

2014

FINANCIAL
RESULTS

FOR THE 6 MONTHS
PERIOD ENDED
30 JUNE 2014

VIOHALCO

PRESS RELEASE OF VIOHALCO SA/NV

Brussels, 30 September 2014

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/NV (Euronext Brussels, Athens Exchange: VIO), hereafter “Viohalco”, “the Company”, “the Group”, today issues its consolidated financial results for the period ended 30 June 2014.

Financial highlights

- Consolidated **revenue** of EUR 1,455 million, down 3.6%, compared to EUR 1,510 million in the first semester (hereafter “H1”) of 2013;
- **Gross profit** up 16.3% from EUR 85 million in H1 2013 to EUR 99 million in H1 2014; and
- **Loss** of the period of EUR 50 million at H1 2014, compared to EUR 99 million at H1 2013.

Operational highlights

- Public Power Corporation (PPC), Greece’s primary power producer and electricity supplier, announced the reduction of industrial electricity rates with retroactive effect as of 1 January 2014. This has reduced operating costs in the current period; and
- Sidenor announced a new EUR 10 million investment in its Thessaloniki plant to enhance its competitiveness. The objective of the new investment is to avoid the reheating of billets, therefore achieving significant energy savings and reducing the Company’s total carbon footprint.

Group financial review

The first half of 2014 remained a challenging period for Viohalco. Three of the largest economies in the European Union (Germany, France and Italy) slipped into a recession or stagnated. This, in conjunction with the continued uncertainty in the Eurozone, have had an effect on the H1 2014 results. Despite the volatility of the market and challenging macroeconomic environment, Viohalco demonstrated an improvement compared to H1 2013. The Company’s three largest subsidiaries, Sidenor, Halcor, and Elval, which together account for 99% of the Group’s revenue, improved their results during H1 2014 compared to the same period last year. Sidenor’s and Halcor’s losses decreased in the current period by 42% and 48%, respectively, compared to H1 2013. Elval reported a profit in the current period, compared to a loss in H1 2013.

SUMMARY OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Amounts in EUR thousand	For the period ended 30 June	
	2014	2013
Revenue	1,455,254	1,509,834
Gross profit	98,921	85,076
EBITDA (1)	49,862	41,271
EBIT (2)	-5,842	-17,019
Loss before income tax	-49,304	-57,434
Loss of the period	-49,561	-99,266
Loss attributable to owners of the Company	-33,369	-68,529

(1) EBIT plus amortisation and depreciation

(2) Operating result

Consolidated **revenue** for H1 2014 amounted to EUR 1,455 million, a decrease of 3.6%, compared to EUR 1,510 million recorded in H1 2013. The decline in revenue was largely driven by lower metal prices.

Metal prices continued to decrease in 2014, driven mainly by the lack of liquidity in international financial markets and the adverse macroeconomic environment, especially in developed markets. The average price of copper decreased by 12% at EUR 5,047 per ton in H1 2014 compared to EUR 5,738 per ton in H1 2013. In addition, the average price of primary aluminium on the London Metal Exchange decreased in H1 2014 to EUR 1,279 per ton versus EUR 1,460 per ton in H1 2013.

Gross profit increased by 16.3% from EUR 85 million in H1 2013 to EUR 99 million in H1 2014, due to a decrease in cost of sales. **Operating loss** decreased from EUR 17 million to EUR 6 million, as a result of the reduction in energy prices and the optimization of production processes.

Finance costs increased by 6.5% to EUR 49 million in H1 2014 from EUR 46 million in H1 2013. This is mainly due to an increase in borrowings, along with an increase in refinancing costs.

Loss of the period amounted to EUR 50 million during H1 2014, compared to a loss of EUR 99 million in H1 2013. Loss attributable to the owners of the Company amounted to EUR 33 million compared to EUR 69 million at H1 2013. H1 2013 results were negatively affected by EUR 36.6 million from the recalculation of deferred tax balances in 2013, due to the change in the Greek corporate tax rate from 20% to 26%.

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in EUR thousand	As at	
	30 June 2014	31 December 2013
ASSETS		
Non-current assets	1,987,892	1,951,272
Current assets	1,437,708	1,414,151
TOTAL ASSETS	3,425,600	3,365,423
EQUITY & LIABILITIES		
Non-current liabilities	1,203,908	1,187,893
Current liabilities	930,754	836,838
Total liabilities	2,134,662	2,024,731
Equity of the Company's shareholders	960,353	992,944
Non-controlling interest	330,585	347,748
Total equity	1,290,938	1,340,692
TOTAL EQUITY & LIABILITIES	3,425,600	3,365,423

Viohalco's total assets increased by 1.8% to EUR 3,426 million at 30 June 2014 from EUR 3,365 million at 31 December 2013. This is due to an increase in property, plant and equipment (EUR 33 million), an increase in inventories (EUR 14 million), and an increase in trade and other receivables (EUR 71 million), partially compensated by a decrease of cash and cash equivalents by EUR 62 million.

