



2016

FINANCIAL
RESULTS
FOR THE FISCAL
YEAR

VIOHALCO



FINANCIAL RESULTS FOR THE FISCAL YEAR 2016

Brussels, 31 March 2017 – Viohalco S.A. (Euronext Brussels: VIO, Athens Stock Exchange: BIO), hereafter “Viohalco” or “the Company”, today announces its financial results for the year ended 31 December 2016.

Key highlights

Financial

- Viohalco posted a consolidated profit before income tax of EUR 6.8 million, an improvement of EUR 44 million compared to losses of EUR 36.8 million in 2015, reversing the negative trend of the previous years;
- Higher sales volumes were achieved in all segments, except cables. Nevertheless, consolidated revenue amounted to EUR 3,113 million ,down 5%, due to the decrease of international commodity metal price indices;
- Adjusted EBIT* of EUR 128 million, improved by EUR 8 million compared to EUR 120 million in 2015;
- Adjusted EBITDA* of EUR 250 million, also improved by EUR 10 million compared to EUR 240 million in 2015;
- Net debt* of EUR 1,527 million as at 31 December 2016, slightly (2%) up compared to 31 December 2015;
- Loss of the year EUR 7 million (2015: loss of EUR 63.4 million);
- Loss attributable to the owners of the Company EUR 6 million, compared to a loss of EUR 60.0 million in 2015.

** Adjusted EBIT, adjusted EBITDA and net debt are considered Alternative Performance Measures (APMs). For definitions and further information on APMs please refer to Appendix C.*

Operational

Aluminium segment	<ul style="list-style-type: none"> ▪ Elval and UACJ Corporation jointly established UACJ ELVAL Heat Exchanger Materials GmbH in Germany to sell automotive heat exchanger materials produced by Elval; ▪ The internal restructuring programme initiated in 2015 was completed. This included the spin-off of the aluminium foil production and conversion sector, which now operates under Symetal, a subsidiary of Elval; ▪ Elval Colour successfully developed incombustible ACP (aluminium composite panels) with classification A2,S1,d0 as per EN13501-1 and built a line for its production. This positioned the company as the only vertically integrated ACP manufacturer with A2 production capability in the world.
Copper segment	<ul style="list-style-type: none"> ▪ Established a joint venture involved in the manufacture of pre-insulated copper tubes in Turkey; ▪ Launched new tubular foam into the new markets of Israel, Romania and Greece; ▪ Halcor subsidiary Sofia Med entered into an agreement with Dowa Metaltech for the exchange of expertise and technological knowledge regarding high value added products.
Steel segment	<ul style="list-style-type: none"> ▪ Sidenor’s induction furnace was launched in March 2016 and expected to be fully operational within first half of 2017; ▪ Revamping of Dojran’s rolling mill commenced in autumn 2016. Operations are scheduled to start in April 2017 and the mill will become fully operational within 2017;

	<ul style="list-style-type: none"> ▪ Introduction of the offer of new qualities in the special steel markets (SBQs) has strengthened Stomana Industry's competitive position. Vacuum degasser (VD) operations, which commenced in 2016, allowed for the development of these qualities.
Steel pipes segment	<ul style="list-style-type: none"> ▪ Start of the new pipe production mill equipped with LSAW/JCOE technology to manufacture pipes with a large diameter and increased wall thickness. Five projects have been since successfully executed within 2016 utilising such technology; ▪ First off-shore project for pipes produced using the LSAW/JCOE method awarded; ▪ Conclusion of an investment programme to facilitate the production of 24 metre pipes and three orders successfully executed in USA; ▪ First order for pipes produced using the HFI method was fulfilled, to be used by Subsea 7 for a reeling project in the North Sea; ▪ Spin-off of the pipes and hollow section industrial and trading operations of Corinth Pipeworks was completed. The Company's name was subsequently changed to Corinth Pipeworks Holdings S.A.
Cables segment	<ul style="list-style-type: none"> ▪ Awarded two contracts by the German electricity transmission system operator TenneT for offshore wind farm export cable connections; ▪ Awarded three contracts by Danish TSO Energinet.dk for cable connection between Denmark and Sweden and the replacement of overhead lines within Denmark; ▪ Awarded a contract for cable interconnection of an offshore wind farm in UK; ▪ Completed spin-off of the industrial, and part of commercial, operations of Hellenic Cables S.A. and Hellenic Cable Industry Société Anonyme, subsequently renamed Hellenic Cables Holdings, Société Anonyme.
Real estate segment	<ul style="list-style-type: none"> ▪ Exceptionally strong demand was recorded at the River West IKEA Store. New leases were signed at significantly higher rental levels than previously estimated, resulting in a 19% increase in rental income. Occupancy rate by number of units let reached 97% with a record of 4.6 million customers for the year; ▪ 1,200 sqm of River West IKEA Store underground car park was converted to additional high-value retail space to capitalize on positive trends; ▪ Leased 1,900 sqm H&M store in Mare West Retail Park exceeded expectations in terms of performance, capitalising on strong demand; ▪ Adjacent plot of land was purchased to accommodate Mare West's future expansion plans; ▪ Renovation works on the Karaiskaki Square hotel were completed and operations commenced under the name "Wyndham Grand Athens" on December 1, 2016; ▪ Merger completed between Noval and its subsidiaries through absorption of the later by the former in December 2016; ▪ Steelmet Property Services S.A. was established to provide Viohalco companies with centralized services in relation to their real estate assets.
Recycling segment	<ul style="list-style-type: none"> ▪ Was awarded a three-year contract by the municipality of Athens for the collection & depollution of abandoned end-of-life-vehicles, bringing the total municipalities under contract to 16; ▪ Established a new facility in the port of Belgrade, continuing the restructuring of Serbian operations; ▪ Collected 45,000 tns of industrial hazardous waste for further recovery; ▪ Produced more than 150,000 tns of secondary raw materials and solid fuels for cement production.

