



*Press Release*

## **VSMPO – AVISMA Corporation announces IFRS 1H 2021 Financial Results**

**Verkhnyaya Salda (Russia), August 20, 2021-** Public Stock Company VSMPO - AVISMA Corporation, the world's largest manufacturer of titanium and titanium alloys products, and its subsidiary companies (hereinafter referred to as "Group") has published the interim condensed consolidated financial statements for the six months ended 30 June 2021 prepared in accordance with International Financial Reporting Standard 34 "Interim Financial Reporting". Review was performed by JSC "KPMG".

### **MARKET OVERVIEW**

In the first half of 2021, there were no significant changes in the global air transport market. The demand for titanium products in the aircraft and engine building sectors has stabilized. The demand in the industrial market remains at pre-crisis levels. The coronavirus pandemic does not significantly affect the consumption of titanium in the Russian Federation and the consumption remains at a stable level.

### **KEY OPERATIONAL INDICATORS OF 1H2021**

as compared to the same period of 2020

Due to the COVID-19 pandemic, air passenger traffic dropped significantly in the second quarter of 2020. As a result, aircraft producers revised their production and sales plans, which negatively affected Corporation sales starting from Q2 2020.

- Sales volume of titanium products reduced by 21% to 11,1 thousand tons
- Sales volume of ferrotitanium increased by 25% to 4,5 thousand tons
- Sales volume of aluminum increased 71% to 1,5 thousand tons

tons, unless otherwise stated	<b>1H2021</b>	<b>1H2020</b>
Sales volume of titanium products		
- TOTAL	11 119	14 150
- titanium products ( export )	6 921	10 212
- titanium products ( Russia + CIS )	4 199	3 938

Sales volume of ferrotitanium	4 520	3 610
Sales volume of aluminum	1 477	862

#### KEY FINANCIAL INDICATORS OF 1H2021:

as compared to the same period of 2020

- Revenue decreased by 19% to US\$ 552,9 million
- Adjusted EBITDA decreased by 8% to US\$ 229,2 million
- Adjusted EBITDA margin increased to 41%
- Net debt decreased by 25% to US\$ 594,5 million
- Net debt/EBITDA<sup>1</sup> ratio decreased to 1,35x
- Capital costs volume decreased by 25% to US\$ 47,7 million

US\$ million , unless stated otherwise	<b>1H2021</b>	<b>1H2020</b>
Revenue	552,9	678,4
Operational profit	117,0	129,1
Adjusted EBITDA	229,2	249,9
Net profit / ( loss )	96,3	0,1
Adjusted EBITDA margin , %	41%	37%
Operating cash flow	174,8	251,6
CAPEX	47,7	63,9
Free cash flow (FCF)*	127,1	187,7
Net debt	594,5	787,6
Net debt / EBITDA <sup>1</sup>	1,35x	1,55x
Adjusted net debt**	99,0	787,6
Adjusted net debt/ EBITDA <sup>2</sup>	0,22x	1,55x
Interest costs	17,5	25,1
Working capital	911,4	1 159,0

Net debt / EBITDA ratio represents the ratio of Net debt to Adjusted EBITDA for the last 12 months. Net debt represents total debt less cash and cash equivalents at the end of the reporting period

Adjusted Net Debt / EBITDA ratio represents the ratio of Adjusted net debt to Adjusted EBITDA for the last 12 months

\*Free cash flow (FCF) = Net cash flow from operating activities – CAPEX

\*\*Adjusted net debt = Net debt – Investments in commodity precious metals on impersonal metal accounts

## CAPITAL COSTS

The Group continues implementing its CAPEX program aimed at expansion and reconstruction of production capacities, including the following major projects:

- Expansion of machining capacities in Disc and Ring Machining Shop
- Purchasing and installation of plasma melting furnace
- Purchasing and installation of 4 000 ton forging press complex

## FINANCIAL STANDING

The Group maintains stable financial position in 1H2021. The Group continues to maintain liquidity and financial stability.

## KEY EVENTS IN 1H2021:

- In January, VSMPO-AVISMA Corporation announced the extension of long-term agreements with its major customers Boeing and TITAL (Howmet)
- In March VSMPO – AVISMA Corporation receives rating of investment grade of BBB- from international rating agency Fitch Ratings and rating of BB+ from international rating agency Standard & Poor's
- In April VSMPO-AVISMA Corporation signs up to US\$400 Million 5-year Club Loan with a number of international banks. The interest rate is LIBOR plus 165 bps. The loan was used for refinancing of existing loans in order to optimize interest expenses

## ABOUT VSMPO-AVISMA CORPORATION

Public Stock Company VSMPO-AVISMA Corporation is the world's largest vertically integrated manufacturer of titanium and titanium alloy products. The Corporation also produces aluminum alloy extrusions, steel alloy and nickel-based heat-resistant alloy semi-finished products. VSMPO-AVISMA Corporation is a leader in the global market for high-tech titanium products, is deeply integrated into the global aerospace industry and is a major strategic supplier of titanium products for many companies. Products manufactured by VSMPO-AVISMA Corporation are widely used in power engineering, petrochemical industry, shipbuilding, medicine and civil engineering. The Corporation enjoys business relationships with more than 45 0 companies, including the world's leading aircraft manufacturers, in 50 countries worldwide.

VSMPO-AVISMA Corporation is a public stock company incorporated in the Russian Federation. VSMPO-AVISMA Corporation is listed on the Moscow Exchange, Russia.

VSMPO-AVISMA Corporation

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