

STENA METALL GROUP



Stena Stål is a nationwide steel supplier with a wide range of steel products such as beam, bar, pipe, reinforcement, sheet metal, stainless steel, aluminum and special steel.

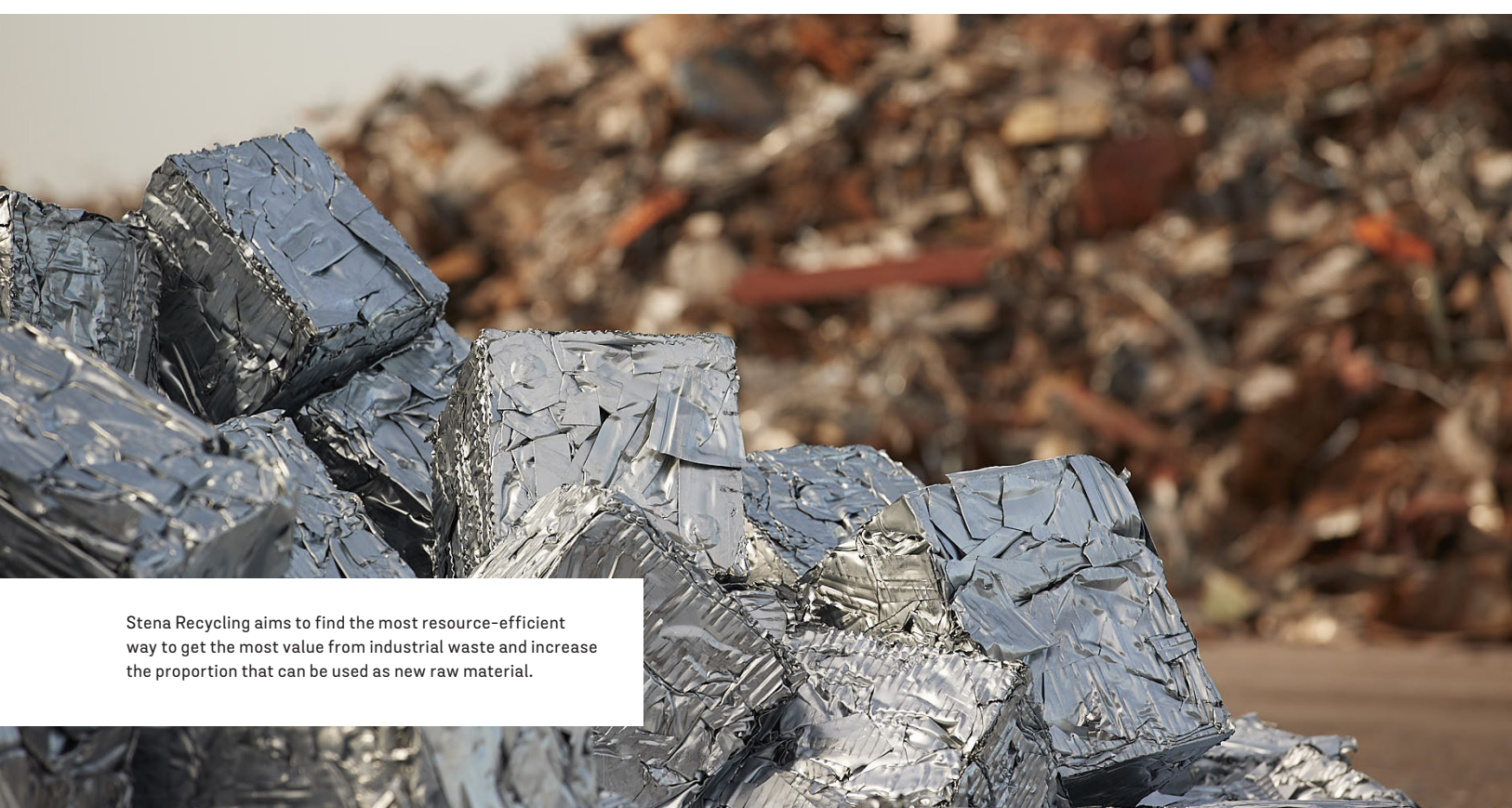
COMMENTS AFTER THE FIRST QUARTER

- Another solid quarter, EBITDA SEK 589 million (last year SEK 440 million).
- Price increases for raw materials in combination with strong volume inflow.
- A firm start of the year for business area Finance.

