



Q3 2018 Business and Financial Performance

November 06, 2018



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Board Member, CFO

Responsibility

- Cooperation with financial institutions
- Budgeting and controlling

Experience

- with Cognor since 2002
- Board Member of Cognor Holding since 2013
- CFO for 12 years

- Polish GDP growth estimated at ca 4.5% in Q3 2018 compared to 4.7% in Q3 2017; 5.1% in Q2 2018;
 - EU28 GDP growth at 1.9% in Q3 2018 (1,7% Eurozone), compared to 1,7% in Q3 2017; 2.4% in Q2 2018 (2,3% Eurozone)
- Polish steel production decreased by 11.1%; in the EU (28) it went up by 0.7%
- Increase of prices of scrap metal, billets and finished products. Improvement of all conversion spreads. Good demand; In addition to the existing protectionist measures in July the EU has introduced a safeguard instrument aimed against the US tax driven second tier effects
- Further improvement of BOF/EAF cost model though EAF feedstock cost still more expensive
- 11.2% increase in revenues in spite of the drop by 5.4% of shipments
- Gross profit, EBIT and EBITDA much improved

Capacities' utilization

| | ANNUAL CAPACITY Tonnes | UTILIZATION RATE | |
|-----------------|---------------------------|------------------|--------------|
| | | Q3 2018 | Q3 2017 |
| FERROSTAL | 375 000 | 98.1% | 102.5% |
| HSJ | 261 000 | 92.2% | 90.0% |
| COMBINED | 636 000 | 95.7% | 97.4% |

Crude steel production and finished products demand

| CRUDE STEEL PRODUCTION | | Q3 2018 | % YoY | Q3 2017 | |
|-----------------------------|-----------------|--------------|--------------|--------------|--|
| | <i>m tonnes</i> | | | | |
| Europe | | 76.3 | -0.1% | 76.4 | |
| | UE (28) | 40.6 | 0.7% | 40.3 | EU growth positive |
| | Poland | 2.33 | -11.1% | 2.62 | Poland lower due to maintenance of one furnace at AM |
| | CIS | 25.7 | 0.1% | 25.1 | |
| North America | | 30.4 | 4.5% | 29.1 | |
| | USA | 22.1 | 6.0% | 20.7 | Section 232 seems to be working for the USA output |
| South America | | 11.3 | 11.1% | 11.1 | |
| Africa / Middle East | | 12.5 | 8.2% | 11.6 | |
| Asia | | 324.9 | 5.0% | 309.5 | |
| | China | 242.4 | 7.5% | 225.4 | China particularly strong |
| | Japan | 25.6 | -1.1% | 25.9 | |
| Oceania | | 1.6 | 7.4% | 1.5 | |
| | Total | 457.1 | 4.1% | 439.2 | |

source: World Steel Association

In July 2018 the European Commission introduced a temporary measure aimed at safeguarding the EU market against the potential increase of imports of steel products resulting from the introduction of US section 232 (25% tax for steel import). Twenty nine product groups, including rebars and merchant bars, were made subject to the regulation.

For a majority of product groups, the imports into the EU have not increased significantly so far and the 25% safeguard tariff will most likely not start being imposed. With regard to rebars the tariff may start as the imports seem slightly higher than the quota limit (defined as an average import volume for 2015-2017).

| | | | | |
|-------------------|---------|--------------|------------|-------|
| EU code | 098513 | quota period | 19.07.2018 | start |
| | | | 03.02.2019 | end |
| Rebars (tonnes) | | as of | 31.10.2018 | |
| | | % QUOTA | % TIME | |
| Quota utilization | 400 409 | 56 | 52 | |
| Quota limit | 714 964 | | | |

20.01.2019 expected date for utilization of the entire quota
the 25% tariff charge **likely** to commence

