

# Swiss Steel Group

Q2 2021 Results –  
Investors' & Analysts' Conference Call

Lucerne, August 11, 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 Q2 2021

# Market recovery continues, profitability significantly increased

- Recovery in all main end markets results in increased sales volumes in Q2 2021
- Order intake remains at high level, slightly lower due to seasonality and short-term capacity availability
- Positive market environment combined with continuous cost-saving effects lead to significantly improved earnings
- Rising raw material prices lead to further increase in net working capital and negative free cash flow
- Merger of Swiss businesses legally completed, optimization of the operational and organizational structure progressing
- Innovative sustainability project launched at Ugitech in Ugine/France

# Recovery on key end markets continues along with sustained upward trend in raw material prices

Q2 2021 vs. Q2 2020



## Commodity prices

Nickel	+42%
Scrap (type 2/8)	+86%
Ferrochrome	+50%

## Automotive production

Europe *	+104%
USA **	+99%
China ***	-3%

## German mechanical and plant engineering order entry

+53% (Apr - May 21 vs. Apr - May 20)

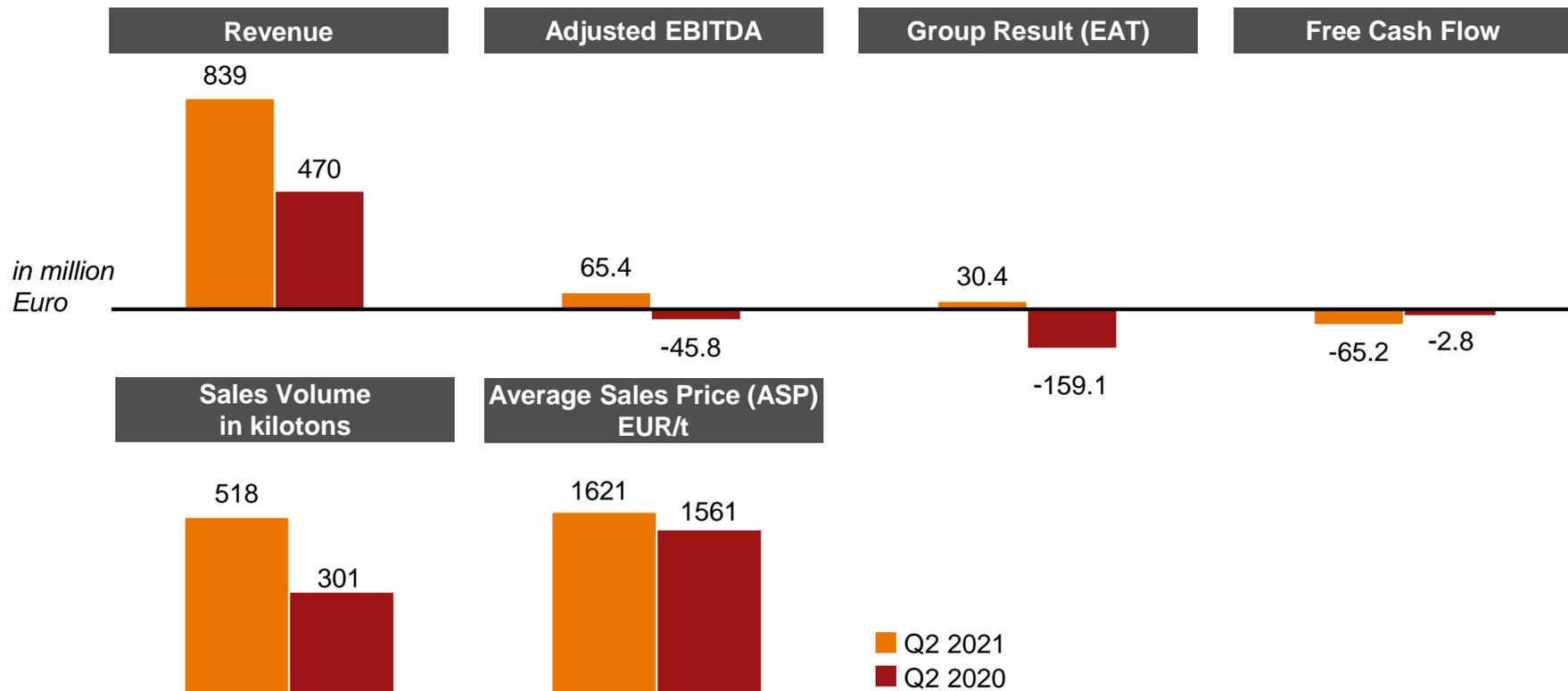
## Number of active oil production units in North America

