

STENA METALL GROUP



From Stena Recycling's battery recycling facility inauguration ceremony.

COMMENTS AFTER THE THIRD QUARTER

- Stena Metall Group reported an EBITDA of SEK 2,052 million (SEK 3,243 million) and an EBT of SEK 1,066 million (SEK 2,369 million).
- Business area Recycling showed resilience during the third quarter with business volumes in line with the same period last year despite signs of weaker demand going forward.
- Stena Oil continues to deliver strong earnings in highly competitive market environments.
- On March 30, 2023 Stena Recycling's new battery recycling facility in Halmstad, Sweden was inaugurated. The inauguration ceremony was highly appreciated and the new facility marks Stena Recycling's ambition to be a leading player in the circularity and recycling of lithium-ion batteries.
- Stena Metall Finans issued its latest dark green rated, unsecured bond. The amount issued was SEK 1 billion with a maturity of five years.

KEY RATIOS	Third quarter 2022/2023	Third quarter 2021/2022	First nine months 2022/2023	First nine months 2021/2022	Full year 2021/2022
Net sales	11,066	13,133	34,236	32,446	43,509
EBITDA	614	1,298	2,052	3,243	3,644
EBITDA margin	5.5%	9.9%	6.0%	10.0%	8.4%
Operating profit	357	1,041	1,236	2,459	2,597
Equity/assets ratio	45.1%	42.7%	45.1%	42.7%	45.1%
Net debt	1,451	559	1,451	559	610
Cash flow after investments	-176	6	-433	501	472
Average number of employees			4,362	3,763	3,842

The key ratios are defined on page 9.

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



CHIEF EXECUTIVE OFFICER'S COMMENT

The development in the third quarter was the same as seen in previous quarters, with continuous market uncertainties and volatile raw material prices. However, the Group shows a resilient strong result despite somewhat weaker margins compared to last year. It is satisfying to see that most of our businesses are contributing to the overall performance. The cost situation is still challenging, mainly driven by increased costs in production, but also within growth related areas.

The inauguration of Stena Recycling's new Battery Recycling facility in Halmstad, Sweden during the quarter marks the company's ambition to be the leading player in the circularity and recycling of lithium-ion batteries. In May, Stena Metall Finans issued a new dark green rated bond amounting to SEK 1 billion. The successful inauguration and the solid interest for the bond issue show the high interest in the Stena Metall Group's business.

Although there are signs of decreased industrial activity,

the purchased and sold volumes have been stable and in line with previous year. Markets remain challenging and going forward it will be important for the Group to keep its focus and its ability to adapt quickly to changes. To retain financial discipline is, as always, key as well as stimulating the delegated business acumen.

The Stena Metall Group EBITDA for the first nine months ended at SEK 2,052 million (SEK 3,243 million) and EBT at SEK 1,066 million (SEK 2,369 million).



Gothenburg, June 2023

Kristofer Sundsgård

BUSINESS AREA COMMENTS

Recycling

In the third quarter, Stena Recycling's main markets showed signs of lower demand and decreased activity. Prices were stable but with a declining trend towards the end of the quarter.

The spring months are usually strong for Stena Recycling and the accumulated EBITDA for the third quarter ended up at SEK 1,602 million (SEK 2,090 million). Compared to last year the level is lower, but it should be noted that last year was exceptional and influenced by positive price effects on raw material.

Despite a challenging market situation in the quarter, volumes remained stable and in line with last year, but the gross margin declined and costs were higher than last year. Measures in order to mitigate the cost increases are being taken in order to ensure all Stena Recycling companies continue to develop in the right direction.

In turbulent times Stena Recycling continues to trust its proven operating business model with delegated business acumen, trust in its employees, and decisions

made close to its customers. Stena Recycling's employees are essential in the journey forward and therefore there is a strong focus on people and culture initiatives to support this.

Stena Recycling is also continuously developing its strategic partnerships and circular solutions together with customers. During the third quarter Stena Recycling entered several new partnerships with strategically important customers in different industries.

In the third quarter, Stena Recycling's battery recycling facility in Halmstad, Sweden, was inaugurated. This is Stena Recycling's first industrial recycling facility for lithium-ion batteries, an investment of a quarter of a billion SEK. Together with battery centers in Stena Recycling's different markets the aim is to be a circular partner within the electrified future.

