



2015

FINANCIAL
RESULTS
FOR THE 6 MONTHS
PERIOD ENDED
30 JUNE 2015

VIOHALCO



PRESS RELEASE OF VIOHALCO SA

Brussels, 30 September 2015

The enclosed information constitutes regulated information as defined by the Law of 2 August 2002 and the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market.

Viohalco SA (Euronext Brussels, Athens Exchange: VIO), hereafter “Viohalco”, “the Company” today issues its consolidated financial results for the period ended 30 June 2015.

Financial highlights

- Consolidated **revenue** of EUR 1,721 million up 18%, compared to EUR 1,455 million in H1 2014;
- **Gross profit** up 85% to EUR 183 million in H1 2015, compared to EUR 99 million in H1 2014;
- **EBITDA** of EUR 121 million significantly increased by 142%, compared to EUR 50 million in H1 2014;
- **EBIT** of EUR 60.4 million at H1 2015, compared to a loss of EUR 5.7 million in H1 2014 ;
- **Profit of the period** of EUR 10 million at H1 2015, compared to a loss of EUR 50 million at H1 2014;
- **Financial debt**: EUR 1,745 million versus EUR 1,583 million in H1 2014

Operational highlights

Viohalco operates under an organizational framework that comprises four business segments: Aluminium, Copper and Cables, Steel and Steel Pipes and Real Estate Development and Other Services.

- In the **Aluminium segment**, signing of a Memorandum of Understanding between Elval and UACJ Corporation for establishing a joint venture company in Germany for the purchase, production and sale of automotive heat exchanger materials in Europe.
- Stronger presence for the **Copper segment** in the French market, following the integration in its commercial activities of the Reynolds European SAs copper business.
- Award to Fulgor, the **Cable segment** company, of a contract of EUR 36.4 million for the cable interconnection of the 73.2 MW wind park in the island of St. George, south of Cape Sounio. The contract includes the supply and the laying of the cable in depth up to 230 meters, the cable protection in the seabed along the whole route and the implementation of the necessary terminations and connections to the existing high voltage grid in Lavrio.
- On April 29, 2015, the Boards of Directors of Viohalco and Sidenor Holdings elected the merger of the two companies as the most appropriate technical solution for strengthening the capital structure of the **Steel** producing companies and plants of Sidenor Holdings located in Greece, and for securing ongoing support through better access to the international capital and money markets.

Financial review

Viohalco's financial performance in the first half of 2015 was impacted by the performance of its key subsidiaries.

Despite continued macroeconomic challenges, Viohalco demonstrated significantly improved results compared to H1 2014. Viohalco's three largest business segments, Aluminium, Copper and Cables and Steel and Steel Pipes, all performed better during H1 2015 compared to the same period last year. Performance was also helped in part by the decline of the Euro against the US Dollar and the GBP, which resulted in increased international demand, and by higher margins due to improved product mix, higher conversion prices and lower oil prices.

SUMMARY OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Amounts in EUR thousand	For the period ended 30 June	
	2015	2014
Revenue	1,721,135	1,455,254
Gross profit	183,339	98,921
Gross profit (%)	11%	7%
EBITDA (1)	120,993	49,996
EBITDA margin (%)	7%	3%
EBIT (2)	60,430	-5,709
EBIT margin (%)	4%	-0.4%
Profit/Loss (-) before income tax	7,615	-49,304
Net margin before income tax (%)	0.4%	-3%
Profit/Loss (-) of the period	10,091	-49,561

(1) EBIT plus amortisation and depreciation

(2) Operating result

Consolidated **revenue** for H1 2015 amounted to EUR 1,721 million, an increase of 18%, compared to EUR 1,455 million recorded in H1 2014. The increase in revenue was largely driven by higher sales volumes in all segments, especially in Copper and Cables (an increase of 9% vs. H1 2014) and Steel and Steel Pipes (an increase of 13% vs. H1 2014) segments. The strong demand from the European markets, an improved product mix, higher selling and conversion prices and favourable economic conditions in metal prices also impacted positively the revenue during the first half of 2015.

The table below shows the evolution of the average metal prices:

Amounts in EUR per ton	For the period ended 30 June		% Evolution
	2015	2014	
Primary aluminium	1,599	1,279	25%
Copper	5,317	5,047	5%
Zinc	1,912	1,496	28%

Gross profit increased significantly by 85%, to EUR 183 million in H1 2015 from EUR 99 million in H1 2014, while the **profit of the period** amounted to EUR 10 million versus a loss of EUR 50 million in H1 2014.

