



# 2020 Business and Financial Performance

March 03, 2021



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### **Responsibility**

- Cooperation with financial institutions
- Budgeting and controlling
- IR
- M&A and major CAPEX projects

### **Experience**

- with Cognor since 2002
- Board Member of Cognor Holding since 2013
- CFO for 14 years

# Introduction | 2020 Highlights

- Poland in recession; for the first time in almost 30 years GDP negative at – 2,8% compared to 4.0% growth in 2019
- EU GDP negative at -6.4% (-6.8% Eurozone), compared to 1.5% (1.4% Eurozone) in 2019
- Polish steel production decreased by 11.9%.; in the EU it went down by 11.8%.
- The 2019 Polish data included Mittal’s BF furnace in Kraków which was permanently idled in Q4 2019
- Decrease of prices of scrap metal, billets and finished products. Weakening of conversion spreads finished products and a slight increase for billets. Falling demand especially from the automotive industry; EU protectionist measures inadequate to prevent the decrease of local production
- Scrap metal prices weaker while iron ore prices rising sharply – EAF and BOF feedstock model positive and improving further for EAFs
- 8.9% decrease of revenues while shipments fell by just 0.2%
- PLN 11,8 million under COVID-19 state aid support
- Reported EBIT, EBITDA and net profit significantly higher
- High utilization of capacities of over 100%

ANNUAL CAPACITY		UTYLIZATION RATE				
	Tonnes	2020	2019	2018	2017	2016
FERROSTAL	375 000	111%	118%	115%	115%	107%
HSJ	261 000	100%	96%	102%	94%	87%
<b>COMBINED</b>	<b>636 000</b>	<b>106%</b>	<b>109%</b>	<b>109%</b>	<b>107%</b>	<b>99%</b>

# Business Overview | World's Steel Output

CRUDE STEEL PRODUCTION	2020	% YoY	2019	2018
<i>m tonnes</i>				
<b>Europe</b>	<b>297</b>	<b>-5.3</b>	<b>295</b>	<b>309</b>
UE	139	-11.8	157	168
Poland	7.9	-11.9	9.0	10.2
CIS	102	1.5	100	101
<b>North America</b>	<b>102</b>	<b>-15.5</b>	<b>120</b>	<b>121</b>
USA	73	-17.2	88	87
<b>South America</b>	<b>38</b>	<b>-8.4</b>	<b>42</b>	<b>45</b>
<b>Africa / Middle East</b>	<b>53</b>	<b>-0.7</b>	<b>54</b>	<b>50</b>
<b>Asia</b>	<b>1 351</b>	<b>1.6</b>	<b>1 330</b>	<b>1 255</b>
China	1 052	5.2	1 001	920
Japan	83	-16.2	99	104
<b>Oceania</b>	<b>6</b>	<b>-1.4</b>	<b>6</b>	<b>6</b>
<b>Total</b>	<b>1 829</b>	<b>-0.9</b>	<b>1 846</b>	<b>1 786</b>

Poland with 11.9% production and 12.0% demand decreases

USA with 17.2% production and 14.8% demand decreases

China with 5.2% production and 8.7% demand increases

PRODUCT DEMAND	2020	% YoY	2019	2018
<i>mln tonnes</i>				
<b>Europe</b>	<b>213</b>	<b>-14.6</b>	<b>257</b>	<b>261</b>
UE	129	-18.3	165	170
Poland	11	-12.0	14	16
CIS	49	-9.7	51	49
<b>North America</b>	<b>122</b>	<b>-14.6</b>	<b>148</b>	<b>148</b>
USA	86	-14.8	101	100
<b>South America</b>	<b>31</b>	<b>-16.4</b>	<b>41</b>	<b>40</b>
<b>Africa / Middle East</b>	<b>83</b>	<b>-4.2</b>	<b>89</b>	<b>88</b>
<b>Asia / Oceania</b>	<b>1253</b>	<b>2.1</b>	<b>1218</b>	<b>1151</b>
China	960	8.7	877	819
Japan	50	-22.0	63	64
<b>Total</b>	<b>1 707</b>	<b>-2.7</b>	<b>1 759</b>	<b>1 694</b>

## Anti Dumping

Anti dumping measures have always been an available trade control tool. However, only since 2016 there has been a growing number of cases where the European Commission was willing to impose double digit duties compared to rather symbolic levels beforehand. These measures are applied against certain countries, for a given type of product and for a certain period of time.

