

# STENA METALL GROUP





# COMMENTS AFTER THE FIRST QUARTER

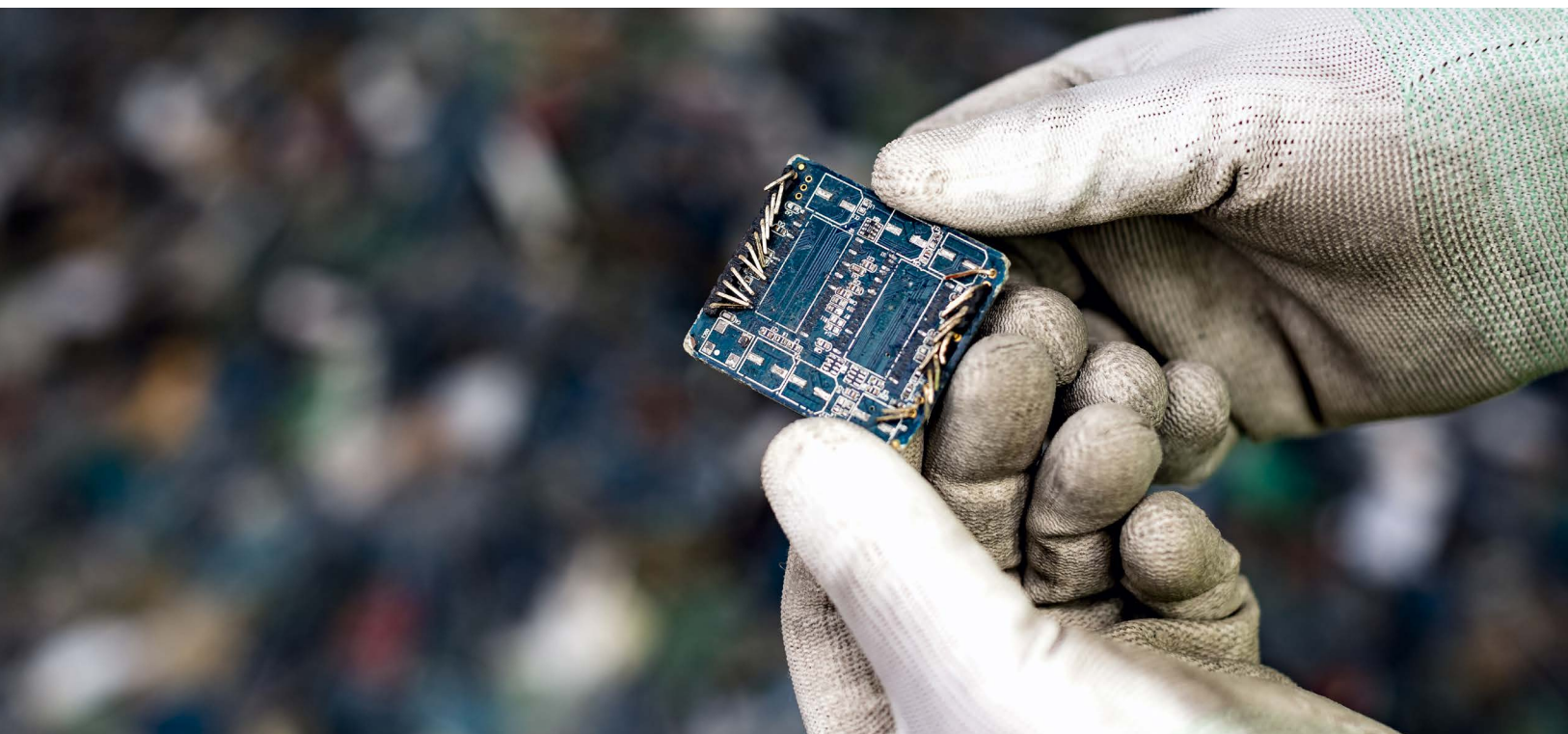
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- Stena Metall Group reported an EBITDA of SEK 803 million (SEK 993 million). EBT decreased from SEK 690 million to SEK 476 million.
- Business areas Aluminium and Oil delivered strong results and increased their results compared to Q1 last year.
- In Q1 we welcomed the latest acquisition to the Group, the Finnish company Encore Environmental Service (Encore Ympäristöpalvelut Oy) that is included in the Group figures as of mid October, 2022.

KEY RATIOS	First quarter 2022/2023	First quarter 2021/2022	Full year 2021/2022
Net sales	12,436	9,570	43,509
EBITDA	803	993	3,644
EBITDA margin	6.5%	10.4%	8.4%
Operating profit	532	716	2,597
Equity/assets ratio	45.9%	44.5%	45.1%
Net debt	1,417	645	610
Cash flow after investments	-819	-4	472
Average number of employees	4,205	3,666	3,842

The key ratios are defined on page 8.

