Swiss Steel Group

Media and Investor Presentation
Q2 2022 Results

Lucerne, August 16, 2022

Swiss Steel Group

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.

Solid Q2/22 results but uncertainties have intensified

- **Sales volume** came in at 457kt in Q2/22 which is 9.2% below Q2/21 due to missing volume from the stoppage of the steel mill in Ugine and lower demand from automotive
- **Order book** decreased to 590kt compared to 726kt in Q1/22 reflecting lower market demand as well as hesitancy of customers to place new orders before the summer break
- **Average sales price** at 2,442 EUR/t increased versus 2,145 EUR/t in Q1/22 and 1,621 in Q2/21 reflecting continued price increases for raw material and energy, supported by base price increases
- **Adjusted EBITDA** at EUR 96.0 mn, an increase by EUR 30.6 mn compared to Q2/21 and EUR 21.0 mn versus Q1/21 driven by improved margins
- **NWC** increased from EUR 1,192 mn in Q1/22 to EUR 1,307 mn in Q2/22 mainly driven by a higher valuation of inventories
- **Free Cash Flow** at EUR –66.0 mn in Q2/22 (EUR – 66.6 mn in Q2/21) despite good operating result due to additional investment in net working capital
- **Equity** increased by EUR 146 mn from EUR 448.7 mn (equity ratio 20.1%) at year-end 2021 to EUR 594.7 (21.6%), mainly due to the strong operational result and positive valuation effects from pension obligation
- **Net debt** at EUR 936 mn in Q2/22 from EUR 721 mn in Q4/21 driven by negative free cash flow
- **New sales organization** based on the Divisions Stainless Steel, Engineering Steel and Tool Steel starting September 2022
- **Green Steel -** become one of the most ecological and efficient steel producers
- **Ugine** steel mill is running again since mid June

SSG 2025: The new Divisions Stainless Steel, Engineering Steel and Tool Steel go into operation in September

Transitioning the portfolio of loosely connected companies…

I. COST & EFFICIENCY IMPROVEMENT

Stabilize and strengthen for growth

II. ORGANIC GROWTH

Grow in **core market segments** and **green steel**

III. TARGET OPERATING MODEL

Set up **operating model** driven **"market-back" by Division**

…to one integrated Swiss Steel Group

– with increased (market) effectiveness
– with increased (cost) efficiency
– consequently performance driven

Group Functions – **consolidated** on **Group** level with **close integration** to business to drive **effectiveness** and **synergies**

Divisions – "**market back**" **steering** based on **integrated P&L**

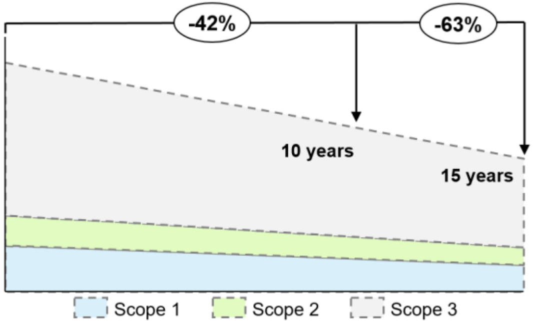
Production Assets – focus on **quality, service level** and **cost efficiency**

Swiss Steel continues to expand its position as one of the leading sustainable special steel producers and commits to SBTi

Approved committment to SBTi

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Illustrative SSG decarbonization roadmap [In development]



1. Developing and executing a clear **decarbonization strategy**

2. Increasing **transparency** on emissions per site and product

Swiss Green Steel

3. Working in **partnership along the value chain**, providing **green steel solutions** to help decarbonize industries

Green Steel Product Offering

Swiss Green Steel	Swiss Green Steel CLIMATE+	Swiss Green Steel STAINLESS+
Swiss Steel Group produces steel solely with Electric Arc Furnace technology, driving recycling and circular economy. The result is an overall **product offer with significantly lower carbon emissions** compared to industry average.	Swiss Green Steel Climate+ describes products with a further reduced carbon footprint. These products are **produced with energy only from renewable power sources** such as wind, water or solar.	Swiss Green Steel Stainless+ is focused on our stainless portfolio. Offering our customers a stainless product produced with a **scrap input rate of at least 95%**[1].