## Safeguard

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 were made subject to the regulation.

In February 2019 a definitive safeguard has been put in place for a period of 2,5 years starting from 02.02.2019 (to last until 30 June 2021). It introduced the quotas including the sub-limits for specified countries. For rebars those are: Turkey, Russia, Ukraine, BiH and Moldova. In July 2019 the measure has been revised and the quotas have been reduced for the periods Jul 2019–Jun 2020 and Jul 2020–Jun 2021 which translates to a reduction of the annual quota increase from 5% to 3%. Secondly, for rebars, wire rod and HRC, the utilisation of the general quota has been limited for the specified countries to 30% and only in the last quarter of the annual quota period (Mar-Jun). Lately, there has been another modification introduced whereby the quotas for specific countries limit the imports on quarterly basis. Country specific quotas and the general quota may get transferred over to the next quarterly period. The specific countries will only be able to make use of any remaining general quota during the last quarter (Mar-Jun 2021)

## Carbon Tax

In 11 December 2019 the European Commission adopted the European Green Deal which includes the goal of climate neutrality by 2050 and of the decrease in greenhouse gasses emissions by 50-55% by 2030 from their levels of 1990. It also includes a proposal of a carbon border adjustment mechanism (CBA) to ensure that the price of imports reflect more accurately their carbon content.

The CBA is to be adopted in the second quarter of 2021 and is intended to be a carbon leakage prevention tool alternative to the measures being currently in place under the EU's Emissions Trading System (ETS) that are: (i) free CO2 allowances and (ii) subsidies for energy intensive industries.

