

STENA METALL GROUP



COMMENTS AFTER THE SECOND QUARTER

- The EBITDA YTD ended at SEK 823 million (SEK 750 million) and EBT at SEK 317 million (SEK 559 million). The EBT for the previous year includes one off gain amounted to SEK 232 million.
- Corona pandemic has led to a slowdown/shut down of the industry which will affect the incoming volumes negatively.



The new Kallebäck tower, in Gothenburg, was constructed with steel reinforcing supplied by Stena Stål.

IFRS 16

- New leasing standard as of September 1, 2019.
- All operational leases reclassified as financial leases.
- Hence, depreciation and interest cost instead of leasing cost.
- All leases in balance sheet (fixed assets and liabilities).

SEK million	Before IFRS 16	Change	Including IFRS 16
INCOME STATEMENT			
Net sales	13,194		13,194
Operating costs	-12,478	107	-12,371
EBITDA	716	107	823
Depreciations and amortizations	-334	-94	-428
EBIT	382	13	395
Financial net	-57	-13	-70
PROFIT FOR THE PERIOD	325	0	325
BALANCE SHEET			
Tangible fixed assets	4,812	886	5,698
Other assets	9,578		9,578
TOTAL ASSETS	14,390	886	15,276
Shareholders' equity	6,732		6,732
Interest-bearing long-term liabilities	2,342	691	3,033
Interest-bearing short-term liabilities	1,077	195	1,272
Provisions and other liabilities	4,239		4,239
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	14,390	886	15,276
NET DEBT	-465	-886	-1,351

KEY RATIOS	Second quarter 2019/2020	Second quarter 2018/2019	First six months 2019/2020	First six months 2018/2019	Full year 2018/2019
Net sales	6,527	6,669	13,194	14,045	27,391
EBITDA	383	290	823	750	1,607
EBITDA margin	5.9%	4.3%	6.2%	5.3%	5.9%
Operating profit	170	124	395	405	920
Equity/assets ratio	44.1%	42.0%	44.1%	42.0%	44.3%
Net debt	1,351	1,369	1,351	1,369	675
Cash flow after investments	91	702	95	889	1,578
Average number of employees	3,588	3,515	3,588	3,515	3,497

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

When I wrote the first quarter report in January, our world was somewhat characterized by an unrestful market with relatively high price volatility, but we felt a certain expectation of a stronger market with, above all, higher demand and thus increased volumes. Earnings were in line with the results of the previous year and spring is usually seasonally strong. During February volumes were still ok, but when China started to shut down, the worries in the global markets gradually increased. It took a while, but gradually the world began to understand the extent of the virus pandemic that has now, in principle, closed the world. With the start of the stock market fall on February 20, an almost shocking development in the world's financial markets began.

The increased restrictions that have been drastically introduced during the last weeks, due to the Corona pandemic, have led to a rapid and significant slowdown in the industry. This development will have a negative impact on our business.

Of course, we will ensure that we can best handle the existing business and the customers who need our support during these times.



Göteborg, April 2020

Anders Jansson

The Stena Metal Group EBITDA for the second quarter of 19/20 ended at SEK 823 million (excluding IFRS 16, SEK 716 million) vs. SEK 750 million LY and EBT at SEK 325 million vs. SEK 558 million LY. The EBT result LY includes the sales of Juteskären AB (SEK 265 million) and divesting of Stena Components Molkom (SEK -33 million).

BUSINESS AREA COMMENTS

Recycling

After the second quarter EBITDA ended at SEK 625 million (SEK 656 million last year). After a positive trend in December and January, February ended in line with last year. All in all, the second quarter was better than previous year. However, amid our ongoing business we must focus and adopt to the events from the Corona virus. The business impact for us due to the Corona crisis will most likely be immense. At the time of writing, the uncertainties are severe and the total impact on our businesses is not clear.

Aluminium

The Swedish market is rapidly declining, especially for all automotive related customers.

We are trying sales in new markets to improve margins and so far, it looks promising. Productivity is still improving and we are reaching very high output of ton/manhour and a relatively good production cost/ton.

The EBITDA after Q2 ended at SEK 6 million (SEK 32 million).

BUSINESS AREA COMMENTS, CONT.

Oil

Stena Oil ended the second quarter with an EBITDA of SEK 104 million (SEK 20 million).

Good sales volumes and margins have resulted in better performance. Stena Oil's strategy of being the first mover to store and deliver 0.5% fuel has been a success so far. The demand in the market is still good and the current setup in southern Sweden continues to work well.