Other highlights

Cenergy Holdings S.A.

Cenergy Holdings S.A. (Cenergy Holdings) is a Belgium-based holding company founded in 2016 and listed on Euronext Brussels and the Athens Stock Exchange. Cenergy Holdings is a subsidiary of Viohalco S.A (81.93% of voting rights). On 14 December 2016, Cenergy Holdings SA announced the completion of the cross-border merger by absorption by Cenergy Holdings SA of the Greek listed companies Corinth Pipeworks Holdings S.A. and Hellenic Cables S.A. Holdings Société Anonyme. On 21 December 2016, the trading of its shares commenced on Euronext Brussels and the Athens Stock Exchange.

Financial review

In 2016, Viohalco companies faced a challenging market environment shaped by economic uncertainty and intense competition. Viohalco companies' performance in the year reflects their strategic focus on leveraging opportunities created by intensive investment in recent years.

Summary consolidated statement of profit or loss

Amounts in EUR thousand	For the year ended 31 December	
	2016	2015
Revenue	3,112,654	3,274,735
a-Gross profit	271,594	272,484
a-Gross profit (%)	8.7%	8.3%
Gross profit	264,072	229,627
Gross profit (%)	8.5%	7.0%
a-EBITDA	249,538	239,899
a-EBITDA (%)	8.0%	7.3%
EBITDA	231,680	193,753
EBITDA (%)	7.4%	5.9%
a-EBIT	127,910	119,522
a-EBIT (%)	4.1%	3.6%
EBIT	110,052	73,376
EBIT (%)	3.5%	2.2%
Net finance costs	-102,056	-111,042
Profit / Loss (-) before income tax	6,756	-36,784
Net margin before income tax (%)	0.2%	-1.1%
Profit / Loss (-) of the year	-6,930	-63,400
Loss attributable to owners of the Company	-6,383	-59,993

- Source: Consolidated statement of profit or loss (Appendix A) and APM (Appendix C)
- All percentages are vs. revenue

Viohalco's consolidated **revenue** for 2016 amounted to 3,113 million, a decline of 5% compared to EUR 3,275 million in 2015. A sales volume increase in all segments, with the exception of cables segment, was counterbalanced by an 11% drop in the average LME price of copper and a 3% decline in the price of primary aluminium, as reported below. The largest sales volume growth was registered in the steel and steel pipes segments.

Average LME metal prices

Amounts in EUR per ton	For the period ended 31 December		% change
	2016	2015	
Primary aluminium	1,451	1,497	-3%
Copper	4,400	4,952	-11%

Adjusted EBITDA increased by 4% year-on-year to EUR 250 million in 2016 (2015: EUR 240 million), while **adjusted EBIT** increased by 7% year-on-year to EUR 128 million in 2016 (2015: EUR 120 million), mainly due to improvement in the EBIT of the copper and steel segments. **Adjusted EBIT** has been also affected by impairment losses on real estate properties which amounted to EUR 10.9 million and expenses incurred due to the ongoing restructuring process (EUR 2.8 million).

Net finance costs decreased by 8% to EUR 102 million in 2016 from EUR 111 million in 2015, as a result of better management of working capital and cash reserves within the year and of interest rate reduction in some segments.

Viohalco's **profit before income tax** amounted to EUR 6.8 million compared to a loss of EUR 36.8 million in 2015. **Profit before income tax** is the sum of EBIT of EUR 110 million, net finance costs of EUR 102 million and the share of result of equity accounted investees amounting to negative EUR 1.2 million.

Loss for the year significantly improved and amounted to EUR 7 million in 2016, compared to a loss of EUR 63.4 million for 2015.

Summary of consolidated statement of financial position

Amounts in EUR thousand	As at 31 December	
	2016	2015
ASSETS		
Property, plant and equipment	1,783,156	1,814,588
Investment property	155,553	156,012
Other non-current assets	71,213	67,393
Non-current assets	2,009,922	2,037,993
Inventories	857,419	786,242
Trade and other receivables	576,187	538,165
Cash and cash equivalents	171,784	136,296
Other current assets	10,898	7,038
Current assets	1,616,288	1,467,740
TOTAL ASSETS	3,626,210	3,505,734
EQUITY	1,148,239	1,174,843
LIABILITIES		
Loans and borrowings	804,723	895,863
Deferred tax liabilities	147,763	151,365
Other non-current liabilities	94,043	97,429
Non-current liabilities	1,046,529	1,144,656
Loans and borrowings	894,491	739,139
Trade and other payables	509,605	419,201
Other current liabilities	27,346	27,894
Current liabilities	1,431,442	1,186,234
TOTAL LIABILITIES	2,477,971	2,330,891
TOTAL EQUITY & LIABILITIES	3,626,210	3,505,734

- Source: Consolidated statement of financial position (Appendix B)

Non-current assets decreased from EUR 2,038 million in 2015 to EUR 2,010 million in 2016, mainly due to the impairment losses on PP&E and investment property (EUR 10.9 million).

Capital expenditure for the year amounted to EUR 118 million and **depreciation** for the year EUR 126 million.

Current assets increased from EUR 1,468 million to EUR 1,616 million, mainly due to higher inventories (EUR 71 million), higher cash and cash equivalents (36 million), and higher trade and other receivables (EUR 38 million).