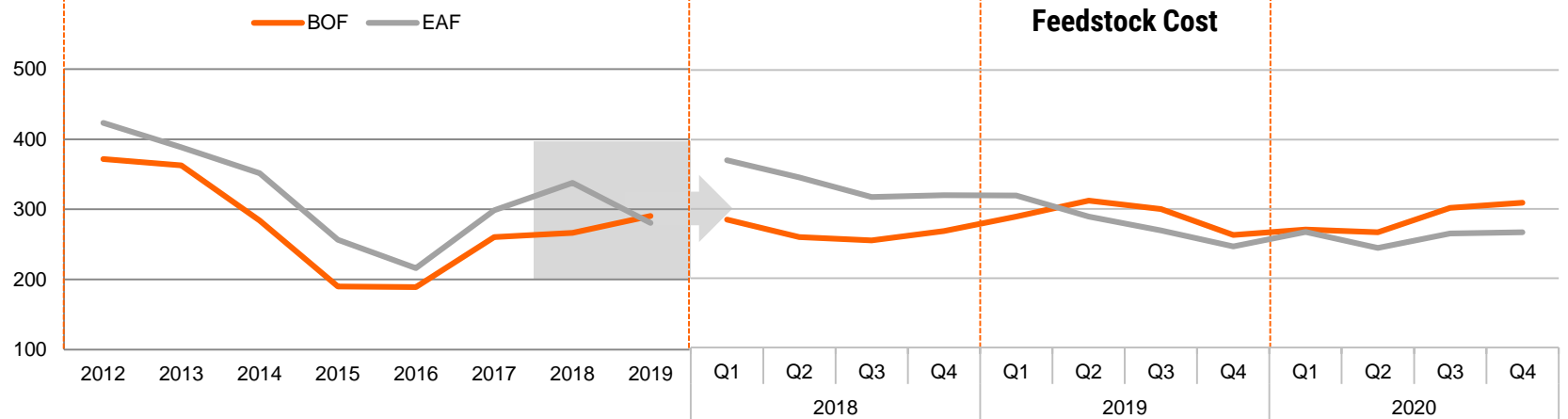
# Business Overview | EU Safeguard

<b>Q3 2020 - REBARS as of:</b>		30.09.2020			
period start		01.07.2020			
period end		30.09.2020			
period days		91			
days remaining		0			
<b>period advancement</b>		<b>100%</b>			
<b>initial amount utilisation</b>		<b>75%</b>			
<b>ORIGINS</b>	Initial Amount	transferred	Used in Q3	Quota Available	
Turkey	76 792 970	n/a	76 792 970	0	
Russia	61 630 080	n/a	61 630 080	0	
Ukraine	40 963 470	n/a	40 419 381	544 089	
BiH	25 780 310	n/a	3 891 893	21 888 417	
Moldova	18 527 890	n/a	18 010 302	517 588	
Other Jul - Sep 2020	142 654 350	n/a	72 797 643	69 856 707	
<b>TOTAL</b>	<b>366 349 070</b>		<b>273 542 269</b>	<b>92 806 801</b>	

<b>Q4 2020 - REBARS as of:</b>		31.12.2020			
period start		01.10.2020			
period end		31.12.2020			
period days		91			
days remaining		0			
<b>period advancement</b>		<b>100%</b>			
<b>initial amount utilisation</b>		<b>58%</b>			
<b>ORIGINS</b>	Initial Amount	Q3 2020 transferred	Used in Q4	Quota Available	
Turkey	76 792 970	0	76 367 532	425 438	
Russia	61 630 080	0	61 609 196	20 884	
Ukraine	40 963 470	544 089	30 531 124	10 976 435	
BiH	25 780 310	21 888 417	1 238 154	46 430 573	
Moldova	18 527 890	517 588	12 873 791	6 171 687	
Other Oct - Dec 2020	142 654 350	69 856 707	31 677 087	180 833 970	
<b>TOTAL</b>	<b>366 349 070</b>	<b>92 806 801</b>	<b>214 296 883</b>	<b>244 858 988</b>	

## BOF & EAF Feedstock Costs

Feedstock Cost	2012	2013	2014	2015	2016	2017	2018	2019	2018				2019				2020				
									Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
<i>USD / Tonne</i>																					
BOF	372	363	284	190	189	260	267	291	285	259	255	268	289	312	300	263	270	266	301	327	
EAF	423	388	352	257	216	299	338	281	370	345	317	319	319	289	269	246	267	244	265	273	
<b>difference</b>	<b>-52</b>	<b>-26</b>	<b>-68</b>	<b>-67</b>	<b>-27</b>	<b>-38</b>	<b>-71</b>	<b>10</b>	<b>-85</b>	<b>-86</b>	<b>-63</b>	<b>-52</b>	<b>-30</b>	<b>23</b>	<b>31</b>	<b>17</b>	<b>4</b>	<b>22</b>	<b>37</b>	<b>54</b>	



Prices	Iron ore	Coking coal	Steel scrap
<i>(USD / Tonne)</i>			
2012	129	145	378
2013	135	122	347
2014	97	105	314
2015	55	89	229
2016	59	92	193
2017	72	150	267
2018	70	153	302
2019	94	147	251
2020	108	115	234

Prices	Iron ore	Coking coal	Steel scrap
<i>(USD / Tonne)</i>			
Q1 2018	75	159	330
Q2 2018	66	149	308
Q3 2018	67	147	283
Q4 2018	71	157	302
Q1 2019	83	160	285
Q2 2019	102	157	258
Q3 2019	102	144	240
Q4 2019	88	127	219
Q1 2020	91	126	238
Q2 2020	93	120	218
Q3 2020	117	108	236
Q4 2020	132	108*	244

Feedstock Cost Model	BOF	EAF
<i>Tonne / Tonne of crude steel</i>		
iron ore	1.60	
coking coal	0.60	
scrap metal	0.21	1.12

- 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,
- In 2019 scrap metal price has been falling at a much faster pace compared to iron ore and coking coal
- The cost position of EAF producers was more favourable over the whole of 2019. In Q4 2020 the favourable difference widened further.

