Campine

2020: Resilience in the 2nd year-half

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As most manufacturing companies, **Campine** did not escape the impact of the worldwide Corona pandemic in 2020. By focusing on essential activities, seizing some alternative sales opportunities and a good performance in the 2nd year-half, Campine was able to close the year with a moderate result. The pandemic had its main negative influence in the first semester.

The demand in the **Specialty Chemicals** division started declining as from April onwards. In the 2nd quarter, we realised 25% less sales volumes compared to a normal year. This made us decide to close the department during the month of May. We were however successful to compensate the volume loss completely in the 2nd semester. The main financial impact in this division was the dramatic price reduction for antimony products. The price of antimony metal reached a low of 5,000 $/ton in the summer as a result of a worldwide collapse in demand. Towards yearend, we experienced an opposite evolution. Related to continued infection issues in mines, stocks of antimony ores, concentrates and metal started to get depleted resulting in a fierce price uptake (see further in perspectives 2021).

The drop in demand in the **Metals Recycling** division already occurred in March. Campine's lead alloys are mainly used for the manufacturing of car batteries, but as the automotive industry closed down many assembly lines, demand dropped by 50%. We were able to compensate a part of the lowered industrial volumes by selling to metal traders. However, during April the availability of scrap batteries became an issue as many partners in this supply chain also had to close their doors. We decided therefore mid-May to close our factory for 5 weeks, during which we performed an advanced yearly maintenance. By that time lead LME prices had declined to a low beneath € 1,500/ton. From June onwards, the scrap battery supply chain started to rebuild and the demand for lead slowly resumed to normal levels. Lead LME prices started to recover and the 2nd half of the year came off as relatively normal.

The implementation of measures to prevent the Corona virus to spread had a severe impact on the way we used to work and collaborate. Campine combined (and continues to use) a wide variety of measures, such as working from home and the remote management of customer relations, whilst continuing manufacturing on its site in Beerse. Seen the use of hazardous materials and our Seveso status, our employees are used to wear protective gear, including dust masks and even full facemasks. The implementation of additional measures related to Corona was therefore only a small step to take.

Only a very limited number of employees got infected with Covid-19. The contact tracing indicated however that none of the infections occurred during their professional activities on Campine's premises. A proof that all preventive measures implemented by the company were very effective.

Several investments were delayed or spread in time, mainly because subcontractors, just like foreign suppliers of equipment and machinery, experienced problems due to the pandemic. Strict operational cost control was implemented throughout all processes in all departments. A total of € 2.3 mio in expenses was saved, amongst others by provisional closing of some departments, using temporary unemployment for all employees, cutting marketing expenses, reduced travel and external meetings, etc.

Financial results

Revenue

Campine realised a total revenue of € 166.9 mio in comparison with € 192.5 mio in 2019 (-13%). This lower revenue is mainly related to the reduced metal prices, which form the basis of Campine sales prices and the somewhat lower sales volumes in the Division Metals recycling.

Results

The EBITDA reached € 7.2 mio, which is 23% lower compared to the € 9.4 mio of 2019 (excluding the € 3.9 mio refund of the EC fine) and the EBIT ended at € 3.6 mio (37% lower than in 2019). The Net Result (EAT) for 2020 amounted to € 2.8 mio compared to € 4.1 mio (excluding the € 3.9 mio refund of the EC fine) in 2019 (-33%).

Solvency

Our financial ratios continued to remain very solid during 2020. With a solvency rate of 55% (equity/balance sheet total) we have the financial resources to continue financing our investment program.

Dividend

The board proposes to pay a dividend amounting to € 0.975 mio based on the 2020 results. The pay out of € 0.65 gross per share is planned for June 11th 2021.

Results per Division

Metals Recycling – sales € 113.1 mio (-12%) – EBITDA € 4.8 mio (-43%)

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

We concluded the year with a sales volume of approx. 62,600 ton, a decrease with 3% compared to 2019.

Revenue and operational result 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 movements. Just like all other base and minor metals, the lead LME price decreased substantially during the onset of the Corona pandemic. In mid-January we still enjoyed a lead LME price level of around € 1,750/ton, but by May the price level was already down below € 1,500/ton. After this, the lead price started to recover to similar levels as at the start of the year (with exception of a dip during October). The average LME price in 2020 was about € 1,600/ton, which is about 10% lower than in 2019.

Consequently, the revenue decreased by 12% to € 113.1 mio whereas the EBITDA lowered to € 4.8 mio (-43%) and the EBIT reached € 2.6 mio (-57%).

Specialty Chemicals – sales € 64.6 mio (-16%) – EBITDA € 2.3 mio (+ 168%)

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

Despite the Corona pandemic, the sales volume of 13,350 tons in the Specialty Chemicals division remained almost equal with the 13,600 ton of the previous year 2019.