Current liabilities increased by EUR 94 million or 11.2% from EUR 837 million at 31 December 2013 to EUR 931 million at 30 June 2014. This is largely due to an increase in the current portion of loans and borrowings (EUR 33 million) and the increase in trade and other payables (EUR 68 million).

SUMMARY OF CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in EUR thousand	For the period ended 30 June	
	2014	2013
Cash flows used in operating activities	-17,978	-16,185
Cash flows used in investing activities	-70,322	-70,659
Cash flows from financing activities	25,622	40,219
Net decrease cash and cash equivalents	-62,678	-46,625
Cash and cash equivalents, beginning of period	173,401	144,251
Effects of movements in exchange rates on cash held	274	-1,096
Cash and cash equivalents, end of period	110,997	96,531

Net cash flows used in operating activities increased from EUR 16.2 million at H1 2013 to EUR 18.0 million in H1 2014.

Cash flows used in investing activities remained stable compared to H1 2013, as the decrease of EUR 35 million in the acquisition of financial assets in H1 2014 (EUR 0.1 million in H1 2014 compared to EUR 35.1 million in H1 2013) was almost completely offset by higher capital expenditures of EUR 33.2 million in H1 2014 (EUR 87.2 million in H1 2014 compared to EUR 54.0 million in H1 2013).

Cash flows from financing activities were lower than H1 2013 because the increase in borrowings in H1 2014 (EUR 29 million) was lower than in H1 2013 (EUR 42 million).

Performance by business sector

Viohalco's financial performance in the first half of 2014 was impacted by the performance of its key subsidiaries, which in turn, are significantly affected by market conditions in their respective sectors.

Viohalco operates under an organizational framework that comprises four core sectors: the Steel & Steel Pipes Sector, the Copper & Cables Sector, the Aluminium Sector, and the Real Estate Development & Other Services Sector.

Steel and Steel Pipes: Sidenor's consolidated revenue for H1 2014 declined slightly to EUR 402.3 million compared to EUR 405.1 million in H1 2013. Loss attributable to owners of the Company totalled EUR 25.4 million, versus a loss of EUR 43.2 million in H1 2013. This improvement is mainly due to lower production costs, following the roll out of the investment program. In addition, the enhanced product portfolio, along with the commencement of new infrastructure projects in Greece, enhanced Sidenor's financial performance during the period. Corinth Pipeworks' revenue (*) decreased in H1 2014 to EUR 84.2 million from EUR 87.7 million in H1 2013, with a loss attributable to owners of the Company totalling EUR 4.1 million versus a loss of EUR 2.6 million in H1 2013. The business was affected by delays in the construction of major pipelines due to volatile conditions in the international energy market. Low demand for products used in the energy industry, in conjunction with low prices of raw materials, also negatively affected profitability during the period.

The table below provides a summary profit or loss for the Sidenor group for the six months period ended 30 June 2014:

Amounts in EUR thousand	For the period ended 30 June	
	2014	2013
Revenue	402,335	405,064
Gross profit	34,837	27,013
EBITDA	10,255	844
EBIT	-13,107	-21,752
Loss before income tax	-29,865	-39,005
Loss of the period	-29,242	-50,492
Loss attributable to owners of the Company	-25,429	-43,191

Copper and Cables: Halcor's consolidated revenue for H1 2014 declined by 6.9% to EUR 555 million, compared to EUR 596 million in H1 2013, primarily due to lower average metal prices and lower fabrication prices, mainly in rolled products for installations and cables. Loss attributable to owners of the Company was EUR 15.6 million compared to a loss of EUR 33.1 million in H1 2013. Results were affected by a loss of EUR 7.6 million from the valuation of the basic operating stock of all productive companies of the Halcor group, due to the drop in metal prices and lower fabrication prices in the roofing sub-sector, as a result of increased competition.

Hellenic Cables' revenue (*) declined by 3.3% to EUR 175 million compared to EUR 181 million in H1 2013, mainly due to lower metal prices. Loss attributable to owners of the Company totalled EUR 10.2 million versus a loss of EUR 9.3 million in H1 2013. Results were also burdened by one-off activity costs associated with the upgrade of existing equipment and the installation of new equipment for the production of high voltage submarine cables at the Fulgor plant.

