

# Swiss Steel Group

Q1 2021 Results –  
Investors' & Analysts' Conference Call

Lucerne, May 5, 2021



# Disclaimer

## Forward-looking statements

This presentation contains forward-looking statements about developments, plans, intentions, assumptions, expectations, convictions, possible impacts or the description of future events, outlooks, revenues, results or situations, for example. These are based upon the company's current expectations, convictions and assumptions, but could materially differ from any future results, performance or achievements. We are providing this communication as of the date hereof and do not undertake to update any forward-looking statements contained herein as a result of new information, future events or otherwise.

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**01**

Business Review Q1 2021

# Significant recovery, transformation on track

- Higher volumes in Q1 2021, driven by automotive; positive bottom-line
- Significant increase in order intake with visible rise in mechanical and plant engineering and increased activity in oil and gas
- Increase in capacity utilization with improvement in labor productivity
- Cost savings effects from transformation program with significant contribution at adjusted EBITDA level
- Merger of the Swiss businesses and structural measures in France and Germany are progressing according to plan
- Equity increase reduces net debt; equity ratio stable
- Funding of market opportunities amplified by rising input prices results in negative free cash flow
- Forensic investigation at Ascometal disproves allegations as unfounded
- **Outlook 2021: More than EUR 100 million adjusted EBITDA achievable depending on COVID-19 pandemic development**

# Strong recovery despite COVID-19 pandemic – varies regionally and by industry sector

	Q1 2021 vs. Q1 2020	
<b>Production in the automotive industry:</b>	<b>Europe *</b>	-1%
	<b>USA **</b>	-27%
	<b>China **</b>	+85%
<b>Order entry of German mechanical / engineering sector</b>	+7%	(Jan – Feb 21 vs. Jan – Feb 20)
	Q1 2021 vs. Q4 2020	
<b>Commodity prices</b>	<b>Nickel</b>	+10%
	<b>Scrap (FOB Rotterdam)</b>	+43%
	<b>Ferrochrome</b>	+21%
	<b>Crude Oil (WTI)</b>	+36%

Sources: LME, BDSV, ICDA (International Chromium Development Association), Bloomberg, German Technical Statistics Office, LMC Automotive, China Association of Automobile Manufacturers (CAAM) and U.S. Bureau of Economic Analysis

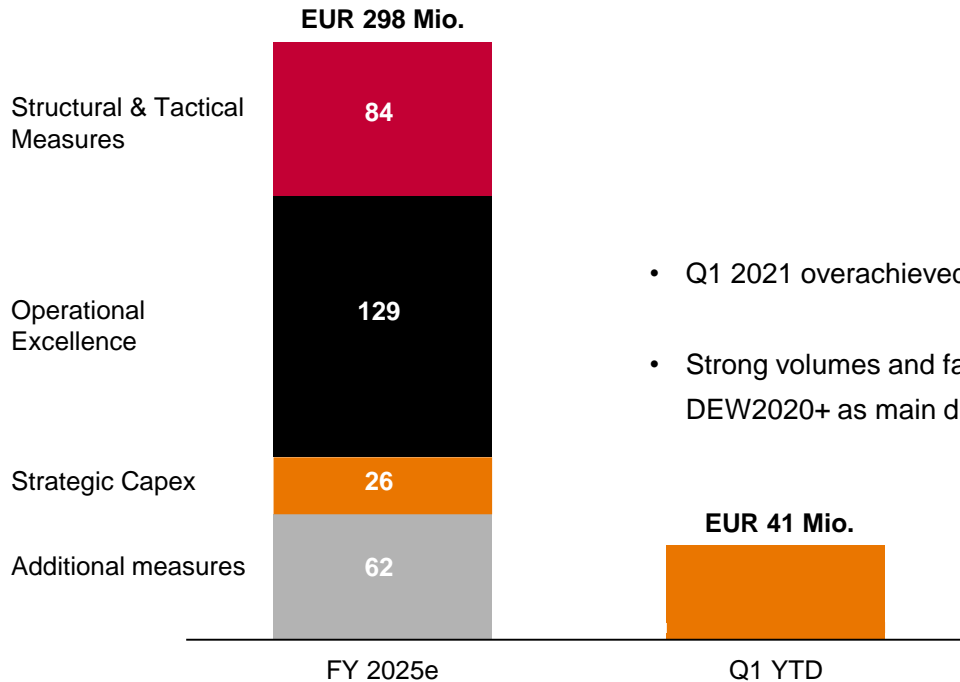
\* Light vehicles (passenger cars + light trucks) includes 17 European countries: Germany, France, Spain, Great Britain, Italy, Austria, Belgium, Finland, Netherlands, Portugal, Sweden, Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia

\*\* passenger cars

# Financial KPIs reflect positive development

	Q1 2021	% y-o-y	Q1 2020
Sales Volume	510 kilotons	11.6%	457 kilotons
Average Sales Price (ASP)	EUR/t 1'476	-4,3%	EUR/t 1'542
Revenue	EUR 752 million	6.7%	EUR 705 million
Adjusted EBITDA	EUR 44.5 million		EUR -6.1 million
Group Result (EAT)	EUR 4.8 million		EUR -42.3 million
Free Cash Flow	EUR -86.3 million		EUR -87.6 million

# Transformation program progressing well



- Q1 2021 overachieved plan
- Strong volumes and faster implementation of DEW2020+ as main drivers





