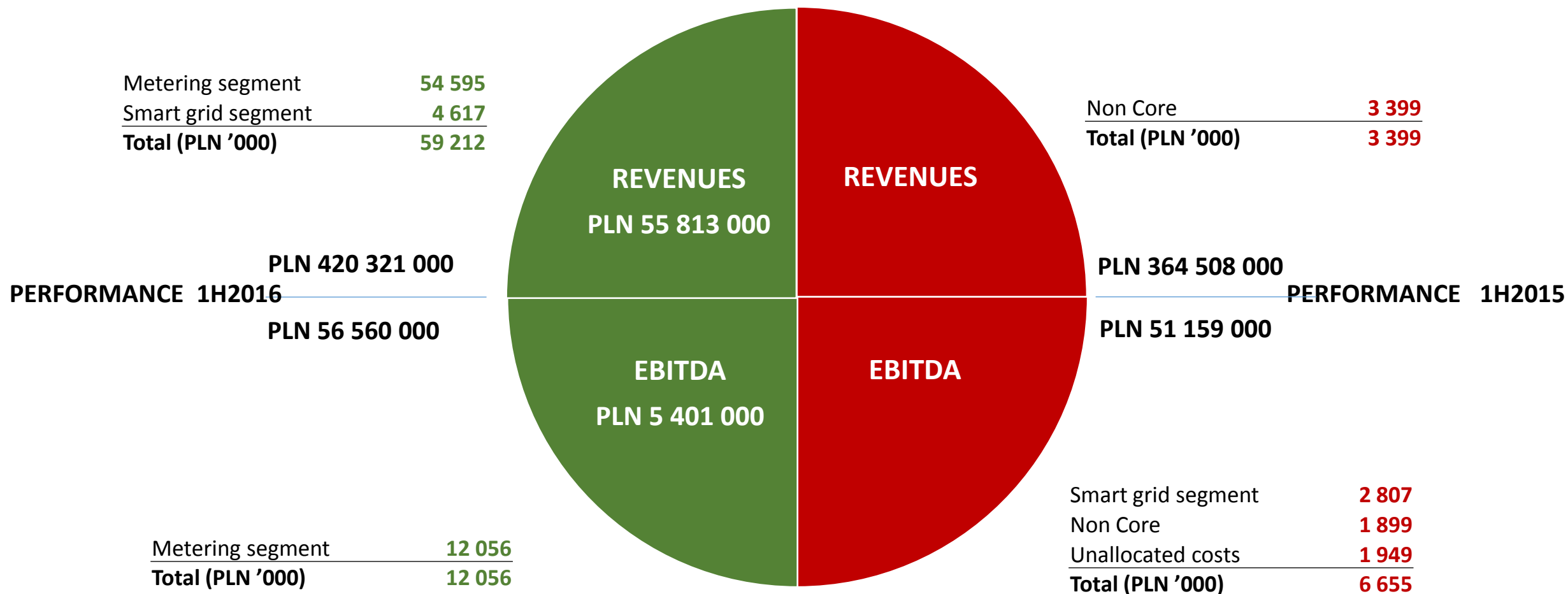




## Financial results of Apator Capital Group for the first half of 2016

Warsaw, September 2016

# Summary of the results of Apator Capital Group – 1H2016 vs 1H2015



# Summary of the results of Apator Capital Group – 1H2016



## *Analysis of results for 1H2016 .... with Apator Rector... and ...without Apator Rector*

PLN ('000)	2016	2015	Δ2015	2016	2015	Δ2015
Sales	420 321	364 508	15,3%	413 127	354 077	16,7%
Gross profit on sales	108 446 25,8%	101 925 28,0%	6,4%	114 186 27,6%	101 746 28,7%	12,2%
Profit on sales	40 164 9,6%	35 475 9,7%	13,2%	48 867 11,8%	38 392 10,8%	27,3%
EBITDA	56 560 13,5%	51 159 14,0%	10,6%	64 395 15,6%	53 335 15,1%	20,7%
Net profit	28 389 6,8%	29 535 8,1%	-3,9%	35 586 8,6%	32 000 9,0%	11,2%