KEY RATIOS	First quarter 2020/2021	First quarter 2019/2020	Full year 2019/2020
Net sales	6,171	6,667	23,658
EBITDA	589	440	1 561
EBITDA margin	9.5%	6.6%	6.6%
Operating profit	369	225	698
Equity/assets ratio	45.0%	43.7%	43.0%
Net debt	241	1 190	343
Cash flow after investments	-355	4	962
Average number of employees	3,434	3,587	3,506

The key ratios are defined on page 8.

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



Stena Recycling aims to find the most resource-efficient way to get the most value from industrial waste and increase the proportion that can be used as new raw material.

CHIEF EXECUTIVE OFFICER'S COMMENT

We have experienced price increases for raw materials where, above all, ferrous and non-ferrous prices have reached historically high levels. The strong growth in Asia (China) and a strengthened belief in the future in the rest of the world (despite the Covid-19 pandemic) has led to a rapid increase in demand for most of the raw materials we work with.

A large proportion of our industrial customers are doing better, and overall we see a strong volume inflow. In addition, the high prices drive “old” scrap stocks, which has contributed to the good volume inflow, especially in Sweden. This market situation has really put the business acumen to the test.

The Stena Metall Group EBITDA for the first quarter ended at 589 MSEK vs. 440 MSEK last year and EBT at 324 MSEK vs. 199 MSEK last year.



Göteborg, January 2021

Anders Jansson

BUSINESS AREA COMMENTS

Recycling

Stena Recycling is reporting a strong result and ended the first quarter with an EBITDA of SEK 466 million (SEK 338 million). The result is mainly driven by improved margins. Raw material prices are moving up rapidly mainly in ferrous and non-ferrous. Despite the Covid-19 pandemic, volumes are at a high level. All product areas are performing well. The annual sustainability event Circular Initiative was held in October, this year as a digital event. During the quarter the new service Circular Consulting was launched in the market, supporting companies in their development toward sustainable and circular solutions. BatteryLoop, a company within Stena Recycling that provides a sustainable solution for second use of batteries, continues to have a strong interest from the market.

Aluminium

Stena Aluminium experienced a positive recovery in the aluminium market, with increasing market prices and demand, and ended the first quarter with an EBITDA of SEK 9 million (SEK 1 million). Most of the customers are more or less back to business/volumes as before Covid-19. Last year the company reshaped the organisation and set a strategic direction towards being the premium supplier of circular aluminum alloys in Northern Europe. Productivity continues to improve and market conditions are better than last year.

BUSINESS AREA COMMENTS, CONT.

Oil

Stena Oil has continued to operate the business with high volumes and good market conditions. The strategy of being the first mover to store and deliver 0.5% sulphur has so far been a success, however with lower margins than last year. The main reason for this is the spread between two oil quotations. A new 5600-dwt bunker tanker is now successfully delivered in China. The vessel will sail towards Europe and operate in the Scandinavian market. Stena Oil ended the first quarter with an EBITDA of SEK 29 million (SEK 50 million).

Steel

An effect of Stena Stål's strategic decision to exit from Steel service center gives lower turnover, but a good impact in profitability compared to last year. Stena Stål ended the first quarter with an EBITDA of SEK 21 million (SEK 8 million). The industrial sector market is improving slowly, and customers are optimistic about the near future with increasing demand. Prices are moving up rapidly. Prices for iron ore and scrap are close to the level where they were at the peak in 2008.

Components

Stena Components ended the first quarter with an EBITDA of SEK 1 million (SEK 1 million). The productivity is gradually improving, and margins are better than last year. During the quarter it has been challenging to increase sales in a market which is very much affected by the Covid-19 pandemic. The activity level on the market has been weak and order income is still too low. New actions have been taken with a clearer focus moving forward.

Finance

Renewed growth in Covid-19 cases worldwide and its impact on the economic outlook dampened financial risk appetite in September and October. In November, optimistic vaccine data lifted global growth forecasts and equity markets rose along with commodity prices. Meanwhile, central banks and various fiscal stimulus packages provided further support to the economy. The first quarter EBITDA ended at SEK 60 million (SEK 34 million).