source: IMF - iron ore, EIA - coking coal, Cognor - scrap metal, \* estimate based on Q3 2020



## Prices & Spreads

	2020	2019	2018	2017	2016	2015	2014
<i>(pln/ tonne)</i>							
<b>FERROSTAL</b>							
<b>SCRAP METAL</b> - average purchase price	907	965	1 092	1 014	755	864	989
<b>BILLETS</b> - average price	1 760	1 850	2 138	1 834	1 455	1 660	1 858
<i>volume</i>	<i>83 315</i>	<i>110 263</i>	<i>81 775</i>	<i>119 211</i>	<i>75 014</i>	<i>104 113</i>	<i>169 904</i>
<b>BILLET SPREADS</b>	<b>852</b>	<b>884</b>	<b>1 046</b>	<b>821</b>	<b>700</b>	<b>796</b>	<b>869</b>
<b>FINISHED PRODUCTS</b> – average price	1 971	2 129	2 321	1 997	1 714	1 842	2 036
<i>total volume</i>	<i>340 264</i>	<i>313 661</i>	<i>319 683</i>	<i>315 828</i>	<i>319 149</i>	<i>224 491</i>	<i>186 571</i>
<i>- plain bars</i>	<i>2 177</i>	<i>2 338</i>	<i>2 457</i>	<i>2 084</i>	<i>1 872</i>	<i>1 945</i>	<i>2 070</i>
<i>volume</i>	<i>29 051</i>	<i>30 920</i>	<i>30 268</i>	<i>30 411</i>	<i>29 498</i>	<i>32 331</i>	<i>35 714</i>
<i>- flat bars</i>	<i>2 182</i>	<i>2 331</i>	<i>2 478</i>	<i>2 089</i>	<i>1 902</i>	<i>1 967</i>	<i>2 073</i>
<i>volume</i>	<i>45 079</i>	<i>39 434</i>	<i>44 051</i>	<i>48 088</i>	<i>61 409</i>	<i>60 155</i>	<i>64 241</i>
<i>-squares</i>	<i>2 091</i>	<i>2 261</i>	<i>2 434</i>	<i>2 062</i>	<i>1 871</i>	<i>1 939</i>	<i>2 057</i>
<i>volume</i>	<i>8 898</i>	<i>8 743</i>	<i>8 329</i>	<i>6 534</i>	<i>7 726</i>	<i>11 029</i>	<i>13 709</i>
<i>-rebars</i>	<i>1 873</i>	<i>2 031</i>	<i>2 243</i>	<i>1 951</i>	<i>1 582</i>	<i>1 629</i>	<i>1 867</i>
<i>volume</i>	<i>231 466</i>	<i>211 065</i>	<i>213 681</i>	<i>211 832</i>	<i>188 994</i>	<i>82 461</i>	<i>41 642</i>
<i>-angles</i>	<i>2 163</i>	<i>2 333</i>	<i>2 489</i>	<i>2 064</i>	<i>1 918</i>	<i>1 951</i>	<i>2 111</i>
<i>volume</i>	<i>23 040</i>	<i>22 038</i>	<i>22 254</i>	<i>17 927</i>	<i>24 895</i>	<i>32 171</i>	<i>30 107</i>
<i>-other</i>	<i>2 494</i>	<i>2 573</i>	<i>2 984</i>	<i>2 933</i>	<i>2 108</i>	<i>2 180</i>	<i>2 721</i>
<i>volume</i>	<i>2 730</i>	<i>1 461</i>	<i>1 100</i>	<i>1 036</i>	<i>6 627</i>	<i>6 346</i>	<i>1 159</i>
<b>PRODUCT SPREADS</b>	<b>1 063</b>	<b>1 164</b>	<b>1 229</b>	<b>983</b>	<b>960</b>	<b>978</b>	<b>1 047</b>
<i>- plain bars</i>	<i>1 269</i>	<i>1 327</i>	<i>1 365</i>	<i>1 070</i>	<i>1 117</i>	<i>1 081</i>	<i>1 081</i>
<i>- flat bars</i>	<i>1 275</i>	<i>1 365</i>	<i>1 387</i>	<i>1 075</i>	<i>1 147</i>	<i>1 104</i>	<i>1 084</i>
<i>-squares</i>	<i>1 184</i>	<i>1 296</i>	<i>1 342</i>	<i>1 048</i>	<i>1 116</i>	<i>1 076</i>	<i>1 068</i>
<i>-rebars</i>	<i>966</i>	<i>1 066</i>	<i>1 152</i>	<i>938</i>	<i>827</i>	<i>766</i>	<i>880</i>
<i>- angles</i>	<i>1 256</i>	<i>1 367</i>	<i>1 397</i>	<i>1 050</i>	<i>1 164</i>	<i>1 087</i>	<i>1 122</i>
<i>- other</i>	<i>1 587</i>	<i>1 608</i>	<i>1 892</i>	<i>1 919</i>	<i>1 353</i>	<i>1 317</i>	<i>1 732</i>