The report is prepared in millions of Swedish kronor (SEK million) unless indicated otherwise.



# CHIEF EXECUTIVE OFFICER'S COMMENT

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The first quarter was a prolongment of the trends seen during the end of the last fiscal year. All of the business areas have been affected by general market uncertainty, volatile raw material prices and to a large extent, weak financial markets. Despite these factors, the demand for the products and services, have been resilient.

The war in Ukraine is still present and the general market conditions, with higher than normal energy prices, inflation fear and rising interest rates were still present during the quarter. Stena Metall are working actively to mitigate these risks. It is important to continue to empower the organization and the operating model. This gives the opportunity to make decisions close to the customers and to be agile in the fast-moving environment.

During the quarter, Stena Recycling Oy acquired Encore Environmental Service (Encore Ympäristöpalvelut Oy). The acquisition strengthens Stena Recycling Oy in Finland,



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Kristofer Sundsgård

as well as the Group's position as the leading recycling company in the Nordic region.

The Stena Metall Group EBITDA for the first quarter ended at SEK 803 million (SEK 993 million) and EBT at SEK 476 million (SEK 690 million).

## BUSINESS AREA COMMENTS

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### Recycling

Stena Recycling ended the first quarter with an EBITDA of SEK 604 million (SEK 683 million). Although the main markets were characterized by continuous uncertainty and price volatility, the volumes remained stable. Stena Recycling also maintained a strong gross margin, and hence gross profit. Costs have continued to be challenging with general inflation and especially energy prices increased compared to the first quarter last year. In Q1 the latest acquisition was welcomed to the Group, the Finnish company Encore Environmental Service (Encore Ympäristöpalvelut Oy).

In turbulent times Stena Recycling continue to trust the proven operating business model with delegated responsibility and decisions close to the customers.

We are also developing the company for the future.

Some highlights in the first quarter were the inauguration of the new plastic production line in Italy, development of the coming battery recycling line in Sweden and the high number of new strategic customers that we entered partnerships with.

### Aluminium

There has been uncertainty about the market development, but overall customers in both Sweden and foreign markets have continued to buy and made call offs according to expectations. The energy issue was obvious, especially in Germany in the beginning of fall, since the impact on the industry is vital. Nevertheless, there has been no decrease in incoming orders. There

## BUSINESS AREA COMMENTS, CONT.

is a general uncertainty regarding the development in 2023, but no signs of weaker markets for Q2 where order books are good. Stena Aluminium continues to handle the market movements well and the organization shows good business acumen performance for both raw material purchases and alloy sales.

Stena Aluminium ended the first quarter with an EBITDA of SEK 41 million (SEK 29 million).

### Oil

Stena Oil has, in close collaboration with shipping partner OljOla Shipping, developed a bunker tanker designed to meet future marine fuel requirements for reducing carbon emissions in the shipping industry. The new vessel will support Stena Oil's transition into offering lower carbon liquid fuels, and expands its current fleet with a tanker capable of bunkering methanol and biofuels in complete segregations to customers in the North European region.

The Scandinavian market is still very competitive and over supplied but Stena Oil continues to operate the business with high volumes in volatile market conditions. With the same operational set up as last year Stena Oil handled volume growth efficiently. The future terminal setup in Fredrikshavn, is progressing according to revised plan, which has led to the start of a project to decommission the Dalanäs terminal in Sweden.

Stena Oil ended the first quarter with an EBITDA of SEK 99 million (SEK 46 million).

### Steel

The demand for steel, and prices, have continued to decrease during the first quarter, but are still on historically high levels. Raw material prices have increased partly due to recovered demand as China changed its Covid restrictions.

Stena Stål has had high focus on improving delivery performance. The situation has improved and deliveries are made with increased precision as a result. Stena Stål's digital business continues to grow and contribute to the overall performance.

Stena Stål ended the first quarter with an EBITDA of SEK 53 million (SEK 87 million).

### Finance

Central banks seemed determined to curb multidecade high inflation back to target, without regard of causing weaker growth prospects and a possible recession. The narrative of inflation being transitory was abandoned. In the latter half of the quarter, overall risk sentiment in equity markets, being forward looking, turned positive. Speculations that peak inflation was reached, and also indications of China becoming more gentle in the Covid strategy, helped markets up. Stena Metall Finans ended the first quarter with an EBITDA of SEK -16 million (SEK 106 million).