Liabilities increased by 6% from EUR 2,331 million in 2015 to EUR 2,478 million in 2016, mostly driven by higher debt of EUR 64 million. Viohalco companies' **debt** amounts to EUR 1,699 million, of which 90% are extended by Greek banks (or their subsidiaries abroad) and 10% by international banks and supranational financial institutions. Total debt comprises 47% long term and 53% short term facilities. Short term facilities are predominately revolving credit facilities. These are annually reviewed, at various dates spread throughout the year. These facilities are customarily reapproved upon review and increased based on budgeted projections. Within those revolving credit facilities, short term loans of various maturities are drawn and, upon maturity, are automatically renewed as required.

Performance by business segment

Viohalco's financial performance is influenced by the performance of its key subsidiaries which in turn, is significantly affected by market conditions in the subsidiaries' respective sectors.

Viohalco operates under an organisational framework comprising eight business segments:

- **Aluminium:** Elval and its subsidiaries, together with Bridgnorth Aluminium and Etem Bulgaria, offer a variety of aluminium rolled products, including coils, circles, strips, sheets and foil for a number of applications, extruded products for architectural, automotive and industrial applications, coils for lithographic printing, and architectural and industrial aluminium profiles.
- **Copper:** Halcor and its subsidiaries produce a wide range of copper and copper alloy products, including copper and brass tubes, copper strips, sheets and plates, copper bus bars and rods.
- **Steel:** Sidenor Steel Industry, Stomana Industry and their subsidiaries manufacture long, flat and downstream steel products.
- **Steel pipes:** Corinth Pipeworks engages in the production of steel pipes for the transportation of natural gas, oil and water networks, as well as steel hollow sections which are used in construction projects.
- **Cables:** Hellenic Cables, its subsidiaries and Icme Ecab constitute one of the largest cable producers in Europe, manufacturing power, telecommunication and submarine cables, as well as enamelled wires and compounds.
- **Real estate:** Viohalco creates value by redeveloping its former industrial real estate properties in Greece and Bulgaria.
- **Technology and R&D:** Viohalco's portfolio encompasses research and development (R&D) companies and R&D centres within its companies. These focus on producing innovative, high value added products, efficient solutions for the optimisation of industrial and business processes, research into the environmental performance of plants and impact assessment of sustainable growth.
- **Recycling:** Viohalco's recycling segment trades and processes secondary raw materials, undertakes waste management and environmental operations, and provides services to industry, consumers, municipalities and corporations.

Aluminium

Revenue in 2016 decreased by 5% to EUR 1,078 million (2015: EUR 1,137 million), due largely to a 3% decline in the average price of aluminium compared to 2015. On a positive note, the Greek rolling segment recorded a 6% sales volume increase; there was 5% volume growth at Bridgnorth Aluminium (a new performance record) and a 19% increase in volumes at Etem Bulgaria. Conversion prices at Elval remained stable throughout the year. At Bridgnorth Aluminium, adverse currency movements negatively affected profitability. Etem Bulgaria's profitability was adversely affected by a change in the sales mix and low commodity prices, including standard profiles. **Profit before income tax** for the year amounted to EUR 36 million, compared to EUR 41 million in 2015.

In 2016, Elval Group invested EUR 37.5 million as part of the ongoing investment programme. Part of the programme was concluded in 2016, resulting in extra capacity and enhanced capabilities for differentiated products. Leveraging of this extra capacity led to increased volume for the year. The newly established German company, UACJ ELVAL Heat Exchanger Materials GmbH (UEHEM), began trading products for heat exchanger materials for the automotive industry. During the year, Bridgnorth Aluminium completed most of the engineering work related to its major expansion programme and the new lithographic finishing line, and cold rolling mill were successfully qualified with customers. In Bulgaria, Etem Bulgaria met the plant's production targets for the year, facilitated by greater levels of automation resulting from prior investments.

The summary consolidated statement of profit or loss of the **aluminium segment** is as follows:

Amounts in EUR thousand	For the year ended 31 December	
	2016	2015
Revenue	1,078,173	1,137,463
a-Gross profit	96,678	101,014
a-Gross profit (%)	9.0%	8.9%
Gross profit	99,156	122,305
Gross profit (%)	9.2%	10.8%
a-EBITDA	104,265	98,356
a-EBITDA (%)	9.7%	8.6%
EBITDA	108,086	111,314
EBITDA (%)	10.0%	9.8%
a-EBIT	53,779	48,391
a-EBIT (%)	5.0%	4.3%
EBIT	57,600	61,349
EBIT (%)	5.3%	5.4%
Profit/ Loss (-) before income tax	36,114	41,492

- All percentages are vs. revenue

In 2017, Elval will focus on enhancing product quality and cost performance and expects to complete the third continuous casting line by year-end, adding marginal capacity. An improved product range and greater production capacity is expected to drive sales volume growth for Bridgnorth Aluminium. However, economic uncertainty following the UK's vote to leave the EU in June 2016 may influence the Company's operating conditions going forward. Etem Bulgaria will maintain its focus on high-end added value products. As such, it will continue to invest in R&D and acquire certification in new markets. Further sales increase in the automotive sector is expected as the company moves towards delivering machined profiles to Tier 1 clients. Performance will also be supported by growing demand for extruded aluminium products in the automotive industry. Finally, Elval Colour's new subsidiary, Elval Colour Iberica will play a vital role in supporting the sale of Etalbond products, in Spain.

Copper

Revenue in 2016 decreased by 4% to EUR 751 million (2015: EUR 783 million). This was driven by the 11% decline in the average LME price of copper, compared to 2015, particularly during the first seven months of the year, partially offset by a 4% volume increase for the year.