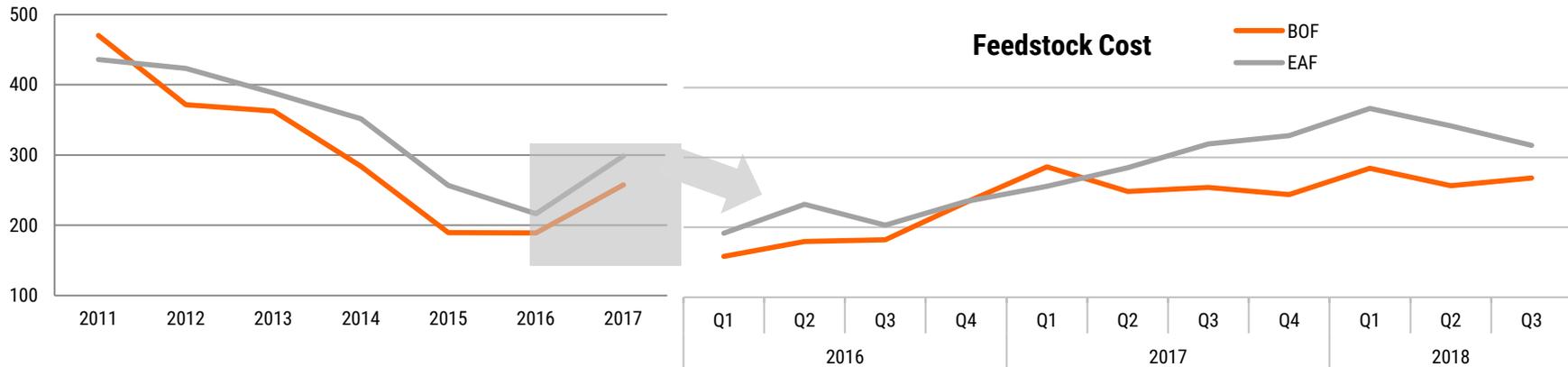
| | | | | |
|------------------------|---------|--------------|------------|-------|
| EU code | 098512 | quota period | 19.07.2018 | start |
| | | | 03.02.2019 | end |
| Merchant bars (tonnes) | | as of | 31.10.2018 | |
| | | % QUOTA | % TIME | |
| Quota utilization | 353 759 | 49 | 52 | |
| Quota limit | 728 270 | | | |

18.02.2019 expected date for utilization of the entire quota
the 25% tariff charge **not likely** to commence

source: EC

BOF & EAF Feedstock Costs

| Feedstock Cost | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2016 | | | | 2017 | | | | 2018 | | |
|--------------------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------|-----------|------------|------------|------------|------------|------------|------------|
| | | | | | | | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3* |
| <i>USD / Tonne</i> | | | | | | | | | | | | | | | | | | |
| BOF | 470 | 372 | 363 | 284 | 190 | 189 | 257 | 159 | 180 | 182 | 236 | 287 | 251 | 249 | 242 | 285 | 259 | 271 |
| EAF | 436 | 423 | 388 | 352 | 257 | 216 | 299 | 192 | 233 | 203 | 237 | 259 | 285 | 320 | 331 | 370 | 345 | 317 |
| difference | 34 | -52 | -26 | -68 | -67 | -27 | -41 | -33 | -53 | -21 | -1 | 28 | -34 | -62 | -84 | -85 | -86 | -47 |



| Prices | Iron ore | Coking coal | Steel scrap | Prices | Iron ore | Coking coal | Steel scrap | Feedstock Cost Model | BOF | EAF |
|----------------------|----------|-------------|-------------|----------------------|----------|-------------|-------------|-------------------------------------|------|------|
| <i>(USD / Tonne)</i> | | | | <i>(USD / Tonne)</i> | | | | <i>Tonne / Tonne of crude steel</i> | | |
| 2011 | 168 | 200 | 389 | Q1 2016 | 48 | 75 | 171 | iron ore | 1.60 | |
| 2012 | 129 | 145 | 378 | Q2 2016 | 56 | 76 | 208 | coking coal | 0.60 | |
| 2013 | 135 | 122 | 347 | Q3 2016 | 59 | 84 | 181 | scrap metal | 0.21 | 1.12 |
| 2014 | 97 | 105 | 314 | Q4 2016 | 71 | 130 | 212 | | | |
| 2015 | 55 | 89 | 229 | Q1 2017 | 86 | 169 | 231 | | | |
| 2016 | 59 | 92 | 193 | Q2 2017 | 63 | 161 | 255 | | | |
| 2017 | 72 | 145 | 267 | Q3 2017 | 72 | 137 | 285 | | | |
| | | | | Q4 2017 | 66 | 132 | 296 | | | |
| | | | | Q1 2018 | 75 | 159 | 330 | | | |
| | | | | Q2 2018 | 66 | 149 | 308 | | | |
| | | | | Q3 2018 | 66* | 176* | 283 | | | |