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in EUR thousand	As at	
	30 June 2015	31 December 2014
ASSETS		
Property, plant and equipment	1,786,991	1,759,024
Investment property	146,960	141,497
Other	87,853	103,968
Non-current assets	2,021,804	2,004,489
Inventories	996,252	860,709
Trade and other receivables	660,894	535,085
Cash and cash equivalents	115,289	99,612
Other	15,792	12,639
Current assets	1,788,227	1,508,045
TOTAL ASSETS	3,810,031	3,512,534
EQUITY	1,265,822	1,243,006
LIABILITIES		
Loans and borrowings	952,705	944,599
Deferred tax liabilities	129,837	138,091
Other	101,215	100,775
Non-current liabilities	1,183,756	1,183,465
Loans and borrowings	792,291	638,848
Trade and other payables	544,461	430,718
Other	23,701	16,497
Current liabilities	1,360,452	1,086,063
TOTAL LIABILITIES	2,544,209	2,269,529
TOTAL EQUITY & LIABILITIES	3,810,031	3,512,534

Viohalco's total assets increased by 8% to EUR 3,810 million at 30 June 2015 compared to 3,513 million at 31 December 2014. This is due to a EUR 136 million increase in inventories, a EUR 126 million increase in trade and other receivables, as well as an increase in property, plant and equipment of EUR 28 million.

Current liabilities increased by EUR 274 million, from EUR 1,086 million at 31 December 2014 to EUR 1,360 million at 30 June 2015. This is largely due to new bank loans issued during the period for an amount of EUR 322 million partially offset by repayments of EUR 169 million and the EUR 114 million increase in trade and other payables.

SUMMARY OF CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in EUR thousand	For the period ended 30 June	
	2015	2014
Cash flows used in operating activities	-69,029	-17,978
Cash flows used in investing activities	-68,186	-70,322
Cash flows from financing activities	152,009	25,622
Net increase/decrease in cash and cash equivalents	14,794	-62,677
Cash and cash equivalents, beginning of period	99,612	173,401
Effects of movements in exchange rates on cash held	883	274
Cash and cash equivalents, end of period	115,289	110,997

Net cash flows used in operating activities increased from EUR 18 million at H1 2014 to EUR 69 million in H1 2015.

Cash flows used in investing activities during the period were EUR 68 million compared to EUR 70 million in H1 2014. The consolidated capital expenditure during H1 2015 reached EUR 95 million (vs. EUR 87 million in H1 2014) mainly due to the implementation of investments for increased capacity, quality improvements and expansion in new markets, especially in the Aluminium segment. In specific, the major outflows were in Bridgnorth plant in UK, which continued its investment plan to double its capacity, amounting in H1 2015 to EUR 20.9 million, while at the Oinofyta plant, investment outflows amounted to EUR 15.8 million. Those investments are partially offset by the proceeds from sales of financial assets for EUR 21 million.

Cash flows from financing activities for the period increased significantly over H1 2014 to EUR 152 million as result of new issued borrowings for EUR 322 million and EUR 169 million repayment of borrowings.

Performance by business segment

Aluminium: In the first half of 2015, the Aluminium segment revenue amounted to EUR 655 million, up 28%, compared to EUR 511 million in H1 2014, while the growth in sales volumes continued, mostly attributable to the strong performance in the rolling business (Elval, Symetal, Bridgnorth Aluminium). This trend was somewhat restricted by the full utilization of all production units. The volume increase combined with higher aluminium prices (LME and premium), the improved product mix and higher conversion prices, led to higher revenue and profits. The profit of the period for the business segment amounted to EUR 32 million vs. EUR 2 million in H1 2014. In particular, the rolling business performed strongly, due to higher demand from international markets, while the high losses of 2014 in the extrusion business did not recur. It should be noted that these positive results were achieved despite the higher financial expenses.