In Europe, a negative trend in demand for plumbing installation tubes continued throughout 2016, while demand for industrial copper tubes was relatively stable. The new joint venture investment in Turkey became fully operational in 2016, resulting in an increased output of value added products.

Profit before income tax amounted to EUR 0.2 million, compared to a loss of EUR 26 million in 2015. Metal gains of EUR 4.9 million, versus a metal loss of EUR 14.7 million in 2015, had a positive effect on these results.

The summary consolidated statement of profit or loss of the **copper segment** is as follows:

Amounts in EUR thousand	For the year ended 31 December	
	2016	2015
Revenue	751,340	783,494
a-Gross profit	46,650	44,260
a-Gross profit (%)	6.2%	5.6%
Gross profit	51,578	29,555
Gross profit (%)	6.9%	3.8%
a-EBITDA	31,900	30,906
a-EBITDA (%)	4.2%	3.9%
EBITDA	36,298	16,262
EBITDA (%)	4.8%	2.1%
a-EBIT	20,876	17,114
a-EBIT (%)	2.8%	2.2%
EBIT	25,274	2,470
EBIT (%)	3.4%	0.3%
Profit/ Loss (-) before income tax	248	-25,863

- All percentages are vs. revenue

In 2017, Halcor and its subsidiaries will continue to pursue the strategic aim of increasing market share in industrial products and develop the production mix towards higher added value products. The companies will also focus on increasing activity in new markets that offer the potential for high growth and the opportunity to maximise utilization of production capacity.

Steel

In 2016, steel **revenue** decreased by 3% year-on-year to EUR 547 million (2015: EUR 566 million), despite an increase in volume. This was due to lower sales prices, which were driven by a sharp decrease in the scrap price throughout the second half of 2015.

Sidenor's induction furnace started operations in March 2016 and will be fully operational within the first half of 2017. Production costs at the Sovel plant declined significantly as a result of operation hours in production, costs benefits derived from the new induction furnace, changes in electricity tariff zones and increased productivity. In addition, a regular loading schedule of quality scrap was established, leading to lower production losses. At Stomana Industry, sales volumes in special steels (SBQs) increased in 2016, mainly as a result of new qualities developed after the vacuum degasser (VD) began operations. Plates sales, which were adversely affected by Chinese imports into European markets in 2015 and early 2016, experienced a recovery from the second quarter of 2016. This trend was driven by the EU introduction of antidumping duties in spring 2016, which resulted in a decline in Chinese plate imports into Europe.

Steel segment's gross margin includes direct sales expenses, amounted to EUR 40.3 million in 2016 and EUR 38.0 million in 2015, in order for Viohalco to apply consistency of accounting policies. **Loss before income tax** amounted to EUR 23 million, a significant change compared to the loss of EUR 69 million in 2015.

The summary consolidated statement of profit or loss of the **steel segment** is as follows:

Amounts in EUR thousand	For the year ended 31 December	
	2016	2015
Revenue	546,769	565,947
a-Gross profit	48,071	34,469
a-Gross profit (%)	8.8%	6.1%
Gross profit	39,261	-4,915
Gross profit (%)	7.2%	-0.9%
a-EBITDA	48,727	34,092
a-EBITDA (%)	8.9%	6.0%
EBITDA	40,885	-2,562
EBITDA (%)	7.5%	-0.5%
a-EBIT	16,446	2,639
a-EBIT (%)	3.0%	0.5%
EBIT	8,604	-34,014
EBIT (%)	1.6%	-6.0%
Profit/ Loss (-) before income tax	-22,468	-68,670

- All percentages are vs. revenue

In 2017, following the recent significant investments, Greek mini mills will focus on increasing operations and implementing further cost improvements through full utilisation of the induction furnaces at both plants. A production reorientation plan to utilize the Greek plants for higher productivity and higher margin products will also commence in 2017. The aim of this plan is to decrease labour costs for labour intensive products by transferring production to Dojran Steel. Stomana Industry will focus on further developing special steels' (SBQ) sales by attracting new customers in machine building, hydraulic components, and automotive industry applications. The improved dynamics in the European plate market will provide an opportunity to significantly increase quantities and prices.

Steel pipes

Revenue amounted to EUR 293 million in 2016, a 2% increase year-on-year (2015: EUR 288 million). During 2016, Corinth Pipeworks executed about 50% of the TAP project, the biggest project in the company's history. The first reeling project for pipes over 18m in length was also successfully completed during the year. In addition, Corinth Pipeworks completed the upgrade of the HFIW pipe mill and coating and lining plants during the year to facilitate the production of pipes up to 24 metres in length. Steel pipes segment's gross margin includes segment's direct sales expenses, amounted to EUR 20.5 million in 2016 and EUR 25.8 million in 2015, in order for Viohalco to apply consistency of accounting policies.

In 2016, **profit before income tax** amounted to EUR 8 million, compared to EUR 11 million in 2015. This decline is largely due to the declining results of AO TMK-CPW, in which Corinth Pipeworks has a 49% stake, as well as increased interest costs relating to long term debt. This debt is related to financing of the new pipe mill which was concluded in 2015 and began operations in 2016.

