

# Main assumptions for 'Strategy 2020'

The basic objective of the 'Strategy 2020' is to ensure steady increase of the Company value, through:

- sustainable development resulting in systematic growth of the generated profits and cash;
- consequent dividend policy;
- creation of potential for further development in the future periods;
- maintenance of high corporate governance standards.

## Detailed financial objectives

The financial objectives of the 'Strategy 2020' include a major growth of the value of the particular items of the statement of profit or loss compared to the results generated by the Capital Group in 2014 (base year). The assumption is that in the period of the strategy implementation the generated results will be as follows: sales revenue – PLN 3,357 million (growth by 84% compared to the base year), EBITDA – PLN 514 million (growth by 66% compared to the base year), operating profit – PLN 360 million (growth by 60% compared to the base year), and net profit – PLN 263 million (growth by 56% compared to the base year).

(PLN million)	2014 (base year)	2020 objectives	Growth in %
Operating income	1,820	3,357	84%
EBITDA	309	514	66%
EBIT	225	360	60%
Net profit	169	263	56%

## CAPEX

PLN

1354

Capital expenditure assumed in the 'Strategy 2020' for the years 2015-2020, incrementing, of which:

**PLN**

**585**

**million**

planned at the Extruded  
Products Segment

**PLN**

**356**

**million**

planned at the Aluminium  
Systems Segment

**PLN**

**367**

**million**

planned at the Flexible  
Packaging Segment

### **Acquisitions**

The capital expenditures referred to above do not include the potential acquisitions, which have been assumed as follows:

- acquisition of a company with revenues of approx. EUR 50 million within the Extruded Products Segment, which will result in the acquisition of new competencies and development of the existing ones in profiles processing and production of components based thereon;
- acquisition of a company with revenues of approx. EUR 50 million within the Extruded Products Segment, which will result in the acquisition of new competencies and development of the existing ones in profiles processing and production of components based thereon;
- acquisition of a company within a new segment of the Issuer's Capital Group operations, with the value of revenues in 2020 exceeding EUR 50 million.

### **Current status of the 'Strategy 2020' execution**



Based on the financial and operating results projection, available [here](#), the Management Board expects that at the end of 2019 the 'Strategy 2020' objectives will be fulfilled in more than 95%.

At the same time, the projected accumulated value of capital expenditure in the years 2015-2019 will reach PLN 1,144 million, which represents 87% of total expenditure planned for the period of the 'Strategy 2020'.

<b>(PLN million)</b>	<b>2019</b>	<b>2020 objectives</b>	<b>Execution*</b>
Operating income	3,216	3,357	96%
EBITDA	488	514	95%
EBIT	344	360	96%
Net profit	261	263	99%
Capital expenditure, incrementing (since 2015)	1,144	1,308	87%

\*Assumed execution of the 'Strategy 2020' financial objectives post 2019.

In the years 2015-2018 the Company was paying dividend to the shareholders at the level of approximately 90% of the consolidated net profit of the Capital Group generated in the years 2014-2017, which complies with the dividend policy binding during the period of the 'Strategy 2020'.

By the date of preparing this document, there were no acquisitions made. On 23 January 2017, the Company commenced a review of strategic options, covering, among other things, the assessment and analysis of the activities, the competitive position of the operating segments, the market conditions, and the potential for further organic growth of the Capital Group as well as further development of the Group by acquisitions and divestments. The process will also be used by the Management Board for the purposes of preparing the Capital Group development strategy for the subsequent years.

**During the term of the 'Strategy 2020', the Company has applied due efforts to maintain the high quality of communication with its stakeholders as well as high standards of corporate social responsibility and corporate governance. The efforts have been acknowledged by independent experts. For example the Company was granted the third place in the 'Listed Company of the Year 2015' ranking and the fifth place in the 'Listed Company of the Year 2016' ranking organized by the 'Puls Biznesu' daily, the sixth place at the list of Socially Responsible Companies of 2016 prepared by Professor Bolesław Rok of the Koźmiński University in Warsaw, in cooperation with Jarosław Horodecki, and verified by Deloitte.**

Since the very beginning of the 'Strategy 2020' implementation, i.e. from 1 January 2015 to 31 December 2018, the share price of Grupa Kęty S.A. at the Warsaw Stock Exchange grew from PLN 221 to PLN 329 (roughly 49%), which confirms the higher value of the Company and the effective execution of the assumed Capital Group development strategy.