The table below provides a profit or loss summary for the Aluminium segment for the six months period ended 30 June 2015:

Amounts in EUR thousand	For the period ended 30 June	
	2015	2014
Revenue	655,279	511,369
Gross profit	67,921	39,642
Gross profit (%)	10%	8%
EBITDA	63,129	34,659
EBITDA margin (%)	10%	7%
EBIT	38,016	11,986
EBIT margin (%)	6%	2%
Profit before income tax	30,592	5,390
Net margin before income tax (%)	5%	1%
Profit of the period	32,100	2,172

Copper and Cables: Segment's revenue in H1 2015 increased by 13% to EUR 629.5 million from EUR 555 million in H1 2014, primarily due to 9% higher sales volumes and increased average metal prices. The growth in sales volume was a result of the good performance of cables and copper tubes, the former due to the execution of submarine high-voltage cables projects and the latter due to increased exports. The trend in brass extruded products (bars and tubes) sales was positive, while the sales of copper extruded products (bus bars and rods) remained stable. At the same time, there was decline in the sales of rolling products, due to low demand for the copper and brass products used in roofing. The loss of the period for the segment amounted to EUR 4 million vs. EUR 18.4 million in H1 2014. Results were also positively affected by absence of inactivity costs related to the upgrade of existing equipment and installation of new equipment at the cable Fulgor plant in H1 2014, and negatively affected by an inventory impairment of EUR 3.8 million, due to a drop in metal prices at the end of the period.

The table below provides a profit or loss summary for the Copper and Cables Segment for the six months period ended 30 June 2015:

Amounts in EUR thousand	For the period ended 30 June	
	2015	2014
Revenue	629,470	555,267
Gross profit	39,467	17,052
Gross profit (%)	6%	3%
EBITDA	36,474	10,642
EBITDA margin (%)	6%	2%
EBIT	19,948	-704
EBIT margin (%)	3%	-0.1%
Loss before income tax	-4,378	-21,707
Net margin before income tax (%)	-1%	-4%
Loss of the period	-4,024	-18,387

Steel and Steel Pipes:

Revenue for the segment increased by 17.3% to EUR 472 million over the same period in H1 2014. This was in large part attributable to 13% higher sales volumes, mainly due to projects undertaken by Corinth Pipeworks during the last quarter of 2014, as well as the highly value-adding projects currently underway, in addition to increased sales activity at the steel subsidiary Stomana Industry. Other expenses decreased by 48.5% largely due to the decrease in inactivity costs at Corinth Pipeworks and Sovel. As a result of all of the above, losses for the period were reduced from EUR 29 million during H1 2014 to EUR 20 million during the same period this year.

The table below provides a profit or loss summary for Steel and Steel Pipes segment for the six months period ended 30 June 2015:

Amounts in EUR thousand	For the period ended 30 June	
	2015	2014
Revenue	471,876	402,336
Gross profit	64,971	34,837
Gross profit (%)	14%	9%
EBITDA	20,796	10,255
EBITDA margin (%)	4%	3%
EBIT	-1,591	-13,107
EBIT margin (%)	-0.3%	-3%
Loss before income tax	-21,899	-29,865
Net margin before income tax (%)	-5%	-7%
Loss of the period	-19,887	-29,242

Real Estate Development & Other Services Segment: Although consolidated revenue for the segment decreased amounting to EUR 7.0 million in H1 2015, compared to EUR 15.8 million in H1 2014, the loss of the period was significantly reduced, amounting to EUR 0.5 million from EUR 2.8 in H1 2014. The real estate portfolio has a total carrying amount of EUR 147 million. Viohalco and its subsidiaries hold a portfolio with high quality equity instruments totalling EUR 22.4 million.

Whilst the above financial performance by business segment does give insights into the performance of Viohalco and its subsidiaries as a whole, the consolidated revenue/results for Viohalco and its subsidiaries does not equal the sum of the revenue/results per segment, since the effects of the revaluation of the assets of Halcor and its subsidiaries (Halcor and Hellenic Cables) have been restated to comply with the accounting policy adopted by Viohalco for the preparation of consolidated financial accounts, and, the intercompany transactions are not eliminated. The following table shows the necessary calculations in order to match the published financial statements of subsidiaries with the data presented in note “Operating segments”.

As at 30 June 2015	As per published financial statements	Non published financial statements	Retreatment	Consolidation	As per consolidated financial statements
Aluminium					
Revenue	655,279	-	-	-22,811	632,468
Gross profit	67,921	-	-	1,390	69,311
Operating result (EBIT)	38,016	-	-	-766	37,250
EBITDA	63,128	-	-	-1,647	61,481
Profit/loss (-) before income tax	30,592	-	-	-1,113	29,479
Profit/loss (-) of the period	32,100	-	-	-1,117	30,983
Copper and Cables					
Revenue	629,470	-	-	-20,448	609,022
Gross profit	39,467	-	3,891	3,354	46,712
Operating result (EBIT)	19,948	-	4,976	142	25,066
EBITDA	36,474	-	971	609	38,054
Profit/loss (-) before income tax	-4,378	-	4,035	-621	-964
Profit/loss (-) of the period	-4,024	-	3,365	-627	-1,286
Steel and Steel pipes					
Revenue	146,686	325,190	-	786	472,662
Gross profit	41,005	23,966	-	-295	64,676
Operating result (EBIT)	8,940	-10,531	-	1,097	-494
EBITDA	13,220	7,576	-	802	21,598
Profit/loss (-) before income tax	6,215	-28,114	-	772	-21,127
Profit/loss (-) of the period	6,532	-26,419	-	780	-19,107