Recently communicated partnerships

22. June 2022

Green Steel takes off - Swiss Steel Group forging green plans with thyssenkrupp Aerospace

Lucerne/Emmenbrücke. When an aircraft takes off in future, it is quite possible that "Green Steel" from Swiss Steel Group will be along for the flight. Swiss Steel Group will be exclusively supplying green steel as of next year to thyssenkrupp Aerospace, a company of thyssenkrupp Material Services

5. July 2022

Swiss Steel Group relies on hydropower

Lucerne/Emmenbrücke. Swiss Steel Group has reached another milestone on the road to decarbonization. Steeltec, the Group's Swiss plant located in Emmenbrücke, is now relying exclusively on Swiss hydropower to produce its special steels. A game-changing strategic partnership was also concluded with Axpo Holding AG. The Swiss plant can already boast very low emission values and is reducing CO_2 emissions even further in taking this step.

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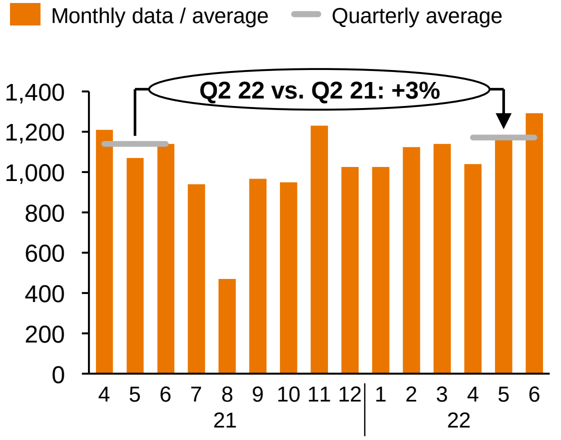
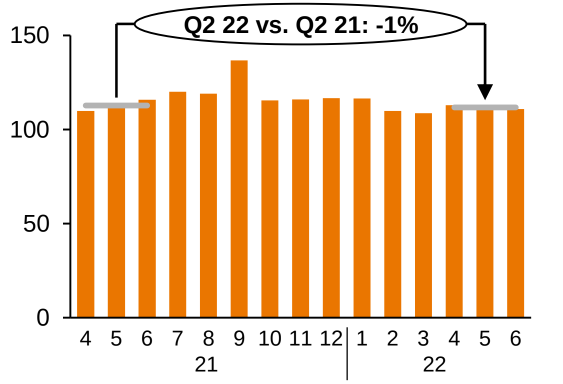
European automotive and German mechanical engineering sectors impacted by supply chain issues, North American rotary rig increased

Light vehicle (LV) production EU17[1)] (thousand units)



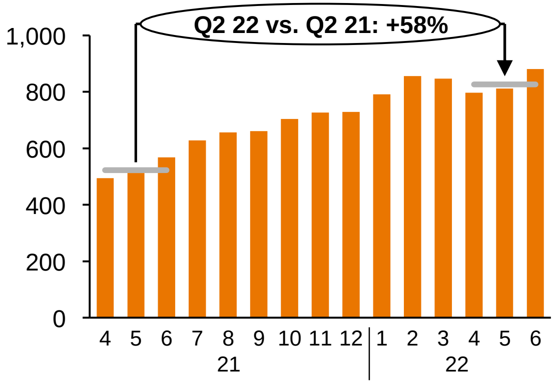
- War in Ukraine added another layer of disruption to European light vehicle production, in addition to shortages of semi-conductor chips

Order intake German mechanical engineering (index[2)])



- German mechanical and plant engineering sector impacted by ongoing supply chain problems, in particular related to the lockdowns in China, as well as by the war in the Ukraine, the latter also resulting in order cancellations
- At the end of May, VDMA reduced production forecast for 2022 to 1% growth vs. 7% in December 2021

North American rotary rig count (number of active rigs)