source: IMF - iron ore, EIA - coke,
Cognor - scrap
*Cognor estimate

- EAF steel producers compete with BOF steelmakers to some extent (semi-finished products)
- Due to the strong steel output growth in 2017 and 2018 scrap metal prices increased more as compared to BOF feedstock,
- The cost position of EAF producers is negative, deteriorating their competitive position
- Nonetheless, strong demand for steel and the protectionist measures applied by the EU keep the margins of the European EAF steelmakers at fair levels

Prices & Spreads

| | Q3 2018 | Q2 2018 | Q1 2018 | Q4 2017 | Q3 2017 |
|---|--------------|--------------|--------------|--------------|------------|
| (pln/ tonne) | | | | | |
| FERROSTAL | | | | | |
| SCRAP METAL - average purchase price | 1 049 | 1 102 | 1 123 | 1 063 | 1 036 |
| BILLETS - average price | 2 103 | 2 183 | 2 157 | 1 491 | 1 660 |
| <i>volume</i> | 19 664 | 18 139 | 28 685 | 21 314 | 29 705 |
| BILLET SPREAD | 1 053 | 1 080 | 1 034 | 1 016 | 760 |
| FINISHED PRODUCTS – average price | 2 276 | 2 321 | 2 342 | 2 210 | 1 923 |
| <i>total volume</i> | 92 610 | 75 452 | 77 058 | 72 075 | 106 735 |
| <i>- plain bars</i> | 2 427 | 2 450 | 2 513 | 2 375 | 1 996 |
| <i>volume</i> | 9 346 | 8 044 | 6 792 | 6 910 | 9 877 |
| <i>- flat bars</i> | 2 456 | 2 482 | 2 500 | 2 374 | 2 031 |
| <i>volume</i> | 11 298 | 11 805 | 9 955 | 9 434 | 17 718 |
| <i>- squares</i> | 2 399 | 2 414 | 2 494 | 2 355 | 2 003 |
| <i>volume</i> | 2 913 | 2 238 | 1 580 | 1 194 | 2 905 |
| <i>- rebars</i> | 2 194 | 2 234 | 2 267 | 2 143 | 1 868 |
| <i>volume</i> | 61 988 | 47 808 | 53 382 | 52 933 | 69 629 |
| <i>- angles</i> | 2 455 | 2 494 | 2 517 | 2 383 | 2 037 |
| <i>volume</i> | 6 794 | 5 302 | 5 008 | 1 323 | 6 450 |
| <i>- other</i> | 2 529 | 2 619 | 2 889 | 3 812 | 2 892 |
| <i>volume</i> | 271 | 255 | 341 | 281 | 156 |
| PRODUCT SPREAD | 1 227 | 1 218 | 1 219 | 1 147 | 887 |
| <i>- plain bars</i> | 1 378 | 1 348 | 1 390 | 1 313 | 961 |
| <i>- flat bars</i> | 1 407 | 1 379 | 1 377 | 1 311 | 995 |
| <i>- squares</i> | 1 350 | 1 312 | 1 371 | 1 292 | 967 |
| <i>- rebars</i> | 1 145 | 1 131 | 1 144 | 1 080 | 833 |
| <i>- angles</i> | 1 406 | 1 391 | 1 394 | 1 320 | 1 001 |
| <i>- other</i> | 1 480 | 1 517 | 1 766 | 2 750 | 1 856 |

