

Good results at Campine despite difficult market

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In 2018 Campine realised its third best ever net result of € 5,83 mio. The total revenue decreased slightly with 2,9% compared to 2017, despite the tonnage volume growth of 2,7%. The reason for this is the steep decrease of the metal prices in the second half of 2018.

With a solvency ratio of 48%, Campine reinforced its balance sheet and belongs now to the best in class in the sector.

Due to the threat of international trade wars and the uncertainty of Brexit, the metal price markets experienced a severe decline during July and August 2018. "In our recycling business model, a steep decline of metal prices has quite a negative impact on our margins" explains CEO De Vos. The prices, which Campine pays for raw materials such as used car batteries and other lead waste, follow the LME fluctuations only with quite a delay. "Fortunately, we were able to partially counter the lower profit during the 2nd semester in our lead business unit with tremendous improvements in Specialty Chemicals, where the profit improved with a factor 4 compared to 2017". The profit of the new business unit Metals Recovery (part of the Metals Recycling Division) also increased substantially.

"Despite a difficult market context for the metals recycling sector, we can look back at a successful year for Campine. All Business Units are now contributing considerably to the result and with a strong balance sheet we are well positioned to continue our strategic investment plan for the next years." concludes Chairman Patrick De Groot.

Financial results

Revenue

In 2018 Campine had a revenue of € 210,3 mio, in comparison with € 216,5 mio in 2017 (-3%). This lower revenue is completely related to the reduced metal prices (mainly lead), which form the basis of Campine sales prices. Both Divisions (Specialty Chemicals and Metals Recycling) produced higher volumes.

EBIT

The EBIT reached € 8,1 mio, which is historically a good result, but 36% lower compared to the € 12,6 mio of the record year 2017. The net result for 2018 is € 5,8 mio, compared to € 7,0 mio in 2017 (-17%).

Dividend

The board proposes to pay a dividend amounting to € 1,875 mio based on the 2018 results. The pay out of € 1,25 gross per share is planned for June 14th 2019.

Results per Division

Specialty Chemicals – sales € 89,8 mio (+1%) – EBIT € 3,2 mio (+279%)

This division is composed of the Business Units Antimony and Plastics.

Sales volumes increased with 4% compared to 2017 and reached approx. 15.600 ton.



Revenue is closely linked to the evolution of the antimony metal prices. The average Antimony Metal-Bulletin price in 2018 of about 7.050 €/ton, lies approx. 5% lower than the average price in 2017 (7.400 €/ton).

The spectacular improvement of the EBIT is an highlight of 2018. The EBIT quadrupled from approx. € 0,8 mio in 2017 to € 3,2 mio in 2018. We concluded new deals at better conditions and also realised several operational efficiency improvements.

Metals Recycling – sales € 132.2 mio (-4%) – EBIT € 4,9 mio (-50%)

This Division is composed of the Business Units Lead and Metals Recovery.

Sales volumes increased with 2% compared to 2017 and reached approx. 62.700 ton.

Revenue strongly depends on the lead – as well as other metal – price evolutions. This has a direct relation to the profitability of the recycling process. In the first semester of 2018, most of the metal quotations remained at the relatively high level of 2017; the average lead quotation reached 2.000 €/ton until July 2018, but then decreased to about 1.700/ton in autumn.

Consequently, both the revenue and the EBIT of the Business Unit Lead were reduced: revenue decreased by 5% to € 123,7 mio whereas the EBIT fell to approx. € 3,1 mio (-71%).

The Business Unit Metals Recovery – also comprising the recycling of tin, antimony and precious metals – performed excellently. Its EBIT increased from € 1,1 mio to € 1,8 mio (+ 64%).

Perspectives for 2019

Campine foresees to continue its positive performance in 2019 and is confident to create a solid basis for a profitable growth.

Demand for our Specialty Chemicals division products stagnated at the end of last year. The first quarter of 2019 started moderately but currently demand has recovered and the second quarter looks promising. Campine expects this division to grow further.

The Metals Recycling division had a good start of the year. End 2018, prices for used car batteries and other lead waste dropped to a more “equilibrated” level compared to the lower lead price. In January and February, the LME experienced a moderate increase of the lead quotations from 1.700 €/ton to more than 1.850 €/ton. Metal recycling margins are supported by this raise. Furthermore we expect additional volumes in 2019 thanks to the capacity expansion of the lead recycling furnace in 2018.

A verdict in the litigation proceeding between Campine and the European Commission is expected during the second half of 2019. Campine appealed against its alleged participation in a battery purchase cartel.

In the course of 2019 Campine will – as mentioned in our previous press release – carry out some substantial investments which will lead to higher outputs and further diversification as of 2020.



Consolidated income statement for the year on 31 December 2018

'000 €	31/12/2018	31/12/2017
Revenue	210.262	216.501
Other operating income	3.115	3.289
Raw materials and consumables used	-176.024	-179.535
Employee benefits expense	-13.614	-13.403
Depreciation and amortisation expense	-2.756	-2.689
Changes in restoration provision	-	-520
Other operating expenses	-12.857	-11.021
Operating result (EBIT)	8.126	12.622
Hedging results	504	-1.057
- <i>Closed Hedges</i>	705	-642
- <i>Change in open position</i>	-201	-415
Finance costs	-475	-678
Net financial result	29	-1.735
Result before tax (EBT)	8.155	10.887
Income tax expense	-2.325	-3.879
Result for the year (EAT)	5.830	7.008

Overview of the total result on 31 December 2018

'000 €	31/12/2018	31/12/2017
Result for the year	5.830	7.008
Other comprehensive income:		
Comprehensive income to be reclassified to the profit or loss statement in the future	-	-
Comprehensive income not to be reclassified to the profit or loss statement in the future (actuarial results of retirement benefit obligations)	12	-113
Total result for the year	5.842	6.895
Attributable to:		
Non-controlling interest	-	-
Equity holders of the parent	5.842	6.895

Our auditor, Deloitte Bedrijfsrevisoren, represented by Luc Van Coppenolle, has confirmed that the audit procedures of the consolidated financial statements are substantially completed and that these procedures have not revealed any material modification that would have to be made to the accounting information, derived from the consolidated financial statements and included in this communiqué.

The annual financial report will be made available for the public on 26 April 2019 on the website of Campine.

For further information you can contact Karin Leysen:
tel. +32 14 60 15 49 / email: Karin.Leyesen@campine.be