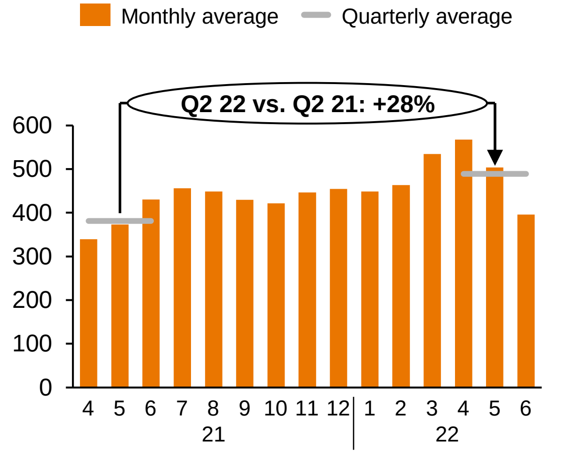


- North American rotary rig count trended upwards, interrupted from March to May 2022 due to a seasonal decline of the Canadian Rotary Rig Count

1) EU17: Germany, France, Spain, UK, Italy, Austria, Belgium, Finland, Netherlands, Portugal, Sweden, Czech Republic, Hungary, Poland, Romania, Slovakia, Slovenia
2) Seasonally adjusted, 2015 = 100
Sources: LMC Automotive (as of July 2022), German Federal Statistics Office, VDMA, Baker Hughes

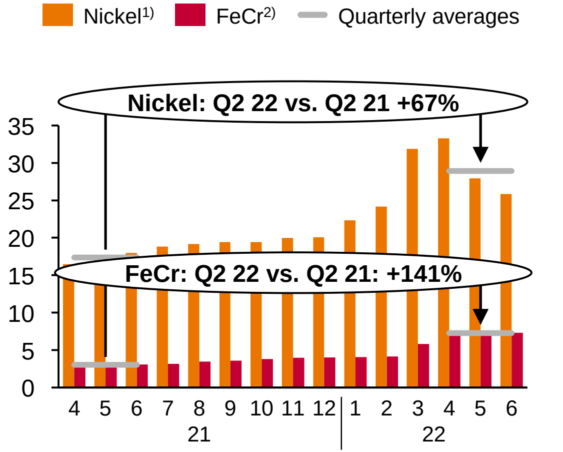
Alloys and energy prices impacted by uncertainties in view of war in Ukraine and concerns regarding a global economic slowdown

German Scrap Type 2/8
(EUR per ton)



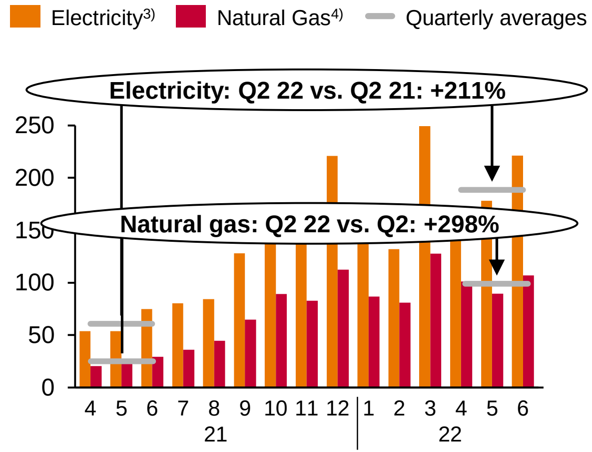
– Prices declined in May and June amid weak demand from Turkey

Alloys
(average prices, USD k per ton)



– Nickel price trend downward after disruptive increase to more than USD 100,000 per ton in March; in June, concerns about a global economic slowdown as well as a strong USD dollar weighed on industrial metal markets resulting in bearish sentiment

Energy (spot price)
(EUR per MWh)

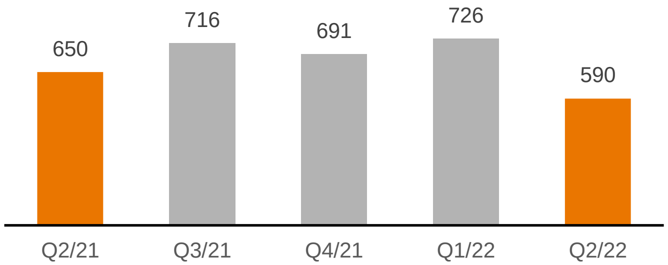


– European energy prices continued to increase while being volatile and price volatility being accelerated by uncertainties about energy supply mainly in view of war in Ukraine