scrap metal price up by **14 & 1.3%**
 billet sales price up by **307 & 17.1%**

billet spread up by 294 & 38.6%
 finished product sales price up by **354 & 18.4%**

product spread up by 340 & 38.3%

Prices & Spreads

| | Q3 2018 | Q2 2018 | Q1 2018 | Q4 2017 | Q3 2017 |
|---|---------------|---------------|---------------|---------------|---------------|
| (pln/ tonne) | | | | | |
| HSJ | | | | | |
| SCRAP METAL - average purchase price | 1 191 | 1 223 | 1 126 | 1 102 | 1 000 |
| BILLETS - average price | 2 652 | 2 705 | 2 448 | 2 279 | 2 135 |
| <i>volume</i> | <i>12 228</i> | <i>15 948</i> | <i>15 243</i> | <i>15 965</i> | <i>18 421</i> |
| BILLET SPREAD | 1 461 | 1 482 | 1 322 | 1 177 | 1 135 |
| FINISHED PRODUCTS – average price | 3 592 | 3 310 | 3 037 | 2 895 | 2 815 |
| total volume | 46 960 | 44 998 | 37 629 | 41 399 | 42 639 |
| - SQ bars | 3 493 | 3 213 | 2 987 | 2 800 | 2 752 |
| <i>Volume</i> | <i>46 348</i> | <i>44 157</i> | <i>37 231</i> | <i>40 020</i> | <i>39 179</i> |
| - thick sheets | 5 988 | 4 323 | 2 513 | 3 749 | 2 713 |
| <i>Volume</i> | <i>311</i> | <i>593</i> | <i>228</i> | <i>1 165</i> | <i>3 297</i> |
| - thin sheets | 11 873 | 11 067 | 11 358 | 10 856 | 11 851 |
| <i>volume</i> | <i>209</i> | <i>135</i> | <i>98</i> | <i>144</i> | <i>89</i> |
| - other | 26 412 | 26 756 | 19 319 | 26 708 | 29 603 |
| <i>volume</i> | <i>92</i> | <i>113</i> | <i>72</i> | <i>70</i> | <i>74</i> |
| PRODUCT SPREAD | 2 401 | 2 087 | 1 911 | 1 793 | 1 815 |
| - SQ bars | 2 302 | 1 990 | 1 861 | 1 698 | 1 752 |
| - thick sheets | 4 797 | 3 100 | 1 387 | 2 647 | 1 713 |
| - thin sheets | 10 682 | 9 844 | 10 232 | 9 754 | 10 851 |
| - other | 25 221 | 25 533 | 18 193 | 25 606 | 28 603 |

scrap metal price up by **89 & 8.1%**
 billet sales price up by **373 & 16.4%**

billet spread up by 284 & 24.1%
 finished product sales price up by **697 & 24.1%**

product spread up by 608 & 33.9%

Segments

| SCRAP METAL | | Q3 2018 | Q2 2018 | Q3 2017 | |
|--|-----------------|----------------|----------------|----------------|--------------------------------|
| PURCHASES FROM EXTERNAL SUPPLIERS | <i>Tonnes</i> | | | | |
| FERROSTAL | | 65 861 | 86 927 | 63 566 | |
| ZŁOMREX | | 81 919 | 87 989 | 84 150 | ZŁOMREX purchases down by 2.7% |
| HSJ | | 47 420 | 48 767 | 41 138 | |
| INTERNAL USE | <i>Tonnes</i> | | | | |
| FERROSRAL | | 103 220 | 122 148 | 107 867 | |
| HSJ | | 68 452 | 78 044 | 67 485 | |
| SALES TO EXTERNAL CUSTOMERS | <i>Tonnes</i> | | | | |
| ZŁOMREX | | 44 698 | 46 798 | 34 757 | |
| OTHER | | 0 | 0 | 0 | |
| SALES | <i>'000 PLN</i> | | | | |
| CONSOLIDATED | | 46 472 | 51 931 | 34 694 | |
| TOTAL PURCHASES in TONNES | | 195 200 | 223 683 | 188 854 | |
| TOTAL INTERNAL USE in TONNES | | 171 672 | 200 192 | 175 352 | |
| TOTAL SALES in TONNES | | 44 698 | 46 798 | 34 757 | Shipments up by 28.6% |
| TOTAL SALES in '000 PLN | | 46 472 | 51 931 | 34 694 | Sales up by 33.9% |

