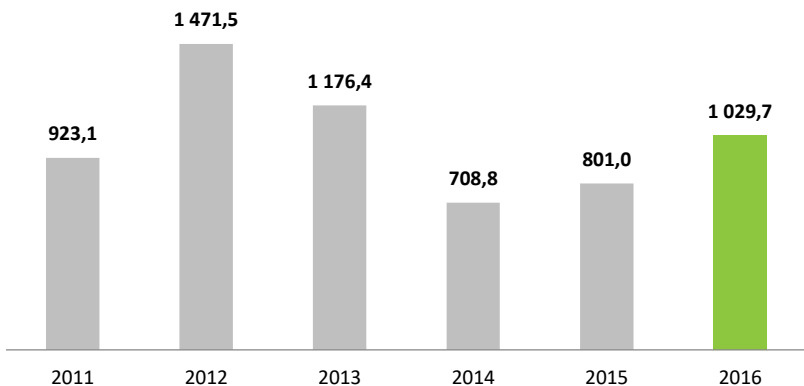


## Market demand outlook looks upbeat

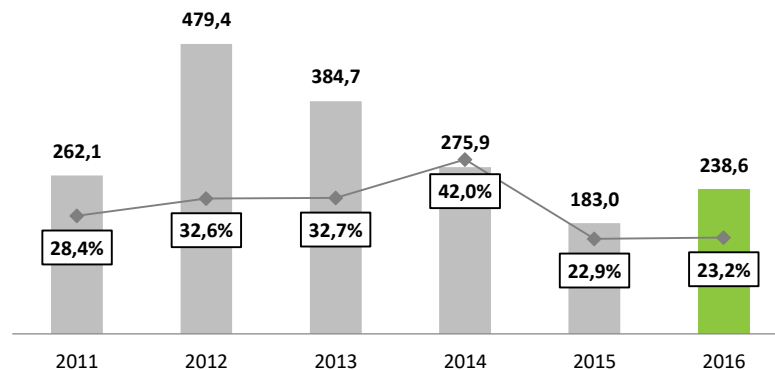
Key operating markets	Expected market demand vs 2016	Main product groups offered
Poland	↗	full range: longwall systems, conveyors, handling systems, energy sector
Russia & Kazakhstan	↗	longwall systems, transport systems, surface, infrastructure
Turkey	↗	longwall systems, transport systems, energy sector
Mongolia	↗	surface infrastructure, transport systems
other CIS countries	→	longwall systems, transport systems, energy sector
Indonesia	↗	surface, transport systems, energy systems
India	↗	full range
Western & Central Europe	→	transport systems, surface infrastructure
the Balkans	→	transport systems
Central & South America	↗	full range

# STRONG FINANCIALS AT A GLANCE

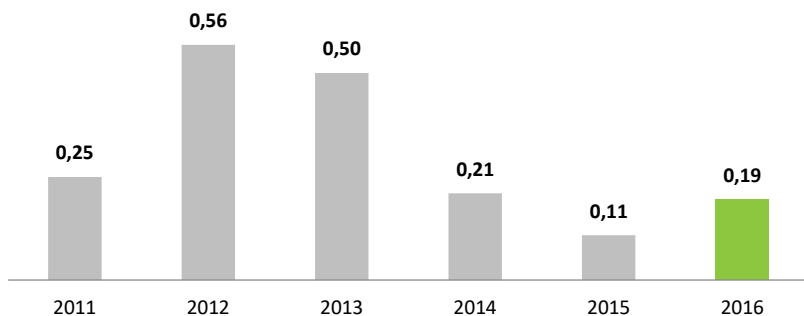
Sales (PLNm)



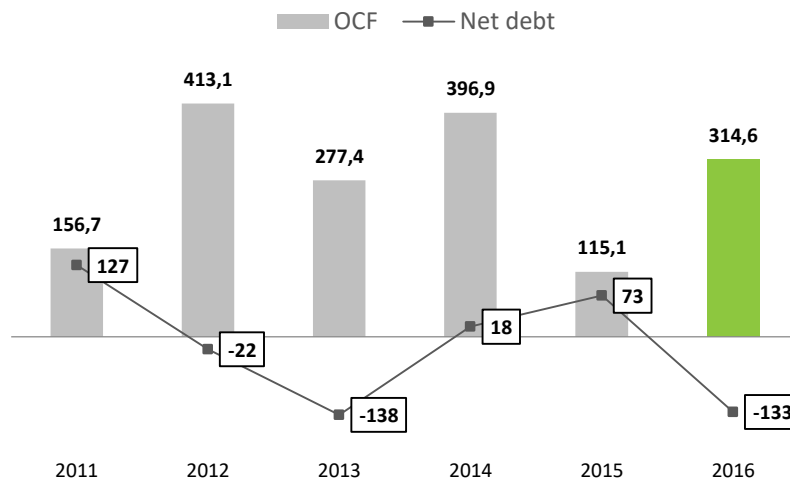
EBITDA (PLNm) and EBITDA margin (%)



