

# STENA METALL GROUP



# COMMENTS AFTER THE FIRST QUARTER

- The first quarter of the fiscal year 2021/2022 has started up very good in most business areas.
- The EBITDA for the quarter ended at SEK 993 million (SEK 589 million) and EBT at SEK 690 million (SEK 324 million).
- Business area Recycling delivers a strong result driven by improved margins and a strong demand for services in all product areas.
- After the period, Havgalleskären AB was divested.

KEY RATIOS	First quarter 2021/2022	First quarter 2020/2021	Full year 2020/2021
Net sales	9,570	6,171	28,191
EBITDA	993	589	3,062
EBITDA margin	10.4%	9.5%	10.9%
Operating profit	716	369	2,129
Equity/assets ratio	44.5%	45.0%	44.3%
Net debt	645	241	913
Cash flow after investments	-4	-355	-1,024
Average number of employees	3,666	3,434	3,562

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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In the first quarter of the financial year 2021/2022 we have had a continued positive development in our business. All operations are performing equal or better compared to the same period last year. We see good momentum in the majority of the companies within the Stena Metall Group despite, in some respects, a more challenging environment.

Stena Recycling continues to attract new inbound customers in all markets, and both Stena Stål and Stena Aluminium have improved their results. At the same time, Stena Oil has significantly strengthened their position in the domestic market.

Looking forward, we see greater uncertainty in the world around us. The increasing spread of Covid-19 is affecting the inbound volumes as well as the production output in many industrial companies.

Prices for raw material remains on a high level. In the ferrous and non-ferrous markets there might be lack of certain qualities when societies are partially closing down.



Gothenburg, January 2022

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Anders Jansson

Energy costs and its availability, as well as continued disruptions in supply chains, are other current challenges while the underlying economy still shows good resilience.

The Stena Metall Group EBITDA for the first quarter ended at SEK 993 million (SEK 589 million) and EBT at SEK 690 million (SEK 324 million).

## BUSINESS AREA COMMENTS

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### Recycling

The strong result that was reported last year has continued into fiscal year 2021/2022. Stena Recycling ended the first quarter with an EBITDA of SEK 683 million (SEK 466 million). This is the highest quarterly result reported for the group ever. Performing a result at this historical level is made possible thanks to several factors. First of all, there has been a continued strong underlying market and demand for Stena Recycling's services, which has been reflected in high volumes as well as improved margins. The strategic investments that have been made in mainly production have made it possible to operate in an efficient way, and the proven operational model, with strong ownership and business focus, becomes very strong when executed right. All markets and all business areas are contributing to the result.

### Aluminium

The aluminium market had extreme market movements during the first quarter. During the first months, prices increased rapidly followed by the same movements downwards in November, partly due to China regulations on energy prices and that the production of aluminium and other metals have that opened up with increased capacity. Stena Aluminium has continued to handle the movements well and shows fine performance in business acumen in the organization for both raw material purchase and alloy sales. Stena Aluminium ended the first quarter with an EBITDA of SEK 29 million (SEK 9 million).

## BUSINESS AREA COMMENTS, CONT.

### Oil

The Scandinavian market is competitive and over supplied but Stena Oil continues to operate the business with high volumes in volatile market conditions. Despite this, the company has operated the business well with high volumes and handled a volatile market. The market share has increased during the first quarter. The future terminal setup in Fredrikshavn, Denmark is further delayed compared to the initial plan. Stena Oil ended the first quarter with an EBITDA of SEK 46 million (SEK 29 million).

### Steel

The demand for steel on the market and the price development have continued to move up during the first quarter. Even though prices are moving in different directions for different product groups, somewhat due to a weakening demand, prices on steel in general remain at a good level. Stena Stål has transferred this in a good way to the market and is also gaining good profit on stock sales. Ongoing project to improve delivery performance has been carried out satisfyingly with increased precision as a result. Stena Stål ended the first quarter with an EBITDA of SEK 87 million (SEK 21 million).

### Finance

Most equity markets were more or less flat after the first quarter. Still, the fall has been eventful. Concerns over the financial situation in various Chinese property developers pushed equity markets lower and volatility higher in the beginning of the quarter. In October, the fixed income markets experienced heavy turbulence when fear of inflation flattened the yield curve dramatically. In November, the Omicron outbreak led to significant uncertainty with declining risk appetite among investors. Through diversification, Stena Metall Finans succeeded to handle and mitigate most of the market risks during the quarter. Stena Metall Finans ended the first quarter with an EBITDA of SEK 106 million (SEK 60 million).