scrap metal price down by 58 & 6.0%  
 billet sales price down by 90 & 4.8%

**billet spread down by 32 & 3.6%**  
 finished product sales price down by 159 & 7.4%

**product spread down by 101 & 8.6%**

## Prices & Spreads

	2020	2019	2018	2017	2016	2015	2014
<i>(pln/ tonne)</i>							
<b>HSJ</b>							
<b>SCRAP METAL</b> - average purchase price	1 006	1 079	1 206	1 076	823	902	1 041
<b>BILLETS</b> - average price	2 160	2 224	2 692	2 235	1 769	1 968	2 472
<i>volume</i>	75 977	74 656	58 675	66 213	40 482	28 148	18 149
<b>BILLET SPREADS</b>	<b>1 154</b>	<b>1 145</b>	<b>1 486</b>	<b>1 159</b>	<b>946</b>	<b>1 066</b>	<b>1 431</b>
<b>FINISHED PRODUCTS</b> – average price	3 861	3 280	3 496	2 858	2 463	2 703	2 920
<i>total volume</i>	162 471	162 244	178 401	165 082	160 593	168 397	151 788
<i>- SQ bars</i>	2 775	3 194	3 398	2 785	2 337	2 584	2 788
<i>volume</i>	159 946	157 555	175 617	156 519	153 621	150 311	144 605
<i>- thick sheets</i>	3 892	3 668	4 652	2 818	2 740	2 427	2 954
<i>volume</i>	1 391	3 699	1 593	7 699	5 696	16 362	5 787
<i>- thin sheets</i>	11 752	11 049	11 513	10 973	11 147	10 820	11 090
<i>volume</i>	542	521	701	536	638	1 069	865
<i>-other</i>	19 967	20 515	23 379	25 154	21 547	23 529	25 277
<i>volume</i>	458	469	490	328	638	655	531
<b>PRODUCT SPREADS</b>	<b>1 855</b>	<b>2 201</b>	<b>2 290</b>	<b>1 782</b>	<b>1 640</b>	<b>1 801</b>	<b>1 879</b>
<i>- SQ bars</i>	1 767	2 166	2 192	1 709	1 514	1 682	1 747
<i>- thick sheets</i>	3 152	3 610	3 446	1 742	1 917	1 525	1 913
<i>- thin sheets</i>	10 746	9 970	10 307	9 897	10 324	9 918	10 049
<i>- other</i>	18 961	19 436	22 173	24 078	20 724	22 627	24 236