Main risks and uncertainties for the remaining 6 months of the year

Viohalco and its companies will continue to face the same risks in the second half of 2015 as in H1 2015. Those risks are detailed in Viohalco’s annual report 2014 (*‘Risks and uncertainties’*).

Viohalco and its companies are exposed to credit, liquidity and market risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required for the annual financial statements, and should be read in conjunction with the Viohalco’s annual financial statements as at 31 December 2014.

During the period there were no changes in financial risk management objectives and policies or in the nature and extent of risks arising from financial instruments compared to those disclosed in the consolidated financial statements as at and for the year ended 31 December 2014.

The financial risks that the Viohalco and its Companies face from the macroeconomic and business environment in Greece, country which represents approximately 15% of the consolidated revenue, as well as the policies of managing those risks are described below.

Pursuant to the Ministers decree dated 28 June, 2015, Greece based banks have been placed on a bank holiday and capital controls were imposed. The bank holiday ended on July 20, 2015, while the capital controls still remain in effect. Furthermore, the Greek government has completed the negotiation with the institutions for the formulation of a lending package, which was voted by the Greek parliament, the European parliaments and the ESM. Moreover, the disbursement of the first installment amounting to 26 billion Euro has been approved. 10 billion Euro will be allocated to the recapitalization of the Banks, 12 billion Euro was booked on a special debt servicing account (ECB, IMF, bridge loan), 1 billion Euro will be used for the overdue debts of the Greek State and 3 billion Euro will be disbursed in autumn, if the prerequisites are applied.

A potential failure in completing the agreement or recapitalizing the Greek banks could lead to the prolongation or deterioration of the situation and may have a negative result in the financial position of Greek companies. The aforementioned facts stress out the economic uncertainty to the macroeconomic and business environment in Greece. These conditions constitute a risk for Viohalco's companies and may, to a certain degree, affect negatively their operation and their financial position in a way that cannot be predicted at this point.

However, Viohalco's companies continue their activities uninterrupted with no production delays and the timely execution of all customers' orders. Under the assumption that all the prerequisites will be applied in the context of the total lending package and the recapitalization of banks will be completed, the risks arising from the aforementioned uncertainty are limited and are being dealt with as follows:

Regarding liquidity issues, the major part of Viohalco's companies' debt is comprised of long-term loans, which have an average maturity of three years. There are sufficient credit limits in place to serve working capital requirements and refinance short term loans. Furthermore, Viohalco's companies export the bigger portion of their production, a fact that secures that the cash-flow from operational activities will not be significantly disrupted by the current situation in Greece.

Additionally, the production capacity of the units is not expected to face any issues considering that the exports, for which no negative effects are forecasted, generate sufficient cash-flows to cover the materials imports that are necessary for production. The availability and the prices of raw materials are defined by the international markets and they are not affected by the situation in Greece. Local production costs have not been affected by the capital controls, while possible shortages of locally supplied secondary raw materials can always be dealt with through direct imports.

Given the economic uncertainty, the demand in the domestic market may shrink further. This development will marginally affect the revenue and the profitability of Viohalco's companies, as sales in Greece represent a small fragment of the total sales. Therefore, the revenue and the profitability of Viohalco's companies are not expected to be affected by capital controls and the reduction in domestic demand.

Finally, the difficulties encountered in exporting products due mainly to the availability of trucks, have already been addressed by Viohalco's companies through the use of alternative means of transport.

Viohalco and its Companies follow closely and on a continuous basis the developments in the international and domestic environment and timely adapt their business strategy and risk management policies in order to minimize the impact of the macroeconomic conditions on their operations.

Subsequent events

According to Greek law 4334/2015 voted on 16 July 2015, the corporate income tax rate for Greek companies increased from 26% to 29%. The remeasurement of deferred tax due to this change will result to an additional charge of EUR 14 million for Viohalco's Greek subsidiaries.