***The situation in Apator Rector had first of all the impact on the results for 1H2016***

***Analysis of the results excluding Apator Rector shows their significant improvement in relation year to year.***

# Summary of the results of Apator Capital Group – 1H2016



## Quarterly analysis of the results ....

PLN ('000)	IQ 2016	IIQ 2016	Δ	IQ 2015	IIQ 2015	ΔIQ16/15	ΔIIQ16/15
Sales	197 778	222 543	<b>12,5%</b>	180 909	183 599	<b>9,3%</b>	<b>21,2%</b>
Gross profit on sales	51 549	56 897	<b>10,4%</b>	51 424	50 501	<b>0,2%</b>	<b>12,7%</b>
	26,1%	25,6%		28,4%	27,5%		
Profit on sales	18 545	21 619	<b>16,6%</b>	19 666	15 809	<b>-5,7%</b>	<b>36,8%</b>
	9,4%	9,7%		10,9%	8,6%		
EBITDA	27 506	29 054	<b>5,6%</b>	27 821	23 338	<b>-1,1%</b>	<b>24,5%</b>
	13,9%	13,1%		15,4%	12,7%		
Net profit	13 749	14 640	<b>6,5%</b>	16 681	12 854	<b>-17,6%</b>	<b>13,9%</b>
	7,0%	6,6%		9,2%	7,0%		

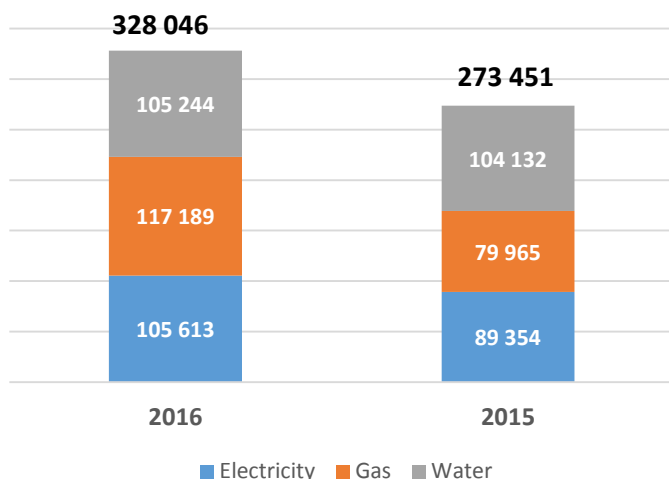
***The second quarter of 2016 brought the improvement of revenues and profits at the maintenance of margins at the same time. It was definitely better than the second quarter of 2015.***

# Summary of the results of Apator Capital Group – 1H2016



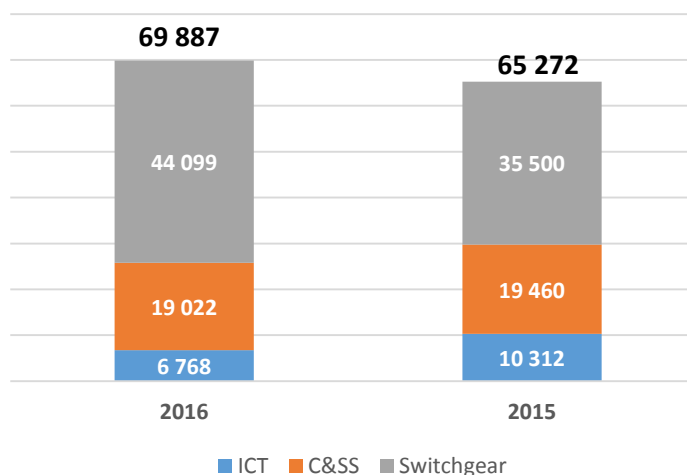
**Analysis of sales in 1H2016.... marked increase of sales of metering equipment**