scrap metal price down by 73 & 6.8%  
 billet sales price down by 64 & 2.9%

**billet spread up by 9 & 0.7%**  
 finished product sales price down by 419 & 12.8%

**product spread down by 346 & 15.7%**

## Segments

SCRAP METAL		2020	2019	2018	
<b>PURCHASES FROM EXTERNAL SUPPLIERS</b>	<i>Tonnes</i>				
FERROSTAL		381 082	378 144	380 904	
ZŁOMREX		293 383	297 976	345 308	ZŁOMREX purchases down by 1.5%
HSJ		193 540	180 809	191 072	
<b>INTERNAL USE</b>	<i>Tonnes</i>				
FERROSRAL		465 947	493 125	481 737	
HSJ		294 671	286 514	302 974	
<b>SALES TO EXTERNAL CUSTOMERS</b>	<i>Tonnes</i>				
ZŁOMREX		137 421	141 847	172 762	
OTHER		0	0	0	
<b>SALES</b>	<i>'000 PLN</i>				
CONSOLIDATED		123 403	131 952	185 997	
<b>TOTAL PURCHASES in TONNES</b>		<b>868 005</b>	<b>856 929</b>	<b>917 284</b>	
<b>TOTAL INTERNAL USE in TONNES</b>		<b>760 618</b>	<b>779 639</b>	<b>784 711</b>	Internal use down by 2.4%
<b>TOTAL SALES in TONNES</b>		<b>137 421</b>	<b>141 847</b>	<b>172 762</b>	Shipments down by 3.1%
<b>TOTAL SALES in '000 PLN</b>		<b>123 403</b>	<b>131 952</b>	<b>185 997</b>	Sales down by 6.5%

## Segments

BILLETS		2020	2019	2018
<b>PURCHASES</b>	<i>Tonnes</i>			
FERR		0	0	0
<b>PRODUCTION</b>	<i>Tonnes</i>			
FERR		414 710	440 672	429 687
HSJ		260 014	251 539	265 693
<b>INTERNAL USE</b>	<i>Tonnes</i>			
FERR		329 169	333 017	348 404
HSJ		212 258	197 548	222 250
<b>SALES TO EXTERNAL CUSTOMERS</b>	<i>Tonnes</i>			
FERR		111 826	130 928	97 007
HSJ		47 466	53 991	43 443
<b>SALES</b>	<i>'000 PLN</i>			
CONSOLIDATED		310 750	370 012	332 800
<b>TOTAL PURCHASES in TONNES</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL PRODUCTION in TONNES</b>		<b>674 724</b>	<b>692 211</b>	<b>695 380</b>
<b>TOTAL INTERNAL USE in TONNES</b>		<b>541 717</b>	<b>530 565</b>	<b>570 654</b>
<b>TOTAL SALES in TONNES</b>		<b>159 292</b>	<b>184 919</b>	<b>140 450</b>
<b>TOTAL SALES in '000 PLN</b>		<b>310 750</b>	<b>370 012</b>	<b>332 800</b>

Production down by **2.5%**  
 Internal use up by **1.1%**  
 Shipments down by **13.9%**  
 Sales down by **16.0%**

## Segments

FINISHED PRODUCTS		2020	2019	2018
<b>PURCHASES</b>	<i>Tonnes</i>			
ALL ENTITES		1 769	0	0
<b>PRODUCTION</b>	<i>Tonnes</i>			
ZWWB		69 082	76 655	79 835
HSJ		172 165	167 131	188 966
PROFIL		245 823	240 909	252 415
<b>SALES TO EXTERNAL CUSTOMERS</b>	<i>Tonnes</i>			
FERROSTAL		300 795	291 267	293 564
HSJ		198 882	184 638	204 520
ZLOMREX		4 827	0	0
<b>SALES</b>	<i>'000 PLN</i>			
CONSOLIDATED		1 138 137	1 200 657	1 366 281
<b>TOTAL PURCHASES in TONNES</b>		<b>1 769</b>	<b>0</b>	<b>0</b>
<b>TOTAL PRODUCTION in TONNES</b>		<b>487 075</b>	<b>484 695</b>	<b>521 216</b>
<b>TOTAL SALES TO EXTERNAL CUSTOMERS in TONNES</b>		<b>504 504</b>	<b>475 905</b>	<b>498 084</b>
<b>TOTAL SALES in '000 PLN</b>		<b>1 139 137</b>	<b>1 200 657</b>	<b>1 366 281</b>