Aluminium

The fiscal year has been characterized by uncertainty in which direction the market will develop, but the demand from customers in both Sweden and on foreign markets continues to be at good levels.

BUSINESS AREA COMMENTS, CONT.

Alloy prices are quite stable, but with tight margins compared to the high level of cost for scrap/raw material. The main reason that alloy prices do not increase, is that Asia currently does not import alloys as well as an oversupply within Europe. Especially the market for standard alloys is under pressure.

During the fiscal year, Stena Aluminium has carried out a reorganization in production that has resulted in an increase in productivity with 9% and overall a positive trend from last fall.

Stena Aluminium ended the third quarter with an accumulated EBITDA of SEK 81 million (SEK 99 million).

Oil

Volumes and customer demand continue at high levels with operations handled with the same setup as previous year. The marine fuel market is still competitive and over supplied but Stena Oil continues to operate the business well in volatile conditions. The project to establish a new terminal setup in Frederikshavn, Denmark is ongoing and progressing well with a preliminary plan to be operational by the end of the year. Together with a decommissioning project of the Dalanäs terminal in Sweden, Stena Oil aims to have the wanted operational setup in the region during 2024. A bunker tanker is currently being built together with shipping partner OljOla Shipping. This will be a multipurpose tanker that is methanol ready to meet new biofuel demands. The tanker, that will be named Brisen, will be delivered in September-October 2023. The new vessel will support Stena Oil's transition into offering lower carbon liquid fuels.

Stena Oil ended the third quarter with an accumulated EBITDA of SEK 218 million (SEK 284 million).

Steel

The current demand is the same for Sweden as for the rest of Europe, where the manufacturing industry maintains its production but with tendencies towards a slowdown. For construction, it looks weaker with a reduced willingness to invest, especially connected to housing construction projects. Compared to last year there is a big difference when, in the spring of 2022, there was a material shortage and a tight economy that drove the demand and related prices upwards.

Stena Stål continues to focus on its delivery performance with good traction, and the project is contributing to the overall result.

Stena Stål ended the third quarter with an accumulated EBITDA of SEK 93 million (SEK 321 million).

Finance

The trend of resilient economies, persistent inflation, and tight labor markets has been prolonged. Market expectations of policy rate cuts during 2023 have been pushed back and rates are expected to be higher for longer. The "soft" or "no landing" scenarios seems to have gained likelihood to materialize. On aggregate, equity markets were quite solid during the quarter, however the turmoil around a few US and Swiss banks imposed systematic risk and caused fixed income markets to swing dramatically. During the third quarter, Stena Metall Finans issued its latest dark green rated, unsecured bond. The amount issued was SEK 1 billion with a maturity of five years.

Stena Metall Finans ended the third quarter with an EBITDA of SEK -11 million (SEK 224 million).

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

EBITDA

SEK million	Third quarter 2022/2023	Third quarter 2021/2022	First nine months 2022/2023	First nine months 2021/2022	Full year 2021/2022
Recycling	516	809	1,602	2,090	2,362
Aluminium	18	42	81	99	97
Oil	56	180	218	284	357
Steel	32	185	93	321	300
Finance	-32	79	-11	224	154
Other	24	3	69	225	374
TOTAL	614	1,298	2,052	3,243	3,644

INCOME STATEMENT

SEK million	Third quarter 2022/2023	Third quarter 2021/2022	First nine months 2022/2023	First nine months 2021/2022	Full year 2021/2022
Net sales	11,066	13,133	34,236	32,446	43,509
Cost of goods sold	-10,175	-11,680	-31,510	-29,171	-39,603
GROSS PROFIT	891	1,453	2,726	3,275	3,906
Sales expenses	-171	-160	-497	-403	-544
Administrative expenses	-390	-365	-1,163	-1,031	-1,344
Other operating income & expenses	27	113	170	618	579
OPERATING PROFIT	357	1,041	1,236	2,459	2,597
Income from investments in associated companies	-	-	-	-	2
Interest net	-73	-38	-190	-103	-144
Other financial income & expenses	23	-2	20	13	15
PROFIT BEFORE TAX	307	1,001	1,066	2,369	2,470
Taxes	-43	-156	-220	-359	-425
PROFIT FOR THE PERIOD	264	845	846	2,010	2,045
Other comprehensive income	85	25	75	93	139
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	349	870	921	2,103	2,184
Total comprehensive income for the period is attributable to:					
Parent Company's shareholders	349	870	921	2,103	2,184
Non-controlling interests	-	-	-	-	-
Total comprehensive income	349	870	921	2,103	2,184