EPS (PLN)



Operating Cash Flow (PLNm) and Net Debt (PLNm)





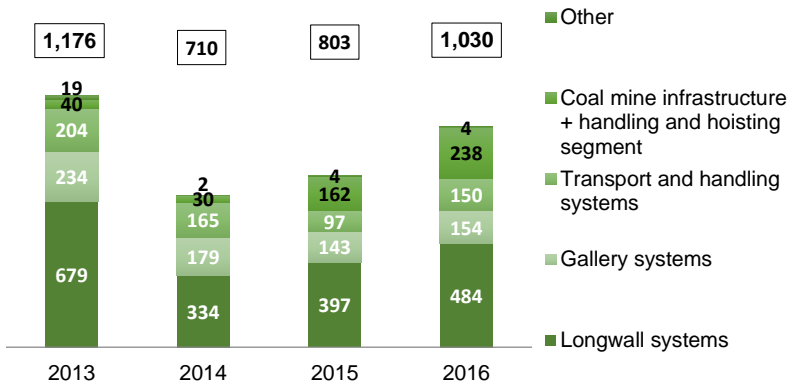
# INCOME STATEMENT

Consolidated data	Financial Year			
	2013	2014	2015	2016*
PLN '000				
<b>Net revenue</b>	<b>1,176,417</b>	<b>708,773</b>	<b>800,976</b>	<b>+29% ↑ 1,029,741</b>
Operating expenses	847,138	447,445	601,882	786,481
<b>Gross profit</b>	<b>329,280</b>	<b>261,327</b>	<b>199,094</b>	<b>+22% ↑ 243,260</b>
<b>Net profit on sales</b>	<b>201,356</b>	<b>146,829</b>	<b>68,624</b>	<b>+130% ↑ 157,963</b>
Other income	80,770	52,880	30,119	31,427
Other expenses	57,496	77,775	55,655	75,660
<b>EBIT</b>	<b>224,629</b>	<b>121,935</b>	<b>43,088</b>	<b>+170% ↑ 113,730</b>
Finance income	44,724	19,029	22,663	26,153
Finance costs	28,586	27,693	14,149	34,814
<b>Net profit</b>	<b>213,188</b>	<b>100,252</b>	<b>51,487</b>	<b>+85% ↑ 93,831</b>

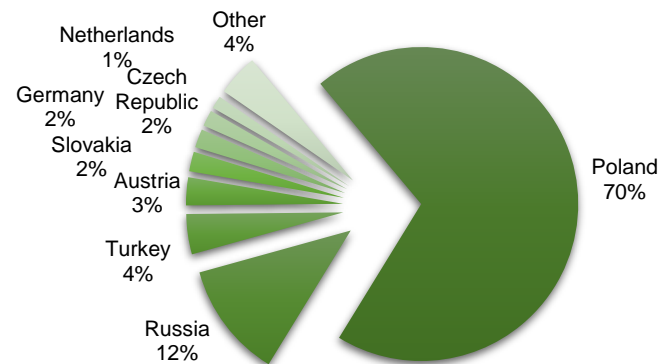
\* Based on unaudited Q4 2016 financial statements

# REVENUE BREAKDOWN

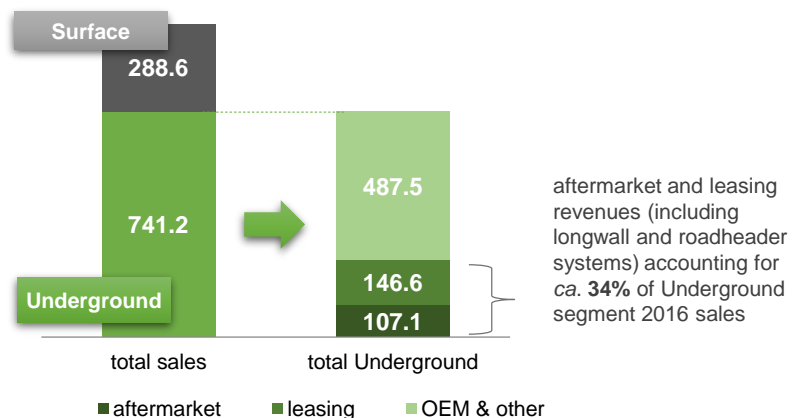
Revenue sources (PLNm)