Steel

The EBITDA for Steel after the second quarter ended at SEK 14 million (SEK 32 million).

Volumes after six months ended -3.5% lower than last year. The impact of the Corona pandemic is at this point difficult to predict. The "shutdown" of industries will have a negative impact on all steel products. We are yet to see the effects.

Volumes for wholesale are still stable and the challenge is to increase them without losing margins on existing business.

Components

The productivity is gradually improving, the delivery precision is increasing, and the production deviations are decreasing which are good signs. At present the incoming orders are on a high level but under the current circumstances the challenge is to maintain this high level.

The Q2 EBITDA ended at SEK -3 million (SEK -1 million).

Finance

Financial markets were hit by Corona anxiety in the second quarter. Both equities and bond yields fell dramatically. The global economy seems to be sent into recession. EBITDA YTD SEK 57 million (SEK -14 million).

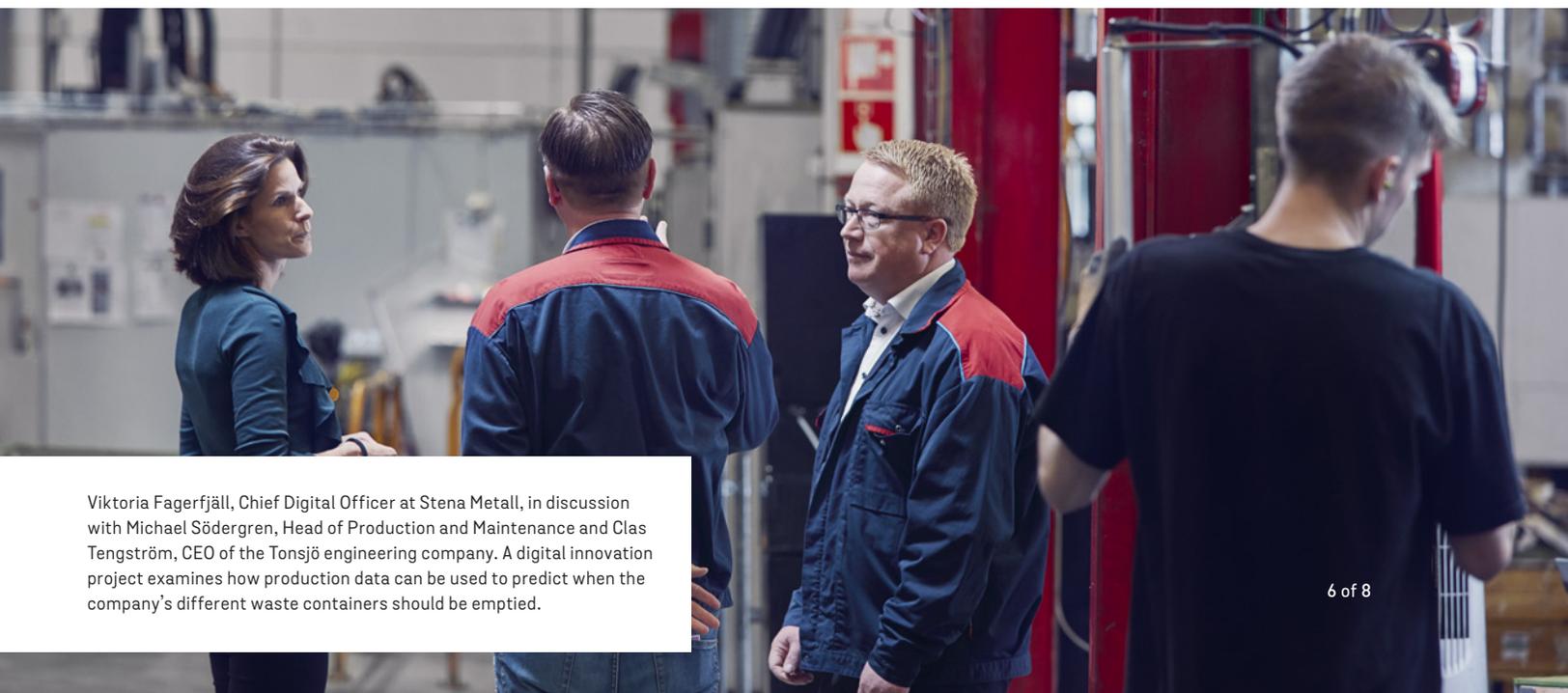
Note: Figures in parantheses refer to the same period the previous year.