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

EBITDA

SEK million	First quarter 2020/2021	First quarter 2019/2020	Full year 2019/2020
Recycling	466	338	1,305
Aluminium	9	1	-10
Oil	29	50	196
Steel	21	8	16
Components	1	1	-1
Finance	60	34	48
Other	3	8	7
TOTAL	589	440	1,561

INCOME STATEMENT

SEK million	First quarter 2020/2021	First quarter 2019/2020	Full year 2019/2020
Net sales	6,171	6,667	23,658
Cost of goods sold	-5,541	-6,149	-21,677
GROSS PROFIT	630	518	1,981
Sales expenses	-98	-101	-397
Administrative expenses	-265	-264	-1,053
Other operating income & expenses	102	72	167
OPERATING PROFIT	369	225	698
Income from investments in associated companies	-	-	4
Interest net	-47	-42	-154
Other financial income & expenses	2	16	11
PROFIT BEFORE TAX	324	199	559
Taxes	-	-	-110
PROFIT FOR THE PERIOD	324	199	449
Other comprehensive income	-27	-4	-38
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	297	195	411
Total comprehensive income for the period is attributable to:			
Parent Company's shareholders	297	195	411
Non-controlling interests	-	-	-
Total comprehensive income	297	195	411



BALANCE SHEET

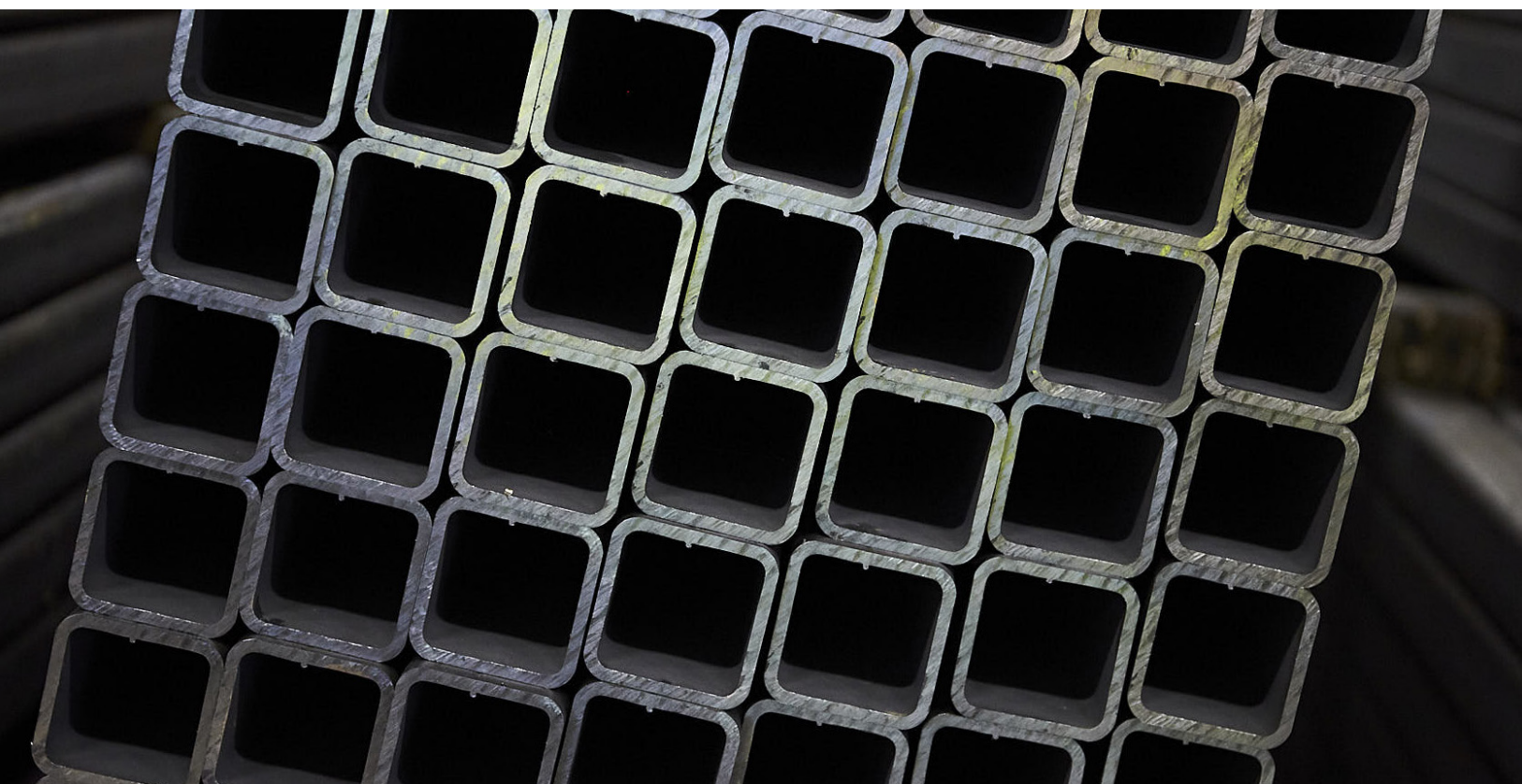
SEK million	2020-11-30	2019-11-30	2020-08-31
ASSETS			
Fixed assets			
Intangible fixed assets	917	943	927
Tangible fixed assets	5,537	5,778	5,513
Financial fixed assets	1,399	1,312	1,315
TOTAL FIXED ASSETS	7,853	8,033	7,755
Current assets			
Inventories	1,259	1,478	1,290
Short-term receivables			
Accounts receivable	2,489	2,625	2,103
Other receivables	1,103	1,123	939
TOTAL SHORT-TERM RECEIVABLES	3,592	3,748	3,042
Short-term securities			
Cash and bank	1,838	1,247	1,201
TOTAL CURRENT ASSETS	7,981	7,355	8,111
TOTAL ASSETS	15,834	15,388	15,866
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	7,122	6,719	6,825
Long-term liabilities			
Provisions	986	972	985
Interest-bearing long-term liabilities	4,163	2,883	4,029
Other long-term liabilities	2	3	2
TOTAL LONG-TERM LIABILITIES	5,151	3,858	5,016
Current liabilities			
Interest-bearing short-term liabilities	260	1,418	1,144
Accounts payable	1,321	1,711	1,297
Other liabilities	1,980	1,682	1,584
TOTAL CURRENT LIABILITIES	3,561	4,811	4,025
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	15,834	15,388	15,866

