ELASTRON
STEEL SERVICE CENTERS

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PRESS RELEASE

FIANNCIAL RESULTS OF FISCAL YEAR 2018
Improvement in business activity and turnover

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

The Group's turnover posted significant improvement reaching € 108.5 million from € 90.4 million in the previous year posting an increase of 20%. Gross profit stood at € 11.5 million or 10.6% of total sales versus € 13.3 million or 14.7% of total sales in 2017, whereas results before interest and taxes (EBIT) amounted to € 1.6 million versus € 6.9 million in the previous year. The results before interest, taxes, depreciation and amortization (EBITDA) settled at earnings of € 3.6 million versus earnings of € 9.4 million in 2017. Finally, the results before taxes settled at losses of € 1.1 million versus earnings of € 3.1 million in the previous year. It is noted that the results of the year 2017 had been affected by extraordinary gains of € 2.7 million.

On the parent company level, the turnover settled at € 107.2 million versus € 89.1 million in the previous year posting an increase of 20%, whereas gross profit amounted to € 10.7 million or 10.0% of total sales, compared to € 12.4 million or 13.9% of total sales in 2017. The results before interest, taxes, depreciation and amortization (EBITDA) settled at € 1.8 million versus € 5.2 million, whereas the results before taxes settled at losses of € 2.8 million compared to earnings of € 0.7 million in 2017. It is noted that the results of the year were affected by an impairment provision of € 1.3 million in relation to a business interest versus a corresponding provision of € 0.7 million in the previous year.

The major factors contributing to the above turnover improvement comprised in synopsis the higher percentage rate of exports, above 33% out of the total activity, the stronger market share in Greece, the greater spectrum of products sold, the diverse product mix in sales along with the higher participation of the produced goods, as well as the partial increase in sale prices. However the strong volatility observed in raw material prices during the year, mainly due to the constraints imposed with regard to the free movement of steel products following the trade tariffs imposed by the US on imports from China, as well as the political and economic instability of countries with significant export activity in terms of steel products, was directly reflected in the domestic market resulting into lower operating profit margins. At the same time the financing of the Group's higher activity levels along with the rising cost of raw materials maintained a relatively high financing cost for the Group. All the above were the major determinant factors for the Group's results in year 2018.

On the management level, the Group continued its investment plan aiming at the upgrade of existing machinery equipment and the purchase of new production machinery targeting lower production cost and therefore higher participation of own produced goods in the aggregate product mix. At the same time, foreseeing the need for further optimization of its supply chain and capacity in terms of facilities given the stronger business activity, the Company proceeded with the acquisition of adjacent land plots where it plans to build new warehouse and industrial facilities.

In the agricultural sector, the Group continued to implement the construction of the last part in the production facilities of Thrace Greenhouses SA. With the completion of the respective investment plan within the first half of 2019, the total production facilities will cover an area of 180,000 sqm making the company as one of the largest players of agricultural products in Greece. It is worth noting that the absorption of the aggregate production by some of the largest retail chains in Greece indicates the high quality of products and the Group's ability to diversify its activities by adding new markets and sectors.

Finally, the results in the Group's energy unit posted a small drop following a lower production level due to weaker sunlight activity compared to the year 2017.

With the first quarter of the current year already completed, the estimates and projections about the full year 2019 are conservatively optimistic in anticipation of various developments on the international and domestic environment. More specifically, the potential improvement and conflict resolution of the trade relations between US and China in relation to tariffs imposed by US in its steel imports from China is expected to contribute towards higher raw material prices and the improvement of the Group's financial results. At the same time, it is noted that the European Union contemplates a scenario of imposing tariffs on steel products imported by the Union. This measure, if implemented, is going to boost the Group's export activity. On the domestic level, the resolution of various problems in the sector and the progress realized on the front of restructuring actions is expected to generate improvements on the level of competition. At the same time, the Group continuously evaluates the ever-changing conditions of the Greek market taking into account the intention of companies already active in the domestic market but also of foreign companies to implement their investment plans.

On the company level, the restructuring of business activities is under progress aiming at the adoption of new trends observed in the broader construction market, as well as at a greater penetration of the international markets. At the same time, the Management implements its plan on the further reduction of operating cost and the allocation of the non-operating fixed assets with the objective to gradually deleverage its balance sheet and also diversify the sources of capital in order to finance the new investments.

Note: The "Annual Financial Report according to IFRS" of ELASTRON SA will be posted on Monday 15 April 2019 at the Company's website www.elastron.gr as well as at the website of the Athens Exchange www.helex.gr .