The summary consolidated statement of profit or loss of the **steel pipes segment** ⁽¹⁾ is as follows:

Amounts in EUR thousand	For the year ended 31 December	
	2016	2015
Revenue	293,368	287,540
a-Gross profit	33,472	34,176
a-Gross profit (%)	11.4%	11.9%
Gross profit	33,174	30,818
Gross profit (%)	11.3%	10.7%
a-EBITDA	27,496	30,091
a-EBITDA (%)	9.4%	10.5%
EBITDA	27,592	26,299
EBITDA (%)	9.4%	9.1%
a-EBIT	18,876	21,533
a-EBIT (%)	6.4%	7.5%
EBIT	18,972	17,740
EBIT (%)	6.5%	6.2%
Profit/ Loss (-) before income tax	7,725	11,345

- All percentages are vs. revenue

As for 2017, the international economic environment remains volatile, and low oil and natural gas prices (albeit increased from 2015 levels) do not support the implementation of significant projects in the energy sector. However, Corinth Pipeworks continues to focus on growth through the penetration of new geographical and product markets, with emphasis on value added products. Furthermore, raw materials prices remain high, which may negatively affect the Company's profit margins. With years of experience and a continuous focus on innovation, Corinth Pipeworks is well positioned to utilise its significant production capacity and focus on product diversification to enter new markets.

Cables

Revenue in 2016 amounted to EUR 381 million, down 15% year-on-year (2015: EUR 447 million). Sales volumes decreased by 6%.

During 2016, execution of different types of construction contracts resulted in changes to the product mix compared with the previous year. This, in turn, had an adverse effect on results for the year, in combination with metal losses and weaker demand for medium and low voltage power cables in main European markets during the second quarter of the year. Metal price fluctuations during 2016 resulted in a loss of EUR 5.7 million.

Investments reached EUR 12.2 million for the year in the cables segment, attributable largely to productivity and capacity improvement projects at Fulgor, Hellenic Cables and Icme Ecab plants. Net debt increased to EUR 240.1 million in 2016 (2015: EUR 224.4 million), driven by increased working capital requirements and ongoing construction contracts.

Over the course of the year, Hellenic Cables and Fulgor successfully executed the remaining part of the Cyclades and St. George contracts. Hellenic Cables was awarded significant contracts for offshore wind farm export cable connections by TenneT, and a contract from Danish TSO, Energinet.dk for cable connection between Denmark and Sweden and replacement of overhead lines within Denmark. Hellenic Cables also won a contract for cable interconnection of an offshore wind farm in the UK.

Finally, **loss before income tax** amounted to EUR 6 million, compared to a profit of EUR 3 million in 2015.

The summary consolidated statement of profit or loss of the **cables segment** ⁽¹⁾ is as follows:

Amounts in EUR thousand	For the year ended 31 December	
	2016	2015
Revenue	381,492	447,285
a-Gross profit	36,295	48,973
a-Gross profit (%)	9.5%	10.9%
Gross profit	30,477	42,270
Gross profit (%)	8.0%	9.5%
a-EBITDA	32,252	42,006
a-EBITDA (%)	8.5%	9.4%
EBITDA	26,629	37,017
EBITDA (%)	7.0%	8.3%
a-EBIT	20,671	31,346
a-EBIT (%)	5.4%	7.0%
EBIT	15,049	26,357
EBIT (%)	3.9%	5.9%
Profit/ Loss (-) before income tax	-5,882	3,109

- All percentages are vs. revenue

- ⁽¹⁾: The figures disclosed for Viohalco's cables and steel pipes segments, differ from the respective segment figures in Viohalco's subsidiary press release, Cenergy Holdings, mainly due to the following reasons:

- Consolidation accounting entries or intercompany eliminations.
- Cables and steel pipes segments in Viohalco include also results deriving from trading subsidiaries which are not part of Cenergy Holdings.

Despite a volatile business environment, Hellenic Cables and its subsidiaries and Icme Ecab remain optimistic for 2017. Recent initiatives have focused on increasing sales of value-added products, developing a more competitive sales network, increasing productivity and reducing production costs. As a result, Hellenic Cables Group is well positioned to exploit international opportunities and compete globally with leading companies in the sector.

Real estate

Rental income from investment property amounted to EUR 6.5 million for 2016, an increase of 15% compared to 2015, and is included in "Other income" of the consolidated statement of profit or loss. **Loss before income tax** amounted to EUR 10.7 million, versus profit of EUR 7.3 million during 2015.

Viohalco derives value from the real estate assets of its subsidiaries by developing and managing large-scale commercial and industrial properties. Properties include former Viohalco production or office facilities which are idle or have been relocated due to the urban expansion or for reasons of operational efficiency. Viohalco's main subsidiary in this segment is Noval S.A. (Noval), which is wholly-owned.

Established in October 2016, Steelmet Property Services S.A. (Steelmet Property Services) supports Viohalco's subsidiaries in the monitoring of their real estate assets through the provision of a wide range of real estate services at a centralized level.

The table below summarizes Viohalco's most important properties:

REAL ESTATE	LOCATION	'000 m ² ⁽¹⁾
Ikea store & River West shopping mall	96, Kifissos Av., Egaleo, Greece	123.5
Hotel (Wyndham Grand Athens)	Karaiskaki Square, Athens, Greece	23.9
Industrial buildings & offices (ex-BIC plant)	Oinofyta, Greece	9.5
Mare West (former premises of Corinth Pipeworks)	Corinth, Greece	14.0
Office Complex	115, Kiffissias Ave., Athens, Greece	38.9
Office Complex	57, Ethnikis Antistasseos St., Halandri, Greece	6.0
Office Complex	26, Apostolopoulou St., Halandri, Greece	10.9
Office Building	53A, Nikola Vaptzarov Blvd, Sofia , Bulgaria	5.0

(1) refers to built surface

In 2016, the River West|IKEA Store welcomed a combined record of 4.6 million customers. New lettings and turnover rent provisions, which are incorporated in the majority of lease agreements, resulted in a 19% increase in rental income. The shopping centre is now 97% occupied (by number of units let), and tenant demand continues to be exceptionally strong. To capitalize on these positive trends, the management had decided to convert 1,200 sqm of the underground car park to additional high-value retail space. Works were completed on time and within budget and negotiations with interested tenants are underway.