EBITDA

SEK million	Second quarter 2019/2020	Second quarter 2018/2019	First six months 2019/2020	First six months 2018/2019	Full year 2018/2019
Recycling	287	258	625	656	1,321
Aluminium	5	13	6	32	54
Oil	54	-3	104	20	39
Steel	6	1	14	32	51
Components	-4	-1	-3	-1	-7
Finance	23	16	57	-14	124
Other	12	6	20	25	25
TOTAL	383	290	823	750	1,607

INCOME STATEMENT

SEK million	Second quarter 2019/2020	Second quarter 2018/2019	First six months 2019/2020	First six months 2018/2019	Full year 2018/2019
Net sales	6,527	6,669	13,194	14,045	27,391
Cost of goods sold	-6,005	-6,239	-12,154	-12,983	-25,348
GROSS PROFIT	522	430	1 040	1 062	2,043
Sales expenses	-99	-110	-200	-214	-435
Administrative expenses	-276	-255	-540	-528	-1,061
Other operating income & expenses	23	59	95	85	373
OPERATING PROFIT	170	124	395	405	920
Income from investments in associated companies	-	-	-	-	3
Interest net	-38	-31	-80	-77	-148
Other financial income & expenses	-6	265	10	230	229
PROFIT BEFORE TAX	126	358	325	558	1,004
Taxes	-	-	-	-	-161
PROFIT FOR THE PERIOD	126	358	325	558	843
Other comprehensive income	-4	1	-8	1	23
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	122	359	317	559	866
Total comprehensive income for the period is attributable to:					
Parent Company's shareholders	122	359	317	559	866
Non-controlling interests	-	-	-	-	-
Total comprehensive income	122	359	317	559	866



Viktoria Fagerfjäll, Chief Digital Officer at Stena Metall, in discussion with Michael Södergren, Head of Production and Maintenance and Clas Tengström, CEO of the Tonsjö engineering company. A digital innovation project examines how production data can be used to predict when the company's different waste containers should be emptied.