BALANCE SHEET

SEK million	2023-05-31	2022-05-31	2022-08-31
ASSETS			
Fixed assets			
Intangible fixed assets	1,484	1,165	1,180
Tangible fixed assets	8,016	6,936	7,383
Financial fixed assets	2,325	2,121	2,195
TOTAL FIXED ASSETS	11,825	10,222	10,758
Current assets			
Inventories	2,423	2,769	2,976
Short-term receivables			
Accounts receivable	4,005	4,903	3,918
Other receivables	2,217	1,849	1,414
TOTAL SHORT-TERM RECEIVABLES	6,222	6,752	5,332
Short-term securities	1,759	1,736	1,696
Cash and cash equivalents	1,164	1,932	1,579
TOTAL CURRENT ASSETS	11,568	13,189	11,583
TOTAL ASSETS	23,393	23,411	22,341

SHAREHOLDERS' EQUITY AND LIABILITIES

SHAREHOLDERS' EQUITY	10,555	10,003	10,084
Long-term liabilities			
Provisions	1,151	1,072	1,116
Interest-bearing long-term liabilities	4,646	5,408	4,521
Other long-term liabilities	10	11	10
TOTAL LONG-TERM LIABILITIES	5,807	6,491	5,647
Current liabilities			
Interest-bearing short-term liabilities	1,747	639	1,256
Accounts payable	2,298	2,928	2,525
Other liabilities	2,986	3,350	2,829
TOTAL CURRENT LIABILITIES	7,031	6,917	6,610
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	23,393	23,411	22,341

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

SEK million	First nine months 2022/2023	First nine months 2021/2022	Full year 2021/2022
Opening balance, September 1	10,084	8,349	8,349
Net profit for the period	846	2,010	2,045
Other comprehensive income	75	93	139
Dividend	-450	-450	-450
Change in non-controlling interests	0	1	1
CLOSING BALANCE	10,555	10,003	10,084



STATEMENT OF CASH FLOWS

SEK million	Third quarter 2022/2023	Third quarter 2021/2022	First nine months 2022/2023	First nine months 2021/2022	Full year 2021/2022
Operating activities					
Profit before tax	307	1,001	1,066	2,369	2,470
Reversal of amortization/depreciation fixed assets	257	257	816	784	1,048
Adjustments for other non-cash items	-144	-44	-166	-330	-312
Taxes paid	-95	-25	-428	-130	-267
Changes in working capital	-111	-946	-76	-1,479	-1,090
CASH FLOW FROM OPERATING ACTIVITIES	214	243	1,212	1,214	1,849
Investing activities					
Acquisition and sale of subsidiaries/business units	0	-34	-293	289	288
Acquisition of intangible fixed assets	-64	-36	-193	-97	-152
Acquisition of tangible fixed assets	-388	-316	-994	-657	-1,190
Acquisition and sale of securities	57	146	-183	-271	-329
Other changes from investing activities	5	3	18	23	6
CASH FLOW FROM INVESTING ACTIVITIES	-390	-237	-1,645	-713	-1,377
CASH FLOW AFTER INVESTMENTS	-176	6	-433	501	472
Financing activities					
Changes in loans from credit institutions	628	912	446	733	409
Share dividend	0	0	-450	-450	-450
CASH FLOW FROM FINANCING ACTIVITIES	628	912	-4	283	-41
CASH FLOW FOR THE PERIOD	452	918	-437	784	431
Cash and cash equivalents beginning of period	688	1,012	1,579	1,140	1,140
Translation difference in cash and cash equivalents	24	2	22	8	8
CASH AND CASH EQUIVALENTS END OF PERIOD	1,164	1,932	1,164	1,932	1,579

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 cash equivalents, 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



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