Mare West Retail Park, which opened in September 2015, experienced steady monthly growth in both customer footfall and tenant turnover. This, together with its expanding catchment area, demonstrates the park's potential to become the dominant retail destination for the north-eastern Peloponnese. The new 1,900 sqm H&M store which opened in March 2016 has exceeded performance expectations, creating a positive impression amongst key market players. An adjacent 1,268 sqm plot of land was acquired within the period to accommodate the management's strategic plans for future expansion.

Renovation works to the hotel on Karaiskaki Square were successfully completed during the year and the "Wyndham Grand Athens" opened on 1 December 2016, three months earlier than initially anticipated. Occupancy levels and operations up to date have significantly exceeded Zeus International City Seasons SA's (the Tenant) expectations.

On 31 December 2016, the merger between Noval SA and its subsidiaries was completed, through absorption of the latter by the former. The purpose of the merger was to create a more efficient Real Estate operation and is in line with the company's wider reorganisation plan.

Regarding other real estate assets, optimum development opportunities are being considered and negotiations with potential tenants are ongoing.

The summary consolidated statement of profit or loss of the **real estate** segment is as follows:

Amounts in EUR thousand	For the year ended 31 December	
	2016	2015
Rental income from investment property	6,544	5,713
a-EBITDA	1,530	1,687
EBITDA	-6,492	8,992
a-EBIT	-2,080	172
EBIT	-10,102	7,477
Profit/ Loss (-) before income tax	-10,659	7,315

- All percentages are vs. revenue

For the **real estate segment**, the focus in 2017 will be on maximizing turnover from existing tenants and introducing new retail uses, including a hub of stores specializing in technology and electronics by further capitalizing on the exceptional dynamics of River West|IKEA Store.

Opportunities for further expansion of retail elements are also being explored, including implementation of new favourable provisions in the building code, as well as obtaining control of sites adjacent to the River West|IKEA Store.

The strong potential of Mare West Retail Park will continue to be leveraged through new lettings with international operators, increasing the number of younger visitors and further improvement of the site's accessibility through better connection to the main motorway fronting the development.

A number of development options are also being explored in relation to the rest of the real estate assets and potential tenant negotiations are ongoing.

Viohalco intends to rationalise all its real estate assets in a uniform manner and at a centralized level, and complete the company's Real Estate reorganization.

Recycling

Segment **revenue** increased by 13% year-on-year, primarily driven by scrap metal exports and hazardous waste management services. Low metal prices during the first half of 2016 limited material availability and margins. In the second half, however, the market began to recover and saw the early negative trend partially offset. Significant improvement was recorded on the EBIT level, as cost saving and restructuring initiatives paid-off.

During the year, a new facility in the port of Belgrade was commissioned, while underperforming locations were abandoned in the context of repositioning activities in the Serbian market. Domestic investments in shredder residue processing and waste electrical & electronic equipment had a positive impact on results as they moved up the learning curve. Adopted R&D projects on efficient recovery and disposal methods, particularly in the end-of-life sub-segment, supported performance further. A three-year contract was awarded by the Municipality of Athens for the collection and depollution of abandoned end-of-life vehicles, while various decommissioning projects were also undertaken, mainly in the energy sector. Production of alternative raw materials and solid fuels for major cement industries increased to over 150,000 tons, while 45,000 tns of industrial hazardous wastes were collected and transported for further metal recovery.

As a result of the above, **loss before income tax** amounted to EUR 1 million, compared to losses of EUR 2 million in 2015.

The summary consolidated statement of profit or loss of the **recycling segment** is as follows:

Amounts in EUR thousand	For the year ended 31 December	
	2016	2015
Revenue	44,702	39,609
a-Gross profit	15,140	14,778
a-Gross profit (%)	33.9%	37.3%
Gross profit	15,140	14,778
Gross profit (%)	33.9%	37.3%
a-EBITDA	4,324	2,690
a-EBITDA (%)	9.7%	6.8%
EBITDA	4,136	2,758
EBITDA (%)	9.3%	7.0%
a-EBIT	1,483	-31
a-EBIT (%)	3.3%	-0.1%
EBIT	1,295	37
EBIT (%)	2.9%	0.1%
Profit/ Loss (-) before income tax	-913	-2,107

- All percentages are vs. revenue

Despite ongoing commodity price fluctuations and the prevalent political and economic uncertainty, particularly in the domestic market, the outlook remains cautiously optimistic. Stronger pricing along with the commissioning of new investments and a series of restructuring initiatives to increase production efficiency and commercial coordination, are expected to gradually yield positive results. As such, the segment is poised to address a highly competitive and dynamic regional market, aiming to increase its share further.

Other activities

Other activities mainly demonstrate the expenses incurred by the parent (holding) company, along with the results of companies which operate in the Technology and R&D segment and in the ceramic trade activities (Vitruvit).

Profit before income tax amounted to EUR 3 million, compared to a loss of EUR 3 million in 2015, driven by the profit of EUR 7 million from the acquisition of Eufina S.A., in the context of the cross-border merger of Elval Holdings S.A., Alcomet S.A., Diatour S.A. and Eufina S.A. by Viohalco.

