

Ad hoc announcement pursuant to Art. 53 LR

Swiss Steel Group continues to increase profitability in Q3 2021

- **Sales volume in Q3 2021 of 410 kilotons, up 23.5% compared with 332 kilotons in Q3 2020, driven by steady demand in our two main end markets of automotive and mechanical and plant engineering**
- **Adjusted EBITDA in Q3 2021 rises to EUR 41.8 million, compared with EUR –21.1 million in Q3 2020**
- **Free cash flow of EUR –18.2 million in Q3 2021, below the prior-year level of EUR 9.3 million due to ongoing high raw material prices, leading to a further increase in net working capital**
- **Outlook for fiscal year 2021: Swiss Steel Group confirms adjusted EBITDA of between EUR 150 and 180 million**

CEO Frank Koch states: “My positive assessment has been confirmed: Swiss Steel Group has the potential over the coming months and years to recover markets and solidify its position. We will continue to drive forward the transformation of our corporation, building on the strong culture at the sites and across the Group as a whole. This is the basis for a successful future in our industry, and we have what it takes to prevail. With our electric arc furnaces, we are equipped with the technology of the future in steel production and thus have the very best conditions to achieve the European climate goals. Our strong result in the seasonally weak third quarter confirms the post COVID-19 market recovery across all regions and our end markets of automotive and mechanical and plant engineering. However, we are increasingly feeling the effects of the semi-conductor shortage and the resulting supply chain disruptions in the automotive industry, which are having an adverse impact on the order volumes of our customers in this market segment, at least for the time being. In addition, ongoing cost inflation on the back of high raw material prices combined with extreme energy prices for electricity and gas have exacerbated volatility and led to significantly higher production costs. We have responded to these developments by adjusting production volumes in quality and engineering steel, especially in Germany and France. At the same time, we have been left with no choice but to pass cost increases in the energy sector on to our customers.”

Business performance in the third quarter of 2021

At 410 kilotons, 23.5 % more steel was sold in the third quarter of 2021 than in the same quarter of the previous year (Q3 2020: 332 kilotons), reflecting the ongoing post COVID-19 recovery in the major end markets. The average sales proceeds per ton of steel continued to rise in the third quarter of 2021 on the back of climbing raw material prices and, at EUR 1,868, was significantly higher than the average sales proceeds achieved in the same quarter of the previous year (Q3 2020: EUR 1,534 per ton). The increased sales volumes and positive price development led to revenue of EUR 765.0 million, an increase of 50.2 % on the prior-year quarter (Q3 2020: EUR 509.4 million). The uptick in revenue was spread across all product groups, with the strongest growth in quality and engineering steel. By region, revenue increased in all of our sales markets. Europe, our largest sales market, which was hit particularly hard by the measures to contain the COVID-19 pandemic in the prior-year quarter, saw sales increase by 55.8 %.

At EUR 41.8 million in the third quarter of 2021, adjusted EBITDA was considerably higher than in the prior-year quarter (Q3 2020: EUR –21.1 million). One-time effects amounted to EUR 0.3 million. Including these one-time effects, EBITDA was EUR 41.5 million (Q3 2020: EUR –28.8 million). In the third quarter, the adjusted EBITDA margin rose to 5.5 % (Q3 2020: –4.1 %) and the EBITDA margin to 5.4 % (Q3 2020: –5.7 %).

Net debt, comprising current and non-current financial liabilities less cash and cash equivalents, came to EUR 644.9 million, an increase on the figure as of December 31, 2020 (EUR 639.9 million). Free cash flow was negative in the third quarter of 2021 at EUR –18.2 million due to investments in net working capital from increased market activity, higher production volumes and significantly higher raw material prices.

Outlook for fiscal year 2021

Extremely volatile input prices combined with rapidly shifting demand patterns on the part of our customers in the automotive industry are significantly impairing the ability to forecast future market trends and performance. Our focus over the coming weeks and months will be to react swiftly and flexibly to fluctuations in demand and volatile factor costs.