+25%

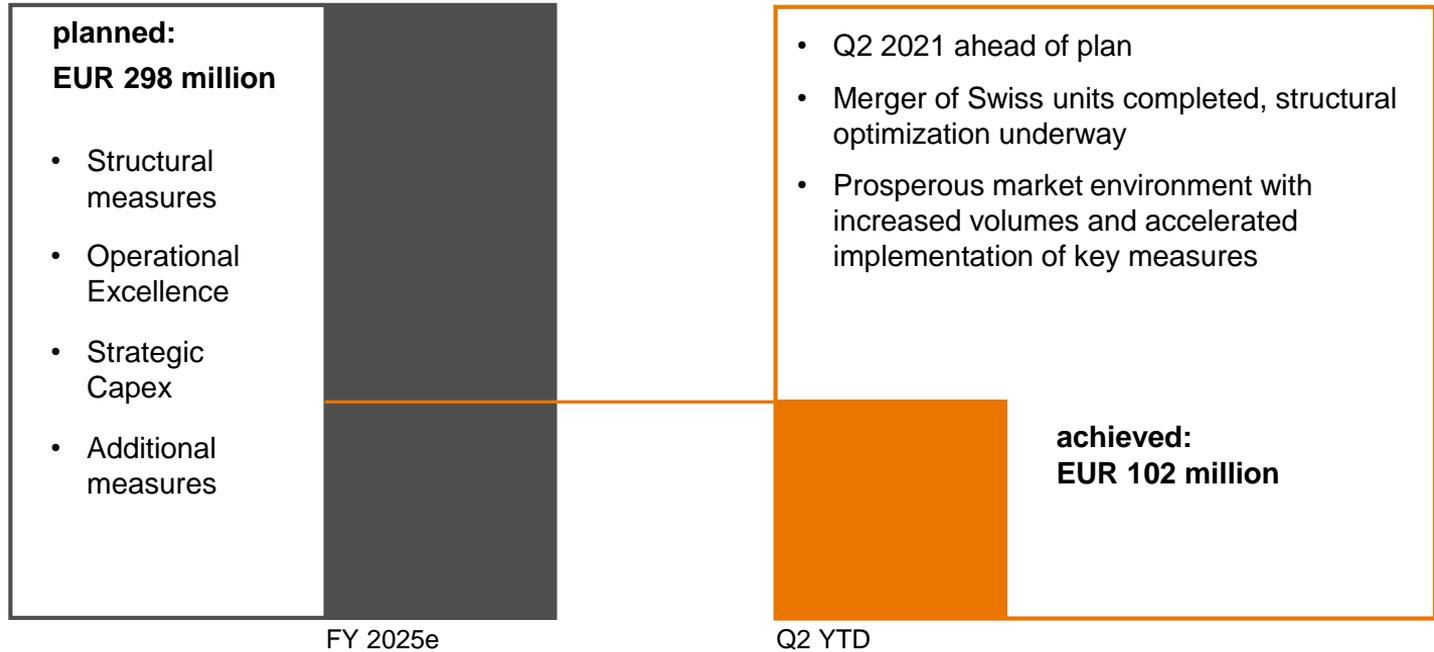
Sources: LME, BDSV, ICDA (International Chromium Development Association), Bloomberg, German Technical Statistics Office, LMC Automotive, China Association of Automobile Manufacturers (CAAM) and U.S. Bureau of Economic Analysis