The summary consolidated statement of profit or loss is as follows:

Amounts in EUR thousand	For the year ended 31 December	
	2016	2015
Revenue	16,811	13,397
a-Gross profit	-4,713	-5,185
a-Gross profit (%)	-28.0%	-38.7%
Gross profit	-4,713	-5,185
Gross profit (%)	-28.0%	-38.7%
a-EBITDA	-957	71
a-EBITDA (%)	-5.7%	0.5%
EBITDA	-5,455	-6,327
EBITDA (%)	-32.5%	-47.2%
a-EBIT	-2,142	-1,642
a-EBIT (%)	-12.7%	-12.3%
EBIT	-6,640	-8,039
EBIT (%)	-39.5%	-60.0%
Profit/ Loss (-) before income tax	2,589	-3,405

- All percentages are vs. revenue

Outlook

The overall outlook for 2017 remains uncertain. Several significant political events, both in Europe and internationally over past year have had an adverse effect on European markets. For Viohalco, enhanced competitive positioning globally, following the completion of intensive investment programmes aimed at intensifying production facilities across the companies and productivity improvements, will play a key role to growing exports and increasing penetration in markets which provide superior growth opportunities.

Statement of the Auditor

The statutory auditor, KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises, represented by Benoit Van Roost, has confirmed that the audit procedures on the consolidated financial statements, which have been substantially completed, have not revealed any material misstatement in the accounting information included in the Company's annual announcement.

Financial Calendar

Date	Publication / Event
30 May 2017	Annual General Meeting 2017
29 September 2017	Half Yearly 2017 results

The Annual Financial Report for the period 1 January 2016 – 31 December 2016 will be published on 28 April 2017 and will be posted on the Company's website, www.viohalco.com, on the website of the Euronext Brussels europeanequities.nyx.com, as well as on the Athens Stock Exchange website www.helex.gr.

About Viohalco

Viohalco is the Belgium based holding company of a number of leading metal processing companies in Europe. It is listed on Euronext Brussels (VIO) and the Athens Stock Exchange (BIO).

Viohalco's subsidiaries specialise in the manufacture of aluminium, copper, cables, steel and steel pipes products, and are committed to the sustainable development of quality, innovative and value added products and solutions for a dynamic global client base. With production facilities in Greece, Bulgaria, Romania, Russia, Australia, FYROM, Turkey and the United Kingdom, Viohalco companies collectively generate annual revenue of EUR 3.1 billion. Viohalco's portfolio includes a dedicated technology and R&D segment, as well as recycling activities and waste management services. In addition, Viohalco and its companies own real estate investment properties, mainly in Greece, which generate additional income through their commercial development.

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

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Appendix A – Consolidated statement of profit or loss

	<u>For the year ended 31 December</u>	
<i>Amounts in EUR thousand</i>	<u>2016</u>	<u>2015</u>
<u>Continuing operations</u>		
Revenue	3,112,654	3,274,735
Cost of sales	-2,848,582	-3,045,108
Gross profit	264,072	229,627
Other income	45,512	41,307
Selling and distribution expenses	-58,022	-73,678
Administrative expenses	-95,029	-91,528
Other expenses	-46,482	-32,352
EBIT	110,052	73,376
Finance income	10,367	14,373
Finance costs	-112,423	-125,414
Net finance income/costs (-)	-102,056	-111,042
Share of profit/loss (-) of equity-accounted investees, net of tax	-1,240	882
Profit/Loss (-) before income tax	6,756	-36,784
Income tax	-13,685	-26,616
Profit/Loss (-) from continuing operations	-6,930	-63,400
Profit/Loss (-) attributable to:		
Owners of the Company	-6,383	-59,993
Non-controlling interests	-546	-3,407
	-6,930	-63,400
Earnings per share (in euro per share)	<u>2016</u>	<u>2015</u>
Basic and diluted	-0.03	-0.27

Appendix B – Consolidated statement of financial position

<i>Amounts in EUR thousand</i>	31 December 2016	31 December 2015
ASSETS		
Non-current assets		
Property, plant and equipment	1,783,156	1,814,588
Intangible assets and goodwill	24,657	23,598
Investment property	155,553	156,012
Equity - accounted investees	17,594	16,452
Other investments	7,658	7,645
Derivatives	253	0
Trade and other receivables	6,320	8,033
Deferred tax assets	14,731	11,664
	2,009,922	2,037,993
Current assets		
Inventories	857,419	786,242
Trade and other receivables	576,187	538,165
Derivatives	7,933	3,654
Other investments	1,633	2,138
Income tax receivables	1,332	1,246
Cash and cash equivalents	171,784	136,296
	1,616,288	1,467,740
Total assets	3,626,210	3,505,734
EQUITY		
Equity		
Share capital	141,894	117,666
Share premium	457,571	453,822
Translation reserve	-15,761	-13,968
Other reserves	392,476	328,622
Retained earnings	81,527	42,353
Equity attributable to owners of the Company	1,057,706	928,494
Non-controlling interests	90,533	246,349
Total equity	1,148,239	1,174,843
LIABILITIES		
Non-current liabilities		
Loans and borrowings	804,723	895,863
Derivatives	4,366	543
Employee benefits	26,868	25,405
Grants	46,468	50,549
Provisions	3,863	3,009
Trade and other payables	12,477	17,924
Deferred tax liabilities	147,763	151,365
	1,046,529	1,144,656
Current liabilities		
Loans and borrowings	894,491	739,139
Trade and other payables	509,605	419,201
Current tax liabilities	17,073	20,534
Derivatives	9,858	5,932
Provisions	415	1,428
	1,431,442	1,186,234
Total liabilities	2,477,971	2,330,891
Total equity and liabilities	3,626,210	3,505,734

Appendix C – Alternative Performance Measures (APMs)

Introduction

Viohalco management has adopted, monitors and reports internally and externally P&L APMs, namely Adjusted Gross Profit (a-Gross Profit), Adjusted EBITDA (a-EBITDA) and Adjusted EBIT (a-EBIT) on the basis that they are appropriate measures reflecting the underlying performance of the business. These APMs allow meaningful comparisons of business performance between different reporting periods and are also key performance metrics on which Viohalco prepares, monitors and assesses its annual budgets and long-range (5 year) plans. Nevertheless, this does not imply or infer by any terms that the items adjusted are non-Operating or non-Recurring. FY2016 Management Report is the first year that Viohalco reports externally these APMs together with comparable figures for FY2015.