Revenue is linked to the evolution of antimony metal prices. The average Antimony Metal Bulletin price of $ 5,912/ton in 2020 was considerably lower than the average price in 2019, amounting to $ 6,722/ton. This is a decrease of 12%. Additionally the Dollar-Euro exchange rate of 1.142 $/€ was also lower than in 2019 (1.119 $/€). Consequently our revenue amounted only to € 64.6 mio (-16% vs 2019).

Notwithstanding the drastic price reduction of antimony products, the results improved considerably: the EBITDA reached € 2.3 mio, up from € 0.9 mio one year earlier. The EBIT increased to € 1.1 mio compared to a loss of € –0.2 mio in 2019. Reasons for this progress are partially related to structural operational improvements, optimizations in purchasing and the evolution of our sales portfolio towards more value added products.

Perspectives for 2021

Predicting what influence the Corona pandemic will continue to have on the business in 2021 is quite difficult. Especially the impact on metal prices, which are crucial for Campine's financial performance. The price for antimony metal has been slowly increasing since the fall of last year. The fear for shortages on the supply side (antimony ore and concentrates) at the start of this year, induced an explosion of the price, which increased with 50% in less than 2 months' time. Availability of antimony metal and derivatives like antimony trioxide remain scarce. For lead, the LME price remained relatively stable in 2021 so far.

Demand for products from our Specialty Chemicals division is quite high in the first quarter of 2021. The general recovery of the economy leads to a replenishment of stocks, which is even further supported by the increasing prices and potential shortages. We expect this situation to persist until the summer.

In our Metals Recycling Division demand is normal for the time of the year. The availability of scrap batteries is good, supported by the lockdown measures, which grounded many vehicles throughout the winter, causing batteries to fail. We predict a normal continuation of the year at this point.

In the first week of January, Campine was granted a government subsidy of 1 mio euro for the investment in a novel process for the recycling of antimony. This innovative technology has meanwhile been started on an industrial scale and the investment (totalling € 4.9 mio) will already contribute to Campine's result in 2021.

Some other large investments will be carried out during 2021, but these are mostly replacement investments. Amongst others, Campine will renew its power supply facilities and build a new lead casting line, in which the refined lead is poured into ingots. We expect some higher efficiencies and a small capacity increase in our refinery. The construction of the PP plastics recycling plant has been shifted into 2022.

EBITDA: Earnings before interests, taxes, depreciation and amortisation
EBIT: Earnings before interests and taxes also referred to as Operating result
EAT: Earnings after tax also referred to as Result for the year

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 April 23rd 2021 on the website of Campine.

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'000 €	**31/12/2020**	31/12/2019
Revenue	**166.947**	192.533
Other operating income	**1.095**	4.930
- Other operating income	***1.095***	*1.048*
- Fine European Commission - reduction in Appeal (*)	**-**	*3.882*
Raw materials and consumables used	**-136.436**	-158.351
Employee benefits expense	**-13.494**	-14.060
Depreciation and amortisation expense	**-3.253**	-3.235
Changes in restoration provision	**-45**	-
Other operating expenses	**-11.188**	-12.170
Operating result (EBIT)	**3.626**	9.647
Operating result (EBIT) excl. EC fine (*)	**3.626**	5.765
Hedging results	**300**	382
- Closed Hedges	***498***	*32*
- Change in open position	***-198***	*350*
Finance costs	**-258**	-345
Net financial result	**42**	37
Result before tax (EBT)	**3.668**	9.684
Result before tax (EBT) excl. EC fine (*)	**3.668**	5.802
Income tax expense	**-884**	-1.669
Result for the year (EAT)	**2.784**	8.015
Result for the year (EAT) excl. EC fine (*)	**2.784**	4.133
Result before interests, taxes, deperciation and amortisation (EBITDA)	**7.179**	13.264
Result before interests, taxes, deperciation and amortisation (EBITDA) excl. EC fine (*)	**7.179**	9.382
Attributable to:		
Non-controlling interest	**-**	-
Equity holders of the parent	**2.784**	8.015
Equity holders of the parent excl. EC fine (*)	**2.784**	4.133
RESULT PER SHARE (in €)		
Number of shares	**1.500.000**	1.500.000
Result for the year (basic & diluted)	**1,86**	5,34
Result for the year (basic & diluted) excl. EC fine (*)	**1,86**	2,76

(*) Reduction fine due to Appeal of Campine against the decision of the European Commission. The initial fine of 8.2 mio € was imposed by a decision of the European Commission in February 2017, and integrated in the results of the financial year 2016. To ensure the comparability with last year, the figures of 2019 and 2020 are provided both inclusive and exclusive the reduction of the fine imposed by the European Commission

'000 €	**31/12/2020**	31/12/2019
Result for the year	**2,784**	8,015
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) net of tax	**-49**	-118
Total result for the year	**2,735**	7,897
Attributable to:		
Non-controlling interest	**-**	-
Equity holders of the parent	**2,735**	7,897