

## 2019: mixed operational results, high net profit.

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Needless to say that 2019 was characterized by lots of uncertainties, which created more volatility in commodity markets.

The Climate change debate and continuous changing demands and taxes on combustion engine cars, forced the automotive sector in an accelerated transition / electrification phase. Campine's products have a certain dependency on the automotive markets. Not only are car batteries the main user of lead alloys from the Metals Recycling division, but cars also need lots of flame retardant plastics, which are supplied by Campine's Specialty Chemicals division. The slow down and uncertainties in the automotive market ultimately lead to a domino effect of lesser demand throughout our value chain.

We were able to counter the short-term lower demand in lead products. Campine even had a small growth thanks to volumes for new industrial customers and some higher sales to commodity traders. Unlike other base metals, the lead LME price was supported in 2019 by the 6 months outage of a large lead producer in Australia, reducing the expected global surplus in lead.

In our Specialty Chemicals division, it was much more difficult to fill the temporary lower demand, as several products are tailor-made for specific applications or customers. The lower demand in China for antimony products also lead to a higher Chinese export and thus more competition on the global markets. Beside the negative volume impact, the abundant supply of antimony in China (also caused by high availability of Russian antimony ore) created a downward price spiral for antimony products, which lasted for the main part of 2019.

## Financial results

Campine's net result was largely impacted by the decision of the General Court of the EU to refund 3,9 mio € on the original European Commission fine of 8,2 mio €. The verdict in this appeal case was announced on November 7, 2019. It confirms the lesser involvement of Campine in the alleged purchase cartel. The 3,9 mio € refund, which was received on our bank accounts in December, has no tax implications. With legal expenses being mostly booked in the previous years, the refund contributes almost in full amount to the net result.

### Revenue

In 2019 Campine had a revenue of 192,5 mio €, in comparison with 212,4 mio € in 2018 (-9%). This lower revenue is related to the reduced metal prices (mainly antimony), which form the basis of Campine sales prices and the lower sales volumes in the Division Specialty Chemicals.

### EBIT

The EBIT reached 9,6 mio € (including the 3,9 mio € refund of the EC fine), which is 19% higher compared to the 8,1 mio € of 2018. The net result for 2019 is 8,0 mio € (including the 3,9 mio € refund of the EC fine) compared to 5,8 mio € in 2018 (+37%).

### Solvency

Our financial ratios have strengthened again in 2019. With a solvency ratio of 61% (equity / balance total) we have the financial resources to progress with our large investment program as set forward in our business plan.

### Dividend

The board proposes to pay a dividend amounting to 2,625 mio € based on the 2019 results. The pay out of 1,75 € gross per share is planned for June 12th 2020.



## Results per Division

### Metals Recycling – sales 128,6 mio € (-4%) – EBIT (excl fine EC) € 6,0 mio € (+22%)

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

Sales volumes increased with 2,5% compared to 2018 and reached approx. 64.300 ton.

Revenue and EBIT both strongly depend on the metal prices, mainly on the lead LME price. Our margins are under pressure when LME has a downward trend and margins recover during upward LME movements. Despite the small difference between the lead LME in January (1.746 €/ton) and December (1.707 €/ton) there was some volatility throughout the year, with an average LME even at 1.787 €/ton.

Consequently, the revenue decreased by 4% to 128,6 mio € whereas the EBIT increased to 6,0 mio € (+22%).

### Specialty Chemicals – sales 77,1 mio € (-14%) – EBIT (excl fine EC) -0,2 mio € (-107%)

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

Sales volumes in the Specialty Chemicals division reduced for the first time in years and reached approx. 13.600 ton. This represents a decrease of 12% compared to 2018.

Revenue is linked to the evolution of antimony metal prices. The average Antimony Metal-Bulletin price in 2019 of 6.722 USD/ton is substantially lower than the average of 8.316 USD/ton in 2018. Consequently our revenue amounted only to 77,1 mio € (-14% vs 2018).