*Note: Figures in parentheses refer to the same period the previous year.*

## EBITDA

SEK million	First quarter 2022/2023	First quarter 2021/2022	Full year 2021/2022
Recycling	604	683	2,362
Aluminium	41	29	97
Oil	99	46	357
Steel	53	87	300
Finance	-16	106	154
Other	22	42	374
<b>TOTAL</b>	<b>803</b>	<b>993</b>	<b>3,644</b>

# INCOME STATEMENT

SEK million	First quarter 2022/2023	First quarter 2021/2022	Full year 2021/2022
Net sales	12,436	9,570	43,509
Cost of goods sold	-11,404	-8,621	-39,603
<b>GROSS PROFIT</b>	<b>1,032</b>	<b>949</b>	<b>3,906</b>
Sales expenses	-169	-127	-544
Administrative expenses	-378	-320	-1,344
Other operating income & expenses	47	214	579
<b>OPERATING PROFIT</b>	<b>532</b>	<b>716</b>	<b>2,597</b>
Income from investments in associated companies	-	-	2
Interest net	-52	-28	-144
Other financial income & expenses	-4	2	15
<b>PROFIT BEFORE TAX</b>	<b>476</b>	<b>690</b>	<b>2,470</b>
Taxes	-96	-	-425
<b>PROFIT FOR THE PERIOD</b>	<b>380</b>	<b>690</b>	<b>2,045</b>
Other comprehensive income	18	10	139
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>398</b>	<b>700</b>	<b>2,184</b>
Total comprehensive income for the period is attributable to:			
Parent Company's shareholders	398	700	2,184
Non-controlling interests	-	-	-
<b>Total comprehensive income</b>	<b>398</b>	<b>700</b>	<b>2,184</b>





# BALANCE SHEET

SEK million	2022-11-30	2021-11-30	2022-08-31
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible fixed assets	1,376	1,068	1,180
Tangible fixed assets	7 680	7,129	7,383
Financial fixed assets	2,253	2,014	2,195
<b>TOTAL FIXED ASSETS</b>	<b>11,309</b>	<b>10,211</b>	<b>10,758</b>
<b>Current assets</b>			
Inventories	3,065	2,336	2,976
<b>Short-term receivables</b>			
Accounts receivable	4,078	3,795	3,918
Other receivables	1,885	1,234	1,414
<b>TOTAL SHORT-TERM RECEIVABLES</b>	<b>5,963</b>	<b>5,029</b>	<b>5,332</b>
<b>Short-term securities</b>			
Cash and cash equivalents	670	1,048	1,579
<b>TOTAL CURRENT ASSETS</b>	<b>11,528</b>	<b>10,117</b>	<b>11,583</b>
<b>TOTAL ASSETS</b>	<b>22,837</b>	<b>20,328</b>	<b>22,341</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>	<b>10,482</b>	<b>9,050</b>	<b>10,084</b>
<b>Long-term liabilities</b>			
Provisions	1,117	1,148	1,116
Interest-bearing long-term liabilities	4,555	3,934	4,521
Other long-term liabilities	10	29	10
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>5,682</b>	<b>5,111</b>	<b>5,647</b>
<b>Current liabilities</b>			
Interest-bearing short-term liabilities	1,283	1,244	1,256
Accounts payable	2,467	2,384	2,525
Other liabilities	2,923	2,539	2,829
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,673</b>	<b>6,167</b>	<b>6,610</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>22,837</b>	<b>20,328</b>	<b>22,341</b>