The cross-border merger by absorption of "Sidenor Holdings S.A." by Viohalco S.A. was concluded on 22 July 2015. Upon completion of this corporate transformation, Viohalco holds 85,88% of the Corinth Pipeworks (number of voting rights 106.640.015 on a total of 124.170.201).

On 30 July 2015, the boards of directors of Elval and its wholly-owned non-listed subsidiary, Symetal Aluminium Foil Industry S.A. decided to commence a spin-off procedure concerning the industrial and commercial activities of the aluminium rolling segment of Elval and its absorption by Symetal. The spin-off and absorption of this business unit will take place according to the provisions of Law 2166/1993 with 31 July 2015 set as the transformation balance sheet date. The spin-off of the rolling segment, part of Elval's internal restructuring, will facilitate international co-operation agreements and financing, aimed at strengthening its production activities in Greece.

On 15 September 2015, the aforementioned spin off was approved by the general assemblies of Elval and Symetal.

No other significant events have occurred since 30 June 2015.

Outlook

Based on the international economic environment and taking also into consideration the current political and economic circumstances in Greece, the outlook for our business segments in the second half of 2015 is as follows:

In the **Aluminium** segment, demand from international markets has been very strong since the start of the year and plants operate at full capacity, which is expected to continue for the rest of the year. Revenues generated in the Greek market are immaterial and any further deterioration in the country's economic environment does not present a risk. Finally, the restructuring of this business segment continues and the spin-off of the rolling activities is to be concluded on September 30th 2015.

For **Copper and Cables**, the outlook depends significantly on the continuation of the recovery in international markets. Expectations vary per geographic area with demand in most European countries recording a slight increase and a similar trend expected to materialize in the United States. At the same time, the construction activity is expected to show signs of recovery during the second half. For the second half of 2015, given the continued difficult conditions in the domestic market, the main strategic target will be expansion through increased exports in Europe and beyond, growth in market shares of industrial products and strengthening of activity in new markets that have not been affected by the economic downturn. With respect to Cables, the recovery of demand in Europe is expected to positively affect exports in the near future, while sales in the Greek market concern the performance of already signed contracts for projects having secured their financing. The important projects involving high-voltage submarine cables that have been undertaken by Hellenic Cables, the certifications by international energy network operators and the development of a competitive sales network enables the Company to seize any opportunities emerging worldwide and rival the top companies of the industry.

Record low international scrap prices resulted in metal losses for the **Steel** segment during the first half of the year. However, this trend is not expected to continue into the second half of 2015. The performance of the steel business was affected by the political instability in the key export markets of Libya and Egypt, the import restrictions in Algeria, as well as the lower demand in Greece due to significant slow-down of infrastructure projects. Going forward, an increased political stability in Greece is expected to lead to gradual market recovery. In the Balkan markets, the solid performance of the special steel business is expected to continue, following positive trends in European car production and European GDP growth. **Steel Pipes** segment has had a good start in 2015 and this positive trend is expected to continue for the remainder of the year. A weaker Euro, the considerable backlog of projects that remain unrealized, as well as the benefits the Company derives from completed and soon to be completed investments (LSAW product line, the production unit of 24 meter pipes and the upgrade of the internal coating line) form a basis for the management's positive expectations for 2015 as a whole. On the other hand, the fall of oil prices renders drilling operations less profitable and therefore will result in a decreased demand in the energy segment.

Finally, regarding the **Real Estate Development and Other Services** segment, the new retail park in Corinth became operational in September 2015. During the year, we expect the conclusion of the lease agreement for the Hotel at Karaiskaki Square and the implementation of a more effective corporate structure for the segment. As for the other real estate properties of the segment, we expect to lease them as soon as the economic environment improves.

The next consolidated financial reporting will be the annual report for the year ending 31 December 2015, to be published on 29 April 2016.

The interim consolidated financial statements for the six months period ended 30 June 2015, are available on Viohalco's website www.viohalco.com.

About Viohalco

Viohalco SA is the holding company of various metal processing companies in Europe, based in Belgium. With production facilities in Greece, Bulgaria, Romania, Russia, FYROM and the United Kingdom, Viohalco's subsidiaries specialise in the manufacture of aluminium, copper and cables, and steel and steel pipes products, generating annual revenue of EUR 2.9 billion. In addition, Viohalco and its companies own substantial real estate properties in Greece and have redeveloped some of its properties as real estate development projects. For more information about our Company, please visit our website at www.viohalco.com.