Geographic breakdown



Revenue breakdown (PLNm)

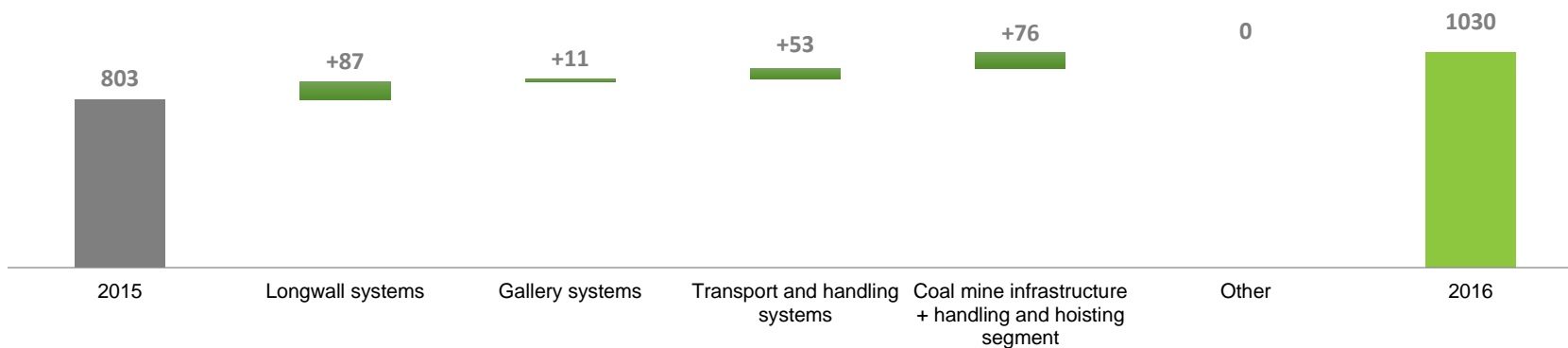


Commentary

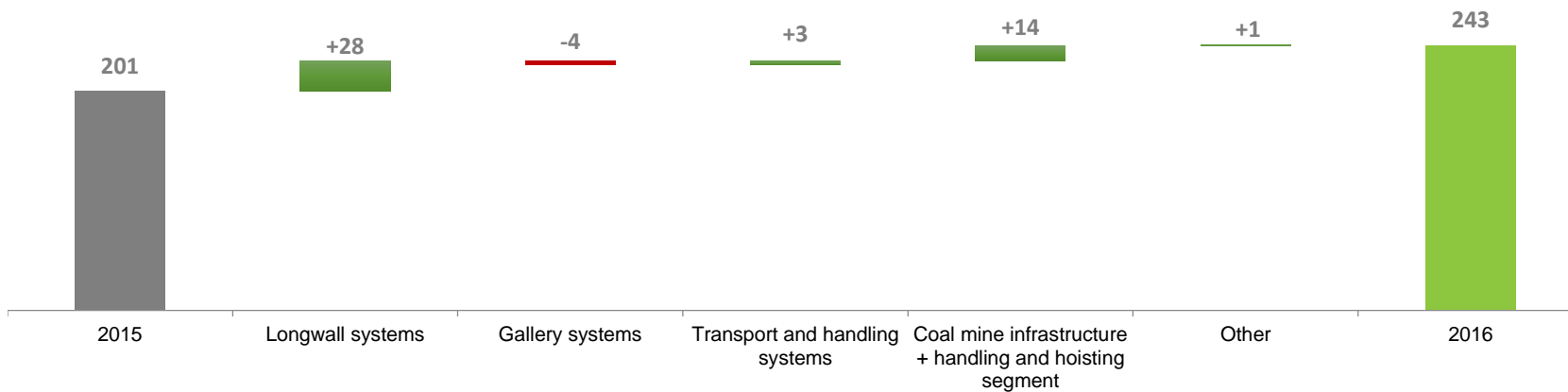
- In 2016, we completed **long-term contracts** for delivery of **longwall systems** to the Shahtoupravlenie Taldinskoye-Kyrgayskoye coal mine, Russia, and Nowe Brzeszcze Grupa TAURON
- We sold **around a dozen comprehensive transport systems** currently in operation in Polish coal mines
- **The geographic split** of the Group's revenue **is variable**, with Russia, Kazakhstan, Turkey, Mongolia, Indonesia, and Mexico considered the most promising markets
- The share of revenue from lease of equipment (mainly shearer loaders) and sale of other services, including after-market services, **is stable**