**Metering segment... PLN' 000**



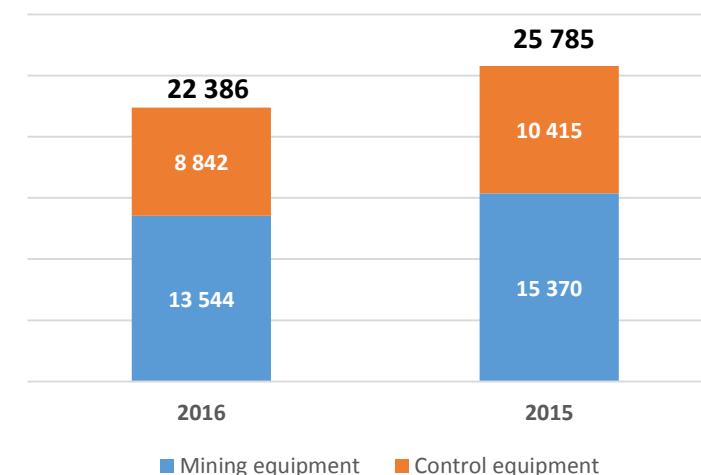
- **Growth yoy by 20%**
- Main factors of growth:
  - Growth mainly organic one (growth of acquisition 3% yoy)
  - High growth of sales of gas meters (47% yoy) – mainly to the UK
  - High growth of sales of electricity meters (18% yoy) on domestic market and abroad (Marocco)

**Smart grid segment ... PLN' 000**



- **Growth yoy by 7,1%**
- Main factors of growth: - sales of switchgear on domestic market and abroad (24% yoy)
- Sales in control and supervisory line (Apator Elkomtech) comparable yoy
- Decrease of sales (by 34% yoy) in ICT line (Apator Rector) caused the discontinue of the performance of long-term contracts

**Non Core... PLN' 000**



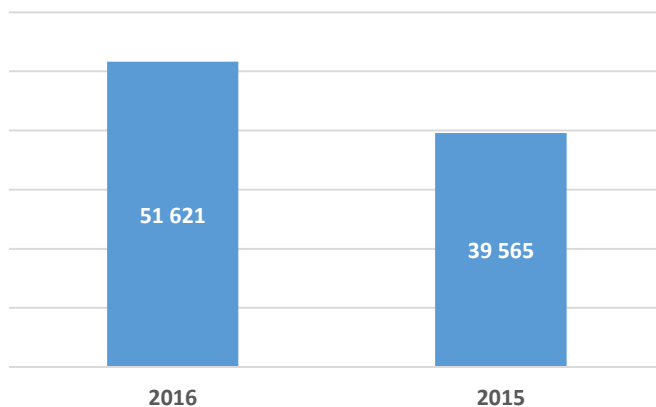
- **Decrease yoy by 13,2%**
- Difficult situation in control line (Apator Control) – decrease (15,1% yoy)
- Difficult situation in mining line (Apator Mining) resulting out of the situation of the sector – decrease (11,9% yoy)

# Summary of the results of Apator Capital Group – 1H2016



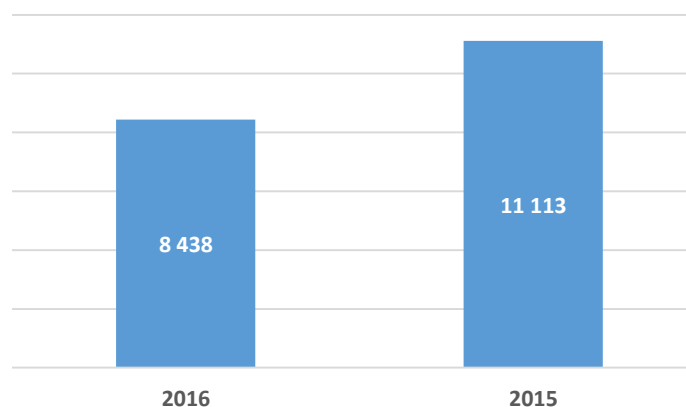
## Analysis of EBITDA 1H2016.... marked increase of the profit in metering equipment