Segments

| BILLETS | | Q3 2018 | Q2 2018 | Q3 2017 |
|-------------------------------------|-----------------|----------------|----------------|----------------|
| PURCHASES | <i>Tonnes</i> | | | |
| FERR | | 0 | 0 | 0 |
| PRODUCTION | <i>Tonnes</i> | | | |
| FERR | | 91 972 | 109 658 | 96 112 |
| HSJ | | 60 130 | 68 393 | 58 711 |
| INTERNAL USE | <i>Tonnes</i> | | | |
| FERR | | 89 125 | 77 255 | 73 853 |
| HSJ | | 50 688 | 55 880 | 46 403 |
| SALES TO EXTERNAL CUSTOMERS | <i>Tonnes</i> | | | |
| FERR | | 22 450 | 19 662 | 33 362 |
| HSJ | | 9 442 | 12 513 | 12 308 |
| SALES | <i>'000 PLN</i> | | | |
| CONSOLIDATED | | 73 768 | 77 960 | 89 720 |
| TOTAL PURCHASES in TONNES | | 0 | 0 | 0 |
| TOTAL PRODUCTION in TONNES | | 152 102 | 178 051 | 154 823 |
| TOTAL INTERNAL USE in TONNES | | 139 813 | 133 135 | 120 256 |
| TOTAL SALES in TONNES | | 31 892 | 32 175 | 45 670 |
| TOTAL SALES in '000 PLN | | 73 768 | 77 960 | 89 720 |

Production down by 1.8%

Shipments down by 30.2%

Sales down by 17.8%

Segments

| FINISHED PRODUCTS | | Q3 2018 | Q2 2018 | Q3 2017 |
|--|-----------------|----------------|----------------|----------------|
| PURCHASES | <i>Tonnes</i> | | | |
| ALL ENTITES | | 0 | 0 | 0 |
| PRODUCTION | <i>Tonnes</i> | | | |
| ZWWB | | 18 352 | 17 124 | 20 086 |
| HSJ | | 47 062 | 52 171 | 45 864 |
| PROFIL | | 66 858 | 56 414 | 50 211 |
| SALES TO EXTERNAL CUSTOMERS | <i>Tonnes</i> | | | |
| FERROSTAL | | 87 455 | 69 338 | 102 805 |
| HSJ | | 52 115 | 55 548 | 45 329 |
| SALES | <i>'000 PLN</i> | | | |
| CONSOLIDATED | | 379 581 | 349 921 | 325 059 |
| TOTAL PURCHASES in TONNES | | 0 | 0 | 0 |
| TOTAL PRODUCTION in TONNES | | 132 272 | 125 709 | 116 161 |
| TOTAL SALES TO EXTERNAL CUSTOMERS in TONNES | | 139 570 | 124 886 | 148 134 |
| TOTAL SALES in '000 PLN | | 379 581 | 349 921 | 325 059 |