Production up by 0.5%  
 Shipments up by 6.0%  
 Sales down by 5.1%

# Financials

STATEMENT OF PROFIT OR LOSS	2020	2019	2018
	'000 PLN		
Sales revenue	1 733 221	1 901 604	2 081 841
Cost of sales	-1 574 324	-1 730 554	-1 805 528
<b>Gross profit</b>	<b>158 897</b>	<b>171 050</b>	<b>276 313</b>
Other income	41 193	13 060	10 542
Distribution expenses	-81 753	-75 261	-76 700
Administrative expenses	-46 695	-48 140	-46 041
Other gains/(losses) – net	1 234	917	1 977
Other expenses	-6 349	-7 034	-9 883
<b>EBIT</b>	<b>66 527</b>	<b>54 592</b>	<b>156 208</b>
Financial income	0	927	4 460
Financial expenses	-34 317	-31 731	-67 230
<b>Net financing costs</b>	<b>-34 317</b>	<b>-30 804</b>	<b>-62 770</b>
Share of profits of associates	60	-1 455	-662
Excess in fair value of acquired assets over cost	0	0	0
<b>Profit before tax</b>	<b>32 270</b>	<b>22 333</b>	<b>92 776</b>
Income tax expense	1 276	-319	-20 730
Profit/loss for the period from discontinued operations	0	-2 242	0
<b>Profit for the period</b>	<b>33 546</b>	<b>19 772</b>	<b>72 046</b>
Depreciation and amortization	-47 708	-46 236	-43 861
<b>EBITDA</b>	<b>114 235</b>	<b>100 828</b>	<b>200 069</b>

Revenues down by	8.9%
- shipments down by	0.2%
Gross profit down by	7.1%
- spreads compression	loss of PLN 98.6m
- shipments loss of	PLN 2.2m
- FIFO gain of	PLN 8.5m
EBIT up by	21.9%
- COVID-19 aid of	PLN 11.9m
- CO2 compensation of	PLN 12.0m
Financial expenses up by	8.1%
- FX loss of	PLN 8.1m
- financial instruments loss of	PLN 1.1m
Net result up by	69.7%
Adjusted net result PLN	29.1m
EBITDA up by	13.3%
Adjusted EBITDA PLN	94.9m

# Financials

ASSETS	2020	2019	2018
	'000 PLN		
<b>A. TOTAL NON-CURRENT ASSETS</b>	<b>514 518</b>	<b>487 249</b>	<b>379 296</b>
I. Intangible assets	18 100	22 296	17 965
II. Property, plant and equipment	397 398	375 581	284 617
III. Other receivables	8 938	4 293	324
IV. Investment property and other investments	8 331	1 255	2 767
V. Prepaid perpetual usufruct of land	32 371	36 618	23 013
VI. Deferred tax assets	49 380	47 206	50 610
<b>B. TOTAL CURRENT ASSETS</b>	<b>516 681</b>	<b>564 482</b>	<b>622 082</b>
I. Inventories	274 101	297 001	376 969
II. Receivables	142 025	188 525	168 654
1. Trade receivables	141 678	188 342	167 982
2. Current income tax receivable	226	38	660
3. Other investments	121	145	12
III. Cash and cash equivalents	100 555	78 956	76 459
IV. Prepayments	0	0	0
V. Assets classified as held for sale	0	0	0
<b>Total</b>	<b>1 031 199</b>	<b>1 051 731</b>	<b>1 001 378</b>

Fixed assets up by 5.6%  
 - CAPEX increase of PLN 66.6m  
 - D&A charges of PLN 47.7m

Inventories down by 7.7%  
 Receivables down by 24.7%  
 Trade receivables sold (net) PLN 129.8m  
 In 2019 (net) PLN 115.5m