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

## EBITDA

SEK million	First quarter 2021/2022	First quarter 2020/2021	Full year 2020/2021
Recycling	683	466	2,052
Aluminium	29	9	63
Oil	46	29	126
Steel	87	21	193
Finance	106	60	582
Other	42	4	46
<b>TOTAL</b>	<b>993</b>	<b>589</b>	<b>3,062</b>

# INCOME STATEMENT

SEK million	First quarter 2021/2022	First quarter 2020/2021	Full year 2020/2021
Net sales	9,570	6,171	28,191
Cost of goods sold	-8,621	-5,541	-25,288
<b>GROSS PROFIT</b>	<b>949</b>	<b>630</b>	<b>2,903</b>
Sales expenses	-127	-98	-419
Administrative expenses	-320	-265	-1,148
Other operating income & expenses	214	102	793
<b>OPERATING PROFIT</b>	<b>716</b>	<b>369</b>	<b>2,129</b>
Income from investments in associated companies	-	-	5
Interest net	-28	-47	-140
Other financial income & expenses	2	2	-47
<b>PROFIT BEFORE TAX</b>	<b>690</b>	<b>324</b>	<b>1,947</b>
Taxes	-	-	-294
<b>PROFIT FOR THE PERIOD</b>	<b>690</b>	<b>324</b>	<b>1,653</b>
Other comprehensive income	10	-27	-18
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>700</b>	<b>297</b>	<b>1,635</b>
Total comprehensive income for the period is attributable to:			
Parent Company's shareholders	700	297	1,635
Non-controlling interests	-	-	-
Total comprehensive income	700	297	1,635

# BALANCE SHEET

SEK million	2021-11-30	2020-11-30	2021-08-31
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible fixed assets	1,068	917	1,014
Tangible fixed assets	7,129	5,537	7,190
Financial fixed assets	2,014	1,399	1,943
<b>TOTAL FIXED ASSETS</b>	<b>10,211</b>	<b>7,853</b>	<b>10,147</b>
<b>Current assets</b>			
Inventories	2,336	1,259	1,986
<b>Short-term receivables</b>			
Accounts receivable	3,795	2,489	3,014
Other receivables	1,234	1,103	1,072
<b>TOTAL SHORT-TERM RECEIVABLES</b>	<b>5,029</b>	<b>3,592</b>	<b>4,086</b>
<b>Short-term securities</b>			
Cash and cash equivalents	1,704	1,838	1,476
<b>TOTAL CURRENT ASSETS</b>	<b>10,117</b>	<b>7,981</b>	<b>8,688</b>
<b>TOTAL ASSETS</b>	<b>20,328</b>	<b>15,834</b>	<b>18,835</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>	<b>9,050</b>	<b>7,122</b>	<b>8,349</b>
<b>Long-term liabilities</b>			
Provisions	1,148	986	1,146
Interest-bearing long-term liabilities	3,934	4,163	4,203
Other long-term liabilities	29	2	7
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>5,111</b>	<b>5,151</b>	<b>5,356</b>
<b>Current liabilities</b>			
Interest-bearing short-term liabilities	1,244	260	1,037
Accounts payable	2,384	1,321	2,040
Other liabilities	2,539	1,980	2,053
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,167</b>	<b>3,561</b>	<b>5,130</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>20,328</b>	<b>15,834</b>	<b>18,835</b>