Production up by 13.9%

Shipments down by 5.8%
Sales up by 16.8%

Financials

| STATEMENT OF PROFIT OR LOSS | Q3 2018 | Q2 2018 | Q3 2017 | | |
|---|---------------|----------------|----------------|--------------------------------|---------|
| | '000 PLN | | | | |
| Sales revenue | 550 666 | 535 702 | 495 137 | Revenues up by | 11.2% |
| Cost of sales | -474 323 | -453 760 | -448 452 | | |
| Gross profit | 76 343 | 81 942 | 46 685 | Gross profit up by | 63.5% |
| Other income | 2 429 | 3 563 | 1 680 | | |
| Distribution expenses | -21 646 | -17 403 | -18 580 | | |
| Administrative expenses | -9 336 | -13 276 | -11 284 | | |
| Other gains/(losses) – net | -986 | 1 159 | 981 | | |
| Other expenses | -1 495 | -5 000 | -2 532 | | |
| EBIT | 45 309 | 50 958 | 16 950 | EBIT up by | 167.3% |
| Financial income | 4 460 | 0 | 1 | Gain on full Bonds' redemption | 4.5m |
| Financial expenses | -6 477 | -32 717 | -20 765 | FX gain | 4.8m |
| Net financing costs | -2 017 | -32 717 | -20 764 | | |
| Share of profits of associates | 40 | -32 | 47 | | |
| Excess in fair value of acquired assets over cost | 0 | 0 | 0 | | |
| Profit before tax | 43 332 | 18 209 | -3 767 | | |
| Income tax expense | -8 989 | -1 480 | -1 178 | | |
| Profit/loss for the period from discontinued operations | 0 | 0 | 0 | | |
| Profit for the period | 34 343 | 16 729 | -4 945 | Adjusted net result | 22.4m |
| Depreciation and amortization | -10 847 | -11 107 | -10 762 | EBITDA up by | 102.6 % |
| EBITDA | 56 156 | 62 065 | 27 712 | Adjusted EBITDA | 52.0m |

Financials

| ASSETS | Q3 2018 | Q2 2018 | Q3 2017 |
|---|----------------|------------------|----------------|
| | '000 PLN | | |
| A. TOTAL NON-CURRENT ASSETS | 385 320 | 392 853 | 409 075 |
| I. Intangible assets | 21 283 | 19 670 | 12 467 |
| II. Property, plant and equipment | 280 631 | 280 947 | 288 196 |
| III. Other receivables | 297 | 272 | 194 |
| IV. Investment property and other investments | 3 442 | 3 402 | 3 305 |
| V. Prepaid perpetual usufruct of land | 23 117 | 23 218 | 25 926 |
| VI. Deferred tax assets | 56 550 | 65 344 | 78 987 |
| B. TOTAL CURRENT ASSETS | 529 325 | 622 444 | 501 084 |
| I. Inventories | 275 898 | 334 527 | 229 903 |
| II. Receivables | 212 768 | 186 474 | 184 455 |
| 1. Trade receivables | 212 019 | 185 714 | 183 633 |
| 2. Current income tax receivable | 737 | 748 | 737 |
| 3. Other investments | 12 | 12 | 85 |
| III. Cash and cash equivalents | 40 659 | 101 443 | 86 726 |
| IV. Prepayments | 0 | 0 | 0 |
| V. Assets classified as held for sale | 0 | 0 | 0 |
| Total | 914 645 | 1 015 297 | 910 159 |

Increase of intangible assets due to R&D costs
 CAPEX 10.5m (LTM 34.9)
 Disposals 0.2m (LTM 2.4)

Utilization of tax shield

Receivables sold (net) 119.4m
 Receivables sold (net) in Q3 2017 100.3m

Cash balance reduced due to the entire Notes' repayment partially from own cash flow

Financials

| EQUITY AND LIABILITIES | Q3 2018 | Q2 2018 | Q3 2017 |
|--|----------------|------------------|----------------|
| '000 PLN | | | |
| A. EQUITY | 303 049 | 270 944 | 184 438 |
| I. Issued share capital | 178 066 | 177 923 | 152 175 |
| II. Reserves and retained earnings | 104 863 | 75 270 | 16 219 |
| III. Minority interest | 20 120 | 17 751 | 16 044 |
| B. LIABILITIES | 611 596 | 744 353 | 725 721 |
| I. Non-current liabilities | 302 500 | 404 617 | 399 661 |
| 1. Employee benefits obligation | 11 206 | 11 273 | 9 196 |
| 2. Interest-bearing loans and borrowings | 275 431 | 375 286 | 369 819 |
| 3. Other | 15 863 | 18 058 | 20 646 |
| II. Current liabilities | 309 096 | 354 074 | 326 060 |
| 1. Interest-bearing loans and borrowings | 56 049 | 61 282 | 63 462 |
| 2. Bank overdraft | 0 | 2 048 | 26 386 |
| 3. Trade payables | 246 103 | 269 181 | 229 091 |
| 4. Deferred government grants | 117 | 117 | 117 |
| 5. Employee benefits obligation | 3 110 | 2 594 | 2 875 |
| 6. Current income tax payable | 36 | 117 | 25 |
| 7. Provisions for payables | 3 681 | 4 397 | 4 104 |
| Total | 914 645 | 1 015 297 | 910 157 |