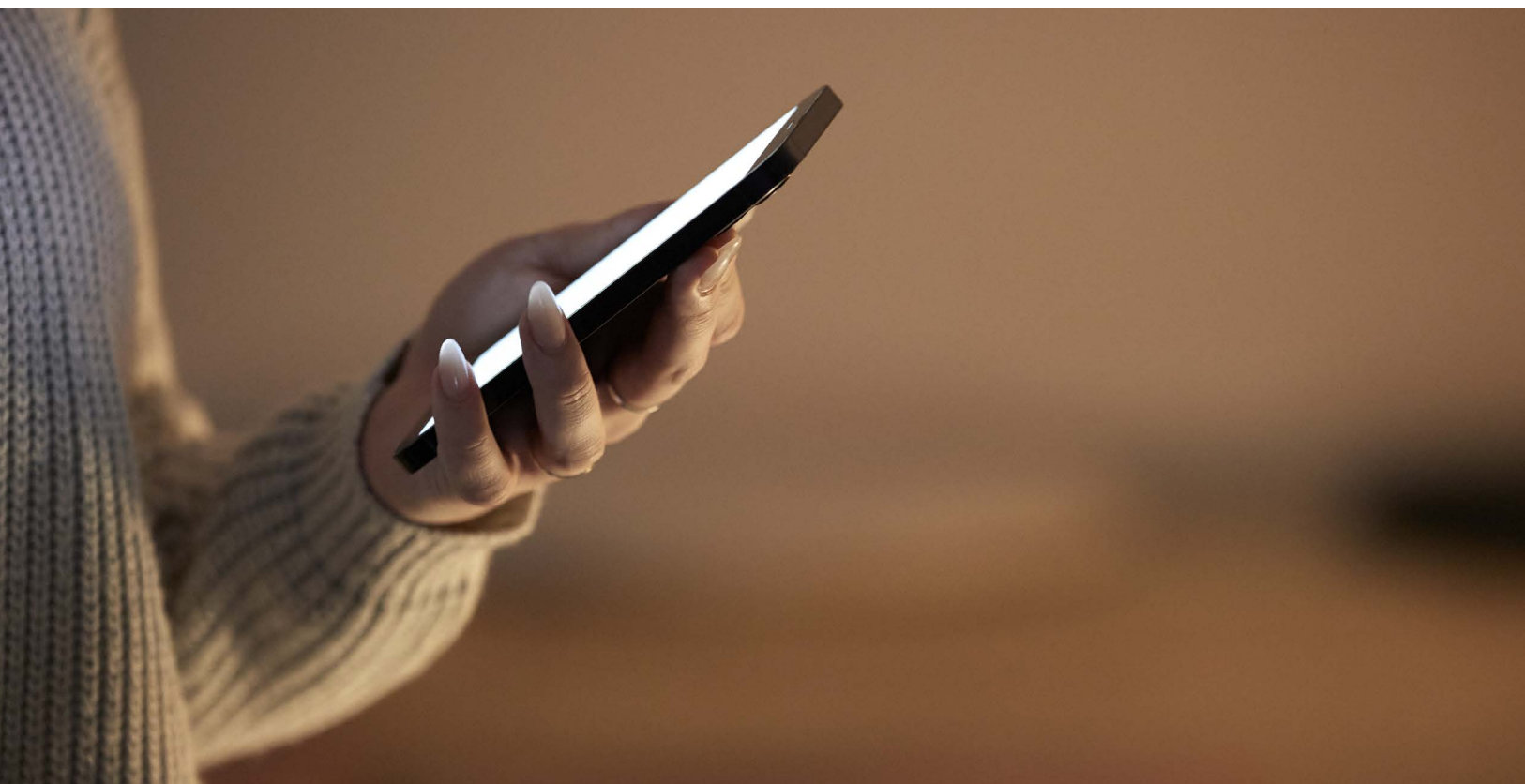
# STATEMENT OF CASH FLOWS

SEK million	First quarter 2022/2023	First quarter 2021/2022	Full year 2021/2022
<b>Operating activities</b>			
Profit before tax	476	690	2,470
Reversal of amortization/depreciation fixed assets	271	277	1,048
Adjustments for other non-cash items	-21	-4	-312
Taxes paid	-241	-12	-267
Changes in working capital	-488	-424	-1,090
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-3</b>	<b>527</b>	<b>1,849</b>
<b>Investing activities</b>			
Acquisition and sale of subsidiaries	-282	-50	288
Acquisition of tangible fixed assets	-266	-153	-1,190
Acquisition securities, net	-203	-300	-329
Other changes from investing activities	-65	-28	-146
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-816</b>	<b>-531</b>	<b>-1,377</b>
<b>CASH FLOW AFTER INVESTMENTS</b>	<b>-819</b>	<b>-4</b>	<b>472</b>
<b>Financing activities</b>			
Changes in loans from credit institutions	-94	-89	409
Share dividend	-	-	-450
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-94</b>	<b>-89</b>	<b>-41</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-913</b>	<b>-93</b>	<b>431</b>
Cash and cash equivalents beginning of period	1,579	1,140	1,140
Translation difference in cash and cash equivalents	4	1	8
<b>CASH AND CASH EQUIVALENTS END OF PERIOD</b>	<b>670</b>	<b>1,048</b>	<b>1,579</b>

# DEFINITIONS

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<b>Net sales</b>	Fair value of what has been or will be received for goods and services sold in the Group's operations
<b>EBITDA</b>	Profit before financial income and expenses, taxes, depreciation and amortization
<b>EBITDA margin</b>	EBITDA expressed as a percentage of net sales
<b>Operating profit</b>	Profit before financial income and expenses and taxes (EBIT)
<b>Equity/assets ratio</b>	Shareholders' equity expressed as a percentage of total assets
<b>Net debt</b>	Interest-bearing liabilities including provision for pensions minus cash and cash equivalents, short-term and long-term securities
<b>Average number of employees</b>	The Group's paid hours in relation to the normal number of working hours for the period



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