STATEMENT OF CASH FLOWS

SEK million	First quarter 2020/2021	First quarter 2019/2020	Full year 2019/2020
Operating activities			
Profit before tax	324	199	559
Reversal of amortization/depreciation fixed assets	220	215	863
Adjustments for other non-cash items	29	19	112
Taxes paid	-10	-12	-45
Changes in working capital	-98	78	483
CASH FLOW FROM OPERATING ACTIVITIES	465	499	1,972
Investing activities			
Acquisition and sale of subsidiaries	-	16	4
Acquisition of tangible fixed assets	-86	-101	-523
Acquisition securities, net	-642	-421	-446
Other changes from investing activities	-92	11	-45
CASH FLOW FROM INVESTING ACTIVITIES	-820	-495	-1,010
CASH FLOW AFTER INVESTMENTS	-355	4	962
Financing activities			
Changes in loans from credit institutions	-925	-467	385
Share dividend	-	-	-110
CASH FLOW FROM FINANCING ACTIVITIES	-925	-467	275
CASH FLOW FOR THE PERIOD	-1,280	-463	1,237
Cash and bank beginning of period	2,578	1,347	1,347
Translation difference in cash and bank	-6	-2	-6
CASH AND BANK END OF PERIOD	1,292	882	2,578

DEFINITIONS

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



CONTACT

Peter Gustafsson
Managing Director AB Stena Metall Finans
Box 4088
SE-400 40 Gothenburg
Sweden
Phone +46 (0)10-445 20 12
peter.gustafsson@stenametall.com

Stena Metall AB
Box 4088
SE-400 40 Gothenburg
Sweden
Phone +46 (0)10-445 00 00
www.stenametall.com