Metering segment ... PLN'000



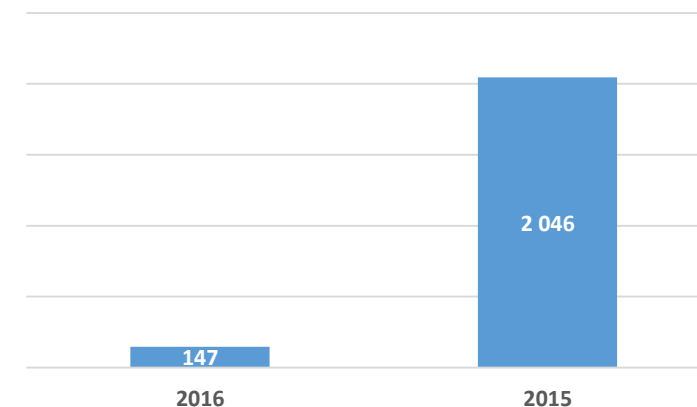
- **Growth** yoy by 30,5%
- **Improvement** yoy of margin to 15,7% (by 1,3 pp) – the effect of operating leverage and change of the sales structure
- **Marked growth** yoy of the profit and the margin in electricity meters line; results better than planned in the budget for 1H2016
- **Growth** yoy of the profit and the maintenance of margin of in gas line, results also are better than planned in the budget for 1H2016
- Maintenance yoy of the profit and margin in water and heat line; results are better than planned in the budget for 1H2016

Smart grid segment ... PLN'000



- **Decrease of the profit** yoy by 25,9%
- **Decrease of** margin to 11,9% (by 5,1 pp)
- Main reason - Apator Rector ( loss of EBITDA PLN 7,8 m)
- **Decrease** yoy in control and supervisory line;
- **Positive impact** of switchgear line – increase of the profit and improvement of margin; results are better than planned in the budget for 1H2016

Non Core... PLN'000



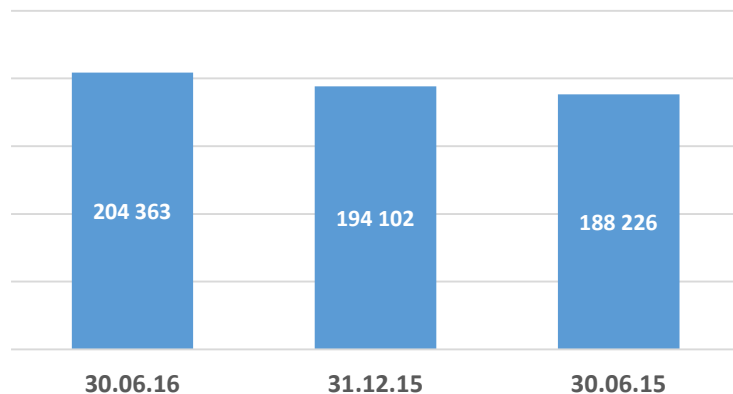
- **Decrease of the profit** yoy by 93%
- **Decrease** of margin to 0,7% (by 7,2 pp)
- **Loss** in control line due to very low sales in control line due to very low sales
- **Decrease of** EBITDA in mining line yoy due to the decrease of sales (difficult situation in the sector)

# Summary of the results of Apator Capital Group – 1H2016



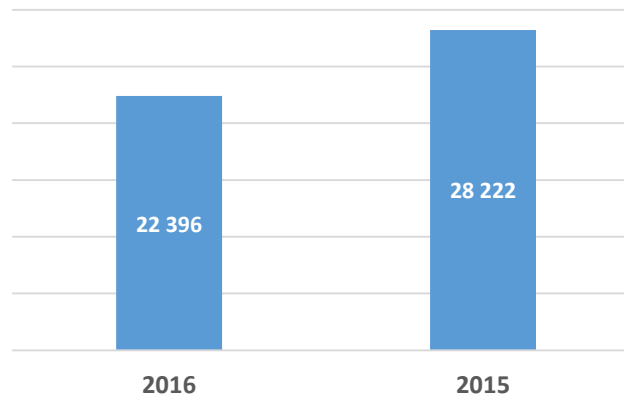
## Analysis of investments and debt ....

