

Friday, 28 September 2018

PRESS RELEASE

FINANCIAL RESULTS OF FIRST HALF 2018
Improvement in Business Activity and Turnover

ELASTRON S.A. – STEEL SERVICE CENTERS reported the financial results for the first half of year 2018 according to the International Financial Reporting Standards (IFRS).

The Group's turnover posted significant improvement during the first half of the year reaching € 53.3 million from € 42.4 million in the same period of the year 2017. Gross profit stood at € 6.1 million or 11.4% of total sales, versus € 6.8 million or 16.1% of total sales in the corresponding period of year 2017. Results before interest and taxes (EBIT) amounted to € 1.2 million versus € 2.5 million in the previous year whereas results before interest, taxes, depreciation and amortization (EBITDA) settled at € 2.2 million versus € 3.7 million in the first half of 2017. Finally, the results before taxes settled at losses of € 0.3 million versus earnings of € 1.0 million in the previous year.

On the parent company level, the turnover settled at € 52.6 million versus € 41.7 million in the previous year posting an increase of 26%, whereas gross profit amounted to € 5.7 million or 10.8% of total sales, compared to € 6.4 million or 15.4% of total sales in the first half of 2017. The results before interest, taxes, depreciation and amortization (EBITDA) amounted to € 1.6 million versus € 3.2 million, whereas the results before taxes settled at losses of € 0.6 million compared to earnings of € 1.3 million in the same period of 2017.

The above improvement of the consolidated turnover reflects the higher business activity of the Group's steel unit, the higher price level during the first half of the year, the maintenance of exports at 30% as percentage of the Group's sales, as well as the targeted entrance into new product and geographic markets. However the downward trend of the raw material prices internationally, as result of the tariffs imposed by USA on steel imports, was depicted immediately in the domestic market and resulted into compressed operating profit margins. At the same time the higher purchase cost of raw materials compared to the first half of 2017 generated significant financing needs in terms of working capital resulting into higher financial expenses. The above factors were the main determinants of the Group's financial performance during the first half of the year.

With the completion of the third quarter of the year already, the Group continues to implement its strategic planning in order to face the new challenges in the market. Specifically, there is an ongoing reorganization of operations in the steel business unit based on investments on new machinery equipment aiming at a higher production capacity. The above is combined with actions towards the containment of the production cost, whereas at the same time, the Group plans the expansion of the production facilities in the area of Aspropyrgos in order to more effectively cover the international markets. Also, based on the assessment of the modern trends in the wider construction and building market, the Group considers new investments in order to shift its focus to higher added value products.

In the agricultural sector, the Group continues to implement the approved investment program of the company Thrace Greenhouses with the production facilities expected to reach an area of about 180,000 square meters within the first half of 2019.

With regard to the remaining of the year, the financial performance of the Group is expected to depend significantly on the volatility of raw material prices internationally, which are reflected in the selling prices, as result of the trade war taking place between USA and China due the respective tariffs that have been imposed by the European Union on the imports from third countries. Also, the gradual recovery of the domestic economic environment is creating more favorable conditions for business activity in general, however the demand for steel products will remain low, although improved, given the lack of large scale construction and building investment projects in the public and private sector.

Note: The "Semi-Annual Financial Report based on IFRS" of ELASTRON SA will be posted on Friday 28 September 2018 at the Company's website www.elastron.gr as well as at the website of the Athens Exchange www.helex.gr .