Cash up by 27.4%

# Financials

EQUITY AND LIABILITIES	2020	2019	2018	
'000 PLN				
<b>A. EQUITY</b>	<b>307 014</b>	<b>277 191</b>	<b>295 885</b>	Equity up by PLN <span style="float: right;">29.8m</span>
I. Issued share capital	185 911	185 911	180 626	- net result increase of PLN 33.5m
II. Reserves and retained earnings	101 849	72 897	97 538	- exchangeable notes coupon decrease of PLN 3.8m
III. Minority interest	19 254	18 383	17 721	
<b>B. LIABILITIES</b>	<b>724 185</b>	<b>774 540</b>	<b>705 493</b>	
I. Non-current liabilities	244 437	279 916	259 585	
1. <i>Employee benefits obligation</i>	<i>13 011</i>	<i>11 071</i>	<i>10 677</i>	Gross debt down by PLN <span style="float: right;">40.3m</span>
2. <i>Interest-bearing loans and borrowings</i>	<i>207 658</i>	<i>249 669</i>	<i>229 188</i>	
3. <i>Other</i>	<i>23 768</i>	<i>19 176</i>	<i>19 720</i>	
II. Current liabilities	479 748	494 624	445 908	Net debt down by PLN <span style="float: right;">61.9m</span>
1. <i>Interest-bearing loans and borrowings</i>	<i>56 882</i>	<i>55 170</i>	<i>56 692</i>	
2. <i>Bank overdraft</i>	<i>0</i>	<i>0</i>	<i>0</i>	
3. <i>Other financial liabilities</i>	<i>4 011</i>	<i>2 869</i>	<i>2 531</i>	
4. <i>Trade payables</i>	<i>411 846</i>	<i>424 370</i>	<i>371 911</i>	
5. <i>Deferred government grants</i>	<i>4 941</i>	<i>9 324</i>	<i>5 653</i>	
6. <i>Employee benefits obligation</i>	<i>1 583</i>	<i>2 346</i>	<i>7 258</i>	
7. <i>Current income tax payable</i>	<i>460</i>	<i>319</i>	<i>0</i>	
8. <i>Provisions for payables</i>	<i>25</i>	<i>226</i>	<i>4 394</i>	
<b>Total</b>	<b>1 031 199</b>	<b>1 051 731</b>	<b>1 001 378</b>	



# Financials

CASH FLOW	2020	2019	2018
	'000 PLN		
A. OPERATING ACTIVITIES	204 665	142 480	232 195
B. INVESTING ACTIVITIES	-59 493	-56 153	-37 603
C. FINANCING ACTIVITIES	-128 563	-83 830	-195 572
<b>Net increase in cash</b>	<b>21 599</b>	<b>2 497</b>	<b>-980</b>

- working capital inflow of PLN 98.1m  
(decrease of receivables, inventories, and trade liabilities as compared to 2019)

- CAPEX outflow of PLN 60.4m  
- grants inflow of PLN 2.4m  
- asset dispositions inflow of PLN 0.9m

- net repayment outflow of PLN 69.8m  
- dividend payment of PLN 34.6m  
- interest service outflow of PLN 23.3m

MAIN METRICS	2020	2019	2018
Liquidity ratio	1.08	1.14	1.40
Quick ratio	0.51	0.54	0.55
Inventories turnover	days	64	63
Receivables turnover	days	30	36
EBITDA margin	6.6%	5.3%	9.6%
Net profit margin	1.9%	1.0%	3.5%
Equity	'000 PLN	307 014	277 191
Net debt	'000 PLN	163 985	225 883
Net debt / EBITDA	1.4	2.2	1.0

liquidity metrics down

Inventory ratio up by 1 day  
Receivable ratio down by 6 day

Profitability ratios slightly improved

Net leverage down to 1.4 times



1

**GDP rebound in Poland and in the EU**

2

**Demand returning; good for construction and fair for auto products**

3

**Poland's crude steel production slightly up or stable; BOF mills in trouble due to increasing CO2 rights prices; EAF producers at high utilization rates. Polish steel consumption growth positive due to the returning demand from the EU auto sector**

4

**Prices of scrap metal billets and finished products at much higher levels; healthier conversion spreads, especially for EAFs**

5

**EAF feedstock cost position versus BOF levelling up due to likely decline of iron ore prices**

6

**2021 likely to outperform 2020 conditional upon coronavirus vanishing with no surprises on the downside. EBITDA and net profit expected higher than in 2020**

*Together reach more*



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