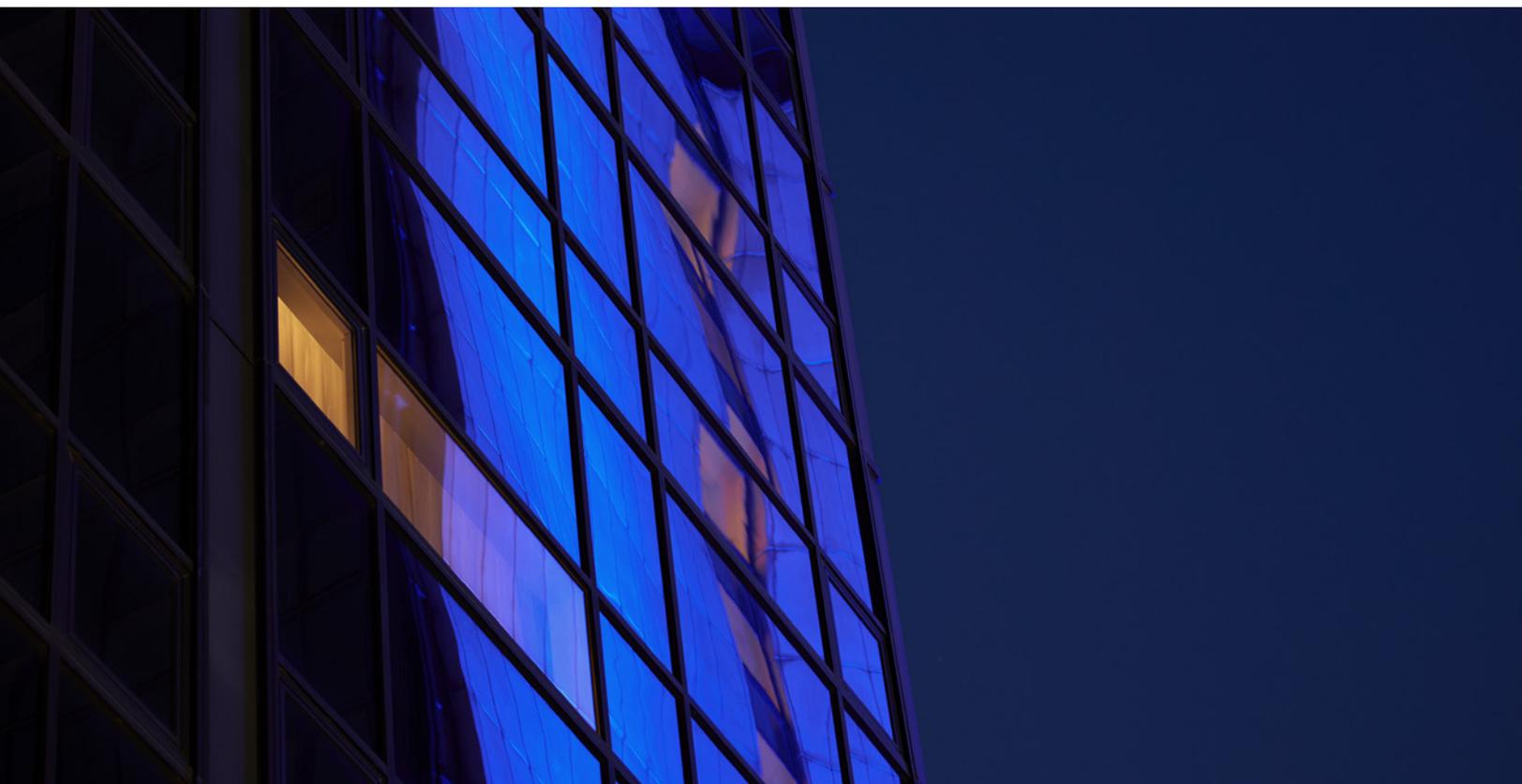
# STATEMENT OF CASH FLOWS

SEK million	First quarter 2021/2022	First quarter 2020/2021	Full year 2020/2021
<b>Operating activities</b>			
Profit before tax	690	324	1,947
Reversal of amortization/depreciation fixed assets	277	220	933
Adjustments for other non-cash items	-4	29	-90
Taxes paid	-12	-10	-69
Changes in working capital	-424	-98	-577
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>527</b>	<b>465</b>	<b>2,144</b>
<b>Investing activities</b>			
Acquisition and sale of subsidiaries	-50	-	-191
Acquisition of tangible fixed assets	-153	-86	-2,102
Acquisition securities, net	-300	-642	-662
Other changes from investing activities	-28	-92	-213
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-531</b>	<b>-820</b>	<b>-3,168</b>
<b>CASH FLOW AFTER INVESTMENTS</b>	<b>-4</b>	<b>-355</b>	<b>-1,024</b>
<b>Financing activities</b>			
Changes in loans from credit institutions	-89	-925	-304
Share dividend	-	-	-110
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-89</b>	<b>-925</b>	<b>-414</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-93</b>	<b>-1,280</b>	<b>-1,438</b>
Cash and cash equivalents beginning of period	1,140	2,578	2,578
Translation difference in cash and bank	1	-6	0
<b>CASH AND CASH EQUIVALENTS END OF PERIOD</b>	<b>1,048</b>	<b>1,292</b>	<b>1,140</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 bank, 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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