BALANCE SHEET

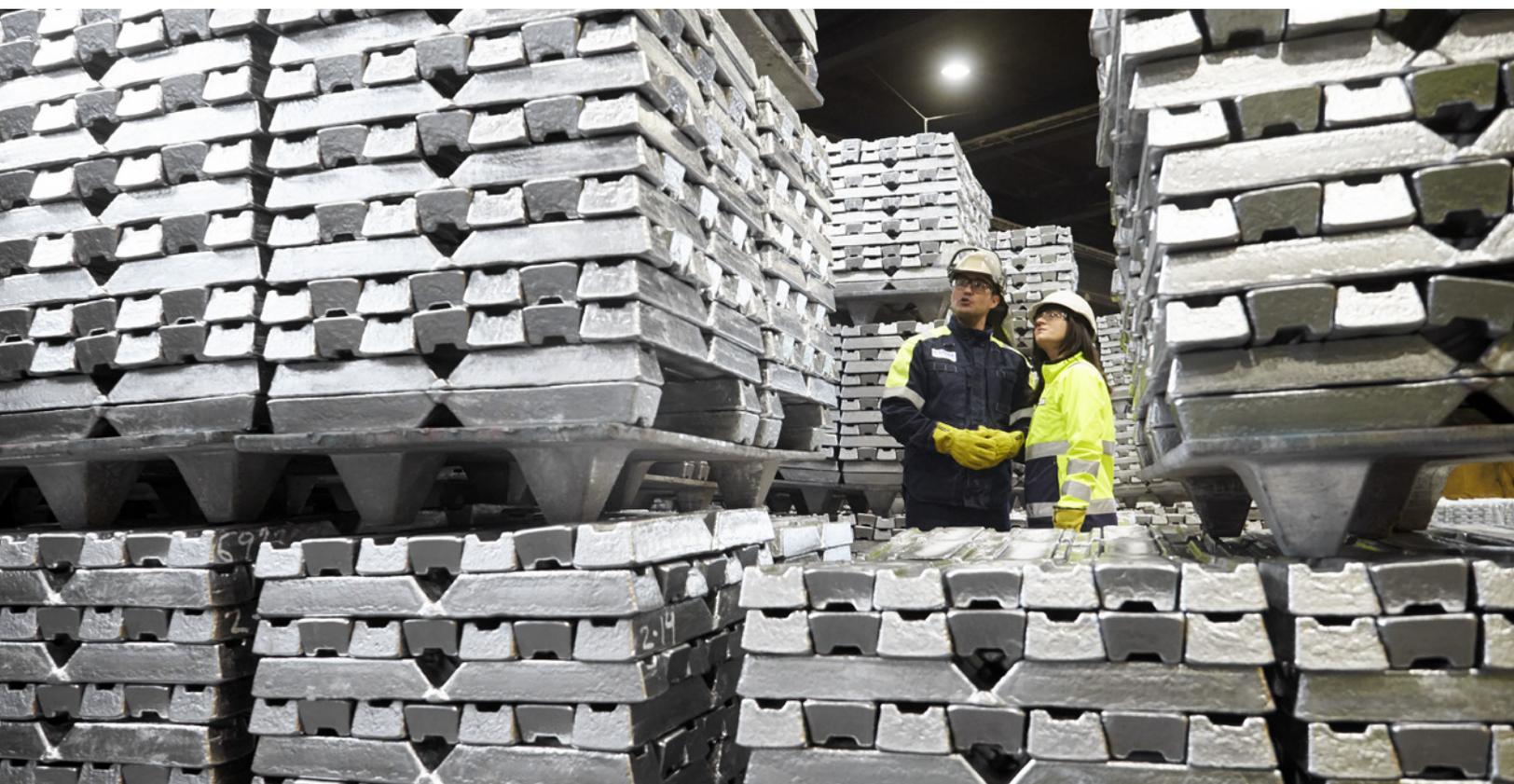
SEK million	2020-02-29	2019-02-28	2019-08-31
ASSETS			
Fixed assets			
Intangible fixed assets	941	971	958
Tangible fixed assets	5,698	4,811	4,960
Financial fixed assets	1,277	1,248	1,114
TOTAL FIXED ASSETS	7 916	7,030	7,032
Current assets			
Inventories	1,552	1,856	1,681
Short-term receivables			
Accounts receivable	2,705	2,703	2,458
Other receivables	1,086	1,325	1,169
TOTAL SHORT-TERM RECEIVABLES	3,791	4,028	3,627
Short-term securities	1,196	1,131	1,028
Cash and bank	821	769	1,347
TOTAL CURRENT ASSETS	7,360	7,784	7,683
TOTAL ASSETS	15,276	14,814	14,715
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	6,732	6,217	6,524
Long-term liabilities			
Provisions	953	950	959
Interest-bearing long-term liabilities	3,033	3,342	3,142
Other long-term liabilities	3	9	4
TOTAL LONG-TERM LIABILITIES	3,989	4,301	4,105
Current liabilities			
Interest-bearing short-term liabilities	1,272	730	690
Accounts payable	1,621	1,803	1,709
Other liabilities	1,662	1,763	1,687
TOTAL CURRENT LIABILITIES	4,555	4,296	4,086
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	15,276	14,814	14,715

STATEMENT OF CASH FLOWS

SEK million	Second quarter 2019/2020	Second quarter 2018/2019	First six months 2019/2020	First six months 2018/2019	Full year 2018/2019
Operating activities					
Profit before tax	126	358	325	558	1,004
Reversal of amortization/depreciation fixed assets	213	166	428	345	688
Adjustments for other non-cash items	13	-291	32	-244	-279
Taxes paid	-14	-12	-26	-18	-30
Changes in working capital	-210	30	-132	-176	208
CASH FLOW FROM OPERATING ACTIVITIES	128	251	627	465	1,591
Investing activities					
Acquisition and sale of subsidiaries	-12	727	4	727	727
Acquisition of tangible fixed assets	-97	-167	-198	-295	-771
Acquisition securities, net	95	-105	-326	-18	-21
Other changes from investing activities	-23	-4	-12	10	52
CASH FLOW FROM INVESTING ACTIVITIES	-37	451	-532	424	-13
CASH FLOW AFTER INVESTMENTS	91	702	95	889	1,578
Financing activities					
Changes in loans from credit institutions	-43	-157	-510	-292	-405
Share dividend	-110	-79	-110	-79	-79
CASH FLOW FROM FINANCING ACTIVITIES	-153	-236	-620	-371	-484
CASH FLOW FOR THE PERIOD	-62	466	-525	518	1,094
Cash and bank beginning of period		301	1 347	253	253
Translation difference in cash and bank	1	2	-1	-2	0
CASH AND BANK END OF PERIOD	-61	769	821	769	1,347

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@stenamettall.se

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

Inspection of newly casted aluminium ingots at Stena Aluminium's production plant in Älmhult, Sweden.