Viohalco management also reports in its FY2016 Management Report other P&L APMs, i.e. EBITDA and EBIT to allow continuity of information, since these APMs have been reported historically in Management Reports.

Relating to Balance Sheet items, Viohalco management monitors and reports the Net Debt measure.

General Definitions

a-EBITDA

a-EBITDA is defined as income from continuing operations before:

- income taxes,
- net interest cost,
- depreciation and amortization

as adjusted to exclude:

- metal price lag,
- restructuring costs,
- exceptional idle costs,
- impairment / reversal of impairment of fixed and intangible assets
- impairment / reversal of impairment of investments
- unrealized gains or losses on derivatives and on foreign exchange differences,
- gains/losses from sales of fixed assets, intangible assets and investments,
- exceptional litigation fees and fines,
- exceptional provisions on receivables along with the respective insurance income and
- other exceptional or unusual items

a-EBIT

a-EBIT is defined as income from continuing operations before:

- income taxes,
- net interest cost,

as **adjusted to exclude** items same to those of a-EBITDA

a-Gross Profit

a-Gross Profit is Gross Profit as adjusted to exclude:

- metal price lag,
- restructuring costs (if included in Gross Profit),
- exceptional idle costs,
- other exceptional or unusual items (if included in Gross Profit)

EBITDA

EBITDA is defined as income from continuing operations before:

- income taxes,
- Share of profit/loss of equity-accounted investees, net of tax
- net finance costs,
- depreciation and amortization

EBIT

EBIT is defined as income from continuing operations before:

- income taxes,
- Share of profit/loss of equity-accounted investees, net of tax
- net finance costs

Readers' attention is drawn to the fact that EBITDA and EBIT account for net finance costs, while a-EBITDA and a-EBIT account for net interest costs.

Net Debt

Net Debt is defined as the total of:

- Long term Borrowings,
- Short term Borrowings,

Less :

- Cash and cash equivalents.

Metal Price Lag

Metal price lag is the P&L effect resulting from fluctuations in the market prices of the underlying commodity metals (ferrous and non-ferrous) which Viohalco's subsidiaries use as raw materials in their end-product production processes.

Metal price lag exists due to:

- (i) the period of time between the pricing of purchases of metal, holding and processing the metal, and the pricing of the sale of finished inventory to customers,
- (ii) the effect of the inventory opening balance (which in turn is affected by metal prices of previous periods) on the amount reported as Cost of Sales, due to the costing method used (e.g. weighted average),
- (iii) certain customer contracts containing fixed forward price commitments which result in exposure to changes in metal prices for the period of time between when our sales price fixes and the sale actually occurs.

Most **Viohalco's** subsidiaries use back to back matching of purchases and sales, or derivative instruments in order to minimize the effect of the Metal Price Lag on their results. However, there will be always some impact (positive or negative) in the P&L, since in the non-ferrous segments (i.e. Aluminum, Copper and Cables) part of the inventory is treated as being kept on a permanent basis (minimum operating stock), and not hedged and in the ferrous (i.e. Steel and Steel Pipes) segments no commodities hedging occurs.

Reconciliation Tables

a- Gross Profit

Amounts in EUR thousand	For the year ended 31 December	
	2016	2015
Gross Profit (as reported in Statement of Profit or Loss)	264,072	229,627
Adjustments for:		
Metal price lag	6,945	41,794
Unrealized (gains)/losses on foreign currency balances and derivatives (fx and commodity)	232	1,063
Other exceptional or unusual (income)/expenses	344	0
a-Gross Profit	271,594	272,484

a-EBIT and a-EBITDA

Amounts in EUR thousand	For the year ended 31 December	
	2016	2015
EBT (as reported in Statement of Profit or Loss)	6,756	-36,784
Adjustments for:		
Net interest cost	106,917	109,772
Metal price lag	6,945	41,794
Restructuring expenses	2,820	3,419
Unrealized (gains)/losses on foreign currency balances and derivatives (fx and commodity)	3,282	302
Impairment/ (Reversal of Impairment) on fixed assets	10,938	2,908
Exceptional provisions on receivables along with the respective insurance income	-1,419	0
Exceptional litigation fees and fines / (income)	-902	0
(Gains)/losses from sales of fixed assets	-540	-2,180
Bargain purchase on acquisition	-7,319	0
Other exceptional or unusual (income)/expenses	432	290
a-EBIT	127,910	119,522
Add back:		
Depreciation & Amortization	121,628	120,376
a-EBITDA	249,538	239,899

EBIT and EBITDA

Amounts in EUR thousand	For the year ended 31 December	
	2016	2015
EBT (as reported in Statement of Profit or Loss)	6,756	-36,784
Adjust for:		
Share of profit/loss (-) of equity-accounted investees, net of tax	1,240	-882
Finance Income/Cost	102,056	111,042
EBIT	110,052	73,376
Add back:		
Depreciation & Amortization	121,628	120,376
EBITDA	231,680	193,753

Net Debt

Amounts in EUR thousand	For the year ended 31 December	
	2016	2015
Long term Borrowings	804,723	895,863
Short term Borrowings	894,491	739,139
Total Debt	1,699,214	1,635,001
Less :		
Cash and cash equivalents	-171,784	-136,296
Net Debt	1,527,430	1,498,705