\* \*\*/\*\* 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

# Positive sales and earnings trend from first quarter of 2021 confirmed



# Transformation program progressing well



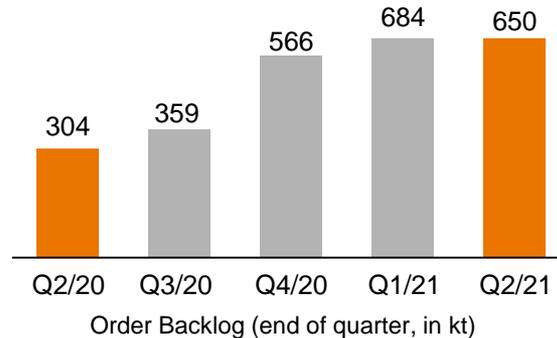
**02**

# Financial Performance Q2 2021

# High order and sales volume due to continuing positive market environment

	Q2 2021	% y-o-y	Q2 2020
Order Backlog	650 kilotons	+113,8%	304 kilotons
Crude Steel Production	606 kilotons	+82.5%	332 kilotons
Sales Volume	518 kilotons	+72.1%	301 kilotons

- Substantial improvement in order book after COVID-19 related drop in previous year
- Slight decline in order book compared with Q1/21 due to seasonality and capacity limitations
- Demand-related adjustment of crude steel production
- Positive market trend mainly driven by automotive as well as mechanical and plant engineering



# Significant increase in profitability triggered by improved market environment and implemented cost-saving measures

	Q2 2021	Q2 2020
Adjusted EBITDA – EUR/t – margin	EUR 65.4 million EUR 126/t 7.8%	EUR –45.8 million EUR –152/t –9.7%
EBIT	EUR 42.5 million	EUR –159.6 million
Group Result	EUR 30.4 million	EUR –159.1 million

- Gross profit margin improves by 3.4% year-on-year to 36.3% driven by higher capacity utilization
- Positive market environment combined with cost saving effects from transformation program lead to significant increase in adjusted EBITDA
- One-off effects of EUR 1.9 million include costs for efficiency improvement program
- Positive Group result due to increased operating profit

# Negative cash flow driven by additional investments in net working capital

	Q2 2021	Q4 2020	
Net Working Capital (NWC)	EUR 943 million	EUR 698 million	
Net Debt	EUR 605 million	EUR 640 million	
Equity Ratio	21.9%	9.7%	
Free Cash Flow	EUR –65.2 million	EUR –2.8 million	Q2 2020

- Increase in net working capital due to increased market activity additionally reinforced by rising raw material prices
- Ratio of net working capital to sales at 28.1%, strongly improved compared to previous year
- Net debt below Q4/20 due to capital increase in the first quarter, partly offset by investments in net working capital
- Significant improvement in equity ratio - due to capital increase - additionally strengthened by positive net income and positive valuation effects from pension obligations
- Negative free cash flow despite good operating result - resulting from temporary increase in net working capital



**03**

Outlook 2021

# Further continuation of market recovery as well expected in second half of 2021

## Market outlook

- Continued stable demand expected from the automotive industry, despite semiconductor shortages, and from the mechanical and plant engineering sector; further increase in activity projected in the energy sector
- Volatile raw material supply along with bottlenecks at high price levels predictable
- COVID-19 implications may lead to renewed fluctuations in demand

## Priorities for the Group

- Continue the transformation path
- Improve costs through smart innovation management and process optimization by our employees
- Increase sales in our main end markets and significantly improve market shares

## Outlook FY 2021

Assuming that end markets remain stable and taking seasonality into account, Swiss Steel Group expects adjusted EBITDA between EUR 150 and 180 million.



Q&A

# Financial calendar and contact

Date	Event
November 10, 2021	Media Release

Re-dimensioning of capital market communication planned as of Q3 2021:

- Q2 and Q4: Report, media release, media, analysts and investors conference call
- Q1 and Q3: Media release

## Contact

Daniel Geiger

Vice President Corporate Accounting & Investor Relations

+41 41 581 4160

d.geiger@swisssteelgroup.com



**Together.  
For a future that matters.**