(*) Note: The financial results of Corinth Pipeworks and Hellenic Cables are already included in the financial results of Sidenor and Halcor respectively.

The table below provides a summary profit or loss for the Halcor group for the six months period ended 30 June 2014:

Amounts in EUR thousand	For the period ended 30 June	
	2014	2013
Revenue	555,267	596,430
Gross profit	17,052	5,267
EBITDA	10,642	-1,421
EBIT	-704	-12,189
Loss before income tax	-21,707	-30,767
Loss of the period	-18,387	-35,613
Loss attributable to owners of the Company	-15,562	-33,117

Aluminium: Despite increased sales volumes, Elval's consolidated revenue decreased by 2.5% to EUR 511.4 million compared to EUR 524.2 million in H1 2013, influenced by a decrease in the average price of primary aluminium on the London Metal Exchange. Profit attributable to owners of the Company totalled EUR 4.4 million, compared to a loss of EUR 2.9 million in H1 2013. This figure was positively affected by higher sales volumes and lower production costs, but negatively affected by the losses and one-off provisions of the extrusion sub-sector.

The table below provides a summary profit or loss for the Elval group for the six months period ended 30 June 2014:

Amounts in EUR thousand	For the period ended 30 June	
	2014	2013
Revenue	511,369	524,185
Gross profit	39,642	44,076
EBITDA	34,659	45,058
EBIT	11,986	21,047
Profit before income tax	5,390	14,698
Profit (Loss) of the period	2,172	-3,342
Profit (Loss) attributable to owners of the Company	4,418	-2,927

Real Estate Development & Other Services Sector: Consolidated revenue for the sector amounted to EUR 22.0 million in H1 2014, compared to EUR 12.3 million in H1 2013. The real estate portfolio has a total carrying amount of EUR 126 million. The Group holds a portfolio with high quality equity instruments and bonds totalling EUR 59 million.

(*) Note: The financial results of Corinth Pipeworks and Hellenic Cables are already included in the financial results of Sidenor and Halcor respectively.

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

The Group will continue to face the same risks in the second semester (hereafter “H2”) of 2014 as in H1 2014. The Group is exposed to the specific risks indicated in Viohalco’s annual report 2013 (*‘Risks and uncertainties’*).

The Greek and European economic environment is expected to remain volatile and uncertain in H2 2014. This might have an impact on the value of Viohalco’s shares (and of some of its listed group companies). Shareholder value will continue to be created by undertaking strategic investments. These investments may be affected by external factors, including the economic environment, market dynamics or competition, leading to a failure of the effectiveness of Viohalco’s strategy, or the strategies of its subsidiaries. Viohalco will continue to address these risk areas through strategic and budgetary planning, analysis and oversight by the Board and Executive Management, continuous business development and process improvement, provision of value added services, open relationships with counterparties and product and business analysis.

Viohalco will continue to be exposed to **market risk** in H2 2014, relating to changes in the prices of raw materials and interest rates. Viohalco will continue to control this risk exposure by monitoring and analysing the markets and by staying within acceptable parameters while optimising returns. Viohalco will also continue to invest in derivative financial instruments to hedge part of the risk arising from market conditions.

Viohalco will remain exposed to **credit risk** in H2 2014, mainly due to the risk of default by individual customers. This risk will continue to be mitigated through robust creditworthiness checks via banks and other credit ratings and also by setting payment terms and credit limits. The credit limits, for which the receivables are insured, are fixed on the coverage ceiling set by insurance companies for the respective customers. In addition, Viohalco demands other security (e.g. letters of guarantee) in order to secure its receivables, where possible. Viohalco will continue to record an impairment provision representing its loss estimate in terms of trade and other receivables and investments in securities.

In order to avoid **liquidity risk** that could restrict operations in H2 2014 or limit its ability to grow the business, Viohalco provides estimates of future cash flow to ensure sufficient cash is available to meet its operating needs and financial obligations.

Subsequent events

Elval Hellenic Aluminium Industry S.A. and Etem S.A. Light Metals Company have announced on 29 August 2014 that their Boards of Directors have decided to restart the procedure of absorption of Etem S.A. by Elval S.A. The transformation financial statements will be as at 31 August 2014. These decisions are subsequent of the relevant decisions at 7 April 2014, by which the absorption of Etem S.A. by Elval S.A. was decided with transformation financial statements as at 30 April 2014 and 20 June 2014, following which it was decided to suspend the absorption.