1) LME Cash settlement 2) EU High Carbon (HC) Ferrochrome 3) Epex Spot German Day-Ahead Electricity Auction Baseload Index
4) THE (Trading Hub Europe) Day-Ahead spot price
Sources: BDSV, LME, Fastmarkets sourced from ICDA, European Energy Exchange

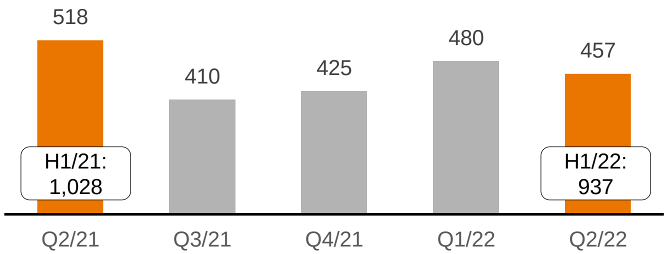
Market uncertainties start to impact our order book

Order backlog (kt)



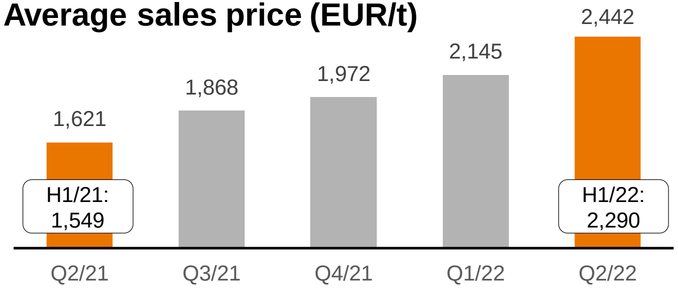
- Drop in order book reflecting market uncertainties as well as seasonally-based hesitancy to place orders before the summer break

Sales volume (kt)



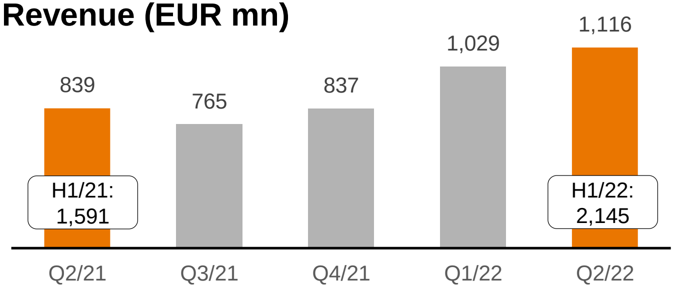
- Reduction of sales volume driven by lost stainless steel volumes from Ugitech and lower quality & engineering steel due to ongoing volatility in demand from the automotive industry

Average sales price (EUR/t)



- Continuous increase in average sales prices on the back of climbing raw material prices, additionally amplified by the introduction of energy surcharges in the pricing mechanism

Revenue (EUR mn)



- Despite lower sales volume, revenue considerable above prior year quarter with uptick across all product groups, driven by considerable higher sales prices

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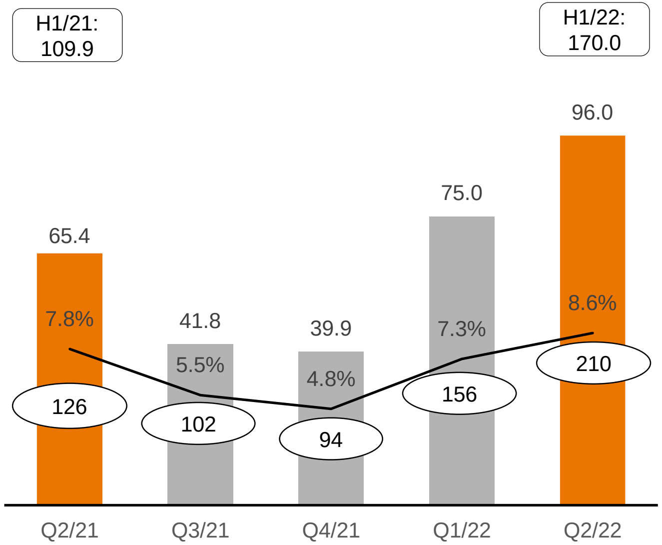
Strong profitability driven by improving margins