## 2015 VS 2016 BRIDGE

### Revenue (PLNm)



### Gross Profit (PLNm)



## BALANCE SHEET

Consolidated data	Year ended			
	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016*
PLN '000				
<b>Non-current assets</b>	<b>744,574</b>	<b>780,686</b>	<b>701,221</b>	<b>669,724</b>
<b>Current assets, of which:</b>	<b>804,633</b>	<b>557,276</b>	<b>557,719</b>	<b>1,105,061</b>
- inventories	145,419	160,109	167,134	137,700
- trade receivables	387,845	281,097	337,418	496,591
- cash and cash equivalents	203,574	65,712	18,702	434,114
<b>TOTAL ASSETS</b>	<b>1,549,207</b>	<b>1,337,962</b>	<b>1,258,940</b>	<b>1,774,786</b>
<b>Equity attributable to owners of the Parent</b>	<b>1,142,663</b>	<b>836,857</b>	<b>890,190</b>	<b>993,160</b>
<b>Financial liabilities, of which:</b>	<b>65,853</b>	<b>83,665</b>	<b>91,545</b>	<b>300,701</b>
- non-current financial liabilities	29,325	297	540	113,506
- current financial liabilities	36,528	83,368	91,005	187,194
<b>Other liabilities, provisions, accruals and deferred income, of which:</b>	<b>340,650</b>	<b>414,280</b>	<b>277,169</b>	<b>480,877</b>
- trade payables	85,942	121,336	96,722	184,947
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,549,207</b>	<b>1,337,962</b>	<b>1,258,940</b>	<b>1,774,786</b>

\* Based on unaudited Q4 2016 financial statements

## CASH FLOW

Consolidated data	Year ended			
	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016*
PLN '000				
Net cash from:				
- operating activities	277,427	396,903	115,142	314,606
- investing activities	-138,187	-97,605	-160,451	-84,724
- financing activities	-119,165	-437,160	-1,701	185,204
<b>TOTAL NET CASH FLOWS</b>	<b>20,074</b>	<b>-137,862</b>	<b>-47,011</b>	<b>415,086</b>
Cash at beginning of period	183,500	203,574	65,712	19,028
<b>CASH AT END OF PERIOD</b>	<b>203,574</b>	<b>65,712</b>	<b>18,702</b>	<b>434,114</b>

\* Based on unaudited Q4 2016 financial statements

## 2017 OUTLOOK

### MARKET CONSOLIDATION

- integration between FAMUR and Kopex – „Polish Champion” creation
- consolidation of the surface equipment market in Poland - FAMAGO and FUGO acquisition

### STRONG BACKLOG AND SIGNIFICANT PIPELINE

- winning tender for the supply of equipment for AO SUEK: 21 mEUR
- signed contract of delivery of the longwall system for MMK UGOL: 18 mEUR
- implementation of handling and surface mining projects on foreign markets

### DEVELOPMENT OF EXPORT ACTIVITIES

- a significant increase in demand from surface and underground mining for the supply of mining equipment, combined with the wide expansion plans of conventional power plants allows the development in the following geographical areas:

✓ Balkans

✓ Russia

✓ Kazakhstan

✓ Turkey

✓ Argentina

✓ Mexico





**Media contact**

**Maciej Preidl**

T: +48 32 608 29 85  
M: +48 609 808 115  
m.preidl@imagopr.pl

**Investor contact**

**Jakub Dzierzega**

T: +48 32 359 63 91  
M: +48 663 707 291  
jdzierzega@famur.com.pl

**FAMUR S.A.**

ul. Armii Krajowej 51  
40-698 Katowice  
T: +48 32 359 63 00  
F: +48 32 359 66 77  
www.famur.com  
famur@famur.com.pl

**FAMUR**