The downward price trend continued during the entire year caused a significant value reduction of our stocks through the year as the antimony price on January 1<sup>st</sup> was 8.000 USD/ton and 6.000 USD/ton at the end of the year.

In relation with the lower sales volumes and the drastic price fall of antimony products in 2019, the EBIT reduced significantly to a loss of 0,2 mio €.

## Perspectives for 2020

Giving a perspective on 2020 is extremely difficult under the current dramatical circumstances of the corona epidemic.

Demand for our Specialty Chemicals regained ground so far in 2020. Prices were in an upward trend due to shortages of Antimony metal from China. This price uptake seems to stabilize now that the Chinese export is gearing up again.

In our Metals Recycling Division it will be important to track the macro economic developments. Demand so far has been in line with 2019. However with shutting down of automotive assembly lines, the demand for lead will decrease on short terms. In recent days, customers are indeed lowering their demand forecasts. Lead LME prices have – like most commodities – suffered a fierce decline, with low's going below the 1.500 € / ton level. Campine's profits in recycling are directly linked to lead LME values.

Some large investments will be carried out during 2020 in the Metals Recycling Division: a 3<sup>rd</sup> line to recover metals from industrial waste streams other than batteries will be built and should be operational at the end of 2020. In the lead refinery a new ingot line, which should increase our operational efficiency and overall capacity, will be taken into production early 2021. As to the project to recover the polypropylene plastic from the battery cases, construction work will start in the 2<sup>nd</sup> semester of 2020.



## Consolidated income statement for the year on 31 December 2019

'000 €	31/12/2019	31/12/2018
Revenue	<b>192.533</b>	212.432
Other operating income	<b>4.930</b>	945
- Other operating income	<b>1.048</b>	945
- Fine European Commission - reduction in Appeal	<b>3.882</b>	0
Raw materials and consumables used	<b>-158.351</b>	-176.024
Employee benefits expense	<b>-14.060</b>	-13.614
Depreciation and amortisation expense	<b>-3.235</b>	-2.756
Changes in restoration provision	-	-
Other operating expenses	<b>-12.170</b>	-12.857
<b>Operating result (EBIT)</b>	<b>9.647</b>	8.126
<b>Operating result (EBIT) excl. EC fine (*)</b>	<b>5.765</b>	8.126
Hedging results	<b>382</b>	504
- Closed Hedges	<b>32</b>	705
- Change in open position	<b>350</b>	-201
Finance costs	<b>-345</b>	-475
<b>Net financial result</b>	<b>37</b>	29
<b>Result before tax (EBT)</b>	<b>9.684</b>	8.155
<b>Result before tax (EBT) excl. EC fine (*)</b>	<b>5.802</b>	8.155
Income tax expense	<b>-1.669</b>	-2.325
<b>Result for the year (EAT)</b>	<b>8.015</b>	5.830
<b>Result for the year (EAT) excl. EC fine (*)</b>	<b>4.133</b>	5.830
Attributable to:		
Non-controlling interest	-	-
Equity holders of the parent	<b>8.015</b>	5.830
Equity holders of the parent	<b>4.133</b>	5.830
<b>RESULT PER SHARE (in €)</b>		
Number of shares	<b>1.500.000</b>	1.500.000
Result for the year (basic & diluted)	<b>5,34</b>	3,89
Result for the year (basic & diluted) excl. EC fine (*)	<b>2,76</b>	3,89

(\*) Reduction fine due to Appeal of Campine against the decision of the EC. To ensure the comparability with last year, the figures of 2019 and 2018 are provided both inclusive and exclusive the reduction of the fine imposed by the European Commission



## Overview of the total result on 31 December 2019

'000 €	31/12/2019	31/12/2018
Result for the year	<b>8.015</b>	5.830
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)	<b>-118</b>	12
<b>Total result for the year</b>	<b>7.897</b>	5.842
Attributable to:		
Non-controlling interest	-	-
Equity holders of the parent	<b>7.897</b>	5.842

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 24 April 2020 on the website of Campine.

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