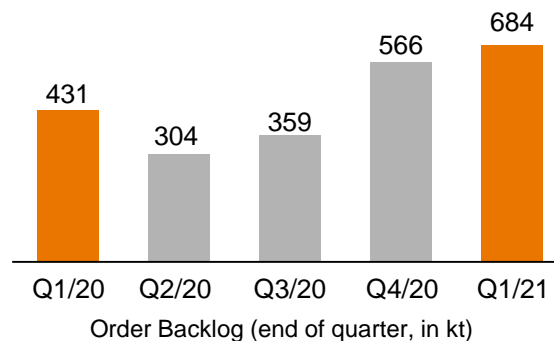
**02**

Financial Performance Q1 2021

# Continued market recovery led to increased order book and sales volume

	Q1 2021	% y-o-y	Q1 2020
Order Backlog	684 kilotons	+58.7%	431 kilotons
Crude Steel Production	614 kilotons	+17.0%	525 kilotons
Sales Volume	510 kilotons	+11.6%	457 kilotons

- Significant improvement in order book after COVID-19 related drop in previous year
- Market recovery driven by the automotive industry – normalization of demand in mechanical and plant engineering and our other sales market also noticeable
- Crude steel production adapted to increased demand
- Sales volume up by 11.6% driven by Quality & Engineering steel

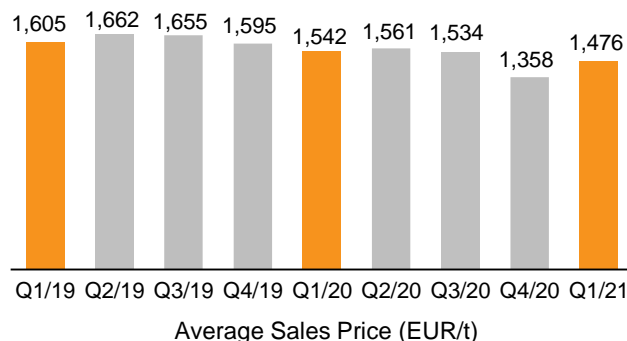


# Average sales impacted by product mix

in EUR/t	Q1 2021	Δ in % vs Q1 2020
<b>Average Sales Price (ASP)</b>	1,476	-4.3
<b>Quality &amp; Engineering</b>	943	3.1
<b>Stainless</b>	3,170	2.2
<b>Tool</b>	2,613	-8.9

in EUR million	Q1 2021	Δ in % vs Q1 2020
<b>Revenue</b>	752	6.7
<b>Quality &amp; Engineering</b>	372	21.6
<b>Stainless</b>	269	-5.5
<b>Tool</b>	93	-3.7

- Average sales price below prior year quarter due to higher share of Quality & Engineering steel in sales volume
- Increase in sales prices of the product groups Quality & Engineering as well as Stainless due to higher alloy and scrap surcharges



# Increase in demand coupled with cost saving measures led to significantly increased profitability

	Q1 2021	Q1 2020
<b>Adjusted EBITDA</b> – EUR/t – margin	EUR 44.5 million EUR 87/t 5.9%	EUR –6.1 million EUR –13/t –0.9%
<b>EBIT</b>	EUR 20.3 million	EUR –31.7 million
<b>Group Result</b>	EUR 4.8 million	EUR –42.3 million

- Improvement in sales volume combined with ongoing cost saving and efficiency measures led to significantly increased adjusted EBITDA
- Gross profit margin at 37.3%, improved by 3.3%-points to compared to previous year
- One-time effects of EUR 2.6 million predominantly relating to restructuring and other personnel measures as well as costs for the efficiency program
- Positive group result due to good operating result and reduced financing and depreciation/impairment costs

# Strengthening of financial structure through capital increase

	Q1 2021	Q4 2020	
Net Working Capital (NWC)	EUR 827 million	EUR 698 million	
Net Debt	EUR 523 million	EUR 640 million	
Equity Ratio	20.4%	9.7%	
Free Cash Flow	EUR –86.3 million	EUR –87.6 million	Q1 2020

- Increase in net working capital driven by growing market activity and higher production volumes, amplified by higher raw material prices
- Negative Free Cash Flow despite good operating result and continued low capital expenditures – resulting from increase in net working capital, especially inventories
- Capital increase with net proceeds of EUR 219.2 million led to significant reduction of net debt and improvement of equity ratio
- Optimization on the capital side, accompanied by a easing of credit conditions, will lead to considerable savings in interests and third-party costs



**03**

Outlook 2021

# Signs of incipient market recovery in 2021

## Market outlook

- Sustained demand from automotive industry expected despite semiconductor shortage; recovery in demand in mechanical and plant engineering foreseeable with cautious pick-up in activity in energy sector
- Further price alignment expected accompanied by high input prices
- COVID-19 implications may still lead to demand volatility; visibility after summer break not yet given

## Priorities for the Group

- Optimize cash flow and execute transformation program

## Outlook FY 2021

Based on the improved order situation in the first half of the year, Swiss Steel Group expects to achieve an adjusted EBITDA of more than EUR 100 million, depending on the further development of the COVID-19 pandemic.



**Q&A**



# Financial calendar and contact

Date	Event
May 5, 2021	Interim Report Q1 2021, Media and Investor Conference Call
August 11, 2021	Interim Report Q2 2021, Media and Investor Conference Call
November 10, 2021	Interim Report Q3 2021, Media and Investor Conference Call

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