On 10 September 2014, Hellenic Cables announced that it has signed a contract for the Interconnection of Cyclades Islands Project valued at EUR 93 million. ADMIE, Greece’s independent power transmission operator and their appointed Contractor, Hellenic Cables, signed a contract in the presence of the Greek Deputy Minister of Environment, Energy and Climate Change and the Greek Minister of Labor, regarding the underground and submarine 150 kV power and optical fiber cable links between Syros and Tinos, Syros and Mykonos, Syros and Paros, as well as 150 kV cable terminations at Tinos. The contract is referring to the procurement of cables, cable laying, cable protection near coastal areas and the implementation of the necessary connections to the existing ADMIE network.

On 30 September 2014, Corinth Pipeworks S.A. announced the signing of three major contracts of 163.000 tons in total with Energy Transfer Partners and Kinder Morgan CO2 Company, L.P., for the supply, the coating and the lining of steel pipes for the construction of pipelines in the US.

No other significant events have occurred since 30 June 2014.

Outlook

Going forward, Viohalco will continue to focus on further optimizing its production processes, reducing industrial costs and maintaining its competitive advantage in international markets. However, given continued economic uncertainty in Europe, increasing geopolitical tensions and risks of a more restrictive monetary policy at international level, we continue to expect a highly volatile business environment.

More specifically, the outlook for our core sectors in the second half of 2014 is as follows:

In **the Steel and Steel Pipes sector**, we expect production costs at the Sovel plant to be lower, following the introduction of the electric induction furnace in August 2014. Construction of the new induction furnace in the Thessaloniki plant will begin in the second half of 2014 and is due to be completed in mid 2015. The upgrade of the rolling mill in the Dojran Steel plant for the production of merchant bars, in addition to reinforcing bar production is due to be completed and be operational by the end of 2015. We also expect an increase in plate and special steels (SBQ's) sales in the USA and Western Europe, following the recent investments in the plate mill of Stomana Industry and the implementation of the special steels (SBQ's) growth plan. Further growth in infrastructure projects is anticipated in the second half of 2014 and into 2015.

As for the Steel Pipes Sector, there are new energy and infrastructure projects expected in the coming years, which will strengthen the energy industry. Markets such as North America, the Mediterranean region, the Gulf of Mexico, West/East Africa, North Sea and the Middle East are expected to play a leading role in this field.

For **the Copper and Cables sector**, the improvement in the second quarter results compared with the first quarter is not only due to improved financial performance in volumes, prices and costs, but also the positive impact of metals price stabilization. For the second half of 2014, it is estimated that, given the difficult conditions still prevailing in the Greek domestic market and the instability that continues to be displayed in most countries of the Eurozone, the Group will continue to have the primary strategic objective of increasing its market share in industrial products and strengthening its business in new markets that have not been affected by the economic downturn. Regarding cables, our efforts to increase sales in countries outside the European Union which have higher growth potential, have started to show results. Also, the start of production of high-voltage submarine cables is expected to have a positive impact on the financial results of the Group.

For the next semester, **the Aluminium sector**, with respect to the rolling plants, will likely meet its goal of increased production and sales on an annual basis, given the current flow of orders. Moreover, increased efforts are being made to reduce production costs. As for the extrusion sector, the export orientation is a strategic choice made by management; the first results are evident in consolidated sales. This orientation is expected to affect the sector in an even more positive way in the second semester. Finally, as part of the Group's restructuring, it is expected that the merger between Elval and Etem will be completed by the end of the year, with the aim of achieving synergies at an administrative, financial and commercial level.

The next consolidated Group financial reporting will be the annual report for the year ending 31 December 2014, to be published on 30 April 2015.

The interim consolidated financial statements for the six months period ended 30 June 2014, are available on Viohalco Group's website www.viohalco.com.

About Viohalco

Viohalco SA/NV, listed on Euronext Brussels and the Athens Exchange, is the parent company of Viohalco Group and holds participations in approximately 90 companies, seven of which are also listed on the Athens Exchange. Through its production facilities in Greece, Bulgaria, Romania, Russia, FYROM and the United Kingdom, the Group's subsidiaries specialise in the manufacture of steel & steel pipes, copper & cables, and aluminium products, generating annual revenue of EUR 2.9 billion in 2013 and employing approximately 8,000 personnel worldwide. In addition, the Group owns substantial real estate properties in Greece and has established some of its properties as real estate development projects.

For more information about the Company, please visit our website at www.viohalco.com.

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