Despite a momentary softening of demand from the automotive industry, high raw material prices and extreme volatility in energy prices, we confirm our guidance of adjusted EBITDA in the range of EUR 150 to EUR 180 million for 2021.

Key figures

Swiss Steel Group	Unit	9M 2021	9M 2020	Δ in %	Q3 2021	Q3 2020	Δ in %
Sales volume	kilotons	1,438	1,090	31.9	410	332	23.5
Revenue	million EUR	2,355.7	1,683.9	39.9	765.0	509.4	50.2
Average sales price	EUR/t	1,640.0	1,544.9	6.2	1,868.1	1,534.3	21.8
Adjusted EBITDA	million EUR	151.7	-73.0	-	41.8	-21.1	-
EBITDA	million EUR	146.9	-90.1	-	41.5	-28.8	-
Adjusted EBITDA margin	%	6.4	-4.3	-	5.5	-4.1	-
EBITDA margin	%	6.2	-5.4	-	5.4	-5.7	-
EBIT	million EUR	80.8	-243.9	-	18.0	-52.6	-
Earnings before taxes	million EUR	47.9	-278.7	-	6.6	-64.0	-
Group result	million EUR	38.8	-267.8	-	3.6	-66.3	-
Investments	million EUR	63.2	53.8	17.5	28.5	20.4	39.7
Free cash flow	million EUR	-169.9	-80.8	-	-18.2	9.3	-
	Unit	30.9.2021	31.12.2020	Δ in %			
Net debt	million EUR	644.9	639.9	0.8			
Shareholders' equity ¹⁾	million EUR	470.0	166.1	-			
Gearing	%	137.2	385.2	-			
Net debt/adj. EBITDA LTM (leverage)	x	4.1	n/a	-			
Balance sheet total	million EUR	2,186.9	1,715.7	27.5			
Equity ratio ¹⁾	%	21.5	9.7	-			
Employees as of closing date	Positions	9,864	9,950	-0.9			
Capital employed	million EUR	1,496.5	1,218.0	22.9			
	Unit	9M 2021	9M 2020	Δ in %	Q3 2021	Q3 2020	Δ in %
Earnings/share ²⁾	EUR/CHF	0.01/0.01	-0.13/-0.14	-	0.00/0.00	-0.03/-0.03	-
Shareholders' equity/share ³⁾	EUR/CHF	0.16/0.17	0.08/0.09	-	0.16/0.17	0.08/0.09	-
Share price high/low	CHF	0.478/0.234	0.340/0.126	-	0.459/0.372	0.190/0.146	-

¹⁾ Including capital increase of CHF 247 million in March 2021

²⁾ Earnings per share are based on the result of the Group after deduction of the portions attributable to non-controlling interests.

³⁾ As of September 30, 2021 and as of December 31, 2020

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About Swiss Steel Group

Swiss Steel Group is today one of the world's leading providers of individual solutions in the special long steel products sector. The Group is one of the leading manufacturers of tool steel and non-corrosive long steel on the global market and one of the two largest companies in Europe for alloyed and high-alloyed quality and engineering steels. With close to 10,000 employees and its own production and distribution companies in 30 countries on 5 continents, the company guarantees global support and supply for its customers and offers them a complete portfolio of production and sales & services around the world. Customers benefit from the company's technological expertise, consistently high product quality around the world as well as detailed knowledge of local markets.

Forward-looking statements

This media release contains forward-looking statements, including presentations of developments, plans, intentions, assumptions, expectations, beliefs and potential impact or descriptions of future events, income, results, situations or outlook. These are based on the Company's current expectations, beliefs, and assumptions, which may differ materially from future results, performance, or achievements. The information contained herein is provided with the publication of this document. The forward-looking statements contained herein are not updated as a result of new information, future events, or for any other reason.