Net working capital... PLN'000



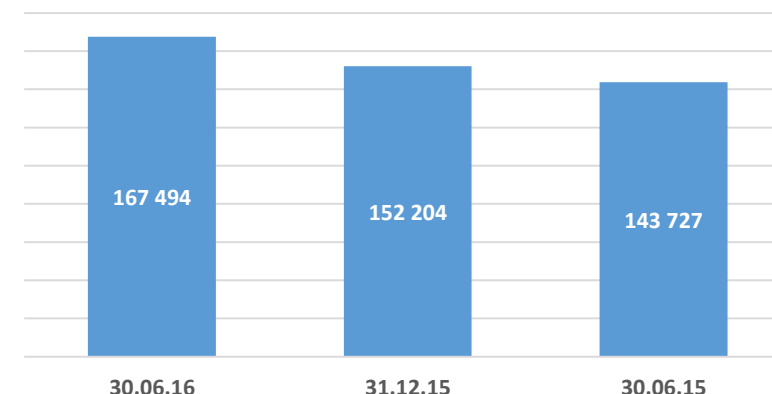
- **Increase of working capital by 12% yoy**
- **Increases mainly in:**
  - Water and heat line among other things inventories in Apator Telemetry (also those took over with Fellows) and trade receivabilities
  - Gas line justified by marked increase of sales

Capex... PLN'000



- Expenditures pursuant to semi-annual investment plan mainly in:
  - Automation of processes and the increase of scalability of manufacturing,
  - Development of new products

Net debt... PLN'000

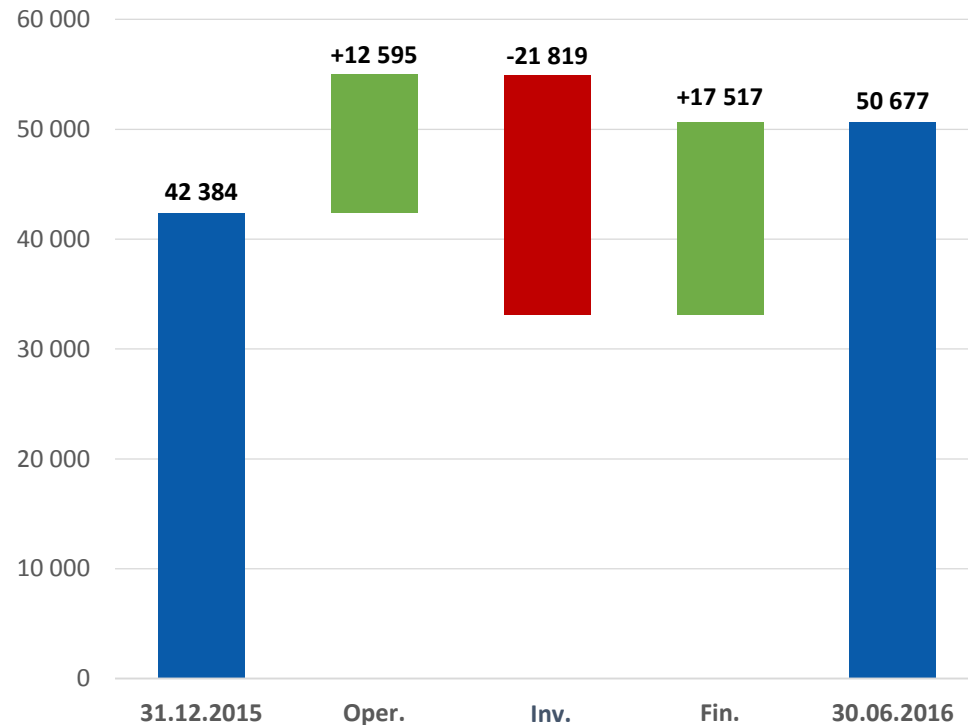


- **Net increase of debt by 16,6% yoy**
- **Main reasons:**
  - High debt of Apator Rector PLN 33 m – (the loan inside the group was refinanced by umbrella loan)
  - Financing of investments in working capital – first of all in metering segment
- **Safe level of debt** – net debt/LTM EBITDA 1,45x

# Summary of the results of Apator Capital Group – 1H2016



## Analysis of cash flow....



- Operating cash flow – low level of conversion of EBITDA to cash – 22% due to higher investment in working capital (mainly in water and heat line)
- Investment cash flow – mainly the acquisition of fixed asset (capex) and repayment of the next instalment for the purchase of shares of GWi
- Financial cash flow – increase of short-term debt – investment financing of working capital