Adj. EBITDA (EUR mn)

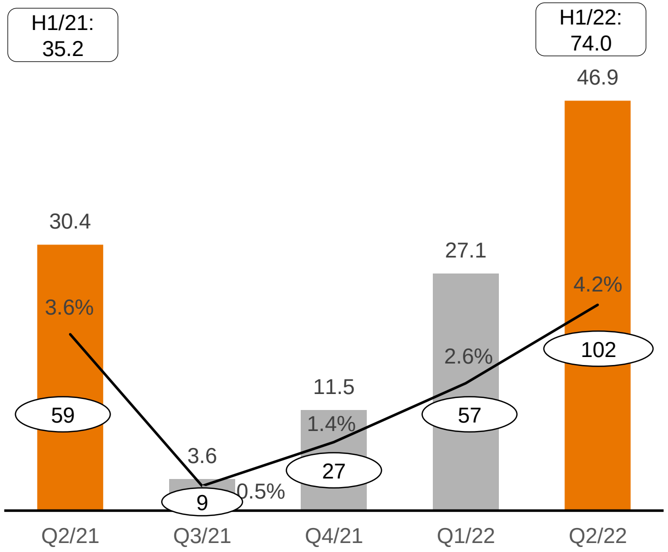
Adj. EBITDA margin — % of revenue ◯ EUR/t



- Strong profitability despite high volatilities and rising prices for energy and raw materials - improving margins of all products realized
- The one-time effects amounted to EUR 6.5 million and mainly included costs for the reorganization program as well as expenses related to rebuild Hagen plant after the flooding for which insurance payment was received last year

Net income (EUR mn)

Net income margin — % of revenue ◯ EUR/t



- Significant increase of net revenue driven by strong operational profitability
- D&A costs kept constant while financial expenses slightly increased due to higher interest expenses resulting from increased financing needs

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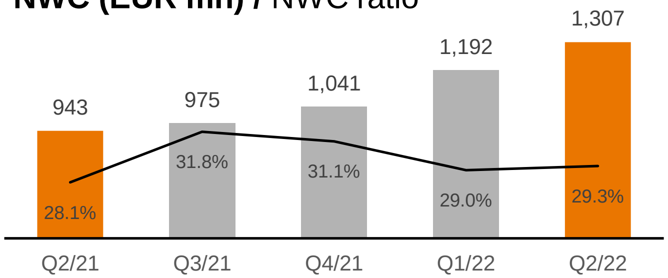
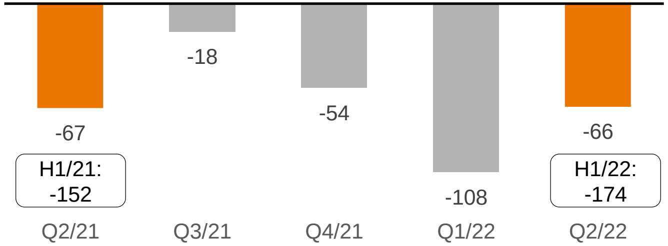
Negative cash flow driven by investments in net working capital

NWC (EUR mn) / NWC ratio



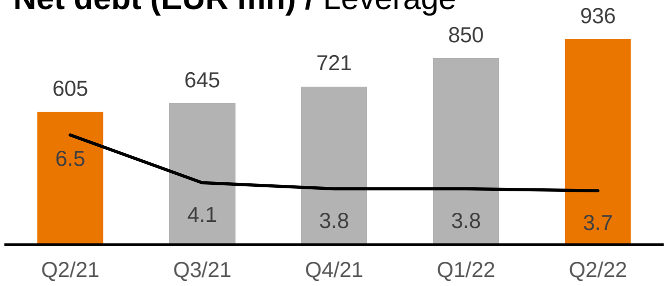
- Additional increase in net working capital mainly driven by increase in inventory due to ongoing high raw material and energy prices

Free Cash Flow (EUR mn)