Equity up by 118.6m
(LTM net profit, SPO proceeds PLN 39.8, dividend PLN11.9)

Net indebtedness down by 82.1m
(repayment of PLN 128.2 of debt partially offset by reduction of cash balance)

Financials

| CASH FLOW | Q3 2018 | Q2 2018 | Q3 2017 |
|-----------------------------|----------------|--------------|---------------|
| | '000 PLN | | |
| A. OPERATING ACTIVITIES | 51 830 | 38 960 | 78 738 |
| B. INVESTING ACTIVITIES | -13 717 | -9 942 | -4 473 |
| C. FINANCING ACTIVITIES | -96 849 | -24 383 | -28 883 |
| Net increase in cash | -58 736 | 4 635 | 45 282 |

| MAIN METRICS | Q3 2018 | Q2 2018 | Q3 2017 |
|----------------------------------|---------|---------|---------|
| Liquidity ratio | 1.71 | 1.83 | 1.54 |
| Quick ratio | 0.82 | 0.85 | 0.83 |
| Inventories turnover <i>days</i> | 52 | 66 | 46 |
| Receivables turnover <i>days</i> | 35 | 31 | 33 |
| EBITDA margin | 10.2% | 11.6% | 5.6% |
| Net profit margin | 6.2% | 3.1% | -1.0% |
| Equity <i>'000 PLN</i> | 303 049 | 270 944 | 184 438 |
| Net debt <i>'000 PLN</i> | 290 821 | 337 173 | 372 941 |
| Net debt / EBITDA | 1.4 | 1.8 | 2.9 |

Working capital inflow 11.3m
*(decrease of inventories & payables;
 increase of receivables)*

CF CAPEX (-) 14.2m

CF asset dispositions 0.8m

Debt repayment (-) 366.2m

Debt incurrence 298.0m

Interest service (-) 30.9m

EU grants 2.6m

Liquidity ratios improved and very good

Inventory ratio slightly up to 52 days

Receivable ratio slightly up to 35 days

Profitability ratios increased

Leverage down to 1.84times



1

Slight weakening of GDP growth for Poland and in the EU (28)

2

Overall demand dynamics lower as compared to Q3 2018; holiday season and Q3 maintenance period costs carrying forward

3

Polish EAF crude steel production stable at a very high utilization rate. Polish steel consumption further increasing, including rebars, along with infrastructural spending; export orders softening at the back of weakening demand from EU (German) auto sector

4

Stabilisation of scrap metal, billets and finished products prices; conversion spreads similar as compared to Q3 2018 and higher compared to Q4 2017

5

EAF cost model further recovering versus BOF one at the back of possible expected of coking coal prices

6

Q4 2018 forecasted EBITDA higher as compared to Q4 2017 but lower compared to Q3 2018

- In February 2014 Cognor has closed the financial restructuring transaction by issuing:
 - EUR 100m of senior notes maturing February 2020; coupon 7.5% years 1-2; 10% year 3; 12.5% years 4-6,
 - EUR 25m of exchangeable notes February 2021; coupon 5%. The notes are exchanged mandatorily into Cognor's shares at maturity or earlier at the demand of a holder. The exchange price is PLN 1.92 per share amended from the initial PLN 2.35 due to the SPO and the 2017 dividend. These notes form part of our equity.

- On July 12, 2018 we entered into a bank loan extended by a consortium of 4 banks in an amount of EUR 60m for the repayment of all of the senior notes and PLN 40m for general corporate purposes. In August the loan has been drawn down and consequently all the senior notes have been redeemed at par. From September onwards our monthly financial expenses will have been reduced by in excess of PLN 2m as a result of implementation of the new capitalization structure.

Together reach more



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