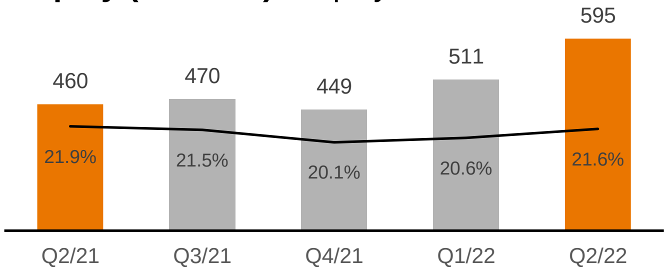
- Negative cash flow despite good operating result driven by temporary increase in net working capital

Net debt (EUR mn) / Leverage



- Net debt above year end due to ongoing financing of working capital

Equity (EUR mn) / Equity ratio



- Improvement of equity and equity ratio due to strong operational result, additionally strengthened by positive valuation effects from pension obligation and FX effects on foreign operations

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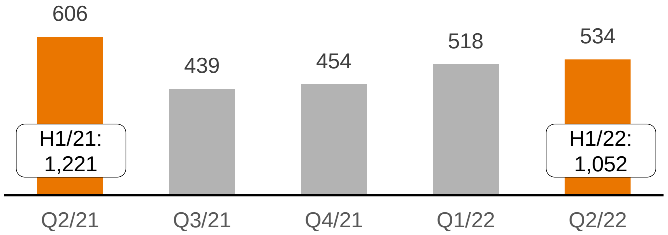
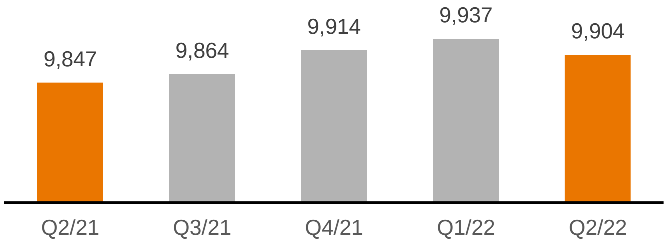
Lower level of crude steel production due to lost volumes from Ugitech

Crude steel production (kt)



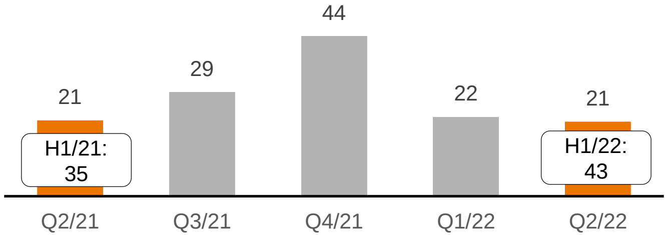
- Crude steel production below prior year quarter due to the stoppage of the steel mill in Ugine after the severe accident in early January and planned production shutdowns to adapt to high energy prices

Headcount



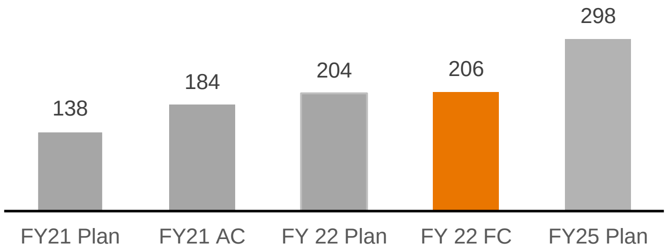
- Slight reduction of headcount but above prior-year quarter

Capital expenditures (EUR mn)



- Seasonally lower higher capital expenditures before summer maintenance

Transformation Office Contribution (EUR mn)



- FY 22 program forecast of EUR 206 mn above plan despite impact from Ugitech accident

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Outlook – Potential slowdown expected for second half

Market outlook

- Softening of market demand expected due to effects from the geopolitical turmoil
- Supply chain disruptions in the automotive industry likely to continue
- Cost inflation with extreme volatility and access to energy have exacerbated uncertainty

Priorities for the Group

- Implement customer centric organization along product groups: Engineering Steel, Tool Steel, Stainless Steel
- Regain capacities and momentum at Ugine plant
- Green Steel transition on the road to net zero carbon emissions
- Adapt production to weakening economy and destocking effects of customers

Outlook FY 2022

Swiss Steel Group increases its guidance for adjusted EBITDA to a range of EUR 220 and 260 million. This assumes only immaterial additional disruptions due to the geopolitical turmoil

Together.
For a future that matters.